Note: This Placement Memorandum is strictly for a private placement and is only an information brochure intended for private use. Nothing in this Placement Memorandum shall constitute and/or deem to constitute an offer or an invitation to offer to the public or any section thereof to subscribe for or otherwise acquire the Debentures in general under any law for the time being in force. This Placement Memorandum should not be construed to be a prospectus or a statement in lieu of prospectus under the Act. This Placement Memorandum and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly and specifically through a communication by the Company and only such recipient(s) are eligible to apply for the Debentures. All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. Further, since the Issue is being made on a private placement basis, the provisions of Section 31 of the Companies Act, 2013 shall not be applicable and accordingly, a copy of this Placement Memorandum along with the documents as specified under the head Material Contracts and Documents have not been filed with the Registrar of Companies or the Securities & Exchange Board of India or the Reserve Bank of India. Furthermore, a copy of this Placement Memorandum has not been filed or submitted with the SEBI or RBI for its review and/or approval.

Addressed to_____

DOCUMENT CONTAINING DISCLOSURES AS PER SCHEDULE II OF SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021, MASTER CIRCULAR FOR ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES, SECURITISED DEBT INSTRUMENTS, SECURITY RECEIPTS, MUNICIPAL DEBT SECURITIES AND COMMERCIAL PAPER DATED 10TH AUGUST 2021 (AS AMENDED FROM TIME TO TIME) AND SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, EACH AS AMENDED FROM TIME TO TIME.

NAVI FINSERV LIMITED
(Formerly Known as Navi Finserv Private Limited)

A Public Company Incorporated under the Companies Act, 1956 and validly existing under the Companies Act, 2013 and having Corporate Identification Number: U65923KA2012PLC062537; Date and Place of Incorporation: February 14, 2012, Bengaluru

(Registered as a Non-Banking Financial Company within the meaning of the Reserve Bank of India Act, 1934 with registration number N-02.00270)

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

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

Permanent Account Number: AAECC7456R; **Tel No:** 08045113400; **Website:** http://www.navifinserv.com/

Contact Person: Apeksha Ashok Munawanee, Head of Borrowing; **E-mail:** treasuryops@navi.com

Company Secretary and Compliance Officer: - **Compliance Officer:** Prachi Mathur **Company Secretary:** Thomas Joseph

Contact No: 08045113400; **E-mail:** secretarial@navi.com

Chief Financial Officer: Ankit Surana; **Contact No:** 08045113400; **E-mail:** ankit.surana@navi.com

Promoter: Navi Technologies Limited; **PAN:** AAICB1598F

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

Tel No: 08045113400 **Email:** secretarial@navi.com

PLACEMENT MEMORANDUM FOR ISSUE OF UPTO 5,000 (FIVE THOUSAND) FULLY PAID, SECURED, RATED, LISTED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES (COLLECTIVELY THE "DEBENTURES" or "NCDs") OF A FACE VALUE OF INR 1,00,000 (INDIAN RUPEES ONE LAKH ONLY) EACH, OF THE AGGREGATE NOMINAL VALUE OF UP TO INR 50,00,00,000 (RUPEES FIFTY CRORES ONLY) ("ISSUE SIZE") ALONG WITH A GREEN SHOE OPTION TO RETAIN OVER SUBSCRIPTION OF UPTO 5,000 (FIVE THOUSAND) FULLY PAID, SECURED, RATED, LISTED, REDEEMABLE NON-CONVERTIBLE DEBENTURES, OF A FACE VALUE OF INR 1,00,000/- (INDIAN RUPEES ONE LAKH ONLY) EACH, OF THE AGGREGATE NOMINAL VALUE OF INR 50,00,00,000 (RUPEES FIFTY CRORE ONLY) FOR CASH, AT PAR, AND IN TOTAL AGGREGATING TO INR 100,00,00,000 (INR ONE HUNDRED CRORE ONLY) ON A PRIVATE PLACEMENT BASIS, TO BE ISSUED IN ONE OR MORE TRANCHES (THE "ISSUE") ON THE WHOLESALE DEBT MARKET SEGMENT ("WDM) OF BSE LIMITED ("BSE"). IN ACCORDANCE AND COMPLIANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 ("SEBI NCS REGULATIONS") AS MAY BE AMENDED AND THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED FROM TIME TO TIME AND READ WITH MASTER CIRCULAR FOR ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES, SECURITISED DEBT INSTRUMENTS, SECURITY RECEIPTS, MUNICIPAL DEBT SECURITIES AND COMMERCIAL PAPER DATED AUGUST 10, 2021 BEARING REFERENCE NUMBER SEBI/HO/DDHS/PoD1/P/CIR/2023/119, AS MAY BE AMENDED FROM TIME TO TIME ("SEBI MASTER CIRCULAR").

THIS OFFER DOCUMENT IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS.

BACKGROUND

This Placement Memorandum is related to the Debentures to be issued by Navi Finserv Limited (the "**Issuer**" or "**Company**"), for cash, on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures described under this Placement Memorandum has been approved *inter alia* by resolution passed by the shareholders of the Issuer on September 29, 2023. The Board has passed the resolution for approving the issue of debentures at its meeting held on August 11, 2023. The Finance committee has approved the issue of this offer document vide its resolution dated October 19, 2023. This Placement Memorandum is dated November 29, 2023.

GENERAL RISKS

Investment in non-convertible securities involves a degree of risk and Investors should not invest any funds in such securities, unless they can afford to take the risks attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, the Investors must rely on their own examination of the Company, this Placement Memorandum issued in pursuance hereof and the Issue including the risks involved. The Issue has not been recommended or approved by Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Placement Memorandum. Prospective Investors are advised to carefully read the risks associated with the Issue of Debentures. Specific attention of Investors is invited to statement of Risk Factors contained under Section 3 of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the Debentures or Investor's decision to purchase the Debentures.

CREDIT RATING

India Ratings and Research Private Limited has assigned a rating of "IND **A / Stable"** to the captioned Issue vide its rationale dated August 18, 2023. Investors may please note that the rating is not a recommendation to buy, sell or hold securities and investors should take their own decisions. The rating agency has the right to suspend, withdraw or revise the rating / outlook assigned to the Issue at any time, on the basis of new information or unavailability of information or other circumstances which the rating agency believes may have an impact on the rating. Please refer to **Annexure II** of this Placement Memorandum for the rating rationale dated August 18, 2023 and the press release issued by the rating agency in this respect. The rating assigned by India Rating and Research Private Limited is valid as on the date of issuance of such rating and listing of the Debentures.

Issue Opening Date: 8th December, 2023 **Issue Closing Date**: 8th December, 2023 **Date of earliest closing of the Issue**: 8th December, 2023 **Pay-in Date**: 11th December, 2023 **Deemed Date of Allotment**: 11th December, 2023 **Redemption Date**: 31st December, 2026	**Interest Rate**: Refer to Section 5.1.20 **Payment Frequency**: Refer to Section 5.1.20 **Redemption Amount**: Refer to Section 5.1.20 **Eligible Investors**: Refer to Section 5.1.20 **Underwriting**: NA **Green Shoe Option**: Refer to Section 5.1.20

Debenture Trustee: Catalyst Trusteeship Limited **Registered Office**: GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune, Maharashtra 411038 **Branch Office**: Windsor, 06th Floor Office No. 604, C.S.T Road,Kalina, Santacruz (East) Mumbai -400098 **Tel**: 022-49220555; **Email**: umesh.salvi@ctltrustee.com **Fax**: 022-49220505 **Contact Person**: Mr. Umesh Salvi **Website**: https://www.catalysttrustee.com/	**Rating Agency: India Ratings and Research Private Limited** **Address:** Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai – 400051 **Tel**: 022-02240001750 **Email**: jindal.haria@indiaratings.co.in **Fax: -** **Contact Person**: Jindal Haria **Website**: https://www.indiaratings.co.in	**Registrar to the Issue: NSDL Database Management Limited (NDML)** **Address**: 4th Floor, Trade World, A Wing, Kamala Mills Compound, Lower Parel, Mumbai - 400 013, **Tel No.**: 91-22-24994200. **E-mail**: info_ndml@nsdl.co.in; **Fax: -** **Website**: https://www.ndml.in/ **Contact Person**: Mr. Nilesh Bhandre

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this placement memorandum contains all information with regard to the issuer and the issue which is material in the context of the issue, that the information contained in the placement memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

Electronic Book Provider Platform ("EBP") Compliance

THE ISSUE SHALL BE OPEN FOR BIDDING AND SUBSCRIBED TO IN ACCORDANCE WITH THE GUIDELINES ISSUED BY SEBI AND THE STOCK EXCHANGE PERTAINING TO THE PROCEDURE OF ELECTRONIC BOOK MECHANISM SET OUT IN THE TERMS SPECIFIED BY THE OPERATIONAL CIRCULAR, AND THE RELATED OPERATIONAL GUIDELINES ISSUED BY THE CONCERNED ELECTRONIC BOOK PROVIDER, AS MAY BE AMENDED, CLARIFIED OR UPDATED FROM TIME TO TIME (COLLECTIVELY, "**ELECTRONIC BOOK MECHANISM GUIDELINES**").

Mode of Allotment	Uniform Yield Allotment
Allotment Size	Up to 10,000 (Ten Thousand) secured, rated, listed, redeemable non-convertible debentures having a face value of INR 1,00,000/- (Indian Rupees One Lakh only) each and aggregating up to INR 100,00,00,000/- (Indian Rupees One Hundred Crores only) for cash, at par and on private placement basis.
Manner of Settlement:	As per the process prescribed in chapter VI of the SEBI Master Circular relating to electronic book provider platform
Minimum Bid Lot and Multiple of Single Bid:	Minimum Bid: 100 (one hundred) debentures Multiple of single bid: Multiples of 1 (one) debenture
Manner of Bidding	Closed Bidding
Trading Lot Size	INR 1,00,000/- (Indian Rupees One Lakh Only).
Settlement Cycle (T+1/ T+2) where T refers to the date of bidding/ issue day	T+1

LISTING

The Debentures are proposed to be listed on the wholesale debt market segment of BSE. It is to be distinctly understood that filing of this Offer Document with BSE should not, in any way, be deemed or construed that the same has been cleared or approved by BSE. BSE does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Offer Document.

THIS OFFER DOCUMENT IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS. THE DEBENTURES ARE TO BE LISTED ON THE WDM SEGMENT OF BSE AND DO NOT CONSTITUTE AND SHALL NOT BE DEEMED TO CONSTITUTE AN OFFER OR AN INVITATION TO SUBSCRIBE TO THE DEBENTURES BY THE PUBLIC IN GENERAL. APART FROM THIS OFFER DOCUMENT, NO OFFER DOCUMENT OR PROSPECTUS HAS BEEN PREPARED IN CONNECTION WITH THIS ISSUE OR IN RELATION TO THE COMPANY NOR IS SUCH A PROSPECTUS REQUIRED TO BE REGISTERED UNDER THE APPLICABLE LAWS. ACCORDINGLY, THIS OFFER DOCUMENT HAS NEITHER BEEN DELIVERED FOR REGISTRATION NOR IS IT INTENDED TO BE REGISTERED.

We hereby declare that proposed NCD issuance is not an issuance of perpetual debt instruments, perpetual non-cumulative preference shares and instruments of similar nature forming part of non-equity regulatory capital mentioned under Chapter V of SEBI NCS Regulations, 2021 and therefore, this issuance does not fall under Chapter V of SEBI NCS Regulations, 2021 are not applicable to this issuance. The face value of each debt security issued on private placement basis is INR 1,00,000/- (Indian Rupees One Lakh Only).

Issuer or any of its promoters or directors is a wilful defaulter: Not Applicable. Please refer to Section 6.

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SECTION 1: NOTICE TO INVESTORS AND DISCLAIMERS

GENERAL DISCLAIMER

This Placement Memorandum (the **"Placement Memorandum"** or **"PM"**) **is neither a prospectus nor a statement in lieu of prospectus** under the Act. This Placement Memorandum has not been submitted to or approved by the Securities and Exchange Board of India ("**SEBI**") and has been prepared by the Company in conformity with the extant SEBI Regulations. This Issue of NCDs which is to be listed on the WDM segment of the BSE and is being made strictly on a private placement basis. This Placement Memorandum does not constitute and shall not be deemed to constitute an offer or an invitation to the public to subscribe to the NCDs. Neither this Placement Memorandum nor any other information supplied in connection with the NCDs is intended to provide the basis of any credit or other evaluation and a recipient of this Placement Memorandum should not consider such receipt a recommendation to purchase any NCDs. Each potential Investor contemplating the purchase of any NCDs should make its own independent investigation of the financial condition and affairs of the Company and its own appraisal of the creditworthiness of the Company as well as the structure of the Issue. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the NCDs and should possess the appropriate resources to analyze such investment and the suitability of an investment to the Investor's particular circumstances. No Person has been authorized to give any information or to make any representation not contained in or incorporated by reference in this Placement Memorandum or in any material made available by the Company to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Company.

This Placement Memorandum and the contents hereof are addressed only to the intended recipients who have been addressed directly and specifically through a communication by the Company. It is not intended for distribution to any other Person and should not be reproduced by the recipient or made public or its contents disclosed to a third Person. No invitation is being made to any Person other than the Investor to whom this Placement Memorandum has been sent. Any application by a Person to whom this Placement Memorandum has not been sent by the Company may be rejected without assigning any reason. All potential investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue.

Invitation, offer and sale of NCDs shall only be made pursuant to this Placement Memorandum. You shall not and are not authorised to: (1) deliver this Placement Memorandum to any other Person; or (2) reproduce this Placement Memorandum, in any manner whatsoever. Any distribution or reproduction or copying of this Placement Memorandum in whole or in part or any public announcement or any announcement to third parties regarding the contents of this Placement Memorandum is unauthorised. Failure to comply with this instruction may result in a violation of Applicable Laws of India and/or other jurisdictions. This Placement Memorandum has been prepared by the Company for providing information in connection with the proposed Issue. The Company does not undertake to update this Placement Memorandum to reflect subsequent events after the date of this Placement Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Company.

Neither the delivery of this Placement Memorandum nor the issue of any NCDs made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company since the date thereof.

This Issue is a domestic issue restricted to India and no steps have been taken or will be taken to facilitate the Issue in any jurisdictions other than India. Hence, this Placement Memorandum does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any Person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the NCDs or the distribution of this Placement Memorandum in any jurisdiction where such action is required. This Placement Memorandum is not intended for distribution to, or use by, any Person or entity in any jurisdiction or country where distribution or use of such information would be contrary to law or regulation. Persons into whose possession this Placement Memorandum comes are required to inform themselves about, and to observe any such restrictions. This Placement Memorandum is made available to potential investors in the Issue on the strict understanding that it is confidential and may not be transmitted to others, whether in electronic form or otherwise.

It is the responsibility of allottees of these NCDs to also ensure that they/It will transfer these Debentures in strict accordance with this Placement Memorandum and other Applicable Laws.

DISCLAIMER CLAUSE OF SEBI

A COPY OF THIS PLACEMENT MEMORANDUM HAS NOT BEEN FILED WITH OR SUBMITTED TO SEBI. IT IS DISTINCTLY UNDERSTOOD THAT THIS PLACEMENT MEMORANDUM SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO BE APPROVED OR VETTED BY SEBI. SEBI DOES NOT TAKE RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS PLACEMENT MEMORANDUM.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE

As required, in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time a copy of this Placement Memorandum has been filed with BSE. It is to be distinctly understood that submission of this Placement Memorandum to the BSE should not in any way be deemed or construed to mean that this Placement Memorandum has been reviewed, cleared or approved by BSE, nor does BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum. BSE does not warrant that the NCDs will be listed or will continue to be listed on BSE nor does BSE take any responsibility for the soundness of the financial and other conditions of the Company, its promoters, its management or any scheme or project of the Company.

DISCLAIMER CLAUSE OF THE COMPANY

The Company has certified that the disclosures made in this Placement Memorandum are adequate and in conformity with SEBI Regulations in force for the time being. This requirement is to facilitate investors to take an informed decision for making an investment in the proposed Issue. The Company accepts no responsibility for statements made otherwise than in the Placement Memorandum or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at their own risk.

DISCLAIMER IN RESPECT OF JURISDICTION

Issue of these Debentures have been/will be made in India to investors as specified under Clause 8.1 (*Who can apply*) in this Placement Memorandum, who have been/shall be specifically approached by the Company. This Placement Memorandum is not to be construed or constituted as an offer to sell or an invitation to subscribe to Debentures offered hereby to any Person to whom it is not specifically addressed. This Placement Memorandum and the Issue shall be governed by the laws of India. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals at Bengaluru. This Placement Memorandum does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other country other than India to any Person to whom it is unlawful to make an offer or invitation in such jurisdiction.

FORCE MAJEURE

The Company reserves the right to withdraw the Issue (or any series under the Issue) at any time prior to the closing date thereof in the event of any unforeseen development adversely affecting the economic and/or regulatory environment or otherwise without assigning any reason. In such an event, the Company will refund the application money, if any, collected in respect of the Issue.

DISCLAIMER IN RESPECT OF RATING AGENCIES

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The rating agency has based its ratings on information obtained from sources believed by it to be accurate and reliable. The rating agency does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the rating agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

DISCLAIMER ON DEBENTURE TRUSTEE

THE ISSUER CONFIRMS THAT ALL NECESSARY DISCLOSURES HAVE BEEN MADE IN THIS PLACEMENT MEMORANDUM INCLUDING BUT NOT LIMITED TO STATUTORY AND OTHER REGULATORY DISCLOSURES. INVESTORS SHOULD CAREFULLY READ AND NOTE THE CONTENTS OF THIS PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR SHOULD MAKE ITS OWN INDEPENDENT ASSESSMENT OF THE MERIT OF THE INVESTMENT IN THE DEBENTURES AND THE ISSUER. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN FINANCIAL, LEGAL, TAX AND OTHER PROFESSIONAL ADVISORS AS TO THE RISKS AND INVESTMENT CONSIDERATIONS ARISING FROM AN INVESTMENT IN THE DEBENTURES AND SHOULD POSSESS THE PARTICULAR CIRCUMSTANCE. PROSPECTIVE INVESTORS ARE REQUIRED TO MAKE THEIR OWN INDEPENDENT EVALUATION AND JUDGMENT BEFORE MAKING THE INVESTMENT AND ARE BELIEVED TO BE EXPERIENCED IN INVESTING IN DEBT MARKETS AND ARE ABLE TO BEAR THE ECONOMIC RISK OF INVESTING IN SUCH INSTRUMENTS. THE DEBENTURE TRUSTEE, IPSO FACTO DOES NOT HAVE THE OBLIGATIONS OF A BORROWER OR A PRINCIPAL DEBTOR OR AS TO THE MONIES PAID/INVESTED BY INVESTORS FOR THE DEBENTURES.

ISSUE OF DEBENTURES IN DEMATERIALISED FORM

The NCDs will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the NCDs in dematerialised form. The Investor will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the investors with their respective depositary participants. The Issuer will make the allotment to Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

SECTION 2: DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Placement Memorandum.

2.1. Company related terms

Term	Description
Articles	The articles of association of the Company, as amended from time to time.
Board of Directors/Board	The Board of Directors of the Company or any Committee thereof.
Company/ Issuer	**NAVI Finserv Limited** (U65923KA2012PLC062537), a company incorporated under the Companies Act, 1956 and validly existing under the Companies Act, 2013, having its registered office at 2nd Floor, Vaishnavi Tech Square Iballur Village, Begur Hobli Bangalore South Bengaluru – 560102, Karnataka, India.
Director(s)	Director(s) of the Company, as may change from time to time, unless otherwise specified.
Memorandum	The memorandum of association of the Company, as amended from time to time.

2.2. Issue related terms

Term	Description
Act	The Companies Act, 2013, to the extent the same is in force; and the Companies Act, 1956, to the extent the same is in force, and, wherever applicable, the rules framed thereunder and any subsequent amendment, re-enactment, notification or replacement thereof for the time being in force.
Applicable Laws	shall mean and include all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives, circulars and orders of any Governmental Authority, statutory authority, tribunal, board, court or recognized stock exchange governing the operations and business of such Person.
Applicant	means a Person who is eligible to invest in the Debentures and has submitted / will be submitting an Application for subscribing to the Debentures in accordance with the terms of the Placement Memorandum and other Transaction Documents.
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Debentures.
Application Money	Aggregate amount paid / to be paid by the respective investors towards subscription to the Debentures.
Base Issue Size	As set out and defined in the cover page of the Placement Memorandum
Beneficial Owner(s)	Holder(s) of the Debentures in dematerialized form as defined under Section 2 of the Depositories Act.
BSE	BSE Limited
Business Day / Working Day	shall be any day (other than a Sunday or a public holiday under Section 25 of the Negotiable Instruments Act, 1881), on which money markets are functioning for general business in Mumbai, India. Additionally, the day on which payment of interest / redemption with respect to debt securities falls due, it has been decided that interest / redemption payments shall be made only on the days when the money market is functioning in Mumbai, India.
CDSL	Central Depository Services (India) Limited
Debentures / NCDs	Issue of 5,000 (Five Thousand) fully paid, senior, secured, rated, listed, taxable, redeemable, transferable, non-convertible debentures, each having a face value of INR 1,00,000/- (Indian Rupees One Lakh Only) aggregating up to INR 50,00,00,000/- (Indian Rupees Fifty Crore Only) along with a green shoe option to retain oversubscription of up to 5,000 (Five Thousand) fully paid, senior, secured, rated, listed, taxable, redeemable, transferable, non-convertible debentures, each having a face value INR 1,00,000/- (Indian Rupees One Lakh Only) aggregating up to INR 50,00,00,000/- (Indian Rupees Fifty Crores only) in total aggregating up to INR 100,00,00,000/- (Indian Rupees One Hundred Crore only), for cash, at par, in dematerialized form on a private placement basis.
Debenture Holders	The Persons who are, for the time being and from time to time, the holders of the Debentures and whose names appear in the Register of Beneficial Owners maintained by the Depository, and "**Debenture Holder**" means each such Person.
Debenture Trustee	The debenture trustee for the Debenture Holders, in this case being Catalyst Trusteeship Limited.
Debenture Trustee	The debenture trustee agreement, to be executed by and between the Issuer and the

Term	Description
Agreement	Debenture Trustee for the appointment of the Debenture Trustee.
Debenture Trust Deed	The debenture trust deed, to be executed by and between Debenture Trustee and the Company for the purpose of recording the terms and conditions of the Debentures.
Deed of Hypothecation	The unattested deed of hypothecation dated on or around the date of the Debenture Trust Deed to create a first ranking exclusive, current and continuing charge over the Hypothecated Assets, to be executed between the Issuer and the Debenture Trustee to secure the Secured Obligations in relation to the Debentures.
Deemed Date of Allotment	Shall be the date as specified in the Section 'Issue Timing' in the Summary Term Sheet under Clause 5.1.20 (*Issue Details*) hereto.
Default Interest	As specified in the Section 'Default Interest Rate' in the Summary Term Sheet under Clause 5.1.20 (*Issue Details*) hereto.
Depository(ies)	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996, and the rules framed thereunder, as amended, modified, restated and / or re-enacted from time to time.
Depository Participant/DP	The depository participant registered with SEBI
DP-ID	Depository Participant Identification Number
Early Redemption Date	Subject to Applicable Law, the date on which the Debentures shall be redeemed by the Issuer in full by payment of the Redemption Amount, together with accrued Coupon, and all other Outstanding Amounts accrued thereto, on the expiry of 30 (thirty) days of having received an Early Redemption Notice.
ECS	Electronic Clearing System
Final Redemption Date	shall mean, subject to the Early Redemption Date, 31st December 2026 on which all Debentures are Redeemed and the Secured Obligations in relation thereto are duly and fully satisfied and discharged by the Issuer, to the complete satisfaction of the Debenture Trustee in accordance with the terms and conditions of the Transaction Documents and more particularly set out in **Part B** of the Debenture Trust Deed hereinbelow.
Final Settlement Date	means the date on which all Secured Obligations have been irrevocably and unconditionally paid and discharged in full to the satisfaction of the Debenture Holders as notified in writing by the Debenture Trustee.
Financial Year/ FY/Fiscal Year	The accounting period commencing from April 1st of each year till March 31st of the next year.
Governmental Authority	without limitation, any government, governmental agency, semi-governmental entity or authority, any court, tribunal or other judicial or quasi-judicial body, and any stock exchange or regulatory body, including the President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same, any municipal or local government and any authority or private body exercising powers conferred by Applicable Law.
Hypothecated Assets	shall mean the certain identified loan receivables of the Issuer, as more particularly set out under the Deed of Hypothecation.
ICCL	Indian Clearing Corporation Limited
Issue	Issue of 5,000 (Five Thousand) fully paid, senior, secured, rated, listed, taxable, redeemable, transferable, non-convertible debentures, each having a face value of INR 1,00,000/- (Indian Rupees One Lakh Only) aggregating up to INR 50,00,00,000/- (Indian Rupees Fifty Crore Only) along with a green shoe option to retain oversubscription of up to 5,000 (Five Thousand) fully paid, senior, secured, rated, listed, taxable, redeemable, transferable, non-convertible debentures, each having a face value INR 1,00,000/- (Indian Rupees One Lakh Only) aggregating up to INR 50,00,00,000/- (Indian Rupees Fifty Crores only) in total aggregating up to INR 100,00,00,000/- (Indian Rupees One Hundred Crore only) for cash, at par, in dematerialized form on a private placement basis.
Majority Debenture Holders	shall mean, such number of Debenture Holders collectively holding more than 50% (fifty percent) of the value of the Outstanding Principal Amounts of the Debentures for the time being outstanding..
Material Adverse Effect	means the effect or consequence of an event, circumstance, occurrence or condition which in the sole and reasonable opinion of the Debenture Trustee (acting on the resolution of Majority Debenture Holders), has caused, as of any date of determination or could reasonably expect to cause, a material and adverse effect on. (a) the financial condition, assets, results of prospects, credit standing on the business, conditions, operation, profits, or sales of the Issuer which is prejudicial to the ability of the Company to perform its obligations under the Transaction Documents;

Term	Description
	(b) the ability of the Issuer to enter into, perform or comply with its obligations under any Transaction Document; € the validity, legality or enforceability of, or the rights or remedies of any Debenture Holder under, any Transaction Document; (d) the ability of the Issuer to disburse new loans or from appointing third party or in house collection teams; and € any other effect or change which adversely affect the interest of the Debenture Holder(s) or the Debenture Trustee under any of the Transaction Documents.
Maturity Date / Redemption Date	The date as specified in the Section 'Redemption Date' in the Summary Term Sheet under Clause 5.1.20 (*Issue Details*) hereto being the date on which the entire Principal Amount of the Debentures shall be repaid to the Debenture Holders.
NACH	National Automated Clearing House
NBFC	Non-banking financial company
NEFT	National Electronic Fund Transfer Service
Net Worth	has the meaning given to it in the Act.
NSDL	National Securities Depository Limited
Outstanding Amounts	shall mean the Coupon, Default Interest, if any, additional interest, liquidated damages (if any) payable in relation to the Debentures, costs, indemnities, charges, expenses, fees (including the remuneration of the Debenture Trustee, rating agency and the Receiver, attorneys etc. and), all taxes, levies, cess including stamp duty and any/all other reasonable amounts, costs, charges due and payable by the Issuer under the Transaction Documents
PAN	Permanent Account Number
Person	Includes an individual, statutory corporation, company, body corporate, partnership, joint venture, association of persons, Hindu Undivided Family (HUF), societies (including co-operative societies), trust, unincorporated organization, government (central, state or otherwise), sovereign state, or any agency, department, authority or political subdivision thereof, international organization, agency or authority (in each case, whether or not having separate legal personality) and shall include their respective successors and assigns and in case of an individual shall include his legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees for the time being
Principal Amount	The aggregate face value of the issued Debentures
RBI	The Reserve Bank of India
Record Date	means the date falling 07 (seven) calendar days prior to the Coupon Payment Date or the Early Redemption Date or the Final Redemption Date.
Redemption Amount	means the entire outstanding principal amount payable by the Issuer in respect of the Debentures in the manner more particularly provided in **Part B** of the Debenture Trust Deed hereinbelow
Register of Beneficial Owners / List of Beneficial Owners	shall mean the register of beneficial owners of the Debentures maintained in the records of the Depository
Registrar / Registrar to the Issue / R&T Agent	Registrar to the Issue, in this case being NSDL Database Management Limited (NDML)
RoC	Registrar of Companies
Rs. / Rupees / INR / ₹	Indian Rupees, the lawful currency of India
RTGS	Real Time Gross Settlement
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended, modified, restated and / or re-enacted from time to time.
SEBI Regulations	The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued by SEBI, as amended, modified, supplemented and/or restated from time to time
SEBI Listed Debentures Circulars	means, collectively, the Listed NCDs Master Circular, the SEBI Debenture Trustees Master Circular, the SEBI NCS Regulations, the SEBI LODR Regulations (to the extent applicable) and SEBI LODR Master Circular.

Term	Description
SEBI Listing Timelines Requirements	means the requirements in respect of the timelines for listing of debt securities issued on a private placement basis prescribed in Chapter VII (*Standardization of timelines for listing of securities issued on a private placement basis*) of the Listed NCDs Master Circular as replaced by the SEBI's circular bearing reference number SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/167 dated November 30, 2022 on " *Review of timelines for listing of securities issued on a private placement basis*".
SEBI LODR Master Circular	means the master circular issued by SEBI bearing reference number SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023 on "Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities", as amended, modified, supplemented, or restated from time to time.
SEBI LODR Regulations/LODR Regulations	means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, modified or restated from time to time
SEBI Centralized Database Requirements	means the requirements prescribed in Chapter IV (*Centralized Database for corporate bonds/ debentures*) of the Listed NCDs Master Circular read together with Chapter XII (*Centralised Database – Responsibilities of Debenture Trustee*) of the SEBI Debenture Trustees Master Circular.
SEBI Debenture Trustees Master Circular	means circular dated 31st March 2023 issued by SEBI titled "Master Circular for Debenture Trustees", bearing reference number SEBI/HO/DDHS-PoD1/P/CIR/2023/109, as amended, modified, or restated from time to time.
SEBI Master Circular	means the circular issued by SEBI bearing the reference number SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 on "Master Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper", as amended, modified, or restated from time to time.
Secured Obligations	shall mean the aggregate of the Outstanding Amounts and the Redemption Amounts
Transaction Documents	As defined in Clause 8 herein
WDM	Wholesale Debt Market

Any capitalized terms used in the Placement Memorandum and not defined in this section shall have the respective meanings assigned to them under: (a) the remaining sections hereunder; and / or (b) the Debenture Trust Deed. Terms otherwise defined herein but not defined in the Debenture Trust Deed shall have the same meaning as may be interpreted from the definitions.

SECTION 3: RISK FACTORS

Investment in the Debentures involves certain degree of risk. You should carefully consider all the information contained in this Placement Memorandum, including the risks and uncertainties described below, before making an investment in the Debentures. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with the business of the Issuer or any decision to purchase, own and / or dispose of the Debentures. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of their occurrence. The risk factors set forth below are determined on the basis of their materiality. In determining the materiality of risk factors, the Issuer has considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future.

If any one of the following stated risks actually occurs, the Company's business, financial condition, cash flows and results of operations may suffer and therefore the value of the Debentures may decline and / or the Company's ability to meet its obligations in relation to the Debentures may be affected. Additional risks, which are currently unknown, if materialises, may in the future have a material adverse effect on the Issuer's business, financial condition, cash flows and results of operations. As a result of these risk factors, as well as other risks inherent in any investment, you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, the Issuer is not in a position to quantify the financial or other implication of any of the risks described in this section. The prospective investors must rely upon their own examination of the Company and this Issue, including the risks and uncertainties involved, in making a decision to invest in the Debentures.

This Placement Memorandum also contains forward looking statements that involve risks and uncertainties, including statements concerning our plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industry and the political and legal environment, and geographical locations, in which we operate, and other information that is not historical information. Words such as “aims”, “anticipate”, “believe”, “could”, “continue”, “estimate”, “expect”, “future”, “goal”, “intend”, “is likely to”, “may”, “plan”, “predict”, “project”, “seek”, “should”, “targets”, “will”, “would” and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. The results of the Issuer could differ materially from those anticipated in these forward-looking statements as a result of certain factors / events described below and elsewhere in this Placement Memorandum or otherwise.

The following are the risks envisaged by the management of the Company relating to the Company, the Debentures and the market in general. Potential investors should carefully consider the risks and uncertainties described below for evaluating the Company and its business and the Debentures, in addition to the other information contained in this Placement Memorandum before making any investment decision relating to the Issue. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures but does not represent that the statements below regarding the risks of holding the Debentures are exhaustive. These risks and uncertainties described in this section are not the only issues that the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently believes to be immaterial may also have a material adverse effect on its financial condition or business or results of operations.

i. REPAYMENT IS SUBJECT TO THE CREDIT RISK OF THE ISSUER.

Potential investors should be aware that receipt of the principal amount (i.e., the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer. Potential investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. The principal amount is subject to the credit risk of the issuer whereby the investor(s) may or may not recover all or part of the funds in case of default by the Issuer. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

ii. THE SECONDARY MARKET FOR DEBENTURES MAY BE ILLIQUID.

The Debentures may be very illiquid, and no secondary market may develop in respect thereof. Even if there is a secondary market for the Debentures, it is not likely to provide significant liquidity. Potential investors may have to hold the Debentures until redemption to realize any value.

iii. CREDIT RISK & RATING DOWNGRADE RISK

The Rating Agency has assigned the credit ratings to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the rating agency may downgrade the rating of the Debentures. In such cases, potential investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

iv. RISKS RELATING TO DEBENTURES DUE TO LINKAGES TO THE REFERENCE ASSET

Any investment in any series of Debentures that has payments of principal, coupon or both, indexed to the value of any equity share, index or any other rate, asset or index, or a basket including one or more of the foregoing and /or to the number of observation of such value falling within or outside a pre- stipulated range (each of the foregoing, a "Reference Value") will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Such risks include, without limitation, changes in the applicable Reference Value and how such changes will impact the amount of any principal or coupon payments linked to the applicable Reference Value. The Issuer has no control over a number of matters that are important in determining the existence, magnitude and longevity of such risks and their results, including economic, financial and political events. The past performance of any Reference Value to which any principal or coupon payments may be linked is not necessarily indicative of future performance. Investors should be aware that a Reference Value may go down as well as up and/or be volatile and the resulting impact such changes will have on the amount of any principal or coupon payments will depend on the applicable index formula. The registered Debenture holder shall receive at least the face value of the Debenture only if the Investor holds and is able to hold the Debentures and the Debentures are not sold or redeemed or bought back till the final redemption date.

If so specified, the early redemption amount, if any, may in certain circumstances be determined by the valuation agency based upon the market value of the Debentures less any costs associated with unwinding any hedge positions relating to the particular series of Debentures. In the event the terms and conditions do not provide for a minimum redemption amount even in the event of an early redemption, then on such occurrence a holder may receive less than 100.00% of the principal amount. In case of principal/capital protected market linked debentures, the principal amount is subject to the credit risk of the Issuer whereby the registered Debenture holder may or may not recover all or part of the funds in case of default by the Issuer. However, if the Debentures are held till the final redemption date, subject to credit risk of the Issuer, the registered Debenture holder of the Debenture will receive at least the principal amount.

The Debentures are likely to be less liquid than conventional fixed or floating rate debt instruments. No representation will be made as to the existence of a market for a series of Debentures. While the Issuer intends under ordinary market conditions to indicate and/or procure indication of prices for any such Debentures there can be no assurance as to the prices that would be indicated or that the Issuer will offer and/or cause to purchase any Debentures. The price given, if any, will be affected by many factors including, but not limited to, the remaining term and outstanding principal amount of the particular series of Debentures, the level of the Reference Value, fluctuations in interest rates and/or in exchange rates, volatility in the Reference Value used to calculate the amount of any coupon or principal payments, and credit spreads. Consequently, prospective Investors must be prepared to hold any series of Debentures for an indefinite period of time or until the redemption or maturity of the Debentures. Trading levels of any

Debentures will be influenced by, among other things, the relative level and performance of the applicable Reference Value and the factors described above.

v. NO CLAIM AGAINST THE REFERENCE ASSET

The Debenture Holders do not have any interest in or rights to the underlying assets, indices or securities to which the Debentures related**.**

vi. CHANGES OR DISCONTINUANCE OF THE UNDERLYING ASSETS

Changes in the underlying and factors which either affect or may affect the value of the underlying, may affect the return on investment on the Debentures. In case of regulators or any authorised bodies discontinue or restrict the use of the benchmark/ underlying, the Issuer will be bound to take such necessary action as may be prescribed by the regulators or the authorised bodies or as otherwise may be required under law or as may be required to accommodate the situation.

vii. TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS

Special tax considerations and legal considerations may apply to certain types of investors. Potential investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

viii. ACCOUNTING CONSIDERATIONS

Special accounting considerations may apply to certain types of taxpayers. Potential investors are urged to consult with their own accounting advisors to determine implications of this investment.

ix. MATERIAL CHANGES IN REGULATIONS TO WHICH THE ISSUER IS SUBJECT COULD IMPAIR THE ISSUER'S ABILITY TO MEET PAYMENT OR OTHER OBLIGATIONS.

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

x. LEGALITY OF PURCHASE

Potential investors of the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates or for compliance by that potential investor with any law, regulation or regulatory policy applicable to it.

xi. POLITICAL AND ECONOMIC RISK IN INDIA

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

xii. RISKS IN RELATION TO THE SECURITY CREATED IN RELATION TO THE DEBT SECURITIES. FURTHER, ANY RISKS IN RELATION TO MAINTENANCE OF SECURITY COVER OR FULL RECOVERY OF THE SECURITY IN CASE OF ENFORCEMENT

(a) <u>Security may be insufficient to redeem the Debentures</u>

In the event that the Company is unable to meet its payment and other obligations towards Investors under the terms of the Debentures, the Debenture Trustee may enforce the Security as per the terms of security documents, and other related documents executed in relation to the Debentures. The

Debenture Holder(s)' recovery in relation to the Debentures will be subject to (i) the market value of such Security (ii) finding willing buyers for the Security at a price sufficient to repay the Debenture Holder(s)' amounts outstanding under the Debentures. There is a risk that the value realised from the enforcement of the Security may be insufficient to redeem the Debentures.

xiii. REFUSAL IN LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD

As of date, the Issuer has not been refused in listing of any security during the last 3 years by any of the stock exchanges in India or abroad and therefore, this would not be applicable.

xiv. LIMITED OR SPORADIC TRADING OF NON-CONVERTIBLE SECURITIES OF THE ISSUER ON STOCK EXCHANGES

As of date, we are not aware of any limited or sporadic trading of the non-convertible securities of the Issuer on stock exchanges and therefore, this would not be applicable.

xv. IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS, ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY AS PER TERMS AGREED, DEFAULT IN PAYMENT OF INTEREST, DEFAULT IN REDEMPTION OR REPAYMENT, NON-CREATION OF DEBENTURE REDEMPTION RESERVE, DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE

As of date, the Issuer has not defaulted in compliance with any material covenants agreed to by the Issuer and therefore, this would not be applicable.

xvi. SIGNIFICANT DELAYS MAY BE FACED IN COURT PROCEEDINGS IN INDIA.

The Debenture Trustee and/or the Debenture Holders may need to seek recourse to Indian courts to enforce their rights under the Transaction Documents and/or in respect of the Debentures in the event that the Issuer fails to honour its obligations in relation to the Debentures. It is not unusual for court proceedings in India to continue for extended periods. Disposition of cases may be further subject to various delays including multiple levels of appellate adjudication.

xvii. EXERCISE OF POWERS BY THE DEBENTURE TRUSTEE IS SUBJECT TO EQUITABLE PRINCIPLES AND SUPERVISORY POWERS OF COURTS.

The exercise by the Debenture Trustee of the powers and remedies conferred on it under the Debentures, and the Transaction Documents, or otherwise vested in it by law, will be subject to general equitable principles, the general supervisory powers and discretion of the Indian courts in the context thereof and the obtaining of any necessary governmental or regulatory consents, approvals, authorisations or orders. The right of the Debenture Holders to receive payments under the Debentures will be junior to certain tax and other liabilities, including monies due and payable to secured creditors of the Issuer, preferred by law on an insolvency of the Issuer.

xviii. RISKS RELATED TO THE BUSINESS OF THE ISSUER

1. The lending business of our Company rely intensively on substantial capital and any disruption in our sources of capital could adversely affect our liquidity and financial condition.

The liquidity and profitability of the lending business of our Company depends, in large part, on our timely access to, and the costs associated with financing. Our financing requirements historically have been met from various sources, including loans from non-banking financial companies, bank loans and working capital facilities, non-convertible debentures, commercial paper and equity. As such, our lending business depends and will continue to depend on our ability to access a variety of sources of capital. For the Six months ended September 30, 2023 and the Financial Years 2023 and 2022, the capital adequacy ratio of our Company was 25.56%, 28.4% and 30.73%, respectively. We may require additional capital for our business operations. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes, including any changes to RBI's monetary policies which are applicable to us or unforeseen delays in developing our products. To the extent our capital requirements exceed our available resources, we will be required to seek additional debt or equity

capital. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements.

Our ability to obtain financing on favourable terms, if at all, will depend on a number of factors, including our profitability and cash flows, asset quality, market interest rates, vintage of our business and the prevailing macroeconomic and other conditions. For instance, our Promoter, NTL, proposes to infuse funds into our Company out of the proceeds of a proposed initial public offer, which is contingent on various factors including receipt of requisite regulatory approvals and market conditions. In addition, the cost and availability of debt capital depends in part on our short-term and long-term credit ratings. Our Company's long-term debt is rated IND A (Stable) and CRISIL A (Stable) by India Ratings and CRISIL respectively, and commercial papers are rated Ind A1 by India Ratings. There is no guarantee that we will be able to maintain such ratings in the future. We have not experienced downgrades in our credit ratings in the past. Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and debt markets, as well as increase the probability that our lenders may impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future. Any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our current or future borrowings.

Further, any additional financing that we require on an ongoing basis for our capital requirements may place restrictions on us, which may, inter alia, limit our ability to pursue our growth plans or require us to dedicate a substantial portion of our cash flow from operations to service our debt obligations, or limit our flexibility in planning for, or reacting to changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise.

We cannot assure you that we will be able to raise financing on acceptable terms in a timely manner or at all. Our failure to raise financing could adversely impact our business, financial condition and results of operations.

2. ***We are affected by volatility in interest rates in both our lending and treasury operations, which could cause our net interest income to vary and consequently affect our profitability.***

Our results of operations from our lending businesses depend substantially on the level of our net interest income, which is the difference between our interest income and other fees, and interest expense and other borrowing costs.

Fluctuations in interest rates may also adversely affect our treasury operations. In a rising interest rate environment, especially if the rise is sudden or sharp, we could be adversely affected by the decline in the market value of our securities portfolio and other fixed income securities. To protect against interest rate volatility, we have recently obtained approval from the Board of Directors of our Company to enter into overnight interest rate swaps. Our inability to effectively and efficiently manage interest rate variations and our failure to pass on increased interest rates on our borrowings to our customers, may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, financial condition, results of operations and cash flows.

3. ***We have experienced significant growth in recent periods, and we may not be able to sustain our growth or manage it effectively.***

We have experienced significant growth in recent periods. Our Company's total revenue from operations has grown to ₹4,215.28 million for the six months ended September 30, 2023, ₹12,830.16 million in the Financial Year 2023 ,₹4,571.19 million in the Financial Year 2022 from ₹ 3,366.83 million in the Financial Year 2021, representing a CAGR of 180% YOY (FY22 Vs FY23). As part of our growth strategy, we plan to build on the wallet shares of our existing customer base of digitally savvy customers by launching adjacent lending products. Sustained growth will require significant investments in technology and digital marketing by us and our Promoter, NTL, and will also put pressure on our ability to effectively manage and control historical and emerging risks. Such further expansion will increase the size of our business and the scope and complexity of our operations, and this could put a strain on our internal control framework and processes. We may not be able to effectively manage this growth or achieve the desired profitability in the expected timeframe or at all and may not be able to reflect improvement in other indicators of financial performance from the expansion.

If we increase our credit exposure too rapidly or fail to make proper assessments of credit risks associated with new customers, a higher percentage of our loans may become non-performing, which would have an adverse effect on the quality of our assets and our financial condition. In addition, if we enter into strategic alliances or undertake inorganic acquisitions as part of our growth strategy, we may not be able to manage integration of the acquired businesses effectively. Our inability to effectively

manage any of these issues may adversely affect our business growth and, as a result, impact our businesses, prospects, financial condition and results of operations.

Growth through geographical expansion

In addition, as we enter new markets and geographical regions, we are likely to compete with not only banks, MFIs, HFCs and other financial institutions but also the local unorganised or semi-organised private financiers, who are more familiar with local regulations, business practices and customs, and may have stronger relationships with target customers. For instance, a number of states in India have enacted laws to regulate money lending transactions. These laws establish a maximum rate of interest that can be charged. There is ambiguity on whether NBFCs are required to comply with provisions of these state money lending laws. There are severe civil and criminal penalties for non-compliance with the relevant money lending statutes. If it is judicially determined or clarified by relevant authorities that such statutes apply to NBFCs, our expansion in such states could be hindered.

Factors such as competition, customer requirements, regulatory regimes, business practices and customs in new markets may differ from those in our existing markets, and our experience in our existing markets may not be applicable to new markets.

As we expand our business or the geographic footprint of our lending and microfinance businesses, we may be exposed to additional challenges, including, without limitation:

- obtaining necessary governmental approvals in relation to entering new geographies or new lines of business, or launching new products which are regulated;
- in respect of our businesses with a physical footprint, identifying and collaborating with local business partners with whom we may have no existing relationship;
- successfully marketing our products and attracting customers in markets or for new lines of business in which we have no familiarity, significant experience or visibility;
- in respect of our businesses with a physical footprint, being subject to additional local taxes;
- managing the rapid growth of our employee base;
- attracting and retaining new employees;
- expanding our technological infrastructure; and
- maintaining standardised systems and procedures.

To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. There can be no assurance that we will be able to continue to successfully implement our growth strategies, and our inability to do so may adversely affect our business, financial condition, results of operations and cash flows.

4. ***If our customers default in their repayment obligations, our business, results of operations, financial condition and cash flows may be adversely affected.***

Our customers may default on their obligations to us due to a variety of factors, including as a result of their bankruptcy, lack of liquidity, government or other regulatory intervention, other reasons such as their inability to adapt to changes in the macro business environment or any other factors which impact their incomes. Additionally, some customers may intentionally default on their repayment obligations. Historically, customers in our loans business have been adversely affected by economic conditions in varying degrees. Such adverse impact may limit our ability to recover the dues from such customers and the predictability of our cash flows. Increasing credit losses due to financial difficulties of customers in our lending business in the future could adversely affect our business, financial condition, results of operations and cash flows.

5. ***Our inability to meet our obligations, including financial and other covenants under our financing arrangements could adversely affect our business, results of operations and financial condition.***

As of March 31, 2023, our Company had secured borrowings of ₹ 51,126.09 million and unsecured borrowings of ₹ 6,500.23 million aggregating to ₹ 57,626.32 million. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business, which depends on the timely repayment by our customers. Our financing agreements contain several restrictive covenants and we are required to obtain prior approval from our lenders for undertaking various actions, including:

- Change in capital structure of our Company without the prior approval of the lender;
- Change in management control of our Company without the prior approval of the lender;

- Change in the constitutional documents of our Company without the prior approval of the lender;
- Undertaking or permitting any merger, de-merger, consolidation, reorganisation, scheme of arrangement or compromise between our Company and its creditors or shareholders or effecting any scheme of amalgamation or reconstruction including creation of any subsidiary or permitting any company to become a subsidiary of our Company without the prior approval of the lender;
- Declaration or payment of dividends, or authorising or making any distribution to the Shareholders pending repayment of the outstanding dues to lenders without the prior approval of the lender; and
- Making any equity investments in the primary or secondary markets.

Under some of these financing agreements, certain lenders require us to maintain certain financial ratios at the end of certain reporting periods, including end of fiscal quarters and fiscal years. Some of our financing agreements also contain cross-default clauses, which are triggered in the event of a default by us under our respective financing agreements. Our failure to meet our obligations under our financing agreements, including *inter alia* creation of security as per terms agreed, default in payment of interest, default in redemption or repayment, non-creation of debenture redemption reserve, default in payment of penal interest wherever applicable could have an adverse effect on our business, results of operations and financial condition.

Our future borrowings may also contain similar or more stringent restrictive provisions. If we fail to meet our debt service obligations or covenants provided under the financing agreements, the relevant lenders could declare us to be in default under the terms of our agreements and/ or accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay the borrowings.

6. ***We are subject to laws and regulations governing the lending and financial services industry in India and changes in laws and regulations governing us could adversely affect our business, financial condition, results of operations and cash flows.***

The laws and regulations governing the lending and financial services industry in India have become increasingly complex and are continuously evolving. The requirement to comply with increasing regulations may continue to adversely affect our business and the industries in which we operate in general.

In relation to our lending business, as an NBFC/ NBFC-MFI, our Company is subject to regulations by government authorities, including the RBI. For example, we are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure provisioning and other master directions. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI, from time to time, amends the regulatory framework governing NBFCs to address concerns arising from certain divergent regulatory requirements for banks and NBFCs. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. These laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business and our financial performance.

In the regular course of our business, we may receive queries, clarifications and observations from the RBI and other statutory or regulatory authorities. Failure to address or satisfactorily address these queries and clarifications in a timely manner or at all may result in us being subject to statutory and/or regulatory actions. Further, responding to these regulatory actions, regardless of their seriousness or ultimate outcome, requires a significant investment of resources and management's time and effort. Moreover, our provisions, defences, grounds or interpretations against regulatory actions may be inadequate. Given the uncertainties and complexity of many of these regulatory actions, their outcome generally cannot be predicted with any reasonable degree of certainty and may have adverse effects on our operations.

Further, our Company qualified as a ‘high value debt listed entity' as per the thresholds set out under the SEBI Listing Regulations in November, 2021. As a ‘high value debt listed entity', Chapter IV of the SEBI Listing Regulations will be applicable to our Company six months from the date of it being categorised as such, on a ‘comply or explain' basis until March 31, 2023 and thereafter on a mandatory

basis. Accordingly, the required compliance with Chapter IV of the SEBI Listing Regulations may cause additional compliance and legal costs for our Company and any non-compliance in relation to this may attract penalties, which may affect our financials adversely. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. These laws and regulations can be amended, supplemented or changed at any time such that we may be required to redesign our activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business and our financial performance.

Further, as of March 31, 2023, we employed 1,756 employees, and we are required to comply with various statutory requirements in relation to payment of gratuity, minimum wages, employee state insurance and provident fund payments to such employees. Changes in the compensation requirements for our employees may increase our costs or otherwise negatively affect our business, results of operations, financial condition and cash flows.

In relation to our digital offerings for personal loans and home loans, we are subject to Guidelines on Digital Lending issued by the RBI on September 02, 2022, which are applicable to all, inter alia, all NBFCs.

Our ability to function in the lending and financial services industry will depend on our ability to constantly monitor and promptly react to legislative and regulatory changes. Any change to the existing legal or regulatory framework may require us to allocate additional resources to our business, which may increase our regulatory compliance costs and direct management attention, and consequently affect our business, financial condition, results of operations and cash flows. To the extent that we enter new geographies or new product markets, the complexity of our regulatory environment will increase, potentially increasing the cost of compliance and the risk of noncompliance. Further, if the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. If we fail to comply with these requirements or are interpreted by the regulators as not having complied with these requirements, we may be subject to penalties and compounding proceedings.

7. ***Our inability to maintain our capital adequacy ratio could adversely affect our business.***
The Master Directions currently require NBFCs to comply with a capital to risk (weighted) assets ratio, or CRAR, consisting of Tier I and Tier II capital. Under these requirements, Tier I and Tier II capital should not be less than 15% of the sum of the NBFC's risk-weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items, as applicable. In addition, our Tier I capital, at any point in time, shall not be less than 10%.

8. ***Non-compliance with RBI inspections, or other regulatory compliance requirements by us may have an adverse effect on our business, financial condition or results of operation. Any adverse observations from such regulators could have an adverse effect on our business, financial condition, results of operation and cash flows.***
We are subject to periodic inspections by the RBI under the Banking Regulation Act and the RBI Act, pursuant to which the RBI issues observations, directions and monitorable action plans, on issues related to various operational risks and regulatory non-compliances.

In its inspection report for the Financial Year ended March 31, 2021, RBI has made certain observation regarding the business and operations of our Company, in relation to, but not limited to: (i) limited performance review of investment portfolio of company, (ii) involvement of the holding company in areas related to technology operations, (iii) observations around Board composition for the last three Financial Years and an oversight on key operations, (iv) no detailed Board review of customer grievance redressal provided by Company, (v) certain gaps in regulatory guidelines on KYC, (vi) observations related to regulatory guidelines on direct assignment transactions, and (vii) instance of a breach of single borrower limit. We are currently in the process of finalising responses to such RBI observations within the timelines stipulated by RBI.

In its inspection report for the Financial Year ended March 31, 2020, RBI has made certain observations regarding the business and operations of our Company, in relation to, but not limited to: (i) lack of an outsourcing framework and procedures to evaluate the risk and materiality for existing and prospective arrangements; (ii) deficiencies in information technology systems; (iii) certain deficiencies in AML and KYC framework; (iv) deficiencies in the fair practice code; (v) absence of internal supervisory assessment process for facilitating due diligence on directors, nomination and remuneration committees and certain other committees for determination of fit and proper criteria; (vi) committee composition

requirements for risk management committee; and (vii) absence of requisite systems of stress testing for liquidity stress scenarios.

Pursuant to the past RBI inspections and these observations, we have responded to or are in the process of responding to the RBI, as applicable, with corrective actions, including, review of audit of internal accounts, review of AML and KYC frameworks, introduction of system based controls and integration of information technology systems to rectify any deficiencies. While our Company have respectively responded to such observations in the past, we cannot assure you that the RBI will not make similar or other observations in the future in respect of the business and our Company.

While we attempt to be in compliance with all regulatory provisions applicable to us, we cannot assure you that the RBI or any other regulatory or statutory authority will not find any deficiencies in future inspections or the RBI will not make similar or other observations in the future. In the event that we are unable to comply with the observations made or fail to address or satisfactorily address these queries and clarifications in a timely manner or at all, we could be subject to regulatory actions and penalties. Imposition of any penalty or adverse finding by the RBI during any future inspection may have an adverse effect on our reputation, business, financial condition, results of operations and cash flows.

9. ***Our business depends on the trust our customers place in us and our brand, and any failure to maintain, protect, enhance and promote such trust would adversely affect our business, financial condition, results of operations and cash flows.***

As a technology-driven financial products and services company, protecting, maintaining, enhancing and promoting the trust our customers place in us and the 'Navi' brand is critical to expanding our customer base. The loan products of our Company are distributed only through the 'Navi' app. We do not own the trademark and the logo associated with "Navi" brand name and our lending products are distributed only through the "Navi" app, which has been developed by our Promoter, NTL, and which our Company utilises pursuant to the Outsourcing Agreement. Many factors could undermine or damage the trust in us, the Navi brand or the Navi App, including:

- failure to satisfy the expectations of the quality or reliability of our financial products and services, including temporary downtime or software bugs affecting the Navi App;
- inadequate protection of user information, commercially sensitive or other important information, or inadequate protection of users' rights over their sensitive personal information;
- negative perceptions of the effectiveness of our compliance functions including legal, secretarial, regulatory and internal policy related compliance;
- failure in the effectiveness of the Navi App's decision-making processes and risk management processes; and
- other incidents of non-compliances, litigations, or other claims or investigation proceedings.

In addition, we rely on mobile operating systems and mobile application stores for customers on the Navi App. If we do not operate effectively with or receive favourable placements within such mobile application stores or maintain high customer reviews and scores, our usage or brand recognition could decline. If we do not successfully maintain customers' trust in us and our brand, our business, financial condition, results of operations and cash flows would be adversely affected.

10. ***The technology-driven underwriting, risk management and collection processes on which our Promoter, NTL, and our Company relies, may not be able to effectively identify, monitor or mitigate the risks in our lending operations.***

Our Promoter, NTL, which provides the technology infrastructure to enable our lending operations. If any of these decision-making systems contain programming or other errors, the criteria or parameters used for the analysis of customers credit profiles are inaccurate, the risk management models are flawed or ineffective or the customer insights developed or received for credit assessment are incorrect or stale, the credit assessment process related to our loans could be negatively affected, resulting in incorrect approvals, incorrect denials of loans, mispriced loans or biased rejection rates for potential customers. Further, the underwriting models developed by NTL are dependent on data from various sources and our inability to access such data (on account of regulatory or other changes in the ecosystem) could negatively impact the efficacy of such models. In addition, as the customer journeys for our personal and home loans businesses are largely digital, we face risks associated with not meeting our customers in person, including contactability and traceability issues in the collections process. If any of the foregoing were to occur, the performance of our credit assessment will be compromised. As a result, our business, brand, reputation, results of operations and financial condition may be adversely affected.

11. ***Our business processes a large amount of data, including personal data, and the improper collection, hosting, use or disclosure of data could harm our reputation and have an adverse effect on our business, financial condition, results of operations and cash flows.***

Our business processes a large quantity of personal data (with our users' consent) and analyses this data to generate user and user group profiles. Our privacy policies concerning the collection, use and disclosure of personal data (and users' rights thereto) are consented to by our customers and made accessible for their reference at any point in time. We face risks inherent in handling and protecting a large volume of data, especially user data. In particular, we face several challenges relating to data security and privacy, including but not limited to:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties, data leakage, fraudulent behaviour or improper use by our employees;
- addressing concerns, challenges, negative publicity and litigation related to data security and privacy, collection, use and actual or perceived data sharing (including sharing among our own businesses, with business partners, vendors or regulators), and other factors that may arise from our existing businesses or new businesses and new technology; and
- complying with applicable laws and regulations relating to the collection, use, storage, transfer, disclosure and security of personal data, including requests from data subjects.

The improper collection, use or disclosure of our user data could result in a loss of customers, business, partner financial institutions and other potential participants on the Navi App, loss of confidence or trust in the Navi App, litigation, regulatory investigations, penalties or actions against us, significant damage to our reputation, and have an adverse effect on our business, financial condition, results of operations and cash flows.

Moreover, we share a limited amount of user data with third-party service providers in accordance with applicable laws and regulations and subject to stringent data security and privacy requirements. 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 or enable, *inter alia* PAN verification with the National Securities Depository Limited ("**NSDL**"), and Aadhaar XML download from the Unique Identification Authority of India ("**UIDAI**"). During the course of providing such services, customer data may be accessed. If such third-party service providers engage in activities that are negligent, fraudulent, illegal or otherwise harm the trustworthiness and security of the Navi App, including by improper disclosure or use of user data, or if our business partners otherwise fail to meet their data security and privacy obligations, we may be subject to user complaints and suffer reputational harm, even if the actions or activities are not related to, attributable to or caused by us, or within our control. For example, in the past, : (a) there has been an instance of bulk messages being sent to our prospective customers by one of our third-party service providers where customers' information which was not otherwise available in the public domain was visible in the message; and (b) unauthorised tele-callers had fraudulently reached out to our customers and impersonated Navi customer care / collection representatives. While we have taken steps, including reprimanding the third-party vendors, augmenting control measures to ensure communications sent on behalf of our Company are pre-approved, filing police complaints for unauthorised use of the "Navi" name and sharing messages to customers informing them about our official contact details, to address such issues in the past, we cannot assure you that we will be able to completely stop such instances from occurring in the future, or whether the mitigating steps taken by us will be prompt or sufficient. Further, while no regulatory or legal action has been taken against us in relation to such instances in the past, we cannot assure you that we will not be subject to any regulatory or legal action for such instances in the future.

12. ***We may face information security threats attempting to exploit our network to disrupt our services and support services to customers and/ or theft of sensitive confidential company information, which may cause damage to our reputation and adversely affect our business and financial performance.***

We interact with and offer our products and services to our customers through a range of digital channels including the Navi App, which is our core front-end platform for our personal loans and home loans businesses. Our business collects, processes, and stores personal data of our customers pursuant to their consent. This includes contact information, spending patterns, mobile application usage and behaviour, geolocation, demographic data and device data. Consequently, we face various risks in handling and protecting such large volumes of data, including risks associated with attacks on our systems by third parties or fraudulent misappropriation of data by our employees; as well as risks associated with privacy concerns, and with the transmission, sharing and other security measures relating to such data. Therefore,

we are exposed to various information security threats including (i) phishing, vishing and trojans targeting our customers, wherein fraudsters through unsolicited mails/calls to our customers, attempt to defraud by, *inter alia*, impersonating Navi representatives; (ii) hacking, wherein attackers seek to hack into our website and system with the primary intention of causing reputational damage to us by disrupting services; and (iii) data theft or ransomware, wherein cyber criminals may attempt to enter our network with the intention of stealing our data or information or encrypting some or all of our data and then demand a ransom for its restoration. We have in the past received phishing emails, for which we have implemented systems to intercept and block such phishing attempts.

Information security risks for technology-focussed companies and financial services organisations have significantly increased in recent years in part because of the proliferation of new technologies, increased digitization of our products and services and the use of the internet and telecommunications technologies to conduct financial transactions. Information security risks may further increase in the future as we continue to increase our mobile-payment and other digital-based services and product offerings and expand our internal usage of digital/ web-based services/products and applications.

In addition, information security risks have significantly increased in recent years in part due to the increased sophistication and activities of organised crime affiliates, terrorist organisations, hostile foreign governments, disgruntled employees or vendors, activists and other external parties, including those involved in corporate espionage. Even the most advanced internal control environment may be vulnerable to compromise. Targeted social engineering attacks and "spear phishing" attacks are becoming more sophisticated and are extremely difficult to prevent. Persistent attackers may succeed in penetrating defences given enough resources, time, and motive. The techniques used by information criminals change frequently, may not be recognized until launched and or until well after a breach has occurred. The risk of a security breach caused by an information security attack has also increased in recent years. Additionally, the existence of information security attacks or security breaches at third-party vendors with access to our data may not be disclosed to us in a timely manner.

In view of the COVID-19 pandemic, we have in the past enabled work-from-home arrangements for our employees,, which continued to function given financial services was classified as an essential service. To the extent we have to revert to such work-from-home arrangements in the future, this may expose us to risks arising on account of remote work environment, data security issues, increased information security attacks and availability of critical functions and IT systems. Our customers could also be exposed to increased phishing and vishing attacks that could result in a financial loss to them, and in turn lead to claims for compensation from us or damage to our reputation. Private information stored in our database may also be vulnerable and susceptible to data breaches. We have established relevant policies and information security frameworks for securing our IT infrastructure and systems. However, we may still be susceptible to security risks in future, which could result in the unauthorised disclosure of confidential information.

13. We operate in a highly competitive industry and our inability to compete effectively may adversely affect our business.

We operate in a highly competitive industry. Given the diversity of our businesses, and the range of products and services that we offer, we face competition from the full spectrum of public sector banks, private sector banks (including foreign banks), financial institutions, captive finance affiliates of players in various industries, SFBs, HFCs and other NBFCs. Competition across our business lines depends on, among other things, the ongoing evolution of government policies, the entry of new participants and the extent to which there is consolidation among banks and financial institutions in India.

In particular, margins from our personal loans, home loans and microfinance businesses are affected in part by our ability to continue to secure low-cost financing and charge optimum interest rates at which we lend to our customers. As a result, our ability to maintain or increase our margins will be dependent on our ability to pass on increases in the rates of financing on our interest-bearing liabilities to our customers. Moreover, any increases in the interest rates on the loans we extend may also result in a decrease in business. Many of our competitors have greater resources than we do, may be larger in terms of business volume and may have significantly lower cost of funds compared to us. Many of them may also have greater geographical reach, long-standing partnerships and may offer their customers other forms of financing that we may not be able to provide, thus affecting our ability to compete with them effectively. In addition to NBFCs, we believe that the competition we face from banks is increasing as more banks are targeting products and services similar to ours.

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. We cannot assure you that we will be able to react effectively to market developments or compete

effectively with new and existing players in the industries in which we operate. Increasing competition may adversely affect our net interest margins, income and market share.

14. ***We depend on the services of our management team and employees. Our inability to retain existing members of our management team and recruit new members for our management team may adversely affect our business.***

Our future success depends substantially on the continued service and performance of members of our management team and employees and also upon our ability to manage key issues relating to human resources by hiring, retaining and developing key managerial personnel. Competition in hiring professionals with the necessary experience, reputation and relationships in our industry is intense and we may not be successful in recruiting and retaining the required personnel that perform our critical functions. There can be no assurance that we will not experience any disruptions to our operations due to disputes or other problems with our employees, which may adversely affect our business and results of operations. As of March 31, 2023, we employed 1,756 employees.

If we cannot hire additional or retain existing management personnel and employees, our ability to expand our business will be impacted and our revenue could be adversely affected. While we have an incentive-based remuneration structure, employee stock option schemes and training and development programs designed to encourage employee retention, our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.

High attrition rates could also have significant impacts on our business continuity. Failure to effectively train and motivate our relationship officers may result in an increase in attrition rates thus affecting our microfinance loan origination and collection rates, increasing our exposure to high-risk credit and imposing significant costs on us.

15. ***We depend on the accuracy and completeness of information about customers and counterparties for certain key elements of our credit assessment and risk management process. Any misrepresentation, errors in or incompleteness of such information not detected by our information systems could adversely affect our business and financial performance.***

For certain key elements of our credit assessment process, we rely on information furnished to us by or on behalf of customers (including in relation to their financial transactions and past credit history). We may also rely on certain representations from our customers as to the accuracy and completeness of that information. Moreover, the availability of accurate and comprehensive credit information on retail customers in India is relatively less than that for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending.

For example, for ascertaining the creditworthiness and encumbrances on collateral in our home loans business, we may depend on the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given may affect our judgement of credit-worthiness of potential customers, and the value of and title to the collateral. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. In the past, such information has included non-disclosure of material information, inaccurate, incomplete or forged income and financial statements and incorrect, intentionally tampered with KYC documents. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business, financial condition, results of operations and cash flows.

In addition, we are subject to the risk of fraudulent activity on the Navi App. Our resources, technologies and fraud detection tools may be insufficient to accurately detect and prevent fraud. Significant increases in fraudulent activity could negatively impact our reputation and may render it necessary to take additional steps to reduce fraud risk, which could increase our costs and expenses.

In our personal loans business, we also face the risk of fraudulent borrowers being issued loans using forged documents. As a result, we also face the risk of defrauded individuals (who have been impersonated by such fraudulent borrowers) filing complaints against us with jurisdictional authorities. While we have implemented and continue to improve measures aimed at detection and prevention of frauds, sales misrepresentations, money laundering and other misconduct by our employees, customers and external parties (including intermediaries), we may not be able to timely detect or prevent such misconduct, which could harm our reputation and have an adverse effect on our business, financial condition, results of operations and prospects.

We also cannot assure you that such incidents of fraud will not recur, and any such recurrences could have an adverse effect on our business, financial condition, results of operations and reputation.

We may also not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation by our customers or employees. Moreover, the availability of accurate and comprehensive credit information on retail customers in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending.

Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing and restructured assets. While we are implementing measures aimed at minimising the inaccuracy and incompleteness of information provided by or on behalf of our customers, intermediaries and counterparties, we may not be able to minimise such inaccuracies and incompleteness, which could lead us to evaluate risks incorrectly or lead to regulatory action and have an adverse effect on our business, financial condition, results of operations and prospects, and result in a violation of laws, including anti-money laundering laws.

16. ***Our ability to establish and maintain current accounts with scheduled commercial banks and payment banks may be restricted on account of guidelines issued by the RBI. Any restrictions on our ability to maintain these accounts, or establish new current accounts, could adversely impact our growth, business and financial condition.***

On August 06, 2020, the RBI issued a circular titled 'Opening of Current Accounts by Banks-Need for discipline' to scheduled commercial banks and payments banks. Instructions in the Circular include that "(i) No bank shall open current accounts for customers who have availed credit facilities in the form of cash credit (CC)/ overdraft (OD) from the banking system and all transactions shall be routed through the CC/OD account. (ii) Where a bank's exposure to a borrower is less than 10 per cent of the exposure of the banking system to that borrower, while credits are freely permitted, debits to the CC/OD account can only be for credit to the CC/OD account of that borrower with a bank that has 10 per cent or more of the exposure of the banking system to that borrower. (iii) Where a bank has a share of 10 per cent or more in the total exposure of the banking system to the borrower, it can provide CC/OD facility as hitherto. (iv) Banks should not route drawal from term loans through current accounts. Since term loans are meant for specific purposes, the funds should be remitted directly to the supplier of goods and services. (v) Expenses incurred by the borrower for day to day operations should be routed through CC/OD account, if the borrower has a CC/OD account, else through a current account. (vi) As regards existing current and CC/OD accounts, banks shall ensure compliance with the above instructions within a period of three months from the date of this circular." On October 29, 2021, RBI, relaxed the restriction on opening of current account in respect of borrowers where exposure of the banking system is ₹ 5 crore or more wherein such borrower can maintain current accounts with any one of the banks with which it has CC/OD facility, provided that the bank has at least 10 per cent of the exposure of the banking system to that borrower. All our branches maintain current accounts with various banks for withdrawal of cash for lending and deposit of surplus cash. These circulars will restrict the ability of NBFCs to establish new current accounts and maintain current accounts with multiple scheduled commercial banks and payments banks and could disrupt our ongoing business and conduct of operations of the Company.

17. ***Any failure or significant weakness of our internal controls system could cause operational errors or incidents of fraud, which would adversely affect our profitability and reputation.***

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. Our internal or concurrent audit functions make an evaluation of the adequacy and effectiveness of internal controls on an ongoing basis so that business units adhere to our policies, compliance requirements and internal guidelines. While we periodically test and update, as necessary, our internal controls systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given the size of our operations, it is possible that errors may repeat or compound before they are discovered and rectified.

Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weakness. Failures or errors in our internal controls systems may lead to transaction errors, pricing errors, inaccurate financial reporting, fraud and failure of critical systems and infrastructure. Such instances may also adversely affect our reputation, business and results of operations. There can also be no assurance that we would be able to prevent frauds in the future or that

our existing internal mechanisms to detect or prevent fraud will be sufficient. Any fraud discovered in the future may have an adverse effect on our reputation, business, results of operations and financial condition.

18. ***We utilise the services of certain third parties for parts of our operations. Any deficiency or interruption in the third parties' services and invocation of indemnity obligations could adversely affect our business and reputation.***

We engage third-party service providers for certain parts of our operations including, *inter alia*, (a) third-party collection and recovery agents, (b) for contractual staffing, managing and facilitating recruitment requirements, (c) to avail financial technology related services, and (d) marketing. Our agreements with such third parties typically do not provide for any exclusivity, and accordingly, they can work with other companies, including our competitors. In the event any of these third parties were to terminate their contractual relationships with us or fail to provide the agreed services to us for any reason, our business, results of operations and cash flows may be disrupted and we may be held liable legally or suffer reputational damage on account of any deficiency of services on the part of such service providers.

If our third-party service providers, or the third-party service providers engaged by our Promoter, NTL, are subject to data breaches which have the effect of any leaks in customer or operational data, mismanagement of the customer interface, or failure to operate or comply with applicable regulations or governance standards, our business could suffer reputational harm and may be subjected to regulatory actions.

We also cannot guarantee that our agents that interface directly with customers, such as our third-party collection agents, will behave appropriately with our customers despite having in place codes of conduct and other policies. This may expose us to customer complaints to regulatory authorities or legal action by such customers, which would require us to expend resources to resolve and could led to penalties and generate legal fees. This could also an expose us to reputational harm.

19. ***Our Company depends significantly on the technological capabilities of our Promoter, NTL.***

Our Company depends significantly on the technological capabilities of our Promoter, NTL, for our products and services, and in the event that our Promoter is unable to provide our Company with the quality or extent of services as per the current levels, or is unable to scale its technological capabilities in tune with the growth of our business for any internal or external reasons, it may adversely impact our business and results of operations. Further, in the event that our Promoter is unable to provide services to us at the current levels, or at all, we cannot assure you that we will be able to replace our Promoter with other service providers within the requisite timelines or on terms which are commercially favourable to us, which may have an impact on our business, financial condition and results of operations.

20. ***There is outstanding litigation pending against us, our Promoter, Directors, Group Companies which, if determined adversely, could affect our business, results of operations and financial condition.***

In the ordinary course of business, we, our Promoter, our Directors, our Group Companies are involved in certain legal proceedings, at different levels of adjudication before various courts, tribunals and statutory, regulatory and other judicial authorities in India, and, if decided against us, could adversely affect our reputation, business, results of operations and financial condition. We cannot assure you that the currently outstanding legal proceedings will be decided favourably or that no further liability will arise from these claims in the future. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally.

Brief details of material outstanding litigation that have been initiated by and against us, our Promoter, our Directors, our Group Companies and Subsidiary is set forth below:

(in ₹ million, unless otherwise specified)

Nature of cases as on March 2023	**Number of cases**	**Total amount involved^**
Litigation involving our Company		
Against our Company		
Action taken by statutory and regulatory authorities	3	Not quantifiable
Tax proceedings	5	11.00
Criminal proceedings	1	Not quantifiable
Other proceedings	1	Not quantifiable
By our Company		

Nature of cases as on March 2023	Number of cases	Total amount involved^
Criminal cases	46	1.68
Litigation involving our Directors		
Against our Directors		
Material civil cases	1	Not quantifiable
Action taken by statutory and regulatory authorities	3	Not quantifiable
Tax proceedings	2	3.71
Other non-material proceedings	7	Not quantifiable
By our Directors		
Material civil cases	2	Not quantifiable
Action taken by statutory and regulatory authorities	-	-
Litigation involving our Promoter		
Tax proceedings	5	Not quantifiable
Litigation involving our Subsidiary		
Against our Subsidiary		
Tax proceedings	8	17.63
By our Subsidiary		
Material civil cases	1	10.40
Criminal cases	236	42.21
Litigation involving our Group Companies		
Against our Group Companies		
Action taken by statutory and regulatory authorities	1	-
Civil cases	652	741.82
Tax proceedings	18	108.4
Other non-material proceedings	7	Not quantifiable

^ *To the extent ascertainable and quantifiable*

If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. An adverse decision in any of these proceedings may have an adverse effect on our business, results of operations and financial condition.

21. ***We require certain statutory and regulatory approvals for conducting our business. Failure to obtain or renew approvals, licenses, registrations and permits to operate our business in a timely manner, or at all, may adversely affect our business, financial condition, results of operations and cash flows.***
We operate in a heavily regulated industry and are required to obtain and maintain a number of approvals and licenses from governmental and regulatory authorities, including the RBI.

Some of these approvals are granted for a limited duration and are subject to numerous conditions. We cannot assure you that these approvals would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. There is no assurance that the approvals and licenses that we require will be granted or renewed in a timely manner or at all by the relevant governmental or regulatory authorities. Failure to obtain or renew such approvals and licenses in a timely manner would render our operations non-compliant with applicable laws and may subject us to penalties by relevant authorities. While our Company has obtained the required approvals for our operations, certain approvals for which we have submitted applications are currently pending in the ordinary course of business.

Our licenses, approvals and accreditations are subject to periodic renewals, various maintenance and compliance requirements and governmental investigations and reviews, which could be time-consuming and may incur substantial expenditure. If our compliance systems and processes are deemed inadequate or fail and such investigations or reviews find any non-compliance or violations, we may suffer brand and reputational harm and become subject to regulatory actions or litigation, which could adversely affect our business, cash flows, operating results or financial position. We may be required to change our business practices, and we may have to pay fines or be subject to other penalties, including the revocation of permits and licenses, and the modification, suspension or discontinuation of our

operations. This would impose additional operating costs and capital expenditures on us, and adversely affect our reputation.

We, our directors, executive officers and employees may also face criminal charges. Furthermore, any investigation or legal and regulatory proceedings in connection with alleged violations could result in the imposition of further financial or other obligations or restrictions on us and generate negative publicity for our business. Changes to existing public policies, laws, regulations, guidelines and licensing requirements could also impose additional compliance costs that may adversely affect our profitability and business. We cannot assure you that the approvals, licenses, registrations or permits issued to us may not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. In addition, any suspension, revocation or termination of one or more of our operational licenses may also lead to consequences under the terms of our other licenses.

As we expand our business under the evolving regulatory landscape, there may be additional approvals or licenses that are or become required for our operations. If we fail to obtain or renew any applicable approvals, accreditations, licenses, registrations or consents in a timely manner, or at all, we may not be able to perform certain activities that may be necessary for us, which may affect our business, cash flows or results of operations.

22. ***Our non-convertible debentures are listed on the BSE and we are subject to rules and regulations with respect to such listed non-convertible debentures. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, which may have an adverse effect on our business, results of operations, financial condition and cash flows.***

Our non-convertible debentures are listed on the debt segment of BSE. We are required to comply with various applicable rules and regulations, including the applicable SEBI regulations and applicable provisions of the Listing Regulations, in terms of our listed non-convertible debentures. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, including, without limitation, restrictions on the further issuance of securities and the freezing of transfers of securities, which may have an adverse effect on our business, results of operations, financial condition and cash flows.

23. ***Any non-compliance with mandatory Anti-Money Laundering and Know Your Customer policies could expose us to additional liability and harm our business and reputation.***

In accordance with the requirements applicable to us, we are mandated to comply with AML, anti-terrorism laws, KYC and other regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. In the ordinary course of our operations, we run the following risks: (i) risk of failing to comply with the prescribed KYC procedures; (ii) the consequent risk of fraud and money laundering by fraudulent customers; and (iii) risk of assessment of penalties or imposition of sanctions against us for such compliance failures despite having implemented systems and controls designed to prevent the occurrence of these risks. Although we believe that we have adequate internal policies, processes and systems in place to prevent and detect any AML activity and ensure KYC compliance, we cannot assure you that we will be able to fully control instances of any potential or attempted violation by other parties. Any inability on our part to detect such activities fully and on a timely basis, may subject us to regulatory actions including imposition of fines and penalties and adversely affect our business and reputation.

24. ***We derive a significant portion of our revenue from certain business lines, and any decrease in demand for such business lines could reduce our revenues and adversely affect our business, financial condition and results of operations.***

For the Financial Year 2023 and 2022, our Company's revenue derived from interest on personal loans was ₹ 11.463.92 million and ₹ 1,862.61 million, representing 83.25%, and 40.50% of our total income (on a standalone basis), respectively. Accordingly, any downturn in the performance of this business line may result in an adverse change in our business, financial condition, results of operations and cash flows..

25. ***Changes in the tenor of our loan products could result in asset liability mismatches and expose us to interest rate and liquidity risks, which may adversely affect our business, financial condition, results of operations and cash flows.***

Assets and liabilities mismatches, which represent a situation when the financial terms of assets and liabilities do not match, are a key financial parameter. We face liquidity risk due to varying periods over which our assets and liabilities mature. We borrow through different instruments of different tenures and

rely on short to medium term instruments such as commercial papers, non-convertible debentures, etc. While we aim to diversify our funding sources, and we pay careful attention to the maturity of liabilities while creating financial assets, extending the duration of our financial liabilities as needed, the maturity of our loan assets may not match the maturity of our liabilities. Consequently, our inability to raise further credit facilities or renew our existing facilities in a timely and cost-effective manner or at all, may lead to mismatches in our assets and liabilities. Further, mismatches between our assets and liabilities are compounded in case the assets are restructured and we need to give customers longer tenor loans. Such mismatches could adversely affect our business, financial condition, results of operations and cash flows.

26. ***There have been certain instances of non-compliances, including with respect to certain secretarial/ regulatory filings for corporate actions taken by our Company and Subsidiary in the past. Consequently, we may be subject to regulatory actions and penalties for any such non-compliance and our business, financial condition and reputation may be adversely affected.***

We manage our internal compliance by monitoring and evaluating internal controls and ensuring all relevant statutory and regulatory compliances. However, there can be no assurance that deficiencies in our internal controls will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all.

For instance, there have been the following instances of delays and non-compliances in relation to secretarial/ regulatory filings:

a. Our Company has filed a compounding application on November 28, 2016 with the RBI for compounding of contravention under Foreign Exchange Management Act, 1999 for (a) delay in reporting receipt of inward remittances towards subscription of equity, and (b) delay in submission of Form FC-GPRs to the RBI. Our Company received the compounding order dated March 31, 2017 and has subsequently made the requisite payment to RBI pursuant to the compounding order. Further, our Company has filed a *suo moto* compounding of violation under Section 177 of the Companies Act in Form CG-1 with the central government for not filing the requisite special resolution dated July 11, 2014 for approving issue of shares for consideration other than cash by swap of shares and the related Form MGT-14 within the prescribed time limit. Our Company received the order for condonation of delay dated October 7, 2016 and has subsequently filed form INC-28 and the MGT-14 with additional fees. Further, our Company, has had certain inadvertent delays in relation to secretarial filings in the past, such as delay in filing of Form AOC-5, for which our Company has paid additional fee as penalty.

Accordingly, we cannot assure you that we will not be subject to any legal proceedings or regulatory actions, including monetary penalties by statutory authorities on account of any inadvertent discrepancies in our secretarial filings and/or corporate records in the future, which may adversely affect our business, financial condition and reputation.

Our Board of Directors and Shareholders, through their resolution dated April 11, 2023 and April 24, 2023, respectively, have approved an amendment to the Articles of Association of our Company. As of the date of this Draft Prospectus, our Company is in the process of filing form MGT - 14 with Ministry of Corporate Affairs, and such amendment to our Articles of Association will be effective from the date of filing of form MGT - 14. We cannot assure you that this form filing will be made in a timely manner.

27. **Our Company has resorted to some direct assignments and securitization transactions. Any deterioration in the performance of any pool of receivables assigned or securitized to banks and other institutions may adversely impact our financial performance.**

As part of our means of raising and/or managing our funds, we do assign or securitise a small portion of the receivables from our loan portfolio to banks and other institutions. Such assignment or securitisation transactions are conducted on the basis of our internal estimates of our funding requirements, which may vary from time to time. During Fiscal 2022, our Company did not raise funds by way of direct assignment and there was no securitization transaction executed during Fiscal

2022. Further, as at March 31, 2023, the sold portion of our Company's direct assignments outstanding amounted to INR 6,662.38 million

For such transactions, in the event that a relevant bank or institution or NBFC does not realize the receivables due under loans that have been securitized/ assigned, the relevant bank or NBFC can enforce the underlying credit enhancements assured by us, it could have a material adverse effect on our results of operations, financial condition and/or cash flows. Further, any deterioration in the performance of any batch of receivables assigned to banks and NBFCs could adversely affect our credibility and therefore our ability to conduct further assignments and securitizations. We may also be named as a party in legal proceedings initiated by an assignee in relation to the securitized assets. Should a substantial portion of our securitized/ assigned loans be put back to us, it could have an adverse effect on our financial condition and results of operations.

The commercial viability of assignment and securitization transactions has been significantly affected by changes and developments relating to regulation governing such transactions. Such changes include (a) prohibition on carrying out securitization/ assignment transactions at rates lower than the prescribed base rate of the bank; (b) prohibition on NBFCs such as our Company from offering credit enhancements in any form and liquidity facilities in the case of loan transfers through direct assignment of cash flows; and (c) minimum holding period or 'seasoning' and minimum retention requirements of assignment and securitization loans.

Any adverse changes in the policy and/or regulations in connection with securitisation of assets by NBFCs and/or new circulars and/or directions issued by the RBI in this regard, affecting NBFCs or the purchasers of assets, would affect the securitisation market in general and our ability to securitise and/or assign our assets.

28. ***Our inability to recover the full value of collateral or amounts outstanding under defaulted loans under our Company's home loans business, in a timely manner, or at all, could adversely affect our business, results of operations and financial condition.***

Under our Company's home loans business, we extend (i) home loans for ready to move-in, under-construction and self-constructed properties, and (ii) loans against property for constructed properties, where the collateral is the underlying residential real estate. The value of the collateral, however, may decline during the term of the loan for a variety of reasons, including due to adverse market conditions prevalent in the real estate sector. As a result, if our customers default, we may not be able to fully recover the outstanding loan balance by liquidating the collateral under the relevant financing facility, and, in turn, incur losses, even where we are able successfully repossess and liquidate the collateral.

Following the introduction of the SARFAESI Act in 2002, we may now foreclose on collateral after 60 days' notice to a borrower whose loan has been classified as non-performing. However, the actual time taken for full foreclosure generally ranges between 90 to 180 days. Further, in a case before the Supreme Court of India in 2004, while the constitutional validity of the SARFAESI Act was affirmed, the right of a defaulting borrower to appeal to the Debt Recovery Tribunal ("**DRT**") was also affirmed. The DRT has the power to issue a stay order prohibiting the lender from selling the assets of a defaulted borrower. As a result, we cannot assure you that any foreclosure proceedings would not be stayed by the DRT. In addition, we may be unable to realise the full value of our collateral, as a result of factors including delays in foreclosure proceedings. Further, in case insolvency proceedings are initiated under the Insolvency and Bankruptcy Code, 2016 against one of our borrower, we may not have complete control over the recovery of amounts due to us.

We may also encounter difficulties in repossessing and liquidating collateral. When a customer defaults under a financing facility, we typically repossess and then sell the collateral through an auction. However, we cannot assure you that we will be able to successfully repossess the collateral in the event of default under a loan agreement. We may also face challenges in title verification of the collateral provided by the customer, as there is no central land registry in India and title to the property can be disputed, including on account of local land records not being duly updated, or not being maintained in a legible manner, or only being available in the local vernacular languages, or alleged short payment of stamp duty or registration fees (which may render the title documents inadmissible in evidence, unless stamped prior to enforcement with payment of requisite penalties).

Moreover, we may also not be able to sell the collateral at a price sufficient to cover the amount owed under the housing loan, or at all. We may face additional delay and expense in conducting an auction to sell the collateral and may face significant delay in repossessing collateral, as litigation against defaulting customers, even if governed by an arbitration clause, can be slow and expensive in India. In the event of

any inability or delay in the repossession and liquidation of the collateral securing loans in default, we may incur losses, which could adversely affect our business, results of operations and financial condition.

29. ***Our Company's insurance coverage may not be sufficient or may not adequately protect us against any or all hazards, which may adversely affect our business, results of operations, financial condition and cash flows.***

We maintain insurance coverage for our operations in the normal course. Our Company's insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

We cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have obtained sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all.

30. ***Our inability to protect or use our intellectual property rights may adversely affect our business.***

Our name and trademarks are significant to our business and operations. The use of our brand name or logo by third parties could adversely affect our reputation, which could in turn adversely affect our financial performance. We rely on our Promoter, NTL, for the usage of the "Navi" trademark, which is the trademark for our primary business operations. Whilst we rely on this trademark for our business, our Company has not entered into any agreements with our Promoter for the usage of the trademark. It is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, cash flows and financial condition. Our Promoter may not be able to prevent infringement of such trademarks and a passing off action may not provide sufficient protection until such time the applicable registrations are granted. Further, our trademark applications may fail to result in trademarks being issued in a timely manner or at all. We may also be susceptible to claims from third parties asserting infringement and other related claims. Any of the foregoing could have an adverse effect on our business, results of operations and financial condition.

31. ***Any unsecured loans taken by us may be recalled at any time.***

As of September 30, 2023, we had availed unsecured loans from banks amounting to ₹99.64 million. Existing unsecured loans from banks or any unsecured loans availed in the future, including working capital loans, may be recalled at any time at the option of the lender on the occurrence of an event in terms of the relevant lender agreements. There can be no assurance that the lenders will not recall such borrowings or if we will be able to repay loans advanced to us in a timely manner or at all. In the event that any lender seeks a repayment of any such loan, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. As a result, if such unsecured loans are recalled at any time, it may adversely affect our financial condition and results of operations.

32. ***We may be subject to labour disputes which could adversely affect our business, financial condition, results of operations and cash flows.***

India has stringent labour legislations that protect the interests of workers, which includes legislation that sets forth detailed procedures for the establishment of labour unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment of employees. Even though our employees are not unionised, in the event that employees seek to unionise, our costs may increase and our business could be adversely affected. While we have not experienced any strikes or labour unrest in the past, occurrence of strikes and work-stoppage in the future could adversely affect our reputation, business, financial condition, results of operations and cash flows.

33. ***Our business is subject to seasonal variations that could result in fluctuations in our results of operations.***

Our business is seasonal in nature. Generally, the period from October to March is the peak period in India for retail economic activity. This increased, or seasonal, activity is the result of several holiday periods, improved weather conditions and crop harvests. Our revenues are generally higher during the second half of each Financial Year as compared to first half of the Financial Year. Any significant event such as unforeseen floods, earthquakes, political instabilities, epidemics or economic slowdowns during this peak season would adversely affect our results of operations and growth. During these periods, we may continue to incur operating expenses, but our income from operations may be delayed or reduced.

This seasonality can also be expected to cause quarterly fluctuations in our revenue, profit margins and earnings.

34. ***All of our offices and other key properties, including our Registered Office and Corporate Office, are located in leased premises.***

As of September 30, 2023, all of our offices (including our Registered Office and Corporate Office) and branches, and other key properties to our business are located on leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, or if they terminate the agreement we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business, financial condition, results of operations and cash flows.

35. ***We have contingent liabilities and our financial condition could be adversely affected if any of these contingent liabilities materialise.***

The following table sets forth our Company's contingent liabilities as per Ind AS 37 and our Company's capital commitments as per Ind AS 16, as of March 31, 2023:

(₹ in millions)

Contingent liabilities	As of March 31,2023
In respect of Income tax demands where the Company has filed appeal before the relevant authority.	11.00
In respect of GST where the Company has filed submission to Assistan Commissioner (State Tax-Karnataka)	-
Total	**11.00**

We cannot assure you that we will not incur similar or increased levels of contingent liabilities in the future. If any of these contingent liabilities materialise, our financial condition and results of operation may be adversely affected.

36. ***We have in the past entered into related-party transactions and may continue to do so in the future, which may potentially involve conflicts of interest.***

We have entered into certain transactions with related parties and are likely to continue to do so in the future. Although all related-party transactions that we may enter into are subject to approval by our Audit Committee, Board or shareholders, and are at arm's length, as required under the Companies Act, we cannot assure you that such transactions, individually or in aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Such related-party transactions may potentially involve conflicts of interest which may be detrimental to our interest and we cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, financial condition and results of operations.

37. ***We continue to be controlled by our Promoter and it will continue to have the ability to exercise significant control over us. We cannot assure you that exercise of control by our Promoter will always favour our best interest.***

Our Promoter holds 100% of our outstanding Equity Shares as on September 30, 2023. Our Promoter exercise significant control over us, including being able to control the composition of our Board and determine matters requiring shareholder approval or approval of our Board. Our Promoter may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our Promoter could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us which may not favour our best interest.

38. ***We have had negative net operating cash flows in the past and may continue to have negative cash flows in the future.***

The following table sets forth a summary of our cash flows for the periods indicated:

(₹ in millions)

	For the Six Months Ended September 30, 2023	For the Financial Year Ended March 31		
		2022	2021	2020

	For the Six Months Ended September 30, 2023	For the Financial Year Ended March 31		
		2022	2021	2020
Net cash generated from (used in) operating activities	2,569.81	(11,666.04)	6,808.50	(4,348.01)
Net cash generated from/(used in) investing activities	(2,026.77)	(489.68)	(636.64)	9.89
Net cash generated from/ (used in) financing activities	5,846.49	14,870.61	(5,336.33)	4,499.63

Risks relating to the Issue and the NCDs

39. Changes in interest rate may affect the price of our NCDs. Any increase in rate of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e., when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

40. There may be no active market for the NCDs on the retail debt market/capital market segment of the Stock Exchanges. As a result, the liquidity and market prices of the NCDs may fail to develop and may accordingly be adversely affected.

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors inter alia including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country, (ii) the market for listed debt securities, (iii) general economic conditions, and, (iv) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

41. Credit ratings may not reflect all risks. Any downgrading in credit rating of our NCDs may adversely affect the value of NCDs and thus our ability to raise further debts.

The NCDs proposed to be issued under the Issue have been rated "IND A/ Stable" by India Ratings vide its letter dated August 18, 2023. Credit rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed here, and other factors that may affect the value of the NCDs.

The rating provided by India Ratings may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to page No. 114 of this Draft Prospectus for rating letters and rationale for the above rating

42. Security on our NCDs may rank pari passu with our Company's secured indebtedness in the future.

Substantially all of our Company's current assets represented by the receivables are being used to secure our Company's debt. As of March 31, 2023, our Company's secured borrowings was ₹ 51,126 million. While the security on our NCDs is exclusive as of the date of this Draft Prospectus, the terms of the NCDs do not prevent our Company from incurring additional debt subject to maintenance of

minimum security cover. In the event that we incur additional debt in the future which is secured against our assets, the NCDs may rank *pari passu* to the future indebtedness and other secured liabilities and obligations of our Company.

43. You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs. Failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD holders on the assets adequate to ensure 110.00% security cover for the NCDs at the time of allotment of NCDs, which shall be free from any encumbrances, any decrease in assets provided as security in future might result in Company not meeting the security cover stipulated as per the respective term sheet. This can adversely affect ability of our Company to meet its payment obligations. Further, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs.

While the debenture is secured against a charge to the tune of 110.00% of the principal and interest amount in favour of debenture trustee, and it is the duty of the debenture trustee to monitor that the security is maintained, however, the possibility of recovery of 100.00% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

44. The rights over the security provided will not be granted directly to holders of the NCDs.

The rights over the security securing the obligations of our Company under the NCDs and the Trust Deed will not be granted directly to the NCD holders, but will be granted only in favour of the Debenture Trustee. As a consequence, NCD holders will not have direct security and will not be entitled to take enforcement action in respect of the security for the NCDs, except through the Debenture Trustee.

45. Payments to be made on the NCDs will be subordinated to certain tax and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid as per section 327 of the Companies Act, 2013. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.

46. Security provided for the Issue may not be enforceable if the security provided for the Issue is classified as 'Assets' under the IT Act and will be void as against any claim in respect of any tax or any other sum payable by our Company.

Under section 281 of the IT Act and circular bearing number 04/2011 dated July 19, 2011, our Company is not required to obtain prior consent of the assessing officer to create the security provided for the Issue to the extent classified as assets under section 281 of the IT Act, during the pendency of such proceedings. While the Security provided for the Issue is not classified as 'assets' under section 281 of the IT Act, in the event there are any proceedings against our Company prior to the creation of the security, and in the event that such consent is not granted, the security provided for the Issue to the extent classified as 'Assets' under section 281 of the IT Act will be void as against

any claim in respect of any tax or any other sum payable by our Company, including as a result of the completion of such proceedings.

47. Permission to list in any stock exchange in India or abroad.

While none of our securities or debt instruments have been denied permission to list in any stock exchange in India or abroad during last three years, any such refusal in future might adversely affect tradability as well as price of then existing other listed securities or debt instruments.

SECTION 4: FINANCIAL STATEMENTS

The audited financial statements of the Issuer for FY 2022-23, FY 2021-22, FY 2020-21 and the period ending on 30th September 2023 are set out in **Annexure VII** hereto. A columnar representation of the audited financial statements both on a standalone and consolidated basis for a period of three completed years and the stub period is set out in Annexure **IX**.

SECTION 5: REGULATORY DISCLOSURES

PART A

5.1. In this section, the Issuer has set out the details required as per Regulation 44(2) read with Schedule II of the SEBI Regulations.

5.1.1. Documents Submitted to the Exchanges

The following documents have been / shall be submitted to BSE:

A. The Placement Memorandum
B. Memorandum and Articles of the Issuer and necessary resolution(s) for the Allotment of the Debentures.
C. Copy of the necessary resolution(s) authorising the borrowings, issuance of debentures and list of authorised signatories for the allotment of securities.
D. Copy of last 3 (Three) years audited Annual Reports.
E. Statement containing particulars of, dates of, and parties to all material contracts and agreements.
F. Copy of the Board / Committee Resolution authorizing the borrowing and list of authorized signatories for the allotment of securities.
G. Copy of the resolution passed by the shareholders of the Company in their Annual General Meeting held on September 30, 2022, authorising the Company to borrow, for the purpose of the Company, upon such terms as the Board may think fit, up to an aggregate limit of INR 10,000 Crores (Rupees Ten Thousand Crores only) under Section 180(1)(c) of the Companies Act 2013.
H. Copy of the resolution passed by the shareholders of the Company in their Annual General Meeting held on September 30, 2022, with respect to the borrowings under Section 180(1)(a) of the Companies Act 2013.
I. An undertaking from the Issuer stating that the Debenture Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules, etc. and the same would be uploaded on the website of the BSE, where the debt securities have been listed, within 3 (three) working days of execution of the same.
J. Due diligence certificate from the Debenture Trustee as per the format specified in Annexure IIA of the SEBI Debenture Trustees Master Circular and the format as specified in Schedule IV of the NCS Regulations.
K. Any other particulars or documents that the BSE may call for as it deems fit; and

5.1.2. Documents Submitted to Debenture Trustee

The following documents have been / shall be submitted to the Debenture Trustee in electronic form at the time of Allotment of the Debentures:

A. Memorandum and Articles of the Issuer and necessary resolution(s) for the Allotment of the Debentures.
B. Copy of last 3 (Three) years audited Annual Reports.
C. Statement containing particulars of, dates of, and parties to all material contracts and agreements.
D. Copy of the Board / Committee Resolution authorizing the borrowing and list of authorized signatories for the allotment of securities.
E. Copy of the resolution passed by the shareholders of the Company in their Annual General Meeting held on September 29, 2023, authorising the Company to borrow, for the purpose of the Company, upon such terms as the Board may think fit, up to an aggregate limit of INR [x] (Indian Rupees [x] only).
F. Latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any; and
G. An undertaking from the Issuer stating that the Debenture Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules, etc. and the same would be uploaded on the website of the BSE, where the debt securities have been listed, within 3 (three) working days of execution of the same.

H. An undertaking to the effect that the Issuer would, until the redemption of the Debentures, submit the details mentioned in point (D) above to the Debenture Trustee within the timelines as mentioned in Simplified Listing Agreement issued by SEBI *vide* circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009, as amended from time to time, for furnishing / publishing its half yearly/ annual result. Further, the Issuer shall within 180 (One Hundred and Eighty) days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this section with all Debenture Holders within 3 Business Days of their specific request.

I. In case of debt securities, an undertaking that permission / consent from the prior creditor for a second or *pari passu* charge being created, wherever applicable, in favour of the debenture trustee to the proposed issue has been obtained;

J. Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

K. (Due diligence certificate from the Debenture Trustee in the format as specified in Schedule IV of the NCS Regulations.

L. Due diligence certificate from the Debenture Trustee as per the format specified in Annexure IIB of the SEBI Debenture Trustees Master Circular.

5.1.3. Details of Promoters of the Issuer

Name of the Promoter	Navi Technologies Limited
Date of Birth/Incorporation	10/12/2018
Age	NA
Personal Addresses	NA
Educational Qualification	NA
Experience in business of Employment	NA
Experience in the business of employment	NA
Positions/posts held by promoter	NA
Directorships held by the promoter	NA
Other Ventures of the promoter	NA
Special achievements	NA
Business and financial activities of the promoter	Technology Company
Photograph	NA
Permanent Account Number	AAICB1598F

5.1.4. Name and Address of Registered Office of the Issuer and other parties

Navi Finserv Limited (formerly known as Navi Finserv Private Limited)

Registered Office of Issuer:	2nd Floor, Vaishnavi Tech Square Iballur Village, Begur Hobli Bangalore South Bengaluru – 560102, Karnataka, India
Corporate Office of Issuer:	2nd Floor, Vaishnavi Tech Square Iballur Village, Begur Hobli Bangalore South Bengaluru – 560102, Karnataka, India Tel No: +91 8951904682. Website: http://www.navifinserv.com/
Contact Person:	Apeksha Ashok Munawanee, Head of Borrowing. E-mail: treasuryops@navi.com
Compliance Officer:	- E-mail: secretarial@navi.com

CFO of the Issuer:	Ankit Surana Contact No: +91 8951 904682; E-mail: ankit.surana@navi.com
Debenture Trustee to the Issue:	Catalyst Trusteeship Limited
Registered Office Address:	GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune – 411038, Maharashtra
Branch Office Address:	Windsor, 06th Floor, Office No. 604, C.S.T Road, Kalina, Santacruz (E), Mumbai – 400098
Contact Person:	Email: umesh.salvi@ctltrustee.com Mr. Umesh Salvi Website: https://www.catalysttrustee.com/
Registrar to the Issue:	NSDL Database Management Limited (NDML)
Address:	4th Floor, Trade World, A Wing Kamala Mills Compound Lower Parel, Mumbai - 400 013 Tel No.: 91-22-24994200. E-mail: info_ndml@nsdl.co.in; Website: https://www.ndml.in/ Contact Person: Mr. Sachin Shinde
Credit Rating Agency of the Issue:	India Ratings and Research Private Limited
Address:	Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai – 400051 Tel: 022-40001701; Email: infogrp@indiaratings.co.in Contact Person: Bhavik Mehta Website: https://www.indiaratings.co.in/
Registered Valuer	NA
Auditors of the Issuer:	Price Waterhouse LLP
Address:	5th Floor, Tower D The Millenia, 1 &2 Murphy Road Ulsoor Bengaluru, Karnataka 560008 Tel: + 91 80 4079 5000 Firm Registration No.: 301112E/E300264 Email: abdul.majeed@pwc.com
Contact Person:	A.J. Shaikh
Legal Counsel:	Juris Corp
Address:	302, Century Bhavan, 3rd Floor, Dr Annie Besant Road, Worli, Mumbai - 400 030, India. Tel: +91 22 6720 5555. Website: www.jclex.com Email: Securities@jclex.com
Contact Person:	Partner, Securities
Guarantors, if any	NA

Arrangers, if any NA

5.1.5. A brief summary of business / activities of the Issuer and its subsidiaries with the details of branches or units if any and its line of business

A. Overview

Please refer point (a) (*General Information*) of Section 2 of this Placement Memorandum.

B. Business of the Issuer

The main objects of the Company, as provided in its Memorandum and Articles, are as below:

a) To (i) source, underwrite and carry on the business of lending to individuals and entities including micro, small and medium enterprises and other body corporates across India and to provide to such persons/entities, services as an NBFC; (ii) promote, organize, manage, or carry out activities of an insurance intermediary which includes but is not limited to marketing, distribution, servicing of all types of insurance and assurance products, collection of premiums from customers for life, general or health insurance products and passing on payments of premiums and other amounts to the insurance company, through Company's branches, offices, or other platforms, including but not limited to electronic/digital platforms or digital channels; and (iii) buy and sell such loans and receivables and other instruments for the purposes of securitization and to assign such loans and to provide credit lines and credit risk coverage, credit and risk guarantees and risk sharing for these loans.

b) To 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.

c) To carry on corporate treasury activities including: (i) investments in equity, mutual funds, alternative investment funds (AIFs), bonds, debentures, pass through certificates, receivables, sovereign funds and to extend to other persons and body corporates, loans and other instruments of similar nature for such consideration as the Company may deem fit; and (ii) the activity of trading in the equity, debt, gold, oil, currency, interest rates and commodities in and across futures, options and other derivatives and to carry on repo and reverse repo transactions.

d) To provide services of sourcing, underwriting and collections of all forms of loans and lending products to banks and other NBFCs.

e) To provide services in marketing, sales, business development, promotion and distribution of financial and non-financial products and services for both financial and non-financial companies and to be appointed as agent and service provider and offer other support services for companies and entities and to use its rural network and outreach to be able to deliver products and services on behalf of other companies and entities.

C. Corporate Structure

Please refer Clause 5.2.1 (*General Information*) of this Placement Memorandum.

D. Key Operational and Financial Parameters for the last 3 (Three) audited years (at least covering the following - Consolidated basis wherever applicable else on standalone basis)

Data as per Standalone Basis

(₹ in millions)

Standalone Basis				
	Unaudited As of and for the Six months period ended September 30, 2023	**As of and for the FY ended March 31, 2023**	**As of and for the FY ended March 31, 2022**	**As of and for the FY ended March 31, 2021**
Balance Sheet				
Net Fixed assets (Property, plant and equipment, other intangible assets, and right to use asset) (Note 1)	1,717.26	882.67	127.48	18.79
Current assets (Note 2)	62,793.16	35,877.43	25,187.13	27,303.88
Non-current assets (excluding Net Fixed assets) (Note 3)	32,871.46	48,468.59	16,088.69	5,888.06
Total assets (Note 4)	97,381.88	85,228.69	41,403.30	33,210.77
Non-Current Liabilities (including maturities of long-term borrowings and short- term borrowings)				
Financial (borrowings, trade payables, and other financial liabilities) (Note 5)	26651.40	16685.55	12,687.20	3,128.46
Provisions	58.91	46.007	39.04	19.18
Deferred tax liabilities (net)	0.00	0.00	0.00	0.00
Other non-current liabilities	0.00	0.00	0.00	0.00
Current Liabilities (including maturities of long-term borrowings)				
Financial (borrowings, trade payables, and other financial liabilities) (Note 6)	47205.15	45383.03	16,729.95	18,505.90
Provisions	164.20	114.76	7.49	7.95

Current tax liabilities (net)	47.23	108.21	0.00	0.00
Other current liabilities (Note 7)	193.30	192.49	87.01	23.27
Equity (equity and other equity) (including other equity)	23,061.68	22,698.64	11,852.62	11,526.00
Total equity and liabilities	97,381.88	85,228.69	41,403.30	33,210.77
Profit and Loss				
Total income	8,623.46	13,770.52	4,598.93	3,367.36
Total revenue from operations	8,602.64	12,830.16	4,571.19	3,366.83
Other income	20.82	940.36	27.74	0.53
Total Expenses	8,124.62	11,791.43	5,485.28	2,053.48
Total Comprehensive Income	363.04	1,720.78	(673.38)	974.12
Profit / Loss (Before Tax)	498.84	1,979.09	(886.35)	1,313.88
Other Comprehensive income	(7.66)	0.92	(4.30)	(1.30)
Profit / Loss after tax	370.70	1,719.86	(669.08)	975.42
Earnings per share				
i) basic	1.23	6.74	(3.94)	6.41
ii) diluted	1.23	6.71	(3.94)	6.41
Continuing operations	370.70	1,719.86	(669.08)	975.42
Discontinued operations	0	0	0.00	0.00
Total Continuing and Discontinued operations	370.70	1,719.86	(669.08)	975.42
Cash Flow				

Net cash (used in)/ generated from operating activities	2,569.81	(38,286.91)	(11,666.04)	6,808.50
Net cash (used in) / generated from investing activities	(2,026.77)	(448.02)	(489.68)	(636.64)
Net cash generated from/ (used in) financing activities	5,846.49	38,082.62	14,870.61	(5,336.33)
Cash and cash equivalents	9,482.10	3,092.57	3,744.88	1,030.00
Balance as per statement of cash flows	9,482.10	3,092.57	3,744.88	1,030.00
Additional Information				
Net Worth (Equity Share Capital + Other Equity) (Note 8)	23,061.68	22,698.64	11,852.62	11,526.00
Cash and Cash Equivalents	9,482.10	3,092.57	3,744.88	1,030.00
Current Investments (Note 9)	7,353.64	9,888.41	3,250.75	21,209.10
Assets Under Management*	70,153.12	63,695.19	27,914.41	5,293.49
Off Balance Sheet Assets	21,510.00	12,529.61	-	-
Total Debts to Total assets (Note 10)	0.65	0.68	0.68	0.63
Debt Service Coverage Ratios	NA	NA	NA	NA
Interest Income	7,333.18	11,807.85	3,141.85	1,947.24
Interest Expense (Note 11)	3,050.67	4,266.47	808.64	122.13
Interest service coverage ratio	NA	NA	NA	NA
Provisioning & Write-offs (Impairment on financial instruments)	2,369.46	3,693.10	1,400.40	1,313.29
Bad debts to Account receivable ratio	NA	NA	0.00	0.00
Gross NPA (%) (Note 12)	2.65%	1.70%	0.87%	4.46%

Net NPA (%) (Note 13)	0.29%	0.30%	0.04%	0.40%
Tier I Capital Adequacy Ratio (%)	25.31%	27.19%	29.73%	36.56%
Tier II Capital Adequacy Ratio (%)	0.26%	1.18%	1.00%	1.48%

(INR in Crore)

Data as per Consolidated basis

(₹ in millions)

Consolidated Basis				
	As of and for the FY ended March 31, 2023	**As of and for the FY ended March 31, 2022**	**As of and for the FY ended March 31, 2021**	**As of and for the FY ended March 31, 2020**
Balance Sheet				
Net Fixed assets (Note 1)	1,108.85	225.20	71.54	49.40
Current assets (Note 2)	73,072.51	41,670.56	37,025.90	33,371.77
Non-current assets (excluding Net Fixed assets) (Note 3)	51,058.08	21,233.91	6,927.31	10,431.53
Total assets (Note 4)	1,25,239.45	63,127.18	44,024.75	43,852.69
Non-Current Liabilities (including maturities of long-term borrowings and short- term borrowings)				
Financial (borrowings, trade payables, and other financial liabilities) (Note 5)	34,748.50	21,807.16	8,861.61	4,779.28
Provisions (Note 6)	139.86	99.44	78.65	43.60
Deferred tax liabilities (net) (Note 6)	-	0.00	0.00	-

Other non-current liabilities (Note 6)	12.42	6.22	3.67	-
Current Liabilities (including maturities of long-term borrowings)				
Financial (borrowings, trade payables, and other financial liabilities) (Note 7)	63,305.66	28,391.60	23,142.52	28,286.32
Provisions (Note 8)	254.58	93.76	76.74	56.71
Current tax liabilities (Note 8)	113.27	0.00	36.76	57.94
Other current liabilities (Note 8)	298.85	138.12	63.92	30.01
Equity (equity and other equity)	26,166.31	12,590.88	11,760.88	10,598.84
Total equity and liabilities	1,25,239.45	63,127.18	44,024.75	43,852.69
Profit and Loss				
Total income	20,406.04	8,198.87	5,652.36	2,422.98
Total revenue from operations	20,406.04	8,170.40	5,650.99	2,422.89
Other income	379.41	28.47	1.37	0.09
Total Expenses	17,439.38	8,382.12	4,086.89	2,197.20
Total Comprehensive Income	2,635.60	(170.01)	1,202.71	142.95
Other Comprehensive income	(6.01)	(23.42)	21.05	(4.90)
Profit / Loss after tax	2,641.61	(146.59)	1,181.66	147.85
Earnings per equity share				
i) basic	10.35	(0.86)	7.76	2.20
ii) diluted	10.30	(0.86)	7.76	2.18

Continuing operations	2,641.61	(146.59)	1,181.66	147.85
Discontinued operations	0.00	0.00	0.00	-
Total Continuing and Discontinued operations	2,641.61	(146.59)	1,181.66	147.85
Cash Flow				
Net cash (used in)/ generated from operating activities	(51,271.30)	(19,840.77)	2,800.94	(6,743.38)
Net cash (used in) / generated from investing activities	(546.19)	(624.69)	(667.32)	72.28
Net cash generated from/ (used in) financing activities	52,616.72	24,507.02	(718.53)	6,251.51
Cash and cash equivalents	6,508.78	5,709.55	1,667.98	252.89
Balance as per statement of cash flows	6,508.78	5,709.55	1,667.98	252.89
Additional Information				
Net Worth (Equity Share Capital + Other Equity) (Note 9)	26,166.31	12,590.88	11,760.88	10,598.84
Cash and Cash Equivalents	6,508.78	5,709.55	1,667.98	252.89
Current Investments (Note 10)	7,350.30	3,529.61	23,081.60	26,024.71
Assets Under Management*	1,01,501.42	50,014.09	16,612.91	9,378.48
Off Balance Sheet Assets	23,047.61	2,749.3	660.03	325.19
Total Debts to Total assets (Note 12)	0.93	0.77	0.71	0.75
Debt Service Coverage Ratios	NA	NA	NA	NA
Interest Income	18,368.35	6,342.77	4,015.46	2,321.26
Interest Expense (Note 11)	6,916.34	2,131.62	871.50	796.30

Interest service coverage ratio	NA	NA	NA	NA
Provisioning & Write-offs (impairment of financial instruments)	3,978.77	1,618.92	1,836.15	278.51
Bad debts to Account receivable ratio	NA	NA	NA	NA
Gross NPA (%)				
Holding (Note 13)	1.70%	0.87%	4.46%	5.01%
Subsidiary (Note 15)	0.20%	1.30%	4.10%	0.81%
Net NPA (%)				
Holding (Note 14)	0.30%	0.04%	0.40%	3.03%
Subsidiary (Note 16)	0.03%	0.40%	0.92%	0.39%
Tier I Capital Adequacy Ratio (%)				
Holding	27.19%	29.73%	36.56%	20.57%
Subsidiary	19.31%	15.87%	24.46%	22.99%
Tier II Capital Adequacy Ratio (%)				
Holding	1.18%	1.00%	1.48%	0.23%
Subsidiary	4.93%	1.52%	1.92%	15.22%

Gross Debt: Equity Ratio of the Company:

Before the Issue (as of September 30, 2023)	2.75
After the Issue basis September 30, 2023 numbers*	2.80

**Assuming full subscription of 100 Crs including green-shoe option*

E. Details of subsidiaries with the details of branches or units, if any and their line of business:

Our Subsidiaries

As at the date of this Prospectus, our Company does not have any subsidiary.

F. **Project cost and means of financing, in case of funding of new Projects:** NA

G. Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project: NA

5.1.6. Brief history of Issuer since its incorporation giving details of its following activities:

A. Details of Share Capital as on date:

Particulars	Amount in (₹)
AUTHORISED SHARE CAPITAL	
600,000,000 Equity Shares of face value of ₹10 each	6,00,00,00,000
TOTAL	6,00,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
28,52,40,353 Equity Shares of face value of ₹ 10 each	2,85,24,03,530
TOTAL	2,85,24,03,530

B. Changes in its capital structure as on last quarter end i.e.,30th September 2023 for the last 3 (three) years::

Date (AGM / EGM)	Existing Capital (INR)	Revised Capital (INR)	Remark
January 9, 2015	15,00,00,000	18,00,00,000	-
April 7, 2016	18,00,00,000	30,00,00,000	-
June 14, 2019	30,00,00,000	115,00,00,000	-
February 27, 2020	115,00,00,000	175,00,00,000	-
September 21, 2021	175,00,00,000	205,00,00,000	-
May 21, 2022	205,00,00,000	6,00,00,00,000	-

C. Equity Share Capital History of the Company as on last quarter end i.e., 30th September 30 2023 for the last 3 (three) years::

Date of allotment	No. of equity shares	Face Value (Rs)	Issue Price (Rs)	Consideration (cash, other than cash, etc)	Nature of allotment	Cumulative			Rem
						No of Equity Shares	Equity share capital (Rs.)	Equity share premium (In Rs.)	
26th March 2021	13,333,333	10	75	999,999,975	Rights Issue	165,240,353	1,652,403,530	8,77,42,18,973	
30th November 2021	13,333,333	10	75	999,999,975	Rights Issue	178,573,686	1,785,736,860	9,640,885,618	
25th May 2022	2,62,66,667	10	75	197,00,00,025	Rights Issue	20,48,40,353	2,04,84,03,530	11,34,82,18,973	
30th May 2022	3,37,33,333	1	75	2,52,99,99,975	Rights Issue	23,85,73,686	2,38,57,36,860	15,24,82,18,973	

Date	No. of	Fa	Is	Consider	Nature	Cumulative			Rem
August 24, 2022	4,00,00,000	10	75	3,00,00,00,000	Rights Issue	27,85,73,686	2,78,57,36,860	2,60,00,00,000	

D. **Details of any Acquisition or Amalgamation in the last 1 (One) year:** During the year ended 31 March 2023, there were no acquisitions and/or amalgamations.

E. Details of any Reorganization or Reconstruction in the last 1 (One) year: NIL

5.1.7. Details of the shareholding of the Company as on the latest quarter end, i.e., September 30, 2023, prepared in accordance with the LODR Regulations is set out in Annexure XII of this Placement Memorandum:

A. Shareholding pattern of the Company as on last quarter end, i.e., September 30, 2023:

Please refer to **Annexure VI.**

B. List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e., September 30, 2023:

S. No.	Names of shareholder(s)	Total number of Equity Shares	Total number of shares in Demat form	Total Shareholding as % of total number of Equity Shares
1.	Navi Technologies Limited*	28,52,40,353	28,52,40,353	100%
	Total	**28,52,40,353**	**28,52,40,353**	**100%**

** Sachin Bansal, Ankit Agarwal, Rajiv Naresh, Abhishek Dwivedi, Shobhit Agarwal and Apurv Anand hold one Equity Share each of our Company as nominees of our Promoter.

5.1.8. Following details regarding the directors of the Company:

A. Details of current directors of the Company*:

Name	Designation	DIN	Director of the Company since	Details of other directorship
Sachin Bansal 262, Tower 2, Embassy Pristine Apartments, Suncity Apartments Ln, Ibbaluru, Bellandur, 560102, Bengaluru, Karnataka Age: 40 Yrs.	Executive Chairperson & CEO	02356346	23.10.2019	Navi Investment Advisors Private Limited Navi General Insurance Limited Navi Technologies Limited
Ankit Agarwal A 402, Mantri Classic Apartments, S T Bed Layout Koramangala 4th block Bangalore 560034 Age: 38 Yrs	Managing Director	08299808	23.10.2019	Navi Investment Advisors Private Limited Navi General Insurance Limited Navi Securities Private Limited Anmol Como Broking Private Limited Navi Technologies Limited Navi AMC

				Limited
Usha A Narayanan 1006, 17th Main, BTM Layout, 1st Stage, Bangalore 560029, Karnataka Age: 62 Yrs	Independent Director	06939539	06.07.2020	Margo Biocontrols Private Limited PJ Margo Private Limited Navi Technologies Limited Navi General Insurance Limited
Ranganathan Sridharan E 1702, Crown Tower, Peninsula Heights, 46/1, 17th Main Road, Behind Central Mall, JP Nagar, 2nd Phase, Bangalore 560078 Age: 70 Yrs	Independent Director	00868787	31.08.2020	Nelcast Limited NC Energy Limited
Arindam Haraprasad Ghosh Beuna Vista B-5, Baner Pashan Link Road, Baner, Pune 411045, Maharashtra Age: 57 yrs	Independent Director	01423589	01.04.2022	Torus Alphaniti Technologies Private Limited Torus Alphaniti Private Limited Alphaniti Fintech Private Limited Brainstormerz Research and Dataanalytics Private Limited Navi AMC Limited

* Details of the current directors of the Company who are appearing in the RBI defaulters list and / or ECGC default list, if any. - NIL

B. Details of change in directors since last 3 (Three) years:

Name, Designation and DIN	Date of Appointment/re-appointment	Date if Cessation, if applicable	Date of Resignation, if applicable	Remarks
Usha Narayanan **Designation:** Independent Director **DIN:** 06939539	July 6, 2020	-	-	Appointment
Ranganathan Sridharan **Designation:** Independent Director **DIN:** 00868787	August 31, 2020	-	-	Appointment
Samit Shankar Shetty **Designation:** Executive Director **DIN:** 02573018	November 4, 2020	-	-	Appointment
Samit Shankar Shetty **Designation:** Non-Executive Director **DIN:** 02573018	March 1, 2021	-	-	Change in designation from Executive Director to Non-Executive Director

Samit Shankar Shetty **Designation:** Non-Executive Director **DIN:** 02573018	March 1, 2021	-	August 31, 2021	Resignation
Ankit Agarwal **Designation:** Managing Director **DIN:** 08299808	February 11, 2022	-	-	Re-Appointment
Sachin Bansal **Designation**: Executive Chairman and CEO **DIN:** 02356346	February 11, 2022	-	-	Re-Appointment
Arindam Haraprasad Ghosh **Designation:** Independent Director **DIN:** 01423589	April 1, 2022	-	-	Appointment

5.1.6. Following details regarding the auditors of the Company:

A. Details of the auditor of the Company:

Name	Address	Auditor since
Price Waterhouse LLP	5th Floor, Tower D The Millenia, 1 &2 Murphy Road Ulsoor Bengaluru, Karnataka 560008	September 30, 2022

B. Details of change in auditors since last 3 (Three) years:

Name	Address	Date of Appointment / Resignation	Auditor of the Company since (in case of resignation)	Remarks
Price Waterhouse LLP	5th Floor, Tower D The Millenia, 1 &2 Murphy Road Ulsoor Bengaluru, Karnataka 560008	September 30, 2022		
M/s Walker Chandiok & Co LLP	11th Floor, Tower II, One Financial Centre, S B Marg, Prabhadevi (W), Mumbai, Maharashtra – 400013	September 30, 2019*	-	Appointment

**Tenure of the previous statutory auditors elapsed pursuant to RBI guidelines on appointment of Statutory Auditors.*

5.1.7. Details of liabilities / borrowings of the Company, as on the latest quarter end, i.e., September 30, 2023:

A. Details of Outstanding Secured Loan Facilities as of September 30, 2023 (Rs in millions):

Name of lender	Type of facility	Amount Sanctioned	Sanctioned Date	Maturity Date	POS Sept 23	Security
Aditya Birla Finance Limited	Term Loan	35	23-May-2022	30-Nov-23	5.83	120.00%
Aditya Birla Finance Limited	Term Loan	25	3-Mar-2023	30-Sep-24	12.44	110.00%
AU Small Finance Bank	Term Loan	74	29-May-2023	18-Jun-24	55.50	110.00%
Axis Bank	Term Loan	35	31-May-2022	31-May-24	12.66	120.00%
Axis Bank	Term Loan	50	18-Nov-2022	31-May-25	41.68	120.00%
Bandhan Bank	Term Loan	75	27-Jun-2023	01-Sep-25	71.88	110.00%
Bandhan Bank	Working Capital	10	27-Jun-2023	01-Sep-24	10.00	110.00%
Bank of Maharashtra	Term Loan	100	21-Sep-2023	30-Sep-26	100.00	115.00%
Canara Bank	Term Loan	50	30-Dec-2021	31-Dec-24	22.20	110.00%
Canara Bank	Term Loan	75	23-Aug-2023	31-Jul-26	71.53	110.00%
Cholamandalam Investment and Finance Company	Term Loan	15	10-Aug-2022	22-Aug-24	7.97	110.00%
Kisetsu Saison (India)	Term Loan	50	1-Aug-2022	15-Nov-24	27.77	110.00%
Kisetsu Saison (India)	Term Loan	27	26-Oct-2022	15-Jan-25	18.00	110.00%
Kisetsu Saison (India)	Term Loan	15	27-Feb-2023	15-May-25	11.67	110.00%

Name of lender	Type of facility	Amount Sanctioned	Sanctioned Date	Maturity Date	POS Sept 23	Security
Kisetsu Saison (India)	Term Loan	20	21-Sep-2023	25-Dec-25	20.00	110.00%
Catholic Syrian Bank	Term Loan	28	1-Jun-2022	31-May-25	15.56	110.00%
Federal Bank	Term Loan	15	28-Dec-2021	31-Dec-23	2.50	110.00%
Federal Bank	Term Loan	50	8-Aug-2023	21-Aug-25	47.29	110.00%
HDFC Bank	Term Loan	80	22-Feb-2022	28-Feb-24	25.25	110.00%
HDFC Bank	Term Loan	150	29-Oct-2022	31-Oct-24	86.46	110.00%
HDFC Bank	Term Loan	150	27-Jun-2023	31-May-25	143.75	110.00%
Hero Fincorp	Term Loan	100	28-Jun-2022	03-Jul-24	24.11	110.00%
Hinduja Leyland Finance	Term Loan	22	28-Dec-2022	29-Jun-25	15.99	110.00%
Hinduja Leyland Finance	Term Loan	50	27-Mar-2023	28-Mar-25	38.51	110.00%
Hinduja Leyland Finance	Term Loan	40	21-Sep-2023	22-Sep-25	40.00	110.00%
HSBC	Term Loan	50	25-Mar-2022	31-Mar-24	14.58	120.00%
HSBC	Term Loan	40	21-Dec-2022	29-Dec-24	22.92	120.00%
ICICI Bank	Term Loan	50	27-Feb-2023	29-Feb-24	25.00	110.00%
IDFC First Bank	Term Loan	100	26-Nov-2021	03-Dec-24	50.00	110.00%
IDFC First Bank	Term Loan	100	18-Aug-2022	20-Aug-25	76.67	110.00%

Name of lender	Type of facility	Amount Sanctioned	Sanctioned Date	Maturity Date	POS Sept 23	Security
IndusInd Bank	Term Loan	50	29-Sep-2022	31-Mar-24	25.00	110.00%
IndusInd Bank	Term Loan	25	29-Sep-2022	17-Dec-23	16.67	110.00%
Indian Overseas Bank	Term Loan	25	29-Mar-2022	28-Feb-27	18.98	110.00%
JANA Small Finance Bank	Term Loan	75	27-Sep-2022	03-Oct-24	40.63	110.00%
Kotak Mahindra Bank	Term Loan	50	25-Jul-2022	31-Dec-23	8.82	110.00%
Karur Vysya Bank	Term Loan	30	30-Mar-2023	31-Mar-25	25.91	110.00%
Mahindra & Mahindra Financial Services	Term Loan	100	27-Jun-2022	14-Jul-24	50.58	110.00%
Manappuram Finance	Term Loan	35	30-Sep-2022	30-Sep-25	25.50	110.00%
Manappuram Finance	Term Loan	25	29-Mar-2023	31-Mar-26	20.48	110.00%
MAS Financial Services	Term Loan	25	6-Jun-2022	20-Dec-23	4.17	110.00%
MAS Financial Service	Term Loan	25	6-Sep-2022	03-Aug-24	8.33	110.00%
MAS Financial Services	Term Loan	30	11-Nov-2022	11-May-24	13.33	110.00%
MAS Financial Services	Term Loan	25	6-Feb-2023	09-Aug-24	15.28	110.00%
MAS Financial Services	Term Loan	25	20-Apr-2023	25-Dec-24	20.83	110.00%
MAS Financial	Term Loan	30	29-Aug-2023	31-Jan-25	28.33	110.00%

Name of lender	Type of facility	Amount Sanctioned	Sanctioned Date	Maturity Date	POS Sept 23	Security
Services						
Piramal Enterprises	Term Loan	50	10-Mar-2023	17-Mar-25	37.50	110.00%
Poonawalla Fincorp	Term Loan	50	26-Sep-2023	31-Aug-26	50.00	115.00%
RBL Bank	Term Loan	30	22-Mar-2022	24-Nov-23	3.00	120.00%
State Bank of India	Term Loan	30	17-Jan-2022	27-Jan-24	6.62	125.00%
State Bank of India	Term Loan	250	29-Aug-2022	31-Aug-27	222.22	120.00%
State Bank of India	Term Loan	250	15-Sep-2023	31-Aug-27	250.00	125.00%
Shriram Finance	Term Loan	25	26-Sep-2022	05-Sep-25	18.30	110.00%
Tata Capital	Term Loan	40	29-Dec-2021	31-Dec-23	7.14	110.00%
Ujjivan Small Finance Bank	Term Loan	15	20-Dec-2021	29-Dec-23	2.50	110.00%
Ujjivan Small Finance Bank	Term Loan	25	15-Dec-2022	28-Jun-24	11.88	110.00%
Utkarsh SFB	Term Loan	21	29-Aug-2022	30-Aug-24	9.63	115.00%
Utkarsh SFB	Term Loan	25	14-Jun-2023	01-Dec-24	20.83	115.00%
YES Bank	Term Loan	50	13-Apr-2022	28-Apr-24	17.71	120.00%
YES Bank	Term Loan	63.5	15-Feb-2023	28-Feb-24	44.98	110.00%

B. Details of Outstanding Unsecured Loan Facilities:

Legal Lender Name	Type of Facility	Original Amount Sanctioned (Rs million)	Principal Amount (Rs million)	Repayment / Terminal Dates / Schedule	Term (Months)
IDFC First Bank Ltd	Subordinated Debt	100	100	27-12-2024	84

C. Details of Outstanding Non-Convertible Debentures as on September 30, 2023:

(In Crores)

Debenture Series	Tenor (In months)	Coupon	Amt (INR Cr)	POS O/S	Date of Allotment	Redemption Date	Credit Rating	Secured / Unsecured	Security (% of O/s amount)
INE342T07122	30	9.25%	50	50	28-Jan-22	24-May-23	IND A / Stable	Secured	110.00%
INE342T07148	24	8.60%	37.8	37.8	23-Feb-22	24-May-23	IND A / Stable	Secured	110.00%
INE342T07148	24	8.60%	25	25	23-Feb-22	24-May-23	IND A / Stable	Secured	110.00%
INE342T07148	24	8.60%	25	25	23-Feb-22	24-May-23	IND A / Stable	Secured	110.00%
INE342T07148	24	8.60%	8.5	8.5	23-Feb-22	31-Jul-24	IND A / Stable	Secured	110.00%
INE342T07148	24	8.60%	3.7	3.7	23-Feb-22	30-Sep-24	IND A / Stable	Secured	110.00%
INE342T07155	24	8.60%	20	20	15-Mar-22	30-Sep-23	IND A / Stable	Secured	110.00%
INE342T07155	24	8.60%	20	20	15-Mar-22	30-Sep-23	IND A / Stable	Secured	110.00%
INE342T07155	24	8.60%	30	30	15-Mar-22	30-Sep-23	IND A / Stable	Secured	110.00%
INE342T07155	24	8.60%	20	20	15-Mar-22	23-Feb-24	IND A / Stable	Secured	110.00%
INE342T07155	24	8.60%	60	60	15-Mar-22	23-Feb-24	IND A / Stable	Secured	110.00%
INE342T07163	38	9.90%	22.5	22.5	31-Mar-22	23-Feb-24	IND A / Stable	Secured	110.00%
INE342T07163	38	9.90%	7.5	7.5	31-Mar-22	23-Feb-24	IND A / Stable	Secured	110.00%

INE342T07239	19	8.65%	100	100	28-Jul-22	23-Feb-24	IND A / Stable	Secured	110.00%
INE342T07254	24	8.37%	45	45	27-Sep-22	15-Mar-24	IND A / Stable	Secured	110.00%
INE342T07262	18	9.00%	100	100	28-Sep-22	15-Mar-24	IND A / Stable	Secured	110.00%
INE342T07312	18	9.00%	100	100	30-Nov-22	15-Mar-24	IND A / Stable	Secured	110.00%
INE342T07114	36	9.50%	35	23.33	18-Jan-22	15-Mar-24	IND A / Stable	Secured	110.00%
INE342T07247	26	9.50%	30	21	25-Aug-22	15-Mar-24	IND A / Stable	Secured	110.00%
INE342T08039	12	9.50%	40	10	14-Nov-22	31-May-25	IND A / Stable	unsecured	0%
INE342T08047	32	10.50%	35	35	06-Dec-22	31-May-25	IND A / Stable	unsecured	0%
INE342T07338	12	9.90%	125	100	30-Dec-22	28-Feb-24	IND A / Stable	Secured	110.00%
INE342T07346	12	9.50%	50	50	23-Feb-23	30-Sep-24	IND A / Stable	Secured	110.00%
INE342T07361	18	9.25%	75	75	29-May-23	27-Mar-24	IND A / Stable	Secured	110.00%
INE342T07189	18	9.20%	115.34	115.34	08-Jun-22	30-May-24	IND A / Stable	Secured	110.00%
INE342T07189	18	9.20%	115.34	115.34	08-Jun-22	05-Apr-23	IND A / Stable	Secured	110.00%
INE342T07189	18	9.20%	115.34	115.34	08-Jun-22	05-Apr-23	IND A / Stable	Secured	110.00%
INE342T07197	18	9.50%	86.81	86.81	08-Jun-22	05-Apr-23	IND A / Stable	Secured	110.00%
INE342T07205	27	9.40%	37.63	37.63	08-Jun-22	10-May-23	IND A / Stable	Secured	110.00%
INE342T07213	27	9.75%	25.25	25.25	08-Jun-22	10-May-23	IND A / Stable	Secured	110.00%
INE342T07411	18	9.75%	192.92	192.92	18-Jul-23	10-May-23	IND A / Stable	Secured	110.00%

INE342T07379	27	10.25%	97.25	97.25	18-Jul-23	04-Jul-23	IND A / Stable	Secured	110.00%
INE342T07395	27	10.75%	73.18	73.18	18-Jul-23	31-Dec-24	IND A / Stable	Secured	110.00%
INE342T07387	36	10.50%	67.5	67.5	18-Jul-23	25-Aug-23	IND A / Stable	Secured	110.00%
INE342T07403	36	11.02%	50.79	50.79	18-Jul-23	15-Nov-23	IND A / Stable	Un-Secured	110.00%

D. List of Top 10 holders of non-convertible securities as on September 30 2023*

(In Crores)

S. No	Name of holder of Non-convertible Securities	Amount (in cr.)	% of total non-convertible securities outstanding
1.	NAVI TECHNOLOGIES LIMITED	300	5.0%
2.	SUNDARAM FINANCE LTD	100	1.7%
3.	VIVRITI ALPHA DEBT FUND	74	1.2%
4.	NORTHERN ARC MONEY MARKET ALPHA TRUST	65	1.1%
5.	Sporta Technologies Private Limited	50	0.8%
6.	S K FINANCE LIMITED	38	0.6%
7	EDGE CREDIT OPPORTUNITIES FUND I	35	0.6%
8	VIVRITI SHORT TERM BOND FUND	35	0.6%
9	UNIFI AIF	30	0.5%
10	ADITYA BIRLA FINANCE LIMITED	25	0.4%
Total		752.26	

*** Note: Top 10 holders' (in value terms, on cumulative basis for all outstanding debentures issues) details should be provided**

E. The amount of corporate guarantee issued by the Issuer along with name of the counterparty (like name of the subsidiary, JV entity, Group Company, etc) on behalf of whom it has been issued.

Details of corporate guarantees issued as on Sept **30, 2023**:

S. No.	Name of the party for on whose behalf guarantee was given	Amount (Rs in Crores)
1	NA	NA

F. Details of Commercial Paper: the total Face Value of Commercial Papers Outstanding and its break-up, as on September 30, 2023:

(In Crores)

S. No.	ISIN	Amount O/S	Maturity Date	Credit rating
1.	INE342T14599	10.00	25-Oct-23	IND A1, CARE A1
2.	INE342T14607	30.00	31-Oct-23	IND A1, CARE A1
3.	INE342T14664	20.00	26-Dec-23	IND A1, CARE A1
4.	INE342T14680	25.00	04-Oct-23	IND A1, CARE A1
5.	INE342T14698	15.00	05-Oct-23	IND A1, CARE A1
6.	INE342T14706	10.00	19-Oct-23	IND A1, CARE A1
7.	INE342T14714	26.00	26-Oct-23	IND A1, CARE A1
8.	INE342T14722	15.00	02-Nov-23	IND A1, CARE A1
9.	INE342T14730	16.00	14-Dec-23	IND A1, CARE A1
10.	INE342T14748	12.00	27-Dec-23	IND A1, CARE A1
11.	INE342T14755	50.00	28-Mar-24	IND A1, CARE A1
12.	INE342T14763	7.00	05-Dec-23	IND A1, CARE A1
13.	INE342T14771	25.00	13-Dec-23	IND A1, CARE A1
14.	INE342T14789	20.00	02-Jan-24	IND A1, CARE A1
15.	INE342T14797	5.00	26-Mar-24	IND A1, CARE A1

16.	INE342T14813	20.00	28-Dec-23	IND A1, CARE A1
17.	INE342T14805	20.00	22-Mar-24	IND A1, CARE A1

A. Details of Securitisation deals Outstanding and its break-up, as on September 30, 2023:

(Rs in Crores)

Lender Name	Instrument Type	Sanctioned Date	Sanctioned Amount	Amount O/s March 23	Maturity Date	Credit rating
ICICI Bank Ltd	PTC	19-Dec-22	92.2	39.4	15-Aug-25	IND AA (SO)
Citi Bank	PTC	04-Aug-23	163.66	144.2	17-Jun-25	IND AAA(SO)/ Stable
HDFC Bank Ltd	PTC	08-Sep-23	52.28	52.28	18-Jun-25	IND AA(SO)/ Stable
ICICI Bank Ltd	PTC	27-Jun-23	210.66	183.46	18-Feb-26	IND AA(SO)/ Stable
ICICI Bank Ltd	PTC	27-Sep-2023	162.15	162.15	18-Jul-25	IND AA(SO)/ Stable
ICICI Bank Ltd	PTC	16-Jan-23	203.57	106.42	18-Apr-25	IND AA (SO)/Stable
ICICI Bank Ltd	PTC	08-Mar-23	151.9	93.73	19-May-25	IND AA (SO)/ Stable
CREDIT SUISSE AG	PTC	22-Sep-2022	238.68	3.36	19-Mar-24	IND AA-(SO)
ICICI Bank Ltd	PTC	19-Aug-2022	206.05	10.74	16-Feb-24	IND AA-(SO)
AK Capital Finance Ltd	PTC	11-Aug-2022	46.73	0.1	20-Nov-23	IND AA-(SO)
Godrej Finance Ltd	PTC	19-Dec-2022	50	18.83	15-Nov-24	ICRA AA SO
L&T Finance Ltd	PTC	28-Nov-2022	72.97	29.97	15-Aug-25	IND AA (SO)

Godrej Finance Ltd	PTC	31-Oct-2022	75	22.37	15-Oct-24	ICRA AA SO
Federal Bank Ltd	PTC	28-Nov-2022	79.97	28.33	17-Apr-25	IND AA (SO)
DCB Bank Ltd	PTC	31-Oct-2022	90.09	35.56	15-Nov-25	IND AA- (SO)
Kotak Mahindra Bank Ltd	PTC	28-Dec-2022	56.05	25.11	17-Nov-24	IND AA+
Federal Bank Ltd	PTC	2-Jun-2023	76.45	60.28	16-Aug-26	IND AA(SO)/ Stable
DCB Bank Ltd	PTC	30-Sep-2023	78.95	78.95	18-Dec-26	IND AA(SO)/ Stable
Multiple Corporates	PTC	31-May-2023	73.47	57.97	15-Oct-25	IND AA(SO)/ Stable
L&T Finance Ltd	PTC	21-Mar-2023	82.31	58.59	19-May-26	ICRA AA(SO)/ Stable
L&T Finance Ltd	PTC	31-May-2023	57.04	47.34	19-Oct-26	IND AA(SO)/ Stable
DCB Bank Ltd	PTC	21-Apr-2023	144.64	112.24	15-Jan-27	IND AA(SO)/ Stable
Tata Capital Financial Services Ltd	PTC	16-Feb-2023	99.71	51.39	25-Jan-25	ICRA AA (SO)/ Stable
Godrej Housing Finance	PTC	21-Apr-2023	49.98	37.55	16-Oct-25	IND AA(SO)/ Stable
Godrej Housing Finance	PTC	16-Feb-2023	53.38	25.67	15-Aug-24	ICRA AA (SO)/ Stable
DCB Bank Ltd	PTC	29-Jul-2022	72.24	18.34	18-Apr-25	IND AA- (SO)
Federal Bank Ltd	PTC	28-Jun-2022	49.96	7.3	17-Jul-24	IND AA- (SO)
ICICI Bank Ltd	PTC	19-Dec-22	92.2	39.4	15-Aug-25	IND AA (SO)

B. Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on September 30, 2023:

NA

C. Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the company, in the past 3 (Three) years, including the current financial year:

NA

D. Details of any outstanding borrowings taken / debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option:

NA

DETAILS OF LENDING:

<table>
<tr><th>S. No.</th><th>Particulars of disclosure</th><th>Details</th></tr>
<tr><td>1.</td><td>Details with regard to lending done out of the issue proceeds of earlier issuances of debt securities (whether public issue or private placement) by NBFC</td><td>
Lending Policy:
<table>
<tr><th>Products Name</th><th>Digital Personal Loan</th><th>Home Loan</th></tr>
<tr><td>Purpose of Loan</td><td>Varied personal purposes of Borrowers</td><td>Purchase/construction of property</td></tr>
<tr><td>Target Customer</td><td>Salaried & Self Employed</td><td>Salaried & Self Employed</td></tr>
<tr><td>Ticket Size</td><td>Upto ₹20 Lakh</td><td>₹10 lakhs to ₹1.5 Crores</td></tr>
<tr><td>Tenor</td><td>Upto 84 months</td><td>Upto 25 years</td></tr>
<tr><td>ROI Range</td><td>12% to 36%</td><td>From 6.95%</td></tr>
<tr><td>Type of Security</td><td>Unsecured</td><td>Underline Housing property</td></tr>
<tr><td>LTV (%)</td><td>Not Applicable</td><td>Upto 95%. Average 75%-80%</td></tr>
<tr><td>Guarantee</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>Process Fee</td><td>4%</td><td>0.50% to 0.70%</td></tr>
<tr><td>Penal</td><td>Late Fees- INR 800
Bounce Fees- INR 500</td><td>2% of outstanding for EMI default</td></tr>
<tr><td>Repayment frequency</td><td>Monthly</td><td>Monthly</td></tr>
</table>
Classification of Loans given to associate or entities related to Board, Senior management, promoters, etc:

Loans availed by our promoter Mr. Sachin Bansal as on
</td></tr>
</table>

March 31,2023 -

Loan availed on	Amount (in INR)	Loan closed on
July 27, 2022	5,00,000	November 27, 2022
May 1, 2022	1,95,000	August 1, 2022
January 9, 2022	1,30,000	March 31, 2022
November 27,2022	6,00,000	-
August 26, 2022	2,00,000	February 3, 2021
August 9, 2021	2,30,000	October 11, 2021
May 1, 2020	1,10,000	July 23, 2020

Classification of loans into several maturity profile denomination:

Tenor (months)	Share
up to 12 months	11%
12-24 months	8%
24-36 months	5%
36-48 months	17%
>48 months	59%
Total	**100%**

Aggregated exposure to top 20 borrowers:

Particulars	As at March 31, 2023
Concentration of advances	
Total advances to twenty largest borrowers (Rs Crores)	509.83
Percentage of Advances to twenty largest borrowers to total advances of the NBFC	0.75%

Details of loans, overdue and classified as NPA: Rs. 667.78 Crores

2. Details of borrowings made by NBFC

Portfolio Summary of borrowings made by NBFC:

Instrument	%
Term Loan	36%
PTC	25%
NCD	22%
MLD	11%
CP	5%
Sub-Debt	0.1%
Total	100%

Quantum and percentage of Secured vs. Unsecured loans:

Product Type	Share
Unsecured	5%
Secured	95%
Total	**100.0%**

<table>
<tr><td>3.</td><td>Details of change</td><td>Any change in promoters holding in NBFC during last financial year beyond the threshold prescribed by Reserve Bank of India:

NA</td></tr>
<tr><td>4.</td><td>Disclosure of Assets under management</td><td>Segment wise break up and Type of loans:

<table>
<tr><th>Sector Wise</th><th>Aum %</th></tr>
<tr><td>Agriculture & allied activities</td><td>0.0%</td></tr>
<tr><td>MSME</td><td>0.0%</td></tr>
<tr><td>Corporate borrowers</td><td>0.0%</td></tr>
<tr><td>Services</td><td>0.0%</td></tr>
<tr><td>Unsecured personal loans</td><td>1.87%</td></tr>
<tr><td>Secured Borrowings-Home Loan</td><td>0.04%</td></tr>
</table></td></tr>
<tr><td>5.</td><td>Details of borrowers</td><td>Geographical location wise:

<table>
<tr><th>State</th><th>Share</th></tr>
<tr><td>Maharashtra</td><td>14.60%</td></tr>
<tr><td>Karnataka</td><td>12.70%</td></tr>
<tr><td>Telangana</td><td>9.70%</td></tr>
<tr><td>Tamil Nadu</td><td>7.60%</td></tr>
<tr><td>Others</td><td>54.50%</td></tr>
<tr><td>Total</td><td>100%</td></tr>
</table></td></tr>
<tr><td>6.</td><td>Details of Gross NPA</td><td>Segment wise gross NPA as on March 31, 2023:

<table>
<tr><th>S. No</th><th>Segment- wise breakup of gross NPAs</th><th>Gross NPA (%)</th></tr>
<tr><td>1.</td><td>Retail</td><td></td></tr>
<tr><td>A.</td><td>Mortgages (home loans and loans against property)</td><td>0.00%</td></tr>
<tr><td>B.</td><td>Gold loans</td><td>0.00%</td></tr>
<tr><td>C.</td><td>Vehicle Finance</td><td>0.00%</td></tr>
<tr><td>D.</td><td>MFI (Agriculture & allied activities)</td><td>0.00%</td></tr>
<tr><td>E.</td><td>MSME</td><td>0.00%</td></tr>
<tr><td>F.</td><td>Capital market funding (loans against shares, margin funding)</td><td>0.00%</td></tr>
<tr><td>G.</td><td>Others (Services and Unsecured personal loans)</td><td>1.70%</td></tr>
<tr><td>2.</td><td>Wholesale</td><td></td></tr>
<tr><td>A.</td><td>Infrastructure</td><td>0.00%</td></tr>
<tr><td>B.</td><td>Real Estate</td><td>0.00%</td></tr>
</table></td></tr>
</table>

	(including builder loans)	
C.	Promoter Funding	0.00%
D.	Any other sector (as applicable)	0.00%
E.	Others	0.00%
Total		**1.70%**

7.	**Details of Assets Liabilities**	**Residual maturity profile wise into several bucket, as on March 31, 2023, in Rs Mn:**

Particulars	Advances	Investments	Borrowings
Up to 30/31 days	6322.59	6,129.86	6,322.59
More than 1 month to 2 months	4474.22	-	4,474.22
More than 2 months to 3 months	2724.09	-	2,724.09
More than 3 months to 6 months	10053.39	-	10,053.39
More than 6 months to 1 year	18950.36	-	18,950.36
More than 1 year to 3 years	14222.01	-	14,222.01
More than 3 years to 5 years	879.66	-	879.66
More than 5 years	-	3,758.55	-
Total	57626.32	9,888..41	57,626.32

Foreign Currency Assets: NA
Foreign currency liabilities: NA
Deposits: NA

8.	**Additional details of loans made by Housing Finance Company**	**NA**
9.	**Disclosure of latest ALM statements to stock exchange**	**NA**

E. Details of any other contingent liabilities of the issuer based on the last audited financial statements including amount and nature of liability:

(in Rs Cr)

S. No	Particulars	As at March 31, 2023
a.	In respect of Income tax demands where the Company has filed appeal before the relevant authority [refer note (ii) below]	1
b.	In respect of GST where the Company has filed submission to Assistant Commissioner (State Tax-Karnataka)	NIL
	Total	**1**

Future cash outflows in respect of (b) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

F. NPA exposures of the issuer for the last 3 financial years (both gross and net exposures) and provisioning made for the same as per the last audited financial statements of the Company:

	Particulars in CR	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
i)	Net NPAs to net advances (%)	0.32%	0.04%	0.45%
ii)	Movement of NPAs (Gross)			
	Opening balance	25.8p	27.93	5.80
	Additions during the year	137.15	37.07	26.30
	Reductions during the year	-47.36	-39.19	-4.17
	Closing balance	115.60	25.81	27.93
iii)	Movement of Net NPAs			
	Opening balance	1.12	2.37	3.43
	Additions during the year	65.27	22.84	2.84
	Reductions during the year	-46.25	24.09	-3.89
	Closing balance	20.14	1.12	2.38
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	Opening balance	24.68	25.55	2.37
	Provisions made during the year	71.88	14.22	23.46
	Write-off/write-back of excess provisions	-1.10	15.10	-0.28
	Closing balance	**95.45**	**24.68**	**25.55**

G. Details of types of loans (as of March 31, 2023):

Sl. No.	Type of loans	INR Crore	%
1	**Secured**	**6272.43**	**7.80%**
2	**Unsecured**	**61,637.63**	**76.63%**

3.	**Off-Balance Sheet**	**12,529.61**	**15.58%**
	Total assets under management (AUM)*^	**80,439.67**	**100.0%**

Note: ***Information required at borrower level (and not by loan account as customer may have multiple loan accounts); ^Company is also required to disclose off balance sheet items.***

H. Denomination of loans outstanding by loan-to-value:

Table 3: Details of LTV (as of September 30, 2023):

LTV band*	%
Below 50%	**1.45%**
Between 50-60%	**1.16%**
Between 60-70%	**2.94%**
Between 70-80%	**48.05%**
More than 80%	**46.4%**
Total	**100.00**

***Note: For home loan, LTV not applicable for personal loans**

I. Details of sectoral exposure (as of March 31, 2023):

S. No	Segment- wise breakup of AUM	Percentage of AUM
1.	**Retail**	
A.	Mortgages (home loans and loans against property)	9.85%
B.	Gold loans	0.00%
C.	Vehicle Finance	0.00%
D.	MFI (Agriculture and allied services)	0.00%
E.	MSME	0.00%
F.	Capital market funding (loans against shares, margin funding)	0.00%
G.	Others (Services and unsecured personal loans)	90.15%
2.	**Wholesale**	
A.	Infrastructure	0.00%
B.	Real Estate (including builder loans)1	0.00%
C.	Promoter Funding	0.00%
D.	Any other sector (as applicable)	0.00%
E.	Others	0.00%
Total		**100.00%**

J. Denomination of loans outstanding by ticket size:

Details of outstanding loans category wise (as of March 31, 2023):

S. No.	Ticket Size	% of AUM
1.	Less than 20k	1.27%
2.	20k to 50k	16.25%
3.	50k to 100k	14.09%
4.	100k Above	68.25%
5.	Joint liability group book	0.14%
Total		100.00%

Note: Information is required at the borrower level (and not by loan account as a customer may have multiple loan accounts)

K. Geographical classification of Borrowers:

Top 5 states borrower-wise:

S. No.	Top Five States	% of AUM
1.	Maharashtra	14.60%
2.	Karnataka	12.70%
3.	Telangana	9.70%
4.	Tamil Nadu	7.60%
5.	Andhra Pradesh	6.60%
Total		51.20%

L. Details of loans overdue and classified as non-performing in accordance with RBI's stipulations (as of March 31, 2023):

Table 7: Movement of gross NPA

Movement of gross NPAs	Amount (in ₹ Cr)
(a) Opening gross NPA	25.81

Movement of gross NPAs	Amount (in ₹ Cr)
(b) Additions during the period	137.15
(c) Reductions during the year	**-47.36**
(d) Closing balance of gross NPA	115.601

Table 8: Movement of provisions for NPA

Movement of provisions for NPAs	Amount (in ₹Cr)
(a) Opening balance	1.12
(b) Provisions made during the year	65.27
(c) Write-off / write -back of excess provisions	-46.25
(d) Closing balance	20.14

M. Segment-wise gross NPA (as of March 31, 2023):

Sl. No.	Segment-wise gross NPA	Gross NPA (%)
1	**Retail**	
A	Mortgages (home loans and loans against property)	0.00%
B	Gold loans	0.00%
C	Vehicle finance	0.00%
D	MFI	0.08%
E	MSME	0.00%
F	Capital market funding (loans against shares, margin funding)	0.00%
G	Others	0.58%
2	**Wholesale**	
A	Infrastructure	0.00%
B	Real estate (including builder loans)	0.00%
C	Promoter funding	0.00%
D	Any other sector (as applicable)	0.00%
E	Others	0.00%
	Total	**0.66%**

Residual maturity profile of assets and liabilities (as of March 31, 2023):

Particulars	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
									In ₹ millions
Deposits	-	-	-	-	-	-	-	-	-
Advances	**4,172.92**	**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**

Borrowings	**6,322.59**	**4,474.22**	**2,724.09**	**10,053.39**	**18,950.36**	**14,222.01**	**879.66**	**-**	**57,626.32**
Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Foreign currency liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

FCA – Foreign Currency Assets; FCL – Foreign Currency Liabilities

5.1.9. Details of Promoters of the Company:

A. Details of Promoter Holding in Company as on latest quarter end, i.e., September 30, 2023

Name of shareholder	Total number of Equity Shares	Number of shares in dematerialised form	Total shareholding as % of total no of equity shares	Number of Shares Pledged	% of Shares pledged with respect to shares owned
Navi Technologies Limited*	28,52,40,353	28,52,40,353	100.00	Nil	Nil
Total	**28,52,40,353**	**28,52,40,353**	**100.00**		

* Sachin Bansal, Ankit Agarwal, Rajiv Naresh, Abhishek Dwivedi, Shobhit Agarwal and Apurv Anand hold one Equity Share each of our Company as nominees of our Promoter.

B. Any litigation or legal action pending or taken by a Government Department or a statutory body during the last 3 (three) years immediately preceding the year of the issue of prospectus against the Promoter: NIL

5.1.10. Abridged version of the Audited Consolidated (wherever available) and Standalone Financial Information (like Profit and Loss statement, Balance Sheet and Cash Flow statement) for at least last 3 (Three) years and auditor qualifications, if any:[1]

Refer **Annexure VII and Annexure IX**

5.1.11. Abridged version of Latest Audited / Limited Review Half Yearly Consolidated (wherever available) and Standalone Financial Information (like Profit and Loss statement and Balance Sheet) and auditors' qualifications, if any[2]:

Refer **Annexure VII and Annexure IX**

5.1.12. Any material event/ development or change having implications on the financials/credit quality (e.g., any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event, etc.) at the time of Issue which may affect the issue or the Investor's decision to invest / continue to invest in the debt securities:

The Issuer hereby declares that there has been no material event, development or change having

1 Issuer shall provide latest Audited or Limited Review Financials in line with timelines as mentioned in Simplified Listing agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended from time to time, for publishing its half yearly/ annual result.

2 Same as above

implications on the financials/credit quality at the time of issue from the position as on the date of the last audited financial statements of the Issuer, which may affect the Issue or the Investor's decision to invest/ continue to invest in the debt securities of the Issuer.

5.1.13. Names of the Trustee and Consent thereof

The trustee for the proposed Issue Debentures is Catalyst Trusteeship Limited who has given its written consent for its appointment as trustee to the Issue and inclusion of its name in the form and context in which it appears in this Placement Memorandum. The consent letter from the Debenture Trustee is provided in **Annexure I** of this Placement Memorandum. It must be ensured that the Debenture Trustee is copied in all the subsequent periodical communications sent to the Debenture Holders.

5.1.14. Rating and Rating Rationale

Credit rating letters issued by the rating agency in relation to the Issue are disclosed in **Annexure II**.

5.1.15. If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

NA

5.1.16. Names of all the recognized stock exchanges where the debt securities are proposed to be listed:

BSE Limited

5.1.17. Other details:

A. Debenture Redemption Reserve (DRR) Creation:
As per Section 71 of the Act, any company that intends to issue debentures must create a debenture redemption reserve out of the profits of the company as well as make investment or deposits of appropriate amounts as required in terms of the Act. However, pursuant to the Companies (Share Capital and Debentures) Rules, 2014, as amended from time to time, the Company being an NBFC is presently exempted from the requirement of creating debenture redemption reserve / making investment or deposit in respect of debentures issued by the Company on private placement basis. However, pursuant to any amendments/ modifications in the Companies (Share Capital and Debentures) Rules, 2014, in the event the present exemption is removed, the Company shall accordingly create a debenture redemption reserve in accordance with the applicable provisions of the Companies (Share Capital and Debentures) Rules, 2014.

B. Issue / instrument specific regulations:
The Issue of Debentures shall be in conformity with the applicable provisions of the Act, relevant SEBI Regulations and other Applicable Laws.

C. Application process:
The application process for the Issue is as provided in the Section 8 (*Other Information and Application Process*)).

D. Default in payment:
In case of default in payment of Redemption Amount as per the payment mechanism, additional coupon rate of 2% p.a. (two percent per annum) will be payable over the Coupon.

E. Delay in Listing
In accordance with the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, read together with the requirements in respect of the timelines for listing of debt securities issued on a private placement basis prescribed in Chapter VII (Standardization of timelines for listing of securities issued on a private placement basis) of the SEBI Master Circular, the Issuer confirms that in the event there is any delay in listing a of the Debentures beyond 3 (three) working days from the Issue Closure Date, the Company will pay to the Debenture Holders,

penal interest of 1% (one percent) per annum over the Interest Rate, from the closure of the issue of the Debentures until the listing of the Debentures is completed.

F. Delay in allotment of securities:

The Issuer shall allot the Debentures no later than 60 (sixty) days from the date of receipt of the Application Money for the Debentures from the Investors. If the Issuer is not able to allot the Debentures within that period, it shall repay the Application Money to the Investors within 15 (fifteen) days from the expiry of 60 (sixty) days. If the Issuer fails to repay the Application Money within the aforesaid period, it shall be liable to repay that money with interest at the rate of 12% (twelve percent) per annum from the expiry of the 60th (sixtieth) days.

G. Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 but not contained in this schedule, if any:

All disclosures under Form No. PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 have been set out in Section 2.

H. Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project:

Not Applicable

5.1.18. Other Details in case of non-convertible redeemable preference shares issue

a. Nature of the instrument: whether cumulative or non-cumulative and complete details thereof;

Not Applicable

b. Terms of Redemption: Out of distributable profits or out of fresh issue of shares for the purpose of redemption or both.

Not Applicable

5.1.20. **Issue Details**

Particulars	Terms
Security Name	10.25% Navi Dec 2026
Issuer or Company	Navi Finserv Limited ("**NFS**" or the "**Company**" or the "**Issuer**")
Type of Instrument	Secured, Rated, Listed, Senior, Transferable, Redeemable, Non-Convertible Debentures ("**NCDs**" or "**Debentures**")
Nature of Instrument	Secured
Security	Debentures shall be secured by a first and exclusive charge basis on the identified receivables, by way of hypothecation in favour of the Debenture Trustee for the benefit of the Debenture Holders over the Hypothecated Assets as per the terms and conditions stipulated under the heading 'Security Cover' hereunder.
Seniority	Senior
Mode of Issue	Private Placement
Eligible Investors	As permitted under applicable law
Listing (including name of stock exchange(s) where the Debentures will be listed and timeline for listing)	Proposed to be listed on the Debt Market (DM) segment of BSE Limited, within 3 working days from Issue Closure Date. In case of delay in listing of the debt securities beyond 3 (Three) working days from the Issue Closure Date, the Company will pay penal interest of 1% p.a. (One percent per annum) over the Coupon Rate from the Deemed Date of Allotment till the listing of such Debentures.
Rating of the Instrument	"IndRa A (Stable)" by India Ratings and Research Private Limited
Rating Agency	India Ratings & Research Limited
Issue Size	Debentures of face value aggregating to INR 100 Cr (Rupees One Hundred Crores Only) including green-shoe option to be issued in one or more tranches
Option to retain over subscription / Green shoe option	Up to INR 50,00,00,000 (Rupees Fifty Crore Only)
Objects of the Issue / Details of utilisation of proceeds	The proceeds of the issuance of Debentures will be utilized by the Issuer for the purpose of onward lending activities of the Issuer. Provided that no part of the proceeds shall be utilized directly/indirectly towards the following*:* 1. capital markets (including equity, and equity linked instruments or any other capital market land activities); 2. any speculative purposes; 3. any investment in the real estate sector; and 4. any activity in contravention of any Applicable Law. Any purpose, that is not eligible for providing finance by banks to non-banking financial companies for bank finance to non-banking financial companies or which results in contravention of any guidelines, rules or regulations of the RBI applicable to non-banking financial companies.
Step Up	If the credit rating of the Debentures is downgraded from the current

Particulars	Terms
	rating of "IndRa A / Stable" (**"Rating"**) at any point of time during the tenor of the Debentures, the Coupon Rate shall increase by 25 bps (Twenty-Five basis points) for each notch downgrade of 1 (one) notch from the Rating of the Debentures (**"Step Up Rate"**). Such increased rate of interest at the Step-Up Rate shall be applicable from the date of such downgrade (**"Step Up"**). It is clarified that, if following the Step Up, the rating of the Debentures is restored to the Rating, then the interest shall be payable at the Coupon Rate, from the date that the relevant rating is restored.
Redemption Premium Reset Process (including rates, spread, effective date, Redemption Premium Rate cap and floor etc.).	Not applicable
Interest on Application Money	Not applicable given the issuance shall be through EBP mechanism
Type of Allotment	Private Placement
Maturity Date/Redemption Date	December 31, 2026, on which date all outstanding Debentures shall be mandatorily redeemed in full in accordance with the terms of the Transaction Documents.
Day Count Basis	Actual / Actual i.e. Actual / 365 (Three Hundred Sixty-Five) days, or Actual / 366 (Three Hundred Sixty-Six) days in the case of a leap year (as per the SEBI Circular dated August 10, 2021 bearing reference SEBI/HO/DDHS/P/CIR/2021/613).
Default Interest Rate	In case of default in payment of Coupon and / or Redemption Amount on as per the Payment Mechanism, additional coupon rate of 2% p.a. (two percent per annum) [payable monthly] over the Coupon rate will be payable by the Issuer from the date of default till such default in payment of Coupon and/or Redemption Amount is rectified. In case of default by the Issuer in the performance of any of the covenants of this Issue, including but not limited to the Financial Covenants of this Issuance and reporting covenants, additional coupon rate of 2% p.a. (two percent per annum) [payable monthly] over the Coupon rate will be payable by the Issuer from the date of default till such default is rectified. Any failure to create and perfect security over the Hypothecated Assets within the timelines set out in the Transaction Documents shall attract 2% p.a. (two percent) p.a. additional interest [payable monthly] over the Coupon rate and give an option to the Debenture holders for early redemption. Each of the default coupon rates mentioned above are mutually exclusive and will be payable in the event the circumstance triggering the default coupon rate occurs.
Tenor	Up to 36 months and 20 days from the Deemed Date of Allotment
Redemption Amount	The Debentures will be redeemed at par
Face Value	Rs. 1,00,000/- (Rupees One Lakh only) per Debenture

Particulars	Terms
Issue Price	Rs. 1,00,000/- (Rupees One Lakh only) per Debenture
Discount at which security is issued and the effective yield as a result of such discount.	N.A.
Coupon	10.25% (Ten point two five percent) per annum payable monthly.
Put Option	N.A.
Put option Date	N.A.
Call Option Date	N.A
Put Notification Time	N.A.
Call Notification Time	N.A.
Minimum Application & in multiples of Debt securities thereafter	100 NCDs and 1 NCD thereafter
Issue Timing 1. Issue Opening Date 2. Issue Closing Date 3. Pay in Date 4. Deemed Date of Allotment	1. Issue Opening Date: 08th December 2023 2. Issue Closing Date: 08th December 2023 3. Pay in Date: 11th December 2023 4. Deemed Date of Allotment: 11th December 2023
Issuance mode of the Instrument	Demat only (for private placement)
Trading mode of the Instrument	Demat only (for private placement)
Settlement mode of the Instrument	Cheque/RTGS/NEFT/electronic fund
Depository (ies)	NSDL / CDSL
Business Day Convention	1. If the date of payment of any interest in respect of the Debentures falls on a day that is not a Business Day, such payment of interest shall be made on the next occurring Business Day; 2. If the date of payment of any redemption amount falls on a day that is not a Business Day, such payment of installment shall be made on the immediately preceding Business Day; and 3. If the Final Redemption Date or the Early Redemption Date (the date on which the Debentures are redeemed prior to the Final Redemption Date in terms of the Transaction Documents), as the case may be, falls on a day that is not a Business Day, such payment of interest and redemption amount shall be made on the immediately preceding Business Day.
Record Date	means the date falling 07 (seven) calendar days prior to the Coupon Payment Date or the Early Redemption Date or the Final Redemption Date
Security Cover	The value of the Hypothecated Assets charged as Security in favour of the Debenture Trustee is maintained at least 1.10x (One point one zero times) the aggregate of Secured Obligations in relation to the Debentures and shall be maintained at all times until the redemption of the Debentures and payment of the Secured Obligations

Particulars	Terms
	(**"Security Cover"**) till the Final Settlement Date, (on the terms and conditions mentioned under the Transaction Documents) in accordance with Applicable Law and the Transaction Documents. The terms and process of creation of hypothecation shall be provided at length under the Deed of Hypothecation. If the Security in respect of Debentures falls below the Security Cover as specified in the Debenture Trust Deed on any account, the Company shall within 3 (Three) Business Days of such occurrence, hypothecate further assets or such additional Security as may be acceptable to the Debenture Trustee to maintain the Security Cover in the manner set out in the Deed of Hypothecation. **Eligibility Criteria:** The loans forming part of the Hypothecated Assets shall satisfy the Eligibility Criteria and such other requirements set out in the Deed of Hypothecation. **Replacement of security:** The Company shall, within the timelines prescribed under the Deed of Hypothecation, replace such Hypothecated Assets that do not satisfy the Eligibility Criteria. In case of any repugnancy between the provisions of the clause herein for the creation of hypothecation and the terms provided in the Deed of Hypothecation for the creation of mortgage over the Hypothecated Assets, the terms of the Deed of Hypothecation shall prevail.
Trustee	Catalyst Trusteeship Limited
Transaction Documents	1. the Debenture Trustee Consent Letter; 2. Certified true copy of the Board resolution of the Issuer dated August 11th, 2023; 3. Certified true copy of the resolution of the Finance Committee of the Issuer dated October 19th, 2023; 4. Certified true copy of the shareholder's resolution of the Issuer passed under Section 42 of the Act dated September 29th, 2023; 5. Certified true copy of the shareholders resolution of the Issuer passed under Section 180(1)(a) of the Act dated September 30th, 2022 and Section 180(1)(c) of the Act dated September 30th, 2022; 6. the Placement Memorandum; 7. the DTAA; 8. the Debenture Trust Deed; 9. the Security Documents; 10. Tripartite agreements executed between the Issuer, the Depository and the RTA; 11. Press release from the Rating Agent in respect of the credit rating for the Debentures; 12. In-principle approval as received from the Stock Exchange for listing of the Debentures; 13. Listing Agreement with the Stock Exchange; and 14. Any other document or instrument designated as a transaction document by the Debenture Trustee
Conditions Precedent to Disbursement	1. A certified true copy of the latest Charter Documents of the

Particulars	Terms
	Issuer, certified as correct, complete and in full force and effect by the appropriate officer. 2. A certified true copy of the resolution of the Board for issue of Debentures and for delegating the powers to the Finance Committee to do all acts in relation to the issuance of the Debentures. 3. A certified true copy of the resolution of the Finance Committee for issue of Debentures and *inter alia* with respect to: a) approving the borrowings by way of issue of Debentures contemplated by the Debenture Trust Deed; b) approving the creation of security interest in accordance with the provisions of the Transaction Documents; c) appointment of Catalyst Trusteeship Limited as Debenture Trustee; d) approving the terms and execution of, and the transactions contemplated by the Transaction Documents; e) authorising a director or directors or other authorised executives to execute the Transaction Documents; f) to appoint the other intermediaries in relation to the issue of Debentures; and g) authorising a Person or Persons, on its behalf, to sign and/or dispatch all documents and notices to be signed and/or dispatched by it under or in connection with the Transaction Documents. 4. A certified copy of a special resolution of the shareholders of the Company approving the private placement of the Debentures under Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, prescribed under Section 42 of the Companies Act; 5. A certified copy of a special resolution of the shareholders of the Company under Section 180(1)(a) and Section 180(1)(c) of the Companies Act. 6. A certificate from the authorised signatory of the Issuer / company secretary stating the following: (a) the persons authorised to sign the Transaction Documents and any document to be delivered under or in connection therewith, on behalf of the Company, together with the names, titles and specimen signatures of such authorised signatories; (b) that the Issuer has necessary powers under the Charter Documents of the Issuer to borrow monies by way of issue of the Debentures; (c) that no consents and approvals are required from the Issuer from its creditors or any Governmental Authority or any other person for the issuance of Debentures; (d) that the representations and warranties contained in the Debenture Trust Deed and the Transaction Documents are true and correct in all respects;

Particulars	Terms
	(e) no Event of Defaults or potential Event of Default has occurred or is subsisting; (f) no Material Adverse Effect has occurred; (g) no investor or shareholder consent and /or approval, pursuant to the articles of association of the Issuer or any shareholders' agreements or other documents and /or instruments entered into by the Issuer and its shareholders or investors, is required by the Issuer to enter into or perform its obligations under the Transaction Documents; (h) the present issue of Debentures is within the limits authorised by the Board and the shareholders in the board resolution and the shareholders resolution respectively and that the same is still valid, binding and subsisting and have not been rescinded; and (i) the issuance of the Debentures and the transactions contemplated herein will not have an adverse impact on the rights of any of the shareholders or investors of the Issuer. 7) A copy of the e-Form MGT-14 filed with the Registrar of Companies with respect to the board resolution or shareholders' resolution (as applicable and if required under the Act) passed for the issue of Debentures. 8) The Issuer shall have executed the following in the manner and form as required by the Debenture Trustee: (a) DTAA; (b) Debenture Trust Deed; (c) Deed of Hypothecation Power of Attorney; and (d) Any other document as required by the Debenture Trustee or the Debenture Holders. 9) The Issuer shall have obtained the Debenture Trustee Consent Letter from the Debenture Trustee. 10) A copy of the press release issued by the Rating Agency along with the credit rating letter providing a credit rating to the Debentures along with the rating rationale / credit opinion. 11) A copy of the letter from the registrar providing its consent to act as the RTA for the issue of Debentures. 12) A copy of the tri-partite agreement executed by the Issuer with the Registrar and the Depository. 13) The Issuer shall have uploaded the Placement Memorandum along with the Form PAS-4 on the electronic book provider platform within the timelines set out under Applicable Law 14) The Issuer has made available to the Debenture Trustee and

Particulars	Terms
	the Debenture Holders the latest Financial Statements for the previous Financial Year. 15) The Issuer shall have obtained in-principle approval from the Stock Exchange for listing of the Debentures. 16) The Issuer shall have obtained due-diligence certificate from the Debenture Trustee. 17) The Issuer shall have obtained the International Securities Identification Number (ISIN) in respect of the Debentures. 18) The Issuer shall have complied with all the provisions of the SEBI Debenture Trustees Master Circular in relation to compliance with distributed ledger technology requirements. 19) Payment of all fees and stamp duty under the Transaction Documents executed is done to the satisfaction of the Debenture Trustee. 20) Such other information / documents, certification by Issuer's authorized representatives, opinion and instruments as may be required by the Debenture Trustee.
Condition Subsequent to Disbursement	1) Certified true copy of the board resolution for the allotment of the Debentures, within 1 (one) Business Days of the Deemed Date of Allotment. 2) Filing of Form PAS-3 (as per the Act) being the return of allotment of Debentures with the Registrar of Companies along with payment of the requisite amount of fees as provided in the Companies (Registration Offices and Fees) Rules, 2014 and the list of the Debenture Holders within 15 (Fifteen) days from the Deemed Date of Allotment. 3) Provide evidence that the Depository accounts of the Debenture Holders with the Depository have been credited with the Debentures within 2 (two) days from the Deemed Date of Allotment. 4) Credit the Debentures in the demat account(s) of the allottee(s) within 2 (two) Business Days from the Deemed Date of Allotment. 5) Payment of stamp duty at 0.005% (zero point zero zero five percent) on the Debentures as per the Indian Stamp Act, 1899. 6) Copy of Form PAS-5 being maintained by the Issuer in accordance with the Act, where the Issuer has recorded the names of the subscribers to the Debentures within 07 (seven) days of Deemed Date of Allotment. 7) An end-use certificate from an independent Chartered Accountant, certifying the heads under which funds have been utilized in accordance with Transaction Documents, within 60 (sixty) days of the Deemed Date of Allotment. 8) The Issuer shall have submitted a copy of filed Form CHG-9 (as per the Act) or such other form as may be prescribed with the relevant Registrar of Companies to be filed by the Issuer in relation to

Particulars	Terms
	the Security created over the Hypothecated Assets, within timelines as mentioned in the Transaction Documents and in any case the form CHG-9 shall have been filed with the relevant Registrar of Companies by the Issuer within 30 (thirty) days of execution of Deed of Hypothecation, together with the certificate of registration of charge obtained in relation to the same. 9) As applicable to the Issuer in accordance with the Applicable Law(s), relevant filings in the prescribed form to be made with an information utility registered with the Insolvency and Bankruptcy Board of India in accordance with Section 215 of the Insolvency Code and other regulations including the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017. 10) Providing all the necessary assistance to the Debenture Trustee for filing of and registering with the Central Registry under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 for the exercise of the rights, powers and authority hereby conferred on the Debenture Trustee for effecting and perfecting the Security created or purported to be created under the Deed of Hypothecation and for enforcement of such Security within the timeline stipulated under Applicable Law. 11) Obtaining the final listing approval from the Stock Exchange in respect of the Debentures (including but not limited to payment of all fees) and list the Debentures on the wholesale debt market segment of the Stock Exchange within 3 (three) working days from the issue closing date of Debentures. 12) Any other document as required by the Debenture Trustee. 13) Any other document as required elsewhere under the Transaction Documents.
Terms and conditions of debenture trustee agreement including fees charged by debenture trustees(s), details of security to be created and process of due diligence carried out by the debenture trustee.	Terms and conditions of Debenture trustee agreement including fees charged by Debenture Trustee The Issuer has executed the Debenture Trustee Agreement (DTA) with the debenture trustee on [x] November 2023 Service charges of Debenture Trustee are mentioned in the consent letter dated November 23, 2023 having reference No: CL/DEB/23-24/1325. Process of due diligence carried out by the debenture trustee : The Debenture Trustee has carried out Due Diligence (DD) in accordance with the manner prescribed in the SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020 on "Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)" and circulars issued by SEBI from time to time, which broadly includes following: • Chartered Accountant (CA) appointed by DT will be doing independent DD as per scope provided, regarding Security given for the issue by the company. • CA will verify and ensure that the asset provided by the issuer for creation of security are free from any encumbrances or necessary permission or consent has been

Particulars	Terms
	obtained from existing charge holders. • CA will be doing independent DD as per information provided by the Issuer Company. • Periodical DD will be carried out as per SEBI circulars from time to time as per nature of security provided. • Necessary DD certificate will be issued and will be available on Stock Exchanges from time to time for information of DHs. • As mentioned in this IM even though debt securities are secured to the extent of 100% of the principal and interest amount or as per the terms of offer document/ information Memorandum, in favor of Debenture Trustee, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security. • DD will be carried out for maintenance of security cover depending on information provided by the issuer company and CA appointed by DT or DT himself will not be responsible for misinformation provided by Issuer Company.
Events of Default	Without prejudice to the other rights of the Debenture Trustee (acting for the benefit of the Debenture Holders) under the Transaction Documents, the Debenture Trustee shall be *inter alios* entitled to exercise its rights as set out in the Transaction Documents in the event of occurrence of any of the following events which has not been cured for a period of 30 (thirty) calendar days unless a longer period has been provided from the date of occurrence of any of the events (**"Event of Default"**) at the place at and in the currency in which it is expressed to be payable **(a) Payment Default** (i) Non-payment of the Redemption Amount and/or Coupon due and payable, by the Issuer on the relevant Redemption Date (including the Early Redemption Date) or Coupon Payment Date (**"Payment Default"**), as may be applicable; (ii) Non-payment of any other Outstanding Amounts (other than Coupon or Redemption Amounts) due and payable by the Issuer under this issue, on the relevant due date; and (iii) The Debentures are not redeemed in full, along with accrued but unpaid interest, and other costs, charges and expenses incurred under or in connection with the Transaction Document until the Final Redemption Date. **(b) Breach** Any default is committed by the Issuer in performance or observance of or compliance with any covenant (including breach of affirmative covenants, negative covenants, Financial Covenants, reporting covenants as set out in the Transaction Documents), or breach of any condition or provision contained or obligation in the Transaction Documents. **(c) Misrepresentation**

Particulars	Terms
	Any representation, warranty, statement, information or covenants made or given by the Issuer in any of the Transaction Documents or in any notice or other document, certificate or statement delivered or to be delivered by it / them pursuant to the Transaction Documents or in connection herewith is or proves to have been misrepresented, incorrect or misleading in any respect when made. **(d) Cross default** (i) Any Financial Indebtedness of the Issuer is not paid when due nor within any originally applicable grace period; (ii) Any Financial Indebtedness of the Issuer is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of any actual/potential event of default or any other similar event (however described); (iii) Any commitment for any Financial Indebtedness of the Issuer is cancelled or suspended by a creditor of the Issuer as a result of an event of default or any other similar event (however described); (iv) Any creditor of the Issuer becomes entitled to declare any indebtedness of the Issuer is due and payable prior to its specified maturity as a result of an event of default (however described; and (v) A moratorium/suspension is declared in respect of any Financial Indebtedness of the Issuer. **(e) Insolvency** (i) The Issuer is unable to, presumed or deemed by law to be unable to or admits (in writing) their inability, to pay their debts as they mature or stops or suspends payment of any of its debts by reason of actual or anticipated financial difficulties or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; (ii) If any petition of or application or process of / for bankruptcy or insolvency (including corporate insolvency resolution) or liquidation or winding up is filed / initiated by or against or in respect of the Issuer and such application or petition is admitted in a court of law or by the competent forum

Particulars	Terms
	(iii) If a moratorium or standstill or any other form of protection from its creditors is agreed or declared or imposed in respect of or affecting all or any part of (or of a particular type of) the Financial Indebtedness of the Issuer by any Governmental Authority; and (iv) The Issuer is adjudged insolvent or takes advantage of any law for the relief of insolvent debtors. **(f) Insolvency Proceedings:** Any corporate action, legal proceedings or other procedure or step is taken, in relation to: (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, insolvency resolution process, liquidation provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer; (ii) the appointment or allowing the appointment of an administrative or other receiver, liquidator, provisional liquidator, supervisor, compulsory manager, trustee, an administrator or other similar officer in respect of the whole or part of the property, assets, undertaking or revenues of the Issuer; (iii) An order is made by the tribunal or a special resolution is passed by the members of the Issuer for the winding-up or dissolution or insolvency, judicial management or administration of the Issuer; (iv) If the Issuer commences a voluntary proceeding under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary proceeding under any such law, or consents to the appointment or taking possession by a receiver, liquidator, assignee (or similar official) for all or a substantial part of its property or take any action towards its liquidation or dissolution;

Particulars	Terms
	(v) A petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Issuer is filed on the Issuer (voluntary or otherwise) or have been admitted or the Issuer to make a composition, assignment or arrangement with any creditor or an assignment for the benefit of its creditors generally and such proceeding is not contested by the Issuer for staying, quashing or dismissed within 15 (fifteen) days from the admission and / or filing of such petition in the relevant court; (vi) any reference, enquiry or proceedings in respect of preparation of a resolution plan for the Issuer pursuant to the "RBI's (Prudential Framework for Resolution of Stressed Assets) Directions 2019" dated June 07, 2019, or any analogous procedure or step is taken in any jurisdiction; (vii) any application in relation to an insolvency resolution process under the IBC in respect of the Issuer is filed by any creditor (as defined under IBC); (viii) proceedings have been taken or commenced for recovery of any dues from the Issuer; or (ix) any analogous procedure or step is taken in any jurisdiction. **(g) Creditors' Process** A distress, attachment, execution or other legal process is initiated, levied, enforced or sued on or against any material part of the property, assets or revenues of the Issuer. (h) The Company fails to comply with or pay any sum due from it under any final judgment or any final order made or given by a court or tribunal of competent jurisdiction; (i) Any attachment, sequestration, distress, governmental order, invalidity or unlawfulness of structure; (j) Any expropriation, attachment, sequestration, distress or execution affects any assets of the Company which has a Material Adverse Effect on their ability to comply with its payment obligations under the Transaction Documents;

Particulars	Terms
	(k) Any execution that may have a Material Adverse Effect. **(l) Unlawfulness, repudiation** (i) It is unlawful for the Issuer to perform or comply with its obligations under the Transaction Documents; (ii) The Debenture Trust Deed or any other Transaction Document (in whole or in part), is terminated or ceases to be effective or ceases to be in full force and effect or terminated prior to the Final Redemption Date or no longer constitutes a valid, binding and enforceable obligations of the Issuer; (iii) The Transaction Documents or any provision thereof are required by any law to be amended, waived, or repudiated and the same is done without the consent of the Debenture Trustee (acting on the instructions of the Debenture Holder) and/or such amendments/ waivers are prejudicial to the interests of the Debenture Holders; (iv) Any obligation under the Transaction Documents is not or ceases to be a valid and binding obligation of any person / party to it or becomes void, illegal, unenforceable or is repudiated by such Person (other than the Debenture Trustee); or (v) -If the Issuer repudiates any Transaction Document or evidence an intention to repudiate any Transaction Document. **(m) Cessation of business** If the Issuer ceases, repudiates or threatens in writing to cease or repudiate, to carry on all or any of its business or operations it carries on as at the date of the Debenture Trust Deed, or gives notice of its intention to do so. **(n) Merger, amalgamation, re-organisation** The Issuer has taken or suffered to be taken any action for re-organisation of its capital or any rearrangement, merger or amalgamation without obtaining the prior written intimation to Majority Debenture Holders. **(o) Material Adverse Effect** Any other event that, in the opinion of the Debenture Trustee (acting solely on the instructions of the Majority Debenture Holders), results in or is likely to result in a Material Adverse Effect. **(p) Expropriation/Compulsory Acquisition** All or any part of the undertaking, assets, rights or revenues of the Issuer are condemned, seized, nationalised, expropriated or compulsorily acquired, or shall have assumed custody or control of the business or operations of the Issuer, or shall have taken any action for the dissolution of the Issuer, or any action that would prevent the Issuer, their members, or their officers from carrying on their business or operations or a substantial part thereof, by or under the authority of any Government or Governmental Authority or which has a Material Adverse Effect on the ability of Issuer to comply with

Particulars	Terms
	the payment obligations under the Transaction Documents. (q) **Security** (i) The Issuer does not have/ cease to have clear and marketable title to the Hypothecated Assets subject to the Security or any such other reason which the Debenture Trustee believes would jeopardise the Security; (ii) Any asset subject to, or purported to be subject to, the Security (or any part thereof) is sold, disposed of, charged or encumbered in breach of the terms of the Transaction Documents or the Issuer creates or attempts to create any charge in favour of any other Person on the assets which are subject to or are purported to be subject to, the Security without prior approval of the Debenture Trustee; and (iii) If the Security Documents / Security ceases to be in full force and effect or does not (once entered into) create in favour of the Debenture Trustee, the Security which it is expressed to create, with the ranking and priority it is expressed to have. **(r) Change in management control** If there is any change in management control of the Issuer, without prior written intimation to the Debenture Trustee. **(s) Fraud and embezzlement by officer** Any act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the Issuer's funds or revenues or any other act having a similar effect being committed by the Issuer. **(t) Decree involving liability against the Issuer** One or more judgments or decrees entered against the Issuer involving a liability (not paid or not covered by a reputable and solvent insurance company), individually or in the aggregate, exceeding 1% (one percent) of the total assets of the Issuer, as the case may be provided such judgments or decrees are either final and non-appealable or have not been vacated, discharged or stayed pending appeal within a period of 30 (thirty) days. **(u) Erosion of net-worth** Erosion of 50% (fifty per cent) or more of the Issuer's net worth from what it is on the date of execution of the Debenture Trust Deed. **(v) Provision of guarantee** If any corporate guarantee is provided by the Issuer on behalf of any third party, any group companies of the Issuer or any other Related Party of the Issuer for any Financial Indebtedness availed by such third party or group companies of the Issuer or Related Party to banks, non-financial banking company or any such other debenture holder, without the prior consent of the Debenture Trustee (acting on behalf of and on the consent of the Debenture Holders). **(w) Criminal Offence** (x) Any of the promoters and / or the directors of the Issuer are accused of, charged with, arrested or convicted in a criminal offence

Particulars	Terms
	involving moral turpitude, dishonesty, bribery or which otherwise impinges on the integrity of such promoter and / or director, including any accusations, charges and / or convictions of any offence relating to bribery. (ii) Nothing stated in sub-clause (i) above shall be an Event of Default in case such accusation, charge, arrest or conviction relates to an independent director of the Issuer and (by no later than 30 (thirty) days from the date of occurrence of such event) the relevant independent director has resigned from his/her directorship in respect of the Issuer (and the Debenture Trustee has been provided with satisfactory evidence of such resignation). **(x) Force Majeure** Occurrence of a Force Majeure Event. **(y) Promoters** Any of the promoter / director or person who is key managerial personnel of the Issuer is declared as wilful defaulter by the RBI or any other authority. **(z) Litigation** (i) Any litigation, arbitration, investigative or administrative proceeding, dispute or action, is pending pursuant to which the Issuer is restrained from entering into the Transaction Documents to which they are a party or from exercising any of its rights under or compliance with its obligations under the Transaction Documents to which they are a party. (ii) Any litigation, arbitration or administrative or governmental proceedings or investigations of, or before, any competent court, arbitral body or agency are started / initiated, or any judgment or order of a court, arbitral body or agency is made / admitted, in relation to any Transaction Security or the Transaction Documents or any transactions contemplated in the Transaction Documents or against the Company or its assets, which have, or has, or are, or is, likely to have a Material Adverse Effect . (iii) If one or more legal or governmental proceedings have been initiated and admitted by the competent court of law against the Company or any claims are made against the Company, which in the opinion of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders), may impair the Company's ability to perform its obligations undertaken in terms of the Transaction Documents or which has a Material Adverse Effect. (aa) Any event of failure by the Issuer to meet the standards with respect to management, governance, and data integrity, as may be required by the Debenture Trustee and / or as per the regulations prescribed by the RBI which leads to a Material Adverse Effect. (bb) **Breach of Negative Covenants** Any breach by the Company of the negative covenants set out under **Schedule III** (*Negative Covenants*) of the Debenture Trust Deed which breach, if capable of remedy (as determined by the Debenture

Particulars	Terms
	Trustee (acting on the instructions of the Debenture Holders), is not remedied or cured to the satisfaction of the Debenture Trustee within a period of 60 (Sixty) calendar days from the date of occurrence. (cc) ***Breach of Financial Covenants*** Any breach by the Company of the financial covenants set out under Part B of the Debenture Trust Deed (*Financial Covenants*) which breach, if capable of remedy (as determined by the Debenture Trustee (acting on the instructions of the Debenture Holders), is not remedied or cured to the satisfaction of the Debenture Trustee within a period of 60 (Sixty) calendar days from the date of occurrence. (dd) ***Breach of Reporting Covenants*** Any breach by the Company of the reporting covenants set out under **Schedule III** (*Reporting Covenants*) which breach, if capable of remedy (as determined by the Debenture Trustee (acting on the instructions of the Debenture Holders), is not remedied or cured to the satisfaction of the Debenture Trustee within a period of 60 (Sixty) calendar days from the date of occurrence. (ee) ***Breach of other Covenants*** Any breach of any covenant or undertaking of the Company as set out in the Debenture Trust Deed and in the other Transaction Documents including the failure to certify/confirm the non-occurrence of any Event of Default in the manner prescribed in the Transaction Documents or failure to certify the financial covenants. (ff) Any revocation of operating licenses or other authorisations of the Company which leads to a Material Adverse Effect. Any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in sub-clauses (a) to (ff) above. The Debenture Holder will have the right for waiver of any breach in any of the conditions at its sole discretion.
Consequence of Events of Default	Upon the occurrence of any of the Events of Default, the Issuer shall forthwith give notice thereof to the Debenture Trustee (in writing), specifying the nature of such Event of Default or of such event. Upon the occurrence of an Event of Default, the Debenture Trustee, in addition to all other powers conferred upon it in terms of the Debenture Trust Deed, shall have following rights namely: (a) to require the Issuer to mandatorily redeem the Debentures and to declare that all Outstanding Amounts and Redemption Amounts under or in connection with the Transaction Documents which are due and payable to the Debenture Holders whereupon they shall become immediately (or on such dates as the Debenture Trustee may specify) due and payable or shall become due and payable on a specified date set out in a written notice served to the Issuer (**"Acceleration Notice"**). The Outstanding Amounts and the Redemption Amounts shall be due and payable immediately, or any other extended time agreed by the Debenture Holders; (b) For the purposes of the acceleration in terms of Clause 10.1(a) or issuance of Acceleration Notice (as the case maybe), the

Particulars	Terms
	Debenture Trustee shall obtain consent in writing of the Majority Debenture Holders or at the Meeting of the Debenture Holders representing by a Special Resolution. The Meeting of the Debenture Holders may be called by Debenture Holders represented by not less than 1/10th in value of the nominal amount of the Debentures and convened in accordance with the provisions set out in **Schedule VI** (*Provisions for the meetings of the Debenture Holders)* of the Debenture Trust Deed; (c) the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) shall have the option/right (but not the obligation) to require the obligors of underlying loans comprising the Hypothecated Assets which are the Security for the Debentures, to directly deposit all interest and principal instalments and other amounts in respect of the relevant loans in an account specified by the Debenture Trustee (acting on the instructions of the Majority Debenture Holders). All such payments will be used to discharge the Outstanding Amounts and Redemption Amounts due from the Issuer in respect of the Debentures; (d) Entering into, and the performance of any obligations under any inter-creditor agreement (pursuant to the RBI's circular no. DBR. No. BP.BC. 45/21.04.048/2018-19 dated June 7, 2019 "*Prudential Framework for Resolution of Stressed Assets*", as amended, modified or restated from time to time) and as consolidated under the Master Circular – Prudential Norms on Income, Recognition, Asset Classification and Provisioning Pertaining to Advances dated October 1, 2021 or any resolution plan shall be subject to the terms of the SEBI Debenture Trustees Master Circular (including without limitation, the resolution plan being finalised within the time period prescribed in the SEBI Debenture Trustees Master Circular ; (e) to take any actions in respect of the SEBI Debenture Trustees Master Circular; (f) to exercise any other right or take any other action that the Debenture Trustee and / or Debenture Holder(s) may have under the Transaction Documents or under the Applicable Laws including enforcement of Security; (g) to appoint a nominee director/observer on the Board of the Issuer upon the occurrence of such events as specified in point 1 of **Schedule VII** (*Nominee Director*) as per the applicable regulations; (h) to exercise rights available under/before a debt recovery tribunal and the Securitisation and Reconstruction of Financial Interest and Enforcement of Security Interests Act, 2002; (i) to exercise rights available or take any other action under the Insolvency and Bankruptcy Code, 2016 (**"IBC"**) or any other statute as permitted under Applicable Law including but not limited to initiation of any insolvency proceedings under the IBC to exercise all rights available under the respective Transaction Documents; (j) to exercise all rights available under the respective Transaction Documents; and (k) To take appropriate actions as prescribed under Applicable Law including initiation of recovery proceedings. **Enforcement of Security:** (a) ln case of an occurrence of Event of Default (and expiry of cure periods provided in respect thereof, if any), in respect of

Particulars	Terms
	enforcement of Security over the Secured Assets, the Debenture Trustee shall follow the procedure as laid down under the SEBI Debenture Trustees Master Circular . (b) The Debenture Trustee shall send a notice to the Debenture Holders within 3 (three) days of the occurrence of an Event of Default containing the following: (i) negative consent for proceeding with the enforcement of Security; (ii) positive consent for signing the inter-creditor agreement (**"lCA"**) as provided under the framework specified by the RBI; (iii) the time period within which the consent of the Debenture Holders needs to be provided, viz. consent to be given within 15 (fifteen) days from the date of notice; and (iv) the date of meeting to be convened. (c) The notice may be sent by registered post/acknowledgement due or speed post / acknowledgement due or courier or hand delivery with proof of delivery as also through email, as a text or as an attachment to email with a notification including a read receipt. The Debenture Trustee shall maintain proof of dispatch of such notice or email. (d) The Debenture Trustee shall convene a meeting of all Debenture Holders within 7 (seven) days post cure period of the occurrence of the Event of Default. However, in case the default is cured between the date of the notice and the date of meeting, then the convening of such a meeting may be dispensed with. (e) The Debenture Trustee shall take necessary action upon receipt of consent from Debenture Holders holding an aggregate amount representing more than 75% (Seventy-five Percent) of the value of the nominal amount of the Debentures outstanding for the time being and 60% (Sixty per cent) of the Debenture Holders by number, for any of the following: (i) enforcing the Security; or (ii) entering into an ICA as provided under the framework specified by the RBI; or (iii) as decided in the meeting of Debenture Holders. (f) The Debenture Trustee may also form a representative committee of the Debenture Holders to participate in the ICA or to enforce the Security or as may be decided in the meeting. (g) If the requisite number of Debenture Holders consent to enter into an lCA, the Debenture Trustee shall abide by the conditions for signing lCA, as prescribed in **Schedule VIII** (*Conditions for signing of ICA by the Debenture Trustee on behalf of Debenture Holders*) hereto. In case of an occurrence of an Event of Default and the Debenture Trustee having obtained the consent of requisite number of Debenture Holders (as set out in Clause 10.1 (b) above) for enforcement of security, the Debenture Trustee shall inform the same to the Designated Stock Exchange. The Designated Stock Exchange shall release the amount lying in the recovery expense fund to the Debenture Trustee within 5 (five) working days of receipt of such

Particulars	Terms
	intimation. Any surplus amount left with the Debenture Trustee pursuant to disposal of the Security after the satisfaction of all of the Outstanding Amounts and the Redemption Amounts to the Debenture Holders shall be deposited with the Issuer. It is agreed between the Parties that, on occurrence of a Payment Default on a Redemption Date or on a Coupon Payment Date, Default Interest over and above the Coupon, shall be payable by the Issuer from the date of such default till the date on which it is rectified. In case there is a default by the Issuer in the performance of its covenants under the Transaction Documents, including the Financial Covenants as set out in **Schedule III** *(Covenants and Undertakings),* paragraph 4 of the Debenture Trust Deed, Default Interest over and above the Coupon, shall be payable by the Issuer for the defaulting period. Any costs and expenses arising in relation to the enforcement of Security and such other acts as mentioned above shall be borne and be payable by the Issuer. The consequences mentioned aforesaid are not in any order of priority and can be exercised independent of each other, individually and/or cumulatively at the sole discretion of the Debenture Trustee (acting on the instructions of Majority Debenture Holders).
Conditions for breach of covenants (as specified in the Debenture Trust Deed)	The Conditions for breach of covenants, if any, shall be specified in Debenture Trust Deed
Risk factors pertaining to the issue	As set out in this offer document.
Delay in Interest	As set out in this table above
Provisions related to Cross Default Clause	(i) Any Financial Indebtedness of the Issuer is not paid when due nor within any originally applicable grace period; (ii) Any Financial Indebtedness of the Issuer is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of any actual/potential event of default or any other similar event (however described); (iii) Any commitment for any Financial Indebtedness of the Issuer is cancelled or suspended by a creditor of the Issuer as a result of an event of default or any other similar event (however described); (iv) Any creditor of the Issuer becomes entitled to declare any indebtedness of the Issuer is due and payable prior to its specified maturity as a result of an event of default (however described; and (v) A moratorium/suspension is declared in respect of any Financial Indebtedness of the Issuer.
Role and Responsibilities of Debenture Trustee	As shall be set out in the transaction documents

Particulars	Terms
Governing Law and Jurisdiction	Indian Law with jurisdiction of the courts and tribunals of Karnataka.
Financial Covenants	(a) During the tenor of the Debentures, the Company shall maintain a minimum Capital Adequacy Ratio of 2% over and above the regulatory minimum prescribed by the RBI. (b) The Company shall commence from the Deemed Date of Allotment until the Final Settlement Date, maintain a ratio of A:B which shall not exceed 4% (Four percent), where A Portfolio At Risk Over 90 Days net of provisioning and B is the overall Gross Loan Portfolio, multiplied by 100, and followed by the "%" symbol. (c) During the tenor of the Debentures, the Company shall ensure that the ratio of A:B does not exceed 4.00x (four point zero zero times), where A is the Total Debt of the Company, and B is the Tangible Net Worth of the Company. (d) During the tenor of the Debentures, the Company shall have a minimum permissible ratio of A:B which shall not be more than 20% (Twenty percent), wherein A is Tangible Net Worth of the Company and B is the overall Gross Loan Portfolio. (e) The Company shall, commencing from the Deemed Date of Allotment until the Final Settlement Date, ensure that the cumulative mismatch in the assets and liabilities shall be positive for all the buckets up to 1 (one) year. (f) During the Tenor of the Debentures, the Company shall ensure to have a minimum standalone Net Worth of INR 15,00,00,00,000/- (One Thousand Five Hundred Crores Only).
Representation and warranties	For representation and warranties of the Issuer, please refer to Debenture Trust Deed.
Multiple issuances under the same ISIN	The Company shall have the right to issue multiple tranches / series of Debentures under the same ISIN.
Early Redemption	Subject to Applicable Law, on the occurrence of the Early Redemption Event, and upon issuance of the Early Redemption Notice (upon receipt of consent of Majority Debenture Holders), the Issuer shall redeem the outstanding Debentures in full by paying the Redemption Amount together with accrued Coupon and the Early Redemption Premium, and all other Outstanding Amounts accrued thereto on the Early Redemption Date.
Early Redemption Premium	The Issuer shall be payable of Early Redemption Premium of 2% (Two percent) over and above the Outstanding Amounts and accrued Coupon, if applicable.
Security Documents	(a) the Deed of Hypothecation; (b) the Power of Attorney; and (c) any other document or instrument, creating, recording or evidencing the creation of security to secure the Secured Obligations.
Creation of Recovery Expense Fund	As per the applicable SEBI norms
Validity	This offer is valid until the Issue Closing Date

While debt securities are secured to the tune of 100% of the principal and interest amount or such higher amount as per the terms of offer document in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that such security is maintained.

Annexure A

Illustration of the Scenario and Cash Flow per Debenture:

Illustration of Debt Cash Flows	
Company	Navi Finserv Limited
Face Value (per security)	INR 1,00,000/- (Indian Rupees One Lakh Only)
Issue Date / Date of Allotment	December 11, 2023
Redemption Date / Maturity Date	December 31, 2026
Frequency of the Coupon with specified dates and the payment of the Redemption Amount	On a monthly basis and as more particularly set out in the table below.
Day Count Convention	Actual/Actual

Sl. no.	Date	Total Cash flow	Principal	Interest
1	31-Jan-24	1,428.28	-	1,428.28
2	29-Feb-24	812.16	-	812.16
3	31-Mar-24	868.17	-	868.17
4	30-Apr-24	840.16	-	840.16
5	31-May-24	868.17	-	868.17
6	30-Jun-24	840.16	-	840.16
7	31-Jul-24	868.17	-	868.17
8	31-Aug-24	868.17	-	868.17
9	30-Sep-24	840.16	-	840.16
10	31-Oct-24	868.17	-	868.17
11	30-Nov-24	840.16	-	840.16
12	31-Dec-24	868.17	-	868.17
13	31-Jan-25	870.55	-	870.55

Sl. no.	Date	Total Cash flow	Principal	Interest
14	28-Feb-25	786.30	-	786.30
15	31-Mar-25	870.55	-	870.55
16	30-Apr-25	842.47	-	842.47
17	31-May-25	870.55	-	870.55
18	30-Jun-25	842.47	-	842.47
19	31-Jul-25	870.55	-	870.55
20	31-Aug-25	870.55	-	870.55
21	30-Sep-25	842.47	-	842.47
22	31-Oct-25	870.55	-	870.55
23	30-Nov-25	842.47	-	842.47
24	31-Dec-25	870.55	-	870.55
25	31-Jan-26	870.55	-	870.55
26	28-Feb-26	786.30	-	786.30
27	31-Mar-26	870.55	-	870.55
28	30-Apr-26	842.47	-	842.47
29	31-May-26	870.55	-	870.55
30	30-Jun-26	842.47	-	842.47
31	31-Jul-26	870.55	-	870.55
32	31-Aug-26	870.55	-	870.55
33	30-Sep-26	842.47	-	

Sl. no.	Date	Total Cash flow	Principal	Interest
				842.47
34	31-Oct-26	870.55	-	870.55
35	30-Nov-26	842.47	-	842.47
36	31-Dec-26	100,870.55	100,000.00	870.55

SECTION 6: FORM PAS -4 PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

Pursuant to Section 42 and Rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014

Note: This Form No PAS-4 prepared in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014 is to be read in conjunction with SECTION 5: (Regulatory Disclosures) of the Placement Memorandum and shall together constitute the "Placement Memorandum"

FOR ISSUE OF UPTO 5,000 (FIVE THOUSAND) SECURED, RATED, LISTED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES (COLLECTIVELY THE "DEBENTURES" or "NCDs") OF A FACE VALUE OF INR 1,00,000 (INDIAN RUPEES ONE LAKH ONLY) EACH, OF THE AGGREGATE NOMINAL VALUE OF UP TO INR 50,00,00,000 (RUPEES FIFTY CRORES ONLY) ("ISSUE SIZE") ALONG WITH A GREEN SHOE OPTION TO RETAIN OVERSUBCRIPTION OF UPTO 5,000 (FIVE THOUSAND) SECURED, RATED, LISTED, REDEEMABLE NON-CONVERTIBLE DEBENTURES, OF A FACE VALUE OF INR 1,00,000/- (INDIAN RUPEES ONE LAKH ONLY) EACH, OF THE AGGREGATE NOMINAL VALUE OF INR. 50,00,00,000 (RUPEES FIFTY CRORE ONLY) FOR CASH, AT PAR, AND IN TOTAL AGGREGATING TO INR 100,00,00,000 (INR ONE HUNDRED CRORE ONLY) ON A PRIVATE PLACEMENT BASIS, TO BE ISSUED IN ONE OR MORE TRANCHES (THE "ISSUE") ON THE WHOLESALE DEBT MARKET SEGMENT ("WDM) OF BSE LIMITED ("BSE").

General Information:

(a) Name, address, website (if any) and other contact details of the company indicating both registered office and corporate office:

Issuer / Company	:	Navi Finserv Limited
Registered Office	:	2nd Floor, Vaishnavi Tech Square Iballur Village, Begur Hobli Bangalore 560102, Karnataka,IN
Corporate Office	:	Same as registered office
Telephone No.	:	+91 8951904682
Website :		www.navifinserv.com
Contact Person	:	Apeksha Ashok Munawanee
Email :		treasuryops@navi.com

(b) **Date of Incorporation of the Company**: February 14, 2012

(c) Business carried on by the Company and its subsidiaries with the details of branches or units, if any:

Our Company was originally incorporated as Chaitanya Rural Intermediation Development Services Private Limited as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, Karnataka at Bangalore ("RoC") on February 14, 2012. Our Company has obtained a certificate of registration bearing number N-02.00270 dated March 11, 2016 issued by the RBI to commence/ carry on the business of non-banking financial institution without accepting public deposits under Section 45IA 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 our 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 45IA of the RBI Act, 1934

The controlling stake in the Company was initially acquired by Mr. Sachin Bansal on October 24, 2019 and was subsequently transferred to **Navi Technologies Limited** (formerly known as Navi Technologies Private Limited) (‘**the Holding Company**') on March 30, 2020. The details of the Holding Company are as follows:

Registered Office:	09th Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru, Karnataka - 560102
Corporate Office:	NA
Telephone No.:	+91 80 4630 6900
Website:	www.navi.com
Contact Person:	Thomas Joseph
Email:	cs@navi.com
PAN:	AAICB1598F

As on the end of September 30, 2023 the Company was the holding company of Chaitanya India Fin Credit Private Limited (‘the Subsidiary Company' or “CIFCPL”). However CIFCPL ceased to be a subsidiary of the Company with effect from November 23, 2023.

The Company has received Certificate of registration from Reserve Bank of India dated March 11, 2016, to carry on the business of Non- Banking Financial Institution without accepting deposits. The Company is treated as a Systemically Important Non-Deposit taking Non-Banking Financial Company as the assets size of the group (consolidated assets size of the Company and its Subsidiary Company together) exceeded INR 500 crores in the month of December 31, 2019 (by virtue of RBI Master direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 01 September 2016)

The company offers the below mentioned products. The digital personal loans portfolio is spread over 28 states and housing loan portfolio is currently only from Karnataka state.

Product name	**Digital Personal Loans**	**Housing Loans**	**Loan against Property**
Ticket size	Up to INR 20,00,000	Rs.10 lakhs to INR 75 lakhs	Rs.5 lakhs to Rs.500 lakhs
Tenor	Up to 84 months	Up to 30 yrs	Upto 30 Years
Interest rates	Risk based pricing - based on customer profile	From 6.95%	From 8%
Borrower CIBIL Score	650+	580+	580+
Collateral	Unsecured	Residential Property	Residential Property
AUM as of March 2023	INR 5994 Crore	INR 569Crore	

(d) Brief particulars of the management of the Company:

Promoters: The Promoter of the Company is Navi Technologies Limited.

The Company has no individual promoters; therefore, a personal profile has not been disclosed.

Board of Directors:

Name & Designation	Brief Profile
Sachin Bansal Chairman and CEO	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 Flipkar
Ankit Agarwal Managing Director	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.
Usha A Narayanan Independent Director	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.
Ranganathan Sridharan Independent Director	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.
Arindam Haraprasad Ghosh Independent Director	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.

[*]Ankit Agarwal was originally appointed as Non-Executive Director on October 23, 2019
[**] Sachin Bansal was originally appointed as Director on October 23, 2019
[***] Ranganathan Sridharan is not liable to retire by rotation and appointed for a term of five consecutive years
[****] Usha A Narayanan is not liable to retire by rotation and appointed for a term of five consecutive years
[*****]Arindam Haraprasad Ghosh is not liable to retire by rotation and appointed for a term of five consecutive years

Details of Key Managerial Personnel of the Company

Name	Qualification	Brief Profile (mention the companies associated with earlier and also mention on the domain expertise)	Designation
Mr. Ankit Surana	Chartered Accountant	Mr. Ankit Surana is a Chartered Accountancy with over 9 years of experience as a finance	Chief Financial Officer

		professional in various sectors.	
Mr. Ankit Agarwal	MBA (IIM, Ahmedabad), Degree in Computer Science (IIT, Delhi)	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.	Managing Director
Mr. Sachin Bansal	B.E (IIT, Delhi)	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	Executive Chairman and CEO
Mr. Thomas Joseph	Member of the Institute of Company Secretaries of India, and a Bachelor of Commerce.	Mr. Joseph has over 8 years of experience in Corporate Secretarial across various industries. Mr. Joseph have been working with Navi as the Company Secretary of Navi Technologies Limited from October 2020. Prior to Navi, Mr. Joseph had worked with Advance.AI a Singapore based artificial intelligence corporation, Coffee Day Enterprises Limited, and Aster DM Healthcare Limited where he had handled SEBI compliances, initial public offering, corporate restructuring, private equity, corporate governance, maintenance of corporate records, and managing Board & Committee Meetings.Mr. Joseph is a Member of the Institute of Company Secretaries of India, and a Bachelor of Commerce.	Company Secretary

Details of Senior Management of the Company: **NA**

(e) **Name, address, DIN and occupations of the directors**:

S. No.	Name and Designation	DIN	Address	Occupation
1.	Sachin Bansal Executive Chairman and CEO	02356346	262, Tower 2, Embassy Pristine Apartments, Suncity Apartments Ln, Ibbaluru, Bellandur, 560102, Bengaluru, Karnataka	Business
2.	Ankit Agarwal Managing Director	08299808	A 402, Mantri Classic Apartments, S T Bed Layout Koramangala 4th block Bangalore 560034	Business
3.	Usha A Narayanan Independent Director	06939539	1006, 17th Main, BTM Layout, 1st Phase, Bangalore 560029, Karnataka	Director
4.	Ranganathan Sridharan Independent Director	00868787	E 1702, Crown Tower, Peninsula Heights, 46/1, 17th Main Road, Behind Central Mall, JP Nagar, 2nd Phase, Bangalore 560078	Director
5.	Arindam Haraprasad Ghosh Independent Director	01423589	Beuna Vista B-5, Baner Pashan Link Road, Baner, Pune 411 045, Maharashtra	Director

The permanent account number / aadhar number / driving license number / bank account number / passport number of the promoters and directors of the Company have been submitted to the BSE at the time of filing of this Placement Memorandum.

(f) Management's perception of Risk Factors:

As provided for in **SECTION 3: *(RISK FACTORS*)** of this Placement Memorandum.

(g) Details of defaults, if any, including the amounts involved, duration of default, and present status, in repayment of:

(i) Statutory Dues: **NIL**

(ii) Debenture and interest thereon: **NIL**

(iii) Deposits and interest thereon: **NIL**

(iv) Loans from banks and financial institutions and interest thereon: **NIL**

(h) Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for the Issue:

Name: - Prachi Mathur

Designation: - Compliance Officer

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

Phone No. - 08045113400

Email -secretarial@navi.com

Name - Mr. Thomas Joseph

Designation - Company Secretary

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

Phone No. - 08045113400

Email -secretarial@navi.com

(i) **Any default in annual filing of the Company under the Companies Act or the rules made thereunder:** NA

(j) Particulars of the Offer:

Date of passing of Board Resolution	The Board has passed the resolution for approving the issue of debentures at its meeting held on August 11, 2023 and Finance committee has been authorized to the issue of securities by Board in the meeting held on September 8, 2023 The Finance committee has approved the issue in the meeting held on October 19, 2023 of this offer document dated November 29, 2023.

Date of passing of resolution in general meeting, authorizing the offer of securities	The resolution dated [x], passed by the shareholders of the Issuer under Section 180(1)(a) of the Companies Act, 2013 and Section 180(1)(c) of the Companies Act, 2013 and the resolution dated Se[x] passed by the shareholders of the Issuer under Section 42 of the Companies Act, 2013
Kind of securities offered and class of security	Issue of 5000 (Five Thousand) secured, rated, listed, redeemable, non-convertible debentures each having a face value of INR 1,00,000/-, (Indian Rupees One Lakh Only) of the aggregate amount of INR 50,00,00,000/- (Rupees Fifty Crores only) along with a green shoe option to retain oversubscription of up to 5,000 (Five Thousand) secured, rated, listed, redeemable, non-convertible debentures, each having a face value of INR 1,00,000/- (Indian Rupees One Lakh Only) of the aggregate amount of INR 50,00,00,000/- (Rupees Fifty Crores only) and in total aggregating to INR 100,00,00,000/- (Rupees One Hundred Crores only), for cash, at par, in dematerialized form on a private placement basis.
Price at which the security is being offered, including premium if any, along with justification of the price	The Debentures are being offered at face value of INR 1,00,000/- (Indian Rupees One Lakh Only) each.
Relevant Date	NA
Name and address of the valuer who performed valuation of the security offered and basis on which the price had been arrived at along with report of the registered valuer	Not Applicable as the Debentures are being offered at face value of INR 1,00,000/- (Indian Rupees One Lakh Only) each.
Amount, which the Company intends to raise by way of securities	INR 100,00,00,000/- (Indian Rupees One Hundred Crores only)
Terms of raising of securities:	<table><tr><td>Duration, if applicable:</td><td>Refer 5.1.20</td></tr><tr><td>Rate of Interest:</td><td>Refer 5.1.20</td></tr><tr><td>Mode of Payment</td><td>Refer 5.1.20</td></tr><tr><td>Mode of Repayment</td><td>Refer 5.1.20</td></tr></table>
Proposed time schedule for which the Issue/ Placement Memorandum is valid	This offer is valid until the Issue Closing Date
Purpose and objects of the Issue/Offer	The proceeds of the issuance of Debentures will be utilized by the Issuer for the purpose of onward lending activities of the Issuer. Provided that no part of the proceeds shall be utilized directly/indirectly towards the following: (a) capital markets (including equity, and equity linked instruments or any other capital market land activities); (b) any speculative purposes; (c) any investment in the real estate sector; and (d) any activity in contravention of any Applicable Law. Any purpose, that is not eligible for providing finance by banks to non-banking financial companies for bank finance to non-banking financial companies or which results in contravention of any guidelines, rules or regulations of the RBI applicable to non-banking financial companies.
Contribution being made by the Promoters or	NA

directors either as part of the offer or separately in furtherance of such objects	
Principal terms of assets charged as security, if applicable	Please refer section named "*Security (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security)*" in Section 5.1.20 (*Issue Details*) of this Placement Memorandum.
Mode of Payment / Repayment	National Electronic Fund Transfer/Real Time Gross Settlement
The class or classes of persons to whom the allotment is proposed to be made;	"Eligible Investor" As per Summary Term Sheet
Intention of promoters, directors or key managerial personnel to subscribe to the offer	Not applicable
The names of the proposed allottees and the percentage of post private placement capital that may be held by them	Not Applicable
The change in control, if any, in the company that would occur consequent to the private placement	Not applicable
The number of persons to whom allotment on preferential basis / private placement/ rights issue has already been made during the year, in terms of number of securities as well as price	Refer to annexure XI
The allotment proposed to be made for consideration other than cash together with justification for the valuation report of the registered valuer	Not applicable
The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations	NIL
Commissions	-

(k) Disclosure with regard to interest of directors, litigation, etc:

Any financial or other material interest of the directors, promoters or key managerial personnel in the offer/ Issue and the effect of such interest in so far as it is different from the interests of other persons	**Details Provided in Section 3 of the Document**
Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last 3 (three) years immediately preceding the year of the circulation of this Placement Memorandum and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed	**NA**
Remuneration of directors (during the current year and last 3 (three) financial years)	Details provided in **Annexure V** hereto.
Related party transactions entered during the last 3 (three) financial years immediately preceding the year of circulation of this Placement Memorandum including with regard to loans made or, guarantees given or securities provided	Please refer to Financial Statements for the Year ending on March 31, 2021 , March 31, 2022 and March 31, 2023 attached along with as **Annexure VII**
Summary of reservations or qualifications or adverse remarks of auditors in the last 5 (five)	Please refer to Financial Statements for the Year ending on, March 31, 2021 , March 31, 2022 and March 31, 2023 attached

financial years immediately preceding the year of circulation of this Placement Memorandum and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark	along with as **Annexure VII**
Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last 3 (three) years immediately preceding the year of circulation of the Placement Memorandum in the case of the Company and all of its subsidiaries. Also, if there were any were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last 3 (three) years immediately preceding the year of this Placement Memorandum and if so, section-wise details thereof for the Company and all of its subsidiaries	NIL
Details of acts of material frauds committed against the Company in the last 3 (three) years, if any, and if so, the action taken by the company	NIL

The pre-issue and post-issue shareholding pattern of the company as on November 23, 2022

The present issue of Non-Convertible Debentures will not have any impact on the Shareholding Pattern of the Company.

Sr No	Category	Pre-issue		Post-issue	
		No of shares held	% of share holding	No of shares held	% of share holding
A	Promoters' holding				
1	Indian	-	-	-	-
	Individual	6	0.001%	6	0.001%
	Bodies corporate	28,52,40,347	99.999%	28,52,40,347	99.999%
	Sub-total	**28,52,40,347**	**100%**	**28,52,40,347**	**100%**
2	Foreign promoters	-	-	-	-
	sub-total (A)	-	-	-	-
B	Non-promoters' holding	-	-	-	-
1	Institutional investors	-	-	-	-
2.	Non-institutional investors	-	-	-	-
	Private corporate bodies	-	-	-	-
	Directors and relatives	-	-	-	-
	Indian public	-	-	-	-
	others (including NRIs)	-	-	-	-
	ESOP Trust	-	-	-	-
	Sub-total (B)	-	-	-	-
	GRAND TOTAL (A+B)	**28,52,40,347**	**100%**	**28,52,40,347**	**100%**

Mode of Payment for Subscription: (Cheque/ Demand Draft/ Other Banking Channels)
Other Banking Channels: NEFT/RTGS

Financial Position of the Company:
The capital structure of the company in the following manner in a tabular form as on November 23, 2022:

<table>
<tr><td>The authorised, issued, subscribed and paid-up capital (number of securities, description and aggregate nominal value)</td><td>Authorized Capital
600,000,000 equity Shares of INR 10 each aggregating to INR 6,000,000,000
Issued, Subscribed and Paid-up Capital
28,52,40,353 Equity Shares of INR 10 each aggregating to INR 2,85,24,03,530</td></tr>
<tr><td>Size of the present offer</td><td>INR 100,00,00,000</td></tr>
<tr><td>Paid-up Capital:
a. After the offer:
b. After the conversion of Convertible Instruments (if applicable)</td><td>INR. 2,85,24,03,530

Shareholding Pattern of the Company (On Diluted Basis, the same is dependent on the occurrence of an event as specified in the term sheet)
<table><tr><th>Sr. No.</th><th>Name of the Shareholder</th><th>No. of Shares</th></tr><tr><td>1</td><td>Navi Technologies Limited</td><td>30,02,40,347</td></tr><tr><td>2</td><td>Mr. Ankit Agarwal</td><td>1</td></tr><tr><td>3</td><td>Mr. Sachin Bansal</td><td>1</td></tr><tr><td>4</td><td>Mr. Apurv Anand</td><td>1</td></tr><tr><td>5</td><td>Mr. Abhishek Dwivedi</td><td>1</td></tr><tr><td>6</td><td>Mr. Shobhit Agarwal</td><td>1</td></tr><tr><td>7</td><td>Mr. Rajiv Naresh</td><td>1</td></tr><tr><td></td><td>Total</td><td>30,02,40,353</td></tr></table></td></tr>
<tr><td>Share Premium Account:
a. Before the offer:

b. After the offer:</td><td>
INR. 16,57,42,18,973

INR. 16,57,42,18,973</td></tr>
<tr><td>Details of the existing share capital of the Issuer</td><td>Authorized Capital
600,000,000 equity Shares of INR 10 each aggregating to INR 6,000,000,000
Issued, Subscribed and Paid-up Capital
28,52,40,353 Equity Shares of INR 10 each aggregating to INR 2,85,24,03,530</td></tr>
<tr><td>Details of allotments made by the Company in the last one year prior to the date of this Placement Memorandum for consideration other than cash and details of the consideration in each case.</td><td><table><tr><th>Date of allotment</th><th>No. of equity shares</th><th>Face Value (INR)</th><th>Issue Price (INR)</th><th>Consideration (INR)</th><th>Nature of Allotment</th></tr><tr><td>31st October 2019</td><td>5,12,668</td><td>10</td><td>69.54</td><td>3,56,50,933</td><td>Private Placement</td></tr><tr><td>13th March 2020</td><td>4,31,41,631</td><td>10</td><td>69.54</td><td>3,00,00,69,020</td><td>Rights Issue</td></tr><tr><td>26th March 2020</td><td>-44,05,281</td><td>10</td><td>69.54</td><td>-30,63,43,241</td><td>Buy back of Shares</td></tr><tr><td>26th March 2021</td><td>13,333,333</td><td>10</td><td>75</td><td>999,999,975</td><td>Rights issue</td></tr><tr><td>30th</td><td>13,333,</td><td>10</td><td>75</td><td>999,999,97</td><td>Rig</td></tr></table></td></tr>
</table>

	November 2021	333			5	hts issue
	25th May 2022	2,62,66,667	10	75	1970000025	Rights issue
	30th May 2022	3,37,33,333	10	75	2529999975	Rights issue
	24th August 2022	4,00,00,000	10	75	3000000000	Rights issue
	22nd December, 2022	66,66,667	10	75	500000025	Rights issue

Profits of the Company, before and after making provision for tax, for the 3 (three) financial years immediately preceding the date of circulation of this Placement Memorandum.	Please refer to Financial Statements for the Year ending on March 31, 2021, March 31, 2022 and March 2023 attached along with this PAS-4
Dividends declared by the Company in respect of the said 3 (three) financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid)	NA
A summary of the financial position of the Company as in the 3 (three) audited Standalone balance sheets immediately preceding the date of circulation of this Placement Memorandum.	Please refer to Financial Statements for the Year ending on March 31, 2021, March 31, 2022 and March 31, 2023 attached along with this PAS-4
Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Placement Memorandum.	Please refer to Financial Statements for the Year ending on March 31, 2021, March 31, 2022 and March 31, 2023 attached along with this PAS-4
Any change in accounting policies during the last 3 (three) years and their effect on the profits and the reserves of the Company	Please refer to Financial Statements for the Year ending on March 31, 2021, March 31, 2022 and March 31, 2023 attached along with this PAS-4

PART – B
(To be filed by the Applicant)

	Particulars	First Holder	Second Holder
	Name		
	Father's Name		
	Complete Address (including Flat/ House Number, Street, Locality, Pin Code)		
	Phone Number, if any		
	Email ID, if any		
	PAN Number		
	Bank Account Details		
	Number of Non- Convertible Debentures subscribed		
	Total value of Non- Convertible Debentures subscribed		
	Tick whichever is applicable: - The applicant is not required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares. The applicant is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares and the same has been obtained, and is enclosed herewith		

_____
Signature of the subscriber

_____
Initial of the Officer of the company designated to keep the record

Enclosed:
Annexure VII Summary of Financials, Cash Flow Statement and related party transactions entered during last three financial years
Annexure III Certified Copy of Board and Committee resolution
Annexure IV: Certified Copy of Shareholder resolution (Annexed Hereunder)

SECTION 7: DECLARATION BY THE DIRECTORS

a. the company has complied with the provisions of the Act and the rules made thereunder.

b. the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government

c. the monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.

I am authorized by the Finance Committee of the Board of the Company vide resolution dated October 19, 2023 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For Navi Finserv Limited

Thomas Joseph
Company Secretary
Membership number: A53322

Place: Bangalore

Annexure XI

Navi Finserv Limited					
INE342T07114	Listed	350	Catalyst Trusteeship Limited	350000000.0	18Jan22
INE342T07122	Listed	500	Catalyst Trusteeship Limited	500000000.0	28Jan21
INE342T07148	Listed	1000	Catalyst Trusteeship Limited	1000000000.0	23Feb22
INE342T07155	Listed	1500	Catalyst Trusteeship Limited	1500000000.0	15Mar22
INE342T07163	Unlisted	300	Catalyst Trusteeship Limited	300000000.0	31Mar22
INE342T07189	Listed	3460294	Catalyst Trusteeship Limited	3460294000.0	8Jun22
INE342T07197	Listed	868115	Catalyst Trusteeship Limited	868115000.0	8Jun22
INE342T07205	Listed	376288	Catalyst Trusteeship Limited	376288000.0	8Jun22
INE342T07213	Listed	252512	Catalyst Trusteeship Limited	252512000.0	8Jun22
INE342T07239	Listed	1000	Catalyst Trusteeship Limited	1000000000.0	28Jul22
INE342T07247	Listed	300	Catalyst Trusteeship Limited	300000000.0	25Aug22
INE342T07254	Unlisted	450	Catalyst Trusteeship Limited	450000000.0	27Sep22
INE342T07262	Listed	1000	Catalyst Trusteeship Limited	1000000000.0	28Sep22
INE342T08039	Listed	400	Catalyst Trusteeship Limited	400000000.0	14Nov22
INE342T07312	Listed	1000	Catalyst Trusteeship Limited	1000000000.0	30Nov22
INE342T08047	Unlisted	3500	Catalyst Trusteeship Limited	350000000.0	6Dec22
INE342T07338	Unlisted	1000	IDBI Trusteeship Limited	1000000000.0	30Dec22
INE342T07346	Unlisted	500	Catalyst Trusteeship Limited	500000000.0	23Feb23
INE342T07361	Listed	7500	Catalyst Trusteeship Limited	750000000.0	29May23
INE342T07411	Listed	1929192	Catalyst Trusteeship Limited	1929192000.0	18Jul23

INE342T07379	Listed	972501	Catalyst Trusteeship Limited	972501000.0	18Jul23
INE342T07395	Listed	731783	Catalyst Trusteeship Limited	731783000.0	18Jul23
INE342T07387	Listed	674969	Catalyst Trusteeship Limited	674969000.0	18Jul23
INE342T08013	Unlisted	3000.57	NA	3,000,557.0	24Nov23
INE342T07403	Listed	507858	Catalyst Trusteeship Limited	507858000.0	18Jul23

DISCLOSURES PERTAINING TO WILFUL DEFAULT

A. Name of the bank declaring the entity / promoter as willful defaulter: NA
B. The year in which the entity / promoter is declared as a wilful defaulter: NA
C. Outstanding amount when the entity / promoter is declared as a wilful defaulter: NA
D. Name of the entity / promoter declared as wilful defaulter: NA
E. Step taken, if any, for the removal from the list of wilful defaulters: NA
F. Other disclosures as deemed fit by the issuer / promoter in order to enable investors to take informed decisions: NA
G. Any other disclosure as specified by the board: NA

Neither the Company nor any of its promoters or directors is or has been declared as a wilful defaulter. None of the promoters, directors, including whole-time directors of the Company is a promoter or whole-time director of another company which is a wilful defaulter.

SECTION 8: TRANSACTION DOCUMENTS AND KEY TERMS

8.1 Transaction Documents

The following documents shall be executed in relation to the Issue ("**Transaction Documents**"):

Term Sheet, the Placement Memorandum, Debenture Trust Deed, Debenture Trustee Appointment Agreement, the Security Documents and any other document designated as such by the Debenture Trustee and the Issuer.

The provisions of this Placement Memorandum shall be read in conjunction with and harmoniously with the terms of the Transaction Document. However, in case of any conflict between the provisions of this Placement Memorandum and any Transaction Document, the provisions of the Transaction Document will prevail.

8.2 Representations and Warranties of the Issuer

The Issuer shall provide representations and warranties in the Transaction Documents, which are standard and appropriate for a transaction of this size and nature.

8.3 Events of Default

Please refer to the section 'Events of Default' in the Summary Term Sheet under Clause 5.1.20 (*Issue Details*) of this Placement Memorandum.

8.4 Security

The Debentures are secured.

8.5 Listing

Proposed to be listed on the Debt Market (DM) segment of BSE Limited, within 3 (three) working days from Issue Closing Date.

8.6 UNDERTAKING BY THE COMPANY

Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on Page 11 under the section 'General Risks'.

The Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Placement Memorandum contains all information with regard to the Company and the issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Company has no side letter with any debt securities holder except the one(s) disclosed in this Placement Memorandum. Any covenants later added shall be disclosed on the stock exchange website where the Debentures are listed.

UNDERTAKING ON CREATION OF SECURITY

The Issuer hereby undertakes that the assets on which the charge or security has been created to meet the 100% security cover or higher security cover is free from any encumbrances and in case the assets are encumbered, the permissions or consent to create any further charge on the assets has been obtained from the existing creditors to whom the assets are charged, prior to creation of the charge.

SECTION 9: OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of the Issuer, the terms of this Placement Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

8.7 Who can apply?

Individuals, Hindu Undivided Family, Trust, Limited Liability Partnerships, Partnership Firm(s), Portfolio Managers registered with SEBI, Association of Persons, Companies, Bodies Corporate including Public Sector Undertakings, Commercial Banks, Regional Rural Banks, Financial Institutions, Insurance Companies, Mutual Funds and any other Investor eligible to invest in such Debentures.

Only Eligible Investors, who are specifically addressed through a communication by the Issuer, are eligible to apply for the Debentures, subject to fulfilling its respective investment norms/rules and compliance with Applicable Laws by submitting all the relevant documents along with the Application Form. An application made by any other Person will be deemed as an invalid application and rejected.

THE ISSUER MAY BUT IS NOT BOUND TO REVERT TO ANY ELIGIBLE INVESTOR FOR ANY ADDITIONAL DOCUMENTS OR INFORMATION. INVESTMENT BY ELIGIBLE INVESTORS FALLING IN THE CATEGORIES MENTIONED IN THE PRIVATE PLACEMENT OFFER LETTER ARE MERELY INDICATIVE AND THE ISSUER DOES NOT WARRANT THAT THEY ARE PERMITTED TO INVEST IN ACCORDANCE WITH EXTANT LAWS, RULES, REGULATIONS, OR GUIDELINES. EACH OF THE ELIGIBLE INVESTORS ARE REQUIRED TO CHECK AND COMPLY WITH EXTANT LAWS, RULES, REGULATIONS OR GUIDELINES GOVERNING OR REGULATING THEIR INVESTMENTS AS APPLICABLE TO THEM AND THE ISSUER IS NOT, IN ANY WAY, DIRECTLY OR INDIRECTLY, RESPONSIBLE FOR ANY STATUTORY OR REGULATORY BREACHES BY AN ELIGIBLE INVESTOR.

Who are not eligible to apply for the Debentures?

The following categories of Persons shall not be eligible to participate in the Issue and any applications from such Persons are liable to be rejected:

- Minors without a guardian name (a guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
- Non-resident investors including non-resident individuals, qualified financial institutions and sovereign wealth funds;
- Foreign venture capital fund or investor;
- Overseas corporate bodies; and
- Person ineligible to contract under applicable statutory or regulatory requirements.

8.8 How to apply

1) This being a private placement offer, Investors who have been addressed through this Placement Memorandum directly only are eligible to apply.

2) Without prejudice to the aforesaid, where the selection of the eligible investors is required to be done pursuant to bidding mechanism on the EBP under the Electronic Book Mechanism Guidelines or any other successive arrangement/platform mandated by SEBI, only those Persons out of the aforesaid categories of investors, who are registered on the EBP Platform and are eligible to make bids for Debentures of the Issuer and to whom allocation is to be made by the Issuer pursuant to selection under the electronic book mechanism for issuance of securities on private placement basis in terms of the Electronic Book Mechanism Guidelines and the EBP providers shall be considered as "identified persons" for the purposes of Section 42(2) of the Companies Act, 2013 (as amended from time to time), to whom the Issuer shall make private placement of the Debentures and only such "identified persons" shall receive a direct communication from the Issuer with offer to subscribe to the Debentures and only such "identified persons" shall be entitled to subscribe to the Debentures.

3) Additionally, those arrangers/brokers/intermediaries etc. (as per the defined limits under the Electronic Book Mechanism Guidelines) specifically mapped by the Issuer on the EBP are also eligible to bid/apply/invest for this Issue.

4) Although above investors are eligible to apply however only those investors, who are individually addressed through direct communication by the Company, are eligible to apply for the Debentures. No other person may apply. Hosting of Placement Memorandum on the website of the EBP should not be construed as an offer or an invitation to offer to subscribe to the Debentures and the same has been hosted only as it is stipulated by the NCS Regulations read with the Electronic Book Mechanism Guidelines. Investors should check their eligibility before making any investment.

5) The subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the Electronic Book Mechanism Guidelines by placing bids on the EBP platform during the Issue period. In case the Eligible Investors are not registered on the EBP platform, they will have to register themselves as investor on the said platform (as a one-time exercise) and also complete the mandatory know your customer verification process. The Eligible Investors should also refer to the operational guidelines of the EBP in this respect. The disclosures required pursuant to the Electronic Book Mechanism Guidelines are set out hereinbelow:

   Minimum bid lot: 100 (one hundred) Debenture.
   Electronic Book Platform: Applicable
   Manner of bidding: [Open / Close] Bidding
   Mode of Allotment: [Uniform / Multiple] Yield Allotment
   Manner of Settlement: As per the process prescribed in chapter VI of the SEBI Master Circular relating to electronic book provider platform
   Settlement Cycle: [T+1 / T+2]

6) All applications for Debenture(s) must be in the prescribed Application Form and be completed in block letters in English. Applications should be for a minimum of 2 (two) Debentures and in multiple(s) of 1(one) Debenture thereafter. Application Forms accompanied by cash, demand drafts, cheques, money orders or postal orders are liable to be rejected. The Company will not be responsible in any manner for any applications, cash, demand drafts, cheques, money orders or postal orders lost in mail.

7) Payments towards application money shall be credited in the following account of the Company ("Designated Bank Account").

Name of Account Holder	Navi Finserv Ltd
Account Number	50200070216246
Type of Account	Current
Bank	HDFC Bank Limited
Bank Address	HDFC Bank Ltd Ground Floor,Jehangir Building, M G Road, Fort Mumbai 400001
Branch	MG Road
IFSC	HDFC0000060
Swift Code	NA

8) Eligible Investors whose bids have been accepted by the Issuer and to whom a signed copy of this Placement Memorandum have been issued by the Issuer and who have submitted/shall submit the Application Form ("Successful Bidders"), shall make pay-in of subscription monies in respect of the Debentures towards the allocation made to them, into the bank account of Indian Clearing Corporation Limited ("ICCL") (the details of which have been set out in this Placement Memorandum) on the Deemed Date of Allotment.

9) The pay-in by the Successful Bidders will be made only from the bank account(s), which have been provided / updated by them in the EBP system. Any amount received from third party accounts or from accounts not specified in the EBP system will be refunded and no allotment will be made against such payments. Upon the transfer of funds into the aforesaid

account of ICCL and the Issuer confirming its decision to proceed with the allotment of the Debentures in favour of the Successful Bidders to the ICCL, the R&T Agent and the EBP and initiating the requisite corporate action for allotment of Debentures and credit of the demat letter of allotment into the relevant demat account of the Successful Bidders through the Registrar to the Issue, the Registrar to the Issue shall provide corporate action file along with all requisite documents to the Depositories by 12:00 hours and also intimate the EBP of the aforesaid actions. Upon the Depositories confirming the allotment of the Debentures and the credit of the Debentures into the demat account of the Successful Bidders to EBP, the subscription monies in respect of the Debentures from the aforesaid account of ICCL shall be released into the Issuer's bank account, the details whereof will be intimated to the EBP by the Issuer.

10) It must be noted that all funds pay-in obligations need to be fulfilled in totality. Partial fund receipt against any given obligation will be treated as a default and debarment penalties will be applicable as specified by the Electronic Book Mechanism Guidelines.

11) All payments must be made through NEFT, RTGS, electronic fund transfer to the bank account of ICCL. It may be noted that payment by any other means shall not be accepted. The Company assumes no responsibility for any applications lost in mail or in transit or any failure of electronic fund transfer. The Company will not be responsible in any manner for any delayed receipts / non-receipt of RTGS payments or applications lost in mail.

8.9 Withdrawal of Issue

The Issuer reserves the right to withdraw the Issue prior to the Issue Closing Date, at its discretion, and including but not limited to the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in applicable law.

8.10 Right to Accept or Reject Applications

The Issuer reserves its full, unqualified and absolute right to accept or reject the application, in part or in full, without assigning any reason thereof. The rejected Applicant will be intimated along with the refund warrant, if applicable. No interest on Application Money will be paid on rejected Applications. The Application Form that is not complete in all respects is liable to be rejected and would not be paid any interest on the Application Money. For further instructions regarding the application for the Debentures, Eligible Investors are requested to read the instructions provided in the Application Form. In the event, if any Debentures applied for is or are not allotted in full, the excess Application Money for such Debentures will be refunded, as may be permitted.

8.11 Application under Power of Attorney

In case of Applications made under a power of attorney or by a company or a body corporate or registered society or mutual fund, and scientific and/or industrial research organizations or trusts etc., the relevant power of attorney or the relevant resolution or authority to make the Application, as the case may be, together with the certified true copy thereof along with the certified copy of the incorporation documents / memorandum and articles of association and/or bye-laws, as the case may be, shall be attached to the Application Form or lodged for scrutiny separately with the photocopy of the Application Form, quoting the serial number of the Application Form, failing which the applications are liable to be rejected.

8.12 Documents to be provided by Investors

The Issuer is entitled at any time to require an Eligible Investor to provide any '*Know Your Customer*' or other documents as may be required to be maintained by it or delivered to a third party by it in accordance with Applicable Laws.

8.13 Settlement Process

Upon final allocation by the Issuer, the Issuer or the Registrar on behalf of the Issuer shall instruct the Depositories on the Pay in Date, and the Depositories shall accordingly credit the allocated Debentures to the demat account of the successful Eligible Investor.

The Issuer shall give the instruction to the Registrar for crediting the Debentures by 12:00 p.m. on the Pay In Date. The Registrar shall provide corporate action file along with all requisite documents to Depositories by 12:00 p.m. on the Pay In Date. On the Pay In Date, the Depositories shall confirm to ICCL the transfer of Debentures in the demat account(s) of the successful Eligible Investors.

8.14 Acknowledgements

No separate receipts will be provided by the Issuer for the Application money.

8.15 Allotments or Refunds

Allotment of the Debentures shall be made in dematerialized form to the demat accounts in accordance with the details provided in the Application Form. Pending Allotment, all monies received for subscription of the Debentures shall be kept by the Issuer and be utilized only for the purposes permitted under the Placement Memorandum. In case no demat details are provided in the Application Form or such details are incomplete or insufficient, the Issuer reserves the right to hold the Application money until such details are provided accurately.

In case the Issuer has received money from Applicants for the Debentures in excess of the aggregate of the Application money relating to the Debentures in respect of which allotments have been made, the Registrar shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

If any application is rejected in full, the whole of the Application money received, and if the application is rejected in part, the excess Application money, after adjustment of Application money if any, will be refunded to the Applicant in its bank account mentioned with Depositories. In the event the Registrar is unable to retrieve the Applicant's bank account details from the Depositories or is unable to credit the amount to the Applicant's bank account as above, the Issuer shall make the refund to the Applicant's bank account as mentioned in the Application Form. If no bank account details are provided on the Application Form, then refund through demand draft or pay order or bankers cheques or such other similar mode shall be dispatched by registered post or speed post.

However, the Issuer shall not be liable to pay any interest on any Application monies or refunds, except as required by applicable law.

In terms of Section 42(6) of the Companies Act, if for any reason the Debentures are not allotted within 60 (sixty) days from the date of receipt of the payments from the Applicants, the Issuer shall repay such monies to the applicants within 15 (fifteen) days from the date of completion of the aforesaid 60 (sixty) days. If the Issuer fails to repay the payments within the aforesaid period, it shall be liable to repay that money with interest at the rate of 12% (Twelve Per Cent) per annum from the expiry of the 60th (sixtieth) day.

8.16 Fictitious applications

Any Person who makes, in fictitious name, any application to a body corporate for acquiring, or subscribing to, the Debentures, or otherwise induced a body corporate to allot, register any transfer of Debentures therein to them or any other Person in a fictitious name, shall be punishable under the extant laws.

8.17 Dematerialisation

The Issuer is issuing the Debentures only in the dematerialized form and hence there is no physical holding of the Debentures being issued in terms of the Placement Memorandum. The Issuer undertakes that it shall use a common form or procedure for transfer of the Debentures issued under the terms of the Placement Memorandum, if at a later stage there is some holding in the physical form due to the Depository giving the rematerialisation option to any Investor.

8.18 Procedure for Applying for Dematerialised Facility

A. The Applicant must have at least one beneficiary account with any of the DP's of NSDL/CDSL prior to making the application.

B. The Applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".

C. Debentures allotted to an Applicant will be credited to the Applicant's respective beneficiary account(s) with the DP.

D. For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.

E. Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the R&T Agent to the Issue.

F. If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.

G. For allotment of Debentures, the address, nomination details and other details of the Applicant as registered with his/her DP shall be used for all correspondence with the Applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.

H. The Redemption Amount and the Outstanding Amounts would be paid to those Debenture Holders whose names appear on the Register of Beneficial Owners maintained by the Depository as on the Record Date, and in case of the joint holders of Debentures, to the one whose name stands first in the Register of Beneficial Owners. In case of those Debentures for which the beneficial owner is not identified in the records of the Depository as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the Depository and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

8.19 Depository Arrangements

The Issuer shall make necessary arrangement with CDSL and NSDL for issue and holding of Debenture in dematerialised form.

8.20 List of Beneficial Owners

The Issuer shall request the Depository to provide the list of Beneficial Owners as at the end of each Record Date. This list shall be considered for payment / repayment of Redemption Amounts and other Outstanding Amounts.

8.21 Minimum Subscription

100 (one hundred) Debentures and in multiples of 1 (one) Debenture thereafter.

8.22 Mode of Transfer/Transmission of Debentures

The Debentures shall be freely transferable. The Debenture(s) shall be transferred and/or transmitted subject to and in accordance with the applicable provisions of the Act, other applicable laws and the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transferor or transferee. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the Person, whose name appears in the Register of Beneficial Owners as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The transferor should give delivery

instructions containing details of the transferee's DP account to his DP.

8.23 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid to those Debenture Holder(s) whose names appear on the list of Beneficial Owners maintained by the Depositories and in case of the joint holders of Debentures, to the one whose name stands first in the Register of Beneficial Owners. The names would be as per the records of the Depository on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

8.24 Trustee for the Debenture Holder(s)

The Issuer and the Debenture Trustee intend to enter into the Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, by signing the Application Form, and without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and yield thereon and they will take necessary action, subject to and in accordance with the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

8.25 Sharing of Information

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

8.26 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

8.27 Modification of Debentures

The Debenture Trustee and the Issuer will agree to make any modifications in the Placement Memorandum which in the opinion of the Debenture Trustee is of a formal, minor or technical nature or is to correct a manifest error.

8.28 Notices

Any notice may be served by the Issuer/ Debenture Trustee upon the Debenture Holders through registered post (acknowledgement due), recognized overnight courier service or hand delivery to such Debenture Holder.

All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post (acknowledgement due), recognized overnight courier service or hand delivery to the registered address / corporate office. All correspondence regarding the Debentures should be marked “Private Placement of Debentures”.

All notices or other communications shall be deemed to be duly given or made: (i) in the case of personal delivery, when delivered; (ii) in the case of a letter, 3 (Three) Business Days after being

deposited in the post (by registered post, with acknowledgment due), postage prepaid, to such party at its address specified by such party provided in the Placement Memorandum / Application Form; and (iii) in case of email, 1 (One) Business Day from the date of sending such email to the email address of such party provided in the Placement Memorandum / Application Form.

If a receipt of notice or other communication occurs before 2:00 pm on a Business Day, the notice shall be deemed to have been received on that day and, if the receipt occurs after 2:00 pm on a Business Day the notice shall be deemed to have been received on the next Business Day.

Any notice given under or in connection with this Placement Memorandum must be in English.

8.29 Succession

In the event of winding-up of the holder of the Debenture(s), the Issuer will recognize the executor or administrator of the concerned Debenture Holder(s), or the other legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such executor or administrator or other legal representative as having title to the Debenture(s), unless such executor or administrator obtains probate or letter of administration or other legal representation, as the case may be, from a court in India having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or other legal representation, in order to recognize such holder as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on production of sufficient documentary proof and/or an indemnity.

8.30 Effect of Holidays

Please refer to the section 'Business Day Convention' in the Summary Term Sheet under Clause 5.1.20 (*Issue Details*) of this Placement Memorandum.

8.31 Tax Deduction at Source

Please refer to the section 'Taxation' in the Summary Term Sheet under Clause 5.1.20 (*Issue Details*) of this Placement Memorandum.

8.32 Procedure and time schedule for Allotment and issue of Securities

The Issuer will make the Allotment to investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the Application Money and shall instruct the depository to credit the dematerialized accounts of the investors within the agreed timelines.

8.33 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the Deemed Date of Allotment.

8.34 Record Date

All amounts payable by the Issuer in accordance with the terms of this Placement Memorandum shall be paid to such Persons who are the Debenture Holders as on the Record Date.

8.35 Refunds

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 10 (Ten) Working Days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from Applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the Registrar shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

8.36 Interest on Application Money

Please refer to the section 'Interest on Application Money' in the Summary Term Sheet under Clause 5.1.20 (*Issue Details*) of this Placement Memorandum.

8.37 Payment on Redemption

Payment on redemption will be made by way of NEFT / RTGS / electronic fund transfer / direct credit / NACH in the name of the Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Beneficial Owners on the Record Date. On such payment being made, the Issuer will inform NSDL/CDSL and accordingly the account of the Debenture Holder(s) with NSDL/CDSL will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall cease and stand extinguished.

8.38 Right to Re-Purchase, Re-Issue and Consolidate Debentures

The Issuer shall have the power, exercisable at its sole and absolute discretion from time to time, without any need or requirement of any approval / intimation to any of the Debenture Holders and / or the Debenture Trustee, to buy-back / re-purchase a part or all of its Debentures from the secondary markets or otherwise, at any time prior to the Maturity Date, on such terms and conditions as may be determined by the Company.

In the event of a part or all of its Debentures being re-purchased as aforesaid or redeemed under any circumstances whatsoever, the Issuer shall have, and shall be deemed always to have had, the power to extinguish, re-issue, consolidate and / or resell such Debentures in the open market.
The Company shall take all necessary steps as required as per Applicable Laws, in order to carry out such re-purchase, re-issuance and consolidation of Debentures, from time to time, including amendment of articles of association.

8.39 Right to recall / accelerate

It is specifically understood that the Debenture Holders and / or the Debenture Trustee shall have no right to recall, demand acceleration, demand prepayment and / or early redemption of the Debentures, or repayment of the Debentures prior to the scheduled maturity, in any manner whatsoever, except in the case of enforcement of an Event of Default or as may be specifically permitted in the Transaction Documents.

8.40 Permitted Indebtedness and security creation

The Issuer shall be entitled, from time to time, to undertake / raise further borrowings or incur further indebtedness in any manner as deemed fit by it in its sole discretion (including by way of debt securities, bonds, loans, inter-corporate deposits, borrowings and/or indebtedness by or under co-acceptances and/or guarantees and/or any other means) and on such terms as deemed fit by it, without requiring any consent from, or acknowledgment of, or intimation to the Debenture Holders and/or the Debenture Trustee.

It is specifically understood that any and all of the assets and properties of the Issuer, including movable, immovable, tangible and intangible assets, current assets, books debts, loan portfolio, loan book, receivables and fixed assets, may be offered as security for further borrowings/ indebtedness of the Issuer, with such ranking / priority / contingency as the Issuer may deem fit, in its sole discretion, without requiring the prior consent of the Debenture Holders and/or the Debenture Trustee.

The Debenture Holders hereby acknowledge, agree and consent to the above, and in this regard, authorise the Debenture Trustee to issue documents confirming the above understanding (including no-objection certificates, release letters and/or charge-sharing/ ceding letters) as and when requested by the Issuer, without requiring further recourse to or approval from the Debenture Holders or any of them.

8.41 Force Majeure

The Issuer reserves the right to withdraw the issue prior to the issue closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment.

Disclaimer: Please note that only those Persons to whom this Placement Memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an Investor is required to provide all that documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may but is not bound to revert to any Investor for any additional documents / information and can accept or reject an application as it deems fit. Investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc., governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any Investor, neither is the Issuer required to check or confirm the same.

APPLICATION FORM

PART A
NAVI FINSERV LIMITED

A company incorporated with limited liability under the Companies Act, 1956 and validly existing under the Companies Act, 2013

Date of Incorporation: February 14, 2012 **CIN**: U65923KA2012PLC062537

Registered Office: 2nd Floor, Vaishnavi Tech Square Iballur Village, Begur Hobli Bangalore South Bengaluru – 560102, Karnataka, India

Website: http://www.navifinserv.com/

DEBENTURE SERIES APPLICATION FORM SERIAL NO.	**1**								

_____

DEBENTURE SERIES APPLIED FOR: (Base Issue or Green Shoe)

Number of Debentures __ In words ___

Amount Rs. _/-_ in words Rupees _Crores Only_

DETAILS OF PAYMENT:

RTGS
No._____Drawn on_____

Funds transferred to **Navi Finserv Limited**
Dated _____

Total Amount Enclosed
(In Figures)_____(In words) _____

APPLICANT'S NAME IN FULL (CAPITALS)	**SPECIMEN SIGNATURE**

APPLICANT'S ADDRESS

ADDRESS					
STREET					
CITY					
PIN		**PHONE**		**FAX**	

APPLICANT'S PAN/GIR NO. IT CIRCLE/WARD/DISTRICT ____

WE ARE ( ) COMPANY ( ) OTHERS ( ) SPECIFY _____

We have read and understood the Terms and Conditions of the issue of Debentures including the Risk Factors described in the Memorandum and have considered these in making our decision to apply. We bind ourselves to these Terms and Conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's
Signature

We the undersigned, are agreeable to holding the Debentures of the Company in dematerialised form. Details of my / our Beneficial Owner Account are given below:

DEPOSITORY	**NSDL ( ) CDSL ( )**
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account: (Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT / RTGS / other permitted mechanisms)	

	FOR OFFICE USE ONLY
DATE OF RECEIPT_____	DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the placement memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer, and other intermediaries and their agents and advisors associated with this Issue.

We confirm that we are not required to obtain Government Approval under Foreign Exchange Management (Non Debt Instrument) Rules, 2019 prior to subscription of securities.

We understand that: i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, ii) the Applicant must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, iii) if the names of the Applicant in this application are not identical and also not in the same order

as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

Applicant's
Signature

FOR OFFICE USE ONLY
DATE OF RECEIPT_____DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

.....(TEAR HERE).....

- ACKNOWLEDGMENT SLIP -

(To be filled in by Applicant) **SERIAL NO.**	**1**								

Received from _____

Address_____
_____
Cheque / Draft / UTR #_____Drawn on_____for Rs._____on account of application of_____Debenture

SECTION 10: DECLARATION

The Company declares that all the relevant provisions in the regulations/guideline issued by SEBI and other Applicable Laws have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable laws, as the case may be. The information contained in this Information Memorandum is as applicable to privately placed debt securities and subject to information available with the Company. The extent of disclosures made in the Information Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

The Company accepts no responsibility for the statement made otherwise than in the Placement Memorandum or in any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information would be doing so at his own risk.

Without prejudice to the above, the Company confirms that:

(a) The Company has complied with the provisions of the Act and the rules made thereunder in relation to the Issue;
(b) The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of Debentures, if applicable, is guaranteed by the Central Government; and
(c) The monies received under the Issue shall be used only for the purposes and objects indicated in this Information Memorandum.
(d) The Company, any of its promoters, promoter group or directors are not debarred from accessing the securities market or dealing in securities by SEBI;
(e) None of the promoters or directors of the Company is a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by SEBI;
(f) None of the promoters or directors of the Company is a fugitive economic offender;
(g) No fine or penalties levied by SEBI /Stock Exchanges is pending to be paid by the Company at the time of filing of this Placement Memorandum;
(h) The Company is in compliance with the provisions of the Securities Contract (Regulation) Act, 1956, SEBI, Companies Act, 2013 and all rules and regulations made thereunder;
(i) The compliance the Companies Act, 2013 does not imply that the payment of dividend or interest or repayment of the Debentures, is guaranteed by the central government.
(j) All the monies received under the issue and allotment of Debentures shall be used only for the purpose and objects as indicated in this Placement Memorandum and the Transaction Documents.

I am authorized by the Finance Committee of the Board of Directors of the Company vide resolution dated October 19, 2023 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this Placement Memorandum and matters incidental thereto have been complied with. The Company confirms that whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the memorandum and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For and on behalf of **Navi Finserv Limited**

Thomas Joseph
Company Secretary
Membership number: A53322

Place: Bangalore

NSDL Database Management Limited

November 29, 2023

To,
NAVI FINSERV PRIVATE LIMITED
No.145, 2nd Floor,
NR Square, 1st Main Road,
Sirsi Circle, Chamrajpet,
Bangalore-560018

Dear Sir,

This has reference to your email dated November 29, 2023 regarding consent letter for debenture issue. We are happy to act as Registrar & Transfer Agent for Listed, Rated, Senior, Secured, Transferable, Redeemable, Non-Convertible Debentures having a face value of Rs. 10,00,00 /- aggregating up to INR 50 Crores.

We hereby give our consent to include our name in the Disclosure Document for the Listed, Rated, Senior, Secured, Transferable, Redeemable, Non-Convertible Debentures having a face value of Rs. 10,00,00 /- aggregating up to INR 50 Crores.

Our SEBI registration is INR000004181.

Yours faithfully

For NSDL Database Management Ltd.

MAKSOOD ZAHIR KHAN
Digitally signed by MAKSOOD ZAHIR KHAN
Date: 2023.11.29 16:19:54 +05'30'

Maksood Khan
Sr. Manager

CL/DEB/23-24/1325 **Date : 23-Nov-2023**

To,
Kushagra Gupta,
Navi Finserv Limited,
Vaishnavi Tech Square, Survey no. 14/2 of Iballur Village,
Taluk, Bagalur, Begur,
Bengaluru, Karnataka, India 560102.

Dear Sir/ Madam,

Re: Consent to act as a Debenture Trustee for Private Placement of Fully Paid, Rated, Listed, Redeemable, Transferable, Secured, Non-Convertible Debentures of ₹ 50.00 Crores with green shoe option of 50.00 Crores Crores aggregating to 100.00 Crores.

We refer to your letter dated 23.11.2023 , requesting us to convey our consent to act as the Debenture Trustee for captioned issue of Debentures.

We hereby convey our acceptance to act as Debenture Trustees for the said issue Debentures, subject to execution of Debenture Trustee Agreement as per Regulation 13 of SEBI (Debenture Trustee) Regulations, 1993, thereby agreeing to execute Debenture Trust Deed and to create the security if applicable within the timeline as per relevant Laws / Regulations and in the Offer Document / Information Memorandum / Disclosure Document / Placement Memorandum and company agreeing / undertaking to comply with the provisions of SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing o f Non-Convertible Securities) Regulations 2021, SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015, Companies Act, 2013 and Rules thereunder and other applicable laws as amended from time to time.

Fee Structure for the proposed transaction will be as per annexure A.

Assuring you of the best professional services.

Thanking you.

Yours faithfully,

Catalyst Trusteeship Limited

Name : Nidhi Todi

Designation : Manager

Annexure A

Fee Structure for transaction CL/DEB/23-24/1325

PARTICULARS	AMOUNT / PERCENTAGE
Acceptance fees (one-time, non-refundable, payable on our appointment)	₹ 75000.00000
Annual Trusteeship Fees(Amount/Percentage)	₹ 75000.00000

Annual Trusteeship Fees are payable in advance each year from date of execution till termination of the transaction. Pro-rata charges would apply for the first year till FY end, as applicable.

The taxes on above fee structure are payable at applicable rates from time to time.

All out of pocket expenses incurred towards legal fees, travelling, inspection charges, etc shall be levied and re-imbursed on actual basis.

Please return the second copy this letter duly signed by Authorized Officer from your company.

Yours Faithfully,

For Catalyst Trusteeship Limited

Catalyst Trusteeship Limited

Name : Nidhi Todi

Designation : Manager

We accept the above terms.

For Navi Finserv Limited

Name :

Designation :

Navi Finserv Limited Bangalore (Navi Finserv Limited)

India Ratings & Research
A Fitch Group Company

Fitch Group

Mr. Divyesh Jain,
CFO - Navi Finserv Limited,
Ground Floor, Salarpuria Business Center, 93,
5th A Block, Koramangala Industrial Layout,
Bengaluru – 560 095, Karnataka, India.

August 18, 2023

Dear Sir/Madam,

Re: Rating Letter of Navi Finserv Limited (Formerly Navi Finserv Private Limited)

India Ratings and Research (Ind-Ra) has taken the following rating actions on Navi Finserv Limited's (NFL) debt instruments:

Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Non-convertible debentures (NCDs)$,****	-	-	-	INR20,000	IND A/Stable	Affirmed
NCDs$	-	-	-	INR6,000	IND A/Stable	Affirmed
Principal protected market linked debentures (PP-MLDs)$,***	-	-	-	INR3,000	IND PP-MLD A/Stable	Affirmed
PP-MLDs$	-	-	-	INR2,000	WD	Withdrawn (paid in full)
NCDs*,$	-	-	-	INR1,950 (reduced from INR5,000)	IND A/Stable	Affirmed
NCDs**,#	-	-	-	INR31	IND A/Stable	Affirmed

* The limits are for NCDs and are fungible with MLDs, and the amount to be considered is INR1,950 million.

** The limits are for NCDs and are fungible with MLDs, and the amount to be considered is INR31 million.

*** The total PP-MLDs limit of INR3,000 million stands fungible between NCDs and PP-MLDs.

**** The total NCDs limit of INR20,000 million stands fungible between NCDs and PP-MLDs. INR5,000 million stands for public NCDs.

#Yet to be issued
$Details in Annexure

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, “India Ratings” means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings

Karan Gupta
Director

Abhash Sharma
Senior Director

Annexure: ISIN

Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Ratings	Outstanding/Rated Amount(INR million)
PP-MLD	INE342T07098	24/11/2021	8.6	24/05/2023	WD	2000
Unutilised						0
NCDs	INE342T07106	05/01/2022	9.18	05/04/2023	WD	1000
NCDs	INE342T07114	18/01/2022	9.5	31/12/2024	IND A/Stable	350
PP-MLD	INE342T07122	28/01/2022	9.25	31/07/2024	IND PP-MLD A/Stable	500
NCDs	INE342T07130	10/02/2022	9.15	10/05/2023	WD	1400
NCDs	INE342T07056	25/08/2021	9.6	25/08/2023	IND A/Stable	300
NCDs	INE342T07080	30/09/2021	9.15	30/09/2023	IND A/Stable	800
PP-MLD	INE342T07064	21/09/2021	8.75	21/03/2023	WD	650
Unutilised						0
PP-MLD	INE342T07148	23/02/2022	8.6	23/02/2024	IND PP-MLD A/Stable	1000
PP-MLD	INE342T07155	15/03/2022	8.6	15/03/2024	IND PP-MLD A/Stable	1500
PP-MLD	INE342T07163	31/03/2022	9.9	31/05/2025	IND PP-MLD A/Stable	300
Unutilised						200
NCDs	INE342T07189	08/06/2022	9.2	08/12/2023	IND A/Stable	3460
NCDs	INE342T07197	08/06/2022	9.5	08/12/2023	IND A/Stable	870
NCDs	INE342T07205	08/06/2022	9.4	08/12/2023	IND A/Stable	380
NCDs	INE342T07213	08/06/2022	9.75	06/09/2024	IND A/Stable	250
Unutilised						1040
NCDs	INE342T07221	30/06/2022	9.5	04/07/2023	IND A/Stable	250
NCDs	INE342T07247	25/08/2022	9.5	30/09/2024	IND A/Stable	300
PP-MLD	INE342T07239	28/07/2022	8.65	28/02/2024	IND PP-MLD A/Stable	1000
Unutilised						18450

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE MEETING OF THE BOARD OF DIRECTORS ("BOARD") OF NAVI FINSERV LIMITED (FORMERLY KNOWN AS NAVI FINSERV PRIVATE LIMITED) ("COMPANY" or "NFL") HELD ON FRIDAY, AUGUST 11, 2023, AT 9TH FLOOR, VAISHNAVI TECH SQUARE, IBALLUR VILLAGE, BEGUR HOBLI, BENGALURU- KARNATAKA 560102

APPROVAL OF THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF NON-CONVERTIBLE DEBENTURES

"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 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) and extant RBI Guidelines and subject to the provisions of the Memorandum and Articles of Association of the Company, the approval of the Board be and is hereby accorded subject to approval of the members of the Company 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 Finance Committee 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 Board be and is hereby accorded to the Finance Committee 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 Debentures;

RESOLVED FURTHER THAT approval of the board of directors of the Company be and is hereby accorded to delegate the powers to the Finance Committee 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 Finance Committee 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 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 severally authorized to furnish the foregoing Resolution as certified true copies to any persons concerned with the same.

For **Navi Finserv Limited**
THOMAS JOSEPH
Digitally signed by THOMAS JOSEPH
Date: 2023.11.29 15:59:35 +05'30'
Thomas Joseph
Company Secretary
A53322

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE MEETING OF FINANCE COMMITTEE ("COMMITTEE") OF NAVI FINSERV LIMITED ("COMPANY") HELD ON THURSDAY, OCTOBER 19, 2023, AT 12:15 PM AT 2ND FLOOR VAISHNAVI TECH SQUARE, IBALLUR VILLAGE, BEGUR HOBLI, BENGALURU, KARNATAKA 560102

TO APPROVE OFFER OF SECURED, RATED, LISTED, REDEEMABLE, PAID-UP, NON-CONVERTIBLE DEBENTURES (COLLECTIVELY THE "DEBENTURES" or "NCDs") OF A FACE VALUE OF INR 1,00,000 (RUPEES ONE LAKHS ONLY) EACH, OF THE AGGREGATE NOMINAL VALUE OF UP TO INR 100 CRORES FOR CASH, AT PAR, ON A PRIVATE PLACEMENT BASIS, (THE "ISSUE").

"RESOLVED THAT in accordance with regulations of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time, pursuant to the provisions of Section 179(3), Section 180(1) and Section 42 of the Companies Act, 2013, as amended from time to time ("Companies Act") and other applicable provisions, if any, of the Companies Act, and in accordance with the Memorandum and Articles of Association of the Company and pursuant to approval given by Board of Directors for: (a) Issue of Non-Convertible Debentures on Private Placement basis to identified investor(s) in their meeting held on August 11, 2023; upto INR 4000 Crores and (b) for delegation of powers to this Committee; in their meeting held on September 08, 2022 ("**NCD Resolution"**) and subject to the approved terms set out in the NCD Resolution, approval of the Committee be and is hereby given for the offer of secured, rated, listed, redeemable, paid-up, Non-Convertible Debentures ("**NCDs" or "Debentures"**) of Face Value of Rs. 1,00,000 (Rupees One Lakh Only) each, for Cash aggregating to INR 100,00,00,000/- (Indian Rupees One Hundred Crores Only) by way of Private Placement.

RESOLVED FURTHER THAT terms and conditions, covenants, opening, closing date of the offer and the deemed date of allotment of these NCDs ("**Terms**") shall be as per the Term Sheet placed before the Committee and such Terms are within the "Approved Terms" for offer of the NCDs on Private Placement basis approved by the Board in the NCD Resolution.

RESOLVED FURTHER THAT approval of the Committee be and is hereby accorded for the drafts of the Placement Memorandum and Private Placement Offer Letter as placed before the Committee and for issuance of the Private Placement Offer Letters to the investors identified by the Finance Committee to whom such letters are addressed.

RESOLVED FURTHER THAT approval of the Committee be and is hereby accorded for the appointment of various intermediaries, including but not limited to the debenture trustee, the rating agencies, the registrar and transfer agent and the transaction counsel, as required.

RESOLVED FURTHER THAT Mr. Ankit Agarwal, Managing Director or Mr. Shobhit Agarwal Authorised Signatory, or Ms. Apeksha Ashok Munwanee, Authorised Signatory or Mr. Kushagra Gupta, Authorised Signatory, or Mr. Mohit Gulati, Authorised Signatory or Company Secretary, or Chief Financial Officer or Compliance officer of the Company ("**Authorised Signatories**") be and are hereby severally authorised to negotiate, finalize and execute all documents on behalf of the Company in relation to the aforementioned issue, including the Placement Memorandum/Disclosure Document, Form PAS — 4 / Private Placement Offer Letters, Debenture Trust Deed, Deed of Hypothecation, Trustee Agreement or such other documents as may be necessary in this regard with Debenture Trustee as may be finalized by the Committee along with any other party as the case may be.

RESOLVED FURTHER THAT that the authorized signatories be and are severally authorized to approve and finalize, sign, execute and deliver all such documents in relation to the NCDs, including

payment of stamp duty and registration fees, as applicable, and to do all other acts, deeds, things and matters to the expedient interest of the Company for the issuance of the NCDs and allotment or as may be necessary or expedient to give effect to this resolution.

RESOLVED FURTHER THAT the authorized signatories be and are hereby, jointly and severally authorized to agree to such changes and/or modifications in the said terms and conditions of the issuance as may be required from time to time, and to execute such modifications, novations, supplements, extensions or any other modifications thereof, and such other deeds, documents and declarations as may be necessary or required for this purpose.

RESOLVED FURTHER THAT the copies of the foregoing resolutions certified to be true copies by any of the Directors or Company Secretary of the Company be furnished to such persons as may be deemed necessary."

For **Navi Finserv Limited**

THOMAS JOSEPH

Digitally signed by THOMAS JOSEPH
Date: 2023.11.08 15:59:33 +05'30'

Thomas Joseph
Company Secretary
Membership No: A53322

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE TENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF NAVI FINSERV LIMITED (FORMERLY KNOWN AS NAVI FINSERV PRIVATE LIMITED) HELD ON FRIDAY, SEPTEMBER 30, 2022, AT 09:00 AM AT 7TH FLOOR, PRESTIGE RMZ STARTECH, NO. 139, 2, HOSUR RD, KORAMANGALA INDUSTRIAL LAYOUT, S.G. PALYA, BENGALURU, KARNATAKA 560095

ITEM NO 4: TO INCREASE THE OVERALL BORROWING LIMITS OF THE COMPANY

"RESOLVED THAT in supersession of all the resolutions passed under Section 180(1)(c) of the Companies Act, 2013 on 13th November 2019, 27th February 2020 and March 05, 2022, the approval of the members of the company be and is hereby accorded under Section 180(1)(c) of the Companies Act, 2013, the rules and regulations there under and all other applicable provisions of the Companies Act, 2013 and other applicable law, and subject to the provisions of the Memorandum and Articles of Association of the Company, to borrow any sum or sums of moneys from time to time notwithstanding that the money or monies to be borrowed, together with the monies already borrowed by the Company, may exceed aggregate of its paid-up capital and free reserves, apart from temporary loans apart from temporary loans obtained from the Company's bankers in the ordinary course of business of the Company, however, the total amount so borrowed shall not exceed INR 10,000 Crore (Indian Rupees Ten Thousand Crores Only).

RESOLVED FURTHER THAT each of the Directors of the Company or the Company Secretary or the Chief Financial Officer of the Company be and are hereby severally authorized to file the requisite e-forms with Registrar of Companies, Bangalore and do all such acts deeds and things as may be deemed necessary, proper or desirable on behalf of the Company to give effect to the aforementioned resolution.

RESOLVED FURTHER THAT the Directors of the Company and the Company Secretary of the Company be and are hereby jointly or severally authorized to issue a certified true copy of the above-mentioned resolution to anyone concerned or interested in the matter."

For **Navi Finserv Limited**

THOMAS JOSEPH
Digitally signed by THOMAS JOSEPH
Date: 2023.11.29 14:27:02 +05'30'

Thomas Joseph
Company Secretary
Membership No. A53322

Place: Bangalore

Serial No 03/2022-23

CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED IN THE ELEVENTH ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2022-23 OF THE MEMBERS OF NAVI FINSERV LIMITED (THE "COMPANY") HELD AT SHORTER NOTICE 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

ITEM NO. 3 APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF NON-CONVERTIBLE DEBENTURES

"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 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."

For Navi Finserv Limited

THOMAS JOSEPH Digitally signed by THOMAS JOSEPH Date: 2023.10.03 14:57:16 +05'30'

Thomas Joseph
Company Secretary
Place: Bengaluru

ANNEXURE V: REMUNERATION OF DIRECTORS AS ON MARCH 31, 2023

Remuneration of directors (during the current year and last 3 (three) financial years) (in Rs)

Name of Director	Type of Remuneration Received/ Payable
Financial Year 2021	
Ravi Kattemalalavadi Subramanyam*	Sitting fee of ₹0.67 Million
Nandakumar Rachamadugu*	Sitting fee of ₹0.67 Million
Usha A Narayanan**	Sitting fee of ₹1.063 Million
Sridharan Ranganathan***	Sitting fee of ₹1.42 Million
Samit S Shetty#	Remuneration of ₹6.39 Million
Financial Year 2022	
Usha A Narayanan****	Sitting fee of ₹2.40 Million
Sridharan Ranganathan****	Sitting fee of ₹2.62 Million
Financial Year 2023	
Sridharan Ranganathan	Sitting fee of ₹3.50 Million
Arindam Haraprasad Ghosh	Sitting fee of ₹2.80 Million
Usha A Narayanan	Sitting fee of ₹2.70 Million

**Resigned with effect from August 31, 2020*

*** Appointed on July 6, 2020*

**** Appointed on August 31, 2020*

***** Sitting fees amounting to ₹400,000, payable to our Directors, exclusive of GST for attending the Board and committee meetings held on March 30, 2022 was paid by our Company in the Financial Year 2023*

 # Samit S Shetty was appointed as an executive director on November 4, 2020, and subsequently his designation was changed to non-executive on March 1, 2021. He resigned with effect from August 31, 2021.

Yours faithfully,
For **Navi Finserv Limited**

THOMAS JOSEPH
Digitally signed by THOMAS JOSEPH
Date: 2023.11.29 18:02:22 +05'30'

Thomas Joseph
Company Secretary
Membership No- A53322
Date: November 29, 2023

FOR PRIVATE CIRCULATION ONLY AND CONFIDENTIAL

Annexure VI

Shareholding Pattern of Navi Finserv Limited as on the last quarter, i.e., 30th September, 2023:

Sr No	Name of Shareholder	Total no of equity shares	Percentage (%) of holding
1.	Navi Technologies Limited*	28,52,40,353	100%
	TOTAL	**28,52,40,353**	**100%**

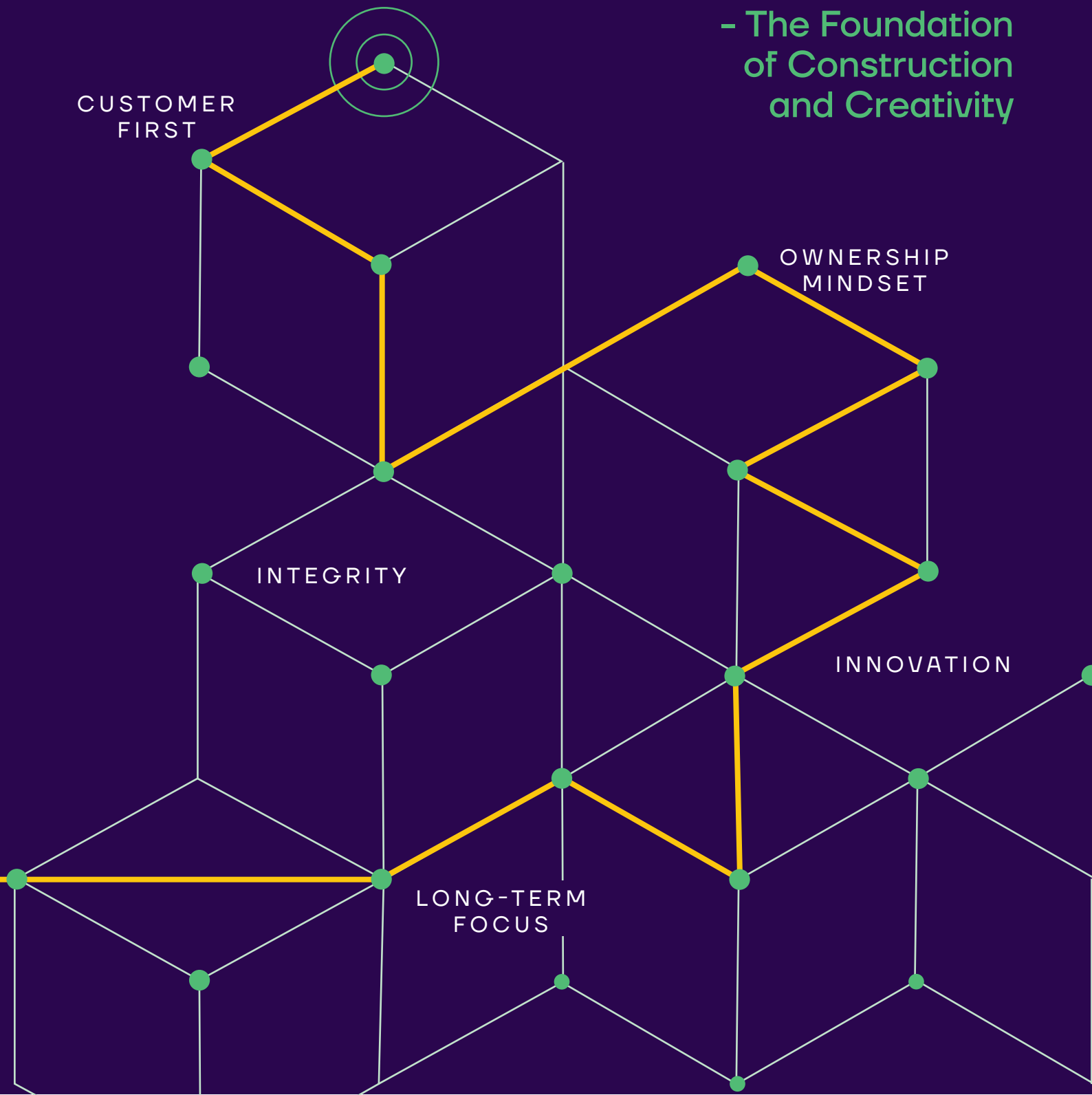
*Sachin Bansal, Ankit Agarwal, Rajiv Naresh, Abhishek Dwivedi, Shobhit Agarwal and Apurv Anand hold one Equity Share each of our Company as nominees of our Promoter.

navi FINSERV

Annual Report
2022-23

Building Blocks

- The Foundation of Construction and Creativity



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

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.

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.

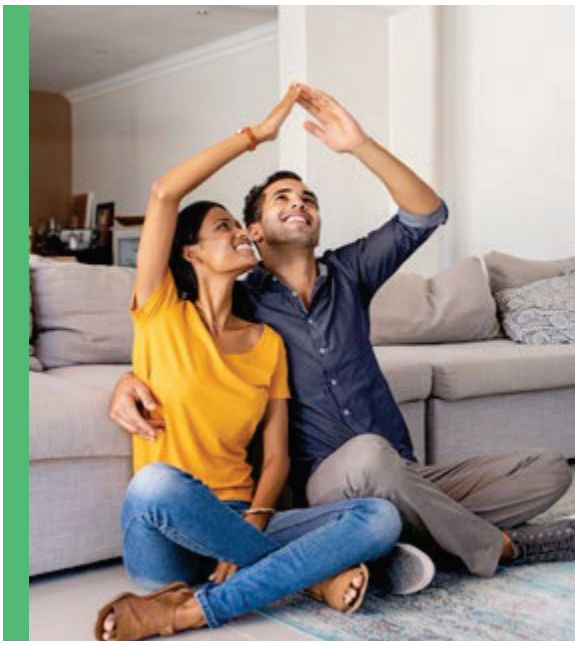
We are a rapidly growing, digital-first, non-banking financial company, offering personal as well as home loans. utilising strong in-house technology and product expertise to build customer-centric financial solutions. With a focus on meeting the growing credit demand within the country, through our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

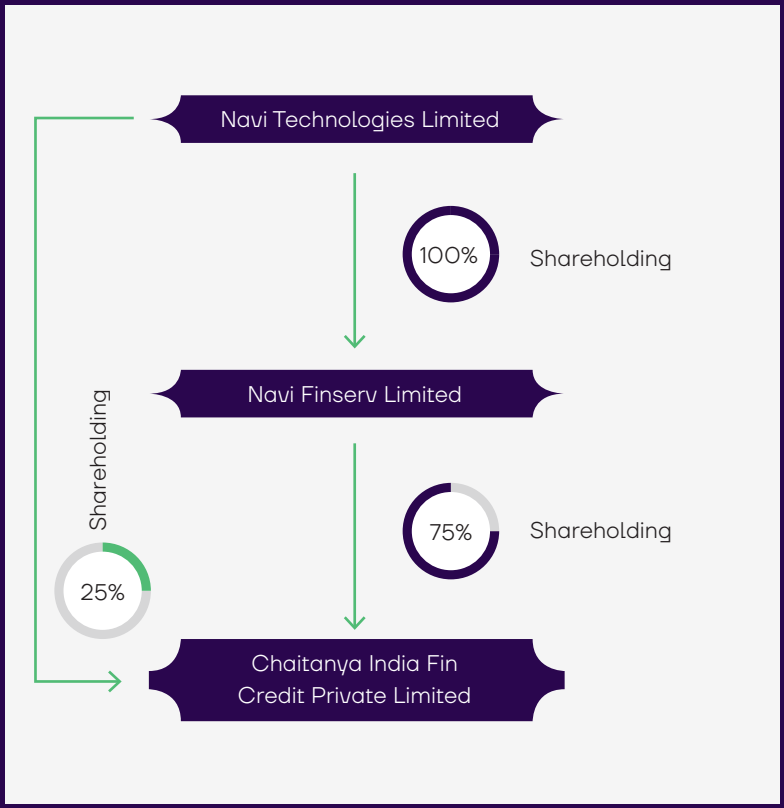


Our Promoter/ Holding Company

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 CIFCPL
- 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

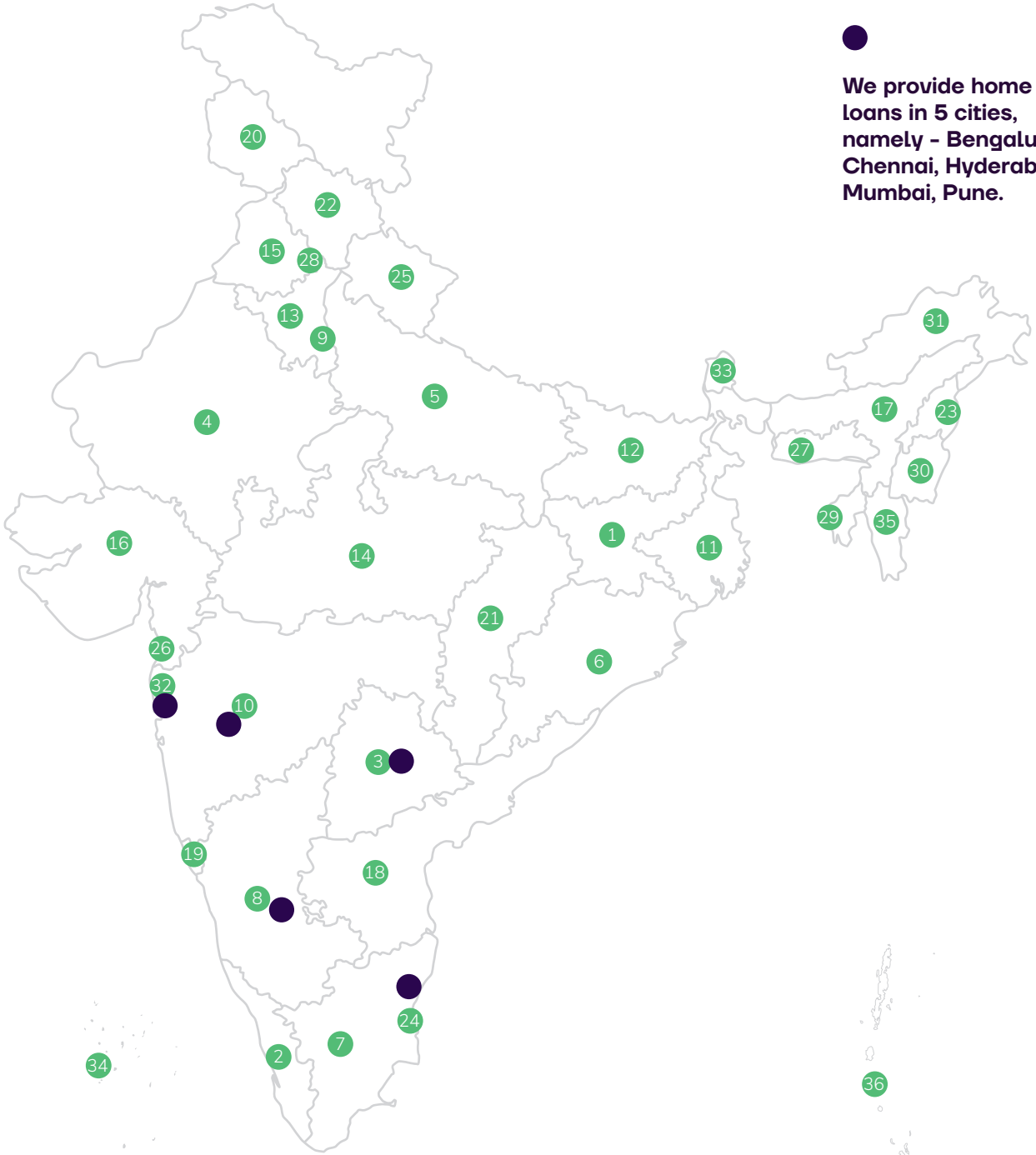
2022

- 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



We provide home loans in 5 cities, namely - Bengaluru, Chennai, Hyderabad, Mumbai, Pune.

We provide personal loans in all states of India.

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

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

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 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.

> **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 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 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 disbursals 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.

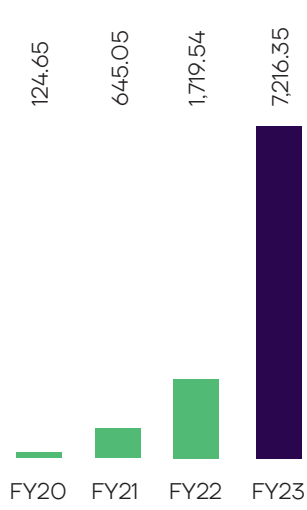
Regards,

Ankit Agarwal
Managing Director

Financial Highlights

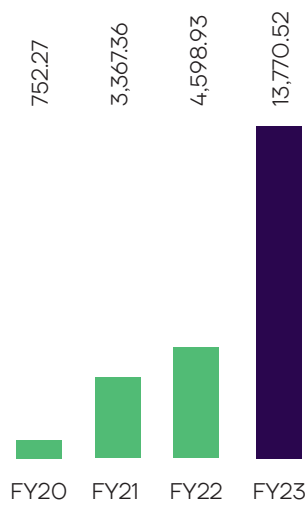
Net Interest Income
(INR in Million)

7,216.35



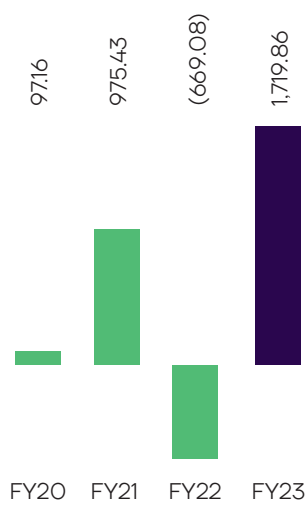
Total Income
(INR in Million)

13,770.52



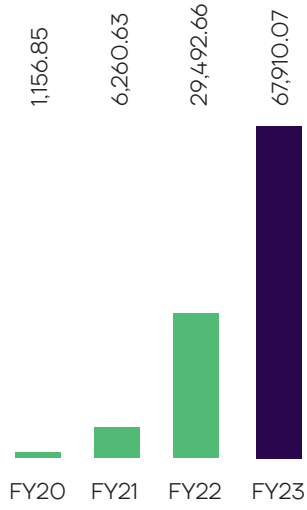
Profit After tax
(INR in Million)

1,719.86



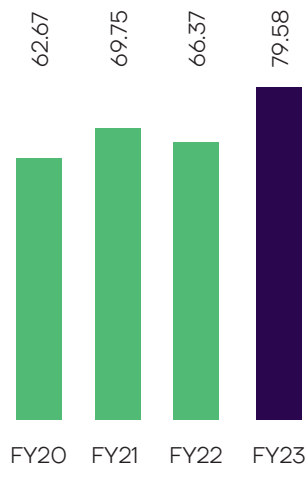
Assets under Management (AUM)
(INR in Million)

67,910.07



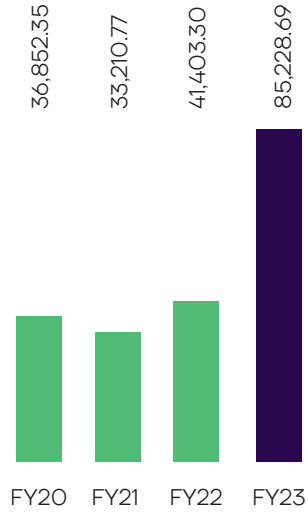
Book value per share
(INR)

79.58



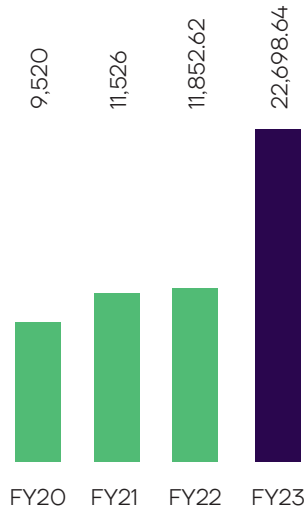
Total Assets
(INR in Million)

85,228.69



Net Worth
(INR in Million)

22,698.64



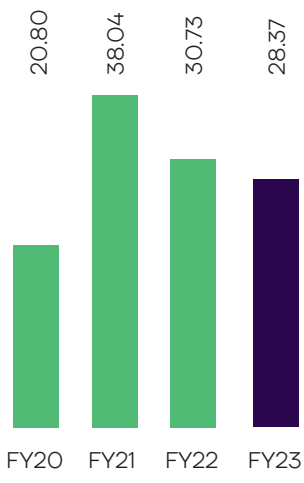
RoA
(%)

2.72



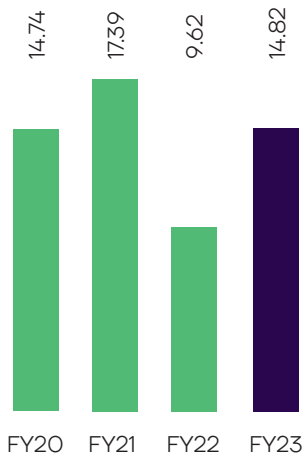
Capital Adequacy Ratio
(%)

28.37



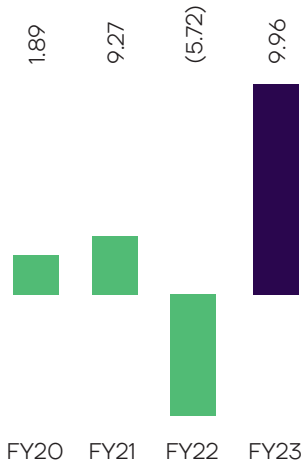
Net Interest Margin
(%)

14.82



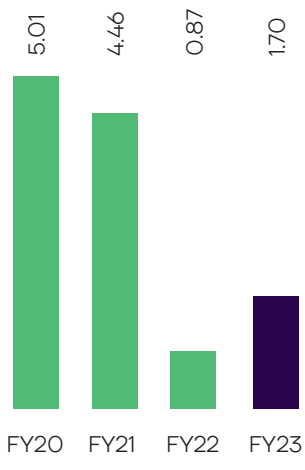
RoE
(%)

9.96



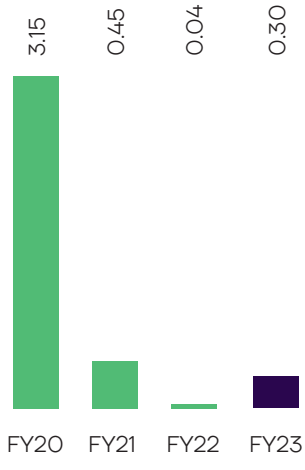
GNPA
(%)

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, disbursal 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 disbursal 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 disbursal

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

616
Total pre-approved builder projects

1,068
Loans disbursed

₹ 6,880 Mn.
Gross disbursement amount

₹ 7,153 Mn.
Home Loan AUM

₹ 6.5 Mn.
Average ticket size

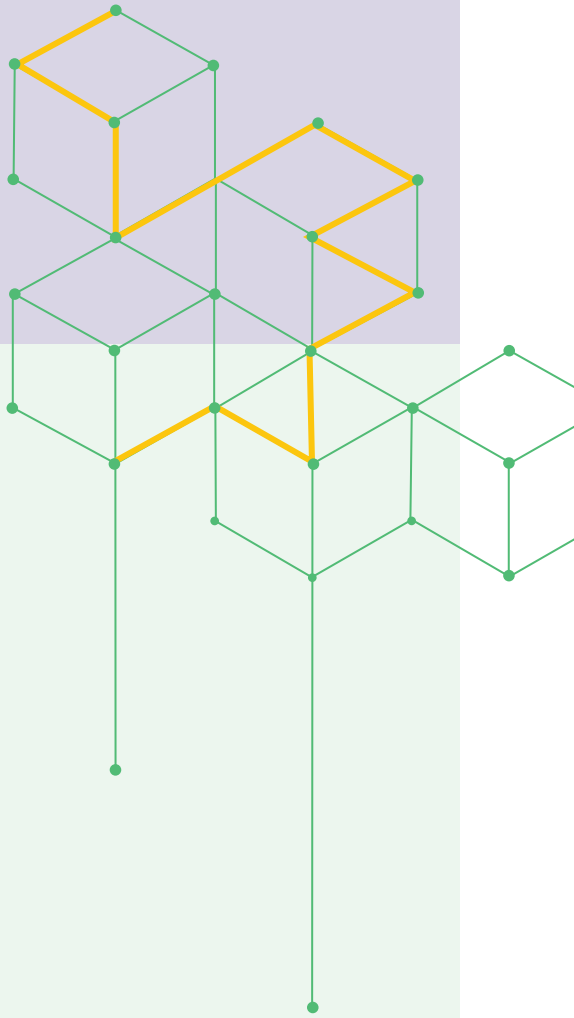
9.17%
Annualised yield



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

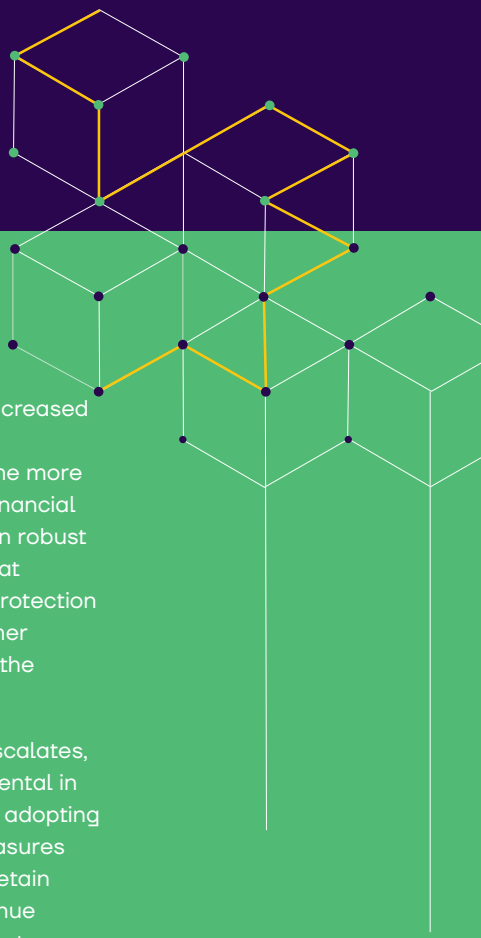
OCEN is a new paradigm enabling India to move closer to financial inclusion and democratisation of credit access. OCEN is an open network which standardises the building blocks that make up a typical credit cycle, using which various participants in the credit ecosystem can seamlessly connect with one 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 disbursals 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 disbursals 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.

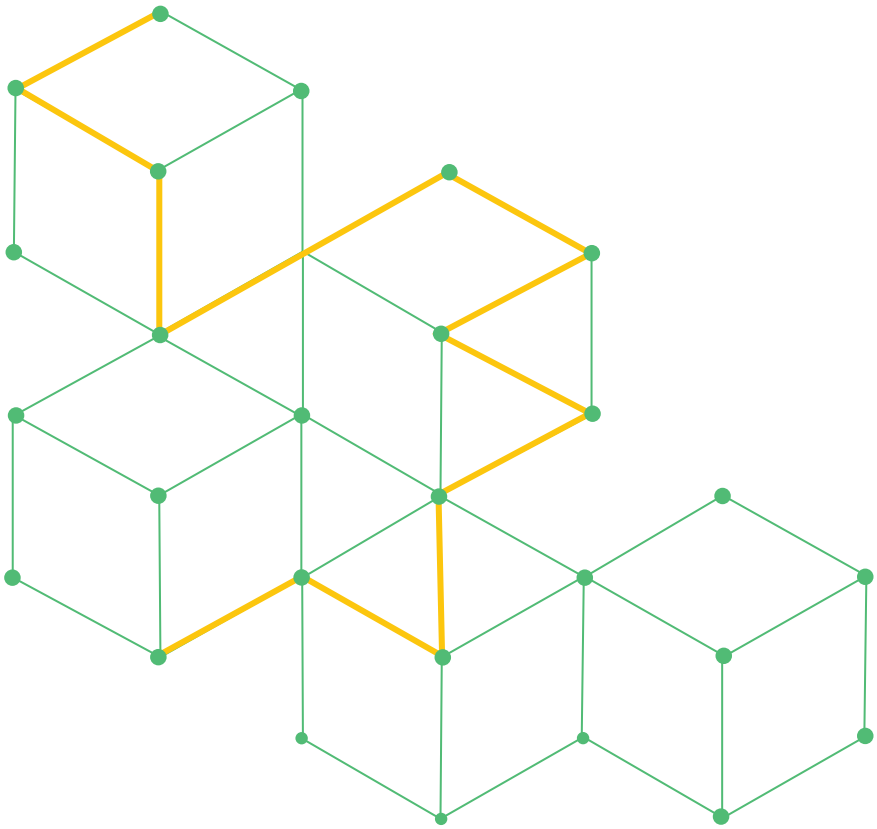


Fortifying our business with technology-led processes

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

1. 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);
2. 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;
3. Operating expense increased by 16.96% mainly due to increase in employee benefit expenses to INR 845.02 Mn (PY INR 496.79 Mn);
4. Loan losses and provision grew to INR 3693.1 Mn (PY INR 1400.4);
5. Profit before tax increased to INR 1979.09 Mn compared to Loss before tax of INR 886.35 Mn in the previous year;
6. Profit after tax increased to INR 1719.86 Mn compared to Loss after tax of INR 669.08 Mn in the previous year; and,
7. 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

1. The Digital Personal Loans portfolio of the Company as of March 31, 2023, was INR 61,618 Mn;
2. The portfolio quality of Digital Personal Loans as of March 31, 2023, was 1.84% of Day past due("**DPD**") 90; and,
3. 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 IINR 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/finserv/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/finserv/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

(Indian Rupees (INR) in Millions)

Particulars	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/finserv/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

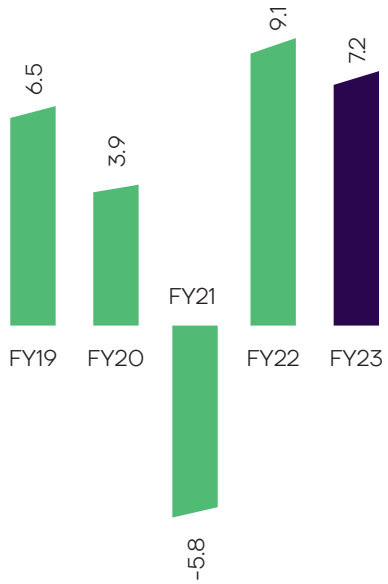
The Indian economy demonstrated resilience amid geopolitical tensions and high inflation-induced global economic headwinds and, according to the final advance estimates of the National Statistical Office (NSO), registered a growth of 7.2% in Financial Year 2022-23. The better-than-expected performance 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 2030[1].

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 disbursals 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

1. **The ratio of remuneration of each director to the median remuneration (MRE) of the employees of the Company for the financial year. -** NA
2. **The percentage increase in remuneration of each director and KMP in the financial year -** Mentioned in the above table.
3. **The percentage increase in median remuneration of the employees in the financial year -** 5.34%.
4. **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.
5. **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.
6. **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%

1. Names of subsidiaries which are yet to commence operations - Not applicable
2. 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

1. **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.

2. **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" ™ and other derivative ™ 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	CSR00001100
	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: U65923KA2012PLC062537
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: U65923KA2012PLC062537). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 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: A042939E000937965
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: A042939E000937965
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:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
2. Recommendation to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company;
3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
4. Approving payments to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a) Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
    b) Changes, if any, in accounting policies and practices and reasons for the same;

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 repot 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.

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.
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 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:

1. 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.
2. 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;
3. To monitor and oversee implementation of the Risk Management Policy (ERM & ICAAP Policy), including evaluating the adequacy of risk management systems;
4. To review and approve risk appetite and ensure the Company is operating within the same.
5. To ensure the Company's overall risk exposure is maintained at prudent levels and is consistent with available capital.
6. To recommend the ERM & ICAAP Policy to the Board for approval. Oversee the ICAAP process including challenging the ICAAP and underlying assumptions.
7. 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.
8. 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.
9. To review the Risk Management Policy, annually, including by considering the changing industry dynamics, regulator requirements, and evolving complexity of the business;
10. To keep the Board of Directors informed of the nature and content of its discussions, recommendations and actions to be taken
11. To ensure policy guidance and expectations regarding business continuity planning are in place; and
12. 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:

1. 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;
2. To review of measures taken for effective exercise of voting rights by shareholders;
3. 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;
4. 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;
5. 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 disbursal / 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

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.

Means of communication:

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

Quarterly Results

The quarterly/annual financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Regulations and are also published in newspapers. The quarterly/annual results are also uploaded on the website of the Company at 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.

General Shareholder Information

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

Accounting Standards followed by the Company

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

Total fees paid to Statutory Auditors

Details relating to the fees paid to the Statutory Auditors of the Company and its subsidiaries, during the Financial Year 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: U65923KA2012PLC062537
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: U65923KA2012PLC062537, 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,

For Rahul A & Associates
Practicing Company Secretaries

Place: Bengaluru
Date: September 04, 2023

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: U65923KA2012PLC062537
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: U65923KA2012PLC062537, 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: A042939E000937965
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
Membership Number : 203637
UDIN : 23203637BGXOZS7152

Place : Bangalore
Date: May 26, 2023

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 an 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
Membership Number 203637
UDIN : 23203637BGXOZS7152

Bangalore
May 26, 2023

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 conjuction 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

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

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: 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

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	27.74
(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 conjuction 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

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

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)
Place: 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

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 conjuction 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

A J Shaikh
Partner
Membership No. 203637

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)

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

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 compulosry convertible debentures						1,129.22	1,129.22
Tranfer 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 conjuction 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

A J Shaikh
Partner
Membership No. 203637

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)

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

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. SachinBansal 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

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

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. 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 cquisition 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 (exluding 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	-	-
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**

(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/s2(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 equiy 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 equiy 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 equiments	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	As at 31 March 2023
		Additions	Payment	Others	Consideration received in the form of investments for NCDs issued	
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	As at 31 March 2022
		Additions	Payment	Others	Consideration received in the form of investments for NCDs issued	
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 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 Janaury 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 Janaury 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
Provison 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	-
Tranfer 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 milions (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 milions (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 Benfit 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) / lossfrom 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:

(a) Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.

(b) These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(c) The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.

(d) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

(vii) Sensitivity analysis for gratuity liability

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

a) Adverse salary growth

b) Variability in mortality rates

c) 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

1. The Company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2023.
2. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
3. 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 conevrtible 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	-	17.40
	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	-	67.69
	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 adavances 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**

i) The Company is of the opinion that for the above demands, based on the management estimate no significant liabilities are expected to arise.

ii) 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.

iii) The Company does not expect any reimbursement in respect of the above contingent liabilities.

iv) 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 securites			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.

Notes forming part of the Standalone Financial Statements

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 laibilities

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 Intstrument 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.

Notes forming part of the Standalone Financial Statements

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 disbursal flow to highlight areas requiring

Notes forming part of the Standalone Financial Statements

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
- Apropriate 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 unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument 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.

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.

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	-	-	-	-	-	-	-	-

Notes forming part of the Standalone Financial Statements

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.

Notes forming part of the Standalone Financial Statements

The Company's investments in debt instruments and pass through certificates are all fixed interest bearing instruments. Refer the price sensitvity 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:

a) As a servicer of the transferred assets

b) 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 was 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/ reclasssified 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.

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

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.008/03.10.119/2016-17 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.102/03.10.001/2019-20 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 Weighed Value (Average)	Total Unweighed Value (Average)	Total Weighed Value (Average)	Total Unweighed Value (Average)	Total Weighed Value (Average)	Total Unweighed Value (Average)	Total Weighed 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	6,272.43	3,120.04
(Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;)		
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 peforming 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	-	-

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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**

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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 ofprovision)	Market value / break up or fair value or NAV	Book value (Net ofprovision)
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.

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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**

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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	-	-

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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

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

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)
Place: 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

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	How our audit addressed the 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.	**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.

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 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.

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
Membership Number 203637
UDIN: 23203637BGXOZT1134

Place: Bengaluru
Date: May 26, 2023

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 conjuction 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

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

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: 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 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 conjuction 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

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

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)
Place: 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 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 conjuction 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

A J Shaikh
Partner
Membership No. 203637

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)

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	Debenture 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	-	-	10,108.48	-
Profit/(Loss) for the period after tax for the year	-	-	-	-	(170.01)	-	-	-	-	(170.01)	-
Issue of equity shares	866.67	-	-	-	-	-	-	-	-	866.67	-
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	100.69	-	-	(100.69)	-	-	-	-	-	-
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	23.42	(23.42)	-	-	-	-	-
Balance as at 31 March 2022	9,611.58	400.51	44.05	-	744.25	(5.24)	10.00	-	-	10,805.15	-
Profit/(Loss) for the period after tax for the year	-	-	-	-	2,635.60	-	-	-	-	2,635.60	-
Issue of equity shares	6,933.33	-	-	-	-	-	-	-	-	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	-	1,129.22	
Sale of interest in the group to non-controlling interest	-	-	-	-	-	-	-	-	40.55	40.55	1,774.03
Less: Share issue expense	(3.97)	-	-	-	-	-	-	-	-	(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**	**21,539.88**	**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.: 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)

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

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.

- **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 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 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

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

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. 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 cquisition 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

GroupThe 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 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 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, Goverment 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 laibility loans (31 March 2022 :₹ 21,247.88 millions.)

^ For the year ended 31 March 2023, term loan includes ₹ 2,025.52 millions of Joint laibility 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/s2(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 fututres.

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 accesso-ries	Furniture and fixtures	Office equipment's	Vehi-cles	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, Unisted, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 17 November 2022	750	-	5,00,000	375.00	-
12.40% Subordinated, Rated, Unisted, 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. Matuirity 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. Matuirity date is 13 July 2023. Discount rate is 8.50%	300.00	-	92.17	276.50	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 10 July 2023. Discount rate is 9.00%	250.00	-	97.06	242.64	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 30 June 2023. Discount rate is 8.50%	150.00	-	97.70	146.55	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 28 June 2023. Discount rate is 9.00%	200.00	-	96.48	192.96	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 26 June 2023. Discount rate is 8.50%	100.00	-	97.79	97.79	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 20 June 2023. Discount rate is 9.00%	100.00	-	97.20	97.20	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 8 June 2023. Discount rate is 9.00%	250.00	-	97.81	244.51	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 7 June 2023. Discount rate is 9.10%	150.00		97.83	146.74	
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 01 June 2023. Discount rate is 9.00%	100.00	-	97.50	97.50	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 28 April 2023. Discount rate is 8.65%	155.50	-	97.32	151.33	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 27 April 2023. Discount rate is 9.00%	120.00	-	97.45	116.94	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 26 April 2023. Discount rate is 9.00%	100.00	-	97.50	97.50	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 25 April 2023. Discount rate is 9.00%	60.00	-	97.69	58.61	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 10 April 2023. Discount rate is 8.40%	87.50	-	97.97	85.72	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 6 April 2023. Discount rate is 8.55%	200.00	-	97.94	195.87	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 5 April 2023. Discount rate is 8.40%	60.00	-	97.97	58.78	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 25 July 2022. Discount rate is 8.10%	-	285.00	98.04	-	277.73
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 25 July 2022. Discount rate is 8.27%	-	210.00	97.39	-	204.53
Unsecured Rated Redeemable Commercial Paper. Matuirity 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	As at 31 March 2022	Cash flow			Consideration received in the form of investments for NCDs issued	As at 31 March 2023
		Additions	Payment	Others		
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	As at 31 March 2021	Cash flow			Consideration received in the form of investments for NCDs issued	As at 31 March 2022
		Additions	Payment	Others		
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 Benfit 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	-	

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
(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:

(a) Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.

(b) These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(c) The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.

(d) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

(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 Bhattachraya	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 conevrtible 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	-	17.40
	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

Notes forming part of the Consolidated Financial Statements

(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

	Aa 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**

i) The Group is of the opinion that for the above demands, based on the management estimate no significant liabilities are expected to arise.

ii) 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.

iii) The Group does not expect any reimbursement in respect of the above contingent liabilities.

iv) 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	Aa 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

Notes forming part of the Consolidated Financial Statements

(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

(All amounts in ₹ millions unless otherwise stated)

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 P&L				
Investments in Pass through certificates	8	Level 2	-	225.27
Financial assets measured at fair value through OCI				
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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(All amounts in ₹ millions unless otherwise stated)

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.

Notes forming part of the Consolidated Financial Statements

(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 laibilities

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 it's 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 it's 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 thesecondary 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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(All amounts in ₹ millions unless otherwise stated)

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.

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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 grade- DPD > 89	-	-	1,263.19	1,263.19	-	-	551.76	551.76
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**	**2054.56**

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 -opening balance	238.03	-	164.15	402.18	2,769.52	-	227.44	2,996.96
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 - 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..

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:

a) As a servicer of the transferred assets

b) 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:

a. 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

b. 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:

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

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 was 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/ reclasssified wherever applicable

Notes forming part of the Consolidated Financial StatementsO

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 Net Assets i.e., total assets minus total liabilities		Year ended 31 March 2023 Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amoun	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 Net Assets i.e., total assets minus total liabilities		Year ended 31 March 2022 Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	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 **Price Waterhouse LLP**
Chartered Accountants
Firm's Registration No.: 301112E/E300264

A J Shaikh
Partner
Membership No. 203637

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)

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 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**

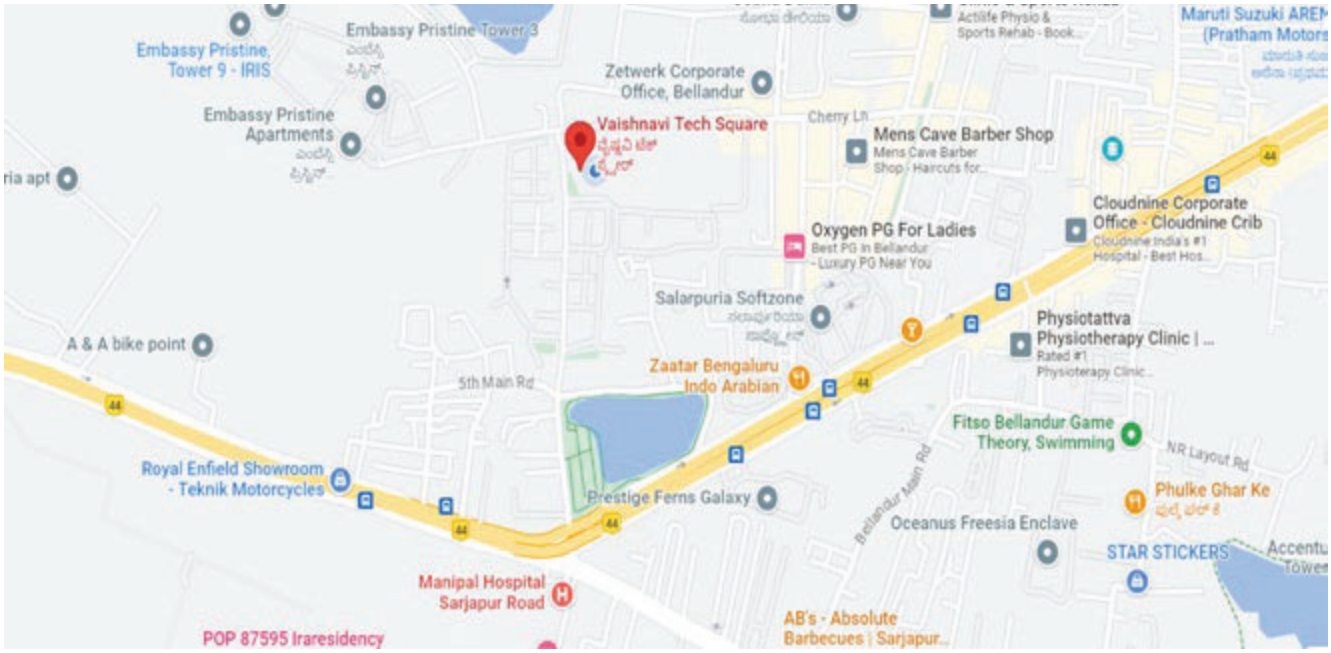
Thomas Joseph
Company Secretary
Membership No. A53322

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 Svatantra 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

Affix Revenue Stamp

Signature of Proxy holder(s)

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

Notes

Notes

navi FINSERV

Navi Finserv Limited

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

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Navi Finserv Limited

Annual Report

FY 2021-22

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

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Forward - looking statements

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

About Navi Finserv

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

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

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

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

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

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

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

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

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



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

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

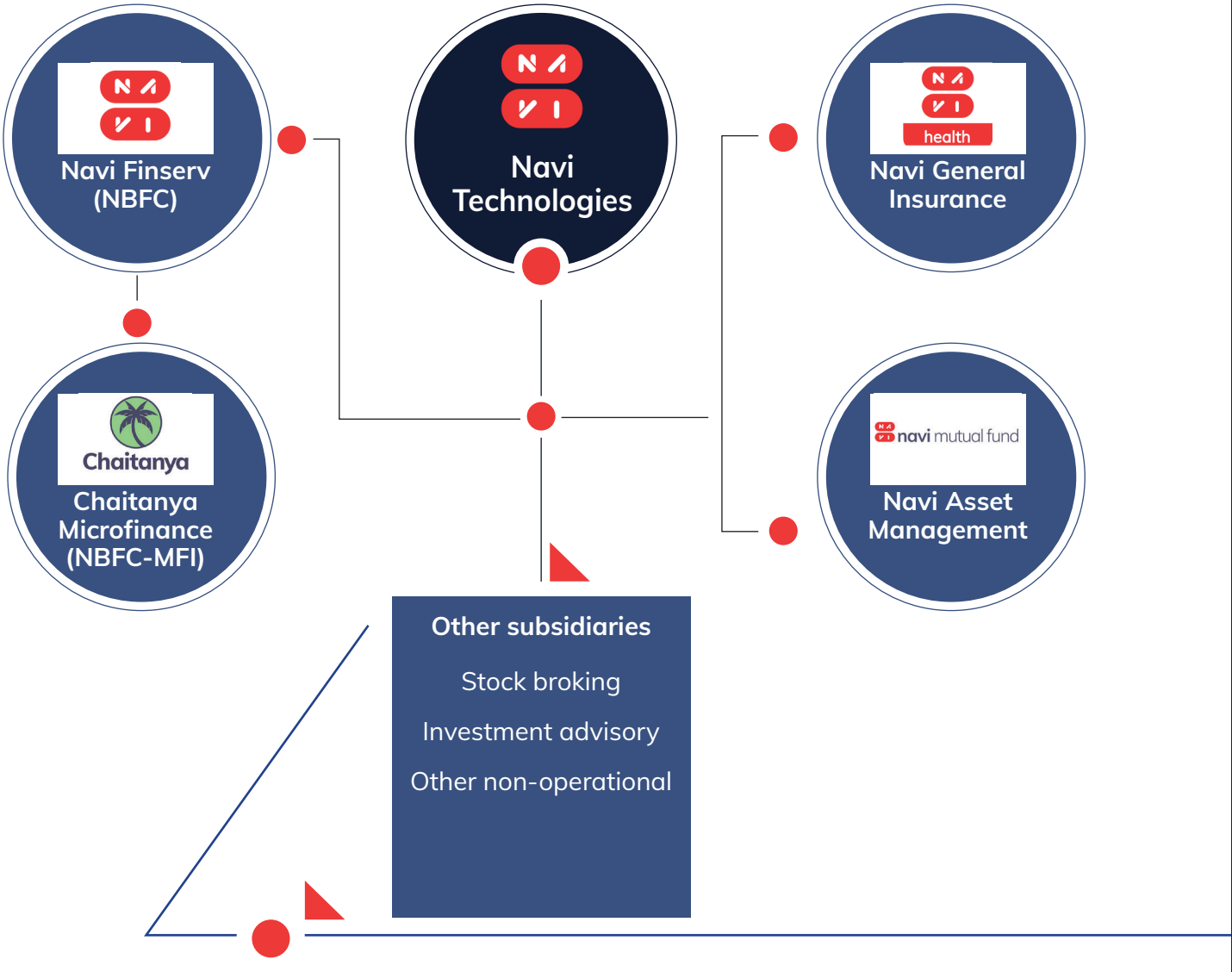
As of March 31, 2022, our Subsidiary's microfinance business had a closing AUM of ₹ 22575.97 Mn. Our microfinance loans are not offered through the Navi App and this business is operated separately from our other technology-based business lines.

About Navi Finserv (contd...)

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

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

Navi Group



Our Promoter

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

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

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

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

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

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

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

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



Navi Finserv – a snapshot

₹ 11,852.62 Mn
Net Worth

₹ 29,492.66 Mn
Assets under Management

2.39
Debt-Equity Ratio

₹ 27,879.76 Mn
Borrowings

30.73%
Capital Adequacy Ratio

0.04%
Net NPA

0.87%
Gross NPA

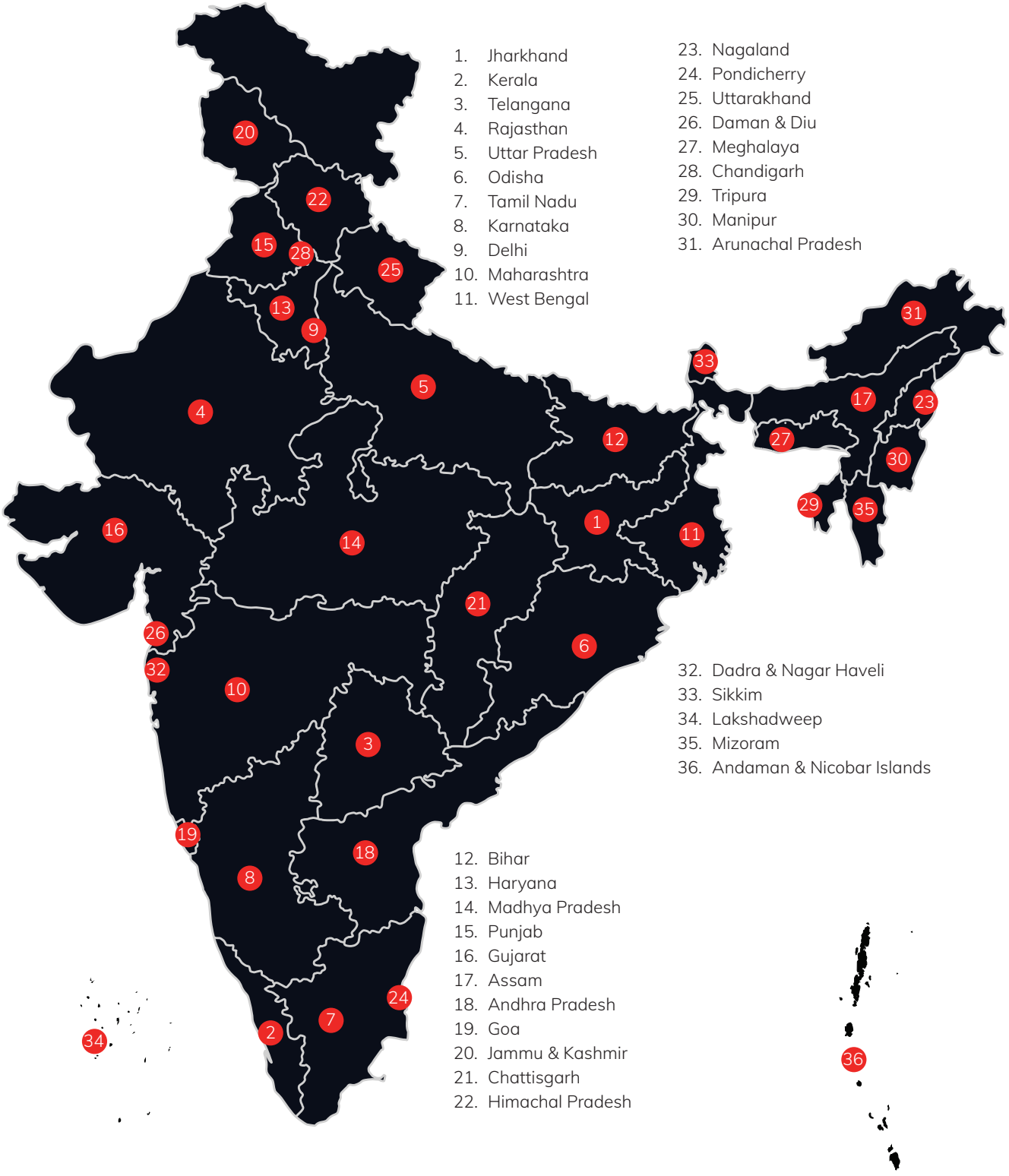
~93%
Country's Pincodes covered for Personal Loans

8
Cities covered for Home Loans

95%
Collection Efficiency of Personal Loan

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

Expanding Horizons



Key Milestone/ Our journey so far

2012

Incorporation of Chaitanya Rural Intermediation Service Private Limited (CRIDS), now Navi Finserv Limited (NFL)

2016

Receipt of NBFC License

2019

Acquisition of CRIDS (now NFL) by Mr. Sachin Bansal

Our Company was classified as a systemically important NBFC on a standalone basis

2020

Change of name from CRIDS to Navi Finserv Private Limited (NFL)

Launch of 'Digital personal loan product' on the Navi App.

NFL Rated 'A (Stable)' by India Ratings & 'A- (Stable)' by CRISIL

2021

Launch of Digital housing loan product on the Navi App.

Disbursals crossed ₹2,000 crore - PL; ₹150 crore – HL; ₹1500 Cr Gross – AUM of ₹ 1500+ crore as on December 31, 2021

2022

Disbursals crossed ₹ 1700 crore in Q4 FY21-22 - PL; ₹ 1649 crore – HL; ₹ 139 crore Gross – AUM of ₹ 2800+Crore as on March 31, 2022

Conversion from 'Private' Limited to 'Public' Limited

Balance sheet size exceeded ₹ 5000 Cr
Issued first non-convertible debt securities to Public

Chairman's Message

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

Dear shareholders and stakeholders,

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

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

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

With improving macroeconomic conditions, higher credit penetration, growing consumption, and disruptive digital trends, a significant rise in NBFC credit is also evident. Retail loans have been a primary growth driver for the Indian banking system in recent years, particularly due to the growth of NPAs (non-performing assets) from corporate accounts.

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

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

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

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

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

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

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

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

Warm Regards,

Mr. Sachin Bansal

Executive Chairman &
Chief Executive Officer

MD's Message

Dear shareholders,

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

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

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

Our continued efforts towards enhancing value creation is ably reflected in our performance during the fiscal year 2021-22. In a year fraught with multiple headwinds, our total revenue stood at ₹ 4571.19 Mn, and our PBT at ₹ (886.35) Mn. The GNPA and NNPA for the year were 0.87% and 0.04%, respectively, while net worth was ₹ 11,852.62 Mn. We maintained a standalone debt to equity ratio of 2.39 times and the AUM of the lending vertical amounted to ₹ 29492.66 Mn.

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

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

This era of disruption also presents a unique opportunity for renewal. The exigencies of this disruption has pushed the boundaries of innovation. As we look to the next year and beyond, we intend to capitalise on the growth drivers of digital financial services in India. Increasing penetration of digital services, trust building on digital financial players, alternative credit models to accelerate lending among segments with credit under-penetration and government initiatives like digital banking, thrust on UPI adoption will provide us a number of opportunities to grow in the long term.

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

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

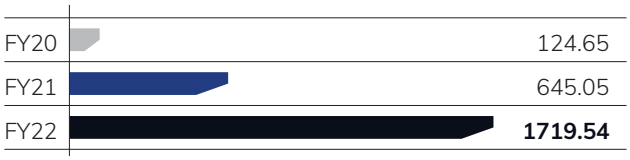
Regards,

Mr. Ankit Agarwal
Managing Director

Financial Highlights

Net Interest Income

(₹ in Mn)



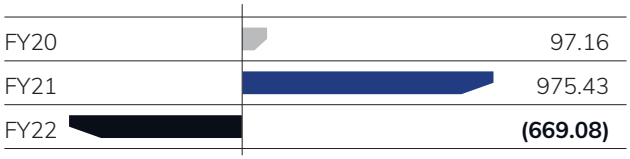
Total Income

(₹ in Mn)



Profit after tax

(₹ in Mn)



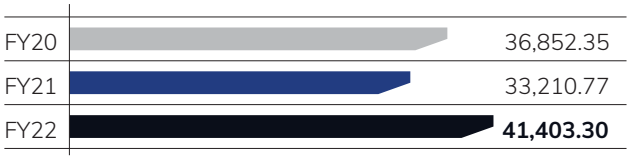
Book value per share

(₹)



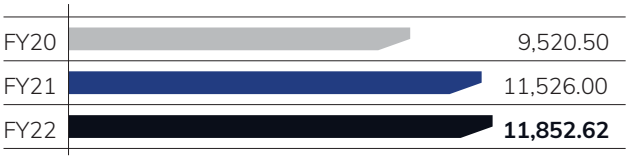
Total Assets

(₹ in Mn)



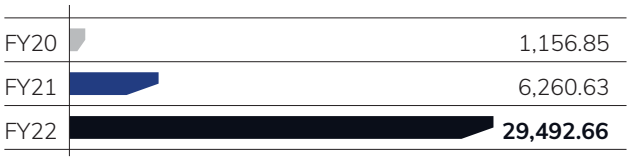
Net Worth

(₹ in Mn)



Asset under Management (AUM)

(₹ in Mn)



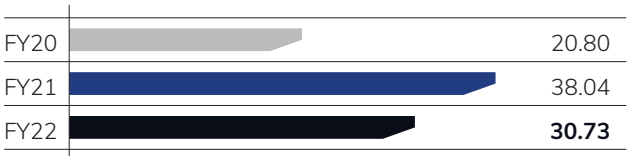
Total Deposits

(₹ in Mn)



Capital Adequacy Ratio

(%)



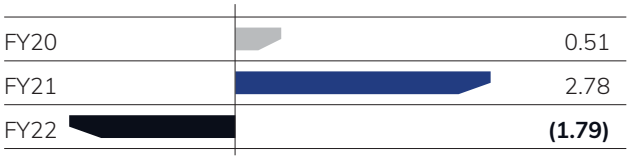
Net Interest Margin

(%)



RoA

(%)



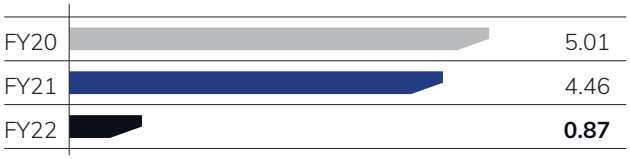
RoE

(%)



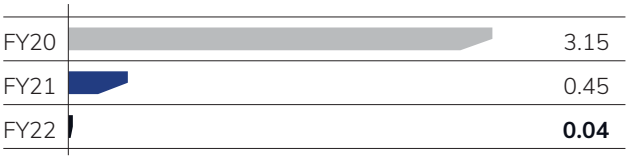
Gross NPA

(%)



Net NPA

(%)



Diverse strengths, distinctive advantages

Mobile-first experience

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

Fast turnaround time

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

Reaching far and wide

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

Strong underwriting and risk management model

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



Robust collection mechanism

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

Granular lending book

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

Strong leadership and experienced management

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



Our portfolio of offerings

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

Personal loans

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

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

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

~93%
PIN codes approved for loan coverage

89%
Asset Under Management

< 2 mins
Fastest disbursal

~97%
Collection efficiency

₹ 52,207
Average Ticket Size



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



Home loans

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

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

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



Strategically driving progress

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

Focus on utilizing advanced technology

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

Increasing reach across India

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

Foraying into new product lines

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



Leveraging an integrated financial ecosystem

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

Optimizing borrowing costs and diversifying funding sources

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

Prudent risk management policies

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

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

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



Aiding efficiency through technology-led processes

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

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

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

Loan Management System (LMS)

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





Collections portal

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

Board of Directors

Sachin Bansal

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

Ankit Agarwal

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

Ranganathan Sridharan

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

Usha A Narayanan

Usha A Narayanan is an Independent Director of our Company. She holds a bachelor's degree in commerce from the University of Madras and an associate member of the Institute of Chartered Accountants of India. She has passed the professional program examination held by the Indian Institute of Company Secretaries of India. She has more than two decades of audit experience with Lovelock & Lewes Chartered Accountants LLP, a member firm of Price water house Coopers, and was a partner in Lovelock & Lewes Chartered Accountants LLP for a period of 15 years. She has previously been associated with the Bank of Baroda as an independent director and as a chairperson of the audit committee.

Arindam Haraprasad Ghosh

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

Corporate information

Board and Committees

Mr. Sachin Bansal
Executive Chairman &
Chief Executive Officer

Mr. Ankit Agarwal
Managing Director

Ms. Usha A Narayanan
Independent Director

Mr. Ranganathan Sridharan
Independent Director

Mr. Arindam Haraprasad Ghosh*
Independent Director

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

Audit Committee

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

Nomination & Remuneration Committee

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

Risk Management Committee

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

CSR Committee

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

Asset and Liability Committee

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

Stakeholders Relationship Committee

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

IT Strategy Committee

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

Finance Committee**

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

Debenture Committee***

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

Chief Financial Officer

Mr. Divyesh Jain

Registrar and Share Transfer Agent

NSDL Database Management Limited

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

Integrated Data Management Services Private Limited

Park View Basement II, 84, Gopathi 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

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

**The Company had appointed Mr. Ghosh as an Independent Director of the Company on April 01, 2022.*
***In FY 22-23, the Company has merged its Investment Committee into the Finance Committee of the Company*
****Constituted Debenture Committee.*

Debenture Trustee

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

List of lenders as of March 31, 2022

Aditya Birla Finance Ltd
AK Capital Finance Ltd
AU Small Finance Bank Ltd
Axis Bank Ltd
Axis Mutual Fund
Canara Bank Ltd
CSB Bank Ltd
Federal Bank Ltd
HDFC Bank Ltd
Hero FinCorp Ltd
Hinduja Leyland Finance Ltd
HSBC Ltd
ICICI Bank Ltd
IDFC First Bank
Indian Overseas Bank
JM Financial
Kotak Mahindra Bank Ltd
Kotak Mahindra Investments Ltd
Mahindra & Mahindra Finance Ltd
MAS Financial Services
Northern Arc Money Market Alpha Trust
RBL Bank Ltd
South Indian Bank
State Bank of India
Sundaram Finance Ltd
Tata Capital Financial Services Ltd
Ujjivan Small Finance Bank
Utkarsh Small Finance Bank
Vivriti Short Term Bond Fund
YES Bank Ltd

Directors' Report

Dear Members,

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

Company-specific information:

Financial Summary and Highlights:

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

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

Financial Performance Highlights (standalone):

1. Total Income increased by 37% to INR4,598.93 Mn (PY 3,376.36 Mn). Total income of the company mainly comprises of Interest on Loan and Advances disbursed and Income from Treasury operations. Income growth during the period was mainly contributed by: - a. Growth in Interest income on Loans and Advances and Investment by 63% during the period to INR 3,216.42 Mn (PY 1,971.10). b. Fair valuation gains on Investment transactions amounting to INR 1,354.77 Mn (PY 1386.84 Mn).

2. Total operating expenses excluding fair valuation loss (Employee benefits expenses+Depreciation+Other expenses)increased by 492% to INR 3274.60 Mn (PY 618.06 Mn). Major reasons for increase in operating expenses are as follows: - a. Other administrative expenses grew by 556% to INR 2,372 Mn (PY 416.50 Mn). Other administrative Expenditure during the period includes Marketing, software support and customer onboarding and verification. b. Increase in Employee benefit expense by 206% to INR 496.79 Mn (PY INR 162.52 Mn)

3. Loan losses and provision grew to INR 1400.40 Mn (PY 1313.29 Mn)

4. Profit before tax reduced by 167 % to INR (886.35) Mn loss (PY 1,313.88 Mn profit)

5. Profit after tax reduced by 168% to INR (669.08) Mn loss (PY 975.42 Mn profit).

6. The Company's Capital adequacy ratio as on 31st March 2021 was 30.73% which continued to be well above the RBI norms.

Key Operational Highlights

1. The Digital Personal Loans portfolio of the Company as of March 31, 2022, stands at INR 25,060 Mn.

2. The portfolio quality of Digital Personal Loans as of March 31, 2022, stands at 1.0% of Day past due("**DPD**") 90.

3. The Digital Housing Loan Portfolio of the Company as of March 31, 2022, stands at INR 3,090 Mn.

Public Company

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

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

Transfer to Reserves

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

Dividends

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

Major Events that Occurred During the Year

State of Company's Affairs

a) **Segment-wise position of the business and its operations:** The Company is primarily engaged in the business of financing which is considered to be the only reportable business segment as per Ind AS 108, Operating Segments. The Company operates in the Republic of India and there are no other geographical segments.

b) **Change in nature of the business:** There was no change in the nature of the business of the Company for the entire year under review.

c) **Status of the Company:** The Company is registered with the Reserve Bank of India ("**RBI**") as a Non-Banking Financial Institution. The Company is categorized as a Systemically Important Non-Deposit taking Non-Banking Financial Company ("**ND-SI-NBFC**") and as an NBFC-Investment and Credit Company ("**NBFC-ICC**").

d) **Key business developments:** There were no key business developments during the period under review.

e) **Change in the financial year:** There was no change in the Financial Year of the Company in the entire year under review.

f) **Capital expenditure programs:** NIL

g) **Details and Status of Acquisition, Merger, Expansion, Modernization and Diversification:** Nil

h) **Developments, Acquisition, and Assignment of material Intellectual Property Rights:** Nil

i) **Any other material event having an impact on the affairs of the Company:** Nil

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

Details of Revision of Financial Statement or the Report

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

Capital and Debt Structure of the Company:

Share Capital

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

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

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

Issue of equity shares with differential rights:

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

Issue of Sweat Equity Shares:

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

Details of Employee Stock Options

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

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

Issue of Debentures, bonds or any convertible securities:

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

1. Offered and Issued 300, Secured, Rated, Listed, Redeemable Non-Convertible Debentures ("**NCDs**") of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 30,00,00,000 (Indian Rupees Thirty Crores Only) by way of Private Placement on August 11, 2021.

2. Offered and Issued 650 Secured, Rated, Listed, Redeemable, Principal Protected Market Linked(PP-MLD) Non-Convertible Debentures ("**NCDs**") of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 65,00,00,000 (Indian Rupees Sixty Five Crores Only) by way of Private Placement on September 17, 2021.

3. Offered and Issued 800, Secured, Rated, Listed, Redeemable Non-Convertible Debentures ("**NCDs**") of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 80,00,00,000 (Indian Rupees Eighty Crores Only) by way of Private Placement on September 25, 2021.

4. Offered and Issued 2,000 Secured, Rated, Listed, Redeemable, Principal Protected Market Linked(PP-MLD) Non-Convertible Debentures ("**NCDs**") of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 200,00,00,000 (Indian Rupees Two Hundred Crores Only) by way of Private Placement on November 19, 2021.

5. Offered and Issued 1,000 Secured, Rated, Listed, Redeemable Non-Convertible Debentures ("**NCDs**") of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 100,00,00,000 (Indian Rupees One Hundred Crores Only) by way of Private Placement on December 23, 2021.

6. Offered and Issued 350, Secured, Rated, Listed, Redeemable Non-Convertible Debentures ("**NCDs**") of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 35,00,00,000 (Indian Rupees Thirty Five Crores Only) by way of Private Placement on January 10, 2022.

7. Offered and Issued 500 Secured, Rated, Listed, Redeemable, Principal Protected Market Linked(PP-MLD) Non-Convertible Debentures ("**NCDs**") of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 50,00,00,000 (Indian Rupees Fifty Crores Only) by way of Private Placement on January 22, 2022.

8. Offered and Issued 1,000 Secured, Rated, Listed, Redeemable, Non-Convertible Debentures ("**NCDs**" or "Debentures") of Face Value of Rs. 10,00,000 (Rupees Ten Lakhs Only) each for Cash aggregating to Rs. 100,00,00,000 (Rupees Hundred Crores Only) with a Green shoe Option of 400 NCDs of face value of INR 10,00,000 (Rupees Ten Lakhs only) of INR 40,00,00,000 (Rupees Forty Crores Only) to retain additional subscription on a private placement basis on February 02, 2022.

9. Offered and Issued 1,000 Secured, Rated, Listed, Redeemable, Principal Protected, Market Linked, Non-Convertible Debentures ("**NCDs**" or "**Debentures**") of Face Value of Rs. 10,00,000 (Rupees Ten Lakhs Only) each, for Cash aggregating to Rs. 100,00,00,000 (Rupees Hundred Crores Only) with a Green shoe Option of 500 NCDs of face value of INR 10,00,000 (Rupees Ten Lakhs only) of INR 50,00,00,000 (Rupees Fifty Crores Only) to retain additional subscription on a private placement basis on February 17, 2022.

10. Offered and Issued 1,000 Secured, Rated, Listed, Redeemable, Principal Protected, Market Linked, Non-Convertible Debentures ("**NCDs**" or "**Debentures**") of Face Value of Rs. 10,00,000 (Rupees Ten Lakhs Only) each, for Cash aggregating to Rs. 100,00,00,000 (Rupees Hundred Crores Only) with a Green shoe Option of 500 NCDs of face value of INR 10,00,000 (Rupees Ten Lakhs only) of INR 50,00,00,000 (Rupees Fifty Crores Only) to retain additional subscription on a private placement basis on March 10, 2022.

11. Offered and Issued 300 Secured, Rated, Un-Listed, Redeemable, Principal Protected, Market Linked, Non-Convertible Debentures ("**NCDs**" or "**Debentures**") of Face Value of Rs. 10,00,000 (Rupees Ten Lakhs Only) each, for Cash aggregating to Rs. 30,00,00,000 (Rupees Thirty Crores Only) on a private placement basis on March 29, 2022.

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

Issue of Warrants:

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

Credit Rating of Securities

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

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

Capital Adequacy

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

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

Code of Conduct, Transparency & Client Protection

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

Investor Education and Protection Fund ("IEPF")

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

Management Discussion and Analysis Report

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

Management

Directors and Key Managerial Personnel

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors in adherence with the applicable provisions. The Directors have a rich and varied experience, skills, expertise, and knowledge in the field of Banking and Finance.

Composition of the Board as of March 31, 2022:

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

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

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

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

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

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

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

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

Details of the KMP and changes during the year:

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

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

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

Declaration by Directors

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

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

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

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

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

Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its committees as well as the performance of the Directors individually (including Independent Directors).

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

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

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

Board Meetings

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

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

Board Committees

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

Audit Committee:

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

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

Nomination and Remuneration Committee:

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

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

Risk Management Committee

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

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

Information Technology Strategy Committee

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

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

Asset and Liability Committee

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

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

Corporate Social Responsibility Committee

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

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

Finance Committee

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

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

Investment Committee

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

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

Separate Meeting of Independent Directors

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

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

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

Recommendations of Audit Committee:

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

Directors' Responsibility Statement

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

a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and are prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.

c. 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.

d. The Directors had prepared the annual accounts on a going concern basis.

e. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws, and Secretarial Standards issued by Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

Particulars of Employees and Related Information

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure III**.

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

Further disclosures on managerial remuneration are annexed to this report.

Adequacy of Internal Financial Controls with Reference to Financial Statement

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

Reporting of Frauds by Auditors

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

Vigil Mechanism/ Whistle Blower Policy

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

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

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

Disclosures relating to Subsidiaries, Associates and Joint Ventures.

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

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

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

Consolidated Financial Statements

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

Details of Deposits

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

Particulars of Loans, Guarantees, and Investments

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

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

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

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

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

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

Corporate Social Responsibility

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

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

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

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

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

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

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

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

Foreign Exchange Inflow and Outflow

(In INR Million)

Particulars	As on 31.03.2022	As on 31.03.2021
Foreign Exchange Inflow	Nil	Nil
Foreign Exchange Outflow	6.98	2.31

Risk Management

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

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

Material orders of Judicial Bodies/ Regulators

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

Compliance with Secretarial Standards

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

Maintenance of Cost Records

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

Listing on Stock Exchange

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

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

Statutory Auditors

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

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

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

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

Secretarial Audit Report

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

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

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

RBI Guidelines

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

Other Statutory Compliance

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

Extract of Annual Return

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

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

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

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

a) Number of complaint(s) received: NIL

b) Number of complaint(s) disposed-off: NIL

c) Number of cases pending for more than 90 days: NIL

d) Number of workshops/awareness programs against sexual harassment carried out: 11 Batches

Material Events Subsequent to the date of Financial Statement

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

Acknowledgment

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

By Order of the Board of Directors
For and on behalf of **NAVI FINSERV LIMITED**

Sachin Bansal
Executive Chairman & CEO
DIN: 02356346

Ankit Agarwal
Managing Director
DIN: 08299808

Date: August 10, 2022
Place: Bangalore

Annexure I

GENERAL SHAREHOLDER INFORMATION

Company Registration Details

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

Registered Office of the Company/correspondence address:

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

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

Annual General Meeting:
Day: Friday
Date: September 30, 2022
Time: 09:00 AM

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

Financial Year: FY 21-22

Annual Report

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

Details of securities listed on stock exchanges

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

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

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

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

SEBI Complaints Redress System (Scores)

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

Website

www.navifinserv.com

Plant Location

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

By Order of the Board of Directors
For and on behalf of **NAVI FINSERV LIMITED**

Sachin Bansal
Executive Chairman & CEO
DIN: 02356346

Ankit Agarwal
Managing Director
DIN: 08299808

Date: August 10, 2022
Place: Bangalore

Annexure II

Management Discussion and Analysis Report

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

Opportunities

1. Our Digital first operating model, which enabled the Company to achieve product-market fit during the pandemic, continues to enable us to be agile and nimble - helping us swiftly make changes to keep pace with macro developments including adverse events, regulatory guidelines and customer feedback.
2. Digital first model also allows to have a significantly larger presence across the country without needing actual physical presence - we are thus able to operate in 90%+ pincodes of the country.
3. Swift uptake of the Account Aggregator framework, and upcoming opportunities like OCEN and ONDC would help newer generation NBFCs access both Customer Data and tap into markets in a cost-efficient way.
4. Changes in the regulatory environment opens up interesting opportunities for the Company, in terms of capturing market share from affected new-age lending players who may be adversely affected.

Threats

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

Product Wise Performance

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

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

Outlook of Business

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

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

Risks and Concerns

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

Internal Control and their Adequacies

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

Material Development in HR

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

The Company believes in a meritocratic culture where opportunities are given to high performers. This ensures ownership and empowerment of our employees all the way down to its frontline-facing staff.

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

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

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

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

Annexure III

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

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

Remuneration paid to Whole Time Directors: NA

Remuneration paid to Key Managerial personnel:

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

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

Annexure IV

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

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

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

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

By Order of the Board of Directors
For and on behalf of **NAVI FINSERV LIMITED**

Sachin Bansal
Executive Chairman & CEO
DIN: 02356346

Ankit Agarwal
Managing Director
DIN: 08299808

Date: August 10, 2022
Place: Bangalore

Annexure V

FORM NO. AOC.2

Details of Related Party Transactions

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

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

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

2. **Details of material contracts or arrangement or transactions at arms-length basis:**

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

By Order of the Board of Directors
For and on behalf of **NAVI FINSERV LIMITED**

Sachin Bansal
Executive Chairman & CEO
DIN: 02356346

Ankit Agarwal
Managing Director
DIN: 08299808

Date: August 10, 2022
Place: Bangalore

Annexure VI

ANNUAL REPORT ON CSR ACTIVITIES

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

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

1. Brief outline on CSR Policy of the Company.

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

2. Composition of CSR Committee:

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

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

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

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

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

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

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

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

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

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

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

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

* Prescribed CSR Expenditure

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

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. **NIL**

(c) Amount required to be set off for the financial year, if any : **38.48 lakhs**

(d) Total CSR obligation for the financial year (7a+7b- 7c). **INR 53.10 lakhs**(after deducting the excess spent in last year)

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

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

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

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

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

(d) Amount spent in Administrative Overheads – **NIL**

(e) Amount spent on Impact Assessment, if applicable – **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)- **INR 55 lakhs**

(g) Excess amount for set off, if any

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

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

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

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

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

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

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

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

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

Sachin Bansal
Executive Chairman & CEO

Usha A Narayanan
Chairman CSR Committee

Date: August 10, 2022
Place: Bangalore

Annexure VII

SECRETARIAL AUDIT REPORT OF NAVI FINSERV LIMITED

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

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

To
The Members
NAVI FINSERV LIMITED
(Formerly known as CHAITANYA RURAL INTERMEDIATION DEVELOPMENT SERVICES PRIVATE LIMITED)
CIN: U65923KA2012PLC062537
Regd. Office: Ground Floor, Salarpuria Business Center, No 93, Koramangala Industrial Layout, Bengaluru, Karnataka, India-560095

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

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

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

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(**Not applicable during the audit period**);

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015(**Not applicable during the audit period**);

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009/2018; (**Not applicable during the audit period**);

(d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (**Not applicable during the audit period**);

(e) The Securities and Exchange Board of India (Issue and listing of Non-Convertible Securities) Regulations, 2021);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (**Not applicable during the audit period**) and

(h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998/2018 (**Not applicable during the audit period**).

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. The Securities and Exchange Board of India (Listing obligations and disclosure Requirements) Regulation 2015 (LODR Regulations).

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

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

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

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Further, the Company has sought and obtained shorter notice consent of the Directors wherever applicable and Independent Directors were duly present at such Meetings.

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

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

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

For Rahul A & Associates
Practicing Company Secretaries

CS Rahul Aggarwal
Proprietor
ACS No. 42939;
CP No.19315
UDIN: A042939D000439027

Place: Bengaluru
Date: 30.05.2022

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

Annexure A

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

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

Annexure B

To
The Members
NAVI FINSERV LIMITED
(Formerly known as CHAITANYA RURAL INTERMEDIATION DEVELOPMENT SERVICES PRIVATE LIMITED)
CIN: U65923KA2012PLC062537
Regd. Office: Ground Floor, Salarpuria Business Center,
No 93, Koramangala Industrial Layout, Bengaluru, Karnataka, India-560095

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

(1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

(2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

(3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

(4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management as conducted the affairs of the company

For Rahul A & Associates
Practicing Company Secretaries

CS Rahul Aggarwal
Proprietor
ACS No. 42939;
CP No.19315
UDIN: A042939D000439027

Place: Bengaluru
Date: 30.05.2022

Corporate Governance Report for FY 21-22

Company's philosophy on code of governance.

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

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

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

Board Composition:

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

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

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

Directorship/ Membership in other Companies

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

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

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

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

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

Skills/expertise/competence of the Board of Directors:

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

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

Meeting and Attendance of Directors:

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

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

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

Separate Meeting of Independent Directors:

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

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

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

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

In view of the above, the Company adopted the said policy in its meeting held on April 11, 2022, and details related to the Familiarisation Program for Independent Directors will be detailed and disclosed in the annual report of FY 22-23.

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

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

COMMITTEE COMPOSITION, TERMS OF REFERENCE, AND THEIR MEETINGS:

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

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

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

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

Audit Committee

Terms of Reference:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient, and credible;
2. Recommending to the Board, the appointment, remuneration, and terms of appointment of the statutory auditor of the Company;
3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
4. Approving payments to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the management, the annual financial statements, and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act; b. Changes, if any, in accounting policies and practices and reasons for the same;
    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 utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/ application of the funds raised through the proposed initial public offer by the Company;
8. Approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for subject to the conditions as may be prescribed, by the independent directors who are members of the Audit Committee;

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

Committee Meetings:

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

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

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

Nomination and Remuneration Committee

Terms of Reference:

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

8. Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

9. Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

10. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

11. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended;

12. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

    a. the Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations, 2015, as amended; or

    b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

13. Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority" and

14. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

Committee Meetings:

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

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

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

Pursuant to the applicable provisions and regulations, the Board has carried out an annual evaluation of its own performance and that of its committees as well as the performance of the Directors individually (including Independent Directors). Basis the feedback received from the directors, the Nomination and Remuneration Committee and the Board has reviewed the performance of the individual directors, the Chairman, the Joint Managing Directors including various committees established by the Board at their respective meetings.

Risk Management Committee

Terms of Reference:

1. To formulate a detailed risk management policy which shall include:

    (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee.

    (b) Measures for risk mitigation including systems and processes for internal control of identified risks.

    (c) Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To monitor and oversee the implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken; and 6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

Committee Meetings:

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

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

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

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

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

Terms of Reference:

- To consider and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of securities, non-receipt of the annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, and assisting with quarterly reporting of such complaints;
- To review measures taken for the effective exercise of voting rights by shareholders;
- To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- To review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company; and
- Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Remuneration to Directors:

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

General Meetings

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

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

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

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

Management Discussion and Analysis Report

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

Means of communication:

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

Quarterly Results

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

General Shareholder Information

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

Accounting Standards followed by the Company

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

Total fees paid to Statutory Auditors

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

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

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

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

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

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

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

Disclosure of commodity price risks and commodity hedging activities | NA

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

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

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

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

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

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

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

Transfer of dividend/shares to IEPF/IEPF Authority | NA

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

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

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

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

Name of the Company : Navi Finserv Limited

Corporate Identification Number : U65923KA2012PLC062537

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

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

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

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

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

Thanking you,

Yours faithfully,

G Akshay & Associates
Practicing Company Secretary
Membership No. F10967
C.P. No. 15584
UDIN: F010967D001013914

Place: Bengaluru
Date: September 21, 2022

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

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

Name of the Company : Navi Finserv Limited

Corporate Identification Number : U65923KA2012PLC062537

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

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

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

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

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

Thanking you,

Yours faithfully,

G Akshay & Associates
Practicing Company Secretary
Membership No. F10967
C.P. No. 15584
UDIN: F010967D001013870

Place: Bengaluru
Date: September 21, 2022



Standalone Financial Statements

Independent Auditors' Report

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

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Information Technology (IT) environment and modifications to the IT environment affecting financial reporting process	
Key audit matter	**How our audit addressed the key audit matter**
The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis. Further, the Company's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, provision on loans, amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.	We involved auditor's experts as part of our audit team to perform audit procedures which included, but were not limited to the following: • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit; • Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; • Evaluated the management's process for modifications to the IT systems which also included understanding around monitoring and authorization of such modifications. Tested such changes made to IT systems that had a significant impact on financial reporting;

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

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

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

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

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

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

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

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

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

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

17. Further to our comments in Annexure II, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note 42 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022.

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022.

        iv.

            a. The management has represented that, to the best of its knowledge and belief, on 21 May 2022, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

            b. The management has represented that, to the best of its knowledge and belief, on 21 May 2022, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

            c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

        v. The Company has not declared or paid any dividend during the year ended 31 March 2022.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN:22105117AJJSVV6706

Place: Mumbai
Date: 21 May 2022

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

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

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The property, plant and equipment and right of use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification program adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not own any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.

(ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has a working capital limit in excess of Rs 5 crore sanctioned by banks based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and such returns/ statements are in agreement with the books of account of the Company for the respective periods, which were not subject to audit/review.

(iii) (a) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) The Company has not provided any guarantee or given any security during the year. However, the Company has granted loans or advances in the nature of loans and made certain investments and in our opinion, and according to the information and explanations given to us, such investments made are, prima facie, not prejudicial to the interest of the Company.

(c) The Company is a Non-Banking Financial Company ('NBFC'), registered under section 45-IA of the Reserve Bank of India Act, 1934 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular, except for certain instances as below:

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

(d) According to the information and explanation given to us, the total amount which is overdue for more than 90 days in case of loans and advances in the nature of loans given in course of the business operations of the Company aggregates to ₹ 259.13 million as at 31 March 2022 in respect of 14,762 number of loans. Further, reasonable steps, as per the policy and procedures of the Company, have been taken for recovery of the principal and interest amounts overdue.

(e) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, which are repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans and investments. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of guarantees and security.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

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

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including confirmations received from banks/ financial institution and/or other lenders and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) During the year, the Company has made preferential allotment of shares. In our opinion and according to the information and explanations given to us, the Company has complied with the requirements of section 42 and section 62 of the Act and the Rules framed thereunder with respect to the same. Further, the amounts so raised have been utilized by the Company for the purposes for which these funds were raised. During the year, the Company did not make preferential allotment or private placement of fully or partially or optionally convertible debentures.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit, except for in some cases as identified by the management relating to fabrication of documents submitted by some customers with respect to digital personal loans sanctioned by the Company amounting to ₹ 48.08 million as stated under Note 71 to the accompanying financial statements. Further, the Company has ensured recovery of these amounts to the extent possible. The unrecovered amount of ₹ 44.04 million has been written off / provided for during the current year.

(b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

(b) According to the information and explanations given to us, the Company has conducted Non-Banking Financial activities during the year under a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.

(c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year but had not incurred cash losses in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the

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

(xx) According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN:22105117AJJSVV6706

Place: Mumbai
Date: 21 May 2022

Annexure II

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

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

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

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN:22105117AJJSVV6706

Place: Mumbai
Date: 21 May 2022

Standalone Balance Sheet

as at 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

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

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

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 21 May 2022

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

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: Sweden
21 May 2022

Ankit Agarwal
Managing Director

(DIN: 08299808)

Place: Bengaluru
Date: 21 May 2022

Divyesh Jain
Chief Financial Officer

Place: Srinagar
Date: 21 May 2022

Puneet Bhatia
Company Secretary
Membership No:- A55096

Place: Bengaluru
Date: 21 May 2022

Standalone Statement of Profit and Loss

for the year ended 31 March 2022
(All amounts in ₹ millions unless otherwise stated)

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

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

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 21 May 2022

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

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: Sweden
21 May 2022

Ankit Agarwal
Managing Director

(DIN: 08299808)

Place: Bengaluru
Date: 21 May 2022

Divyesh Jain
Chief Financial Officer

Place: Srinagar
Date: 21 May 2022

Puneet Bhatia
Company Secretary
Membership No:- A55096

Place: Bengaluru
Date: 21 May 2022

Standalone Statement of Cash Flow

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

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

Standalone Statement of Cash Flow

for the year ended 31 March 2022
(All amounts in ₹ millions unless otherwise stated)

Components of cash and cash equivalents

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

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

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

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 21 May 2022

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

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: Sweden
21 May 2022

Ankit Agarwal
Managing Director

(DIN: 08299808)

Place: Bengaluru
Date: 21 May 2022

Divyesh Jain
Chief Financial Officer

Place: Srinagar
Date: 21 May 2022

Puneet Bhatia
Company Secretary
Membership No:- A55096

Place: Bengaluru
Date: 21 May 2022

Standalone Statement of Changes in Equity

for the year ended 31 March 2022
(All amounts in ₹ millions unless otherwise stated)

A Equity share capital

For the period ended 31 March 2022

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

For the year ended 31 March 2021

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

B Other equity

For the period ended 31 March 2022

Particulars	Reserves and surplus						
	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	Total
Balance at 1 April 2021	8,774.22	223.39	44.05	-	832.97	(1.03)	9,873.60
Total comprehensive income for the current year	-	-	-	-	(673.38)	-	(673.38)
Issue of equity shares	866.67	-	-	-	-	-	866.67
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	4.30	(4.30)	-
Balance at 31 March 2022	**9,640.89**	**223.39**	**44.05**	**-**	**163.90**	**(5.33)**	**10,066.89**

Standalone Statement of Changes in Equity

for the year ended 31 March 2022
(All amounts in ₹ millions unless otherwise stated)

B Other equity (Contd..)

For the year ended 31 March 2021

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

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

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 21 May 2022

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

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: Sweden
21 May 2022

Ankit Agarwal
Managing Director

(DIN: 08299808)

Place: Bengaluru
Date: 21 May 2022

Divyesh Jain
Chief Financial Officer

Place: Srinagar
Date: 21 May 2022

Puneet Bhatia
Company Secretary
Membership No:- A55096

Place: Bengaluru
Date: 21 May 2022

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

1. Corporate Information

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

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

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

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

2. Statement of Compliance

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

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

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

3. Impact of COVID-19

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

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

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

4. Significant accounting policies

4.1. Basis of preparation and measurement

(i) Going concern and basis of measurement

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

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

(ii) Use of estimates and judgements

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

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

- **Business model assessment**

  Classification and measurement of financial assets depends on the results of the Solely Payments of Principle and Interest ('SPPI') and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- **Fair value of financial instruments**

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

- **Provisions and other contingent liabilities**

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

- **Defined employee benefit assets and liabilities**

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

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

- **Impairment of loans and investment portfolio**

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

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

- **Effective Interest Rate (EIR) method**

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

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

4.2. Revenue recognition

i. Recognition of interest income

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

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

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

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

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

ii. Income from assignment transactions

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

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

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

iv. Dividend income

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

v. Other income

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

4.3. Finance costs

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

The EIR in case of a financial liability is computed

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

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b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

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

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

4.4. Property, Plant and Equipment:

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

Depreciation

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

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

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

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

De-recognition

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

4.5. Intangible assets

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

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

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

4.6. Fair value measurement

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

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

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

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

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

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

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

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

4.7. Financial instruments

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

Financial assets:

Initial recognition and measurement

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

Subsequent measurement

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

De-recognition of financial assets

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

Financial liabilities:

Initial recognition and measurement

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

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

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

Subsequent measurement

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

De-recognition

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

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

Offsetting of financial instruments

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

4.8. Impairment of financial assets

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

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

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

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

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

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

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

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

Stage 1

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

Stage 2

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

Stage 3

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

4.8.2. Estimation of Expected Credit loss

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

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

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

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

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

Forward looking information

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

Collateral valuation

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

Collateral repossessed

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

Write-offs

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

4.9. Employee benefits:

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

Employee benefits include Provident Fund, Gratuity and Bonus.

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Short-term employee benefits

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

4.10. Leases

Identification of lease:

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

Recognition of lease payments:

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

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

Short-term leases and leases of low-value assets

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

4.11. Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

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

Deferred tax

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

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

4.12. Share based payments

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

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

4.13. Earnings per equity share

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

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

4.14. Impairment of non-financial assets

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

4.15. Cash and cash equivalents

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

4.16. Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholder's meeting and the Board of Directors respectively.

4.17. Foreign currency

Functional and presentation currency

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

Transactions and balances

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

4.18. Equity investment in subsidiaries

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

4.19. Segment reporting

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

4.20. Rounding off amount

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

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5 Cash and cash equivalents

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

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

(ii) The Company has obtained bank overdraft facility. however, there is no overdrawn amount.

(iii) The cash and cash equivalents for cash flow statement is same as cash and for cash equivalents.

6 Bank balances other than cash and cash equivalents

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

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

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

7 Loans

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

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7 Loans (Contd..)

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

8 Investments

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

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

8 Investments (Contd..)

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

9 Other financial assets

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

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

10 Current tax assets (net)

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

11 Deferred tax asset (net)

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

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

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

Movement in deferred tax liabilities

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

Movement in deferred tax assets

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

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

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

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

12 Property, plant and equipment

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

12 Property, plant and equipment (Contd..)

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

13 Intangible assets

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

14 Other non-financial assets

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

15 Other payables

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

*Refer note 49 for ageing schedule

16 Debt securities

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

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

16.1 Reconciliation of liabilities from financing activities

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

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

16 Debt securities (Contd..)

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

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

16.2 Debt securities

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

16 Debt securities (Contd..)

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

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

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

16 Debt securities (Contd..)

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

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

17 Borrowings (other than debt securities)

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

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

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

Borrowings (other than debt securities)

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

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

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(All amount in ₹ millions unless otherwise stated)

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

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

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

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(All amount in ₹ millions unless otherwise stated)

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

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

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

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

Note: Lease liability not included

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

18 Subordinated liabilities

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

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

18 Subordinated liabilities (Contd..)

18.1 Details of terms and conditions of Subordinate liabilities#

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

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

19 Other financial liabilities

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

20 Provisions

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

21 Other non financial liabilities

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

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

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(All amount in ₹ millions unless otherwise stated)

22 Equity share capital

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

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

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

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

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

(iii) Shares held by the holding company

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

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

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

22 Equity share capital (Contd..)

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

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

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

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

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

23 Other equity

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

23 Other equity (Contd..)

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

Nature and purpose of reserves

Securities premium

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

Statutory reserve

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

Other comprehensive income

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

Employee stock options outstanding

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

Retained earnings

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

Capital Redemption Reserve

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

24 Interest income

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

24 Interest income (Contd..)

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

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

25 Fees and commission income

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

26 Net gain on fair value changes

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

27 Other income

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

28 Finance costs

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

29 Fees and commission expenses

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

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

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

31 Impairment on financial instruments

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

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

32 Employee benefits expenses

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

33 Depreciation and amortisation expense

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

34 Other expenses

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

34 Other expenses (Contd..)

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

35 Corporate social responsibility expenses

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

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

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

36 Tax expense

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

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

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

36 Tax expense (Contd..)

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

37 Earnings per equity share (basic and diluted)

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

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

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

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

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39 Retirement benefit plan

(i) Defined Contribution Plan

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

Defined Benefit Plan

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

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

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

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

Amount recognised in the balance sheet is as under:

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

Gratuity

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

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

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(All amount in ₹ millions unless otherwise stated)

39 Retirement benefit plan (Contd..)

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

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

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

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

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

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

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

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

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

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

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

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39 Retirement benefit plan (Contd..)

Notes to actuarial assumptions:

(a) Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.

(b) These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(c) The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.

(d) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

(vii) Sensitivity analysis for gratuity liability

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

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

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

(viii) Maturity profile of defined benefit obligation

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

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

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39 Retirement benefit plan (Contd..)

(ix) Expected future payouts(Discounted)

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

Disclosure for Compensated absences

(i) Amount recognised in the balance sheet

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

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

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

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

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

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

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

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

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39 Retirement benefit plan (Contd..)

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

Description	31 March 2022	31 March 2021
Present value of funded obligation as at the end of the year	14.10	6.31
Fair value of plan assets as at the end of the year funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	**(14.10)**	**(6.31)**

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

Description	31 March 2022	31 March 2021
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	-	-
Actuarial loss from experience adjustment	7.51	2.01
Total actuarial (gain) / loss on liabilities	**7.51**	**2.01**
Total actuarial (gain)/loss	**7.51**	**2.01**

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

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

Notes to actuarial assumptions:

(viii) Sensitivity analysis for Leave Encashment

Description	31 March 2022	31 March 2021
Impact of change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(1.96)	0.74
- Impact due to increase of -100 basis points	2.46	0.91
Impact of change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	2.28	0.86
- Impact due to increase of -100 basis points	(1.86)	0.71
Impact of change in attrition rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(0.54)	0.08
- Impact due to increase of -100 basis points	0.66	0.10

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

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

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39 Retirement benefit plan (Contd..)

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

(viii) Maturity profile of defined benefit obligation

Description	31 March 2022	31 March 2021
Within next 12 months	1.45	0.37
Beyond 1 yr	12.65	5.94

Plan characteristics and associated risks

1. Salary inflation risk

Higher than expected increases in salary will increase the defined benefit obligation

2. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligation depend upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawal rate because the cost of retirement benefit of an employee serving a shorter tenor will be less compared to long service e mployees.

3. Actuarial risk

It is the risk that the benefits will cost more than expected. This can be due to one of the following reasons

a) Adverse salary growth

b) Variability in mortality rates

c) Variability in withdrawal rates

4. Market risk

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

5. Legislative/Regulatory risk

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

6. Liquidity risk

The Company is making provisions for the entire gratuity liability as per actuarial valuation and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore, there is a liquidity risk involved that they may run out of cash.

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

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40 Related parties disclosures

Names of related parties

Nature of relationship	Name of the related party
Holding Company	Navi Technologies Limited (NTL) (formerly known as Navi Technologies Private Limited)
Subsidiary Company	Chaitanya India Fin Credit Private Limited (CIFCPL)
Entities in which Directors are able to exercise control or have significant influence	Navi AMC Limited
	Navi General Insurance Limited
	Flipkart Online Services Private Limited
Name of key managerial personnel	**Designation**
Mr. Sachin Bansal	Executive Chairman and Chief Executive Officer (appointed w.e.f 11 February 2022)
Mr. Ankit Agarwal	Managing Director (appointed w.e.f 11 February 2022)
Mr. Samit S Shetty	Non- Executive Director (resigned w.e.f 30 August 2021)
Ms. Riya Bhattachraya	CEO (resigned w.e.f. 11 February 2022)
Mr. Divyesh Jain	CFO (appointed w.e.f 12 November 2021)
Mr. L N Gurumoorthy	CFO (resigned w.e.f 12 November 2021)
Mr. Puneet Bhatia	Company Secretary (w.e.f 30 March 2022)
Ms. Dimple J Shah	Company Secretary (resigned w.e.f 7 January 2022)
Name of Directors	**Designation**
Usha A Narayanan	Independent Director
Arindam Haraprasad Ghosh	Independent Director
Ranganathan Sridharan	Independent Director

Transactions with related parties

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
Navi Technologies Limited	Redemption of Non convertible debentures	7,520.00	10,716.14
(formerly known as Navi Technologies Private Limited)	Face value of equity shares allotted	133.33	133.33
	Securities premium received on allotment of shares	866.67	866.67
	Software support charges	406.17	120.05
	Loan sourcing fee	607.04	-
	Payment of LPF collected on behalf of group company	-	84.20
	Platform management fee	-	0.38
	Digital marketing expense	-	16.90
	Professional fees	-	2.47
	Outsourcing services fees	31.38	-
	Sale of fixed assets	-	1.40
	Purchase of debentures	-	999.09

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

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40 Related parties disclosures (Contd..)

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
	Sale of investment in debenture	996.94	-
	Lease rental	21.36	1.18
	Maintenance charges	1.03	-
	Insurance cross charge by NTL	0.90	-
	Advertisement expenses cross charge to NTL	99.81	-
	Security deposit paid	17.40	-
	Employee cost (net) cross charged by NTL for transferred employees	21.69	-
	ESOP funding scheme	11.48	
	ESOP expense	57.54	5.30
Navi General Insurance Limited	Advance money paid for customer insurance policies	44.54	5.60
	Premium for issuance of customer insurance policies	43.93	5.28
	Advertisement expenses cross charged to Navi GI	21.29	-
	Employee cost cross charged to Navi GI for transferred employees	4.31	-
Navi AMC Limited	Advertisement expenses cross charged to Navi AMC	14.46	-
Navi Mutual Fund Limited	Purchase of Mutual funds	879.96	-
	Sale of Mutual funds	769.30	-
Mr. Samit Shankar Shetty	Remuneration	-	6.39
Ms.Riya Bhattacharya	Remuneration	15.40	1.60
Mr.Divyesh Jain	Remuneration	4.04	-
Mr.L N Gurumoorthy	Remuneration	7.05	0.25
Mr.Puneet Bhatia	Remuneration	0.23	-
Ms. Dimple J Shah	Remuneration	1.21	0.16
Mr. K Subramanyam Ravi	Sitting fees	-	0.68
Mr. R Sridharan	Sitting fees	2.62	1.42
Mr. Rachamadugu Nandakumar	Sitting fees	-	0.68
Ms. Usha A Narayanan	Sitting fees	2.40	1.06
Chaitanya India Fin Credit Private Limited	Investment in equity shares	-	1,140.00
	Purchase consideration for buyout of loan portfolio	1,674.13	1,883.64
	Consideration received on sale of portfolio	-	77.03
	Service fee paid	-	23.27
	Sale of fixed assets	-	0.34
	Inter Corporate loan given	550.00	100.00
	Inter Corporate loan repaid	550.00	100.00
	Sale of investment in Non convertible debenture	-	150.48

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

40 Related parties disclosures (Contd..)

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
	Sale of investment in pass through certificates	67.69	-
	Interest received on Non convertible debenture	-	16.34
	Interest received on inter company loan	0.35	0.66
	Interest received on compulsorily convertible debentures	-	14.09

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

Outstanding balances with related parties:

Name of related party	Nature of balance	As at 31 March 2022	As at 31 March 2021
Chaitanya India Fin Credit Private Limited	Outstanding (payable)/receivable - net	-1.63	5.38
	Outstanding Receivable -financial activity	167.81	219.02
	Investment in CIFCPL	3,261.40	3,261.40
Navi Mutual Fund Limited	Mutual fund holdings	231.41	-
Navi General Insurance Limited	Outstanding receivable	1.41	-
	CD balance	1.58	0.32
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	Outstanding (payable)- net	(610.24)	(35.76)
	Non-convertible debentures	(6,500.56)	(14,020.56)
	Provision for employee benefits (ESOP expense)	(18.95)	(5.30)

41 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	3,744.88	-	3,744.88	1,030.00	-	1,030.00
Bank balances other than cash and cash equivalents	992.67	130.81	1,123.48	637.56	-	637.56
Loans	15,994.12	11,920.29	27,914.41	4,037.33	1,256.16	5,293.49
Investment	3,250.75	3,371.55	6,622.30	21,272.60	4,377.92	25,650.52
Other financial assets	1,135.15	32.20	1,167.35	283.71	0.29	284.00

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

41 Maturity analysis of assets and liabilities (Contd..)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current tax assets (net)	-	161.54	161.54	14.04	-	14.04
Deferred tax asset (net)	-	470.24	470.24	-	251.52	251.52
Property, plant and equipment	-	4.99	4.99	-	3.74	3.74
Right to use asset	-	122.46	122.46	-	14.97	14.97
Other intangible assets	-	0.03	0.03	-	0.08	0.08
Other non-financial assets	69.56	2.06	71.62	28.67	2.18	30.85
Total	**25,187.13**	**16,216.17**	**41,403.30**	**27,303.91**	**5,906.86**	**33,210.77**
Liabilities						
Financial liabilities						
Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.70	-	0.70	1.16	-	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6.24	-	6.24	77.96	-	77.96
Debt securities	10,058.54	9,578.03	19,636.57	14,020.56	2,697.52	16,718.08
Borrowings (other than debt securities)	5,237.49	2,906.23	8,143.72	3,694.30	320.27	4,014.57
Subordinated liabilities	-	99.47	99.47	-	99.34	99.34
Other financial liabilities	1,354.32	-	1,354.32	723.26	-	723.26
Non financial liabilities						
Provisions	7.49	39.04	46.53	7.95	19.18	27.13
Other non financial liabilities	263.13	-	263.13	23.27	-	23.27
Total	**16,927.91**	**12,622.77**	**29,550.68**	**18,548.46**	**3,136.31**	**21,684.77**
Net	**8,259.22**	**3,593.40**	**11,852.62**	**8,755.45**	**2,770.55**	**11,526.00**

42 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
a. In respect of Income tax demands where the Company has filed appeal before the relevant authority.	57.18	11.00
b. In respect of GST where the Company has filed submission to Assistant Commissioner (State Tax-Karnataka)	-	3.06
Total	**57.18**	**14.06**

i) Future cash outflows in respect of above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

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42 Contingent liabilities, commitments and leasing arrangements (Contd..)

(B) Commitments not provided for

Particulars	As at 31 March 2022	As at 31 March 2021
Housing loans sanctioned pending disbursement	122.60	-

(C) Usage of funds borrowed from Banks and Financial Institutions

The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

(D) Lease disclosures

Particulars	As at 31 March 2022	As at 31 March 2021
Opening lease liabilities	15.13	0.36
Addition to lease liabilities during the year	127.90	16.31
Interest expense on Lease liabilities	7.00	0.39
Cash outflow for leases	(16.79)	(1.93)
Closing lease liabilities	**133.24**	**15.13**

Particulars	As at 31 March 2022	As at 31 March 2021
Opening value of right of use assets	14.97	0.31
Addition to lease assets during the year	127.90	16.31
Less: Depreciation charge for the year	(20.41)	(1.65)
Closing lease Assets	**122.46**	**14.97**

Amounts recognised in statement of profit or loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation charge on right of use assets	20.41	1.65
Interest on lease liabilities	7.00	0.39
Total	**27.41**	**2.04**

Amounts recognised in statement of cash flow

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Amortisation on right of use assets	20.41	1.66
Interest paid on lease liabilities	7.00	0.39
Payment towards lease liabilities	(16.79)	(1.93)
Total	**10.62**	**0.12**

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

42 Contingent liabilities, commitments and leasing arrangements (Contd..)

Maturity analysis of lease liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Within one year	29.77	3.79
After one year but not more than five years	103.47	11.34
More than five years	-	-
Total	**133.24**	**15.13**

Particulars	As at 31 March 2022	As at 31 March 2021
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	10	4
Range of remaining term	21-58 Months	33-44 Months
Average remaining lease term	34 months	36 months
Future cash flows to which lessee is potentially exposed to		
Variable lease payments	-	-
Extension and termination options	-	-
Residual value guarantees	-	-
Leases not yet commenced to which the lessee is committed	-	-
Total	**-**	**-**
Restrictions or covenants imposed by leases	None	None
Sale and leaseback transactions	None	None

43 Share based payments

ESOP Plan 2019

Under the Employee Share-option Plan (ESOP), introduced on 17 October 2019 by Navi Technologies Limited (herein referred to as the "Holding Company"), at its discretion, may grant share options of the Holding Company to any of the employees including employees of its wholly owned subsidiaries.

The Holding Company introduced the Plan for the benefit of the employees of all companies under the Group. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Board/Compensation Committee at its sole discretion.

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

Scheme	Vesting Conditions	Exercise Period	Exercise Price / Ratio	Other conditions
Employee Share-option Plan (ESOP), 2019	Vested in a graded manner over a period of 4 years.	Employees must remain in service for a period of 3 years from the date of grant.	₹ 100/-Options : Shares = 1:1	Options are exercisable in one or more tranches within a period of 10 years from the date of vesting, failing which the options shall lapse.

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

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43 Share based payments (Contd..)

Details of ESOP plan

Pursuant to the plan, the Holding Company has granted 7,93,270 to the employees of the Company during the year ended 31 March 2022. Outstanding options as on 31 March 2022 are 10,56,537. The Stock compensation cost is computed under the fair value method and has been recognised on a straight line basis over the vesting period up to 31 March 2022.

For the year ended 31 March 2022 the Company has recorded stock compensation expenses of ₹ 57.54 millions (31 March 2021 ₹ 5.30 millions) which has been transferred by Holding Company.

Particulars	No. of options 31 March 2022	No. of options 31 March 2021
Options outstanding at the beginning	7,44,029	-
Granted during the year	7,93,270	7,44,029
Lapsed during the year	(61,058)	-
Transfer (to)/in during the year ended (net)	(4,19,704)	
Options outstanding at the end	**10,56,537**	**7,44,029**

The fair value of share options granted is estimated at the date of grant using a Black Scholes Merton model, taking into account the terms and conditions upon which the share options were granted.

The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations. The contractual term of the share options is ten years and there are no cash settlement alternatives for the employees. The holding Company does not have a practice of cash settlement for these awards.

Particulars	1 October 2021 - 31 March 2022	1 April 2021 - 30 September 2021	31 March 2021
Fair value of the equity share as on grant date	₹ 382.00	₹ 143.40	₹ 143.40
Weighted average fair values at the measurement date	5.00	7.50	7.50
Expected volatility (%)	29.6%	27.6%	27.5%
Dividend yield (%)	0.0%	0.0%	0.0%
Risk–free interest rate (%)	5.9%	6.6%	6.3%
Weighted average share price (INR)	₹ 100	₹ 100	₹ 100
Model used	Black Scholes Merton	Black Scholes Merton	Black Scholes Merton

Expected volatility during the expected life of the option can be estimated using historical volatility of the underlying asset observed during the year equivalent to the expected life of the option.

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

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44 Fair value measurement

44.1 Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category are as follows:

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Financial assets measured at fair value			
Investments	8	2,631.24	17,601.53
Financial assets measured at amortised cost			
Cash and cash equivalents	5	3,744.88	1,030.00
Bank balance other than cash and cash equivalents	6	1,123.48	637.56
Loans	7	27,914.41	5,293.49
Investments	8	3,991.06	8,048.99
Other financial assets	9	1,167.35	284.00
Total		**40,572.42**	**32,895.57**

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Financial liabilities measured at amortised cost			
Other payables	15	6.94	79.12
Debt securities	16	19,636.57	16,718.07
Borrowings (other than debt securities)	17	8,143.72	4,014.58
Subordinated liabilities	18	99.47	99.34
Other financial liabilities	19	1,354.32	663.02
Total		**29,241.01**	**21,574.13**

44.2 Fair value hierarchy of assets and liabilities

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation sale. Methods and assumptions used to estimate the fair values are consistent in all the years. Fair value of financial instruments referred to in note above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable entity specific inputs.

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	As at 31 March 2022	As at 31 March 2021
Level 1 (Quoted prices in active market)		
Financial assets measured at FVTPL		
Investments in bonds and debentures	2,293.22	16,845.30
Investments in mutual funds	338.02	692.73
Investment in Futures	-	63.50
Total	**2,631.24**	**17,601.53**

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

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44 Fair value measurement (Contd..)

44.3 Fair value of financial instruments measured at amortised cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments measured at amortised cost.

Particulars	As at 31 March 2022		As at 31 March 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	3,744.88	3,744.88	1,030.00	1,030.00
Bank balance other than cash and cash equivalents	1,123.48	1,123.48	637.56	637.56
Loans	27,914.41	27,914.41	5,293.49	5,293.49
Investments	3,991.06	3,991.06	8,048.99	8,048.99
Other financial assets	1,167.35	1,167.35	284.00	284.00
Total financial assets	**37,941.18**	**37,941.18**	**15,294.04**	**15,294.04**
Financial liabilities:				
Other Payables	6.94	6.94	79.12	79.12
Debt securities	19,636.57	19,636.57	16,718.08	16,718.08
Borrowings (other than debt securities)	8,143.72	8,143.72	4,014.57	4,014.57
Subordinated liabilities	99.47	99.47	99.34	99.34
Other financial liabilities	1,354.32	1,354.32	663.02	663.02
Total financial liabilities	**29,241.01**	**29,241.01**	**21,574.12**	**21,574.12**

44.4 Valuation methodologies of financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

The fair value of investments are estimated using a cash flow model based on contractual cash flows using actual maturities.

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and laibilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

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

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(All amount in ₹ millions unless otherwise stated)

45 Risk management

The Company is a Systemically Important-Non Deposit Taking-Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India. On account of it's business activities it is exposed to various financial risks associated with financial products such as credit or default risk, market risk, interest rate risk, liquidity risk and inflationary risk. However, the Company has a robust financial risk management system in place to identify, evaluate, manage and mitigate various risks associated with its financial products to ensure that desired financial objectives are met. The Company's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Company, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess risk management performance. Any change in Company's risk management objectives and policies needs prior approval of it's Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, Field credit assessment, diversification of asset base, Group guarantee (joint liability Group loans), borrower indebtedness limits, diversification of asset base, credit limits and collaterals taken for assets, wherever applicable
Liquidity risk	Financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required)
Market risk - interest rate	Investments, borrowings, debt securities and subordinated liabilities carrying variable interest rates	Sensitivity analysis	Review of fair valuation of investments and review of cost of funds and pricing of disbursements.
Market risk - security price	Investments	Sensitivity analysis	Diversification of portfolio with focus on strategic investments

The Company has a risk management policy which covers all the risk associated with its assets and liabilities. The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in tandem with internal metamorphosis and changing external environment. The process of continuous evaluation of risk also includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's treasury is responsible for managing its assets and liabilities, liquidity position, and the overall financial structure. It is also primarily responsible for the funding and interest rate risks of the Company.

45.1 Credit risk

A. Investments

This risk is common to all investors who invest in bonds and debt instruments and it refers to a situation where a particular bond issuer is unable to make the expected principal payments, interest rate payments, or both. Similarly, a lender bears the risk that the borrower may default in the payment of contractual interest or principal on its debt obligations, or both. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

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

for the year ended 31 March 2022
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45 Risk management (Contd..)

B. Loans

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's substantial income is generated from lending to retail customers and therefore credit risk is the principal risk associated with the business.

The credit risk management policy of the Company seeks to have following controls and key metrics that allows risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

45.1.1 Risk identification

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

- Adverse selection of target market for undertaking lending activity (negative villages, migrant occupations, negative communities, etc.)
- Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, determine validity of legal property documents)
- Security gaps or temporary technical glitches in the loan origination application of the company leading to loans being sanctioned to ineligible individuals
- Undue influence of Animator/Representative on customers (political influence / middlemen influencing decisions of customers)
- Over-borrowing by customers
- Upper cap on loan ticket size
- Improper use of loan amount than the designated activity
- Over-concentration in any geography/branch/zone etc.

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

- Adverse economic environment / regulatory changes impacting the credit / liquidity profile of underlying issuers
- Financial stress due to internal factors (such as over-leveraging by underlying issuers) resulting in lower demand for the security in the secondary market or leading to an impact on the issuer's ability to service debt obligations
- Any financial stress in the group entities of the underlying issuer impacting its refinancing ability
- Deterioration in the value of underlying collateral
- Aggressive growth / policies affecting the asset quality and in turn profitability and refinancing options
- Material frauds by promoters / key management personnel / employees
- Breach of any covenants triggering cross-default / liquidity shocks

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

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45 Risk management (Contd..)

45.1.2 Risk assessment and measurement

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk

(ii) Moderate credit risk

(iii) High credit risk

The Company provides for expected credit loss based on the following:

Risk	Exposure arising from	Risk management
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Loans and investments	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans and investments	Life time expected credit loss or fully provided for

45.1.3 Risk monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Company.

Investments - Risk concentration is minimized by investing in highly rated, investment grade bonds and debt instruments which have a very low risk of default. The Company lends to borrowers with a good credit score and generally most of the lending is secured against assets pledged by the borrower in favour of the Company. These investments are reviewed by the Board of Directors on a regular basis.

Loans - Borrower risk categorization is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. The Company regularly monitors borrower repayments and borrowers are accordingly categorized in low risk and high risk.

The performance indicators are continuously generated through monitoring alerts in the loan origination flow and post 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:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud
- Credit monitoring -
    a. Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans with staging more than 90 Days past due);
    b. Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
    c. Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

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

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45 Risk management (Contd..)

45.1.4 Risk mitigation

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

Investments

With respect to investments, the Company maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities.

Loans

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

- Loan origination - profile/income selection, document verification process, KYC checks, creditworthiness checks based on CIBIL, fraud database checks, device data, regular updates to loan origination application based on security gaps and technical glitches identified etc
- Loan underwriting - Risk rating, credit assessment, independent assessment of legal validity and value of property by experts etc.
- Loan pre and post disbursement - disbursement in the bank account only, loan utilisation checks
- Loan collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework
- Apropriate policy-driven loan origination and collection process.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to and that they decide to take on. Continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

45.1.5 Impairment assessment

Investments

The Company has commenced the treasury operations in investments in the year ended 31 March 2020 and all investments carried at amortised cost are categorised under respective stages. The Company has assessed the impairment allowance on the basis of EAD*PD*LGD. The default rates for these investments are considered based on external credit rating agencies. Exposure at default (EAD) is the carrying value of the investments (net of credit enhancement).

Loans

The Company is engaged in the business of providing loans and access to credit to the customers. The tenure of which is ranging from 3 month to 36 months for its personal loan product and 5 years to 25 years for its housing loan product.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies Note 4.8.1 (Overview of the Expected Credit Loss).

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

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45 Risk management (Contd..)

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments except in case of Investments where above 60 days past due is considered as credit impaired.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the entire arrears of interest and principal has been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Company's internal credit rating grades and staging criteria for loans are as follows:

Internal rating grade	Internal rating description	Stages
Performing		
Standard grade - no overdue	No over due	Stage I
Standard grade - past due	DPD 1 to 30	Stage I
	DPD 31 to 60	Stage II
	DPD 61 to 89	Stage II
Non-performing		
Sub-standard grade	DPD => 90	Stage III

Frequency of recognition

Riskiness of a financial asset is recognized in the following frequency: -

- At the time of initial recognition all financial assets are recognized as low credit risk.
- Assets are evaluated on a daily basis till the time it is fully repaid and closed; they are evaluated basis their days past due (DPD) status at every day-end, and risk classification is made accordingly.
- An asset may be re-recognized if there is adverse field information regarding client default.

Forward looking approach

ECL is based on history of financial asset and also includes forward-looking statement. Ind-AS does not mandate to forecast about the future conditions over the entire expected life of a financial asset, and ensures to extrapolate projection from available, detailed information. These includes : -

- Internal historical credit loss experience
- Industry trend of credit loss of homogeneous assets
- Historical credit loss experience of other similar assets to homogeneous set of customers
- Changes in underwriting capacity, collection efficiency, and management strength
- Macroeconomic factors such as interest rates, industry policies, GDP growth, inflation, etc.
- Regulatory factors such as systemic risk events, policy changes, and statutory guidelines

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

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45 Risk management (Contd..)

- Systemic events such as COVID-19 pandemic, demonetization, Andhra Pradesh crisis, etc and special situations such as floods, cyclone, earthquake, etc.

Measurement of ECL

Expected Credit Loss or ECL is measured in the following manner. The Company calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

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.

PD - Probability of default

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

LGD - Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

EAD- Exposure at default

Cash flows that are at risk of default over a given time horizon, The Exposure at Default is an estimate of the exposure at a future default date.

i) Expected credit losses for financial assets other than loans

As at 31 March 2022	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	3,744.88	-	3,744.88
Bank balance other than cash and cash equivalents	1,123.48	-	1,123.48
Investments	6,786.48	164.18	6,622.30
Other financial assets	1,167.35	-	1,167.35

As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,030.00	-	1,030.00
Bank balance other than cash and cash equivalents	637.56	-	637.56
Investments	25,823.21	172.69	25,650.52
Other financial assets	284.00	-	284.00

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

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45 Risk management (Contd..)

Credit quality of assets

(a) Loans

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at 31 March 2022				As at 31 March 2021			
	Carrying value	Fair value	Fair value	Fair value	Carrying value	Fair value	Fair value	Fair value
Internal rating grade								
Performing								
Standard grade- No Over Due	28,781.06	-	-	28,781.06	5,461.76	-	-	5,461.76
Standard grade- DPD 1 to 30	216.34	-	-	216.34	212.79	-	-	212.79
Standard grade- DPD 31 to 60	-	185.26	-	185.26	-	147.56	-	147.56
Standard grade- DPD 61 to 89	-	51.95	-	51.95	-	159.26	-	159.26
Non- performing					-	-	-	
Sub-standard grade- DPD > 89	-	-	258.05	258.05	-	-	279.26	279.26
Total	**28,997.40**	**237.21**	**258.05**	**29,492.66**	**5,674.55**	**306.82**	**279.26**	**6,260.63**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to portfolio loans is, as follows:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	**5,674.55**	**306.82**	**279.26**	**6,260.63**	**1,068.80**	**30.06**	**57.99**	**1,156.85**
New assets originated	28,219.98	160.67	109.78	28,490.43	5,664.25	306.72	244.69	6,215.66
Movement between stages					-	-	-	
Transferring from Stage 1	(413.94)	166.54	247.40	-	(16.16)	0.99	15.17	-
Transferring from Stage 2	6.59	(20.08)	13.49	-	0.74	(3.93)	3.19	-
Transferring from Stage 3	1.70	0.56	(2.26)	-	0.07	-	(0.07)	-
Assets repaid, derecognized and written off	(4,491.48)	(377.30)	(389.62)	(5,258.40)	(1,043.15)	(27.02)	(41.71)	(1,111.88)
Gross carrying amount-closing balance	**28,997.40**	**237.21**	**258.05**	**29,492.66**	**5,674.55**	**306.82**	**279.26**	**6,260.63**

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

Reconciliation of ECL balance on loans is given below:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	**522.00**	**189.62**	**255.52**	**967.14**	**42.23**	**1.53**	**23.68**	**67.44**
New assets originated	1,142.13	108.57	105.33	1,356.03	521.72	189.55	234.34	945.61

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45 Risk management (Contd..)

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Movement between stages					-	-	-	
Transfers to Stage 1	(45.75)	17.35	28.40	-	(0.21)	0.03	0.18	-
Transfers to Stage 2	4.01	(12.51)	8.50	-	0.03	(0.16)	0.12	-
Transfers to Stage 3	1.66	0.55	(2.21)	-	0.01	-	(0.01)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(449.75)	(146.43)	(148.74)	(744.92)	(41.78)	(1.33)	(2.80)	(45.91)
Impairment allowance - closing balance	**1,174.30**	**157.15**	**246.80**	**1,578.25**	**522.00**	**189.62**	**255.52**	**967.14**

Note - New assets originated is presented net of collections made.

(b) Investments

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade- DPD 0 to 30	238.03	-	-	238.03	2,113.19	-	-	2,113.19
Standard grade- DPD 31 to 60	-		-	-	-	-	-	-
Non-performing								
Standard grade- DPD >61	-	-	164.15	164.15	-	-	227.44	227.44
	238.03	**-**	**164.15**	**402.18**	**2,113.19**	**-**	**227.44**	**2,340.63**

Note: Includes only Investments in unquoted bonds and debentures and pass through certificates.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to investments is, as follows:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	**2,113.19**	**-**	**227.44**	**2,340.63**	**13,374.47**	**-**	**-**	**13,374.47**
New assets originated *	-			-	50.00	-	-	50.00
Movement between stages								
Transferring from Stage 1	-	-	-	-	(299.99)		299.99	-
Transferring from Stage 2	-	-	-	-	-	-	-	-
Transferring from Stage 3	-	-	-	-	-	-	-	-
Assets repaid, derecognized and written off	(1,875.16)	-	(63.29)	(1,938.45)	(11,011.28)	-	(72.55)	(11,083.84)
Gross carrying amount- closing balance	**238.03**	**-**	**164.15**	**402.18**	**2,113.19**	**-**	**227.44**	**2,340.63**

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

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

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45 Risk management (Contd..)

Reconciliation of ECL balance on investments is given below:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	**2.11**	**-**	**170.58**	**172.69**	**26.40**	**-**	**-**	**26.40**
New assets originated	-			-	1.73	-	-	1.73
Movement between stages								
Transfers to Stage 1	-	-	-	-	(0.39)	-	0.39	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(2.08)	-	(6.43)	(8.51)	(25.64)	-	170.19	144.56
Impairment allowance - closing balance	**0.03**	**-**	**164.15**	**164.18**	**2.11**	**-**	**170.58**	**172.69**

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

45.2 Liquidity risk and funding management

In assessing the Company's liquidity position, consideration shall be given to: (a) present and anticipated asset quality (b) present and future earnings capacity (c) historical funding requirements (d) current liquidity position (e) anticipated future funding needs, and (f) sources of funds. The Company maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities. The Company is currently having a mix of both short-term and long-term investments. The Company maintains a portfolio of other marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into direct assignment transactions of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short–term bank deposits and investments in mutual funds and other investments in securities which are categorised as "held for sale" and are available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

45.2.1. Analysis of financial assets and liabilities by remaining contractual maturities

The tables below analyse the Company's financial assets and liabilities into relevant maturity groupings based on their contractual maturities.The amounts disclosed in the table are the contractual cash flows:

Maturity pattern of assets and liabilities as on 31 March 2022:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	3,744.88	-	-	-	3,744.88
Bank balance other than cash and cash equivalents	992.67	130.81	-	-	1,123.48
Loans	15,994.12	8,263.17	1,170.85	2,486.27	27,914.41

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45 Risk management (Contd..)

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Investments	3,250.75	110.15	-	3,261.40	6,622.30
Other financial assets	1,135.15	1.27	28.47	2.46	1,167.35
Total financial assets	**25,117.57**	**8,505.40**	**1,199.32**	**5,750.13**	**40,572.42**
Financial liabilities					
Other payables	6.94	-	-	-	6.94
Debt securities	10,058.54	9,278.63	299.40	-	19,636.57
Borrowings	5,237.49	2,753.29	152.94	-	8,143.72
Subordinated liabilities	-	99.47	-	-	99.47
Other financial liabilities	1,354.32	-	-	-	1,354.32
Total financial liabilities	**16,657.29**	**12,131.39**	**452.34**	**-**	**29,241.01**
Net undiscounted financial assets/ (liabilities)	**8,460.28**	**(3,625.99)**	**746.98**	**5,750.13**	**11,331.41**

Maturity pattern of assets and liabilities as on 31 March 2021:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	1,030.00	-	-	-	1,030.00
Bank balance other than cash and cash equivalents	637.56	-	-	-	637.56
Loans	4,037.32	1,209.27	21.58	25.32	5,293.49
Investments	21,272.60	832.13	283.18	3,262.61	25,650.52
Other financial assets	283.71	0.29	-	-	284.00
Total financial assets	**27,261.19**	**2,041.69**	**304.76**	**3,287.93**	**32,895.57**
Financial liabilities					
Other payables	79.12	-	-	-	79.12
Debt securities	14,020.56	2,697.52	-	-	16,718.08
Borrowings	3,694.30	317.64	2.63	-	4,014.57
Subordinated liabilities	-	-	99.34	-	99.34
Other financial liabilities	723.26	-	-	-	723.26
Total financial liabilities	**18,517.25**	**3,015.16**	**101.97**	**-**	**21,634.37**
Net undiscounted financial assets/ (liabilities)	**8,743.94**	**(973.47)**	**202.79**	**3,287.93**	**11,261.19**

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45 Risk management (Contd..)

45.2.2 Systemic risk

Systemic risk refers to the risk of a breakdown of an entire system rather than simply the failure of individual parts. In a financial context, it denotes the risk of a cascading failure in the financial sector, caused by linkages within the financial system, resulting in a severe economic downturn.

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

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

45.3 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. It is a form of systematic risk associated with the day-to-day fluctuation in the market prices of shares and securities and such market risk affects all securities and investors in the same manner. These daily price fluctuations follows its own broad trends and cycles and are more news and transaction driven rather than fundamentals and many a times, it may affect the returns from an investment. Market risks majorly comprises of two types - interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risks include borrowings and investments.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is a type of systematic risk that particularly affects fixed rate debt instruments like bonds and debentures. The value of the fixed-rate debt instruments generally decline due to rise in interest rates and vice versa. The rationale is that a bond is a promise of a future stream of payments; an investor will offer less for a bond that pays-out at a rate lower than the rates offered in the current market.A rising interest rate scenario also affects the Company's interest expenditure on borrowed funds.

The Company monitors the interest rate scenarios on a regular basis and accordingly takes investments decisions as whether to invest in fixed rate debt instruments, shares and securities at a particular point of time. Further, the Company's borrowings carry a fixed rate of interest and the Company is in a position to pass on the rise in interest rates to its borrowers.

The Company's investments in debt instruments and pass through certificates are all fixed interest bearing instruments. Refer the price sensitvity analysis given below.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact of rate change in borrowings, as follows:

Particulars	Effect on Statement of Profit and loss for the year ended 31 March 2022	Effect on Statement of Profit and loss for the year ended 31 March 2021
0.50% increase	106.90	34.06
0.50% decrease	(106.90)	(34.06)

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds etc. The Company is exposed to price risk arising mainly from investments carried at fair value through profit and loss which are valued using quoted prices in active markets (level 1 investments). A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

Particulars	As at 31 March 2022	As at 31 March 2021
Investments carried at FVTPL valued using quoted prices in active market	2,631.24	17,601.53

Particulars	Effect on Statement of profit and loss for the year ended 31 March 2022	Effect on Statement of profit and loss for the year ended 31 March 2021
1% increase	26.31	176.02
1% decrease	(26.31)	(176.02)

46 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of giving loans and making investments. The entire revenues are billable within India and there is only one geographical segment (secondary segment).

47 Transferred financial assets that are not derecognised in their entirety

There are no transferred financial assets that are not derecognized in it's entirety for the year ended 31 March 2022 and year ended 31 March 2021.

48 Expenditure in foreign currency

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Advertisement expenses	6.98	2.31
Travel expenses reimbursement	-	-

49 Trade payables aging schedule

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	0.70	-	-	-	0.70
Others	6.24	-	-	-	6.24

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

49 Trade payables aging schedule (Contd..)

Particulars	Outstanding for following periods from due date				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1.16	-	-	-	1.16
Others	77.96	-	-	-	77.96

50 Disclosure on ratios

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR (%)	30.73%	38.04%
CRAR – Tier I capital (%)	29.73%	36.56%
CRAR – Tier II capital (%)	1.00%	1.48%

51 The Company has filed quarterly statements of current assets with banks and financial institutions and the same are in agreement with the books of accounts.

52 The Company has filed all the registration of charges with ROC within the statutory period.

53 Investments

Particulars	As at 31 March 2022	As at 31 March 2021
(1) Value of investments		
(i) Gross value of investments	**6,786.48**	**25,823.21**
(a) In India	6,786.48	25,823.21
(b) Outside India	-	-
(ii) Impairment provisions on investments	**(164.18)**	**(172.69)**
(a) In India	(164.18)	(172.69)
(b) Outside India	-	-
(iii) Net value of investments	**6,622.30**	**25,650.52**
(a) In India	6,622.30	25,650.52
(b) Outside India	-	-
(2) Movement of impairment provisions on investments		
(i) Opening balance	172.69	26.40
(ii) Add : Provisions made during the year	(6.43)	171.92
(iii) Less : Write-off/write-back of excess provisions during the year	(2.08)	(25.64)
(iv) Closing balance	164.18	172.69

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

54 Derivatives

Exchange Traded Interest Rate (IR) Derivatives

Particulars	As at 31 March 2022	As at 31 March 2021
i) Notional principal amount of exchange traded IR derivatives undertaken during the year		
Scrip names		
a) 645GS2029	-	24,397.77
b) 726GS2029	-	-
c) 577GS2030	2,768.84	18,900.38
d) 579GS2030	-	1,618.88
e) 585GS2030	5,739.40	7,551.26
f) 610GS2031	19,396.51	-
ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31 March 2022 and 31 March 2021		
Scrip names		
a) Scrip no. 577GS2030	-	823.72
b) Scrip no. 585GS2030	-	97.45
b) Scrip no. 610GS2031	38.99	-

Exchange Traded Interest Rate (IR) Derivatives

Particulars	As at 31 March 2022	As at 31 March 2021
iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	NA	NA
iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	NA	NA

55 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006

55.1 Details of financial assets sold to securitisation

S. No.	Particulars	As at 31 March 2022	As at 31 March 2021
	No. of accounts	72,069	-
i)	Aggregate value (net of provision) of accounts sold	1,844.76	-
ii)	Aggregate Consideration	1,844.76	-
iii)	Additional Consideration (net of expenses) realized in respect of accounts transferred in earlier years	-	-
iv)	Aggregate gain/loss over net book value	-	-

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

55 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006 (Contd..)

55.2 Disclosure relating to securitisation

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

S. No.	Particulars	As at 31 March 2022	As at 31 March 2021
i)	No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	4	-
ii)	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	1,844.76	-
iii)	Total amount of exposures retained by the NBFC to comply with Minimum Retention Ration (MRR) as on the date of balance sheet	-	-
	a Off-Balance Sheet exposures	-	-
	First loss	-	-
	Others	-	-
	b On-Balance Sheet exposures	-	
	First loss(cash collateral)	211.11	-
	Others(MRR)	215.14	-
iv)	**Amount of exposures to securitisation transactions other than MRR**		
	a Off-Balance Sheet exposures	-	-
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b On-Balance Sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

55.2 Details of financial assets sold to securitisation/reconstruction company for asset reconstruction:

The Company has not sold any financial assets to Securitisation/Reconstruction company for asset reconstruction during the year ended 31 March 2022 and 31 March 2021.

55.3 Detail of assignment transactions:-

Particulars	As at 31 March 2022	As at 31 March 2021
No. of accounts	-	-
Aggregate Value (net of provisions) of accounts sold	-	-
Aggregate consideration	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

55 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006 (Contd..)

55.4 Details of non-performing financial assets sold

Particulars	As at 31 March 2022	As at 31 March 2021
No. of accounts	-	2,320
Aggregate Value (net of provisions) of accounts sold	-	53.94
Aggregate consideration	-	55.76
Aggregate gain/loss over net book value	-	1.81

The Company has not purchased non-performing financial assets during the year ended 31 March 2022 and 31 March 2021.

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

As at 31 March 2022

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 months	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Liabilities											
Borrowings	143.36	12.66	340.35	1,942.91	8,503.25	1,890.10	2,463.40	12,131.39	452.34	-	**27,879.76**
Assets											
Loans	473.45	174.21	848.70	1,781.50	2,011.47	4,529.89	6,174.90	8,263.17	1,170.85	2,486.27	**27,914.41**
Investments	2,234.83	-	17.19	9.23	897.52	29.30	62.68	110.15	-	3,261.40	**6,622.30**

As at 31 March 2021

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 months	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Liabilities											
Borrowings	2,065.80	1,012.50	35.87	52.58	52.80	14,178.52	316.80	3,015.16	101.97	-	**20,831.99**
Assets											
Loans	136.71	35.26	59.17	442.09	411.14	1,186.82	1,766.13	1,209.27	21.58	25.32	**5,293.49**
Investments	15,508.23	1,676.50	48.00	71.41	3,143.14	310.31	515.01	832.13	283.18	3,262.61	**25,650.52**

Notes:

Above mentioned portfolio (own) does not include undrawn facilities, since there are no sanctioned disbursement schedule.

57 Exposures

(i) Exposure to Real Estate Sector:-

Particulars	As at 31 March 2022	As at 31 March 2021
A. Direct exposure		
i) Residential mortgages	3,120.04	52.19
(Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;)		

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

57 Exposures (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
ii) Commercial real estate:		
(Lending secured by mortgages on commercial real estates office buildings, retails space, multipurpose commercial premises, multi-family residential buildings, multi - tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits)	Nil	Nil
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a) Residential	Nil	Nil
b) Commercial real estate	Nil	Nil

ii) Exposure to capital market

The Company does not have any exposure to capital market as at 31 March 2022 and 31 March 2021.

iii) Unhedged foreign currency exposure

The details of foreign currency exposures that are not hedged by derivative instrument or otherwise are as mentioned below:

Particulars	As at 31 March 2022		As at 31 March 2021	
	In original currency	In ₹	In original currency	In ₹
Trade payables				
USD	-	-	4,860	3,53,730

58 Details of financing of parent company products

The Company has not financed parent company products during the year ended 31st March 2022 and 31 March 2021.

59 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company does not have single or group borrower exceeding the limits during the year ended 31 March 2022 and 31 March 2021.

60 Unsecured advances

The Company has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. The unsecured advances of ₹ 26,372.62 millions (31 March 2021: ₹ 6,198.44 millions.) disclosed in Note 7 are without any collateral or security.

61 Registration obtained from other financial sector regulators:-

The Company is registered with following other financial sector regulators:

(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)

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

62 Related party transactions

Please refer to Note no 40 for related party transactions and related disclosures.

63 Provisions and contingencies

As at 31 Matrch 2022

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	28,997.40	1,174.30	27,823.10	115.99	1,058.31
	Stage 2	237.21	157.15	80.06	0.95	156.20
Subtotal		**29,234.61**	**1,331.45**	**27,903.16**	**116.94**	**1,214.51**
Non-Performing Assets (NPA)						
Substandard	Stage 3	257.43	246.18	11.25	25.74	220.44
Doubtful - up to 1 year	Stage 3	0.62	0.62	-	0.62	-
- 1 to 3 years	Stage 3	-	-	-	-	-
- More than 3 years	Stage 3	-	-	-	-	-
Subtotal for NPA		**258.05**	**246.80**	**11.25**	**26.36**	**220.44**
Total	**Stage 1**	**28,997.40**	**1,174.30**	**27,823.10**	**115.99**	**1,058.31**
	Stage 2	**237.21**	**157.15**	**80.06**	**0.95**	**156.20**
	Stage 3	**258.05**	**246.80**	**11.25**	**26.36**	**220.44**
	Total	**29,492.66**	**1,578.25**	**27,914.41**	**143.30**	**1,434.95**

As at 31 March 2021

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	5,674.55	522.00	5,152.55	22.70	499.31
	Stage 2	306.82	189.62	117.20	1.23	188.39
Subtotal		**5,981.37**	**711.62**	**5,269.75**	**23.93**	**687.70**
Non-Performing Assets (NPA)						
Substandard	Stage 3	258.57	236.82	21.75	25.90	210.92
Doubtful - up to 1 year	Stage 3	3.25	3.10	0.14	2.10	1.00
- 1 to 3 years	Stage 3	8.83	7.90	0.93	2.69	5.21

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

63 Provisions and contingencies (Contd..)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
- More than 3 years	Stage 3	8.61	7.70	0.92	4.31	3.39
Subtotal for NPA		**279.26**	**255.52**	**23.74**	**34.99**	**220.52**
Total	**Stage 1**	**5,674.55**	**522.00**	**5,152.55**	**22.70**	**499.31**
	Stage 2	**306.82**	**189.62**	**117.20**	**1.23**	**188.39**
	Stage 3	**279.26**	**255.52**	**23.74**	**34.99**	**220.52**
	Total	**6,260.63**	**967.14**	**5,293.49**	**58.91**	**908.22**

Break up of Provisions shown as expenditure in statement of profit and loss	For the year ended 31 March 2022	For the year ended 31 March 2021
Provision towards non peforming assets *	(4.67)	255.39
Provision towards standard assets *	619.83	692.18
Provision made towards income tax	-	517.36
Provision for gratuity**	3.62	4.26
Provision for compensated absences**	10.93	5.27

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

* During the financial year 2020-21 the company has sold two wheeler and housing portfolio having an impairment allowance of ₹ 47.87 millions as on the date of transfer. The same has been considered for arriving at the net gain on derecognition of financial instruments under ammortised category in Note no.30.

** Includes actuarial gain/(loss) classified under other comprehensive income.

64 Draw down from reserves:-

There has been no draw down from reserve during the year ended 31 March 2022 and 31 March 2021.

65 Concentration of advances, exposures and NPAs:-

65.1 Concentration of advances

Particulars	As at 31 March 2022	As at 31 March 2021
Concentration of advances		
Total advances to twenty largest borrowers	530.78	44.21
Percentage of Advances to twenty largest borrowers to total advances of the NBFC	1.80%	0.71%

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

65 Concentration of advances, exposures and NPAs:- (Contd..)

65.2 Concentration of exposures

Particulars	As at 31 March 2022	As at 31 March 2021
Concentration of exposures		
Total exposure to twenty largest borrowers / customers	530.78	44.21
Percentage of exposures to twenty largest borrowers/customers to total exposure	1.80%	0.71%

65.3 Concentration of NPAs

Particulars	As at 31 March 2022	As at 31 March 2021
Concentration of NPAs		
Total exposure to top four NPA accounts**	1.70	1.06

** NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

65.4 Sector-wise NPAs #:-

Particulars	As at 31 March 2022	As at 31 March 2021
Sector	**Percentage of NPAs to total advance to that sector**	
1. Agriculture & allied activities	2.77%	0.20%
2. MSME	0.00%	0.00%
3. Corporate borrowers	0.00%	0.00%
4. Services	1.83%	0.03%
5. Unsecured personal loans	0.91%	4.77%
6. Other personal loans	0.00%	36.55%

NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 days past due is considered as default for classifying a financial instrument as credit impaired.

66 Movement of NPAs

Particulars	As at 31 March 2022	As at 31 March 2021
i) **Net NPAs to net advances (%)**	0.04%	0.45%
ii) **Movement of NPAs (Gross)**		
Opening balance	279.26	57.99
Additions during the year	370.67	263.04
Reductions during the year	(391.88)	(41.77)
Closing balance	**258.05**	**279.26**
iii) **Movement of Net NPAs**		
Opening balance	23.74	34.31
Additions during the year	228.44	28.40
Reductions during the year	(240.93)	(38.97)
Closing balance	**11.25**	**23.74**

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

66 Movement of NPAs (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	255.52	23.68
Provisions made during the year	142.23	234.65
Write-off/write-back of excess provisions	(150.95)	(2.81)
Closing balance	**246.80**	**255.52**

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under:

Particulars	As at 31 March 2022 Amount outstanding	As at 31 March 2021 Amount outstanding
Liabilities side		
1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
a) Debentures		
Secured	12,879.95	2,741.89
Unsecured	6,500.56	14,020.56
(other than falling within the meaning of public deposits)		
b) Deferred credits	-	-
c) Term loans including accrued interest but not paid	8,014.41	4,018.26
d) Inter-corporate loans and borrowings	-	-
e) Commercial paper	730.76	-
f) Other loans:		
Other unsecured loans against assets of the Company	99.47	99.34
Secured loans against assets of the Company	-	-
Overdraft facility	-	-
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
a) In the form of unsecured debentures	-	-
b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
c) Other public deposits	-	-
Assets side		
3 Breakup of loans and advances including bills receivables		
a) Secured	3,120.04	62.19
b) Unsecured	26,372.62	6,198.44

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

Particulars	As at 31 March 2022 Amount outstanding	As at 31 March 2021 Amount outstanding
4 Breakup of leased assets and stock on hire and other assets counting towards AFC activities		
i Lease assets including lease rentals under sundry debtors		
a) Financial lease	-	-
b) Operating lease	-	-
ii Stock on hire including hire charges under sundry debtors		
a) Assets on hire	-	-
b) Repossessed assets	-	-
iii Other loans counting towards AFC activities		
a) Loans where assets have been repossessed	-	-
b) Loans other than (a) above	-	-
4 Breakup of investments		
Current investments		
I Quoted		
i Shares		
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	1,298.56	12,165.89
iii Units of mutual funds	338.02	692.73
iv Government securities	994.66	4,679.41
v Others	491.66	2,681.94
II Unquoted	-	-
i Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-
Long term investments		
1 Quoted		
i Shares		
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

Particulars	As at 31 March 2022 Amount outstanding	As at 31 March 2021 Amount outstanding
2 Unquoted		
i Shares		
a) Equity	3,261.40	3,262.61
b) Preference	-	-
ii Debentures and bonds	164.09	105.15
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	238.09	2,062.80

67.1 Borrower group - wise classification of assets financed

As at 31 March 2022

Category	Net of provisions			
	Secured	Unsecured	Provisions	Total
1 Related parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	3,120.04	26,372.62	(1,578.25)	27,914.41
Total	**3,120.04**	**26,372.62**	**(1,578.25)**	**27,914.41**

As at 31 March 2021

Category	Net of provisions			
	Secured	Unsecured	Provisions	Total
1 Related parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	62.19	6,198.44	(967.14)	5,293.49
Total	**62.19**	**6,198.44**	**(967.14)**	**5,293.49**

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

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

Category	As at 31 March 2022		As at 31 March 2021	
	Market value / break up or fair value or NAV	Book value (Net of provision)	Market value / break up or fair value or NAV	Book value (Net of provision)
1 Related parties				
a) Subsidiaries	3,261.40	3,261.40	3,261.40	3,261.40
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	3,525.08	3,360.90	22,561.81	22,389.12
Total	**6,786.48**	**6,622.30**	**25,823.21**	**25,650.52**

67.3 Other information

Particulars	As at 31 March 2022	As at 31 March 2021
i Gross non-performing assets		
a) Related parties	-	-
b) Other than related parties	258.05	279.26
ii Net non-performing assets		
a) Related parties	-	-
b) Other than related parties	11.25	23.74
iii Assets acquired in satisfaction of debt	-	-

68 Overseas assets

The Company does not have any joint venture or subsidiary abroad as on 31 March 2022 and 31 March 2021.

69 Off-balance sheet SPVs sponsored

The Company has not sponsored any off-balance sheet SPVs which are required to be consolidated as per accounting norms for the year ended 31 March 2022 and 31 March 2021.

70 Customer complaints

Particulars	As at 31 March 2022	As at 31 March 2021
a) Number of complaints pending at the beginning of the year (Nos)	7	1
b) Number of complaints received during the year (Nos)	1,190	884
c) Number of complaints redressed during the year (Nos)	1,190	878
d) Number of complaints pending at the end of the year (Nos)	7	7

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

71 Information on instances of fraud

Instances of fraud for the year ended 31 March 2022

Nature of fraud	No of cases	Amounts of fraud	Recovery	Amounts written off/ provided for
Fraud Committed by other than staff *	195	48.08	4.04	22.46

*These 195 instances of fraud cover 662 loan accounts.These frauds are committed by the customers or third parties and not by the staff of the Company. As identified by the management, such frauds were mostly in the nature of fabrication of documents submitted by some customers with respect to digital loans sanctioned The Company is the process of continuously identifying the frauds and improvising the credit underwriting mechanisms and digital algorithms. Further the Company has developed a collection process to ensure recovery of these amounts to the extent possible. The unrecovered amount of ₹ 44.04 million has been charged to Statement of Profit and Loss during the year.

Instances of fraud for the year ended 31 March 2021

Nature of fraud	No of cases	Amounts of fraud	Recovery	Amounts written off/ provided for
Fraud Committed by other than staff *	134	10.22	0.02	10.09

*These 10 instances of fraud cover 134 loan accounts.

72 Credit rating

Instruments	Credit rating agency	As on 31 March 2022	As at 31 March 2021
Bank facilities	CRISIL	CRISIL A-/Stable	CRISIL A-/Stable
Non-convertible debentures	India Ratings	IND A/Stable	IND A/Stable
Principal protected market linked debentures	India Ratings	IND PP-MLD A emr/Stable	IND PP-MLD A emr/Stable
Commercial papers	India Ratings	IND A1	-

73 Disclosure of penalties imposed by the RBI and other regulators

No penalty has been imposed by the RBI and other regulators during the year ended 31 March 2022 and 31 March 2021.

74 Funding concentration based on significant counterparty (borrowings)

As at 31 March 2022			As at 31 March 2021		
Number of Significant Counterparties	Amount	% of Total borrowings	Number of Significant Counterparties	Amount	% of Total borrowings
26	25,046.24	84.76%	5	20,796.96	99.83%

Note

1. A “Significant counterparty” is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs
2. Total liabilities has been computed as total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.
3. Accrued interest on borrowings not considered.

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

75 Top 10 borrowings

As at 31 March 2022		As at 31 March 2021	
Amount	% of Total borrowings	Amount	% of Total borrowings
17,523.86	62.86%	20796.73	99.84%

Note:

1. Accrued interest on borrowings not considered.
2. Total borrowing has been computed as gross total debt basis extant regulatory ALM guidelines.

76 Funding Concentration based on significant instrument/product

Name of the instrument/product	As at 31 March 2022		As at 31 March 2021	
	Amount	% of Total borrowings	Amount	% of Total borrowings
Non-Convertible Debentures	18,908.33	63.99%	16,718.07	77.10%
Term Loan	6,042.10	20.45%	3,061.44	14.12%
Commercial Papers	727.84	2.46%	-	-
Liability against securitised assets	1,838.39	6.22%	938.00	4.33%

Note:

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

   Total liabilities has been computed as Total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.

2. Accrued interest on borrowings not considered.

77 Stock ratios:

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

As at 31 March 2022			As at 31 March 2021		
Total Public funds	Total Liabilities	Total Assets	Total Public funds	Total Liabilities	Total Assets
Nil	2.46%	1.04%	Nil		

b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets:- Nil

c) Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets:

As at 31 March 2022			As at 31 March 2021		
Total Public funds	Total Liabilities	Total Assets	Total Public funds	Total Liabilities	Total Assets
Nil	57.28%	24.30%	Nil	85.54%	55.85%

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

78 Institutional set-up for liquidity risk management

Board of Directors:

The Board has the overall responsibility for management of liquidity risk. The Board shall decide the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided by it.

Risk Management Committee:

The Risk Management Committee is responsible for evaluating the overall risks faced by the NBFC including liquidity risk.

Asset-Liability Management Committee (ALCO):

The ALCO ensures adherence to the risk tolerance/limits set by the Board as well as implements the liquidity risk management strategy of the NBFC.

The members of the ALCO are: -

1. Mr. Ankit Agarwal
2. Mr. Divyesh Jain
3. Mr. Shobhit Agarwal
4. Mr. Mahak Khabia

79 Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020

Particulars	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3 of the circular (as on 29 Feb 2020)	-	251.11	251.11
Of the above, respective amounts where the asset classification benefit is extended at year ended	-	5.14	234.14
Provision made in terms of Paragraph 5 of the Covid-19 regulatory package*			
In Q4 FY 2020		-	-
In Q4 FY 2021		-	-
Provision adjusted against slippages during the year in terms of paragraph 6 of the COVID-19 Regulatory Package*		-	-
Residual provision held at the year ended*		-	-

*Pursuant to paragraph 4 of RBI notification DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020, NBFCs which are required to comply with Indian Accounting Standards (IndAS) shall continue to be guided by the guidelines duly approved by their Boards and as per ICAI Advisories for recognition of the impairments. Hence the provisioning requirements as mentioned in paragraph 5 and 6 is not applicable to the Company.

80 Disclosure as required by the RBI notification dated 07 April 2021

In accordance with the RBI notification dated 07 April 2021, the Company is required to refund / adjust any amount in the nature of “Interest on Interest” including penal interest charged to the borrowers during the moratorium period i.e., 01 March 2020 to 31August 2020. The Company has assessed that no interest on interest, penal interest etc. was charged to the borrowers during the moratorium period and hence no liability has been created towards interest relief as on 31 March 2021.

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

81 Additional Regulatory Information

81.1 There is no such immovable property whose title deeds are not held in the name of the Company.

81.2 There are no investment properties as on 31 March, 2022.

81.3 The Company has not revalued its Property, Plant and Equipment (including Right-of Use Assets) based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

81.4 The Company has not revalued its Intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

81.5 There are no loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

(a) repayable on demand or

(b) without specifying any terms or period of repayment

81.6 No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

81.7 The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.

81.8 The Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956:

81.9 The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

81.10 No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013. NA

81.11 Utilisation of Borrowed funds and share premium

(a) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:-

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

(b) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall :-

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

for the year ended 31 March 2022
(All amount in ₹ millions unless otherwise stated)

81 Additional Regulatory Information (Contd..)

81.12 There are no such transaction or undisclosed income that need to be disclosed in accordance with this provision of Companies Act, 2013.

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

81.14 With respect to filing of quarterly statements of current assets with bank and financial statements by the Company, refer Note 51 of the financial statements.

81.15 With respect to filing of registration of charges with ROC by the Company, refer Note 52 of the financial statements.

82 Previous year figures have been regrouped/ reclasssified wherever applicable

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 21 May 2022

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

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: Sweden
21 May 2022

Ankit Agarwal
Managing Director

(DIN: 08299808)

Place: Bengaluru
Date: 21 May 2022

Divyesh Jain
Chief Financial Officer

Place: Srinagar
Date: 21 May 2022

Puneet Bhatia
Company Secretary
Membership No:- A55096

Place: Bengaluru
Date: 21 May 2022



Consolidated Financial Statements

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) ('the Holding Company') and its subsidiary, Chaitanya India Fin Credit Private Limited (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2022, and their consolidated loss (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. The auditors of Chaitanya India Fin Credit Private Limited, vide their audit report dated 14 May 2022, have expressed an unmodified opinion and have reported in the 'Emphasis of Matter' section that,

   "We draw attention to Note no. 2B of the accompanying standalone financial statements, which describes the evaluation of the impact of global pandemic COVID-19 carried out by the management and the recoverability of the carrying value of various assets, the company's business operations, financial position and the uncertainties associated with such an evaluation in the present circumstances and that the impact may be different from that assessed as at the date of approval of these Standalone Financial Statements."

   Our opinion is not modified in respect of the above matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiary, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

Key audit matter	How our audit addressed the key audit matter
The Group is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis. Further, the Group's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, provision on loans, amongst others. The controls implemented by the Group in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. **Modifications to IT environment** Our areas of audit focus included user access management, developer access to the production environment and data migration testing, changes to the IT environment across applications, networks, database and operating systems. Further, we also focused on key automated controls relevant for financial reporting. Accordingly, since our audit strategy included focus on key IT systems and automated controls, due to pervasive impact on the consolidated financial statements; we have determined the same as a key audit matter for current year audit.	We involved auditor's experts as part of our audit team to perform audit procedures which included, but were not limited to the following: • Obtained an understanding of the Group's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit. • Tested the design and operating effectiveness of the Group's IT controls over the IT applications as identified above; • Evaluated the management's process for modifications to the IT systems which also included understanding around monitoring and authorisation of such modifications. Tested such changes made to IT systems that had a significant impact on financial reporting; • Tested IT general controls particularly, logical access, changes management and aspects of IT operational controls. Tested that, requests for access to systems were appropriately reviewed and authorized; tested controls around Group's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. • Tested related system interfaces/system integrations including relevant approvals, configurations and other application layer controls identified during out audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; • Where deficiencies were identified, tested compensating controls or performed alternative procedures.

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

As at 31 March 2022, the Group has reported gross loan assets of ₹ 52,068.64 million against which an impairment allowance of ₹ 2,054.55 million has been recorded. Refer note 4.8 of significant accounting policies, note 8 for the outstanding loan assets and note 49.1.5 of the consolidated financial statements for credit risk disclosures.

Key audit matter	How our audit addressed the key audit matter
The calculation of impairment losses on loans is complex and is based on application of significant management judgement and use of different modelling techniques and assumptions which could have a material impact on reported profits. The Group has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Group i.e. the default in repayment is within the range of 0 to 30 days. • If a significant increase in credit risk ('SICR') since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 89 days.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures: • Evaluated the Group's accounting policies for estimation of expected credit loss on loans in accordance with Ind AS 109. • Obtained an understanding of the modelling techniques adopted by the Group including the key inputs and assumptions for existing and new loan products. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios;

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

Key audit matter	How our audit addressed the key audit matter
• If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 89 days. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement in measuring ECL is required with respect to: • determining the criteria for SICR • factoring in future macro-economic assumptions • techniques used to determine probability of default and loss given default. The ECL for the respective stages has been derived basis the Group's internally developed statistical models including that developed for new loan products launched during the year, historical data, collections trends post reporting date and industrywide stress. **Implementation of COVID-19 related measures** During the current year, the RBI has announced various relief measures for the borrowers which were implemented by the Group such as "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the RBI on 27 March 2020, 17 April 2020 and 23 May 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021 (collectively referred to as 'the RBI circulars'), which has been collectively considered by the management in identification and provisioning of NPAs. On the basis of an estimate made by the management, an additional provision amounting to ₹ 114.37 million has been recognised by the Group as at 31 March 2022 on account of increase in default risk due to the impact of COVID-19 on recoverability of loans of the Group. The basis of estimates and assumptions involved in arriving at the additional provisions are monitored by the Group periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI. Considering the significance of the above matter to the overall consolidated financial statements, additional complexities involved in the current year on account of ongoing impact of COVID-19, launch of new loan product and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter for current year audit. We also draw attention to Note 3 of the accompanying consolidated financial statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the above mentioned loan assets as on 31 March 2022, as the same is fundamental to the understanding of the users of consolidated financial statements.	• Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals; • Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the RBI circular and ensured whether such policy was in accordance with the RBI circular. • With respect to the management's assessment for the requirement of additional provisions to be made or not to be made on account of the impact of the COVID-19 pandemic, we understood and challenged evaluated the underlying assumptions used by the Group for such estimate by considering our understanding of the risk profiles of the customers of the Group. • Evaluated the appropriateness of the Group's determination of significant increase in credit risk ('SICR') in accordance with the applicable accounting standard considering impact of COVID-19 and moratorium announced in the RBI circular and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Group's categorization across various stages; • Assessed the critical assumptions and inputs used in the model which amongst others included testing the collection trends of the portfolio and ensuring consistency of assumptions with other relevant publicly available macro-economic factors pertaining to impact of COVID-19. For forward looking assumptions used by the management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information. • Performed a critical assessment of assumptions including management's assessment of the impact of COVID-19 on these assumptions, moratorium facility availed by the customers and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD); • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable. • Assessed the appropriateness and adequacy of the related presentation and disclosures of note 49 "Financial risk management" disclosed in the consolidated financial statements in accordance with the applicable accounting standards.

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

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

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

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

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

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

12. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

16. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 25,154.71 million and net assets of ₹ 3,985.77 million as at 31 March 2022, total revenues of ₹ 3,612.63 million and net cash inflows amounting to ₹ 1,326.68 million for the year ended on that date, as considered in the consolidated financial statements, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary, are based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiary, we report that the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 19 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

19. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiary incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under

section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) The matters described in paragraph 4, of the Emphasis of Matter, in our opinion, may have an adverse effect on the functioning of the Holding Company and Chaitanya India Fin Credit Private Limited a subsidiary of the Holding Company;

f) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company, and taken on record by the Board of Directors of the Holding Company and its subsidiary company, and the reports of the statutory auditors of its subsidiary company, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.

g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and

h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiary incorporated in India whose financial statements have been audited under the Act:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 46 to the consolidated financial statements;

ii. The Holding Company and its subsidiary company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company covered under the Act, during the year ended 31 March 2022;

iv. a. The respective managements of the Holding Company and its subsidiary company, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that, to the best of their knowledge and belief , on the date of this audit report, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary that, to the best of their knowledge and belief, on the date of this audit report, no funds have been received by the Holding Company or its subsidiary company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiary, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement

v. The Holding Company and its subsidiary company have not declared or paid any dividend during the year ended 31 March 2022.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN:22105117AJJSZP3777

Place: Mumbai
Date: 21 May 2022

Annexure I

Annexure I to the Independent Auditor's Report of even date to the members of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) on the consolidated financial statements for the year ended 31 March 2022

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (1) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) ('the Holding Company') and its subsidiary, Chaitanya India Fin Credit Private Limited (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

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

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the report of the other auditors on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is a company covered under the Act, whose financial statements reflect total assets of ₹ 25,154.71 million and net assets of ₹ 3,985.77 million as at 31 March 2022, total revenues of ₹ 3,612.63 million and net cash inflows amounting to ₹ 1,326.68 million for the year ended on that date, as considered in the consolidated financial statements.. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN:22105117AJJSZP3777

Place: Mumbai
Date: 21 May 2022

Consolidated Balance Sheet

as at 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
I ASSETS			
1 Financial assets			
Cash and cash equivalents	5	5,709.55	1,667.98
Bank balances other than cash and cash equivalents	6	1,357.58	808.76
Trade receivables	7	-	0.49
Loans	8	50,014.09	16,612.91
Investments	9	3,639.76	24,198.12
Other financial assets	10	1,347.63	194.34
2 Non-financial assets			
Current tax asset (net)	11	167.90	14.04
Deferred tax asset (net)	12	557.94	407.84
Property, plant and equipment	13	74.31	32.60
Other intangible assets	14	13.99	8.65
Goodwill		13.95	13.95
Right of use Asset	15	122.95	16.29
Other non-financial assets	16	107.53	44.97
Total assets		**63,127.18**	**44,020.94**
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Payables:	17		
- Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		4.62	3.03
- Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		0.70	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		6.24	56.27
Debt securities	18	21,917.65	19,683.94
Borrowings (other than debt securities)	19	25,757.66	10,767.79
Subordinated liabilities	20	498.63	497.70
Other financial liabilities	21	1,837.14	984.73
2 Non-financial liabilities			
Current tax liabilities (net)	22	-	36.76
Provisions	23	193.20	161.08
Other non financial liabilities	24	320.46	67.59
Total liabilities		**50,536.30**	**32,260.05**
3 Equity			
Equity share capital	25	1,785.73	1,652.40
Other equity	26	10,805.15	10,108.49
Total equity		**12,590.88**	**11,760.89**
Total liabilities and equity		**63,127.18**	**44,020.94**

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

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 21 May 2022

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

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: Sweden
Date: 21 May 2022

Ankit Agarwal
Managing Director

(DIN: 08299808)

Place: Bengaluru
Date: 21 May 2022

Divyesh Jain
Chief Financial Officer

Place: Srinagar
Date: 21 May 2022

Puneet Bhatia
Company Secretary
Membership No:- A55096

Place: Bengaluru
Date: 21 May 2022

Standalone Statement of Profit and Loss

for the year ended 31 March 2022
(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations			
(i) Interest income		6,342.77	4,015.46
(ii) Fees and commission income		93.89	36.21
(iii) Net gain on fair value changes		1,372.34	1,409.50
(iv) Net gain on derecognition of financial instruments under amortised cost category		361.40	189.82
(I) Total revenue from operations		**8,170.40**	**5,650.99**
(II) Other income		28.47	1.37
(III) Total income (I+II)		**8,198.87**	**5,652.36**
Expenses			
(i) Finance costs		2,131.62	871.73
(ii) Fees and commission expenses		23.66	14.35
(iii) Net loss on derecognition of financial instruments under amortised cost category		1.64	-
(iv) Impairment on financial instruments		1,618.92	1,836.15
(v) Employee benefits expenses		1,398.97	744.69
(vi) Depreciation and amortisation expense		50.14	18.10
(vii) Other expenses		3,157.17	601.87
(IV) Total expenses		**8,382.12**	**4,086.89**
(V) (Loss)/Profit before tax (III - IV)		**(183.25)**	**1,565.47**
(VI) Tax expense			
(1) Current tax		105.57	637.01
(2) Deferred tax credit		(142.23)	(253.20)
Total tax expense		**(36.66)**	**383.81**
(VII) (Loss)/Profit for the year (V - VI)		**(146.59)**	**1,181.66**
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit (liability)/asset		(7.49)	0.02
(ii) Income tax relating to the above		1.88	(0.00)
(B) (i) Items that will be reclassified to profit or loss		(23.80)	28.12
(ii) Income tax relating to items that will be reclassified to profit or loss		5.99	(7.08)
(VIII) Other comprehensive income		**(23.42)**	**21.06**
(IX) Total comprehensive income for the year (VII + VIII)		**(170.01)**	**1,202.72**
(X) Earnings per equity share			
Basic (₹)		(0.86)	7.76
Diluted (₹)		(0.86)	7.76

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

This is the Consolidated Statement of Profit and Loss as referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 21 May 2022

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

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: Sweden
Date: 21 May 2022

Ankit Agarwal
Managing Director

(DIN: 08299808)

Place: Bengaluru
Date: 21 May 2022

Divyesh Jain
Chief Financial Officer

Place: Srinagar
Date: 21 May 2022

Puneet Bhatia
Company Secretary
Membership No:- A55096

Place: Bengaluru
Date: 21 May 2022

Consolidated Statement of Cash Flow

for the year ended 31 March 2022
(All amounts in ₹ millions unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flow from operating activities		
(Loss)/Profit before tax	(214.54)	1,563.74
Depreciation and amortisation	28.90	18.10
Depreciation on right of use asset	21.24	-
Contribution to employee stock option scheme	-	9.41
Interest expense on lease liability	7.08	0.62
Impairment allowance on loans	424.53	1,393.85
Portfolio written off	1,182.27	219.43
Impairment allowance on investments	(8.51)	146.29
(Profit) on sale of fixed assets (net)	(0.08)	(0.66)
(Gain) on sale of mutual funds and securities	-	(42.92)
Effective interest rate adjustment for financial instruments	(454.43)	6.85
Loss on sale of portfolio	1.64	0.02
Impairment on other assets	20.63	7.62
Gain on sale of loan portfolio through assignment	(361.40)	(180.93)
Net change in fair value of loans measured at fair value through other comprehensive income	(23.80)	28.12
Net loss/(Gain) on fair value changes on investment	115.82	(321.79)
Operating profit before working capital changes	**739.35**	**2,847.75**
Movements in working capital:		
(Increase) / decrease in assets		
(Increase) in loans	(34,068.90)	(8,753.63)
Decrease in receivables	0.49	44.63
(Increase) in bank deposits	(548.82)	(665.49)
Decrease in investments	13,932.47	8,680.53
(Increase) in other financial assets	(1,173.92)	(435.59)
(Increase) in other non-financial assets	(62.56)	(25.08)
Increase / (decrease) in liabilities		
(Decrease)/Increase in payables	(48.90)	46.51
Increase in other financial liabilities	32.80	900.67
Increase in non-financial liabilities	1,072.48	69.32
Increase in provisions	32.12	115.31
Cash (used in)/generated from operating activities	**(20,093.39)**	**2,824.93**
Income taxes paid (net of refunds)	296.19	667.29
Net cash flows (used in)/generated from operating activities (A)	**(20,389.58)**	**2,157.64**
B. Cash flow from Investing activities		
Purchase of property, plant and equipment and intangible assets	(76.07)	(29.32)
Proceeds from sale of property, plant and equipment and intangible assets	0.20	6.04
Net cash flows (used in) investing activities (B)	**(75.87)**	**(23.28)**

Consolidated Statement of Cash Flow

for the year ended 31 March 2022
(All amounts in ₹ millions unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C. Cash flow from financing activities		
Issue of equity shares	1,000.00	1,031.37
Proceeds from issue of debt securities	11,993.81	5,229.00
Repayment of debt securities	(3,288.54)	(11,521.89)
Proceeds from borrowings (other than debt securities) availed*	93,137.90	32,976.19
Repayment of borrowings (other than debt securities)*	(78,318.43)	(28,430.04)
Lease payments	(17.72)	(3.91)
Net cash flows generated from/(used in) financing activities (C)	**24,507.02**	**(719.27)**
Net increase in cash and cash equivalents (A+B+C)	**4,041.57**	**1,415.08**
Cash and cash equivalents at the beginning of the year	1,667.98	252.90
Cash and cash equivalents at the end of the year	**5,709.55**	**1,667.98**

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash on hand	3.19	12.26
Balances with banks (of the nature of cash and cash equivalents)	5,706.36	1,655.72
Total	**5,709.55**	**1,667.98**

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

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 21 May 2022

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

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: Sweden
Date: 21 May 2022

Ankit Agarwal
Managing Director

(DIN: 08299808)

Place: Bengaluru
Date: 21 May 2022

Divyesh Jain
Chief Financial Officer

Place: Srinagar
Date: 21 May 2022

Puneet Bhatia
Company Secretary
Membership No:- A55096

Place: Bengaluru
Date: 21 May 2022

Consolidated Statement of Changes in Equity for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

A Equity share capital

For the year ended 31 March 2022

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

For the year ended 31 March 2021

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

B Other equity

Particulars	Reserves and surplus								Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital redemption reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income	Debenture redemption reserve	Equity component of compound financial instruments	
Balance as at 31 March 2020	**7,873.04**	**59.27**	**44.05**	**14.78**	**60.42**	**(2.88)**	**-**	**1,036.88**	**9,085.56**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting year	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	1,202.72	-	-	-	1,202.72
Issue of equity shares	882.85	-	-	-	-	-	-	-	882.85
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	240.55	-	-	(240.55)	-	-	-	-
Employee stock option reserve created	16.80	-	-	18.82	-	-	-	-	35.62
Transfer to securities premium	-	-	-	(33.60)	-	-	-	-	(33.60)
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	(21.06)	21.06	-	-	-
Transfer to Debenture Redemption Premium	-	-	-	-	(10.00)	-	10.00	-	-
Premium utilised	(27.78)	-	-	-	-	-	-	-	(27.78)
Net interest paid on CCDs	-	-	-	-	-	-	-	27.78	27.78

Consolidated Statement of Changes in Equity for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	Reserves and surplus								Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital redemption reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income	Debenture redemption reserve	Equity component of compound financial instruments	
CCD converted to equity	-	-	-	-	-	-	-	(1,064.66)	(1,064.66)
Balance as at 31 March 2021	**8,744.91**	**299.82**	**44.05**	**-**	**991.53**	**18.18**	**10.00**	**-**	**10,108.49**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting year	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	(170.01)	-	-	-	(170.01)
Issue of equity shares	866.67	-	-	-	-	-	-	-	866.67
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	100.69	-	-	(100.69)	-	-	-	-
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	23.42	(23.42)	-	-	-
Balance as at 31 March 2022	**9,611.58**	**400.51**	**44.05**	**-**	**744.25**	**(5.24)**	**10.00**	**-**	**10,805.15**

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

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 21 May 2022

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

Sachin Bansal
Executive Chairman and Chief Executive Officer
(DIN: 02356346)

Place: Sweden
Date: 21 May 2022

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(DIN: 08299808)

Place: Bengaluru
Date: 21 May 2022

Divyesh Jain
Chief Financial Officer

Place: Srinagar
Date: 21 May 2022

Puneet Bhatia
Company Secretary
Membership No:- A55096

Place: Bengaluru
Date: 21 May 2022

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

1. Corporate Information

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

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

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

The Company is treated as a Systemically Important Non-Deposit taking Non-Banking Financial Company as the assets size of the group (consolidated assets size of the Company and its Subsidiary Company together) exceeded ₹ 500 crores in the month of September 2018 (by virtue of RBI Master direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 01 September 2016).

2. Statement of Compliance

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

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

3. Impact of COVID-19

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

While the number of COVID-19 cases have reduced significantly and the Government of India has withdrawn most of the COVID-19 related restrictions, the Group continues to closely monitor any anticipated material changes to future economic conditions.

The Holding Company is in the business of lending personal loans whereas the subsidiary company, Chaitanya India Fin Credit Private Limited is in the business of lending loans which are in the nature of micro-finance loans. Accordingly, the subsidiary company has recognized provisions as on 31 March 2022, towards its loan assets to the extent of ₹ 476.31 million which includes an additional provision of ₹ 21.77 million for the impact of COVID-19 pandemic, based on the information available at this point of time including economic forecasts in accordance with the expected credit loss method and believes that the extent to which the pandemic will impact the subsidiary company's performance will depend on ongoing as well as future developments which are highly uncertain.

The Group has recognized provisions as on 31 March 2022, towards its loan assets to the extent of ₹ 2,054.55 million which includes an additional provision of ₹ 114.37 million towards the future potential impact of COVID-19 based on the information available at this point of time including the economic forecasts, in accordance with the expected credit loss method. The Group believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial statements.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

4. Significant accounting policies

4.1. Basis of preparation and measurement

(i) Going concern and basis of measurement

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

(ii) Use of estimates and judgements

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

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

- **Business model assessment**

  Classification and measurement of financial assets depends on the results of the Solely Payments of Principle and Interest ('SPPI') and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- **Fair value of financial instruments**

  The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

- **Provisions and other contingent liabilities**

  Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

- **Defined employee benefit assets and liabilities**

  The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- **Impairment of loans and investment portfolio**

  The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

  It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

- **Effective Interest Rate (EIR) method**

  The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

  This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/ expense that are integral parts of the instrument.

4.2. Revenue recognition

i. Recognition of interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

ii. Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

iii. Recoveries against written off assets and fees received on collections

The Company recognises recoveries against written off assets and fees received on collections on realization basis.

iv. Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

v. Other income

All other income is recognized on accrual basis when no significant uncertainty exists on their receipt.

4.3. Finance costs

Finance costs represents interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Borrowing cost consists of interest and other cost that the Company incurred in connection with the borrowing of funds. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

4.4. Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/ capitalised with the related assets. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Depreciation

Depreciation on property, plant and equipment has been provided on the written down value method as prescribed in Schedule II of Companies Act 2013 or the rates determined by the management as per estimated useful life of the assets, whichever is higher. All individual assets (other than furniture and fixtures and office equipments) valued less than ₹ 5,000 are depreciated in full in the year of acquisition. The useful life of the assets is as follows:

Asset class	Useful life adopted by the Company
Electrical Installations and Equipment	5 years
Computers and accessories	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehice - Motor car	8 years
UPS	10

Depreciation is calculated on a pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed off.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognized.

4.5. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Any gain or loss on disposal of an item of intangible assets is recognised in statement of profit or loss.

Amortization For amortization of intangibles, the amortization amount is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 3 years.

4.6. Fair value measurement

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.7. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Financial assets carried at amortized cost – a financial asset is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The difference in the carrying amount of financial assets (net of impairment allowance) and the consideration received on the transfer of financial asset is recognised in the statement of profit or loss.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include other payables, borrowings and payables towards assignment transactions.

Subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.8. Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are investments in debt instruments, and are measured at amortised cost along with other financial assets such as e.g., loans, deposits, trade receivables and bank balances.

4.8.1. Overview of the Expected Credit Loss (ECL) Model

The Company records allowance for expected credit losses for all loans and other debt instruments not held at FVTPL in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss).

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company classifies all standard advances/ investments and advances/investments upto 30 days default under this category. Stage 1 financial instruments also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument. The Company recognizes life time ECL for impairment of financial assets.

4.8.2. Estimation of Expected Credit loss

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognised and is still in the portfolio.

  The Company uses historical information where available to determine PD. Considering the different products, the Company has bifurcated its financial instruments into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

For those pools where sufficient historical information is not available, the PD/default rates as being witnessed in the industry is also used as an input to determine the PD for the company . For investments, the PD/default rates are considered as reported by external credit rating agencies.

- Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date.
- Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and the market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECL and the fair value is based on data provided by third party or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. The Company reduces the gross carrying amount of a financial asset. However financial assets that are written off could still be enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognised in the statement of profit and loss.

4.9. Employee benefits:

The Company provides employment benefits through various defined contribution and defined benefit plans.

Employee benefits include Provident Fund, Gratuity and Bonus.

Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognised as an expense in the year in which the related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the Company define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Company.

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

4.10. Leases

Identification of lease:

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Recognition of lease payments:

Rent expenses representing operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.11. Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.12. Share based payments

The Company had formulated an Employees Stock Option Schemes to be administered through a Trust. The fair value of options granted under Employee Stock Option Plan was recognised as an employee benefits expense with a corresponding increase in other equity upto the year ended 31 March 2021. The fair value of options granted under Employee Stock Option Plan is recognized as a deemed investment in subsidiary company with a corresponding increase in employee stock options outstanding reserve. The total amount to be recognized is determined by reference to the fair value of the options and is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium. This scheme as closed in the current year

4.13. Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate diluted earnings per equity share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

4.14. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets or cash

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4.15. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

4.16. Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholder's meeting and the Board of Directors respectively.

4.17. Foreign currency

Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates. The financial statements have been prepared and presented in Indian Rupees, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss in the year in which they arise.

4.18. Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost in accordance with IndAS 27 Separate Financial Statements

4.19. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

4.20. Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the millions as per the requirements of Schedule III of the Act unless otherwise stated.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

5 Cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Cash in hand	3.19	12.26
Balances with banks and financial institutions		
- Balances with banks in current account	5,696.10	1,255.72
- Bank deposit with original maturity less than 3 months	10.26	400.00
Total	**5,709.55**	**1,667.98**

(i) There are no repatriation restrictions with respect to Cash and cash equivalents as at the end of the year and prior year.

(ii) The cash and cash equivalents for cash flow statement is same as cash and cash equivalents.

6 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Term deposits with bank	20.72	16.23
Balance with banks and financial institutions to the extent held as margin money deposits against term loans, Goverment securities trade and overdraft facilities	1,336.86	792.53
Total	**1,357.58**	**808.76**

The term deposits with banks (excluding the interest accrued on term deposits) have been placed under lien for the following purposes:

Particulars	As at 31 March 2022	As at 31 March 2021
Term loans	233.90	171.20
Margin money against Government Securities Trade	500.00	498.60
Margin money against derivatives trade	30.00	-
Working capital loans/overdraft facilities	388.58	122.73
Securitisation liabilities	184.38	-
Total	**1,336.86**	**792.53**

7 Trade receivables*

Particulars	As at 31 March 2022	As at 31 March 2021
Receivable from related parties	-	0.49
Total	**-**	**0.49**

* The Group does not have any receivables which are either credit impaired or where there is significant increase in credit risk.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

8 Loans

Particulars	As at 31 March 2022	As at 31 March 2021
A) Loans		
At amortised cost		
Secured		
Term loans	3,120.04	62.19
Mortgage housing loans	46.80	80.62
Small Business Loans(SBL)	2.94	6.22
Livestock Loan	8.03	15.14
Unsecured		
Term loans	26,411.77	6,198.44
Joint liability loans	21,247.88	9,787.38
At fair value through OCI		
Unsecured		
Joint liability loans	1,224.27	2,092.32
Total (A) - Gross	**52,061.73**	**18,242.31**
Less : Impairment loss allowance	(2,053.80)	(1,633.91)
Total (A) - Net	**50,007.93**	**16,608.40**
B) Others (Loan to employees)		
Unsecured	6.91	4.67
Total (B) - Gross	**6.91**	**4.67**
Less : Impairment loss allowance	(0.75)	(0.16)
Total (B) - Net	**6.16**	**4.51**
Total (A+B) - Net	**50,014.09**	**16,612.91**
C) Loans in India		
i) Public sector	-	-
ii) Individuals	52,068.64	18,236.98
iii) Corporates	-	10.00
Total - Gross	**52,068.64**	**18,246.98**
Less : Impairment loss allowance	(2,054.55)	(1,634.07)
Total - Net	**50,014.09**	**16,612.91**

9 Investments

Particulars	As at 31 March 2022	As at 31 March 2021
At fair value through profit and loss account ('FVTPL')		
Mutual funds (quoted)	391.61	1,592.77
Bonds and debentures (unquoted)	-	151.73
Commercial Paper	-	100.91
Pass through certificates (unquoted)	225.27	656.32
Bonds and debentures (quoted)	1,298.56	12,165.89
Government securities (quoted)	994.66	4,679.41
Futures (quoted)	-	63.50

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

9 Investments (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Bonds and debentures (unquoted)	164.09	277.46
Pass through certificates (unquoted)	238.09	2,063.17
Others (quoted)	491.66	2,618.43
Equity instruments:		
- Others (unquoted)	-	1.22
Total gross (A)	**3,803.94**	**24,370.81**
Investments outside India	-	-
Investments in India	3,803.94	24,370.81
Total gross (B)	**3,803.94**	**24,370.81**
Less: Impairment loss allowance (C)	(164.18)	(172.69)
Total net - (A) + (B) - (C)	**3,639.76**	**24,198.12**

10 Other financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Security deposits (unsecured, considered good)	53.59	9.19
EIS receivable on assignment	266.55	126.21
Insurance recoverables	35.48	23.72
Less: Impairment on insurance recoverable	(22.27)	(7.97)
Other receivables	324.19	51.81
Less: Impairment loss allowance on Other recoverables	(14.85)	(8.62)
Receivable towards investments settlement*	704.94	-
Total	**1,347.63**	**194.34**

* Represents investments redemptions of securities pending for settlement as on 31 March 2022 which are subsequently settled on 4 April 2022

11 Current tax assets (net)

Particulars	As at 31 March 2022	As at 31 March 2021
TDS Receivable and Advance tax paid	167.90	14.04
Total	**167.90**	**14.04**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

12 Deferred tax asset (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Tax effect of items constituting deferred tax liabilities:		
Financial liabilities measured at amortised cost	67.28	17.91
Deferment of upfront EIS and servicing obligation recorded for assignment	61.82	31.71
Interest on non-performing loans	0.12	0.30
Financial assets measured at fair value through profit and loss	-	26.17
Fair value charge of loans through other comprehensive income	1.09	7.08
Others	0.49	-
Deferred tax liabilities (total) - A	**130.80**	**83.17**
Tax effect of items constituting deferred tax assets:		
Impairment allowance for loans	498.88	376.46
Provision for employee benefits	32.59	19.75
Difference in written down value as per Companies Act and Income Tax Act	4.79	4.39
Financial assets measured at amortised cost	72.25	41.72
Lease accounting under Ind AS 116	2.70	0.19
Impairment allowance for investments	41.32	43.46
Financial assets measured at fair value through profit and loss	3.28	-
Impairment allowance for other receivables	9.49	4.36
Accumulated losses	23.42	-
Others	0.02	0.68
Deferred tax assets (total) - B	**688.74**	**491.01**
Net deferred tax asset (B-A)	**557.94**	**407.84**

Note:

Movement in deferred tax assets/liabilities

Particulars	As at 31 March 2021	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2022
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	17.91	49.37	-	67.28
Deferment of upfront EIS and servicing obligation recorded for assignment	31.71	30.11	-	61.82
Interest on non-performing loans	0.30	(0.18)	-	0.12
Financial assets measured at fair value through profit and loss	26.17	(26.17)	-	-
Fair value charge of loans through other comprehensive income	7.08	-	(5.99)	1.09
Others	-	0.49	-	0.49
Total deferred tax liabilities	**83.17**	**53.62**	**(5.99)**	**130.80**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

12 Deferred tax asset (net) (Contd..)

Particulars	As at 31 March 2021	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2022
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	376.46	122.42	-	498.88
Provision for employee benefits	19.75	10.96	1.88	32.59
Difference in written down value as per Companies Act and Income Tax Act	4.39	0.40	-	4.79
Impairment allowance for investments	43.46	(2.14)	-	41.32
Lease accounting under Ind AS 116	0.19	2.51	-	2.70
Financial assets measured at amortised cost	41.72	30.53	-	72.25
Financial assets measured at fair value through profit and loss	-	3.28	-	3.28
Impairment allowance for other receivables	4.36	5.13	-	9.49
Accumulated losses		23.42		23.42
Others	0.68	(0.66)	-	0.02
Total deferred tax assets	**491.01**	**195.85**	**1.88**	**688.74**
Total deferred tax asset (net)	**407.84**	**142.23**	**7.87**	**557.94**

Particulars	As at 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2021
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	6.73	11.18	-	17.91
Deferment of upfront EIS and servicing obligation recorded for assignment	1.96	29.75	-	31.71
Interest on non-performing loans	2.99	(2.69)	-	0.30
Financial assets measured at fair value through profit and loss	-	26.17	-	26.17
Fair value charge of loans through other comprehensive income	-	-	7.08	7.08
Others	0.13	(0.13)	-	-
Total deferred tax liabilities	**11.81**	**64.28**	**7.08**	**83.17**
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	66.44	310.02	-	376.46
Impairment allowance for Investments	-	43.46	-	43.46
Provision for employee benefits	24.74	(4.99)	-	19.75
Difference in written down value as per Companies Act and Income Tax Act	4.11	0.28	-	4.39

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

12 Deferred tax asset (net) (Contd..)

Particulars	As at 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2021
Financial assets measured at amortised cost	19.76	21.96	-	41.72
Financial assets measured at fair value through profit and loss	54.63	(54.63)	-	-
Impairment allowance for other receivables	2.70	1.66	-	4.36
Employee stock option scheme expense	1.13	(1.13)	-	-
Others	0.02	0.85	-	0.87
Total deferred tax assets	**173.53**	**317.48**	**-**	**491.01**
Total deferred tax asset (net)	**161.72**	**253.20**	**(7.08)**	**407.84**

13 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Office equipment's	Vehicles	Leasehold Improvement	Electrical equipment	Total
Gross block							
Gross Carrying Value							
Balance as at 31 March 2020	**36.71**	**24.22**	**14.14**	**15.26**	**-**	**0.46**	**90.79**
Additions during the year	10.04	3.27	5.23	-	0.60	0.59	19.73
Reversal on disposal of assets	(2.80)	-	-	(15.11)	-	-	(17.91)
Balance as at 31 March 2021	**43.95**	**27.49**	**19.37**	**0.15**	**0.60**	**1.05**	**92.61**
Additions during the year	40.09	15.90	3.85	-	1.33	4.68	65.85
Adjustments/ regrouping							
Reversal on disposal of assets	(0.67)	-	(0.02)	(0.06)	-	(0.18)	(0.93)
As at 31 March 2022	**83.37**	**43.39**	**23.20**	**0.09**	**1.93**	**5.55**	**157.53**
Accumulated depreciation							
Balance as at 31 March 2020	**28.48**	**12.66**	**6.86**	**10.63**	**-**	**0.20**	**58.83**
Charge for the year	6.70	3.20	2.93	0.59	0.20	0.06	13.68
Reversal on disposal of assets	(1.41)	-	-	(11.09)	-	-	(12.50)
Balance as at 31 March 2021	**33.77**	**15.86**	**9.79**	**0.13**	**0.20**	**0.26**	**60.01**
Charge for the year	14.98	5.36	1.82	0.01	0.53	1.33	24.03
Reversal on disposal of assets	(0.60)	-	(0.02)	(0.05)	-	(0.15)	(0.82)
As at 31 March 2022	**48.15**	**21.22**	**11.59**	**0.09**	**0.73**	**1.44**	**83.22**
Net block							
Balance as at 31 March 2020	**8.23**	**11.56**	**7.28**	**4.63**	**-**	**0.26**	**31.96**
Balance as at 31 March 2021	**10.18**	**11.63**	**9.58**	**0.02**	**0.40**	**0.79**	**32.60**
Balance as at 31 March 2022	**35.22**	**22.17**	**11.61**	**-**	**1.20**	**4.11**	**74.31**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

14 Other intangible assets#

Particulars	Computer and accessories	Furniture and fixtures	Electrical equipment	Total
Gross block				
Balance as at 31 March 2020	**0.13**	**0.02**	**6.40**	**6.55**
Additions during the year	-	-	8.60	8.60
Reversal on disposal of assets	-	-	(3.88)	(3.88)
Balance as at 31 March 2021	**0.13**	**0.02**	**11.12**	**11.27**
Additions during the period	-	-	10.22	10.22
Reversal on disposal of assets	-	-	(0.02)	(0.02)
As at 31 March 2022	**0.13**	**0.02**	**21.32**	**21.47**
Accumulated depreciation				-
Balance as at 31 March 2020	**0.02**	**0.01**	**5.58**	**5.61**
Charge for the year	0.04	0.01	0.84	0.89
Reversal on disposal of assets	-	-	(3.88)	(3.88)
Balance as at 31 March 2021	**0.06**	**0.02**	**2.54**	**2.62**
Charge for the period	0.04	-	4.83	4.87
Reversal on disposal of assets	-	-	(0.01)	(0.01)
As at 31 March 2022	**0.10**	**0.02**	**7.36**	**7.48**
Net block				-
Balance as at 31 March 2020	**0.11**	**0.01**	**0.82**	**0.94**
Balance as at 31 March 2021	**0.07**	**-**	**8.58**	**8.65**
Balance as at 31 March 2022	**0.03**	**-**	**13.96**	**13.99**

#Other than internally generated

15 Right of use Asset

Particulars	As at 31 March 2022	As at 31 March 2021
Opening value of right of use assets	16.29	2.54
Addition to lease assets during the year	127.90	17.28
Less: Depreciation charge for the year	(21.24)	(3.53)
Closing value of right of use assets	**122.95**	**16.29**

16 Other non-financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good		
Advances to suppliers and others	58.21	10.70
Advances to staff	0.02	1.23
Balance with government authorities	18.74	16.56
Income tax paid under dispute	4.67	4.67
Prepaid expenses	25.32	11.81
Others	0.57	-
Total	**107.53**	**44.97**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

17 Payables

Particulars	As at 31 March 2022	As at 31 March 2021
I. Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4.62	3.03
Total	**4.62**	**3.03**
II. Other payables		
i) Dues to micro enterprises and small enterprises	0.70	1.16
ii) Dues to creditors other than micro enterprises and small enterprises	6.24	56.27
Total	6.94	57.43
Total(I+II)	**11.56**	**60.46**

18 Debt securities

Particulars	As at 31 March 2022	As at 31 March 2021
Secured (at amortised cost)		
Listed redeemable non-convertible debentures	14,173.17	4,919.07
Unlisted redeemable non-convertible debentures	466.08	494.61
Unsecured (at amortised cost)		
Unlisted redeemable non-convertible debentures	6,550.56	14,270.26
Commercial Papers	727.84	-
Total	**21,917.65**	**19,683.94**
Borrowings in India	21,917.65	19,683.94
Borrowings outside India	-	-
Total	**21,917.65**	**19,683.94**

(i) Refer note 18.1 for interest rates, repayment terms and nature of security of debt securities.

18.1 Terms of debentures (secured) (at amortised cost)

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
12.40% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 22 June 2017 with Call / Put option with exercise date on 29 June 2021. Redeemable on maturity if option not exercised or communication for roll-over received from lender.	250	250	10,00,000	250.00	250.00
14.50% Rated, Senior, Unsecured, Unlisted, Redeemable, Transferable, Principal Protected Market linked Non-Convertible Debentures dated 10 May 2018	-	2,000	1,00,000	-	200.00
14.50% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	50	50	10,00,000	50.00	50.00
17.00% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	50	50	10,00,000	50.00	50.00

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

18.1 Terms of debentures (secured) (at amortised cost) (Contd..)

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
14.50% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 29 December 2016	15,00,00,000	15,00,00,000	1	150.00	150.00
11.80% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 08 June 2020	150	150	10,00,000	150.00	150.00
11.04% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 01 July 2020	500	500	10,00,000	500.00	500.00
9.90% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 30 September 2020	-	300	9,23,000	-	276.90
10.25% Secured, Rated, Listed, Redeemable non-convertible debentures dated 19 November 2020	500	500	10,00,000	500.00	500.00
9.35% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 15 December 2020	2,500	2,500	23,080	57.70	250.00
10.00% Senior, Secured, Rated, Listed, Redeemable, Transferable, Principal Protected Market Linked Non-Convertible dated 01 February 2021	3,100	3,100	1,00,000	310.00	310.00
9.32% Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Transferable, non-convertible debentures dated 30 March 2021	500	500	9,40,000	470.00	500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 17 June 2022. Redemption premium is 9.25%	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 16 June 2022. Redemption premium is 10%	469	469	10,00,000	469.00	469.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 26 May 2022. Redemption premium is 10%	750	750	10,00,000	750.00	750.00
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 30 March 2020 with call / put option. Maturity date is 31 December 2024	65,00,556	1,40,20,557	1,000	6,500.56	14,020.56
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 21 September 2023. Redemption premium is 8.75%	650	-	10,00,000	650.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 24 May 2023. Redemption premium is 8.783%	2,000	-	10,00,000	2,000.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 August 2023. Redemption premium is 9.15%	800	-	10,00,000	800.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 31 July 2024. Redemption premium is 9.25%	500	-	10,00,000	500.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 23 Febuary 2024. Redemption premium is 8.60%	1,000	-	10,00,000	1,000.00	-
Sub-total (A)				**16,657.26**	**19,926.46**
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 15 March 2024. Redemption premium is 8.60%	1,500	-	10,00,000	1,500.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 31 May 2025. Redemption premium is 9.90%	300	-	10,00,000	300.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 05 April 2023. Redemption premium is 9.1792%	1,000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 31 December 2024. Redemption premium is 9.5%	350	-	10,00,000	350.00	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

18.1 Terms of debentures (secured) (at amortised cost) (Contd..)

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 10 May 2023. Redemption premium is 9.15%	1,400	-	10,00,000	1,400.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 September 2023. Redemption premium is 9.6%	300	-	10,00,000	300.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 September 2023. Redemption premium is 9.6%	300	-	10,00,000	300.00	-
Sub-total (B)				**5,150.00**	**-**
Sub-total (A)+(B)				**21,807.26**	**19,926.46**

Commercial papers	Redemption Value		Face Value	Discounted Value	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 28 March 2022. Discount rate is 8.32%	250.00	-	98.23	245.58	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 13 January 2022. Discount rate is 7.75%	210.00	-	97.39	204.53	-
Unsecured Rated Redeemable Commercial Paper. Matuirity date is 18 March 2022. Discount rate is 7.75%	285.00	-	98.04	277.73	-
Total	**745.00**	**-**		**727.84**	**-**

19 Borrowings (other than debt securities)

Particulars	As at 31 March 2022	As at 31 March 2021
Borrowings carried at amortised cost		
Term loans		
- From banks:		
Secured	18,133.46	4,723.57
- From financial institutions:		
Secured	5,651.90	6,027.57
- Securitisation liabilities	1,838.39	-
Lease liability	133.91	16.65
Total	**25,757.66**	**10,767.79**
Borrowings in India	25,757.66	10,767.79
Borrowings outside India	-	-
Total	**25,757.66**	**10,767.79**

* The term loans of subsidiary company are covered by unsecured microfinance JLG loans to the extent of minimum 100%-110% of outstanding. The Company assigns the book debts as per the sanction terms. Further in respect of term loans drawn during quarter 4 of FY 2021-22 aggregating to ₹ 6873.40 million, the Company will assign the book debts in due course as per the sanction terms. The borrowings have not been guaranteed by directors or others.

(i) Refer note 19.1 for interest rates repayment terms and nature of security of borrowings.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

19.1 Details of terms and conditions of Borrowings

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2022	As at 31 March 2021
1	Monthly	15	Apr-21	8.50%	Exclusive charge on standard receivables (upto 30 days DPD) with a minimum cover of 1.20x	50.00	250.00
2	Monthly	18	Apr-21	9.60%	Exclusive charge on specific loan receivables arising out of Term loan from our bank excluding amount over due more than 3 months, keeping a minimum asset cover of 1.2x	83.33	150.00
3	Monthly	24	Apr-21	9.40%	First & exclusive charge on Book Debts to the extent of 1.20x with PAR (less than 30 days) of loan limit.	150.00	300.00
4	Monthly	18	Feb-21	9.60%	Exclusive hypothecation of present and future loan receivables. Security margin - 120% of the loan principal outstanding during the currency of the loan.	55.56	222.22
5	Monthly	15	Apr-21	9.75%	Exclusive charge on specific loan receivables arising out of loan lending.	20.00	20.00
6	Bullet repayment	1	Apr-21	3.50%	06.66% TAMIL NADU SDL 2030	-	977.47
7	Bullet repayment	1	Apr-21	3.50%	7.16% NI GOVT STOCK 2023	-	1,071.47
8	Bullet repayment	1	Apr-21	3.50%	06.73% TAMIL NADU SDL 2030	-	1,012.50
9	Monthly	24	Apr-22	9.20%	Exclusive Charge on receivables of standard asset portfolio and all current assets, present and future, with a minimun asset cover of 1.2 times. Receivables with DPD of more than 90 days not to be considered for asset cover. UDC for the facility amount.	150.00	-
10	Monthly	18	Jun-21	9.70%	First and exclusive charge on book debts to the extent of 1.2X with PAR (less than 30 Days) to be less than 5% of facility amount.	91.50	-
11	Monthly	18	Nov-21	9.60%	Exclusive hypothecation of present and future loan receivables (net of financial charges, NPA, other charges, etc.). Security margin is 120% for the loan principal outstanding during the currency of loan.	166.67	-
12	Monthly	18	May-21	8.80%	Primary security is current assets both future and present (inclusive of loan receivable). Proportionate charge on current aseets at 1.2X times for term loan facility.	88.89	-
13	Monthly	24	Nov-21	9.80%	Exclusive first charge by the way of hypothecation of 110% on book debts. Two SPDC of Rs. 25 Cr each.	393.86	-
14	Monthly	18	Oct-21	8.90%	Exclusive charge by way of hypothecation of book debts arising out of the facility. The hypothectaed assets must cover at least 1.25 times of the amount outstanding under the facility. The book debts not to include the amount overdue beyond 30 days.	66.67	-
15	Monthly	21	Sept-21	9.75%	First and exclusive charge on book debts/loan assets to the extent of 120% of the exposure created out of the bank's funding.	133.33	-
16	Monthly	36	Jan-22	8.25%	Exclusive charge by way of hypothecation of specific standard receivables with security cover of 110% of the loan amount during entire tenure of the loan.	458.30	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

19.1 Details of terms and conditions of Borrowings (Contd..)

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2022	As at 31 March 2021
17	Monthly	24	Jan-22	9.25%	First, exclusive and Continuing charge on identified loan receivable. Throughout the period security coverage of 110% of the amount outstanding shall be required to be maintained.	131.25	-
18	Monthly	24	Feb-22	9.25%	First and exclusive charge on book debts to the extent of 1.10X with PAR (less than 30 Days) of loan limit.	175.00	-
19	Monthly	24	Jan-22	9.25%	First and exclusive charge on specific receivables of the company arising out of onlending.	131.25	-
Sub-total (A)						**2,345.61**	**4,003.66**
20	Bullet repayment	2	Apr-22	7.35%	50% FD shall be provided by the borrower and shall be lien marked in favour of Yes Bank limited.Exclusive charge on all specific identified receivables to the extent 1.15x on the exposure net off FD amount i.e., on INR 75 MM	130.00	-
21	Monthly	20	Apr-22	8.90%	Exclusive Charge on standard receivables,both present and future, with a minimun asset cover of 1.2 times. Stage 3 assets to be excluded.	300.00	-
22	Monthly	54	Sept-22	8.30%	Exclusive charge over the loan assets (Standard Assets) to be maintained at a minimum of 110% of loan value i.e 10% margin on receivables on a continuous basis during tenor of term loan	250.00	-
23	Monthly	24	Apr-22	9.40%	Exclusive charge on identified Personal loan assets created out of HSBC loan with asset cover of 1.2x and on identified home loan assets with aeets cover of 1.05x.	500.00	-
24	Monthly	18	May-22	9.50%	Primary: First and exclusive charge over the standard loan assets / book debts Only standard pool of assets to be hypothecated to JMFPL, any substandard asset shall be replaced by the standard asset on immediate basis. Minimum 1.1 times of the Outstanding Facility Amount	750.00	-
25	Monthly	24	Mar-22	8.70%	Exclusive charge to be created on current assets at 1.1x times of the total loan amount.	287.50	-
26	Monthly	18	Apr-22	9.85%	Exclusive charge on portfolio of 1.1x times	350.00	-
27	Monthly	24 Months after initial moratorium of 6 Months	Aug-22	8.95%	Exclusive Hypothecation charge over specific poolof receivables/book debts created out of loan to the extent of outstanding loan amount and maintain 125% security at any point of timeexcluding receivables which are overdue.	299.63	-
28	Monthly	14	Apr-22	8.50%	Pool principal: ₹ 267.34 million (including an over collateral of 9.50% of the principal portion of receivables) -FDs aggregating to an amount of ₹ 267.34 million being 10% of the pool principal	241.94	-
29	Monthly	15	Apr-22	8.75%	Pool principal: ₹ 1040.71 million (including an over collateral of 11.50% of the principal portion of receivables) FDs aggregating to an amount of ₹ 1040.71 million being 10% of the pool principal	921.03	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

19.1 Details of terms and conditions of Borrowings (Contd..)

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2022	As at 31 March 2021
30	Monthly	9	Apr-22	8.70%	Pool principal: ₹ 239.64 million (including an over collateral of 10.00% of the principal portion of receivables) FDs aggregating to an amount of ₹ 239.64 million being 10% of the pool principal	215.68	-
31	Monthly	11	Apr-22	9.00%	Pool principal: ₹ 512.19 million (Including an over collateral of ₹ 46.09 million being 9% of pool principal) ₹ 56.34 million in the form of FD being 11% of pool principal	466.10	-
32	Monthly	30 Months after initial moratorium of 6 Months	Jul-22	10.50%	1.1X exclusive cover of standard book debts and receivables. Max DPD 60 Days.	1,000.00	-
33	Monthly	Upto 2 years	-	8%-10%	Secured by loan assets	1,102.83	250.00
34	Monthly	2 to 4 years	-	8%-10%	Secured by loan assets	380.49	-
35	Monthly	Upto 2 years	-	10%-12%	Secured by loan assets	310.20	475.24
36	Monthly	2 to 4 years	-	10%-12%	Secured by loan assets	18.70	250.00
37	Quarterly	Upto 2 years	-	8%-10%	Secured by loan assets	233.30	-
Sub-total (B)						**7,757.40**	**975.24**
38	Quarterly	2 to 4 years	-	8%-10%	Secured by loan assets	133.33	-
39	Quarterly	4 to 6 years	-	8%-10%	Secured by loan assets	-	1,200.00
40	Quarterly	2 to 4 years	-	12%-15%	Secured by loan assets	-	62.50
41	Half yearly	Upto 2 years	-	8%-10%	Secured by loan assets	650.50	187.50
42	Half yearly	2 to 4 years	-	8%-10%	Secured by loan assets	252.00	-
43	Half yearly	4 to 6 years	-	8%-10%	Secured by loan assets	24.00	-
44	Half yearly	Upto 2 years	-	10%-12%	Secured by loan assets	85.50	-
45	Half yearly	2 to 4 years	-	10%-12%	Secured by loan assets	27.00	247.50
46	Yearly	Upto 2 years	-	8%-10%	Secured by loan assets	550.00	-
47	Monthly repayment	Upto 2 years	-	8%-10%	Secured by loan assets	9,385.99	1,018.73
48	Monthly repayment	2 to 4 years	-	8%-10%	Secured by loan assets	2,403.36	303.20
49	Monthly repayment	Upto 2 years	-	10%-12%	Secured by loan assets	822.40	2,395.73
50	Monthly repayment	2 to 4 years	-	10%-12%	Secured by loan assets	-	6.70
51	Monthly repayment	Upto 2 years	-	12%-15%	Secured by loan assets	73.30	6.82
52	Monthly repayment	2 to 4 years	-	12%-15%	Secured by loan assets	-	304.53
53	Quarterly repayment schedule	Upto 2 years	-	8%-10%	Secured by loan assets	262.50	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

19.1 Details of terms and conditions of Borrowings (Contd..)

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2022	As at 31 March 2021
54	Quarterly repayment schedule	2 to 4 years	-	10%-12%	Secured by loan assets	-	66.66
55	At the end of tenure / On demand	Upto 2 years	-	8%-10%	Secured by loan assets	1,000.00	-
Sub-total (C)						**15,669.88**	**5,799.87**
Total (A)+(B)+(C)						**25,772.89**	**10,778.77**

Notes:

(a) Lease liabilities not included

(b) All the above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

20 Subordinated liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Unsecured term loan		
- Term loan from bank/financial institutions	299.07	298.81
- Debentures	199.56	198.89
	498.63	**497.70**
Subordinated liabilities in India	498.63	497.70
Subordinated liabilities outside India	-	-
Total	**498.63**	**497.70**

(i) Refer note 20.1 for interest rates repayment terms and nature of security of borrowings.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

20.1 Details of terms and conditions of subordinated liabilities

Subordinated liabilities							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2022	As at 31 March 2021
1	Principal: Bullet Repayment. Interest: Monthly	84	Feb-18	15.00%	Unsecured	100.00	100.00
2	At the end of tenure / On demand	Upto 2 years	-	12%-15%	Unsecured	150.00	-
3	At the end of tenure / On demand	More than 6 years	-	12%-15%	Unsecured	-	150.00
4	At the end of tenure / On demand	Upto 2 years	-	above 15%	Unsecured	100.00	-
5	At the end of tenure / On demand	2 to 4 years	-	above 15%	Unsecured	150.00	-
6	At the end of tenure / On demand	4 to 6 years	-	above 15%	Unsecured	-	50.00
7	At the end of tenure / On demand	More than 6 years	-	above 15%	Unsecured	-	200.00
Total						**500.00**	**500.00**

(a) The above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

21 Other financial liabilities *

Particulars	As at 31 March 2022	As at 31 March 2021
Interest accrued on borrowings	586.46	204.19
Payables towards assignment transactions	318.53	80.02
Insurance payables	0.65	0.65
Provision for expenses	900.54	80.93
Payable to employees	13.45	5.28
Payable towards investments settlement **	-	602.55
Other Payables	17.51	11.11
Total	**1,837.14**	**984.73**

* Refer note 21.1 for movement in financial liabilities

** Represents investments/ (redemptions) in securities which are pending for settlement as on 31 March 2021 which were subsequently settled on 6 April 2021.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

21.1 Reconciliation of liabilities from financing activities

Particulars	As at 31 March 2021	Cash flow			Non-cash				As at 31 March 2022
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Consideration received in the form of investments for NCDs issued	Equity component of compulsorily convertible debentures	
Debt securities	19,683.94	11,993.81	(3,288.54)	-	-	47.01	(6,518.57)	-	21,917.65
Borrowings (other than debt securities)	10,767.79	93,137.90	(78,318.43)	(17.72)	127.90	60.22	-	-	25,757.66
Subordinated liabilities	497.70	-	-	-	-	0.93	-	-	498.63
Total	**30,949.43**	**1,05,131.71**	**(81,606.97)**	**(17.72)**	**127.90**	**108.16**	**(6,518.57)**	**-**	**48,173.94**

Particulars	As at 31 March 2021	Cash flow			Non-cash				As at 31 March 2021
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Consideration received in the form of investments for NCDs issued	Equity component of compulsorily convertible debentures	
Debt securities	26,090.52	5,229.00	(11,509.24)	-	-	(38.35)	-	(87.99)	19,683.94
Borrowings (other than debt securities)	6,216.05	32,976.19	(28,432.96)	(3.91)	17.28	(4.86)	-	-	10,767.79
Subordinated liabilities	496.96	-	-	-	-	0.74	-	-	497.70
Total	**32,803.53**	**38,205.19**	**(39,942.20)**	**(3.91)**	**17.28**	**(42.47)**	**-**	**(87.99)**	**30,949.43**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

22 Current tax liabilities (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Tax payable	-	36.76
Total	**-**	**36.76**

23 Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits	98.84	92.08
Provision for gratuity	45.10	31.63
Provisions for compensated absences	48.68	36.69
Other losses	0.58	0.68
Total	**193.20**	**161.08**

24 Other non-financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory dues payable	102.39	37.19
Deferred revenue	41.26	27.79
Advance received from customers	176.12	-
Other payable	0.69	2.61
Total	**320.46**	**67.59**

25 Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised share capital		
205,000,000 Equity shares of ₹ 10 each (31 March 2021: 175,000,000 equity shares of ₹ 10 each)	2,050.00	1,750.00
Total authorised capital	**2,050.00**	**1,750.00**
Issued, subscribed and fully paid up share capital		
178,573,686 Equity shares of ₹ 10 each (31 March 2021: 165,240,353 equity shares of ₹ 10 each)	1,785.73	1,652.40
Total equity share capital	**1,785.73**	**1,652.40**

(i) Rights, preferences and restrictions attached to equity shares:

The holding company has equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The holding company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

25 Equity share capital (Contd..)

(ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Amount	No. of shares	Amount
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year	16,52,40,353	1,652.40	15,13,29,020	1,513.29
Add: Issued during the year	1,33,33,333	133.33	1,33,33,333	133.33
Add: ESOP exercised during the year	-	-	5,78,000	5.78
Less: Buy back of shares	-	-	-	-
Balance at the end of the year	**17,85,73,686**	**1,785.73**	**16,52,40,353**	**1,652.40**

During the year ended 31 March 2022, the holding company allotted 13,333,333 equity shares ((31 March 2021: 133,33,333 equity shares) of ₹ 10 each at an issue price of ₹ 75 per share including premium of ₹ 65 per share to Navi Technologies Limited (formerly known as Navi Technologies Private Limited) ('the Parent Company).

(iii) Shares held by the holding company

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	% holding	No. of shares	% holding
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	17,85,73,686	100%	16,52,40,353	100%

(iv) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	% holding	No. of shares	% holding
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	17,85,73,686	100%	16,52,40,353	100%

(v) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

Promoter name	No of shares	% of Total Shares	% Change during the period
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	17,85,73,685	100.00%	-

(vi) During the year ended 31 March 2020, the group exercised a buyback of 44,05,281 equity shares of ₹ 10 each including a premium of ₹ 59.54 per share. Also the Company has not allotted shares by way of bonus during 5 years immediately preceding 31 March 2022.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

26 Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Securities premium		
Opening Balance	8,744.91	7,873.04
Add : Securities premium credited on share issue	866.67	882.85
Add : Transfer from ESOP reserve	-	16.80
Less: Premium utilised	-	(27.78)
Closing balance	**9,611.58**	**8,744.91**
Reserve fund u/s 45-IC of the Reserve Bank of India Act 1934		
Opening balance	299.82	59.27
Add: Transfer from retained earnings	100.69	240.55
Closing balance	**400.51**	**299.82**
Capital Redemption Reserve		
Opening balance	44.05	44.05
Add: Created on buy back of equity shares	-	-
Closing balance	**44.05**	**44.05**
Employee stock options outstanding reserve		-
Opening balance	-	14.78
Add: Stock option reserve created	-	18.82
Less: Transferred to securities premium	-	(33.60)
Closing balance	**-**	**-**
Retained earnings		
Opening balance	991.53	60.42
Add: Transferred from statement of profit and loss	(170.01)	1,202.72
Less: Appropriations/transfers:		
- Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	(100.69)	(240.55)
- Transfer to other comprehensive income (net of deferred tax)	23.42	(21.06)
- Transfer to debenture redemption reserve	-	(10.00)
Closing Balance	**744.25**	**991.53**
Other comprehensive income		-
Opening balance	18.18	(2.88)
Add: Transfer from retained earnings (net of deferred tax)	(23.42)	21.06
Closing balance	**(5.24)**	**18.18**
Debenture redemption reserve		
Opening	10.00	-
Add: Transfer from retained earnings	-	10.00
Closing balance	**10.00**	**10.00**
Equity component of compound financial instruments		-
Opening Balance	-	1,036.88
Add : Net Interest Paid on CCDs	-	27.78
Less : Closing amount of CCDs converted to equity	-	(1,064.66)
Closing balance	**-**	**-**
Total	**10,805.15**	**10,108.49**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

26 Other equity (Contd..)

Notes:

Nature and purpose of reserves:

Securities premium

Securities premium account: The amount received in excess of face value of the equity shares is recognised in Securities Premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

Every year the Group transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

Other comprehensive income

Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses.

Employee stock options outstanding

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to statutory reserve and dividend distributions paid to shareholders.

Capital Redemption Reserve

Capital Redemption Reserve has been created in accordance with Section 69 of the Companies Act, 2013, being the nominal value of the shares brought back by the Company during the year.

27 Interest income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial assets measured at amortised cost		
Interest on loans *	5,412.94	2,670.35
Interest on investments	193.92	854.16
Interest income - others	71.21	35.57
Sub-total	**5,678.07**	**3,560.08**
On financial assets measured classified at fair value through profit or loss		
Interest on investments	423.85	292.35
Sub-total	**423.85**	**292.35**
On financial assets measured at FVOCI		
Interest on loans	240.85	163.03
Sub-total	**240.85**	**163.03**
Total	**6,342.77**	**4,015.46**

* Loan origination income of the holding company included in interest income is disclosed net of direct incremental costs of ₹ 140.52 million for the year ended 31 March 2022 (31 March 2021: Nil) associated with origination of the underlying loans.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

28 Fees and commission income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fee received on collections	93.89	36.21
Total	**93.89**	**36.21**

29 Net gain on fair value changes

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio:		
Debt securities	790.06	1,245.93
Mutual fund	53.39	177.82
Future trading	358.67	(172.74)
Interest rate swaps	1.47	
(ii) on financial instruments designated at FVTPL:		
Debt securities	-	22.63
Equity instruments	139.55	110.14
(B) Net gain on financial instruments at amortised cost		
Debt securities	-	6.19
Pass through certificate	29.20	19.53
Total	**1,372.34**	**1,409.50**
Fair value changes		
- Realised	1,488.17	1,087.71
- Unrealised	(115.83)	321.79
Total	**1,372.34**	**1,409.50**

30 Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gain on sale of loan portfolio through assignment	361.40	180.93
Gain on sale of loan portfolio	-	8.89
Total	**361.40**	**189.82**

31 Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit on sale of property, plant and equipment	0.08	0.66
Miscellaneous income	28.39	0.71
Total	**28.47**	**1.37**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

32 Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial liabilities measured at amortised cost:		
Interest on borrowings (other than debt securities)	1,258.10	488.50
Interest on debt securities	754.57	232.79
Interest on security deposits	-	0.21
Interest on subordinated liabilities	74.72	78.18
Interest on lease liability	7.08	0.62
Interest on income tax	4.98	9.20
Others	32.17	62.23
Total	**2,131.62**	**871.73**

33 Fees and commission expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fee paid to business correspondents	17.89	10.33
Others	5.77	4.02
Total	**23.66**	**14.35**

34 Net loss on derecognition of financial instruments under amortised cost category

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Loss on sale of portfolio	1.64	-
Total	**1.64**	**-**

35 Impairment on financial instruments

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Portfolio loans written off	1,182.27	288.38
Impairment allowance on portfolio loans	424.53	1,393.85
Impairment allowance on investments	(8.51)	146.30
Impairment loss allowance on other receivable	20.63	7.62
Total	**1,618.92**	**1,836.15**

During the year ended 31 March 2022, the Company has sold the digital loan portfolio sourced through business correspondents, which had an impairment allowance of ₹ 4.05 millions as on the date of transfer. The same has been considered for arriving at the net loss on derecognition of financial instruments under amortised cost category in Note no. 34.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

36 Employee benefits expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and wages	1,178.18	641.09
Contribution to provident and other funds	71.17	39.25
Gratuity expense (refer note 43)	19.04	13.81
Compensated absences (refer note 43)	13.18	11.54
Staff welfare expenses	49.39	20.74
Share based payments to employees (refer note 47)	68.01	18.26
Total	**1,398.97**	**744.69**

37 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on tangible assets (refer note 13)	24.03	13.68
Amortisation on intangible assets (refer note 14)	4.87	0.89
Amortisation on right of use assets (refer note 15)	21.24	3.53
Total	**50.14**	**18.10**

38 Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Advertisement expenses	1,771.94	200.46
Software support charges	412.48	126.40
Traveling and conveyance	165.59	72.22
Customer onboarding and verification	287.47	42.27
Business Support Services	31.38	-
Legal and professional charges	255.48	48.88
Rent and electricity charges	77.92	36.16
Office and general expenses	31.04	14.10
Rates and taxes	9.83	14.95
Printing and stationery	19.08	7.82
Miscellaneous expenses	4.30	0.34
Director's sitting fees	10.79	6.91
Auditors' remuneration *	9.30	3.63
Corporate social responsibility expenses (refer note 39)	11.97	3.17
Membership fee and subscription	5.07	2.69
Insurance	2.86	1.98
Repairs and maintenance - others	19.73	3.99
Meeting and training Expenses	12.01	2.57
Communication costs	18.93	13.33
Total	**3,157.17**	**601.87**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

38 Other expenses (Contd..)

***Auditor's fees and expenses comprises of:**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
As Auditor:		
- Audit fees (including fees for limited review)	7.12	2.88
- Tax audit fees	0.49	0.44
- Special purpose audit	0.33	-
- Out of pocket expenses	0.04	0.10
- Out of pocket expenses to previous auditor	0.02	-
In any other manner:		
- Certification	1.30	0.21

39 Corporate social responsibility expenses

(a) Gross amount required to be spent by the Group during the year ended 31 March 2022 is ₹ 11.97 millions

(b) Amount approved by the Board to be spent during the period is ₹ 11.97 millions.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
c) Amount spent		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above		
In cash	8.31	7.02
Yet to be paid	-	-
d) excess amount to be spent :		
Opening balance	3.85	-
Amount spent during the year	8.31	7.02
Amount required to be spent during the year	11.97	3.17
Amount utilised towards CSR obligation for the year ended 31 March 2022	12.16	-
Closing balance	0.19	3.85

40 Tax expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax	105.57	637.01
Deferred tax	(142.23)	(253.20)
Total	**(36.66)**	**383.81**

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

40 Tax expense (Contd..)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax (III - IV)	**(183.25)**	**1,565.47**
Income tax rate	25.17%	25.17%
Estimated income tax expense	**(46.12)**	**394.00**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Adjustment for tax pertaining to prior years	9.40	(6.50)
Tax impact of expenses which are non-deductible	4.27	2.40
Tax impact of deductions which are allowed under the Income Tax act, 1961	(21.17)	(11.88)
Others	16.96	5.79
Total income tax expense	**(36.66)**	**383.81**

41 Other comprehensive income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Items that will not be reclassified to profit and loss		
Actuarial gain/loss reclassified from gratuity expense to OCI	(7.76)	2.03
Actuarial gain/loss reclassified from Leave Encashment expense to OCI	0.27	(2.01)
	(7.49)	**0.02**
Income tax relating to above	1.88	-
Items that will be reclassified to profit and loss		
Net change in fair value of loans measured at fair value through other comprehensive income	(23.80)	28.12
Income tax relating to items that will be reclassified to profit or loss	5.99	(7.08)
Total	**(23.42)**	**21.06**

42 Earnings per share (basic and diluted)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net (loss)/profit for the year	(146.59)	1,181.66
Weighted-average number of equity shares for basic EPS (in millions)	169.70	152.21
Weighted-average number of potential equity shares for diluted EPS (in millions)	169.70	152.21
Par value per share	10.00	10.00
Earnings per equity share - Basic	(0.86)	7.76
Earnings per equity share - Diluted	(0.86)	7.76

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan

Defined contribution plan

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Group has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The Group makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹ 65.92 millions (31 March 2021:₹ 37.72 millions) for Provident Fund contributions and ₹ 5.25 millions (31 March 2021: ₹1.53 millions) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the Schemes.

Employee benefit obligations:

Balance recognised in the balance sheet is as under:

Particulars	As at 31 March 2022	As at 31 March 2021
Gratuity	45.10	31.63

Expense recognised in Statement of Profit and Loss is as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	16.18	9.69
Interest cost (net)	1.97	1.65
Transfer from Group entities	0.89	2.47

Expense recognised through other comprehensive income is as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gratuity	0.24	(5.47)

Disclosure for gratuity

Description	For the year ended 31 March 2022	For the year ended 31 March 2021
Components of net gratuity cost charged to Statement of profit and loss		
Current service cost	16.18	9.69
Interest expense	1.97	1.65
Transfer from Group entities	0.89	2.47
Benefits paid	(4.92)	(2.61)
Actuarial gains	-	-
Total (A)	**14.12**	**11.20**
Components of remeasurement gains/losses in other comprehensive income		
Actuarial changes arising from changes in demographic assumptions		-
Actuarial changes arising from changes in financial assumptions	(1.03)	(0.78)
Experience adjustments	1.27	(4.69)
Total (B)	**0.24**	**(5.47)**
Total (A+B)	**14.36**	**5.73**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan (Contd..)

Changes in the present value of the defined benefit obligation are as follows:	For the year ended 31 March 2022	For the year ended 31 March 2021
Present value of defined benefit obligation at the beginning of the year	31.63	25.90
Current service cost	16.89	9.69
Interest cost	1.97	1.65
Past service cost	-	-
Transfer out	(0.71)	2.47
Benefits paid	(4.92)	(2.61)
Actuarial (gain)/ loss	0.24	(5.47)
Defined benefit obligation at the end of the year	**45.10**	**31.63**
Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Employer direct benefits payments	3.34	2.49
Benefits paid	(3.34)	(2.49)
Benefits paid from the fund	-	-
Return on plan assets excluding interest income	-	-
Fair value of plan assets end of the year	**-**	**-**

Reconciliation of present value of defined benefit obligation and the fair value of assets:

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of funded obligation as at the end of the year	45.10	31.63
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	(45.10)	(31.63)

Actuarial (gain)/loss recognised in other comprehensive income:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Actuarial loss/ (gain) on assets		
Actuarial (gain) / loss on liabilities:		
Actuarial (gain) from change in demographic assumption		-
Actuarial loss from change in financial assumption	(1.03)	(5.21)
Actuarial loss from experience adjustment	1.27	(0.26)
Total Actuarial (gain) / loss on liabilities	**0.24**	**(5.47)**
Total actuarial (gain)/loss	**0.24**	**(5.47)**

Principal assumptions used in determining gratuity liability are shown below:	As at 31 March 2022	As at 31 March 2021
Rate of discounting	7.08% - 7.55%	6.68% - 7.19%
Expected rate of salary increase	7% - 10%	6% - 7%
Rate of employee turnover	5% - 23%	5% - 23%
Retirement age (years)	60	60

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan (Contd..)

Sensitivity analysis for gratuity liability

Particulars	As at 31 March 2022	As at 31 March 2021
Impact on defined benefit obligation		
Discount rate +100 basis points	(3.54)	(2.46)
Discount rate -100 basis points	4.18	2.89
Salary growth+ 100 basis points	3.48	2.58
Salary growth- 100 basis points	(3.10)	(2.23)
Attrition rate + 100 basis points	(0.78)	(0.40)
Attrition rate - 100 basis points	0.84	0.41

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

Maturity profile of defined benefit obligation

Particulars	As at 31 March 2022	As at 31 March 2021
Within next 12 months	4.03	2.63
Between 1-5 years	41.07	29.00
Beyond 5 years	-	-

Expected future payouts (discounted)	As at 31 March 2022	As at 31 March 2021
Year I	4.03	2.63
Year II	3.13	2.06
Year III	2.36	1.62
Year IV	1.79	1.23
Year V	1.37	0.96
Year 6-10	4.40	3.22
Above 10 years	28.02	19.91

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan (Contd..)

Disclosure for Leave encashment

(i) Amount recognised in the balance sheet

Particulars	As at 31 March 2022	As at 31 March 2021
Defined benefit plans		
Leave encashment	48.68	36.69

(ii) Amount recognised in the statement of profit and loss

Description	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	9.50	7.65
Interest cost (net)	2.37	1.47
Transfer out	1.31	2.42
Actuarial loss/(gain) recognised during the year	7.24	5.45
Amount recognised in total comprehensive income	**20.42**	**16.99**

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet

Description	For the year ended 31 March 2022	For the year ended 31 March 2021
Present value of defined benefit obligation as at the beginning of the year	**36.69**	**24.15**
Current service cost	10.81	7.65
Interest cost	2.37	1.47
Benefits paid	(7.12)	(4.45)
Transfer Out	(1.31)	2.42
Actuarial (gain)/loss	7.24	5.45
Present value of defined benefit obligation as at the end of the year	**48.68**	**36.69**

(iv) Movement in the plan assets recognised in the balance sheet

Description	As at 31 March 2022	As at 31 March 2021
Fair value of plan assets at the beginning of the year		-
Expected return on plan assets		
Contributions by employer	5.30	4.30
Benefits paid	(5.30)	(4.30)
Actuarial gain/(loss)		-
Fair value of plan assets at the end of the year	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan (Contd..)

(v) Reconciliation of present value of defined benefit obligation and the fair value of assets:

Description	As at 31 March 2022	As at 31 March 2021
Present value of funded obligation as at the end of the year	48.68	36.69
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	**(48.68)**	**(36.69)**

(vi) Actuarial (gain)/loss recognised in other comprehensive income:

Description	As at 31 March 2022	As at 31 March 2021
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	(0.77)	(0.79)
Actuarial loss from experience adjustment	8.01	6.24
Total Actuarial (gain) / loss on liabilities	**7.24**	**5.45**
Total actuarial (gain)/loss	**7.24**	**5.45**

(vii) Actuarial assumptions used for determination of the liability of the Company:

Description	As at 31 March 2022	As at 31 March 2021
Discount rate	7.08% - 7.55%	6.68% - 7.19%
Rate of increase in compensation levels	7% - 10%	6% - 7%
Rate of employee turnover	5% - 23%	5% - 23%
Retirement age	60	60

(vii) Actuarial assumptions used for determination of the liability of the Company:

Description	31 March 2022	31 March 2021
Impact of change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(3.72)	(1.08)
- Impact due to increase of -100 basis points	4.49	3.02
Impact of change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	4.01	2.69
- Impact due to increase of -100 basis points	(3.37)	(0.89)
Impact of change in attrition rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(0.59)	(0.03)
- Impact due to increase of -100 basis points	0.70	0.21

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan (Contd..)

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

(ix) Maturity profile of defined benefit obligation

Description	As at 31 March 2022	As at 31 March 2021
Within next 12 months	8.45	6.18
Beyond 1 year	40.23	30.51

Plan characteristics and associated risks

1. Salary inflation risk

Higher than expected increases in salary will increase the defined benefit obligation

2. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligation depend upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawal rate because the cost of retirement benefit of an employee serving a shorter tenor will be less compared to long service employees.

3. Actuarial risk

It is the risk that the benefits will cost more than expected. This can be due to one of the following reasons

a) Adverse salary growth
b) Variability in mortality rates
c) Variability in withdrawal rates

4. Market risk

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

5. Legislative/Regulatory risk

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

6. Liquidity risk

The Company is making provisions for the entire gratuity liability as per actuarial valuation and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore, there is a liquidity risk involved that they may run out of cash.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

44 Related parties disclosures

(a) Names of related parties

Nature of relationship	Name of the related party
Holding Company	Navi Technologies Limited (formerly known as Navi Technologies Private Limited) (NTL)
Subsidiary Company	Chaitanya India Fin Credit Private Limited
Entities in which Directors are able to exercise control or have significant influence	Navi General Insurance Limited
	Navi AMC Limited
	Flipkart Online Services Private Limited
Name of key managerial personnel	**Designation**
Mr. Sachin Bansal	Executive Chairman and Chief Executive Officer (appointed w.e.f 11 February 2022)
Mr. Ankit Agarwal	Managing Director (appointed 11 w.e.f February 2022)
Mr. Samit S Shetty	Non- Executive Director (resigned w.e.f 30 August 2021)
Ms. Riya Bhattachraya	CEO (resigned w.e.f. 11 February 2022)
Mr. Divyesh Jain	CFO (appointed w.e.f 12 November 2021)
Mr. L N Gurumoorthy	CFO (resigned w.e.f 12 November 2021)
Mr. Puneet Bhatia	Company Secretary (w.e.f 30 March 2022)
Ms. Dimple J Shah	Company Secretary (resigned w.e.f 7 January 2022)
Name of Directors	**Designation**
Usha A Narayanan	Independent Director
Arindam Haraprasad Ghosh	Independent Director
Ranganathan Sridharan	Independent Director

(b) Transactions with related parties

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
Navi Technologies Limited	Redemption of non-convertible debentures	7,520.00	10,716.14
(formerly known as Navi Technologies Private Limited)	Face value of equity shares allotted	133.33	133.33
	Securities premium received	866.67	866.67
	Reimbursement of expenditure incurred from related party	3.40	7.77
	Loan sourcing fee	607.04	-
	Payment of LPF collected on behalf of group company	-	84.20
	Software support charges	406.17	120.05
	Outsourcing services fees	31.38	-
	Platform management fee	-	0.38
	Digital marketing expense	-	16.90
	Professional fees	-	2.47
	Sale of property, plant and equipments	-	1.40

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

44 Related parties disclosures (Contd..)

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
	Sale of investment in debenture	996.94	-
	Advertisement expenses cross charge to NTL	99.81	
	Purchase of debentures	-	999.09
	Lease rental	21.36	1.18
	Maintenance charges	1.03	-
	Insurance cross charge by NTPL	0.90	-
	Security deposit to be paid	17.40	-
	Employee cost (net) cross charged to NTL for transferred employees	34.49	-
	Share based payments to employees	57.54	5.30
	Others	-	0.48
Navi General Insurance Limited	Advance money paid for customer insurance policies	44.54	5.60
	Premium for issuance of customer insurance policies	43.93	5.28
	Employee cost cross charged to Navi GI for transferred employees	4.31	-
	Advertisement expenses cross charged to Navi GI	21.29	-
	Payment for employee medical insurance	0.36	3.78
	Refund of Balance towards Payment for Employee Medical Insurance	(0.19)	-
Navi AMC Limited	Advertisement expenses cross charged to Navi AMC	14.46	-
Navi Mutual Fund Limited	Purchase of Mutual funds	1,179.96	-
	Sale of Mutual funds	1,021.64	-
Mr. Samit Shankar Shetty	Sitting fee/Remuneration	0.70	1.81
	Provident fund and others	-	6.39
Ms. Riya Bhattacharya	Remuneration	15.40	1.60
Mr.Divyesh Jain	Remuneration	4.04	-
Mr.L N Gurumoorthy	Remuneration	7.05	0.25
Mr.Puneet Bhatia	Remuneration	0.23	-
Ms. Dimple J Shah	Remuneration and incentives	1.21	0.42
Mr. K Subramanyam Ravi	Sitting fees	-	1.22
Mr. R Sridharan	Sitting fees	5.12	2.42
Mr. Rachamadugu Nandakumar	Sitting fees	-	1.18
Ms. Usha A Narayanan	Sitting fees	4.50	1.84

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

44 Related parties disclosures (Contd..)

(c) Outstanding balances with related parties in ordinary course of business:

Name of related party	Nature of balance	As at 31 March 2022	As at 31 March 2021
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	Outstanding (payable)/ receivable	(610.24)	(36.24)
	Non-convertible debentures	(6,500.56)	(14,020.56)
	Provision for employee benefits (ESOP expense)	(24.46)	(7.86)
Navi General Insurance Limited	CD Balance	1.41	0.00
	Outstanding receivable	1.58	0.61
Navi Mutual Fund Limited	Mutual fund holdings	285.00	0.00

45 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	5,709.55	-	5,709.55	1,667.98	-	1,667.98
Bank balances other than cash and cash equivalents	1,113.95	243.63	1,357.58	671.37	137.39	808.76
Trade receivables	-	-	-	0.49	-	0.49
Loans*	29,938.41	20,075.68	50,014.09	11,381.16	5,231.75	16,612.91
Investment	3,529.61	110.15	3,639.76	23,081.59	1,116.53	24,198.12
Other financial assets	1,267.35	80.28	1,347.63	168.52	25.82	194.34
Non-financial assets						
Current tax assets (net)	6.36	161.54	167.90	14.04	-	14.04
Deferred tax asset (net)	-	557.94	557.94	-	407.84	407.84
Property, plant and equipment	2.29	72.02	74.31	-	32.60	32.60
Other intangible assets	-	13.99	13.99	-	8.65	8.65
Goodwill		13.95	13.95		13.95	13.95
Right to use asset	0.20	122.75	122.95	-	16.29	16.29
Other non-financial assets	102.84	4.69	107.53	36.98	7.99	44.97
Total	**41,670.56**	**21,456.62**	**63,127.18**	**37,022.13**	**6,998.81**	**44,020.94**
Liabilities						
Financial liabilities						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4.62	-	4.62	3.03	-	3.03

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

45 Maturity analysis of assets and liabilities (Contd..)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Other payables				-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	0.70	-	0.70	1.16	-	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6.24	-	6.24	56.27	-	56.27
Borrowings	26,366.77	21,807.17	48,173.94	22,092.84	8,856.59	30,949.43
Other financial liabilities	1,837.14	-	1,837.14	979.72	5.01	984.73
Non financial liabilities						
Current tax liabilities (net)	-	-	-	36.76	-	36.76
Provisions	93.76	99.44	193.20	82.42	78.66	161.08
Other non financial liabilities	314.24	6.22	320.46	63.92	3.67	67.59
Total	**28,623.47**	**21,912.83**	**50,536.30**	**23,316.12**	**8,943.93**	**32,260.05**
Net	**13,047.09**	**(456.21)**	**12,590.88**	**13,706.01**	**(1,945.12)**	**11,760.89**

46 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
a. In respect of Income tax demands where the Company has filed appeal before the relevant authority.	70.61	24.07
b. In respect of GST where the Company has filed submission to Assistant Commissioner (State Tax-Karnataka)	-	3.06
Total	**70.61**	**27.13**

i) Future cash outflows in respect of (a) and (b) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(B) Commitments not provided for

Particulars	As at 31 March 2022	As at 31 March 2021
Housing Loans sanctioned pending disbursement	122.60	-

Particulars	As at 31 March 2022	As at 31 March 2021
a. Estimated amount of contracts remaining to be executed on capital account, net of advances	1.13	-
b. For purchase / development of computer software	-	-
Total	**1.13**	**-**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

46 Contingent liabilities, commitments and leasing arrangements (Contd..)

(C) Usage of funds borrowed from Banks and Financial Institutions

The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

(D) Lease disclosures

Adoption of Indian Accounting standard - 116 "Leases"

The Group has adopted Ind AS 116, Leases effective 01 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules 2019, using modified retrospective approach from 01 April 2018 and charged depreciation on a straight line method basis on the right of use asset created on the transition date.

Carrying value of lease liability at the end of the reporting period.

Particulars	As at 31 March 2022	As at 31 March 2021
Opening lease liabilities	16.65	2.89
Addition to lease liabilities during the period/year	127.90	17.28
Interest expense on lease liabilities	7.08	0.39
Cash outflow for leases	(17.72)	(3.91)
Closing lease liabilities	**133.91**	**16.65**

Particulars	As at 31 March 2022	As at 31 March 2021
Opening value of right of use assets	16.29	2.54
Addition to lease assets during the year	127.90	17.28
Less: Depreciation charge for the year	(21.24)	(3.53)
Closing right to use assets	**122.95**	**16.29**

Amounts recognised in statement of profit or loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation charge on right of use assets	21.24	3.53
Interest on lease liabilities	7.08	0.39
Total	**28.32**	**3.92**

Amounts recognised in the statement of cash flows

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Amortisation on right of use assets	21.24	3.53
Interest paid on lease liabilities	7.08	0.62
Payment towards lease liabilities	(17.72)	(3.91)
Total	**10.60**	**0.24**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

46 Contingent liabilities, commitments and leasing arrangements (Contd..)

Maturity analysis of lease liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Within one year	30.03	4.03
After one year but not more than five years	103.88	12.62
More than five years	-	-
Total	**133.91**	**16.65**

Particulars	As at 31 March 2022	As at 31 March 2021
Holding		
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	10	4
Range of remaining term	21-58 Months	33-44 Months
Average remaining lease term	34	36
Subsidiary		
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	3	7
Range of remaining term	5 month to 20 months	5 month to 32 months
Average remaining lease term	11	15
Restrictions or covenants imposed by leases	None	None
Sale and leaseback transactions	None	None

(E) Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers and reconciliation to statement of profit and loss account:

Particulars	As at 31 March 2022	As at 31 March 2021
Type of service		
Income from business correspondent operations	-	20.79
Total	**-**	**20.79**
Geographical markets		
India	-	20.79
Outside India	-	-
Total	**-**	**20.79**
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	-	20.79
Total	**-**	**20.79**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

46 Contingent liabilities, commitments and leasing arrangements (Contd..)

Contract balances

Particulars	As at 31 March 2022	As at 31 March 2021
Other receivables	-	0.49
Trade payable	4.62	3.03
Total payable	**(4.62)**	**(2.54)**

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	As at 31 March 2022	As at 31 March 2021
Revenue as per contract	-	-
Adjustments	-	20.79
Revenue from contract with customers	**-**	**20.79**

Revenue recognition for contract with customers - Income from business correspondent operations

This consideration has been allocated amongst the performance obligations under the contract on the basis of relative standalone prices.

Revenue recognition: Revenue from both the performance obligations being sourcing of loans and servicing of loans shall be recognised over a period of time, as the customer benefits from these services and when it is delivered/performed by the Group.

47 Share based payments

ESOP Plan 2019

Under the Employee Share-option Plan (ESOP), introduced on 17 October 2019 by Navi Technologies Limited (herein referred to as the "Holding Company"), at its discretion, may grant share options of the Holding Company to any of the employees including employees of its wholly owned subsidiaries.

The Holding Company introduced the Plan for the benefit of the employees of all companies under the Group. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Board/Compensation Committee at its sole discretion. Under the plan, participants have been granted options which will vest as follows:

Scheme	Vesting Conditions	Exercise Period	Exercise Price / Ratio	Other conditions
Employee Share-option Plan (ESOP), 2019	Vested in a graded manner over a period of 4 years.	Employees must remain in service for a period of 3 years from the date of grant.	₹ 100/-Options : Shares = 1:1	Options are exercisable in one or more tranches within a period of 10 years from the date of vesting, failing which the options shall lapse.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

47 Share based payments (Contd..)

Pursuant to the plan, the Holding Company has granted 10,00,889 to the employees of the Group. Outstanding options as on 31 March 2022 are 14,16,590. The Stock compensation cost is computed under the fair value method and has been recognised over the vesting period up to 31 March 2022.

For the year ended 31 March 2022, the Group has recorded stock compensation expenses of ₹68.01 millions (18.26 millions as on 31 March 2021) which has been granted by Holding Company.

Particulars	No. of options 31 March 2022	No. of options 31 March 2021
Options outstanding at the beginning	9,27,299	-
Granted during the year	10,00,889	9,27,299
Lapsed during the year	(91,894)	-
Transfer (to)/in during the year ended (net)	(4,19,704)	-
Options outstanding at the end	**14,16,590**	**9,27,299**

The fair value of share options granted is estimated at the date of grant using a Black Scholes Merton model, taking into account the terms and conditions upon which the share options were granted. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations. The contractual term of the share options is ten years and there are no cash settlement alternatives for the employees. The Holding Company does not have a practice of cash settlement for these awards.

Further, in accordance with Para 43B-43C, Ind AS 102 Share based payments, although the Group is receiving the services of employees to whom share options are granted. But the options granted are not of its own equity instruments and the Group has no obligation to settle the share-based payment transaction.

Hence, the stock compensation cost in the books of the Group shall be recorded as a cash-settled transaction.

Particulars	31 March 2022	31 March 2021
Fair value of the equity share as on grant date	₹ 382.00	₹ 143.40
Weighted average fair values at the measurement date	5.00	7.50
Expected life of share options (years)	29.6%	27.5%
Expected volatility (%)	0.0%	0.0%
Dividend yield (%)	5.9%	6.3%
Risk–free interest rate (%)	₹ 100	₹ 100
Weighted average share price (INR)	Black Scholes Merton	Black Scholes Merton
Model used		

Expected volatility during the expected life of the option can be estimated using historical volatility of the underlying asset observed during the period equivalent to the expected life of the option.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

48 Fair value measurement

Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category are as follows:

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Financial assets measured at fair value through Profit and loss			
Investments	9	2,910.10	19,410.52
Financial assets measured at fair value through OCI			
Loans	8	1,209.42	2,054.73
Financial assets measured at amortised cost			
Cash and cash equivalents	5	5,709.55	1,667.98
Bank balance other than cash and cash equivalents	6	1,357.58	808.76
Trade receivables	7	-	0.49
Loans	8	48,804.67	14,558.18
Investments	9	729.66	4,787.60
Other financial assets	10	1,347.63	194.34
Total		**62,068.61**	**43,482.60**

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Financial liabilities measured at amortised cost			
Trade payables	17	4.62	3.03
Other payables	17	6.94	57.43
Debt securities	18	21,917.65	19,683.94
Borrowings (other than debt securities)	19	25,757.66	10,767.79
Subordinated liabilities	20	498.63	497.70
Other financial liabilities	21	1,837.14	984.73
Total		**50,022.64**	**31,994.62**

48.1 Fair value hierarchy of assets and liabilities

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation sale. Methods and assumptions used to estimate the fair values are consistent in all the years. Fair value of financial instruments referred to in note (a) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable entity specific inputs.

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

48 Fair value measurement (Contd..)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	As at 31 March 2022	As at 31 March 2021
Level 1 (Quoted prices in active market)		
Financial assets measured at FVTPL		
Investments in mutual funds	391.61	1,592.77
Investments in bonds and debentures	2,293.22	16,845.30
Investment in commercial paper	-	100.91
Investment in futures	-	63.50
Level 2 (Directly or indirectly observable market inputs other than Level 1 inputs)		
Financial assets measured at FVTPL		
Investments in Pass through certificates	225.27	656.32
Financial assets measured at FVTOCI		
Loans	1,209.42	2,054.73
	4,119.52	**21,313.53**

48.2 Fair value of financial instruments measured at amortised cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group financial instruments measured at amortised cost.

Particulars	As at 31 March 2022		As at 31 March 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	5,709.55	5,709.55	1,667.98	1,667.98
Bank balance other than cash and cash equivalents	1,357.58	1,357.58	808.76	808.76
Other receivables	-	-	0.49	0.49
Loans	50,014.09	50,014.09	16,612.91	16,612.91
Investments	3,639.76	3,639.76	24,198.12	24,198.12
Other financial assets	1,347.63	1,347.63	194.34	194.34
Total financial assets	**62,068.61**	**62,068.61**	**43,482.60**	**43,482.60**
Financial liabilities:				
Trade Payables	4.62	4.62	3.03	3.03
Payables	6.94	6.94	57.43	57.43
Debt securities	21,917.65	21,917.65	19,683.94	19,683.94
Borrowings (other than debt securities)	25,757.66	25,757.66	10,767.79	10,767.79
Subordinated liabilities	498.63	498.63	497.70	497.70
Other financial liabilities	1,837.14	1,837.14	984.73	984.73
Total financial liabilities	**50,022.64**	**50,022.64**	**31,994.62**	**31,994.62**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

48 Fair value measurement (Contd..)

48.3 Valuation methodologies of financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

The fair value of investments are estimated using a cash flow model based on contractual cash flows using actual maturities.

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and liabilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

49 Risk management

Risk is an integral part of the Group's business and sound risk management is critical for the success. On account of it's 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 it's Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, Field credit assessment, diversification of asset base, Group guarantee (joint liability Group loans), borrower indebtedness limits, diversification of asset base, credit limits and collaterals taken for assets, wherever applicable.
Liquidity risk	Financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required).
Market risk - interest rate	Investments, borrowings, debt securities and subordinated liabilities carrying variable interest rates	Sensitivity analysis	Review of fair valuation of investments and review of cost of funds and pricing of disbursements.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Risk	Exposure arising from	Measurement	Risk management
Market risk - security price	Investments	Sensitivity analysis	Diversification of portfolio with focus on strategic investments.
Operational risk	Internal processes, policies, systems, and people	Assessment of risk controls	Maker-Checker matrix for each processes, system based checks, monitoring of exceptions, fraud risk analysis and process corrections, business continuity management.

The Group has a risk management policy which covers all the risk associated with its assets and liabilities. The Group has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in tandem with internal metamorphosis and changing external environment. The process of continuous evaluation of risk also includes taking stock of the risk landscape on an event-driven basis.

The Group has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Group's treasury is responsible for managing its assets and liabilities, liquidity position, and the overall financial structure. It is also primarily responsible for the funding and interest rate risks of the Group.

49.1 Credit risk

A. Investments

This risk is common to all investors who invest in bonds and debt instruments and it refers to a situation where a particular bond issuer is unable to make the expected principal payments, interest rate payments, or both. Similarly, a lender bears the risk that the borrower may default in the payment of contractual interest or principal on its debt obligations, or both. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

B. Loans

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's substantial income is generated from lending to retail customers and therefore credit risk is the principal risk associated with the business.

The credit risk management policy of the Group seeks to have following controls and key metrics that allows risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

49.1.1 Risk identification

Credit risk may originate in one or multiple of following ways mentioned below:

- Adverse selection of target market for undertaking lending activity (negative villages, migrant occupations, negative communities, etc.)
- Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, determine validity of legal property documents)

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

- Security gaps or temporary technical glitches in the loan origination application of the Group leading to loans being sanctioned to ineligible individuals
- Undue influence of Animator/Representative on customers (political influence / middlemen influencing decisions of customers)
- Over-borrowing by customers
- Upper cap on loan ticket size
- Improper use of loan amount than the designated activity
- Over-concentration in any geography/branch/zone etc.

Credit risk in investments may originate in one or multiple of following ways mentioned below:

- Adverse economic environment / regulatory changes impacting the credit / liquidity profile of underlying issuers
- Financial stress due to internal factors (such as over-leveraging by underlying issuers) resulting in lower demand for the security in the secondary market or leading to an impact on the issuer's ability to service debt obligations
- Any financial stress in the entities of the underlying issuer impacting its refinancing ability
- Deterioration in the value of underlying collateral
- Aggressive growth / policies affecting the asset quality and in turn profitability and refinancing options
- Material frauds by promoters / key management personnel / employees
- Breach of any covenants triggering cross-default / liquidity shocks

49.1.2 Risk assessment and measurement

The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk

(ii) Moderate credit risk

(iii) High credit risk

The Group provides for expected credit loss based on the following:

Risk	Exposure arising from	Risk management
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Loans, investments and other financial assets	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans, investments and other financial assets	Life time expected credit loss or fully provided for

49.1.3 Risk monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Group.

Investments - Risk concentration is minimized by investing in highly rated, investment grade bonds and debt instruments which have a very low risk of default. The Group lends to borrowers with a good credit score and generally most of the lending is secured against assets pledged by the borrower in favour of the Group. These investments are reviewed by the Board of Directors on a regular basis.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Loans - Borrower risk categorization is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. The Group regularly monitors borrower repayments and borrowers are accordingly categorized in low risk and high risk.

The performance indicators are continuously generated through monitoring alerts in the loan origination flow and post 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:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud
- Credit monitoring -
- Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans staging more than 90 Days past due);
- Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
- Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

49.1.4 Risk mitigation

Risk Mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.

Investments

With respect to investments, the Group maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities.

Loans

The following risk mitigation measures have been suggested at each stage of loan life cycle:

- Loan origination - profile/income selection, document verification process, KYC checks, creditworthiness checks based on CIBIL, fraud database checks, device data, regular updates to loan origination application based on security gaps and technical glitches identified etc.
- Loan underwriting - Risk rating, credit assessment, independent assessment of legal validity and value of property by experts etc.
- Loan pre and post disbursement - disbursement in the bank account only, loan utilisation checks
- Loan collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework
- Appropriate policy-driven loan origination and collection process.

It is the Group's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Group is exposed to that they decide to take on. Continuous training and development emphasizes that employees are made aware of the Group's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Group's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

49.1.5 Impairment assessment

Investments

The Group has commenced the treasury operations in investments in the year ended 31 March 2020. The Group has assessed the impairment allowance on the basis of EAD*PD*LGD. The default rates for these investments are considered as reported by external credit rating agencies. Exposure at default (EAD) is the carrying value of the investments (net of credit enhancement).

Loans

The Group is also engaged in the business of providing loans and access to credit to the customers and joint liability group (JLG). The tenure of which is ranging from 3 month to 36 months for its personal loan product, 5 years to 25 years for its housing loan product and 12 months to 24 months for joint liability group (JLG).

The Group's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies Note 4.8.1 (Overview of the Expected Credit Loss).

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments except in case of Investments where above 60 days past due is considered as credit impaired.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Group policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the entire arrears of interest and principal has been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Group's internal credit rating grades and staging criteria for loans are as follows:

Internal rating grade	Internal rating description	Stages
Performing		
Standard grade - no overdue	No over due	Stage I
Standard grade - past due	DPD 1 to 30	Stage I
	DPD 31 to 60	Stage II
	DPD 61 to 89	Stage II
Non-performing		
Sub-standard grade	DPD => 90	Stage III

Frequency of recognition

Riskiness of a financial asset is recognized in the following frequency: -

- At the time of initial recognition all financial assets are recognized as low credit risk.
- Assets are evaluated on a monthly frequency till the time it is fully repaid and closed; they are evaluated basis their days past due (DPD) status at every month-end, and risk classification is made accordingly.
- An asset may be re-recognized if there is adverse field information regarding client default.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Forward looking approach

ECL is based on history of financial asset and also includes forward-looking statement. Ind-AS does not mandate to forecast about the future conditions over the entire expected life of a financial asset, and ensures to extrapolate projections from available, detailed information. These include : -

- Internal historical credit loss experience
- Industry trend of credit loss of homogeneous assets
- Historical credit loss experience of other similar assets to homogeneous set of customers
- Changes in underwriting capacity, collection efficiency, and management strength
- Macroeconomic factors such as interest rates, industry policies, GDP growth, inflation, etc.
- Regulatory factors such as systemic risk events, policy changes, and statutory guidelines
- Systemic events such as COVID-19 pandemic, demonetization, Andhra Pradesh crisis, etc and special situations such as floods, cyclone, earthquake, etc.

Measurement of ECL

Expected Credit Loss or ECL is measured in the following manner. The Group calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

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

PD - Probability of default

The Probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

LGD - Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD

EAD- Exposure at default

Cash flows that are at risk of default over a given time horizon, The Exposure at Default is an estimate of the exposure at a future default date.

i) Expected credit losses for financial assets other than loans

As at 31 March 2022	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	5,709.55	-	5,709.55
Bank balance other than cash and cash equivalents	1,357.58	-	1,357.58
Investments	3,803.94	(164.18)	3,639.76
Other financial assets	1,384.74	(37.11)	1,347.63

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,667.98	-	1,667.98
Bank balance other than cash and cash equivalents	808.76	-	808.76
Trade receivables	0.49	-	0.49
Investments	24,370.82	(172.70)	24,198.12
Other financial assets	210.93	(16.59)	194.34

Credit quality of assets

(a) Loans

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade- No Over Due	50,719.89	-	-	50,719.89	16,421.37	-	-	16,421.37
Standard grade- DPD 1 to 30	393.33	-	-	393.33	537.11	-	-	537.11
Standard grade- DPD 31 to 60	-	305.91	-	305.91	-	267.39	-	267.39
Standard grade- DPD 61 to 89	-	97.75	-	97.75	-	250.45	-	250.45
Non- performing	-	-	-	-	-	-	-	-
Sub-standard grade- DPD > 89	-	-	551.76	551.76	-	-	770.66	770.66
Total	**51,113.22**	**403.66**	**551.76**	**52,068.64**	**16,958.48**	**517.84**	**770.66**	**18,246.98**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Portfolio loans is, as follows:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	**16,958.48**	**517.84**	**770.66**	**18,246.98**	**9,469.55**	**56.66**	**127.18**	**9,653.39**
New assets originated	48,424.07	206.40	133.63	48,764.10	15,454.77	318.17	264.76	16,037.70
Movement between stages	-	-	-	-	-	-	-	-
Transferring from Stage 1	(917.91)	447.12	470.79	-	(926.29)	384.93	541.36	-
Transferring from Stage 2	12.20	(95.74)	83.54	-	2.31	(19.92)	17.61	-
Transferring from Stage 3	2.15	1.54	(3.69)	-	0.10	0.04	(0.14)	-
Assets repaid, derecognized and written off	(13,365.77)	(673.50)	(903.17)	(14,942.44)	(7,041.96)	(222.04)	(180.11)	(7,444.11)
Gross carrying amount- closing balance	**51,113.22**	**403.66**	**551.76**	**52,068.64**	**16,958.48**	**517.84**	**770.66**	**18,246.98**

Note : New assets originated is presented net of collections made.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Reconciliation of ECL balance on loans is given below:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	**730.41**	**263.97**	**639.69**	**1,634.07**	**207.90**	**7.05**	**59.95**	**274.90**
New assets originated	1,323.66	124.72	122.87	1,571.25	694.36	191.42	247.53	1,133.31
Movement between stages	-	-	-	-	-	-	-	-
Transfers to Stage 1	(56.68)	22.88	33.80	-	(20.78)	8.34	12.44	-
Transfers to Stage 2	5.71	(35.93)	30.22	-	0.35	(3.37)	3.02	-
Transfers to Stage 3	1.98	1.28	(3.26)	-	0.02	0.03	(0.05)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(616.94)	(162.50)	(371.33)	(1,150.77)	(151.44)	60.50	316.80	225.86
Impairment allowance - closing balance	**1,388.14**	**214.42**	**451.99**	**2,054.55**	**730.41**	**263.97**	**639.69**	**1,634.07**

Note - New assets originated is presented net of collections made.

(b) Investments

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing	-	-	-					
Standard grade- DPD 0 to 30	238.03	-	-	238.03	2,113.19	-	-	2,113.19
Standard grade- DPD 31 to 60	-	-	-	-	-	-	-	-
Non-performing	-	-	-	-	-	-	-	-
Standard grade- DPD >61	-	-	164.15	164.15	-	-	227.44	227.44
	238.03	**-**	**164.15**	**402.18**	**2,113.19**	**-**	**227.44**	**2,340.63**

Note: Includes only Investments in unquoted bonds and debentures and pass through certificates.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to investments is, as follows:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	**2,113.19**	**-**	**227.44**	**2,340.63**	**13,374.47**	**-**	**-**	**13,374.47**
New assets originated *	-	-	-	-	50.00	-	-	50.00
Movement between stages	-	-	-	-	-	-	-	-
Transferring from Stage 1	-	-	-	-	(299.99)	-	299.99	-
Transferring from Stage 2	-	-	-	-	-	-	-	-
Transferring from Stage 3	-	-	-	-	-	-	-	-
Assets repaid, derecognized and written off	(1,875.16)	-	(63.29)	(1,938.45)	(11,011.29)	-	(72.55)	(11,083.84)
Gross carrying amount- closing balance	**238.03**	**-**	**164.15**	**402.18**	**2,113.19**	**-**	**227.44**	**2,340.63**

Note: New assets originated is presented net of repayments made.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Reconciliation of ECL balance on investments is given below:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	**2.11**	**-**	**170.58**	**172.69**	**26.40**	**-**	**-**	**26.40**
New assets originated	-	-	-	-	1.74	-	-	1.74
Movement between stages	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	(0.39)	-	0.39	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(2.08)	-	(6.43)	(8.51)	(25.64)	-	170.19	144.55
Impairment allowance - closing balance	**0.03**	**-**	**164.15**	**164.18**	**2.11**	**-**	**170.58**	**172.69**

Note: New assets originated is presented net of repayments made.

49.2 Liquidity risk and funding management

In assessing the Group's liquidity position, consideration shall be given to: (a) present and anticipated asset quality (b) present and future earnings capacity (c) historical funding requirements (d) current liquidity position (e) anticipated future funding needs, and (f) sources of funds. The Group maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities. The Group is currently having a mix of both short-term and long-term investments. The Group maintains a portfolio of other marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Group also enters into direct assignment transactions of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Group's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. Net liquid assets consist of cash, short–term bank deposits and investments in mutual funds and other investments in securities which are categorised as "held for sale" and are available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

49.2.1. Analysis of financial assets and liabilities by remaining contractual maturities

The tables below analyse the Group's financial assets and liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual cash flows:

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Maturity pattern of assets and liabilities as on 31 March 2022:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	5,709.55	-	-	-	5,709.55
Bank balance other than cash and cash equivalents	1,113.95	152.81	90.82	-	1,357.58
Loans	29,938.41	16,321.67	1,253.25	2,500.76	50,014.09
Investments	3,529.61	110.15	-	0.00	3,639.76
Other financial assets	1,267.35	44.19	31.02	5.07	1,347.63
Total financial assets	**41,558.87**	**16,628.82**	**1,375.09**	**2,505.83**	**62,068.61**
Financial liabilities					
Trade payables	4.62	-	-	-	4.62
Other Payables	6.94	-	-	-	6.94
Borrowings(includes debt securities and subordinated liabilities)	26,366.77	21,259.30	547.87	-	48,173.94
Other financial liabilities	1,837.14	-	-	-	1,837.14
Total financial liabilities	**28,215.47**	**21,259.30**	**547.87**	**-**	**50,022.64**
Net undiscounted financial assets/(liabilities)	**13,343.40**	**(4,630.48)**	**827.22**	**2,505.83**	**12,045.97**

Maturity pattern of assets and liabilities as on 31 March 2021:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	1,667.98	-	-	-	1,667.98
Bank balance other than cash and cash equivalents	671.37	122.37	15.02	-	808.76
Trade receivables	0.49	-	-	-	0.49
Loans	11,381.16	5,072.82	131.81	27.12	16,612.91
Investments	23,081.59	832.13	283.18	1.22	24,198.12
Other financial assets	**168.52**	**25.82**	**-**	**-**	**194.34**
Total financial assets	36,971.11	6,053.14	430.01	28.34	43,482.60
Financial liabilities					
Trade payables	3.03	-	-	-	3.03
Other Payables	57.43	-	-	-	57.43
Borrowings(includes debt securities and subordinated liabilities)	22,092.84	8,024.60	831.99	-	30,949.43
Other financial liabilities	979.72	5.01	-	-	984.73
Total financial liabilities	**23,133.02**	**8,029.61**	**831.99**	**-**	**31,994.62**
Net undiscounted financial assets/(liabilities)	**13,838.09**	**(1,976.47)**	**(401.98)**	**28.34**	**11,487.98**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

49.3 Systemic Risk

Systemic risk refers to the risk of a breakdown of an entire system rather than simply the failure of individual parts. In a financial context, it denotes the risk of a cascading failure in the financial sector, caused by linkages within the financial system, resulting in a severe economic downturn.

The outbreak of the COVID-19, a systemic risk and global pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. India experienced a "second wave" of the COVID-19 pandemic in April-May 2021 following the discovery of mutant coronavirus variants, leading to the re-imposition of regional lockdowns. These were gradually lifted as the second wave subsided resulting in a gradual increase in economic activity. The world is now experiencing another outbreak of COVID-19 pandemic on account of new coronavirus variant and as a precautionary measure India has started to reimpose localised / regional restrictions. The impact of COVID-19 on Group result remain uncertain and will dependent on future developments, which are highly uncertain at this point in time.

The Group is continuously assessing the potential impact of the COVID-19 on it's operations. During such an uncertain period the focus of the management is to be financialy well capitalised and maintain adequate liquidity to service its obligations, sustain its operations and also look at any appropriate investment/lending opportunities.

49.4 Market risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. It is a form of systematic risk associated with the day-to-day fluctuation in the market prices of shares and securities and such market risk affects all securities and investors in the same manner. These daily price fluctuations follows its own broad trends and cycles and are more news and transaction driven rather than fundamentals and many a times, it may affect the returns from an investment. Market risks majorly comprises of two types - interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risks include borrowings and investments.

49.5 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is a type of systematic risk that particularly affects fixed rate debt instruments like bonds and debentures. The value of the fixed-rate debt instruments generally decline due to rise in interest rates and vice versa. The rationale is that a bond is a promise of a future stream of payments; an investor will offer less for a bond that pays-out at a rate lower than the rates offered in the current market. A rising interest rate scenario also affects the Group's interest expenditure on borrowed funds.

The Asset Liability Committee shall manage its rate sensitivity position to ensure the long run earning power of the Group. In addressing this challenge, the ratios of rate sensitive assets (RSA) to rate sensitive liabilities (RSL) and gap (RSA minus RSL) to equity, as well as gap to total assets will be reviewed based on 30, 60, 90, 180, and 365-day, 1-2 year, and greater than 2 year definitions. More importantly, however, special emphasis is to be placed on the change in net interest income that will result from possible fluctuations in interest rates, changing account volumes, and time. The Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Group monitors the interest rate scenarios on a regular basis and accordingly takes investments decisions as whether to invest in fixed rate debt instruments, shares and securities at a particular point of time.

Management of interest margin

The spread or interest margin, otherwise known as “Gap”, is the difference between the return on assets and the expenses paid on liabilities. Assets are classified as Rate Sensitive Assets and fixed Rate Assets. Liabilities are classified as Rate Sensitive Liabilities and fixed Rate Liabilities. An asset or liability is identified as sensitive if cash flows from the asset or liability change in the same direction and general magnitude as the change in short-term rates. The cash flows of insensitive (or non-sensitive) assets or liabilities do not change within the relevant time period.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held as at the Balance Sheet date.

The Group has Board approved Interest rate policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The Group's investments in debt instruments and pass through certificates are all fixed interest bearing instruments. Refer the price sensitivity analysis given below.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact of rate change in borrowings, as follows:

Particulars	Effect on Statement of Profit and loss For the year ended 31 March 2022	Effect on Statement of Profit and loss For the year ended 31 March 2021
0.50% increase	240.87	154.75
0.50% decrease	(240.87)	(154.75)

49.6 Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds etc. The Group is exposed to price risk arising mainly from investments carried at fair value through profit and loss which are valued using quoted prices in active markets (level 1 investments). A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

Particulars	As at 31 March 2022	As at 31 March 2021
Investments carried at FVTPL valued using quoted prices in active market	2,910.10	19,410.52

Particulars	Effect on Statement of profit and loss for the year ended 31 March 2022	Effect on Statement of profit and loss for the year ended 31 March 2021
1% increase	29.10	194.11
1% increase	(29.10)	(194.11)

49.7 Prepayment risk

Prepayment risk is the risk that the group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall.

49.8 Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access management, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

50 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. The Group is in single business segment (primary segment) of giving loans and making investments. The entire revenues are billable within India and there is only one geographical segment (secondary segment).

51 Credit rating

The Group has obtained credit ratings from the following credit rating agencies during the year ended 31 March 2022.

Holding Company

Particulars	Credit rating agency	As at 31 March 2022	As at 31 March 2021
Bank facilities	CRISIL	CRISIL A-/Stable	CRISIL A-/Stable
Non-convertible debentures	India Ratings	IND A/Stable	IND A/Stable
Principal protected market linked debentures	India Ratings	IND PP-MLD A emr/ Stable	IND PP-MLD A emr/ Stable
Commercial papers	India Ratings	IND A1	-

Subsidiary Company

Particulars	Credit rating agency	As at 31 March 2022	As at 31 March 2021
Bank facilities	ICRA	A (-) Stable	A (-) Stable
Bank facilities	CRISIL	A (-) Stable	A (-) Stable
Bank facilities	Acuite	NA	NA
Bank facilities	BWR	NA	NA
Non-Convertible, Redeemable, Cumulative preference shares	BWR	NA	NA
Non Convertible debentures	ICRA	A (-) Stable	A (-) Stable
Non Convertible debentures	India Ratings	A Stable	NA
Non Convertible debentures	CRISIL	A (-) Stable	A (-) Stable
Principal protected market linked debentures	India Ratings	IND PP-MLD Aemr/ Stable	NA
Sub-Ordinated debt	ICRA	A (-) Stable	A (-) Stable
Commercial papers	India Ratings	A1	NA
Commercial papers	ICRA	A1	A1

52 Capital

The Group maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Group.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Group ensures to maintain a healthy CRAR at all the times.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

52 Capital (Contd..)

Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years.

Holding Company

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR (%)	30.73%	38.04%
CRAR – Tier I capital (%)	29.73%	36.56%
CRAR – Tier II capital (%)	1.00%	1.48%

Subsidiary Company

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR (%)	17.38%	26.39%
CRAR – Tier I capital (%)	15.87%	24.46%
CRAR – Tier II capital (%)	1.52%	1.92%

53 Expenditure in foreign currency

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Advertisement expenses	6.98	2.31

54 Trade receivables aging schedule

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Receivable from related parties	-	-	-	-	-

As at 31 March 2021

Particulars	Outstanding for following periods from due date				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Receivable from related parties	0.49	-	-	-	0.49

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

55 Trade payables aging schedule

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	0.70	-	-	-	0.70
Others	10.72	-	0.14	-	10.86

As at 31 March 2021

Particulars	Outstanding for following periods from due date				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1.16	-	-	-	1.16
Others	59.16	0.14	-	-	59.30

56 Additional Regulatory Information

56.1 There is no such immovable property whose title deeds are not held in the name of the Group.

56.2 There are no investment properties as on 31 March, 2022.

56.3 The Group has not revalued its Property, Plant and Equipment (including Right-of Use Assets) based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

56.4 The Group has not revalued its Intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

56.5 There are no loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

(a) repayable on demand or

(b) without specifying any terms or period of repayment

56.6 No proceeding has been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

56.7 The Group has not been declared wilful defaulter by any bank or financial Institution or other lender.

56.8 The Group has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956:

56.9 The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

56.10 No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

56 Additional Regulatory Information (Contd..)

56.11 Utilisation of Borrowed funds and share premium

(a) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:-

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

(b) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall :-

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

56.12 There are no such transaction or undisclosed income that need to be disclosed in accordance with this provision of Companies Act, 2013

56.13 The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

56.14 The Group has filed quarterly statements of current assets with banks and financial institutions and the same are in agreement with the books of accounts.

56.15 The Group has filed all the registration of charges with ROC within the statutory period.

57 Previous year figures have been regrouped/ reclassified wherever applicable.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

58 Disclosure of additional information pertaining to the Parent Company, and its subsidiary per Schedule III of Companies Act, 2013

Name of the entity in the Group	As at 31 March 2022		Year ended 31 March 2022					
	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other c omprehensive 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

Name of the entity in the Group	As at 31 March 2021		Year ended 31 March 2021					
	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent Company:								
Navi Finserv Private Limited	70.39%	8,605.17	82.55%	975.42	-6.20%	(1.30)	80.99%	974.12
Subsidiary Companies (Indian):								
Chaitanya India Fin Credit Private Limited	29.61%	3,985.71	17.45%	206.24	106.20%	22.36	19.01%	228.60

This is the Consolidated Statement of Cash Flow as referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 21 May 2022

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: Sweden
Date: 21 May 2022

Ankit Agarwal
Managing Director

(DIN: 08299808)

Place: Bengaluru
Date: 21 May 2022

Divyesh Jain
Chief Financial Officer

Place: Srinagar
Date: 21 May 2022

Puneet Bhatia
Company Secretary
Membership No:- A55096

Place: Bengaluru
Date: 21 May 2022

Shorter Notice of Tenth Annual General Meeting

SHORTER NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF NAVI FINSERV LIMITED (FORMERLY KNOWN AS NAVI FINSERV PRIVATE LIMITED) WILL BE HELD ON FRIDAY, SEPTEMBER 30, 2022 AT 09:00 AM AT 7TH FLOOR, PRESTIGE RMZ STARTECH, NO. 139, 2, HOSUR RD, KORAMANGALA INDUSTRIAL LAYOUT, S.G. PALYA, BENGALURU, KARNATAKA 560095 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

ITEM NO 1: TO RECEIVE, CONSIDER AND ADOPT THE STANDALONE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING MARCH 31, 2022 TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND OF THE AUDITORS THEREON.

To consider and thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2022 including the Audited Balance Sheet as at March 31, 2022, Statement of Profit & Loss account and Cash flow statements for the year ended March 31, 2022 and the Reports of the Board of Directors and Auditors thereon; along with all annexures as laid before this Annual General Meeting be and hereby received, considered and adopted.

RESOLVED FURTHER THAT each of the Directors of the Company or the Company Secretary or the Chief Financial Officer of the Company be and are hereby severally authorized to file the requisite e-forms with Registrar of Companies, Bangalore and do all such acts deeds and things as may be deemed necessary, proper or desirable on behalf of the Company to give effect to the aforementioned resolution.

RESOLVED FURTHER THAT the Directors of the Company and the Company Secretary of the Company be and are hereby jointly or severally authorized to issue a certified true copy of the above-mentioned resolution to anyone concerned or interested in the matter."

ITEM NO 2: TO APPOINT AND FIX REMUNERATION OF STATUTORY AUDITORS OF THE COMPANY

To consider and thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to provisions of section 139 and other applicable provisions of the Companies Act, 2013 and the Companies(Audit and Auditors) Rules 2014, as amended from time to time and Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by the Reserve Bank of India **("RBI Guidelines")**, approval of the members be and is hereby accorded to appoint Price Waterhouse LLP (FRN 301112E/E300264) (situated at Plot No. Y 14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata- 700 091, having its registered office in Kolkata) as Statutory Auditors of the Company from the conclusion of this AGM till the consolution of AGM to be held in 2025 (Financial Years from FY 2022-23 to FY 2024-25) at such remuneration as may be determined by the Board of Directors of the Company (including its committees thereof) in consultation with the Auditors.

RESOLVED FURTHER THAT each of the Directors of the Company or the Company Secretary or the Chief Financial Officer of the Company be and are hereby severally authorized to file the requisite e-forms with Registrar of Companies, Bangalore and do all such acts deeds and things as may be deemed necessary, proper or desirable on behalf of the Company to give effect to the aforementioned resolution.

RESOLVED FURTHER THAT the Directors of the Company and the Company Secretary of the Company be and are hereby jointly or severally authorized to issue a certified true copy of the above-mentioned resolution to anyone concerned or interested in the matter."

ITEM NO 3: TO APPOINT A DIRECTOR IN PLACE OF MR. SACHIN BANSAL WHO RETIRES BY ROTATION AND, BEING ELIGIBLE OFFERS HIMSELF FOR RE-APPOINTMENT.

To consider and thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT, pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of members of the Company, be and is hereby accorded to reappoint Mr. Sachin Bansal (DIN: 02356346) as a director, who is liable to retire by rotation.

RESOLVED FURTHER THAT each of the Directors of the Company or the Company Secretary or the Chief Financial Officer of the Company be and are hereby severally authorized to file the requisite e-forms with Registrar of Companies, Bangalore and do all such acts deeds and things as may be deemed necessary, proper or desirable on behalf of the Company to give effect to the aforementioned resolution.

RESOLVED FURTHER THAT the Directors of the Company and the Company Secretary of the Company be and are hereby jointly or severally authorized to issue a certified true copy of the above-mentioned resolution to anyone concerned or interested in the matter."

SPECIAL BUSINESS:

ITEM NO 4: TO INCREASE THE OVERALL BORROWING LIMITS OF THE COMPANY

To consider and if thought fit to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

"RESOLVED THAT in supersession of all the resolutions passed under Section 180(1)(c) of the Companies Act, 2013 on 13th November 2019, 27th February 2020 and March 05, 2022, the approval of the members of the company be and is hereby accorded under Section 180(1)(c) of the Companies Act, 2013, the rules and regulations there under and all other applicable provisions of the Companies Act, 2013 and other applicable law, and subject to the provisions of the Memorandum and Articles of Association of the Company, to borrow any sum or sums of moneys from time to time notwithstanding that the money or monies to be borrowed, together with the monies already borrowed by the Company, may exceed aggregate of its paid-up capital and free reserves, apart from temporary loans apart from temporary loans obtained from the Company's bankers in the ordinary course of business of the Company, however, the total amount so borrowed shall not exceed INR 10,000 Crore (Indian Rupees Ten Thousand Crores Only).

RESOLVED FURTHER THAT each of the Directors of the Company or the Company Secretary or the Chief Financial Officer of the Company be and are hereby severally authorized to file the requisite e-forms with Registrar of Companies, Bangalore and do all such acts deeds and things as may be deemed necessary, proper or desirable on behalf of the Company to give effect to the aforementioned resolution.

RESOLVED FURTHER THAT the Directors of the Company and the Company Secretary of the Company be and are hereby jointly or severally authorized to issue a certified true copy of the above-mentioned resolution to anyone concerned or interested in the matter."

ITEM NO 5: TO APPROVE MORTGAGE/PLEDGE / HYPOTHECATE/CREATE CHARGE ON THE ASSETS OF THE COMPANY

To consider and if thought fit to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

"RESOLVED THAT in supersession of all the resolutions passed under Section 180(1)(a) of the Companies Act, 2013 on 13th November 2019, 27th February 2020 and March 05, 2022, the approval of the members of the company be and is hereby accorded under Section 180(1)(a) of the Companies Act, 2013, the rules and regulations thereunder and all other applicable provisions of the Companies Act, 2013 and other applicable law, and subject to the provisions of the Memorandum and Articles of Association of the Company, to pledge, mortgage, hypothecate and/or create charge on the assets of the Company on all the immovable and movable assets of the Company in favour of the Banks, Financial Institutions, any other lenders or debenture trustees to secure the amount borrowed by the Company in respect of such borrowings provided that the maximum extent of the indebtedness secured by the assets of the Company does not exceed INR 10,000 Crore (Indian Rupees Ten Thousand Crores Only).

RESOLVED FURTHER THAT each of the Directors of the Company or the Company Secretary or the Chief Financial Officer of the Company be and are hereby severally authorized to file the requisite e-forms with Registrar of Companies, Bangalore and do all such acts deeds and things as may be deemed necessary, proper or desirable on behalf of the Company to give effect to the aforementioned resolution.

RESOLVED FURTHER THAT the Directors of the Company and the Company Secretary of the Company be and are hereby jointly or severally authorized to issue a certified true copy of the above-mentioned resolution to anyone concerned or interested in the matter."

ITEM NO 6: TO APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF NON-CONVERTIBLE DEBENTURES("NCDS")

To consider and if thought fit to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, and subject to all the applicable laws and Regulations, including but not limited to SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Listing Agreement entered into with the Stock Exchange (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Memorandum and Articles of Association of the Company the approval of the members of the company be and is hereby accorded to borrow from time-to-time by making offer(s) or invitation(s) to subscribe or issuance of Non-Convertible Debentures (NCD), whether secured or unsecured, listed or unlisted, on private placement basis, in one or more tranches, an amount not exceeding INR 4,000 Crore (Indian Rupees Four Thousand Crores only) during a period of one year from the date of consent of the members of the Company on such terms and conditions as the Board may determine from time to time and consider proper and that the said borrowing shall be within the overall borrowing limits of the Company as may be approved by the Members from time-to-time.

RESOLVED FURTHER THAT the following shall be terms for the issue pursuant to which NCDs may be offered to prospective offerees in one or more tranches and allotted in accordance therewith (the **"Approved Terms"**):

- **Aggregate Issue Size:** INR 40,00,00,00,000/- (Indian Rupees Four ThousandCrores Only)
- **Tenor of issue:** Minimum of 12 months up to 60 months.
- **Interest Rate:** Senior debt less than 12% and sub debt less than 15%

- **Security:** Up to 1.35x of receivables (inclusive of cash/cash equivalents up to 0.05x of the aggregate NCD amount)
- **Type of Instrument:** Secured / Unsecured Rated Redeemable Listed / Unlisted Non-Convertible Debentures (including Market-Linked Debentures).

RESOLVED FURTHER THAT approval of the members of the company be and is hereby accorded to the Board or through its delegated committee constituted by the Board of the Company to identify the prospective investors to which the offers for the Issue may be made, to investors from amongst, without limitation, the following categories:

- Scheduled Commercial Banks
- Small Finance Banks
- Development Finance Institutions
- Alternative Investment Funds
- High Net Worth Individual (HNIs)
- Non-Banking Financial Company (NBFCs)
- Foreign Portfolio Investors
- Mutual Funds

RESOLVED FURTHER THAT approval of the members of the company be and is hereby accorded to the Board or through its delegated committee constituted by the Board of the Company to: (A) determine the terms and conditions of the offer to any identified investor in one or more tranches subject to there being no deviation from the Approved Terms and the opening and closing of the offers (which terms and conditions shall not be contrary to the Approved Terms); and (B) approve terms vis-à-vis allotment, listing, redemption, interest, payment and other terms, etc., and to take all necessary steps and to do all such acts deeds matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto, including, without limitation, completing the allotment and listing of the NCDs.

RESOLVED FURTHER THAT approval of the members of the company be and is hereby accorded to delegate the powers to the Board or through its delegated committee constituted by the Board to identify and appoint the debenture trustee, legal counsel and such other intermediaries, advisors or agents (by whatever name called) as may be required to be appointed in connection with the Issue, including their successors and agents.

RESOLVED FURTHER THAT that the Board or its delegated committee constituted by the Board be and is hereby authorized to appoint Signatory(ies) to approve and finalize, sign, execute and deliver all such documents in relation to the Issue and allotment from time to time and to do all other acts, deeds, things and matters to the expedient interest of the Company for the Issue and allotment or as may be necessary or expedient to give effect to this resolution.

RESOLVED FURTHER THAT any Director or the Company Secretary or Chief Financial Officer of the Company be hereby severally authorized to apply to NSDL / CDSL for dematerialization of the NCDs and to make application to Stock Exchange for listing the NCDs and do all such acts, deeds, matters and things and execute all such applications as may be required by NSDL / CDSL / Stock exchange or the Debenture Holders, for the purpose of issuance and allotment of the NCDs.

RESOLVED FURTHER THAT any Director or the Company Secretary of the Company be and are hereby authorized to furnish the foregoing Resolution as certified true copies to any persons concerned with the same."

ITEM NO 7: TO APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF COMMERCIAL PAPERS("CPs")

To consider and if thought fit to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the limits sanction under sections 180(1)(c) and as per all other applicable provisions, if any, of the Companies Act, 2013, read along with applicable rules under the Companies Act, 2013 (including statutory modification(s), amendment(s) or re-enactment thereof and any circulars, notifications, clarifications, rules passed thereunder from time to time), and any other applicable law, and the Memorandum and Articles of Association of the Company and such other approvals, consents, sanctions, permissions, as may be necessary from all appropriate statutory and regulatory authorities, if any and to the extent necessary, approval of the members of the company be and is hereby accorded for the issue and offer of up to INR 1500,00,00,000 (Indian Rupees One Thousand and Five Hundred Crores) Listed / Unlisted Unsecured Commercial Paper (**"CPs"**) in the form of Usance Promissory Notes to be issued in one or more tranches (the **"Issue**") during a period of one year from the date of this resolution as specified in draft offer letter(s) / information memorandum(s) to be circulated at the time of each such Issue and it shall be within the overall borrowing limits of the Company as approved by the shareholders from time to time.

RESOLVED FURTHER THAT the following shall be terms for the Issue pursuant to which CPs may be offered to prospective offerees in one or more tranches and allotted in accordance therewith (the **"Approved Terms"**):

- **Aggregate Issue Size:** INR 15,00,00,00,000 (Indian Rupees One Thousand amd Five Hundred Crores)
- **Tenor:** Between 1 to 12 months
- **Cost:** All-in-Cost to be less than 10%
- **Type of Instrument:** Unsecured Listed / Unlisted Rated / Unrated Redeemable Commercial Paper.

RESOLVED FURTHER THAT approval of the members of the company be and is hereby accorded to the Board or through its delegated committee constituted by the Board of the Company to: (A) determine the terms and conditions of the offer to any identified investor in one or more tranches subject to there being no deviation from the Approved Terms and the opening

and closing of the offers (which terms and conditions shall not be contrary to the Approved Terms); and (B) approve terms vis-à-vis allotment, listing, redemption, interest, payment and other terms, etc., and to take all necessary steps and to do all such acts deeds matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto, including, without limitation, completing the allotment and listing of the Commercial Paper.

RESOLVED FURTHER THAT approval of the members of the company be and is hereby accorded to delegate the powers to the Board or through its delegated committee constituted by the Board to identify and appoint the Issuing and Paying Agent (IPA), Registrar and Share Transfer Agent, Depository, legal counsel and such other intermediaries, advisors or agents (by whatever name called) as may be required to be appointed in connection with the Issue, including their successors and agents.

RESOLVED FURTHER THAT that the Board or its delegated committee constituted by the Board be and is hereby authorized to appoint Signatory(ies) to approve and finalize, sign, execute and deliver all such documents in relation to the Issue and allotment from time to time and to do all other acts, deeds, things and matters to the expedient interest of the Company for the Issue and allotment or as may be necessary or expedient to give effect to this Resolution.

RESOLVED FURTHER THAT any Director or the Company Secretary or Chief Financial Officer of the Company be hereby authorized to apply to NSDL / CDSL for dematerialization of the CPs and to make application to Stock Exchange for listing the CPs and do all such acts, deeds, matters and things and execute all such applications as may be required by NSDL / CDSL / Stock exchange or the CP Holders, for issuance of the CPs.

RESOLVED FURTHER THAT any Director or the Company Secretary of the Company be and are hereby authorized to furnish the foregoing Resolution as certified true copies to any persons concerned with the same."

By order of the Board
For **Navi Finserv Limited**

Anuj Arora
Company Secretary
Mem No: 28442

Place: Bangalore
Date: September 27, 2022

NOTES

1. The Explanatory Statement under Section 102 of the Companies Act, 2013, as amended, in respect of the special business is annexed herewith and forms part of the notice.

2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. . Copy of blank Proxy Form is duly enclosed to this notice.

3. Pursuant to Section 20(2) of the Companies Act and Rule 35 of the Companies (Incorporation) Rules, 2014, as amended, companies are permitted to send official documents to their shareholders electronically.

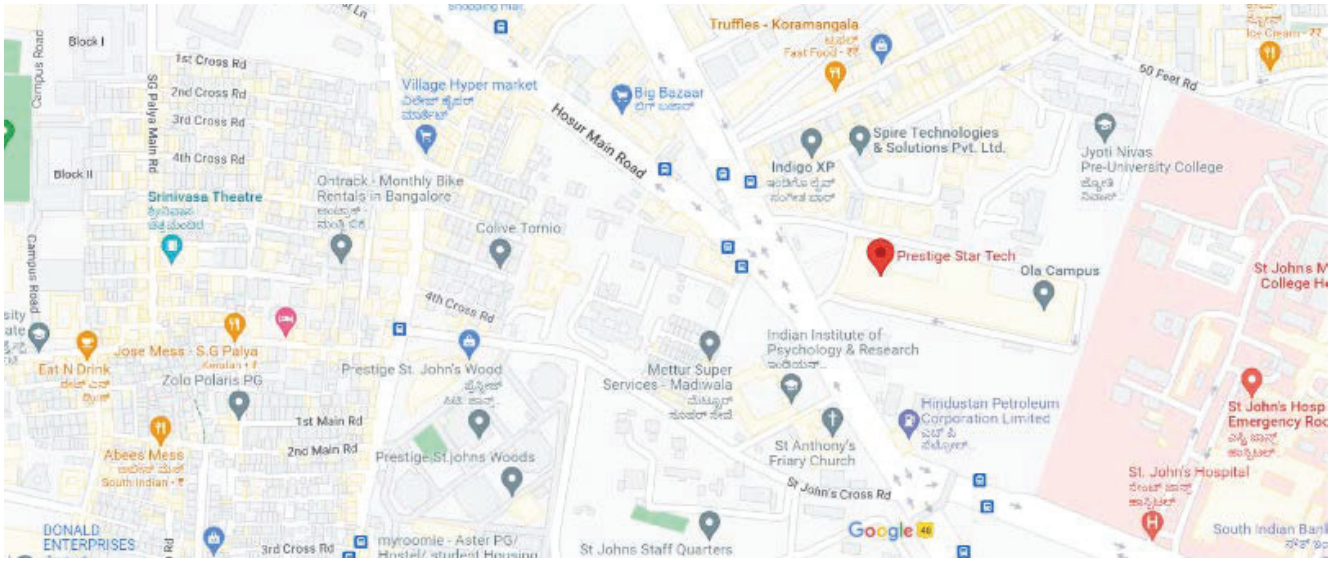
4. All documents referred to in the notice and in the accompanying explanatory statement are open for inspection at the registered office of the Company.

5. In case of corporate shareholders proposing to participate at the meeting through their representative, necessary authorization under Section 113 of the Companies Act, 2013 for such representation may please be forwarded to the Company.

6. Attendance Slip is duly annexed to this notice.

7. This Meeting has been convened at a shorter notice, subject to receipt of requisite consent from the shareholders of the Company.

Route Map:



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO 4: TO INCREASE THE OVERALL BORROWING LIMITS OF THE COMPANY

To meet the growing business needs of the Company which would require borrowing from banks and financial institutions from time to time to meet the fund requirement of the Company to carry on its business. Accordingly, it is proposed to increase the Borrowing limit from the existing INR 8000 Crores to INR 10000 Crores.

As per section 180(1)(c) of the Companies Act, 2013 the Board of Directors of a company shall borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business only with the consent of the members of the company by way of special resolution.

Board of Directors recommends approval by the members as a special resolution.

None of the Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

ITEM NO 5: TO APPROVE MORTGAGE/PLEDGE / HYPOTHECATE/CREATE CHARGE ON THE ASSETS OF THE COMPANY

As per section 180(1)(a) of the Companies Act, 2013 consent of the members is require to pledge, mortgage, hypothecate and/or create charge on the assets of the Company on all the immovable and movable assets of the Company in favour of the Banks, Financial Institutions, any other lenders or debenture trustees to secure the amount borrowed by the Company in respect of such borrowings provided that the maximum extent of the indebtedness secured by the assets of the Company does not exceed INR 10000 Crores (INR Ten Thousand Crores Only) at any time.

Board of Directors recommends approval by the members as a special resolution.

None of the Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

ITEM NO 6: TO APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF NON-CONVERTIBLE DEBENTURES("NCDS")

To manage the borrowing program, the Company proposes to pass a special resolution to allow the Company to offer NCDs, within the limits sanctioned under section 180(1)(c) of the Companies Act, 2013, on a private placement basis in terms of the provisions of Section 42 and 71 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules") for the next one year upto a limit of INR 4000 Crores only.

Board of Directors recommends approval by the members as a special resolution.

None of the Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

ITEM NO 7: TO APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF COMMERCIAL PAPERS("CPs")

Management has the proposal for issuance of Commercial Papers ("CPs") up to a limit not exceeding INR 1500 Crores. Pursuant to the limits sanctioned under section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013, read along with the applicable rules under the Companies Act, 2013 (including statutory modification(s), amendment(s) or re-enactment thereof and any circulars, notifications, clarifications, rules passed thereunder from time to time), SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and any other applicable law, and the Memorandum and Articles of Association of the Company consent of the members is require for issuance of Commercial Papers ("CPs").

Board of Directors recommends approval by the members as a special resolution.

None of the Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

By order of the Board
For **Navi Finserv Limited**

Anuj Arora
Company Secretary
Mem No: 28442

Place: Bangalore
Date: September 27, 2022

Attendance Slip

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

Regd. Folio. No/DP.Id/ Client id	
Name of shareholder:	
Address of shareholder:	
Proxy Name:	
Address of proxy:	

I/We hereby record my/our presence at the Annual General Meeting of the company to be held on Friday, September 30, 2022 at 09:00 AM at Wing B, 7th Floor, Prestige RMZ Startech, No. 139, 2, Hosur Rd, Koramangala Industrial Layout, S.G. Palya, Bengaluru 560095, Karnataka

Please (✓) in the box

1. Member ☐

2. Proxy ☐

Signature of member/Proxy

FORM NO MGT- 11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member :

Registered address :

E-mail Id :

Folio No :

DP ID :

I, being the member of ..... Equity shares of the above named company, hereby appoint

Name :

Address :

E-mail ID :

Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the company to be held on Friday, September 30, 2022 at 09:00 AM at Wing B, 7th Floor, Prestige RMZ Startech, No. 139, 2, Hosur Rd, Koramangala Industrial Layout, S.G. Palya, Bengaluru 560095, Karnataka and at any adjournment thereof in respect of such resolutions as are indicated below:

Special Business

Resolution No	Particulars	Favor / against
1	TO RECEIVE, CONSIDER AND ADOPT THE STANDALONE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING MARCH 31, 2022 TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND OF THE AUDITORS THEREON.	
2	TO APPOINT AND FIX REMUNERATION OF STATUTORY AUDITORS OF THE COMPANY	
3	APPOINTMENT OF MR. SACHIN BANSAL AS A DIRECTOR, LIABLE TO RETIRE BY ROTATION	
4	TO INCREASE THE OVERALL BORROWING LIMITS OF THE COMPANY	
5	TO APPROVE MORTGAGE/PLEDGE /HYPOTHECATE/CREATE CHARGE ON THE ASSETS OF THE COMPANY	
6	TO APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF NON-CONVERTIBLE DEBENTURES(**"NCDs"**)	
7	TO APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF COMMERCIAL PAPERS(**"CPs"**)	

Signed this ..... day of 2022

Affix Revenue Stamp

Signature of shareholder

Signature of Proxy holder(s)

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

Notes



Navi Finserv Limited

Second Floor, AMR Tech Park, Sy. No. 23
& 24, Hongasandra Village, Hosur Road,
Bangalore, Karnataka- 560068, India.

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Navi Finserv Private Limited

Annual Report

FY 2020-21

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CORPORATE OVERVIEW

Board of Directors

Mr. Sachin Bansal
Non Executive Director

Mr. Ankit Agarwal
Non Executive Director

Ms. Usha A Narayanan
Independent Director

Mr. Sridharan Ranganathan
Independent Director

Mr. Samit S Shetty
Non-Executive Director

Chief Executive Officer

Ms. Riya Bhattacharya

Chief Financial Officer

Mr. L N Gurumoorthy

Company Secretary

Ms. Dimple J Shah

Registered Office Address

No.145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bangalore - 560018[5]

Depository

National Securities Depository Limited
Trade World, A Wing 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai- 400013

Central Depository Services
Marathon Futurex, A-Wing, 25th floor, NM Joshi Marg, Lower Parel, Mumbai 400013

Registrar and Share Transfer Agent

NSDL Database Management Ltd.
4th Floor, Trade World, 'A' wing, Kamala Mills Compound, Lower Parel (west), Mumbai - 400013.

Integrated Enterprises (India) Ltd.
No. 30, Ramana Residency, 4th Cross Sampige Road
Malleshwaram, Bangalore – 560003

Debenture Trustee

Catalyst Trusteeship Limited
Windsor, 6th Floor, Offce No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400098 Office: 022-49220555, Fax: 022-49220505 Email: dt.mumbai@ctltrustee.com

Statutory Auditor

Walker Chandiok & Co LLP L-41, Connaught Circus New Delhi - 110001

Secretarial Auditor

Rahul A & Associates,
D-1201, Salarpuria Melody, Nayandahalli, Mysore Road,
Bangalore-560039

Bankers

HDFC Bank Ltd
RBL Bank Ltd
Axis Bank Ltd
ICICI Bank Ltd
Kotak Mahindra Bank Ltd
Yes Bank Ltd

[5] The registered office of the Company is changed to Ground Floor, Salarpuria Business Center, 93, 5th A Block, Koramangala Ind Layout with effect from June 24, 2021.

BOARD AND COMMITTEES

Name	Designation
Mr. Sachin Bansal	Non-Executive Director
Mr. Ankit Agarwal	Non-Executive Director
Ms. Usha A Narayanan	Independent Director
Mr. Ranganathan Sridharan	Independent Director
Mr. Samit Shankar Shetty	Non-Executive Director

Name of the Committee	Composition	Category
Audit Committee	Ms. Usha A Narayanan	Chairman
	Mr. Ranganathan Sridharan	Member
	Mr. Samit S Shetty	Member
Risk Management Committee	Mr. Ranganathan Sridharan	Chairman
	Mr. Samit S Shetty	Member
	Mr. Ankit Agarwal	Member
Asset & Liability Committee	Mr. Samit S Shetty	Chairman
	Mr. Ankit Agarwal	Member
	Mr. L N Gurumoorthy	Member
IT Strategy Committee	Mr. Ranganathan Sridharan	Chairman
	Mr. Samit S Shetty	Member
	Mr. Sachin Bansal	Member
Nomination and Remuneration Committee	Ms. Usha A Narayanan	Chairman
	Mr. Ranganathan Sridharan	Member
	Mr. Ankit Agarwal	Member
Finance Committee	Mr. Ankit Agarwal	Chairman
	Mr. Samit S Shetty	Member
Investment Committee	Mr. Ankit Agarwal	Chairman
	Mr. Shobhit Agarwal	Member
Corporate Social Responsibility Committee	Ms. Usha A Narayanan	Chairman
	Mr. Ranganathan Sridharan	Member
	Mr. Samit S Shetty	Member
	Mr. Ankit Agarwal	Member

DIRECTORS REPORT

Dear Members,

It is our immense pleasure to present the Ninth Director's Report of Navi Finserv Private Limited ("**Company**" or "**NFPL**") (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) along with the Standalone and Consolidated Audited Financial Statements for the Financial Year 2020-21. The Consolidated performance of the Company and its subsidiary has been referred to wherever required.

1. COMPANY SPECIFIC INFORMATION

1.1. FINANCIAL SUMMARY AND HIGHLIGHTS

The performance highlights and summarised financial results of the Company are provided below:

(Amount in INR. Lakh)

FINANCIAL SUMMARY AND HIGHLIGHTS	Standalone		Consolidated	
Particulars	**FY 20-21**	**FY 19-20**	**FY 20-21**	**FY 19-20**
Operating Income	33,668.29	7,522.11	56,509.86	24,228.92
Other Income	5.21	0.63	13.68	0.89
Total Income	**33,673.50**	**7,522.74**	**56,523.54**	**24,229.81**
Less Expenditure				
Finance Cost	1,221.23	982.14	8714.94	7,963.00
Impairment of Financial Instruments	13,132.85	767.63	18,361.45	2,785.13
Employee Benefits Expenses	1625.21	346.28	7,446.98	5,682.54
Depreciation, Amortisation and Impairment	33.64	24.37	180.92	178.19
Other Expenses	4521.71	3,857.82	6,164.46	5,362.974
Total Expenses	**20,534.64**	**5,978.24**	**40,868.75**	**21,971.83**
Profit/(Loss) Before Tax	**13,138.86**	**1,544.50**	**15,654.790**	**2,257.989**
Current Tax	5,173.63	1,243.87	6370.09	1,802.10
Deferred Tax	-1,789.02	-671.00	-2531.97	-1,022.75
Profit/(Loss) After Tax	**9,754.25**	**971.63**	**11,816.67**	**1,478.63**
Other comprehensive income	-13.05	3.21	210.57	-49.04
Total comprehensive income for the year	**9,741.21**	**974.84**	**12027.24**	**1,429.59**

Financial Performance Highlights:

1. Total Income increased by 347% to INR 33,673.50 Lakhs (PY 7,522.74). Total income of the company mainly comprises Interest on Loan and Advances disbursed and Income from Treasury operations.

   Income growth during the period was mainly contributed by: -

   a. Growth in Interest income on Loans and Advances and Investment by 162% during the period to INR 19,472.42 lakhs (PY 7,433.41).

   b. Fair valuation gains on Investment transactions amounting to INR 13,868.41 Lakhs (PY Loss of 2,323.11).

2. Total operating expenses excluding fair valuation loss (Employee benefits expenses+Depreciation+Other expenses) increased by 224% to INR 6,180.56 lakhs (PY 1,905.36).

   Major reasons for increase in operating expenses are as follows: -

   a. Other administrative expenses grew by 194% to INR 4,521.71 lakhs (PY 1,534.71). Other administrative Expenditure during the period includes Marketing, software support and customer onboarding and verification.

   b. Increase in Employee benefit expense by 369% to INR 1,625.22 lakhs (PY INR 346.29 lakhs

3. Loan losses and provision grew to INR 13,132.85 Lakhs (PY 767.63)

4. Profit before tax increased by 750% to INR 13,138.86 lakhs (PY 1,544.49)

5. Profit after tax increased by 903% to INR 9,754.25 lakhs (PY 971.62).

   There was an Increase in tax expense by 491% to 3,384.61 (PY 572.87).

6. The Company's Capital adequacy ratio as on 31st March 2021 was 38.04% which continued to be well above the RBI norms.

Key Operational Highlights:

During the year under the review:

1. Given the Company's emphasis on a digital and technology-first approach, the Company decided to shift its focus from traditional Two-wheeler loans and Individual Mortgage Housing Loan ("**Identified Loan Portfolio**") to Digital Lending.

2. The Company had started two new lines of business and launched two new products viz., Digital Personal Loans (in April, 2020) and Digital Housing Loans (in December, 2020)

3. The Digital Personal Loans portfolio of the Company as of March 31, 2021 stands at INR 491.55 Crores.

4. The portfolio quality of Digital Personal Loans as of March 31, 2021 stands at 4.91% of DPD 90.

5. The Digital Housing Loan Portfolio of the Company as of March 31, 2021 stands at INR 3.31 Crores and the Company has opened 3 new branches to support the business operations.

6. The Company had sold and exited the line of business from the Identified Loan Portfolio as of March 31, 2021.

1.2. TRANSFER TO RESERVES

During the year, the Company had transferred 20% of its profits for the year amounting to INR 1,948.24 lakhs (PY INR 194.67 lakhs) to reserves created as per the norms laid down under Section 45-IC of the Reserve Bank of India Act, 1934.

The Company has not transferred any amount to general reserve for the year under consideration.

1.3. DIVIDEND

With a view to conserve capital and given the challenging situation caused due to the outbreak of the COVID-19 pandemic, the Board of Directors did not recommend any dividend on Equity Shares of the Company for the year ended March 31, 2021.

1.4. MAJOR EVENTS THAT OCCURRED DURING THE YEAR

a) State of the Company's Affairs

i. **Segment-wise Position of Business and its Operations:** The Company is primarily engaged in the business of lending which is considered to be the only reportable business segment as per Ind AS 108, Operating Segments. The Company operates exclusively in India and there is no other geographical segment.

ii. **Status of the Company:** The Company is registered with the Reserve Bank of India ("**RBI**") as a Non-Banking Financial Institution . The Company is categorised as a Systemically Important Non-Deposit taking Non-Banking Financial Company ("**ND-SI-NBFC**") and as an NBFC- Investment and Credit Company ("NBFC-ICC").

iii. **Key business developments:** Key business developments during the year are covered under the Management Analysis report.

iv. **Change in the financial year:** There was no change in the Financial Year of the Company for the year under review.

v. **Capital expenditure programmes:** NIL.

vi. **Details and status of acquisition, merger, expansion, modernization and diversification:** NIL.

vii. **Developments, Acquisition and Assignment of material Intellectual Property Rights:** NIL.

viii. **Any other material event having an impact on the affairs of the Company:** NIL.

b) Change in the Nature of Business

During the year under review, the Company shifted its focus from a rural to a more urban / semi-urban consumer base.

In light of the aforesaid shift, the Company has launched a new line of products viz., Digital Personal and Housing Loans focussed on digital lending which has been rolled out and the business from the traditional loan has been exited.

c) Change in the Name of the Company

During the year under review, the name of the Company was changed from "**Chaitanya Rural Intermediation Development Services Private Limited" to "Navi Finserv Private Limited**" as approved by the Central Government with effect from April 22, 2020 after obtaining the no-objection certificate from the Reserve Bank of India("RBI").

d) **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:**

The Country was hit by a "Second COVID wave" largely after March 31st 2021 with daily cases crossing the 1L mark in early April. Subsequently, State Governments have announced state-wise lockdowns and restrictions which had increased the stress on customer finances, as well in the Company's operations pertaining to collections.

On May 5th, 2021, RBI had released a notification, "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" to provide relief to certain sections of borrowers. Further, the impact of the COVID-19 pandemic on the financial position of the Company will depend on future developments, including among other things, extent and severity of the pandemic, mitigating actions by governments and regulators, time taken for the economy to recover, etc.

e) **Details of Revision of Financial Statement or the Report**

During the year under review, the Company has not revised its financial statement or the Report in respect of any of the three preceding financial years either voluntarily or pursuant to the order of a judicial authority.

2. CAPITAL AND DEBT STRUCTURE

2.1. Share Capital

Authorised Share Capital

During the year under review, there was no change in the authorized share capital of the Company.

Issued, Subscribed, Paid-up Share Capital

During the year under review, the Company has issued, and allotted 13,333,333 Equity Shares at Face Value of INR 10 at a premium of INR 65 each on March 26, 2021 on a right issue basis to Navi Technologies Private Limited("**NTPL**") aggregating to a total of INR 99,99,99,975.

Buyback of Equity Shares: During the year under review, the Company has not bought back its Equity Shares.

Issue of Convertible Securities: During the year under review, the Company has not issued any Convertible Securities.

2.2. Issue of equity shares with differential rights

During the year under review, the Company has not issued any Equity shares with differential rights.

2.3. Issue of Sweat Equity Shares

During the year under review, the Company has not issued any Sweat Equity shares during the year.

2.4. Details of Employee Stock Options

During the year under review, the Options granted to Eligible Employees under the Chaitanya Employee Stock Option Scheme 2017 ("**Scheme**") were vested and exercised.

The shares held by CEWT were sold to NTPL and thus NTPL became the 100% holding Company. The said objectives of CEWT were met and aforesaid Scheme was wound up on March 1, 2021

The information pertaining to the Chaitanya Employee Stock Option Plan in terms of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is annexed with this report as **Annexure-I**.

2.5. Shares held in trust for the benefit of employees where the voting rights are not exercised directly by the Employees.

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules 2014.

2.6. Issue of Debentures, Bonds or any Non-Convertible securities

During the year under review, the Company has issued Senior Secured Redeemable Principal Protected Market Linked Non-Convertible Debentures on a private placement basis, in various tranches as detailed below:

1. 750 Senior, Secured, Rated, Listed, Redeemable, Taxable Principal Protected Market Linked (PP-MLD) Non-Convertible Debentures aggregating to INR 75,00,00,000 (Rupees Seventy-Five Crores Only) dated November 25, 2020.

2. 469 Senior, Secured, Rated, Listed, Redeemable, Taxable Principal Protected Market Linked (PP-MLD) Non-Convertible Debentures aggregating to INR 46,90,00,000. (Rupees Forty-Six Crores Ninety Lakhs Only) dated December 14, 2020.

3. 1500 Senior, Secured, Rated, Listed, Redeemable, Taxable Principal Protected Market Linked (PP-MLD) Non-Convertible Debentures aggregating to INR 150,00,00,000 (Indian Rupees One Hundred Fifty Crores Only) dated March 16, 2021.

2.7. Issue of warrant

During the year under review, the Company has not issued any warrants by way of preferential allotment, private placement or public issue.

3. CREDIT RATING OF SECURITIES

Your Company believes that its credit rating and strong brand equity enables it to borrow funds at competitive rates. The credit rating details of the Company as on March 31, 2021 were as follows:

Credit Rating	India Ratings & Research Private Limited	Outlook
Principal Protected Non-Convertible Debentures	IND PP-MLD Aemr	Stable
Non-convertible Debentures	IND A	Stable

Credit Rating	CRISIL Limited	Outlook
Long-term Debt Instruments and Bank Loan Facilities	CRISIL A-	Stable

4. CAPITAL ADEQUACY RATIO

As on March 31, 2021, the Capital to Risk Assets Ratio ("**CRAR**") of the Company was 38.04%which is well above the minimum requirement of CRAR of 15% prescribed by the Reserve Bank of India.

Out of the above, Tier I capital adequacy ratio stood at 36.56%. and Tier II capital adequacy ratio stood at 1.48%respectively.

5. CODE OF CONDUCT, TRANSPARENCY & CLIENT PROTECTION

The Company has fully implemented the Reserve Bank of India's Fair Practice Code.

6. INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")

During the year under review, the Company was not required to transfer any amount to the IEPF.

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India ("**RBI**") and a detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, as **Annexure II**.

8. MANAGEMENT

8.1. Directors and Key Managerial Personnel

Appointment/ Re-appointment and Cessation of Directors of the Company

i). Appointment of Ms. Usha A Narayanan 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, Ms. Usha A Narayanan was appointed on the Board as Independent Director of the Company for a term of five consecutive years commencing from July 6th, 2020 vide an Ordinary Resolution passed by Members of the Company at the Extraordinary General Meeting on July 6th, 2020.

Ms. Usha is a reputed leader with more than two decades of strong audit, risk and compliance experience with PwC and grew up the ranks to be the 1st woman partner. She has an extensive knowledge of assessing the risks associated as well as internal control requirements for corporates and led several engagements for large Indian listed companies and Indian subsidiaries of multinationals and served on various Boards and Committees (including as a Chairperson of the Audit Committee of Bank of Baroda).

Further, Ms. Usha is also passionate about Social Service and has led projects in the areas of financial inclusion and formation of women Self Help Groups.

ii). Appointment of Mr. Ranganathan Sridharan 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. Ranganathan Sridharan was appointed on the Board as Independent Director of the Company for a term of five consecutive years commencing from August 31, 2020 vide an Ordinary Resolution passed by Members of the Company at the Annual General Meeting on August 31, 2020.

Mr. Sridharan is a financial service professional with more than four decades of experience with The Clearing Corporation of India and SBI. Mr. Sridharan is a mature, seasoned, and statured professional who brings approximately five decades of robust General Banking, Markets, Treasury, Finance, and Risk expertise to the table. He had started his career with SBI in 1972 as a Probationary Officer growing to become one of the two Managing Directors of SBI. As

the Managing Director, he was overseeing the operations of the seven Associate Banks of SBI and all the non-banking subsidiaries like SBI Capital Markets Limited, SBI Funds Management Private Limited, SBI Life Insurance Company Limited, SBI DFHI Limited, SBI Global Factors Limited, SBICap Securities Limited, SBI Pension Funds Private Limited, etc. He was onboarded as the MD & CEO for the Clearing Corporation of India (CCIL) in 2012.

iii). Resignation of Mr. Ravi K S & Mr. Nandakumar R as an Independent Director of the Company

During the year under review, Mr. Ravi K S & Mr. Nandakumar R resigned as Independent Director of the Company with effect from August 31, 2020.

iv). Appointment of Mr. Samit S Shetty as Director of the Company

Pursuant to the approval received from Reserve Bank of India on August 28, 2020 for Change in Control and Management of the Company, Mr Samit S Shetty was appointed as Executive Director of the Company vide an Ordinary Resolution passed by Members of the Company at the Extra Ordinary General Meeting on November 04, 2020.

During the year under review, the designation of Mr. Samit S Shetty has been changed from Executive Director to Non- Executive Director with effect from March 01, 2021.

8.2. Key Managerial Personnel

Sl. No.	Name of the Key Managerial Personnel	Date of Appointment/ Resignation	Designation	Date of Appointment/ Resignation
1.	Mr. Samit S Shetty	Appointment	Chief Executive Officer	May 29, 2020
2.	Mr. Samit S Shetty	Resignation	Chief Executive Officer	February 18, 2021
3.	Ms. Riya Bhattacharya	Appointment	Chief Executive Officer	February 18, 2021
4.	Mr. Ankit Agarwal	Appointment	Chief Financial Officer	February 18, 2021
5.	Mr. Ankit Agarwal	Resignation	Chief Financial Officer	March 24, 2021
6.	Mr. L N Gurumoorthy	Appointment	Chief Financial Officer	March 24, 2021

Ms. Riya Bhattacharya, Chief Executive Officer, Mr. L N Gurumoorthy, Chief Financial Officer and Ms. Dimple J Shah, Company Secretary of the Company are the Key Managerial Personnel of the Company (KMP) pursuant to the provisions of Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as on March 31, 2021

8.3. 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.

8.4. 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 Act and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/ her duties with an objective independent judgment and without any external influence.

In accordance with the provisions of Section 150 of the Act read with the applicable Rules made thereunder, the Independent Directors of the Company have registered themselves in the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs, Manesar ["IICA"]. The Independent Directors unless exempted, are required to pass an online proficiency self-assessment test conducted by IICA within one year from the date of their registration in the IICA databank.

Pursuant to the above, the Company has received Declarations of compliance under Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, from all the Independent Directors of the Company confirming that they have registered their names in the data bank of Independent Directors maintained with the IICA.

8.5. Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its committees

as well as performance of the Directors individually (including Independent Directors).

8.6. Policies on Appointment of Directors and Senior Management and Remuneration of Directors, Key Managerial Personnel and Employees

The Company has adopted the Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company in accordance with the provisions of sub-section (4) of Section 178 of the Companies Act 2013 and rules thereof.

The Policy on Remuneration of Directors, as amended, and the Remuneration Policy for Key Managerial Personnel and Employees of the Company can be accessed here on the website of the company.

8.7. Board Meetings

During the year under the review, the Board of Directors has met 9 (Nine) times and the requisite quorum was present for all the Meetings. The maximum time gap between any two Meetings was not more than one hundred and twenty days.

Sl. No.	Date of Board Meeting	No. of Directors Present
1.	29.04.2020	4
2.	11.05.2020	4
3.	29.05.2020	3
4.	30.06.2020	4
5.	24.08.2020	5
6.	29.09.2020	4
7.	19.11.2020	5
8.	18.02.2021	5
9.	24.03.2021	5

8.8. Board Committees

The Company has constituted various Committees in order to comply with the requirements of the relevant provisions of applicable laws and statutes.

Audit Committee

During the year under review, the Audit Committee of your Company was reconstituted on September 21, 2020 and February 18, 2021.

During the year under review, the Committee had met six (6) times on April 18, 2020, June 29, 2020, August 24, 2020, September 29, 2020, November 19, 2020 and February 17, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Nomination and Remuneration Committee

During the year under review, the Nomination and Remuneration Committee of your Company was reconstituted on September 21, 2020.

During the year under review, the Committee had met four (4) times on May 29, 2020, June 30, 2020, August 24, 2020 and February 10, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Risk Management Committee

The Company has in place the Risk Management Committee in accordance with RBI guidelines on Corporate Governance and during the year under review, the Committee was reconstituted on September 21, 2020.

During the financial year under review, the Committee had met three (3) times on May 29, 2020, September 29, 2020 and February 10, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Information Technology Strategy Committee

During the year under review, the IT Strategy Committee of your Company was reconstituted on September 21, 2020.

The Committee had met 2(Two) times on September 29, 2020 and March 26, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Asset and Liability Committee

The Company has in place the Asset and Liability Committee in accordance with RBI guidelines on Corporate Governance and during the year under review, the Asset and Liability Committee of your Company was reconstituted on September 21, 2020.

The Committee had met three (3) times on May 29, 2020, September 30, 2020 and March 26, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Corporate Social Responsibility Committee

During the year under review, the Company has constituted the Corporate Social Responsibility (CSR) Committee in accordance with the applicable provisions of the Companies Act, 2013 and rules thereof on June 30, 2020 and was further reconstituted on September 21, 2020 and September 29, 2020.

The Committee had met one (1) time on December 22, 2020 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Finance Committee

During the year under review, the Finance Committee of your Company was reconstituted on September 21, 2020 and November 19, 2020.

The Committee had met Nineteen (19) times on May 04, 2020, June 29, 2020, July 31, 2020, September 16, 2020, October 14, 2020, November 18, 2020, November 25, 2020, November 26, 2020, December 14, 2020, December 17, 2020, December 25, 2020, December 30, 2020, January 25, 2021, February 22, 2021, March 15, 2021, March 17, 2021, March 24, 2021, March 26, 2021 and March 30, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Investment Committee

During the year under review, the Company constituted the Investment Committee of the Company on April 29, 2020 and was further reconstituted on September 21, 2020.

The Committee had met four (04) times on June 29, 2020, October 14, 2020, December 01, 2020 and March 24, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

8.9. Meetings of Independent Directors

During the year under review, the Independent Directors of the Company had met once on March 30, 2021 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 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.

8.10. 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.

8.11. Directors Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, ("the Act") your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

b) 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, 2021 and of the profit of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors had prepared the annual accounts on a going concern basis.

e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws including applicable secretarial standards and that such systems were adequate and operating effectively.

8.12. Particulars of Employees and Related Information

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure III**.

8.13. Adequacy of Internal Financial Controls with Reference to Financial Statements

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.

8.14. Reporting of Frauds by the 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.

9. 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. The Vigil Mechanism and Whistle Blower Policy has been placed https://www.navifinserv.com/corporate-governance on the website of the Company.

During the year under review, the Company has not received any whistleblower complaint.

10. DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As on March 31, 2021, Chaitanya India Fin Credit Private Limited("**CIFCPL**") was the Wholly Owned Subsidiary of the Company.

A statement containing the salient features of the financial statement of the Wholly Owned Subsidiary Company i.e., of CIFCPL is provided as **Annexure IV**.

Further, the Company does not have any Joint Venture or Associate Companies as on March 31, 2021.

11. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its subsidiary for the Financial Year 2020-21 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.

12. DETAILS OF DEPOSITS

The Company is a non-deposit taking Non-Banking Financial Company ("**ND-NBFC**") and has neither accepted nor renewed any deposits as defined under the Companies Act, 2013 and rules thereof.

13. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENT

During the year under review, the Company has duly complied with the provisions of Section 186 of the Companies Act, 2013 and rules made thereunder.

Further, the details on loans, guarantees or investments made during the financial year are mentioned in the notes to the Financial Statements.

14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY TRANSACTION AS PER SEC 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 Act.

In compliance with section 188(1) of the Companies Act, 2013, AOC-2 enclosed as **Annexure- V**. Further, details of Related Party Transactions as required to be disclosed as per Indian Accounting Standard 24 "Related Party Disclosures" specified under section 133 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

15. CORPORATE SOCIAL RESPONSIBILITY

During the year under review, your Company has spent INR 66 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 66 lakhs to the Ola Foundation (the "**Foundation**") on March 3, 2021 which is a non-profit foundation dedicated to improving the lives of women, the driver community, and vulnerable groups across the Country. The Foundation strives to leverage data, technology, and business innovation to enable long-term systemic change and build stronger families, stronger communities, and a stronger nation.

The Foundation has spent INR 46.13 lakhs towards "Drive the Driver's Fund"in the month of March 2021 for essential supply distribution and emergency medical support for the driver's community.

The CSR Policy of the Company, duly amended, is hosted on the Company's website https://www.navifinserv.com/corporate-governance.

A brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as "**Annexure VI**" to this Report.

16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has not undertaken any activity relating to conservation of energy and technology absorption and the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of Rule 8 of the Companies (Accounts) Rules, 2014 does not arise.

However, the Company has been increasingly using information technology in its operations and promotes conservation of resources. There has been no foreign exchange earnings during the financial year.

Foreign exchange earnings and outgo

(INR in lakhs)

Particulars	FY 2021	FY 2020
Expenditure in foreign currency	23.12	5.01

17. RISK MANAGEMENT

The Company has in place a Risk Management Policy which provides for a robust risk management framework to identify and assess risks such as credit risk, market risk, operational risk, liquidity risk, financial risk, regulatory and other risks. There is an adequate risk management infrastructure in place which is capable of addressing these risks as and when they arise.

18. 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.

Further, no penalties have been levied by the RBI or any other regulator during the year under review.

19. STATUTORY AUDITORS:

The Company has appointed Walker Chandiok & Co LLP, Chartered Accountants (ICAI FRN001076N /N500013), Bangalore as Statutory Auditors of the Company for period of five years from the conclusion of Seventh Annual General Meeting of the Company held on September 30, 2019 till conclusion of twelfth Annual General Meeting.

Further, the Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the Financial Statements of the Company for FY 2020-21, 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.

20. SECRETARIAL AUDITORS

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, Mr. Rahul Aggarwal, was appointed as the Secretarial Auditors of the Company for the financial year 2020 - 21.

The Secretarial Audit Report for the FY 2020-21 forms part of the Annual Report as '**Annexure-VII**'.

21. RBI GUIDELINES

The Company is a Non-Deposit Taking Systemically Important Non-Banking Financial Company ("**NBFC-ND-SI**"). The Company has complied with and continues to comply with all the applicable regulations and directions as and when issued by the RBI.

22. 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.

23. EXTRACT OF ANNUAL RETURN

In Pursuant to Section 134 (3) (a) of the Companies Act 2013, annual return referred to in Section 92(3) of the Companies Act, 2013 for the financial year 2020-21 will be uploaded on the website of the Company.

24. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. The Policy aims to promote a healthy work environment and to provide protection to employees at the workplace and redress complaints of sexual harassment and related matters thereto. The Company has also constituted an Internal Complaints Committee to enquire into complaints of sexual harassment and recommend appropriate action.

The Company has not received any complaints during the year 2020-21.

25. ACKNOWLEDGEMENTS

Your directors acknowledge the support extended by Reserve Bank of India, Ministry of Corporate Affairs, Registrar of Companies and all other governmental and regulatory authorities for the guidance and support received from them including officials there from time to time.

Your directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders in large numbers including investors, customers, banks, financial institutions, rating agencies, debenture holders, debenture trustees and well-wishers for their continued support during the year. Your directors place on record their appreciation of the contribution made by the employees of your Company and its subsidiaries at all levels. Your Company's consistent growth was made possible by their hard work, solidarity, cooperation, and support.

By Order of the Board of Directors

Samit S Shetty
Director
DIN: 02573018

Ankit Agarwal
Director
DIN: 08299808

Place: Bangalore
Date: June 24, 2021

Annexure I

Chaitanya Employee Stock Option Scheme 2017 ("Scheme")

Nature of Disclosures	Particulars
Options approved to be issued as ESOPs	5,78,000
Options Granted	5,54,000
Options Vested	5,44,000
Options Exercised	5,44,000
Options Lapsed / Surrendered	10,000
Variation of terms of option	-
Total number of options in force	-
Money realized by exercise of options	-
Details of options granted to Key Managerial Personnel	-
Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2021	-
Identified employees who were granted Options, during the period ended 31.03.2021, equal or exceeding 1% of the issued capital of the Company at the time of grant	-
The exercise price of Options	Exercise Price was INR 38 for Options granted on October 13, 2017 Exercise Price was INR 38 for Options granted on March 26, 2019

For **Navi Finserv Private Limited**

Samit S Shetty
Director
DIN: 02573018

Ankit Agarwal
Director
DIN: 08299808

Place: Bangalore
Date: June 24, 2021

ANNEXURE II

Management Discussion and Analysis Report

As NBFCs continue to consolidate, FinTechs have gained significant mindshare, owing to the changes induced by the pandemic and shift to Digital ways of working and transacting. At the higher end, Banks are also building and enhancing Digital capabilities. The imperatives of building substantial cost advantages over traditional models are even more pronounced, primarily by digitising the process of sourcing, processing and collections. NBFCs need to explore newer ways of gaining advantage in sourcing, processing, risk assessment and collections.

Opportunities

1. Digital first operating model enabled the Company to be operational and achieve product-market fit at a time when most lenders stopped lending due to restrictions borne out of traditional models (feet-on-street, physical meetings)
2. Prolonged lockdowns and COVID measures have accelerated the pace of Digitization and adoption rates by customers. Several commentators have opined that COVID has helped enable multiple years' of Digital evolution in months. This has broadened opportunities to substantially reduce the cost of operations and cost of collections
3. Account Aggregator license being issued and setting up the mechanism of AAs would help newer generation NBFCs to access Customer Data in a cost-efficient way.
4. Access to Equity and Debt Funding at a scale comparable to the largest NBFCs at a time when access to funds is scarce for all NBFCs in the country is the biggest opportunity that is available for the organisation in the short term.

Threats

1. Deterioration in the Economic environment and income generating opportunities can cause stress in the portfolio quality due to the pandemic, esp. with the threat of 3rd and subsequent waves.
2. Regulatory changes could threaten the Company's digital operating model.
3. External, one-off incidents like proliferation of fraud Digital lenders and oppressive collection practices negatively impact perception of Digital lending apps
4. Negative Reinforcement of poor credit behaviour due to moratoriums and restructuring allowances has an impact on the long-term credit quality of retail assets.

Product Wise Performance

Digital personal Loan	FY 21	FY 20	Change
POS(Cr.)	491.6	0.0	-
PAR 90 Amt (Cr.)	23.9	0.0	-
PAR 90%	4.9%	0.0	-
Interest Income & LPF (Cr.)	60.30	0.0	-

Housing Loan	FY 21	FY 20	Change
POS(Cr.)	3.3	0.0	-
PAR 90 Amt (Cr.)	0.0	0.0	-
PAR 90%	0.0	0.0	-
Interest Income & LPF (Cr.)	0.01	0.0	-

A)

Two-wheeler Loans	FY 21	FY 20	Change
POS(Cr.)	0.00	57.76	100%
PAR 90 Amt (Cr.)	0.00	1.040.80	100%
PAR 90%	1.8%	2.1%	100%
Interest Income & LPF (Cr.)	9.51	15.7811.4	40%

B) Individual Mortgage Housing Loans

Individual Mortgage Loans	FY 21	FY 20	Change
POS(Cr.)	1.9	11.9	84.0%
Customer/Branch			
PAR 30 Amt. (Cr.)			
PAR 90 Amt. (Cr.)	1.9	0.5	304.8%
PAR 90 % of POS	100.0%	4.0%	2400%
Interest Income (Cr.)	2.64	3.2	17.7%

Outlook of Business

The past financial year has truly been unprecedented – the pandemic putting a halt to economic activity, moratorium announced by RBI and then stimulus announced by the government – all have contributed to large scale shifts in the way of doing things across businesses. For the Company, thanks to a digital-first model, operations were less impacted, but nonetheless we did see impact on collections and issues with our customers struggling to meet their financial obligations.

With achieving a product-market fit for our personal loans product (launched in Apr 2020) and launch of our new housing product (launched in Dec 2020)" we now have stellar products in both the secured and unsecured lending space, rounding out key customer needs. Continued stress in other NBFCs and Fintech lenders translates to a positive growth outlook for Navi Finserv. Continued disruption in jobs and businesses due to subsequent waves could however disrupt this growth opportunity and turn it into an asset quality crisis and hence the economic situation has to be closely monitored as we progress on capitalising this opportunity.

Risks and Concerns

1. Economic slowdown due to COVID-19 related lockdowns, fall in business activity impacting self-employed customers, rise in unemployment and increasing health risk impact credit obligations of otherwise good quality borrowers.
2. Risk of moratorium announcements could create moral hazard even amongst borrowers who may postpone their obligations.
3. Increased health risks and lockdowns impacting productivity of employees is a concern.
4. Increased leverage in the customer's base as incomes stagnate is a concern.
5. Reduction in purchasing power of potential borrowers can impact sales of high-ticket items and housing which will impact sales of the Company

Internal Control and their Adequacies

a) The Financial Controls and risk control metrics for the company is commensurate to the size and scope of the operations.

b) In existing businesses as the company de-couples from the branch and operating infrastructure of its subsidiary CIFCPL, there is a need to build operations audit capabilities to ensure that the transaction and documentation fidelity is maintained.

c) In digital personal loans controls on ensuring validity of customer addresses, customer KYC and Banks accounts are mostly automated or in the process of being automated.

d) In the financial year 2020-21, a number of digital fraud detection mechanisms using AI algorithms will be put in place to enhance Internal Controls.

e) A high-quality Information Systems Audit checking the quality of data stored is proposed to be done periodically.

Material Development in HR

The Company emphasizes and nurtures the values of the Company, namely Customer centricity, Long term focus, Ownership mindset and Bias for Action, with a focus on meritocracy, respect, transparency and learning. The Company had conducted several trainings for all levels of employees during the year.

Significant changes have been made to the operating model and organizational structure of the Company, with a focus on scaling operations and making the Company more self-sufficient

a. The Company had appointed Ms. Riya Bhattacharya as Chief Executive Officer ("**CEO**") in February 2021.

b. The Company had appointed Mr. L N Gurumoorthy as Chief Financial Officer ("**CFO**") in March 2021.

c. Various key positions to manage Risk, Fraud and other key functions in the company were opened, and key hires have been onboarded.

d. The number of employees stands at 216 as of March 2021

The Company is ensuring to provide a work environment to all the employees considering the current pandemic COVID-19 situation which is not only safe and harmonious but also enables employees to instil a sense of positivity. We have an Employee Assistance Program which employees of all levels can avail for mental health counselling in these trying times. The Company also conducted a vaccination drive in June 2021

ANNEXURE III

Disclosures required with respect to Section 197(12) of the Companies Act, 2013

The ratio of the remuneration of each director to the median employee's remuneration ("**MRE**") and such other details in terms of Section 197(12) read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Remuneration paid to Whole Time Directors

Name	Designation	% Increase/Decrease of remuneration in 2021	Ratio of remuneration to MRE
Samit S Shetty[1]	Director		45.18

Remuneration to Non-Executive Directors: NIL

Remuneration to other Key Managerial Personnel (KMP)

Name	Designation	% Increase/Decrease of remuneration in 2021	Ratio of remuneration to MRE*
Dimple J Shah	Company Secretary	39%	8.73
L N Gurumoorthy	Chief Financial Officer	-	-
Riya Bhattacharya	Chief Executive Officer	-	-
Ankit Agarwal	Chief Financial Officer	-	-
Samit Shetty[1]	Chief Executive Officer	45%	45.18

*[1]Mr. Shetty was appointed as CEO on May 29 2020 and have resigned with effective from February 18, 2021.

Mr. Samit S Shetty was appointed on November 4, 2020 as executive director, however Mr. Shetty stepped down from the executive position on March 1, 2021

1. **The ratio of remuneration of each director to the median remuneration (MRE) of the employees of the Company for the financial year.**

   The MRE of the employees of the Company during the year ended March 31, 2021 was INR. 1,41,400 per annum. The details are laid out in the tables above.

   The remuneration of the Non-Executive Directors comprises only sitting fees paid to them for attending the meetings of the Board and other committee meetings. Hence, the percentage increase of their remuneration has not been considered for the above purpose.

2. **The percentage increase in remuneration of each director and KMP in the financial year**

   The percentage increase is mentioned in the tables above.

3. **The percentage increase in median remuneration of the employees in the financial year**

   The percentage increase in the median remuneration of the employees was 21%.

4. **Number of Permanent employees on the rolls of the Company**

   As on March 31, 2021, the Company had 216 permanent employees on the rolls of the Company.

5. **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 remuneration for all employees other than managerial personnel was 36%, while the average increase in the managerial remuneration was 42%.

6. **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.

Information as per Rule 5 of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Top 10 employees in terms of remuneration drawn during the year

Name	Designation	Remuneration received (in INR)	nature of employment, whether contractual or otherwise	qualifications and experience of the employee;	date of commencement of employment;	the age of such employee;	the last employment held by such employee before joining the company;	the percentage of equity shares held by the employee in the company	whether any such employee is a relative of any director or manager of the company
Shobhit Agarwal	VP - Treasury	1,49,48,670	Permanent	CA	01-Jun-20	38	Navi Technologies Private Limited	NA	NA
Riya Bhattacharya**	CEO	15,95,100	Permanent	PGDM	18-Feb-21	37	Navi Technologies Private Limited	NA	NA
Mahak Khabia	Director – Treasury (Internal)	3,36,63,189	Permanent	CFA	01-Jun-20	36	SBI Mutual Fund	NA	NA
Samit S Shetty*	CEO	63,88,150	Permanent	PGDM	01-Jul-20	46	Chaitanya India Fin Credit Private Limited (Promoter and co-founder)	NA	NA

* Resigned as Chief Executive Officer ("CEO") on Feb 18, 2021

** Appointed as Chief Executive Officer ("CEO") on Feb 18, 2021

For **Navi Finserv Private Limited**

Samit S Shetty
Director
DIN: 02573018

Ankit Agarwal
Director
DIN: 08299808

Place: Bangalore
Date: June 24, 2021

Annexure IV

STATEMENT PURSUANT TO SEC 129 (3) OF COMPANIES ACT 2013, RELATING TO SUBSIDIARY COMPANY

As on Financial Year ended on 31.03.2021.

Name of Subsidiary Company: CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED

Date of becoming Subsidiary Company: 12.11.2014

	(INR in Lakhs)
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	No
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	NA
Share capital	10,350
Reserves & surplus	24,473
Total assets	143,292
Total Liabilities	108,469
Investments	18,090
Turnover	23,366
Profit before taxation	2,516
Provision for taxation	454
Profit after taxation	2,063
Other comprehensive income	223
Total Income	2286

Notes:

1. Names of subsidiaries which are yet to commence operations: None
2. Names of subsidiaries which have been liquidated or sold during the year: None

For **Navi Finserv Private Limited**

Samit S Shetty
Director
DIN: 02573018

Ankit Agarwal
Director
DIN: 08299808

Place: Bangalore
Date: June 24, 2021

ANNEXURE V

AOC-2

(Pursuant to clause (h) sub-section of (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 arm's length transactions under third proviso thereto

1. Details of Contracts or Arrangement or Transaction not at Arm's Length Basis:

There were no contracts / arrangements entered into by the company with the related parties referred to in section (1) of Section 188 of the Companies Act, 2013 which were not at arm's length basis during the year ended 31st March, 2021.

2. Details of Contracts or Arrangement or Transaction at Arm's Length Basis:

Name of the related party and nature of relationship	Chaitanya India Fin Credit Private Limited	Navi Technologies Private Limited	Navi General Insurance Private Limited
Nature of contracts/ arrangements/ Transactions	Service agreement	Service outsourcing agreement	Memorandum of Understanding ("MOU")
Duration of the contracts/ arrangements/ Transactions	3 months	6 years	As per mutual understanding
Salient terms of the contracts/ arrangements/ Transactions including the value, if any	Following services are covered as per the terms of the agreement:- 1) Field operational Support 2) Risk, MIS and analytical support 3) Collections support 4) Information technology support	Following services are covered as per the terms of the agreement:- 1) Development & maintenance of core systems 2) Data and analytics 3) Other information technology services 4) Cyber security 5) Disaster recovery 6) Right to use hardware 7) Any other support services	Insurance services facility to the customers of the Company
Date of approval by the Board/ committee, if any	August 24, 2020	September 29, 2020	August 24, 2020
Amount paid as advance, if any (INR in Lakhs)	0	0	56

For **Navi Finserv Private Limited**

Samit S Shetty
Director
DIN: 02573018

Ankit Agarwal
Director
DIN: 08299808

Place: Bangalore
Date: June 24, 2021

ANNEXURE VI

ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR FINANCIAL YEAR 2020-21

1. Brief outline on CSR Policy of the Company.

Navi Finserv Private 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	1	1
2	Mr. Ranganathan Sridharan	Independent Director	1	1
3	Mr. Samit S Shetty	Non-executive Director	1	1
4	Mr. Ankit Agarwal	Non-executive Director	1	1

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 https://www.navifinserv.com/corporate-governance.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Impact assessment of CSR projects is not applicable as the Company's average CSR obligation in the three immediately preceding financial years does not exceed ten crore rupees or more and there are no CSR projects having outlays of one crore rupees or more.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set- off for the financial year, if any (in Rs)
		NIL	

6. Average net profit of the company as per section 135(5).

Particulars	Amount (in Lakhs)
Profit/(Loss) – 2017-18	293.45
Profit/(Loss) – 2018-19	107.23
Profit/(Loss) – 2019-20	3,727.56
Average PROFIT for CSR purpose	**1376.08**

7. (a) Two percent of average net profit of the company as per section 135(5)

Particulars	Amount (in Lakhs)
2% of average Profit/Loss for last three years *	27.52

* Prescribed CSR Expenditure

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. **NIL**

(c) Amount required to be set off for the financial year, if any : **NIL**

(d) Total CSR obligation for the financial year (7a+7b- 7c). **INR 27.52 lakhs**

8. (a) CSR amount spent or unspent for the financial year:

Particulars	Amount Unspent (in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
66	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year: NIL

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in lakhs Rs.).	Mode of implementation on - Direct (Yes/No).	Mode of implementation Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Drive the Driver Fund	(i), (xii)	Yes	PAN India		66	No	Ola Foundation	CSR00002793
	TOTAL					**66**			

(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 66 lakhs**

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	27.52
(ii)	Total amount spent for the Financial Year	66
(iii)	Excess amount spent for the financial year [(ii)-(i)]	38.48
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	38.48

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

Riya Bhattacharya
Chief Executive Officer

Usha A Narayanan
Chairman CSR Committee

Annexure VII

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31STMARCH 2021

[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 PRIVATE LIMITED
(formerly known as CHAITANYA RURAL INTERMEDIATION DEVELOPMENT SERVICES PRIVATE LIMITED)
CIN: U65923KA2012PTC062537
Regd. Office: No.145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bangalore, Karnataka, India- 60018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NAVI FINSERV PRIVATE LIMITED** (hereinafter called the "Company") (CIN: U65923KA2012PTC062537). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2021, 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.

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 (Shares Based Employee Benefits) Regulations, 2014; (Not applicable during the audit period);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (**Not applicable during the audit period**) and

(h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998/2018 (**Not applicable during the audit period**).

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing obligations and disclosure Requirements) Regulation 2015 (LODR Regulations) .

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc. as mentioned above.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws / guidelines/rules applicable specifically to the Company:

(i) NBFC Regulations;

(ii) Guidelines issued by RBI; and

(iii) Order/Regulations issued by the Govt. of India from time to time

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Further, the Company has sought and obtained shorter notice consent of the Directors wherever applicable and Independent Directors were duly present at such Meetings.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there are no 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.

For Rahul A & Associates
Practicing Company Secretaries

Place: Bengaluru
Date: 24/06/2021

CS Rahul Aggarwal
Proprietor
ACS No. 42939; CP No.19315
UDIN : A042939C000510331

Note: This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'Annexure A'

To
The Members
NAVI FINSERV PRIVATE LIMITED
(formerly known as CHAITANYA RURAL INTERMEDIATION DEVELOPMENT SERVICES PRIVATE LIMITED)
CIN: U65923KA2012PTC062537
Regd. Office: No.145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bangalore, Karnataka, India- 60018

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 a 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) Wherever 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 a 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

Place: Bengaluru
Date: 24/06/2021

CS Rahul Aggarwal
Proprietor
ACS No. 42939; CP No.19315
UDIN : 21105117AAAAE9774

Financial Statements

Independent Auditor's Report

To the Members of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 3 of the accompanying standalone financial statements, which describes the uncertainty relating to the effects of Covid-19 pandemic on the Company's operations and the impact on the impairment provision recognized towards the unquoted investments outstanding as at 31 March 2021.

   Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, 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.

   We have determined the matters described below to be the key audit matters to be communicated in our report.

Information Technology (IT) environment and modifications to the IT environment affecting financial reporting process

Key audit matter	How our audit addressed the key audit matter
The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis. Further, the Company's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, provision on loans, amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.	We included auditor's experts as part of our audit team to perform audit procedures which included, but were not limited to the following: • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit. • Obtained an understanding of the implementation process followed for new LMS implemented by the Company during the year and evaluated the controls established by the management for such system implementation activity to ensure the implementation activity has been completed appropriately;

Key audit matter	How our audit addressed the key audit matter
Modifications to IT environment During the year ended 31 March 2021, the Company has migrated to Oracle ERP system from the erstwhile system Tally, for its operations and financial reporting purposes. Also, the Company has implemented and started using a new Loan Management System (LMS) from the current year for the new loan products launched by it during the year for processing and recording loan transactions. Such significant migration in IT systems including use of new IT systems increases the risk to the internal financial controls environment. These changes trigger a financial reporting risk as controls and processes that have been established over a number of years are updated and migrated into a new environment which includes new system controls and processes being designed and implemented for the above change in IT systems including controls around system integration. Our areas of audit focus included user access management, developer access to the production environment and data migration testing, changes to the IT environment across applications, networks, database and operating systems. Further, we also focused on key automated controls relevant for financial reporting. Accordingly, since our audit strategy included focus on key IT systems and automated controls along with testing of the data migration activity and implementation of new systems, due to pervasive impact on the financial statements; we have determined the same as a key audit matter for current year audit.	• Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; • Evaluated the management's process for modifications to the IT systems including those modifications made post the implementation of the IT systems which also included understanding around monitoring and aurhotisation of such modifications. Tested such changes made to IT systems that had a significant impact on financial reporting; • With regards to the data migration activity carried out by the Company during the current year ended 31 March 2021 for the new ERP system, we performed the following procedures: a. Obtained an understanding of the Company's migration process, b. Evaluated the controls established by the management for the migration activity to ensure the activity has been completed appropriately, c. Understood the data cleansing process undertaken by the management prior to migration and tested the data migration, including associated reconciliations. d. Verified that the pre-migration and post migration reports, for example, appropriate approvals of trial balance by the respective authorized personnel from the Operations and Finance teams, along with the personnel from conversion team, e. Obtained the exception reports generated during data migration procedure and ensured that the exceptions, if any, have been rectified and necessary sign off was obtained by the management. • Tested IT general controls particularly, logical access, changes management and aspects of IT operational controls. Tested that, requests for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. • Tested related system interfaces/system integrations including relevant approvals, configurations and other application layer controls identified during out audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; • Where deficiencies were identified, tested compensating controls or performed alternative procedures.

Impairment losses on loan portfolio including implementation of COVID-19 related measures

As at 31 March 2021, the Company has reported gross loan assets of ₹ 62,606.32 lakhs against which an impairment allowance of ₹ 9,671.39 lakhs has been recorded. Refer note 4.8 of significant accounting policies, note 8 for the outstanding loan assets and note 48.1 of the financial statements for credit risk disclosures.

Key audit matter	How our audit addressed the key audit matter
The calculation of impairment losses on loans is complex and is based on application of significant management judgement and use of different modelling techniques and assumptions which could have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days. • If a significant increase in credit risk ('SICR') since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 89 days. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 89 days. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement in measuring ECL is required with respect to: • determining the criteria for SICR • factoring in future macro-economic assumptions • techniques used to determine probability of default and loss given default. The ECL for the respective stages has been derived basis the Company's internally developed statistical models including that developed for new loan products launched during the year, historical data, collections trends post reporting date and industrywide stress. Implementation of COVID-19 related measures During the current year, the RBI has announced various relief measures for the borrowers which were implemented by the Company such as "COVID 19 Regulatory Package-Asset Classification and Provisioning" announced by the RBI on 27 March 2020, 17 April 2020 and 23 May 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021 (collectively referred to as 'the RBI circulars'), which has been collectively considered by the management in identification and provisioning of NPAs. On the basis of an estimate made by the management, an additional provision amounting to ₹ 1,274.88 lakhs has been recognised by the Company as at 31 March 2021 on account of increase in default risk due to the impact of COVID-19 on recoverability of loans of the Company.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures: • Evaluated the Company's accounting policies for estimation of expected credit loss on loans in accordance with Ind AS 109. • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions for existing and new loan products. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals; • Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the RBI circular and ensured whether such policy was in accordance with the RBI circular. • With respect to the management's assessment for the requirement of additional provisions to be made or not to be made on account of the impact of the COVID-19 pandemic, we understood and challenged evaluated the underlying assumptions used by the Company for such estimate by considering our understanding of the risk profiles of the customers of the Company. • Evaluated the appropriateness of the Company's determination of significant increase in credit risk ('SICR') in accordance with the applicable accounting standard considering impact of COVID-19 and moratorium announced in the RBI circular and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages; • Assessed the critical assumptions and inputs used in the model which amongst others included testing the collection trends of the portfolio and ensuring consistency of assumptions with other relevant publicly available macro economic factors pertaining to impact of COVID-19. For forward looking assumptions used by the

Key audit matter	How our audit addressed the key audit matter
The basis of estimates and assumptions involved in arriving at the additional provisions are monitored by the Company periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI. Considering the significance of the above matter to the overall financial statements, additional complexities involved in the current year on account of ongoing impact of COVID-19, launch of new loan product and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter for current year audit. We also draw attention to Note 3 of the accompanying standalone financial statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the above mentioned loan assets as on 31 March 2021, as the same is fundamental to the understanding of the users of financial statements.	management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information. • Performed a critical assessment of assumptions including management's assessment of the impact of COVID-19 on these assumptions, moratorium facility availed by the customers and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD); • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable. Assessed the appropriateness and adequacy of the related presentation and disclosures of note 48 "Financial risk management" disclosed in the financial statements in accordance with the applicable accounting standards.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report ('Other information') but does not include the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

7. Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

8. 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.

9. When we read the Other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

10. The accompanying standalone financial statements have been approved by the Company's Board of Directors. 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

11. 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.

12. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

13. 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

14. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

15. 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.

16. 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.

17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

18. Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.

19. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

20. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;

f) we have also audited the internal financial controls with reference to standalone financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 24 June 2021 as per Annexure II expressed an unmodified opinion; and

g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company, as detailed in note 45(A) to the standalone financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2021;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAAEA9774

Place: Mumbai
Date: 24 June 2021

Annexure I to the Independent Auditor's Report of even date to the members of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited), on the standalone financial statements for the year ended 31 March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.

(ii) The Company is a Non-Banking Financial Company (NBFC), primarily engaged in the business of investing and lending and does not hold any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has granted one interest free unsecured loan and another interest-bearing unsecured loan to companies covered in the register maintained under Section 189 of the Act; ¬¬¬and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest;

(b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/ receipts of the principal amount and the interest where applicable, are regular; and

(c) there is no overdue amount in respect of loans granted to such companies.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans and investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of costs records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, goods and services tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	10,318,960	2,059,208	FY 2014-15	Commissioner of Income Tax - Bangalore
Income tax Act, 1961	Income tax	704,458	-	FY 2016-17	Commissioner of Income Tax - Bangalore

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or any dues to debenture-holders or any bank during the year. The Company did not have any outstanding loans or borrowings from a government during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) No fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the period covered by our audit.

(xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Section 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has made preferential allotment/ private placement of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make preferential allotment/ private placement of fully/partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the Directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is required to be registered under Section 45I-A of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAAEA9774

Place: Mumbai
Date: 24 June 2021

Annexure II to the Independent Auditor's Report of even date to the members of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) on the standalone financial statements for the year ended 31 March 2021

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR 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, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2021, 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.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAAE9774

Place: Mumbai
Date: 24 June 2021

Balance sheet as at 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
I ASSETS			
1 Financial assets			
Cash and cash equivalents	5	10,299.95	1,944.54
Bank balances other than cash and cash equivalents	6	6,375.55	26.73
Trade receivables	7	-	451.15
Loans	8	52,934.93	10,894.06
Investments	9	2,56,505.22	3,54,303.16
Other financial assets	10	2,839.97	23.97
2 Non-financial assets			
Current tax assets (net)	11	140.44	-
Deferred tax asset (net)	12	2,515.21	721.80
Property, plant and equipment	13	37.42	36.29
Right to use asset		149.68	3.16
Intangible assets	14	0.82	1.67
Other non-financial assets	15	308.34	117.01
Total assets		**3,32,107.53**	**3,68,523.54**
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	16	11.60	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16	779.57	47.47
Debt securities	17	1,67,180.74	2,47,366.95
Borrowings (other than debt securities)	18	40,145.75	23,722.71
Subordinated liabilities	19	993.38	992.48
Other financial liabilities	20	6,630.25	531.68
2 Non-financial liabilities			
Current tax liabilities (net)	21	-	529.42
Provisions	22	873.57	56.52
Other non financial liabilities	23	232.69	71.28
Total liabilities		**2,16,847.55**	**2,73,318.51**
3 Equity			
Equity share capital	24	16,524.04	15,132.90
Other equity	25	98,735.94	80,072.13
Total equity		**1,15,259.98**	**95,205.03**
Total liabilities and equity		**3,32,107.53**	**3,68,523.54**

Statement of significant accounting policies and other explanatory notes form an integral part of these financials statements

This is the Balance Sheet as referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Development Services Private Limited)

Manish Gujral
Partner
Membership No. 105117
Mumbai
24 June 2021

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation

Samit Shetty
Director
DIN: 02573018
Bengaluru
24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Bengaluru
24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Bengaluru
24 June 2021

Riya Bhattacharya
Chief Executive Officer
Bengaluru
24 June 2021

L N Gurumoorthy
Chief Financial Officer
Chennai
24 June 2021

Statement of Profit and Loss for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations			
(i) Interest income	26	19,472.42	7,433.41
(ii) Fees and commission income	27	238.58	80.82
(iii) Net gain on fair value changes	28	13,868.41	-
(iv) Net gain on derecognition of financial instruments under amortised cost category	29	88.88	7.88
(I) Total revenue from operations		**33,668.29**	**7,522.11**
(II) Other income	30	5.21	0.63
(III) Total income (I+II)		**33,673.50**	**7,522.74**
Expenses			
(i) Finance costs	31	1,221.23	982.14
(ii) Fees and commission expenses	32	356.78	859.41
(iii) Net loss on fair value changes	33	-	2,323.11
(iv) Impairment on financial instruments	34	13,132.85	767.63
(v) Employee benefits expenses	35	1,625.21	346.28
(vi) Depreciation and amortisation expense	36	33.64	24.37
(vii) Other expenses	37	4,164.93	675.30
(IV) Total expenses		**20,534.64**	**5,978.24**
(V) Profit before tax (III - IV)		**13,138.86**	**1,544.50**
(VI) Tax expense			
(1) Current tax	39	5,173.63	1,243.87
(2) Deferred tax credit	39	(1,789.02)	(671.00)
Total tax expense		**3,384.61**	**572.87**
(VII) Profit for the year (V - VI)		**9,754.25**	**971.63**
(i) Items that will not be reclassified to profit and loss Remeasurement of the net defined benefit (liability)/asset		(17.44)	**4.29**
(ii) Income tax relating to items that will not be reclassified to profit or loss		4.39	(1.08)
(VIII) Other comprehensive income		(13.05)	3.21
(IX) Total comprehensive income for the year (VII + VIII)		**9,741.20**	**974.84**
(X) Earnings per equity share	**40**		
Basic (₹)		6.41	1.49
Diluted (₹)		6.41	1.48

Statement of significant accounting policies and other explanatory notes form an integral part of these financials statements

This is the Statement of Profit and Loss as referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Mumbai
24 June 2021

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Samit Shetty
Director
DIN: 02573018
Bengaluru
24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Bengaluru
24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Bengaluru
24 June 2021

Riya Bhattacharya
Chief Executive Officer
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24 June 2021

L N Gurumoorthy
Chief Financial Officer
Chennai
24 June 2021

Cash Flow Statement for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A. Cash flow from Operating activities		
Profit before tax	13,121.42	1,544.50
Depreciation, amortisation and impairment	17.04	16.78
Depreciation on right of use asset	16.60	7.59
Interest expense on lease liability	3.94	0.58
Impairment allowance on loans	9,475.73	479.65
Impairment allowance on investments	1,462.87	264.00
Portfolio loans written off	2,194.25	23.98
Effective interest rate adjustment for financial instruments	298.40	85.81
Loss on sale of fixed assets	0.22	-
Net (gain) / loss on fair value changes on investment	(3,218.72)	2,178.78
Operating profit before working capital changes	**23,371.75**	**4,601.67**
Movements in Working capital:		
Decrease in loans	(54,261.52)	(6,309.15)
(Increase)/decrease in receivables	451.15	(451.15)
(Increase)/decrease in bank deposits	(6,348.82)	108.52
Decrease/(increase) in investments	99,553.79	(40,278.16)
(Increase) in other financial assets	(2,816.00)	(2.17)
(Increase) in other non-financial assets	(191.33)	(39.94)
Increase /(decrease) in payables	743.70	(237.32)
Increase in other financial liabilities	6,098.57	406.99
Increase in non-financial liabilities	161.41	50.02
Increase in provisions	817.05	15.76
Cash generated / (used) in operations	**67,579.75**	**(42,134.93)**
Direct taxes paid	5,843.48	1,236.59
Net cash flows generated / (used) in operating activities (A)	**61,736.27**	**(43,371.52)**
B. Cash flow from Investing activities		
Purchase of property, plant and equipment and intangible assets	(34.88)	(9.63)
Proceeds from sale of property, plant and equipment and intangible assets	17.34	-
Net cash flows generated from /(used in) in investing activities (B)	**(17.54)**	**(9.63)**
C. Cash flow from Financing activities*		
Increase in equity shares	10,313.75	19,856.44
Buy back of equity shares	-	(3,063.43)
Proceeds from issue of debentures	27,190.00	25,000.00
Repayment of debentures	(1,07,161.37)	(17,500.00)
Proceeds from term loans availed	2,65,761.90	26,575.00
Repayment of term loans	(2,49,448.25)	(5,863.32)
Lease payments	(19.35)	(8.40)
Net cash flows (used in)/generated from financing activities (C)	**(53,363.32)**	**44,996.29**
Net increase in cash and cash equivalents (A+B+C)	**8,355.41**	**1,615.14**
Cash and cash equivalents at the beginning of the year	1,944.54	329.40
Cash and cash equivalents at the end of the year	**10,299.95**	**1,944.54**

* Refer note 19.1 for reconciliation of liabilities arising from financing activities

Cash Flow Statement for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	As at 31 March 2021	As at 31 March 2020
i) Cash on hand	0.09	0.14
ii) Balances with banks (of the nature of cash and cash equivalents)	10,299.86	1,944.40
Total	**10,299.95**	**1,944.54**

Statement of significant accounting policies and other explanatory notes form an integral part of these financials statements

This is the Cash Flow Statement as referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Mumbai
24 June 2021

For and on behalf of the Board of Directors of
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L N Gurumoorthy
Chief Financial Officer
Chennai
24 June 2021

Statement of Changes in Equity for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
As at 31 March 2019	**2,63,11,393**	**2,631.14**
Change in equity share capital during the year	12,50,17,627	12,501.76
As at 31 March 2020	**15,13,29,020**	**15,132.90**
Change in equity share capital during the year	1,39,11,333	1,391.14
As at 31 March 2021	**16,52,40,353**	**16,524.04**

B. Other equity

Particulars	Reserves and Surplus						Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital Redemption Reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income - retirement benefits	
Balance as at 1 April 2019	4,750.74	90.96	-	40.60	254.56	(0.42)	5,136.44
Profit for the year	-	-	-	-	974.84	-	974.84
Issue of equity shares	77,058.40	-	-	-	-	-	77,058.40
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	194.67	-	-	(194.67)	-	-
Employee stock option reserve created	-	-	-	33.27	-	-	33.27
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	(3.21)	3.21	-
Buy back of equity shares	(2,622.90)	-	-	-	-	-	(2,622.90)
Transfer to Capital Redemption Reserve created upon buy back	(440.53)	-	440.53	-	-	-	-
Dividend Distribution Tax on buy back	-	-	-	-	(507.92)	-	(507.92)
Balance as at 31 March 2020	**78,745.71**	**285.63**	**440.53**	**73.87**	**523.60**	**2.79**	**80,072.13**
Profit for the year	-	-	-	-	9,741.20	-	9,741.20
Issue of equity shares (refer note 24)	8,828.50		-	-	-	-	8,828.50
Stock option reserve created (refer note 24)	-	-	-	94.11	-	-	94.11
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	1,948.24	-	-	(1,948.24)	-	-
Transferred to security premium (refer note 24)	167.98	-	-	(167.98)	-	-	-
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	13.05	(13.05)	-
Balance as at 31 March 2021	**87,742.19**	**2,233.87**	**440.53**	**-**	**8,329.61**	**(10.26)**	**98,735.94**

Statement of significant accounting policies and other explanatory notes form an integral part of these financials statements

This is the Statement of Changes in Equity as referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Mumbai
24 June 2021

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
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Chennai
24 June 2021

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

1. Corporate Information

Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) ('the Company') was formed on 14 February 2012 to carry on the business of sourcing, underwriting and carrying on the business of lending to individuals and entities including micro, small and medium enterprises, rural credit and other body corporates across India and provide credit related services as an NBFC, including, inter alia, (i) intermediation services for financial services agents and money transfer agents; (ii) credit linkage services; (iii) acting as a banking correspondent and (iv) generally carrying out all activities permissible to be carried out as an NBFC. The Company also carries on corporate treasury activities including: (i) investments in equity, mutual funds, alternative investment funds (AIFs), bonds, debentures, pass through certificates, receivables, sovereign funds and to extend to other persons and body corporates, loans and other instruments of similar nature for such consideration as the Company may deem fit; and (ii) the activity of trading in the equity, debt, gold, oil, currency, interest rates and commodities in and across futures, options and other derivatives and to carry on repo and reverse repo transactions.

During the year ended 31 March 2020, controlling stake in the Company was initially acquired by Mr. Sachin Bansal w.e.f. 24 October 2019 and was subsequently transferred to Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited) ('the Holding Company') w.e.f. 30 March 2020.

The Company is a holding company of Chaitanya India Fin Credit Private Limited ('the Subsidiary Company') since 12 November 2014.

The Company has received Certificate of registration from Reserve Bank of India dated 11 March 2016, to carry on the business of Non- Banking Financial Institution without accepting deposits.

2. Statement of Compliance

These standalone financial statements ("the financial statements") of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') and presentation requirements of Division III of Schedule III to the Companies Act, 2013, applicable to NBFCs, as notified by the MCA, and applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines.

The financial statements for the year ended 31 March 2021 were authorized and approved for issue by the Board of Directors on 24 June 2021.

3. Impact of COVID-19

The COVID-19, a global pandemic has affected the world economy including India, leading to significant decline and volatility in financial markets and decline in economic activities. The national lockdown announced on 23 March 2020 affected activities of organizations across the economic ecosystem, impacting earning prospects and valuations of companies and creating huge volatility in the stock markets. The impact of COVID-19 on Company's result remain uncertain and will dependent on future developments including the second wave that has significantly increased the number of cases in India.

The Company, as per the regulatory requirements, has put in place a COVID policy and has given moratorium to eligible borrowers. The Company's capital and liquidity position remains strong and would continue to be the focus area for the Management. There have been no significant changes to the Company's internal financial control other than providing remote access to some of its key employees during the lockdown.

Based on the current assessment of the potential impact of the COVID-19 on the Company, management is of the view that the Company is well capitalised and has adequate liquidity to service its obligations, sustain its operations and also look at any appropriate investment/ lending opportunities.

The Company has recognized provisions as on 31 March 2021, towards its loan assets to the extent of ₹ 9,671.39 lakhs which includes an additional provision of ₹ 1,274.88 lakhs for impact of COVID-19 second wave, based on the information available at this point of time including economic forecasts, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial results. The extent to which the current pandemic will impact the carrying value of loan assets and unqouted investments is dependent on the future developments, which are highly uncertain at this point in time.

4. Significant accounting policies

4.1. Basis of preparation and measurement

(i) Going concern and basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities are measured at fair values at the end of each reporting period. Accounting policies have been consistently applied except where a newly issued accounting standard is

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

(ii) Use of estimates and judgements

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods. An overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed have been disclosed below. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Estimate and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.

- **Business model assessment**

Classification and measurement of financial assets depends on the results of the Solely Payments of Principle and Interest ('SPPI') and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- **Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

- **Provisions and other contingent liabilities**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

- **Defined employee benefit assets and liabilities**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- **Impairment of loans and investment portfolio**

The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

- Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

4.2. Revenue recognition

i. Recognition of interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

ii. Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

iii. Recoveries against written off assets and fees received on collections

The Company recognises iii. Recoveries against written off assets and fees received on collections on realization basis.

iv. Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

v. Other income

All other income is recognized on accrual basis when no significant uncertainty exists on their receipt.

4.3. Finance costs

Finance costs represents interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Borrowing cost consists of interest and other cost that the Company incurred in connection with the borrowing of funds. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

4.4. Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/ capitalised with the related assets. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Depreciation

Depreciation on property, plant and equipment has been provided on the written down value method as prescribed in Schedule II of Companies Act 2013 or the rates determined by the management as per estimated useful life of the assets, whichever is higher. All individual assets (other than furniture and fixtures and office equipments) valued less than ₹ 5,000 are depreciated in full in the year of acquisition. The useful life of the assets is as follows:

Asset class	Useful life adopted by the Company
Electrical Installations and Equipment	5 years
Computers and accessories	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehice - Motor car	8 years
UPS	10

Depreciation is calculated on a pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed off.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognized.

4.5. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Any gain or loss on disposal of an item of intangible assets is recognised in statement of profit or loss.

Amortization For amortization of intangibles, the amortization amount is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 3 years.

4.6. Fair value measurement

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

4.7. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Financial assets carried at amortized cost – a financial asset is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The difference in the carrying amount of financial assets (net of impairment allowance) and the consideration received on the transfer of financial asset is recognised in the statement of profit or loss.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include other payables, borrowings and payables towards assignment transactions.

Subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.8. Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are investments in debt instruments, and are measured at amortised cost along with other financial assets such as e.g., loans, deposits, trade receivables and bank balances.

4.8.1. Overview of the Expected Credit Loss (ECL) Model

The Company records allowance for expected credit losses for all loans and other debt instruments not held at FVTPL in this section all referred to as 'financial

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for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss).

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company classifies all standard advances/investments and advances/investments upto 30 days default under this category. Stage 1 financial instruments also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument. The Company recognizes life time ECL for impairment of financial assets.

4.8.2. Estimation of Expected Credit loss

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognised and is still in the portfolio.

  The Company uses historical information where available to determine PD. Considering the different products, the Company has bifurcated its financial instruments into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years. For those pools where sufficient historical information is not available, the PD/default rates as being witnessed in the industry is also used as an input to determine the PD for the company . For investments, the PD/default rates are considered as reported by external credit rating agencies.

- Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date.

- Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and the market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD

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rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECL and the fair value is based on data provided by third party or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. The Company reduces the gross carrying amount of a financial asset. However financial assets that are written off could still be enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognised in the statement of profit and loss.

4.9. Employee benefits:

The Company provides employment benefits through various defined contribution and defined benefit plans.

Employee benefits include Provident Fund, Gratuity and Bonus.

Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognised as an expense in the year in which the related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the Company define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Company.

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

4.10. Leases

Identification of lease:

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Recognition of lease payments:

Rent expenses representing operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

4.11. Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.12. Share based payments

The Company had formulated an Employees Stock Option Schemes to be administered through a Trust. The fair value of options granted under Employee Stock Option Plan was recognised as an employee benefits expense with a corresponding increase in other equity upto the year ended 31 March 2021. The fair value of options granted under Employee Stock Option Plan is recognized as a deemed investment in subsidiary company with a corresponding increase in employee stock options outstanding reserve. The total amount to be recognized is determined by reference to the fair value of the options and is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium. This scheme as closed in the current year

4.13. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

4.14. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4.15. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

4.16. Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholder's meeting and the Board of Directors respectively.

4.17. Foreign currency

Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

environment in which the entity operates. The financial statements have been prepared and presented in Indian Rupees, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss in the year in which they arise.

4.18. Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost in accordance with IndAS 27 Separate Financial Statements

4.19. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

4.20. Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the thousands as per the requirements of Schedule III of the Act unless otherwise stated.

Notes forming part of the Financial Statements

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5 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash in hand	0.09	0.14
Balances with banks in current account	10,299.86	1,944.40
Total	**10,299.95**	**1,944.54**

(i) There are no repatriation restrictions with respect to Cash and cash equivalents as at the end of the reporting year and prior year.

(ii) The Company has obtained bank overdraft facility. however, there is no overdrawn amount.

(iii) The cash and cash equivalents for cash flow statement is same as cash and for cash equivalents

6 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Term deposits with bank*	6,375.55	26.73
Total	**6,375.55**	**26.73**

* The term deposits with banks (exluding the interest accrued on term deposits have been placed under lien for the following purposes:

Particulars	As at 31 March 2021	As at 31 March 2020
Term loans	-	24.00
Margin money against Government Securities Trade	4,986.00	-
Overdraft facilities	1,227.15	-
Total	**6,213.15**	**24.00**

7 Trade receivables*

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good	-	451.15
Total	**-**	**451.15**

* The Company does not have any receivables which are either credit impaired or where there is significant increase in credit risk as on 31 March 2020

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

8 Loans

Particulars	As at 31 March 2021	As at 31 March 2020
A) Loans (at amortised cost)		
i) Term loans	62,606.32	11,568.47
Total (gross)	**62,606.32**	**11,568.47**
Less : Impairment loss allowance	(9,671.39)	(674.41)
Total (net)	**52,934.93**	**10,894.06**
B) i) Secured	621.92	9,665.49
ii) Unsecured	61,984.40	1,902.98
Total (gross)	**62,606.32**	**11,568.47**
Less : Impairment loss allowance	(9,671.39)	(674.41)
Total (net)	**52,934.93**	**10,894.06**
C) Loans in India		
i) Public sector	-	-
ii) Individuals	62,506.32	7,982.67
iii) Corporates	100.00	3,585.80
Total (gross)	**62,606.32**	**11,568.47**
Less : Impairment loss allowance	(9,671.39)	(674.41)
Total (net)	**52,934.93**	**10,894.06**

9 Investments

Particulars	Amortised cost	At fair value through profit and loss	As at 31 March 2021 Total
Mutual funds (unquoted)	-	6,927.30	6,927.30
Bonds and debentures (quoted)	-	1,21,658.90	1,21,658.90
Bonds and debentures (unquoted)	2,774.60	-	2,774.60
Pass through certificates (unquoted)	20,631.72	-	20,631.72
Government Securities (quoted)	-	46,794.07	46,794.07
Futures (quoted)	-	635.03	635.03
Others (quoted)	26,184.33	-	26,184.33
Equity instruments			
- Subsidiaries (unquoted)	32,445.97	-	32,445.97
- Deemed investment in subsidiary on account of ESOP issued to employees of the Subsidiary Company)	167.98	-	167.98
- Others (unquoted)	12.19	-	12.19
Total gross (A)	**82,216.79**	**1,76,015.30**	**2,58,232.09**
Investments outside India	-	-	-
Investments in India	82,216.79	1,76,015.30	2,58,232.09
Total gross (B)	**82,216.79**	**1,76,015.30**	**2,58,232.09**
Allowance for impairment loss (C)	(1,726.87)	-	(1,726.87)
Total - net D = A - C	**80,489.92**	**1,76,015.30**	**2,56,505.22**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

9 Investments (Contd..)

Particulars	Amortised cost	At fair value through profit and loss	As at 31 March 2020 Total
Mutual funds (unquoted)	-	34,418.53	34,418.53
Investments through Portfolio Management Services ('PMS'):			
- Equity instruments (quoted)	-	7,409.30	7,409.30
Alternative investment fund (unquoted)	-	3,796.75	3,796.75
Bonds and debentures (quoted)	-	1,42,655.88	1,42,655.88
Bonds and debentures (unquoted)*	45,139.77	-	45,139.77
Pass through certificates (unquoted)	1,00,004.92	-	1,00,004.92
Futures (quoted)	-	9.98	9.98
Equity instruments			
- Subsidiaries (unquoted)	21,045.97	-	21,045.97
- Deemed investment in subsidiary on account of ESOP issued to employees of the Subsidiary Company)	73.87	-	73.87
- Others (unquoted)	12.19	-	12.19
Total gross (A)	**1,66,276.72**	**1,88,290.44**	**3,54,567.16**
Investments outside India	-	-	
Investments in India	1,66,276.72	1,88,290.44	3,54,567.16
Total gross (B)	**1,66,276.72**	**1,88,290.44**	**3,54,567.16**
Allowance for impairment loss (C)	(264.00)	-	(264.00)
Total - net D = A - C	**1,66,012.72**	**1,88,290.44**	**3,54,303.16**

* Includes investment in unsecured, unrated, unlisted, irredeemable, compulsorily convertible debentures of the subsidiary company amounting to ₹ 11,400 lakhs as on 31 March 2020.

10 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits (unsecured, considered good)	6.56	11.53
EIS receivable on assignment	-	3.48
Insurance recoverable	24.74	8.19
Other receivable	2,808.67	0.77
Total	**2,839.97**	**23.97**

11 Current tax assets (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Income tax	140.44	-
Total	**140.44**	**-**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

12 Deferred tax asset (net)

Particulars		As at 31 March 2021	As at 31 March 2020
Tax effect of items constituting deferred tax liabilities:			
Financial liabilities measured at amortised cost		66.93	2.86
Deferment of upfront EIS and servicing obligation recorded for assignment		-	0.70
Interest on non-performing loans		2.96	29.83
Financial assets measured at fair value through profit and loss		261.73	-
Others		-	0.56
Deferred tax liabilities (total)	**A**	**331.62**	**33.95**
Tax effect of items constituting deferred tax assets:			
Impairment allowance for loans		2,161.64	143.57
Provision for employee benefits		54.64	12.37
Difference in written down value as per Companies Act and Income Tax Act		7.39	5.23
Financial assets measured at amortised cost		186.70	48.10
Financial assets measured at fair value through profit and loss		-	546.37
Others		436.46	0.11
Deferred tax assets (total)	**B**	**2,846.83**	**755.75**
Net deferred tax asset (B-A)		**2,515.21**	**721.80**

Movement in deferred tax liabilities

Particulars	As at 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2021
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	2.86	64.07	-	66.93
Deferement of upfront EIS and servicing obligation recorded for assignment	0.70	(0.70)	-	-
Interest on non-performing loans	29.83	(26.87)	-	2.96
Financial assets measured at fair value through profit and loss	-	261.73		261.73
Others	0.56	(0.56)	-	-
Deferred tax liabilities total	**33.95**	**297.67**	**-**	**331.62**

Movement in deferred tax assets

Particulars	As at 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2021
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	143.57	2,018.07	-	2,161.64
Provision for employee benefits	12.37	37.88	4.39	54.64
Difference in written down value as per Companies Act and Income Tax Act	5.23	2.16	-	7.39
Financial assets measured at amortised cost	48.10	138.60	-	186.70
Financial assets measured at fair value through profit and loss	546.37	(546.37)	-	-
Others	0.11	436.35	-	436.46
Deferred tax assets Total	**755.75**	**2,086.69**	**4.39**	**2,846.83**
Total Deferred tax (Asset) (net)	**721.80**	**1,789.02**	**4.39**	**2,515.21**

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13 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Office equiments	Vehicles	Leasehold Improvement	Electrical equipment	Total
Gross block							
Balance as at 31 March 2019	**10.71**	**50.02**	**2.42**	**8.58**	**-**	**2.95**	**74.68**
Additions	3.41	1.72	3.48	-	-	0.12	8.73
Reversal on disposal of assets	-	-	-	-	-	-	-
Balance as at 31 March 2020	**14.12**	**51.74**	**5.90**	**8.58**	**-**	**3.07**	**83.41**
Additions	12.45	3.10	7.62	-	5.96	5.75	34.88
Reversal on disposal of assets	26.57	-	-	8.58	-	-	35.15
Balance as at 31 March 2021	**-**	**54.84**	**13.52**	**-**	**5.96**	**8.82**	**83.14**
Accumulated depreciation							
Balance as at 31 March 2019	**6.17**	**20.65**	**0.68**	**2.06**	**-**	**1.22**	**30.78**
Charge for the year	4.68	7.82	1.32	2.05	-	0.47	16.34
Reversal on disposal of assets	-	-	-	-	-	-	-
Balance as at 31 March 2020	**10.85**	**28.47**	**2.00**	**4.11**	**-**	**1.69**	**47.12**
Charge for the year	2.17	6.26	5.06	0.46	2.01	0.23	16.19
Reversal on disposal of assets	13.02	-		4.57	-	-	17.59
Balance as at 31 March 2021	**-**	**34.73**	**7.06**	**-**	**2.01**	**1.92**	**45.72**
Net block							
Balance as at 31 March 2019	**4.54**	**29.37**	**1.74**	**6.52**	**-**	**1.73**	**43.90**
Balance as at 31 March 2020	**3.27**	**23.27**	**3.90**	**4.47**	**-**	**1.38**	**36.29**
Balance as at 31 March 2021	**-**	**20.11**	**6.46**	**-**	**3.95**	**6.90**	**37.42**

14 Intangible assets

Particulars	Computer and accessories	Furniture and fixtures	Office equiments	Vehicles
Gross block				
Balance as at 31 March 2019	**0.40**	**0.15**	**1.05**	**1.60**
Additions	0.90	-	-	0.90
Reversal on disposal of assets	-	-	-	-
Balance as at 31 March 2020	**1.30**	**0.15**	**1.05**	**2.50**
Additions	-	-	-	-
Reversal on disposal of assets	-	-	-	-
Balance as at 31 March 2021	**1.30**	**0.15**	**1.05**	**2.50**
Accumulated depreciation				
Balance as at 31 March 2019	**0.01**	**0.05**	**0.33**	**0.39**
Charge for the year	0.17	0.03	0.24	0.44
Reversal on disposal of assets	-	-	-	-
Balance as at 31 March 2020	**0.18**	**0.08**	**0.57**	**0.83**
Charge for the year	0.44	0.06	0.35	0.85
Reversal on disposal of assets	-	-	-	-
Balance as at 31 March 2021	**0.62**	**0.14**	**0.92**	**1.68**
Net block				
Balance as at 31 March 2019	**0.39**	**0.10**	**0.72**	**1.21**
Balance as at 31 March 2020	**1.12**	**0.07**	**0.48**	**1.67**
Balance as at 31 March 2021	**0.68**	**0.01**	**0.13**	**0.82**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

15 Other non-financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Advances to suppliers and others	78.18	7.84
Balance with government authorities	165.58	61.29
Income tax paid under dispute	20.58	20.59
Prepaid expenses*	44.00	27.29
Total	**308.34**	**117.01**

* Includes pre-spent CSR expenditure of ₹ 38.48 lakhs (refer note 38)

16 Other payables

Particulars	As at 31 March 2021	As at 31 March 2020
Dues to micro enterprises and small enterprises	11.60	-
Dues to creditors other than micro enterprises and small enterprises	779.57	47.47
Total	**791.17**	**47.47**

17 Debt securities

Particulars	As at 31 March 2021	As at 31 March 2020
Secured (at amortised cost)		
Redeemable non-convertible debentures	26,975.16	-
Unsecured (at amortised cost)		
Redeemable non-convertible debentures	1,40,205.58	2,47,366.95
Total	**1,67,180.74**	**2,47,366.95**
Borrowings in India	1,67,180.74	2,47,366.95
Borrowings outside India	-	-
Total	**1,67,180.74**	**2,47,366.95**

(i) Refer note 19.2 for interest rates, repayment terms and nature of security of debt securities.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

18 Borrowings (other than debt securities)

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings carried at amortised cost		
Term loans (Secured)		
- From banks	6,395.03	-
- From financial institutions	33,599.42	23,719.13
Lease liability	151.30	3.58
	40,145.75	**23,722.71**
Borrowings in India	40,145.75	23,722.71
Borrowings outside India	-	-
Total	**40,145.75**	**23,722.71**

(i) Refer note 19.3 for interest rates, repayment terms and nature of security of borrowings.

19 Subordinated liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
At amortised cost		
Unsecured term loan		
- From banks	993.38	992.48
	993.38	**992.48**
Subordinated liabilities in India	993.38	992.48
Subordinated liabilities outside India	-	-
Total	**993.38**	**992.48**

(i) Refer note 19.3 for interest rates, repayment terms and nature of security of borrowings.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

19.1 Reconciliation of liabilities from financing activities

Particulars	As at 31 March 2020	Cash flow			Non-cash			As at 31 March 2021
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Consideration received in the form of investments for NCDs issued	
Debt securities	2,47,366.95	27,190.00	(1,07,161.37)	-	-	(214.84)	-	1,67,180.74
Borrowings (other than debt securities)	23,722.71	2,65,761.90	(2,49,448.25)	(19.35)	170.65	(41.91)	-	40,145.75
Subordinated liabilities	992.48	-	-	-	-	0.90	-	993.38
Total liabilities from financial activities	**2,72,082.14**	**2,92,951.90**	**(3,56,609.62)**	**(19.35)**	**170.65**	**(255.85)**		**2,08,319.87**

Particulars	As at 31 March 2019	Cash flow			Non-cash			As at 31 March 2020
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Consideration received in the form of investments for NCDs issued	
Debt securities	-	25,000.00	(17,500.00)	-	-	-	2,39,866.95	2,47,366.95
Borrowings (other than debt securities)	2,999.64	26,575.00	(5,863.32)	(8.40)	0.58	19.21	-	23,722.71
Subordinated liabilities	991.43	-	-	-	-	1.05	-	992.48
Total liabilities from financial activities	**3,991.07**	**51,575.00**	**(23,363.32)**	**(8.40)**	**0.58**	**20.26**		**2,72,082.14**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

19.2 Debt securities

Terms of debentures	Number of debentures		Face value	Amount	
	As at 31 March 2021	As at 31 March 2020		As at 31 March 2021	As at 31 March 2020
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 17 June 2022. Redemption premium is 9.25%	1,500.00	-	10,00,000	15,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 16 June 2022. Redemption premium is 10%	469.00	-	10,00,000	4,690.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 26 May 2022. Redemption premium is 10%	750.00	-	10,00,000	7,500.00	-
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 30 March 2020 with call / put option. Maturity date is 31 December 2024	1,40,20,558	1,87,61,050	1,000	1,40,205.58	1,87,610.50
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 22 November 2019 with call / put option. Maturity date is 31 December 2024	-	59,75,645	1,000	-	59,756.45

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

19.3 Details of terms and conditions of Borrowings and Subordinate liabilities#

Subordinated liabilities							
Sl no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
1	Principal: Bullet Repayment. Interest: Monthly	84	Feb-18	15.00%	Unsecured	1,000.00	1,000.00

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
1	Monthly	15	Apr-21	8.50%	Exclusive charge on standard receivables (upto 30 days DPD) with a minimum cover of 1.20x	2,500.00	-
2	Monthly	18	Apr-21	9.60%	Exclusive charge on specific loan receivables arising out of Term loan from our bank excluding amount over due more than 3 months, keeping a minimum asset cover of 1.2x	1,500.00	-
3	Monthly	24	Apr-21	9.40%	First & exclusive charge on Book Debts to the extent of 1.20x with PAR (less than 30 days) of loan limit.	3,000.00	-
4	Monthly	18	Feb-21	9.60%	Exclusive hypothication of present and future Loan Receivables. Security margin- 120% of the loan principal outstanding during the currency of the loan.	2,222.22	-
5	Monthly	15	Apr-21	9.75%	Exclusive charge on specific loan receivables arising out of Loan lending.	200.00	
6	Monthly	36	Aug-17	13.44%	Exclusive first charge (floating) on portfolio of receivables.	-	26.42
7	Monthly	36	Jan-18	14.00%	Hypothecation of book debts (105%), postdated cheques/ NACH mandate with 3 security cheques for the entire repayment	-	75.00

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
8	Monthly	36	Jan-18	14.00%	Hypothecation of book debts (105%), postdated cheques/ NACH mandate with 3 security cheques for the entire repayment	-	61.11
9	Monthly	24	Apr-19	15.00%	Hypothecation of book debts (110%), postdated cheques/ NACH mandate with 3 security cheques for the entire repayment	-	100.00
10	Monthly	36	Apr-18	13.50%	Exclusive hypothecation charges over receivables/ portfolio/ book debts with cover of 110% of outstanding principal amount	-	165.04
11	Monthly	24	Dec-18	14.00%	Loan cover of 110% of the amount financed, security of post dated cheques	-	81.57
12	Monthly	24	Jun-19	14.35%	Demand promissory notes, Letter of Continuity, Deed of Hypothecation	-	213.85
13	Semi anuualy	1	Jul-20	8.25%	Pass Through Certificates, Units of Mutual Fund, Marketable Securities	-	11,500.00
14	Semi anuualy	1	Aug-20	8.25%	Pass Through Certificates, Units of Mutual Fund, Marketable Securities	-	11,500.00
15	Bullet repayment	1	Apr-21	3.50%	06.66% TAMIL NADU SDL 2030	9,774.70	-
16	Bullet repayment	1	Apr-21	3.50%	7.16% NI GOVT STOCK 2023	10,714.69	-
17	Bullet repayment	1	Apr-21	3.50%	06.73% TAMIL NADU SDL 2030	10,125.03	-
						40,036.64	**23,722.99**

Note: Lease liability not included

#All the above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

20 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Interest accrued on borrowings	480.51	311.27
Payables towards assignment transactions	6.58	119.11
Insurance payables	6.45	8.47
Other payables	111.20	92.83
Payable towards investments settlement*	6,025.51	-
Total	**6,630.25**	**531.68**

* Represents investments/ (redemption) in securities which are pending for settlement as on 31 March 2021 which are subsequently settled on 6 April 2021

21 Current tax liabilities (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Income tax	-	21.50
Dividend distribution tax payable	-	507.92
Total	**-**	**529.42**

22 Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits	156.24	33.95
Provision for gratuity	52.04	10.69
Provisions for compensated absences	63.10	11.88
Provision for expenses	602.19	-
Total	**873.57**	**56.52**

23 Other non financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Statutory dues payable	143.73	70.12
Deferred revenue	66.57	0.69
Other payable	22.39	0.47
Total	**232.69**	**71.28**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

24 Equity share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
175,000,000 equity shares of ₹ 10 each (31 March 2020: 175,000,000 equity shares of ₹ 10 each)	17,500.00	17,500.00
Total authorised capital	**17,500.00**	**17,500.00**
Issued, subscribed and fully paid up share capital		
165,240.353 Equity shares of ₹ 10 each (31 March 2020: 151,907,020 equity shares of ₹ 10 each)	16,524.04	15,190.70
Less: Amount receivable from Chaitanya Employee Welfare Trust (face value of 578,000 shares allotted to the trust) - refer note (b) below	-	(57.80)
Total equity share capital	**16,524.04**	**15,132.90**

(i) Rights, preferences and restrictions attached to equity shares:

The Company has equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

(ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year	15,13,29,020	15,132.90	2,63,11,393	2,631.14
Add: Issued during the year	1,33,33,333	1,333.33	12,94,22,908	12,942.29
Add: ESOP exercised during the year	5,78,000	57.80		
Less: Buy back of shares	-	-	(44,05,281)	(440.53)
Balance at the end of the year	**16,52,40,353**	**16,524.04**	**15,13,29,020**	**15,132.90**

a During the year ended 31 March 2021, the Company allotted 1,33,33,333 equity shares of ₹ 10 each at an issue price of ₹ 75 per share including premium of ₹ 65 per share to Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited) ('the Holding Company).

b The Company had given an interest and collateral free loan to an Employee Stock Option Plan Trust ("Chaitanya Employee Welfare Trust" or "ESOP Trust") to provide financial assistance for purchase of equity shares of the Company under Employee Stock Option Scheme. The Company had established the ESOP Trust to which the stock options issuable (578,000 equity shares) were transferred. The amount recoverable from the ESOP Trust was reduced from share capital (to the extent of face value) and from securities premium (to the extent of premium on shares) as on 31 March 2020.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

c During the year ended 31 March 2021, there was an accelerated vesting of ESOPs on 13 October 2020, where in the Holding Company (Navi Technologies Private Limited) paid ₹75 per share to the Chaitanya Employee Welfare Trust being consideration for exercising ESOPs on behalf of employees and for subsequent transfer of such shares to the Holding Company. Accordingly, the ESOPs were exercised and transferred to Navi Technologies Private Limited and the oustanding loan was fully repaid by Chaitanya Employee Welfare Trust. Therefore, such transfer of shares from Chaitanya Employee Welfare Trust to Navi Technologies Private Limited has been captured as a movement in the current year.

(iii) Shares held by the holding company

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding	Number of shares	% holding*
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	16,52,40,353	100%	15,13,29,020	99.62

* The shareholding % of holding company is before considering the adjustment as mentioned in note (c) above and would be at 100% post adjustment

(iv) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding	Number of shares	% holding
Navi Technologies Private Limited	16,52,40,353	100%	15,13,29,020	99.62

* The shareholding % of the shareholders holding more than 5% of shares of the Company is calculated before considering the adjustment as mentioned in note 24(c) above.

25 Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
Securities premium		
Opening balance	78,745.71	4,750.74
Add : Securities premium credited on share issue	8,828.50	77,058.40
Add : Transfer from ESOP reserve (refer note 24)	167.98	
Less:		
a) Buy back of shares	-	(2,622.90)
b) Transfer to Capital Redemption Reserve	-	(440.53)
Closing balance	**87,742.19**	**78,745.71**
Reserve fund u/s 45-IC of RBI Act 1934		
Opening balance	285.63	90.96
Add: Transfer from retained earnings	1,948.24	194.67
Closing balance	**2,233.87**	**285.63**
Employee stock options outstanding reserve		
Opening balance	73.87	40.60
Add: Stock option reserve created	94.11	33.27
Less: Transferred to securities premium	(167.98)	-
Closing balance	**-**	**73.87**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

25 Other equity (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
Other comprehensive income		
Opening balance	2.79	(0.42)
Add: Transfer from retained earnings	(13.05)	4.29
Deferred tax on the above	-	(1.08)
Closing balance	**(10.26)**	**2.79**
Retained earnings		
Opening balance	523.60	254.56
Add: Transferred from statement of profit and loss for the year	9,741.20	974.84
Less: Appropriations/transfers		
Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	(1,948.24)	(194.67)
Transfer to other comprehensive income (net of deferred tax)	13.05	(3.21)
Dividend distribution tax	-	(507.92)
Closing Balance	**8,329.61**	**523.60**
Capital Redemption Reserve		
Opening balance	440.53	-
Add: Created on buy back of equity shares	-	440.53
Closing balance	**440.53**	**440.53**
Total	**98,735.94**	**80,072.13**

Nature and purpose of reserves

Securities premium reserve

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

Every year the Company transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

Other comprehensive income

Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses.

Employee stock options outstanding

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve and dividend distributions paid to shareholders.

Capital Redemption Reserve

Capital Redemption Reserve has been created in accordance with Section 69 of the Companies Act, 2013, being the nominal value of the shares brought back by the Company during the year ended 31 March 2020.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

26 Interest income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On financial assets measured at amortised cost		
Interest on loans	7,671.80	2,228.63
Interest on investments	8,749.11	2,853.44
Interest income - others	233.01	6.27
Sub-total	**16,653.92**	**5,088.34**
On financial assets measured classified at fair value through profit or loss		
Interest on investments	2,818.50	2,345.07
Sub-total	**2,818.50**	**2,345.07**
Total	**19,472.42**	**7,433.41**

27 Fees and commission income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Fee received on collections	238.58	76.50
Service fee on assigned loans	-	4.32
Total	**238.58**	**80.82**

28 Net gain on fair value changes

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments		
Debt securities	12,459.28	-
Mutual fund	1,551.61	-
Future trading	(1,727.41)	-
(ii) on financial instruments designated at FVTPL		
Debt securities	226.34	-
Equity instruments	1,101.44	-
(B) Net gain on financial instruments at amortised cost		
Debt Securities	61.90	-
Pass through certificate	195.25	-
Total	**13,868.41**	**-**
Fair value changes		
- Realised	10,649.69	-
- Unrealised	3,218.72	-
Total	**13,868.41**	**-**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

29 Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Gain on sale of loan portfolio through assignment	-	7.88
Gain on sale of loan portfolio	88.88	-
Total	**88.88**	**7.88**

30 Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Miscellaneous income	5.21	0.63
Total	**5.21**	**0.63**

31 Finance costs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On financial liabilities measured at amortised cost		
Interest on borrowings	499.38	823.66
Interest on debt securities	443.70	-
Interest on subordinated liabilities	150.00	151.20
Interest on security deposits	2.05	2.46
Interest on lease liability	3.94	0.58
Assignment expense	-	2.19
Others	122.16	2.05
Total	**1,221.23**	**982.14**

32 Fees and commission expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Fee paid to business correspondents	316.60	859.41
Others	40.18	-
Total	**356.78**	**859.41**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

33 Net loss on fair value changes

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Net loss on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments		
Debt securities	-	(153.90)
Mutual fund	-	(52.51)
Future trading	-	69.85
(ii) on financial instruments designated at FVTPL		
Debt securities	-	(295.68)
Equity instruments	-	2,738.58
(B) Net loss on financial instruments at amortized cost		
Pass through certificate	-	16.77
Total	**-**	**2,323.11**
Fair value changes		
- Realised	-	144.33
- Unrealised	-	2,178.78
Total	**-**	**2,323.11**

34 Impairment on financial instruments

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Portfolio loans written off	2,194.25	23.98
Impairment allowance on portfolio loans *	9,475.73	479.65
Impairment allowance on investments	1,462.87	264.00
Total	**13,132.85**	**767.63**

* During the year ended 31 March 2021 the Company has sold two wheeler and housing portfolio which had an impairment allowance of ₹ 478.76 lakhs as on the date of transfer. The same has been considered for arriving at the net gain on derecognition of financial instruments under amortised category in Note No.29.

35 Employee benefits expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	1,421.51	295.58
Contribution to provident and other funds	43.89	11.02
Gratuity expense	45.18	4.08
Compensated absences	32.64	7.15
ESOP expenses*	52.99	-
Staff welfare expenses	29.00	28.45
Total	**1,625.21**	**346.28**

* During the year ended 31 March 2021, the Holding Company has granted stock options of 744,029 to the employees of the Company. Outstanding options as on 31 March 2021 are 744,029. The Stock compensation cost is computed under the fair value method and has been recognised on a straight line basis over the vesting period up to 31 March 2021.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

36 Depreciation and amortization

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on tangible assets (refer note 13)	16.19	16.34
Amortisation on intangible assets (refer note 14)	0.85	0.44
Depreciation on Right of Use assets	16.60	7.59
Total	**33.64**	**24.37**

37 Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Rent and electricity charges	14.40	12.22
Customer onboarding and verification	422.70	5.34
Traveling and conveyance	53.72	13.89
Communication costs	4.10	2.31
Repairs and maintenance	3.85	8.40
Software support charges	1,232.01	4.32
Legal and professional charges	209.77	224.59
Auditors' remuneration*	19.08	20.63
Rates and taxes	102.75	345.50
Advertisement expenses	2,000.25	2.79
Director's sitting fees	38.31	10.10
Office and general expenses	30.63	6.81
Corporate social responsibility expenses	27.52	-
Miscellaneous expenses	5.84	18.40
Total	**4,164.93**	**675.30**
*Auditor fees and expenses comprises of:		
As auditor:		
- Statutory audit fees	15.26	14.00
- Tax audit fees	2.18	2.00
- Out of pocket	-	0.13
In any other manner:		
- Certification	1.64	4.50

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

38 Corporate social responsibility expenses

(a) Gross amount required to be spent by the Company during the year ended 31 March 2021 is ₹ 27.52 lakhs

(b) Amount approved by the Board to be spent during the year is ₹ 66.00 lakhs

Particulars	For the year ended 31 March 2021
c) Amount spent during the year :	
(i) Construction / acquisition of any asset	-
(ii) On purpose other than (i) above	
In cash	66.00
Yet to be paid	-
d) Excess amount spent during the year* :	
Opening balance	-
Amount spent during the year	66.00
Amount required to be spent during the year	27.52
Closing balance	38.48

* Included under prepaid expenses (refer note 15)

Note : Section 135 of Companies Act, 2013 was not applicable for the year ended 31 March 2020.

39 Tax expense

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax	5,173.63	1,243.87
Deferred tax	(1,789.02)	(671.00)
Total	**3,384.61**	**572.87**

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 2021	For the year ended 31 March 2020
Profit before tax (III - IV)	**13,138.86**	**1,544.50**
Income tax rate	25.17%	25.17%
Expected income tax expense	**3,306.79**	**388.72**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax on expense not eligible for deduction	12.63	178.51
Impact of different tax rate on certain items	-	4.95
Others	65.19	0.69
Total income tax expense	**3,384.61**	**572.86**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Earnings per share (basic and diluted)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Net profit for the year	9,754.25	971.63
Weighted-average number of equity shares for basic EPS	1,522.13	650.83
Weighted-average number of potential equity shares for diluted EPS	1,522.13	656.42
Earnings per share - Basic	6.41	1.49
Earnings per share - Diluted	6.41	1.48

41 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	11.60	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

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 ₹ 41.74 lakhs (31 March 2020: ₹ 8.73 lakhs) for Provident Fund contributions and ₹1.32 lakhs (31 March 2020: ₹ 0.87 lakhs) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The liability of Gratuity is recognised on the basis of actuarial valuation.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

(ii) Amount recognised in the statement of profit and loss in respect of the defined benefit plan are as follows :

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current service cost	19.77	3.57
Interest cost (net)	0.73	0.51
Actuarial loss/(gain) recognised during the year	(2.61)	(0.83)
Transfer in	24.68	0.00
Amount recognised in total comprehensive income	**42.57**	**3.25**

Amount recognised in the balance sheet is as under:

Particulars	31 March 2021	31 March 2020
Defined benefit plans		
Gratuity	52.04	10.69

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	31 March 2021	31 March 2020
Present value of defined benefit obligation as at the beginning of the year	**10.69**	**7.44**
Current service cost	19.77	3.57
Interest cost	0.73	0.51
Transfer in	24.68	-
Benefits Paid	(1.22)	-
Actuarial (gain)/loss	(2.61)	(0.83)
Present value of defined benefit obligation as at the end of the year	**52.04**	**10.69**

(iii) Movement in the plan assets recognised in the balance sheet

Description	31 March 2021	31 March 2020
Fair value of plan assets at the beginning of the period		
Expected return on plan assets	-	-
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gain/(loss)	-	-
Fair value of plan assets at the end of the period	**-**	**-**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

(iv) Reconciliation of present value of defined benefit obligation and the fair value of assets:

Description	31 March 2021	31 March 2020
Present value of funded obligation as at the end of the year	52.04	10.69
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	**(52.04)**	**(10.69)**

(v) Actuarial (gain)/loss recognised in other comprehensive income:

Description	31 March 2021	31 March 2020
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	-	-
Actuarial loss from experience adjustment	(2.61)	(0.83)
Total Actuarial (gain) / loss on liabilities	**(2.61)**	**(0.83)**
Total actuarial (gain) / loss	**(2.61)**	**(0.83)**

(vi) Actuarial assumptions used for determination of the liability of the Company:

Description	31 March 2021	31 March 2020
Discount rate	7.19%	6.82%
Rate of increase in compensation levels	6.00%	6.00%
Rate of employee turnover	5.00%	5.00%
Retirement age	60	60

Notes to actuarial assumptions:

(a) Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.

(b) These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(c) The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.

(d) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

(vii) Sensitivity analysis for gratuity liability

Description	31 March 2021	31 March 2020
Impact of change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	6.56	(1.62)
- Impact due to increase of -100 basis points	8.02	2.06
Impact of change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	7.42	2.03
- Impact due to increase of -100 basis points	6.23	(1.61)
Impact of change in attrition rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	0.40	(0.05)
- Impact due to increase of -100 basis points	0.31	0.04

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.

(viii) Maturity profile of defined benefit obligation

Description	31 March 2021	31 March 2020
Within next 12 months	0.92	0.28
Between 1-5 years	51.12	10.41
Beyond 5 years	-	-

(ix) Expected future payouts (Discounted)

Description	31 March 2021	31 March 2020
Year I	0.92	0.28
Year II	0.87	0.26
Year III	0.82	0.24
Year IV	0.77	0.23
Year V	0.73	0.18
Year 6-10	3.10	0.69
Above 10 years	44.84	8.81

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Disclosure for Leave encashment

(i) Amount recognised in the balance sheet

Particulars	31 March 2021	31 March 2020
Defined benefit plans		
Leave encashment	63.10	11.88

(ii) Amount recognised in the statement of profit and loss

Description	31 March 2021	31 March 2020
Current service cost	7.60	6.59
Interest cost (net)	0.80	0.56
Transfer In	24.24	-
Actuarial loss/(gain) recognised during the year	20.05	(3.46)
Amount recognised in total comprehensive income	**52.69**	**3.69**

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet

Description	31 March 2021	31 March 2020
Present value of defined benefit obligation as at the beginning of the year	**11.88**	**8.19**
Current service cost	7.60	6.59
Interest cost	0.80	0.56
Benefits paid	(1.47)	-
Transfer In	24.24	-
Actuarial (gain)/loss	20.05	(3.46)
Present value of defined benefit obligation as at the end of the year	**63.10**	**11.88**

(iv) Movement in the plan assets recognised in the balance sheet

Description	31 March 2021	31 March 2020
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets		
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gain/(loss)	-	-
Fair value of plan assets at the end of the year	**-**	**-**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

(v) Reconciliation of present value of defined benefit obligation and the fair value of assets:

Description	31 March 2021	31 March 2020
Present value of funded obligation as at the end of the year	63.10	11.88
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	**(63.10)**	**(11.88)**

(vi) Actuarial (gain)/loss recognised in other comprehensive income:

Description	31 March 2021	31 March 2020
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	-	-
Actuarial loss from experience adjustment	20.05	(3.46)
Total Actuarial (gain) / loss on liabilities	**20.05**	**(3.46)**
Total actuarial (gain)/loss	**20.05**	**(3.46)**

(vii) Actuarial assumptions used for determination of the liability of the Company:

Description	31 March 2021	31 March 2020
Discount rate	7.19%	6.82%
Rate of increase in compensation levels	6.00%	6.00%
Rate of employee turnover	5.00%	5.00%
Retirement age	60	60

Notes to actuarial assumptions:

(viii) Maturity profile of defined benefit obligation

Particulars	31 March 2021	31 March 2020
Within next 12 months	3.71	1.25
Beyond 1 yr	59.39	10.63

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.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

3. **Actuarial risk**

   It is the risk that the benefits will cost more than expected. This can be due to one of the following reasons

   a) Adverse salary growth

   b) Variability in mortality rates

   c) Variability in withdrawal rates

4. **Market risk**

   Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

5. **Legislative/Regulatory risk**

   Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

6. **Liquidity risk**

   The Company is making provisions for the entire gratuity liability as per actuarial valuation and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore, there is a liquidity risk involved that they may run out of cash.

43 Related parties disclosures

Names of related parties

Nature of relationship	**Name of the party**
Holding Company	Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)
Subsidiary Company	Chaitanya India Fin Credit Private Limited
Entities in which KMP are able to exercise control or have significant influence	Chaitanya Employee Welfare Trust
Entities in which Directors are able to exercise control or have significant influence	Navi General Insurance Limited
Name of key managerial personnel	**Designation**
Mr. Sachin Bansal	Non- Executive Director
Mr. Ankit Agarwal	Non- Executive Director
Mr. Samit S Shetty	Non- Executive Director (w.e.f 1 March 2021)
Mr. Samit S Shetty	Executive Director (wef 4 November 2020)
Mr. Samit S Shetty	CEO (w.e.f Appointment Date 11 May 2020 & Resignation Date 18 February 2021)
Ms. Riya Bhattachraya	CEO (w.e.f 18 February 2021)
Mr. L N Gurumoorthy	CFO (w.e.f 24 March 2021)
Ms. Dimple J Shah	Company Secretary
Name of Directors	**Designation**
Mr. K S Ravi	Independent Director (resigned w.e.f 31 August 2020)
Mr. R Nandakumar	Independent Director (resigned w.e.f 31 August 2020)

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

43 Related parties disclosures (Contd..)

Nature of relationship	Name of the party
Usha A Narayanan	Independent Director (Appointed w.e.f 06 June 2020)
Ranganathan Sridharan	Independent Director (Appointed w.e.f 31 August 2020)
Others	**Nature of Relationship**
Mr. U Raghurama Rao	Relatives of erstwhile director Mr.Anand Rao
Ms. Shashikala Rao	Relatives of erstwhile director Mr.Anand Rao

Transactions with related parties

Name of related party	Nature of transaction	Year ended 31 March 2021	Year ended 31 March 2020
Navi Technologies Private Limited	Issue of Non convertible debentures	-	2,64,866.96
(formerly known as BAC Acquisitions Private Limited)	Redemption of Non convertible debentures	1,07,161.37	17,500.00
	Face value of equity shares allotted	1,333.33	12,501.76
	Securities premium received	8,666.67	77,058.40
	Technology consulatncy share expense	1,200.46	-
	Payment of LPF collected on behalf of group company	841.95	-
	Platform management fee	3.83	-
	Digital marketing expense	169.00	-
	Professional fees	24.67	-
	Sale of fixed assets	13.95	-
	Purchase of debentures	9,990.88	-
	Lease rental paid	11.76	-
	ESOP expense	52.99	-
Navi General Insurance Limited	Advance money paid for customer insurance policies	56.00	-
Navi General Insurance Limited	Premium charged for issuance of customer insurance policies	52.81	-
Mr. Samit Shankar Shetty	Buy back of shares	-	2,324.92
Mr. Anand Rao	Buy back of shares	-	393.45
Mr. U Raghurama Rao	Buy back of shares	-	231.66
Ms. Shashikala Rao	Buy back of shares	-	113.39
Mr. Samit Shankar Shetty	Remuneration	63.85	-
Ms.Riya Bhattacharya	Remuneration	15.95	-
Mr.L N Gurumoorthy	Remuneration	2.47	-
Mr. K Subramanyam Ravi	Sitting fees	6.76	-
Mr. R Sridharan	Sitting fees	14.17	-
Mr. Rachamadugu Nandakumar	Sitting fees	6.76	-
Ms. Usha A Narayanan	Sitting fees	10.63	-
Mr. K S Ravi	Sitting fees	-	5.05
Mr. R Nandakumar	Sitting fees	-	5.05
Chaitanya India Fin Credit Private Limited	Investment in equity shares	11,400.00	14,685.45

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

43 Related parties disclosures (Contd..)

Name of related party	Nature of transaction	Year ended 31 March 2021	Year ended 31 March 2020
	Purchase consideration for buyout of loan portfolio	18,836.37	-
	Consideration received on sale of portfolio	770.32	-
	Service fee paid	232.66	638.57
	Sale of fixed assets	3.40	-
	Inter Corporate loan given	1,000.00	-
	Inter Corporate loan repaid	1,000.00	-
	Investment in compulsorily convertible debentures	-	11,400.00
	Sale of investment in Non convertible debenture	1,504.75	-
	Interest received on Non convertible debenture	163.42	-
	Interest received on inter company loan	6.56	-
	Interest received on compulsorily convertible debentures	140.86	171.78

Outstanding balances with related parties in ordinary course of business:

Name of related party	Nature of transaction	Year ended 31 March 2021	Year ended 31 March 2020
Chaitanya India Fin Credit Private Limited	Outstanding (payable)/ receivable - net - business correspondence activities	53.83	451.15
Chaitanya India Fin Credit Private Limited	Outstanding (payable)/ receivable - net - financial activities	2,190.21	(79.24)
Chaitanya India Fin Credit Private Limited	Compulsorily convertible debentures	-	11,400.00
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Outstanding (payable)/ receivable - net - business correspondence activities	(357.56)	-
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Non-convertible debentures	(1,40,205.58)	(2,47,366.95)
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Provision for employee benefits (ESOP expense)	(52.99)	-
Navi General Insurance Limited	CD balance	3.19	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	10,299.95	-	10,299.95	1,944.54	-	1,944.54
Bank balances other than cash and cash equivalents	6,375.55	-	6,375.55	-	26.73	26.73
Trade receivables	-	-	-	451.15	-	451.15
Loans*	40,373.28	12,561.65	52,934.93	7,526.03	3,368.03	10,894.06
Investment	2,12,726.04	43,779.18	2,56,505.22	2,55,344.23	98,958.93	3,54,303.16
Other financial assets	2,837.09	2.88	2,839.97	12.42	11.55	23.97
Non-financial assets						
Current tax assets (net)	140.44	-	140.44	-	-	-
Deferred tax asset (net)	-	2,515.21	2,515.21	-	721.80	721.80
Property, plant and equipment	-	37.42	37.42	-	36.29	36.29
Right to use asset	-	149.68	149.68	3.16	-	3.16
Other intangible assets	-	0.82	0.82	-	1.67	1.67
Other non-financial assets	286.59	21.75	308.34	82.23	34.78	117.01
Total	**2,73,038.94**	**59,068.59**	**3,32,107.53**	**2,65,363.76**	**1,03,159.78**	**3,68,523.54**
Liabilities						
Financial liabilities						
Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	11.60	-	11.60	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	779.57	-	779.57	47.47	-	47.47
Debt securities	1,40,205.58	26,975.16	1,67,180.74	2,47,366.95	-	2,47,366.95
Borrowings (other than debt securities)	36,943.07	3,202.67	40,145.75	621.91	23,100.80	23,722.71
Subordinated liabilities	-	993.38	993.38	-	992.48	992.48
Other financial liabilities	6,630.25	-	6,630.25	531.68	-	531.68
Non financial liabilities						
Current tax liabilities (net)	-	-	-	529.42	-	529.42
Provisions	681.82	191.75	873.57	34.81	21.71	56.52
Other non financial liabilities	232.69	-	232.69	71.28	-	71.28
Total	**1,85,484.58**	**31,362.97**	**2,16,847.55**	**2,49,203.52**	**24,114.99**	**2,73,318.51**
Net	**87,554.36**	**27,705.62**	**1,15,259.98**	**16,160.24**	**79,044.79**	**95,205.03**

*Amounts disclosed as on 31 March 2020 is per anticipated repayment pattern owing to moratorium given to customers on account of COVID-19 pandemic as per the RBI guidelines.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

45 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

Description	As at 31 March 2021	As at 31 March 2020
a. In respect of Income tax demands where the Company has filed appeal before the relevant authority.	109.95	103.19
b. In respect of GST where the Company has filed submission to Assistant Commissioner (State Tax-Karnataka)	30.60	-
Total	**140.55**	**103.19**

i) Future cash outflows in respect of above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(B) Commitments not provided for

There are no commitments of the Company that are not provided for as at 31 March 2021 and 31 March 2020

(C) Lease disclosures

Description	As at 31 March 2021	As at 31 March 2020
Opening lease liabilities	3.58	11.40
Addition to lease liabilities during the year	163.13	-
Interest expense on Lease liabilities	3.94	0.58
Cash outflow for leases	(19.35)	(8.40)
Closing lease liabilities	**151.30**	**3.58**

Description	As at 31 March 2021	As at 31 March 2020
Opening value of right of use assets	3.15	10.74
Addition to lease assets during the year	163.13	-
Less: Depreciation charge for the year	(16.60)	(7.59)
Closing lease Assets	**149.68**	**3.15**

Amounts recognised in statement of profit or loss

Description	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation charge on right of use assets	16.60	7.59
Interest on lease liabilities	3.94	0.58
Total	**20.54**	**8.17**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Amounts recognised in the statement of cash flows

Description	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest paid on lease liabilities	3.94	0.58
Payment towards lease liabilities	(19.35)	(8.40)
Total	**(15.41)**	**(7.82)**

Maturity analysis of lease liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Within one year	37.89	3.58
After one year but not more than five years	113.41	-
More than five years	-	-
Total	**151.30**	**3.58**

Particulars	As at 31 March 2021	As at 31 March 2020
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	4	1
Range of remaining term	33-44 Months	5 months
Average remaining lease term	36 months	5 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 2017

The Company has implemented an Employee Stock Option Plan called as Chaitanya Employee Stock Option Scheme 2017 ("ESOP 2017"). The Chaitanya Employee Stock Option Scheme 2017' (the 'Plan 2017') was approved in the Extraordinary General Meeting of the members held on 24 April 2017. The Company introduced the Plan to reward employees for their association with the Company, their performance as well as to attract, retain and motivate employees to contribute to the growth and profitability of the Company and its subsidiary company. The plan provides for the creation and issue of 739,500 options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees. The options are to be granted to the eligible employees as per the eligibility criteria as recommended by the Board of Directors. The share options vest in a graded manner over a period of three years and are exercisable in one or more tranches within a period of ten years from the date of vesting, failing which the options shall lapse.

Pursuant to the Plan, the Company granted 621,000 options till 31 March 2020 (31 March 2019: 621,000). The stock compensation cost is computed under the fair value method and has been recognised as an additional investment in CIFCPL on a proportionate basis over the vesting period upto 31 March 2020. For the year ended 31 March 2021, the Company has recorded an additional investment of 94.11 lakhs (31 March 2020: 33.27 lakhs) in the CIFCPL.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Details of ESOP trust and plan:

	Grant – 1 of ESOP 2017	Grant – 2 of ESOP 2017
Date of grant	13 October 2017	26 March 2019
Date of Board Meeting, where ESOP was approved	12 October 2017	25 March 2019
Date of Committee Meeting where grant of options were approved	13 October 2017	26 March 2019
No. of options granted	5,59,000	62,000
Method of settlement	The employees have to pay the exercise price to the Trust for acquiring the shares of the Company. The exercise price is ₹ 38 each	
Vesting conditions	The options shall vest over a period of 3 (three) years of continuous completed service from the date of grant of options	
Vesting period	The options shall vest at the rate of 33% on each anniversary of the grant, continuosly for 3 years	
Exercise period	After completion of vesting period within 10 years of vesting of the options	
Pricing formula	The Company had isssued shares to the Trust at ₹ 38 per share (valuation report was obtained)	

Details of grant and exercise of such options are as follows:

Particulars	Grant – 1 of ESOP 2017	Grant – 2 of ESOP 2017
No. of options granted	5,59,000	62,000
Date of grant of options	13 October 2017	26 March 2019
No. of employee to whom such options were granted	62	2
Exercise price*	₹ 38	₹ 38
No. of employees who have exercised the option	62	2
No. of options exercised	4,82,000.00	62,000.00

*Based on the valuation by a registered valuer.

Details of vesting of options Chaitanya Employee Stock Option Scheme 2017:

Grant-1

Vesting date	Vested options
13 October 2018	1,75,333
13 October 2019	1,60,000
13 October 2020	1,46,667

Grant-2

Vesting date	Vested options
26 March 2020	20,667
13 October 2020	41,333

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Summary of options granted under the plan:

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding options at the beginning of the year	5,54,000	₹ 38	5,67,333	₹ 38
Granted during the year	-	-	-	
Forfeited during the year	-	-	-	
Exercised during the year	5,44,000	₹ 38	-	
Expired/lapsed during the year	10,000	₹ 38	13,333	₹ 38
Outstanding options at the end of the year	-	-	5,54,000	₹ 38
Exercisable at the end of the year	-	-	-	
Number of equity shares of ₹ 10 each fully paid up to be issued on exercise of option	-	-	5,54,000	₹ 38
Weighted average remaining contractual life (in years) of the option exercisable	-	-		10.71
Weighted average fair value of the options exercisable at grant date	Grant-1	-	Grant-1	16.20
	Grant-2	-	Grant-2	36.60

Share options outstanding at the end of the year having the following expiry date and exercise price: Nil

The fair value of the options was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Grant date	13 October 2017	26 March 2019
Vesting period	10 years from the vesting date	10 years from the vesting date
Exercise price	38.00	38.00
Expected volatility (%)	21.00%	19.10%
Expected option life (in years)	7.00	7.00
Fair market value of the option on the grant date	16.20	36.60
Risk free interest rate	6.60%	7.20%

Employee wise details (name of employee, designation, number of options granted during the year, exercise price) - Nil (previous year - Nil)

There are no identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

Note:

During the year ended 31 March 2021, there was an accelerated vesting of ESOPs on 13 October 2020, where in the holding company (Navi Technologies Private Limited) paid ₹75 per share to the Chaitanya Employee Welfare Trust being consideration for exercising ESOPs on behalf of employees and for subsequent transfer of such shares to the Holding Company.

Accordingly, the ESOPs were exercised and transferred to Navi Technologies Private Limited and the oustanding loan repaid by Chaitanya Employee Welfare Trust. Therefore such transfer of shares from Chaitanya Employee Welfare Trust to Navi Technologies Private Limited has been captured as a additional movement in the current year.

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ESOP Plan 2019

Under the Employee Share-option Plan (ESOP), introduced on 17 October 2019 by Navi Technologies Private Limited (herein referred to as the "Holding Company"), at its discretion, may grant share options of the Holding Company to any of the employees including employees of its wholly owned subsidiaries.

The Holding Company introduced the Plan for the benefit of the employees of all companies under the Group. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Board/Compensation Committee at its sole discretion.

Under the plan, participants have been granted options which will vest as follows:

Scheme	Vesting Conditions	Exercise Period	Exercise Price / Ratio	Other conditions
"Employee Share-option Plan (ESOP), 2019	Vested in a graded manner over a period of 4 years.	Employees must remain in service for a period of 3 years from the date of grant.	₹ 100/-Options : Shares = 1:1	Options are exercisable in one or more tranches within a period of 10 years from the date of vesting, failing which the options shall lapse.

Pursuant to the plan, the Holding Company has granted 744,029 to the employees of the Company. Outstanding options as on 31 March 2021 are 744,029. The Stock compensation cost is computed under the fair value method and has been recognised on a straight line basis over the vesting period up to 31 March 2021.

For the year ended 31 March 2021, the Company has recorded stock compensation expenses of ₹ 52.99 lakhs which has been transferred by Holding Company.

	No. of options 31 March 2021
Options outstanding at the beginning	-
Granted during the year	7,44,029
Lapsed during the year	-
Options outstanding at the end	**7,44,029**

The fair value of share options granted is estimated at the date of grant using a Black Scholes Merton model, taking into account the terms and conditions upon which the share options were granted.

The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations. The contractual term of the share options is ten years and there are no cash settlement alternatives for the employees. The Hoding Company does not have a practice of cash settlement for these awards.

Futher, in accordance with Para 43B-43C, Ind AS 102 Share based payments, although the Company is receiving the services of employees to whom share options are granted. But the options granted are not of its own equity instruments and the Company has no obligation to settle the share-based payment transaction.

Hence, the stock compensation cost in the books of the Company shall be recorded as cash-settled transaction.

Particulars	31 March 2021
Fair value of the equity share as on grant date	₹ 143.40
Weighted average fair values at the measurement date	₹ 100
Expected life of share options (years)	7.50
Expected volatility (%)	27.5%
Dividend yield (%)	0.0%
Risk–free interest rate (%)	6.3%
Weighted average share price (INR)	₹ 100
Model used	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.

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47 Fair value measurement

47.1 Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category are as follows:

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Financial assets measured at fair value			
Investments	9	1,76,015.30	1,88,290.44
Financial assets measured at amortised cost			
Cash and cash equivalents	5	10,299.95	1,944.54
Bank balance other than cash and cash equivalents	6	6,375.55	26.73
Trade receivables	7	-	451.15
Loans	8	52,934.93	10,894.06
Investments	9	80,489.92	1,66,012.72
Other financial assets	10	2,839.97	23.97
Total		**3,28,955.62**	**3,67,643.61**

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Financial liabilities measured at amortised cost			
Other payables	16	791.17	47.47
Debt securities	17	1,67,180.74	2,47,366.95
Borrowings (other than debt securities)	18	40,145.75	23,722.71
Subordinated liabilities	19	993.38	992.48
Other financial liabilities	20	6,630.25	531.68
Total		**2,15,741.29**	**2,72,661.29**

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).

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for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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 2021	As at 31 March 2020
Level 1 (Quoted prices in active market)		
Financial assets measured at FVTPL		
Investments in quoted equity instruments	-	3,796.75
Investments in bonds and debentures	1,68,452.97	1,42,655.88
Financial assets measured at FVTPL		
Investments in mutual funds	6,927.30	34,418.53
Investments in alternative investment funds	-	7,409.30
Investment in Futures	635.03	9.98
	1,76,015.30	**1,88,290.44**

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 2021		As at 31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	10,299.95	10,299.95	1,944.54	1,944.54
Bank balance other than cash and cash equivalents	6,375.55	6,375.55	26.73	26.73
Trade receivables	-	-	451.15	451.15
Loans	52,934.93	52,934.93	10,894.06	10,894.06
Investments	80,489.92	80,489.92	1,66,012.72	1,66,012.72
Other financial assets	2,839.97	2,839.97	23.97	23.97
Total financial assets	**1,52,940.32**	**1,52,940.32**	**1,79,353.17**	**1,79,353.17**
Financial liabilities:				
Other Payables	791.17	791.17	47.47	47.47
Debt securities	1,67,180.74	1,67,180.74	2,47,366.95	2,47,366.95
Borrowings (other than debt securities)	40,145.75	40,145.75	23,722.71	23,722.71
Subordinated liabilities	993.38	993.38	992.48	992.48
Other financial liabilities	6,630.25	6,630.25	531.68	531.68
Total financial liabilities	**2,15,741.29**	**2,15,741.29**	**2,72,661.29**	**2,72,661.29**

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 laibilities

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 it's business activities it is exposed to various financial risks associated with financial products such as credit or default risk, market risk, interest rate risk, liquidity risk and inflationary risk. However, the Company has a robust financial risk management system in place to identify, evaluate, manage and mitigate various risks associated with its financial products to ensure that desired financial objectives are met. The Company's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Company, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess risk management performance. Any change in Company's risk management objectives and policies needs prior approval of it's 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, 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	Sensitivity analysis	Review of fair valuation of investments
Market risk - security price	Investments	Sensitivity analysis	Diversification of portfolio with focus on strategic investments

The Company has a risk management policy which covers all the risk associated with its assets and liabilities. The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in tandem with internal metamorphosis and changing external environment. The process of continuous evaluation of risk also includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's treasury is responsible for managing its assets and liabilities, liquidity position, and the overall financial structure. It is also primarily responsible for the funding and interest rate risks of the Company.

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48.1 Credit risk

A. Investments

This risk is common to all investors who invest in bonds and debt instruments and it refers to a situation where a particular bond issuer is unable to make the expected principal payments, interest rate payments, or both. Similarly, a lender bears the risk that the borrower may default in the payment of contractual interest or principal on its debt obligations, or both. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

B. Loans

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's substantial income is generated from lending to retail customers and therefore credit risk is the principal risk associated with the business.

The credit risk management policy of the Company seeks to have following controls and key metrics that allows risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

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 (negative villages, migrant occupations, negative communities, etc.)
- Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, determine validity of legal property documents)
- Security gaps or temporary technical glitches in the loan origination application of the company leading to loans being sanctioned to ineligible individuals
- Undue influence of Animator/Representative on customers (political influence / middlemen influencing decisions of customers)
- Over-borrowing by customers
- Upper cap on loan ticket size
- Improper use of loan amount than the designated activity
- Over-concentration in any geography/branch/zone etc.

Credit risk in investments may originate in one or multiple of following ways mentioned below:

- Adverse economic environment / regulatory changes impacting the credit / liquidity profile of underlying issuers
- Financial stress due to internal factors (such as over-leveraging by underlying issuers) resulting in lower demand for the security in the secondary market or leading to an impact on the issuer's ability to service debt obligations
- Any financial stress in the group entities of the underlying issuer impacting its refinancing ability
- Deterioration in the value of underlying collateral
- Aggressive growth / policies affecting the asset quality and in turn profitability and refinancing options
- Material frauds by promoters / key management personnel / employees
- Breach of any covenants triggering cross-default / liquidity shocks

Notes forming part of the Financial Statements

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48.1. 2 Risk assessment and measurement

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk

(ii) Moderate credit risk

(iii) High credit risk

The Company provides for expected credit loss based on the following:

Risk	Assets covered	Basis of expected credit loss
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Loans and investments	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans and investments	Life time expected credit loss or fully provided for

48.1. 3 Risk monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Company.

Investments - Risk concentration is minimized by investing in highly rated, investment grade bonds and debt instruments which have a very low risk of default. The Company lends to borrowers with a good credit score and generally most of the lending is secured against assets pledged by the borrower in favour of the Company. These investments are reviewed by the Board of Directors on a regular basis.

Loans - Borrower risk categorization is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. The Company regularly monitors borrower repayments and borrowers are accordingly categorized in low risk and high risk.

The performance indicators are continuously generated through monitoring alerts in the loan origination flow and post 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:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud
- Credit monitoring -
- Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans with staging more than 90 Days past due);
- Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
- Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

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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.

Investments

With respect to investments, the Company maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities.

Loans

The Company has created mechanisms for underwriting credit and risk policy for digital personal loans and housing loans. The following risk mitigation measures has been suggested at each stage of loan life cycle:

- Loan origination - profile/income selection, document verification process, KYC checks, creditworthiness checks based on CIBIL, fraud database checks, device data, regular updates to loan origination application based on security gaps and technical glitches identified etc
- Loan underwriting - Risk rating, credit assessment, independent assessment of legal validity and value of property by experts etc.
- Loan pre and post disbursement - disbursement in the bank account only, loan utilisation checks
- Loan collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework
- Apropriate policy-driven loan origination and collection process.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to and that they decide to take on. Continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

48.1. 5 Impairment assessment

Investments

The Company has commenced the treasury operations in investments in the year ended 31 March 2020 and all investments carried at amortised cost are categorised under respective stages. The Company has assessed the impairment allowance on the basis of EAD*PD*LGD. The default rates for these investments are considered as reported by external credit rating agencies. Exposure at default (EAD) is the carrying value of the investments (net of credit enhancement).

Loans

The Company is also engaged in the business of providing loans and access to credit to the customers. The tenure of which is ranging from 3 month to 36 months for its personal loan product and 5 years to 25 years for its housing loan product.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies Note 4.8.1 (Overview of the Expected Credit Loss).

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

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It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Company's internal credit rating grades and staging criteria for loans are as follows:

Internal rating grade	Internal rating description	Stages
Performing		
Standard grade - no overdue	No over due	Stage I
Standard grade - past due	DPD 1 to 30	Stage I
	DPD 31 to 60	Stage II
	DPD 61 to 89	Stage II
Non-performing		
Sub-standard grade	DPD => 90	Stage III

Frequency of recognition

Riskiness of a financial asset is recognized in the following frequency: -

- At the time of initial recognition all financial assets are recognized as low credit risk.
- Assets are evaluated on a 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 projection from available, detailed information. These includes : -

- Internal historical credit loss experience
- Industry trend of credit loss of homogeneous assets
- Historical credit loss experience of other similar assets to homogeneous set of customers
- Changes in underwriting capacity, collection efficiency, and management strength
- Macroeconomic factors such as interest rates, industry policies, GDP growth, inflation, etc.
- Regulatory factors such as systemic risk events, policy changes, and statutory guidelines
- Systemic events such as demonetization, Andhra Pradesh crisis, etc and special situations such as floods, cyclone, earthquake, etc.

Measurement of ECL

Expected Credit Loss or ECL is measured in the following manner. The Company calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

ECL = PD*LGD*EAD

Each item is defined as follows: -

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ECL - Expected credit loss

Present value of difference between contractual cash flows and actual cash flows expected to be received over a given time horizon

PD - Probability of default

The Probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

LGD - Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD

EAD- Exposure at default

Cash flows that are at risk of default over a given time horizon, The Exposure at Default is an estimate of the exposure at a future default date.

i) Expected credit losses for financial assets other than loans

As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	10,299.95	-	10,299.95
Bank balance other than cash and cash equivalents	6,375.55	-	6,375.55
Trade receivables	-	-	-
Investments	2,58,232.09	1,726.87	2,56,505.22
Other financial assets	2,839.97	-	2,839.97

As at 31 March 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,944.54	-	1,944.54
Bank balance other than cash and cash equivalents	26.73	-	26.73
Trade receivables	451.15	-	451.15
Investments	3,54,567.16	264.00	3,54,303.16
Other financial assets	23.97	-	23.97

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Credit quality of assets

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 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade- No Over Due	54,617.60	-	-	54,617.60	9,124.62	-	-	9,124.62
Standard grade- DPD 1 to 30	2,127.92	-	-	2,127.92	1,563.40	-	-	1,563.40
Standard grade- DPD 31 to 60	-	1,475.52	-	1,475.52	-	233.51	-	233.51
Standard grade- DPD 61 to 89	-	1,592.64	-	1,592.64	-	67.03	-	67.03
Non- performing								
Sub-standard grade- DPD > 89	-	-	2,792.64	2,792.64	-	-	579.91	579.91
Total	**56,745.52**	**3,068.16**	**2,792.64**	**62,606.32**	**10,688.02**	**300.54**	**579.91**	**11,568.47**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Portfolio loans is, as follows:

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	**10,688.02**	**300.54**	**579.91**	**11,568.47**	**4,702.03**	**171.20**	**475.61**	**5,348.84**
New assets originated	56,642.46	3,067.22	2,446.88	62,156.56	9,330.67	185.06	35.99	9,551.72
Movement between stages								
Transferring from Stage 1	(161.56)	9.85	151.71	-	(276.08)	201.73	74.35	-
Transferring from Stage 2	7.40	(39.25)	31.85	-	35.47	(70.45)	34.98	-
Transferring from Stage 3	0.71	-	(0.71)	-	3.39	3.91	(7.30)	-
Assets repaid, derecognized and written off	(10,431.51)	(270.20)	(417.00)	(11,118.71)	(3,107.46)	(190.91)	(33.72)	(3,332.09)
Gross carrying amount-closing balance	**56,745.52**	**3,068.16**	**2,792.64**	**62,606.32**	**10,688.02**	**300.54**	**579.91**	**11,568.47**

Note : new assets originated is presented net of collections made.

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Reconciliation of ECL balance on loans is given below:

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	**422.25**	**15.32**	**236.84**	**674.41**	**30.78**	**9.62**	**154.36**	**194.76**
New assets originated	5,217.22	1,895.50	2,343.38	9,456.10	359.96	5.49	5.79	371.24
Movement between stages								
Transfers to Stage 1	(2.12)	0.30	1.82	-	(1.99)	1.41	0.58	-
Transfers to Stage 2	0.35	(1.60)	1.25	-	2.04	(5.36)	3.32	-
Transfers to Stage 3	0.08	-	(0.08)	-	0.91	1.26	(2.17)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(417.82)	(13.34)	(27.96)	(459.12)	30.55	2.90	74.96	108.41
Impairment allowance - closing balance	**5,219.96**	**1,896.18**	**2,555.25**	**9,671.39**	**422.25**	**15.32**	**236.84**	**674.41**

Note - new assets originated is presented net of collections made.

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	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade- DPD 0 to 30	21,131.91	-	-	21,131.91	1,33,744.69	-	-	1,33,744.69
Standard grade- DPD 31 to 60	-	-	-	-	-	-	-	-
Non-performing								
Standard grade- DPD >61	-	-	2,274.41	2,274.41	-	-	-	-
	21,131.91	**-**	**2,274.41**	**23,406.32**	**1,33,744.69**	**-**	**-**	**1,33,744.69**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to investments is, as follows:

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	**1,33,744.69**	**-**	**-**	**1,33,744.69**	**-**	**-**	**-**	**-**
New assets originated*	500.00	-	-	500.00	1,33,744.69	-	-	1,33,744.69
Movement between stages								
Transferring from Stage 1	(2,999.93)		2,999.93	-	-	-	-	-

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for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

48.1. 5 Impairment assessment (Contd..)

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Transferring from Stage 2	-	-	-	-	-	-	-	-
Transferring from Stage 3	-	-	-	-	-	-	-	-
Assets repaid, derecognized and written off	(1,10,112.84)	-	(725.52)	(1,10,838.36)				
Gross carrying amount- closing balance	**21,131.91**	**-**	**2,274.41**	**23,406.32**	**1,33,744.69**	**-**	**-**	**1,33,744.69**

*Excludes investment in unlisted compulsorily convertible debentures of the subsidiary company amounting to ₹ 11,400 lakhs as on 31 March 2020.

Note: new assets originated is presented net of repayments made.

Reconciliation of ECL balance on investments is given below:

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	264.00	-	-	264.00	-	-	-	-
New assets originated	17.32	-	-	17.32	264.00	-	-	264.00
Movement between stages								
Transfers to Stage 1	(3.90)	-	3.90	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(256.36)	-	1,701.91	1,445.55	-	-	-	-
Impairment allowance - closing balance	**21.06**	**-**	**1,705.81**	**1,726.87**	**264.00**	**-**	**-**	**264.00**

Note: new assets originated is presented net of repayments made.

48.2 Liquidity risk and funding management

In assessing the Company's liquidity position, consideration shall be given to: (a) present and anticipated asset quality (b) present and future earnings capacity (c) historical funding requirements (d) current liquidity position (e) anticipated future funding needs, and (f) sources of funds. The Company maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities. The Company is currently having a mix of both short-term and long-term investments. The Company maintains a portfolio of other marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into direct assignment transactions of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short–term bank deposits and investments in mutual funds and other investments in securities which are categorised as "held for sale" and are available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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:

Maturity pattern of assets and liabilities as on 31 March 2021:

Internal rating grade	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	10,299.95	-	-	-	10,299.95
Bank balance other than cash and cash equivalents	6,375.55	-	-	-	6,375.55
Trade receivables	-	-	-	-	-
Loans	40,373.28	12,092.73	215.77	253.15	52,934.93
Investments	2,12,726.04	8,321.28	2,831.79	32,626.11	2,56,505.22
Other financial assets	2,837.09	2.88	-	-	2,839.97
Total financial assets	**2,72,611.91**	**20,416.89**	**3,047.56**	**32,879.26**	**3,28,955.62**
Financial liabilities					
Other payables	791.17	-	-	-	791.17
Debt securities	1,40,205.58	26,975.16	-	-	1,67,180.74
Borrowings	36,943.04	3,176.40	26.28	-	40,145.72
Subordinated liabilities	-	-	993.38	-	993.38
Other financial liabilities	6,630.25	-	-	-	6,630.25
Total financial liabilities	**1,84,570.04**	**30,151.56**	**1,019.66**	**-**	**2,15,741.26**
Net undiscounted financial assets/(liabilities)	**88,041.87**	**(9,734.67)**	**2,027.90**	**32,879.26**	**1,13,214.36**

Maturity pattern of assets and liabilities as on 31 March 2020:

Internal rating grade	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	1,944.54	-	-	-	1,944.54
Bank balance other than cash and cash equivalents	-	26.73	-	-	26.73
Trade receivables	451.15	-	-	-	451.15
Loans *	7,526.03	3,238.16	129.25	0.62	10,894.06
Investments	2,55,344.23	70,232.27	7,233.38	21,493.28	3,54,303.16
Other financial assets	12.42	11.55	-	-	23.97
Total financial assets	**2,65,278.37**	**73,508.71**	**7,362.63**	**21,493.90**	**3,67,643.61**
Financial liabilities					
Other Payables	47.47	-	-	-	47.47
Debt securities	2,47,366.95	-	-	-	2,47,366.95

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

48.2. 1. Analysis of financial assets and liabilities by remaining contractual maturities (Contd..)

Internal rating grade	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Borrowings	621.91	23,100.80	-	-	23,722.71
Subordinated Liabilities	-	-	992.48	-	992.48
Other financial liabilities	531.68	-	-	-	531.68
Total financial liabilities	**2,48,568.01**	**23,100.80**	**992.48**	**-**	**2,72,661.29**
Net undiscounted financial assets/(liabilities)	**16,710.36**	**50,407.91**	**6,370.15**	**21,493.90**	**94,982.32**

*Amounts disclosed as on 31 March 2020 is per anticipated repayment pattern owing to moratorium given to customers on account of COVID-19 pandemic as per RBI guidelines.

48.2. 2 Systemic risk

Systemic risk refers to the risk of a breakdown of an entire system rather than simply the failure of individual parts. In a financial context, it denotes the risk of a cascading failure in the financial sector, caused by linkages within the financial system, resulting in a severe economic downturn.

The COVID-19, a systemic risk and a global pandemic has affected the world economy including India, leading to significant decline and volatility in financial markets and decline in economic activities. The national lockdown announced on 23 March 2020 affected activities of organizations across the economic ecosystem, impacting earning prospects and valuations of companies and creating huge volatility in the stock markets. The impact of COVID-19 on Company's result remain uncertain and will dependent on future developments including the second wave that has significantly increased the number of cases in India.

The Company is continuously assessing the potential impact of the COVID-19 on it's operations. During such an uncertain period the focus of the management is to be financialy well capitalised and maintain adequate liquidity to service its obligations, sustain its operations and also look at any appropriate investment/lending opportunities.

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 factor. It is a form of systematic risk associated with the day-to-day fluctuation in the market prices of shares and securities and such market risk affects all securities and investors in the same manner. These daily price fluctuations follows its own broad trends and cycles and are more news and transaction driven rather than fundamentals and many a times, it may affect the returns from an investment. Market risks majorly comprises of two types - interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risks include borrowings and investments.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is a type of systematic risk that particularly affects fixed rate debt instruments like bonds and debentures. The value of the fixed-rate debt instruments generally decline due to rise in interest rates and vice versa. The rationale is that a bond is a promise of a future stream of payments; an investor will offer less for a bond that pays-out at a rate lower than the rates offered in the current market. A rising interest rate scenario also affects the Company's interest expenditure on borrowed funds.

The Company monitors the interest rate scenarios on a regular basis and accordingly takes investments decisions as whether to invest in fixed rate debt instruments, shares and securities at a particular point of time. Further, the Company's borrowings carry a fixed rate of interest and the Company is in a position to pass on the rise in interest rates to its borrowers.

The Company's investments in debt instruments and pass through certificates are all fixed interest bearing instruments. Refer the price sensitvity 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:

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

48.3 Market risk (Contd..)

Particulars	Effect on Statement of Profit and loss for the year 2020-21	Effect on Statement of Profit and loss for the year 2019-20
0.50% increase	340.57	123.58
0.50% decrease	(340.57)	(123.58)

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 2021	As at 31 March 2020
Investments carried at FVTPL valued using quoted prices in active market	**1,76,015.30**	**1,88,290.44**

Particulars	Effect on Statement of Profit and loss for the year 2020-21	Effect on Statement of Profit and loss for the year 2019-20
1% increase	1,760.15	1,882.90
1% decrease	(1,760.15)	(1,882.90)

49 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of giving loans and making investments. The entire revenues are billable within India and there is only one geographical segment (secondary segment).

50 Transferred financial assets that are not derecognised in their entirety

There are no transferred financial assets that are not derecognized in it's entirety for the year ended 31 March 2021 and 31 March 2020.

51 Expenditure in foreign currency

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Advertisement expenses	23.12	-
Travel expenses reimbursement	-	5.01

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

52 Additional disclosures as required by the Reserve Bank of India: -

(A) Disclosure as per Master Direction DNBR.PD.008/03.10.119/2016-17 (updated as on 17 February 2020) are as under:-

(i) Capital to Risk Assets Ratio ("CRAR"):-

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
CRAR (%)	38.04%	20.80%
CRAR – Tier I capital (%)	36.56%	20.57%
CRAR – Tier II capital (%)	1.48%	0.23%
Amount of subordinated debt raised during the year included in Tier-II capital	600.00	800.00

Discounted value of ₹ 600.00 lakhs (31 March 2020: ₹ 800.00 lakhs) considered for Tier II capital against the book value of ₹ 1,000.00 lakhs (31 March 2020: ₹ 1,000.00 lakhs).

53 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
(1) Value of investments		
(i) Gross value of investments	2,58,232.09	3,54,567.16
(a) In India	2,58,232.09	3,54,567.16
(b) Outside India	-	-
(ii) Impairment provisions on investments	(1,726.87)	(264.00)
(a) In India	(1,726.87)	(264.00)
(b) Outside India	-	-
(iii) Net value of investments	2,56,505.22	3,54,831.16
(a) In India	2,56,505.22	3,54,303.16
(b) Outside India	-	-
(2) Movement of impairment provisions on investments		
(i) Opening balance	264.00	-
(ii) Add : Provisions made during the year	1,719.23	264.00
(iii) Less : Write-off/write-back of excess provisions during the year	(256.36)	-
(iv) Closing balance	1,726.87	264.00

54 Derivatives

Exchange Traded Interest Rate (IR) Derivatives

Particulars	As at 31 March 2021	As at 31 March 2020
i) Notional principal amount of exchange traded IR derivatives undertaken during the year		
Scrip names		
a) 645GS2029	2,43,977.73	1,83,727.29
b) 726GS2029	-	678.96
c) 577GS2030	1,89,003.79	-
d) 579GS2030	16,188.78	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

54 Derivatives (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
e) 585GS2030	75,512.64	-
ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March		
a) Scrip no. 577GS2030	8,237.24	-
b) Scrip no. 585GS2030	974.53	-

Exchange Traded Interest Rate (IR) Derivatives

Particulars	As at 31 March 2021	As at 31 March 2020
iii) Notional principal amount of exchange traded IR derivatives outstanding and not ""highly effective"" (instrument-wise)"	NA	NA
iv) Mark-to-market value of exchange traded IR derivatives outstanding and not ""highly effective"" (instrument-wise)"	NA	NA

55 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006

55.1 Details of financial assets sold to securitisation

Particulars	As at 31 March 2021	As at 31 March 2020
Disclosures relating to securitisation	Nil	Nil

55.2 Details of financial assets sold to securitisation/reconstruction company for asset reconstruction:

The Company has not sold any financial assets to Securitisation/Reconstruction company for asset reconstruction during the year ended 31 March 2021 and 31 March 2020.

55.3 Detail of assignment transactions:-

Particulars	As at 31 March 2021	As at 31 March 2020
No. of accounts	-	1,024
Aggregate Value (net of provisions) of accounts sold	-	199.37
Aggregate consideration	-	199.37
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

55.4 Details of non-performing financial assets sold

Particulars	As at 31 March 2021	As at 31 March 2020
No. of accounts	2,320	-
Aggregate Value (net of provisions) of accounts sold	539.44	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

55.4 Details of non-performing financial assets sold

Particulars	As at 31 March 2021	As at 31 March 2020
Aggregate consideration	557.55	-
Aggregate gain/loss over net book value	18.11	-

The Company has not purchased non-performing financial assets during the year ended 31 March 2021 and 31 March 2020.

56 Asset Liability Management Maturity pattern of certain items of assets and liabilities:-

As at 31 March 2021

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 months	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Liabilities											
Borrowings	20,658.03	10,125.03	358.68	525.78	527.97	1,41,785.20	3,167.96	30,151.56	1,019.66	-	**2,08,319.87**
Assets											
Loans	1,367.22	352.64	591.66	4,420.94	4,111.35	11,868.19	17,661.28	12,092.73	215.77	253.15	**52,934.93**
Investments	1,55,082.25	16,765.02	480.02	714.11	31,431.42	3,103.15	5,150.07	8,321.28	2,831.79	32,626.11	**2,56,505.22**

As at 31 March 2020

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	14.81	8.33	35.58	59.27	59.59	2,47,538.40	272.88	23,103.65	989.63	-	**2,72,082.14**
Assets											
Loans (refer note ii below)	22.77	22.77	52.30	268.64	317.20	3,992.77	2,849.58	3,238.16	129.25	0.62	**10,894.06**
Investments	1,10,066.78	4,678.48	5,920.88	12,301.68	19,784.92	47,481.38	55,110.11	70,232.27	7,233.38	21,493.28	**3,54,303.16**

Notes:

i) Above mentioned portfolio (own) does not include undrawn facilities, since there are no sanctioned disbursement schedule.

ii) Amounts disclosed as on 31 March 2020 is per anticipated repayment pattern owing to moratorium given to customers on account of COVID-19 pandemic as per the RBI guidelines.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

57 Exposures

(i) Exposure to Real Estate Sector:-

Particulars	As at 31 March 2021	As at 31 March 2020
A. Direct exposure		
i) Residential mortgages	521.92	1,348.88
(Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;)		
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 2021 and 31 March 2020.

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 2021		As at 31 March 2020	
	In original currency	In ₹	In original currency	In ₹
Trade payables				
USD	4,860.00	3,53,730.00	-	-

58 Details of financing of parent company products

The Company has not financed parent company products during the year ended 31 March 2021 and 31 March 2020.

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 2021 and 31 March 2020.

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 ₹ 61,984.40 lakhs (31 March 2020: ₹ 1,902.98 lakhs) disclosed in Note 8 are without any collateral or security.

Notes forming part of the Financial Statements

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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 Related party transactions

Please refer to note no 43 for related party transactions and related disclosures. ww

63 Provisions and contingencies

As at 31 March 2021

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	56,745.53	5,219.96	51,525.57	226.98	4,992.98
	Stage 2	3,068.17	1,896.18	1,171.99	12.27	1,883.91
Subtotal		**59,813.70**	**7,116.14**	**52,697.56**	**239.25**	**6,876.89**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,585.73	2,368.28	217.45	258.95	2,109.33
Doubtful - up to 1 year	Stage 3	32.50	31.01	1.49	21.02	9.99
- 1 to 3 years	Stage 3	88.27	78.97	9.30	26.91	52.06
-More than 3 years	Stage 3	86.12	76.99	9.13	43.06	33.93
Subtotal for NPA		**2,792.62**	**2,555.25**	**237.37**	**349.94**	**2,205.31**
Total	**Stage 1**	**56,745.53**	**5,219.96**	**51,525.57**	**226.98**	**4,992.98**
	Stage 2	**3,068.17**	**1,896.18**	**1,171.99**	**12.27**	**1,883.91**
	Stage 3	**2,792.62**	**2,555.25**	**237.37**	**349.94**	**2,205.31**
	Total	**62,606.32**	**9,671.39**	**52,934.93**	**589.19**	**9,082.20**

As at 31 March 2020

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	10,688.02	423.90	10,264.13	120.92	302.97
	Stage 2	300.54	15.32	285.22	16.23	(0.91)
Subtotal		**10,988.56**	**439.22**	**10,549.34**	**137.15**	**302.07**

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63 Provisions and contingencies (Contd..)

As at 31 March 2020

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Non-Performing Assets (NPA)						
Substandard	Stage 3	164.58	54.98	109.60	16.46	38.52
Doubtful - up to 1 year	Stage 3	121.77	50.81	70.96	24.35	26.46
- 1 to 3 years	Stage 3	293.56	131.05	162.51	88.07	42.98
-More than 3 years	Stage 3	-	-	-	-	-
Subtotal for NPA		**579.91**	**236.84**	**343.07**	**128.88**	**107.96**
Total	**Stage 1**	**10,688.03**	**422.25**	**10,265.78**	**120.92**	**302.97**
	Stage 2	**300.54**	**15.32**	**285.21**	**16.23**	**(0.91)**
	Stage 3	**579.91**	**236.84**	**343.07**	**128.88**	**107.96**
	Total	**11,568.47**	**674.41**	**10,894.06**	**266.03**	**410.03**

Break up of Provisions shown as expenditure in statement of profit and loss	For the year ended 31 March 2021	For the year ended 31 March 2020
Provision towards non peforming assets*	2,553.94	82.48
Provision towards standard assets*	6,921.82	397.17
Provision made towards income tax	5,173.63	1,243.87
Provision for gratuity**	42.57	3.25
Provision for compensated absences**	52.69	3.69

*During the year the company has sold two wheeler and housing portfolio having an impairment allowance of ₹ 478.76 lakhs as on the date of transfer. The same has been considered for arriving at the net gain on derecognition of financial instruments under ammortised category in Note No.29.

**Includes actuarial gain/(loss) classified under other comprehensive income.

64 Draw down from reserves:-

There has been no draw down from reserve during the year ended 31 March 2021 and 31 March 2020.

65 Concentration of advances, exposures and NPAs:-

65.1 Concentration of advances

Particulars	As at 31 March 2021	As at 31 March 2020
Concentration of advances		
Total advances to twenty largest borrowers	442.12	3,629.95
Percentage of Advances to twenty largest borrowers to total advances of the NBFC	0.71%	31.38%

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

65.2 Concentration of exposures

Particulars	As at 31 March 2021	As at 31 March 2020
Concentration of exposures		
Total exposure to twenty largest borrowers / customers	441.40	3,630.42
Percentage of exposures to twenty largest borrowers/customers to total exposure	0.70%	31.57%

65.3 Concentration of NPAs

Particulars	As at 31 March 2021	As at 31 March 2020
Concentration of NPAs		
Total exposure to top four NPA accounts**	10.55	12.08

**NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

65.4 Sector-wise NPAs#:-

Particulars	As at 31 March 2021	As at 31 March 2020
	Percentage of NPAs to total advance to that sector	
1. Agriculture & allied activities	0.20%	2.26%
2. MSME	0.00%	0.00%
3. Corporate borrowers	0.00%	0.00%
4. Services	0.03%	8.57%
5. Unsecured personal loans	4.77%	1.68%
6. Other personal loans	36.55%	5.97%

#NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 days past due is considered as default for classifying a financial instrument as credit impaired.

66 Movement of NPAs

Particulars	As at 31 March 2021	As at 31 March 2020
i) **Net NPAs to net advances (%)**	0.45%	3.15%
ii) **Movement of NPAs (Gross)**		
Opening balance	579.91	475.61
Additions during the year	2,630.44	145.32
Reductions during the year	(417.71)	(41.02)
Closing balance	**2,792.64**	**579.91**
iii) **Movement of Net NPAs**		
Opening balance	343.07	321.25
Additions during the year	283.99	60.67
Reductions during the year	(389.67)	(38.85)
Closing balance	**237.39**	**343.07**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

66 Movement of NPAs (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	236.84	154.36
Provisions made during the year	2,346.45	84.65
Write-off/write-back of excess provisions	(28.04)	(2.17)
Closing balance	**2,555.25**	**236.84**

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under:

Particulars	As at 31 March 2021 Amount outstanding	As at 31 March 2020 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	27,418.86	-
Unsecured	1,40,205.58	2,47,366.95
(other than falling within the meaning of public deposits)		
b) Deferred credits	-	-
c) Term loans including accrued interest but not paid	40,182.56	24,033.98
d) Inter-corporate loans and borrowings	-	-
e) Commercial paper	-	-
f) Other loans:		
Other unsecured loans against assets of the Company	993.38	992.48
Secured loans against assets of the Company	-	-
Overdraft facility	-	-
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
a) In the form of unsecured debentures	-	992.48
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	As at 31 March 2021	As at 31 March 2021
3 Breakup of loans and advances including bills receivables		
a) Secured	621.92	9,665.49
b) Unsecured	61,984.40	1,902.98
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	-	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

Particulars	As at 31 March 2021 Amount outstanding	As at 31 March 2020 Amount outstanding
ii Stock on hire including hire charges under sundry debtors		
a) Assets on hire	-	-
b) Repossessed assets	-	-
iii Other loans counting towards AFC activities		
a) Loans where assets have been repossessed	-	-
b) Loans other than (a) above	-	-
4 Breakup of investments		
Current investments		
I Quoted		
i Shares		
a) Equity	-	7,409.30
b) Preference	-	-
ii Debentures and bonds	1,21,658.90	1,25,869.80
iii Units of mutual funds	6,927.30	6,927.30
iv Government securities	46,794.07	46,794.07
v Others	635.03	635.03
II Unquoted		
i Shares		
a) Equity	-	3,796.75
b) Preference	-	-
ii Debentures and bonds	-	26,539.96
iii Units of mutual funds	-	34,418.53
iv Government securities	-	-
v Others	26,184.33	57,342.05
Long term investments		
1 Quoted		
i Shares		
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	-	16,786.08
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-
2 Unquoted		
i Shares		
a) Equity	32,626.15	21,132.04
b) Preference	-	-
ii Debentures and bonds	1,051.47	18,533.24
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	20,627.97	42,465.42

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

67.1 Borrower group - wise classification of assets financed

As at 31 March 2021

Category	Net of provisions			
	Secured	Unsecured	Provisions	Total
1 Financial assets				
a) Cash and cash equivalents	-	-	-	-
b) Bank balance other than cash and cash equivalents	-	-	-	-
c) Trade receivables	-	-	-	-
2 Loans	621.92	61,984.40	(9,671.39)	52,934.93
Total	**621.92**	**61,984.40**	**(9,671.39)**	**52,934.93**

As at 31 March 2020

Category	Net of provisions			
	Secured	Unsecured	Provisions	Total
1 Related parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	9,665.49	1,902.98	(674.41)	10,894.06
Total	**9,665.49**	**1,902.98**	**(674.41)**	**10,894.06**

67.2 Investor group - wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	As at 31 March 2021		As at 31 March 2020	
	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	32,613.95	32,613.95	21,119.84	21,119.84
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	2,25,618.14	2,23,891.27	3,33,447.32	3,33,183.32
Total	2,58,232.09	2,56,505.22	3,54,567.16	3,54,303.16

67.3 Other information

Particulars	As at 31 March 2021	As at 31 March 2020
i Gross non-performing assets		
a) Related parties	-	-
b) Other than related parties	2,792.64	579.91
ii Net non-performing assets		
a) Related parties	-	-
b) Other than related parties	237.39	343.07
iii Assets acquired in satisfaction of debt	-	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

68 Overseas assets

The Company does not have any joint venture or subsidiary abroad as on 31 March 2021 and 31 March 2020.

69 Off-balance sheet SPVs sponsored

The Company has not sponsored any off-balance sheet SPVs which are required to be consolidated as per accounting norms for the year ended 31 March 2021 and 31 March 2020.

70 Customer complaints

Particulars	As at 31 March 2021	As at 31 March 2020
a) Number of complaints pending at the beginning of the year (Nos)	1	4
b) Number of complaints received during the year (Nos)	884	51
c) Number of complaints redressed during the year (Nos)	878	54
d) Number of complaints pending at the end of the year (Nos)	7	1

71 Information on instances of fraud

Instances of fraud for the year ended 31 March 2021

Asset Classification as per RBI Norms	No of cases	Amounts of fraud	Recovery	Amounts written off
Fraud Committed by other than staff	134	102.22	0.21	100.87

72 Credit rating

The Company has obtained credit ratings from CRISIL during the year ended 31 March 2021

Total Bank Loan Facilities Rated	Rs.250 Crore
Long Term Rating	CRISIL A-/Stable (Assigned)

73 Disclosure of penalties imposed by the RBI and other regulators

No penalty has been imposed by the RBI and other regulators during the year ended 31 March 2021 and 31 March 2020.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

74 Funding concentration based on significant counterparty (borrowings)

Number of Significant Counterparties	Amount	% of Total borrowings
5	2,07,969.56	99.83%

Note

1. A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs
2. Total liabilities has been computed as total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.
3. The disclosure does not include CCIL borrowing outstanding as on 31 March 2021 of ₹ 30,614.42 lakhs

75 Top 10 borrowings

Amount	% of Total borrowings
2,07,967.29	99.84%

Note:

1. Accrued interest on borrowings not considered.

2. Total borrowing has been computed as gross total debt basis extant regulatory ALM guidelines.

76 Funding Concentration based on significant instrument/product

Name of the instrument/product	Amount	% of Total borrowings
Non-Convertible Debentures	1,67,180.74	77.10%
Repo Borrowings	30,614.42	14.12%
Term Loan	9,380.03	4.33%

Note:

A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs

Total liabilities has been computed as Total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.

77 Stock Ratios:

a) Commercial papers as a % of total public funds, total liabilities and total assets – Nil

b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets:- Nil

c) Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets:

Total Public funds	Total Liabilities	Total Assets
Nil	85.54%	55.85%

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

78 Institutional set-up for liquidity risk management

Board of Directors:

The Board has the overall responsibility for management of liquidity risk. The Board shall decide the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided by it.

Risk Management Committee:

The Risk Management Committee is responsible for evaluating the overall risks faced by the NBFC including liquidity risk

Asset-Liability Management Committee (ALCO):

The ALCO ensures adherence to the risk tolerance/limits set by the Board as well as implements the liquidity risk management strategy of the NBFC.

The members of the ALCO are: -

1. Mr. Samit S Shetty
2. Mr. Ankit Agarwal
3. Mr. LN Gurumoorthy

79 Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020

Particulars	As at 31 March 2021	As at 31 March 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3 of the circular (as on 29 Feb 2020)	2,511.14	2,511.14
Of the above, respective amounts where the asset classification benefit is extended at year ended	51.37	2,341.39
Provision made in terms of Paragraph 5 of the Covid-19 regulatory package*		
In Q4 FY 2020	-	-
In Q4 FY 2021	-	-
Provision adjusted against slippages during the year in terms of paragraph 6 of the COVID-19 Regulatory Package*	-	-
Residual provision held at the year ended*	-	-

*Pursuant to paragraph 4 of RBI notification DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020, NBFCs which are required to comply with Indian Accounting Standards (IndAS) shall continue to be guided by the guidelines duly approved by their Boards and as per ICAI Advisories for recognition of the impairments. Hence the provisioning requirements as mentioned in paragraph 5 and 6 is not applicable to the Company.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

80 Disclosure as required by the RBI notification dated 07 April 2021

In accordance with the RBI notification dated 07 April 2021, the Company is required to refund / adjust any amount in the nature of "Interest on Interest" including penal interest charged to the borrowers during the moratorium period i.e.,01 March 2020 to 31August 2020. The Company has assessed that no interest on interest, penal interest etc. was charged to the borrowers during the moratorium period and hence no liability has been created towards interest relief as on 31 March 2021.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Mumbai
24 June 2021

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Samit Shetty
Director
DIN: 02573018
Bengaluru
24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Bengaluru
24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Bengaluru
24 June 2021

Riya Bhattacharya
Chief Executive Officer
Bengaluru
24 June 2021

L N Gurumoorthy
Chief Financial Officer
Chennai
24 June 2021

Independent Auditor's Report

To the Members of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

   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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, as at 31 March 2021, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

3. We draw attention to Note 3 to the accompanying consolidated financial statements, which describes the uncertainty relating to the effects of Covid-19 pandemic on the Group's operations and the impact on the impairment provision recognized towards the unquoted investments outstanding as at 31 March 2021. Our opinion is not modified in respect of this matter.

Key Audit Matters

4. Key audit matters are those 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.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Information Technology (IT) environment and modifications to the IT environment affecting financial reporting process

Key audit matter	How our audit addressed the key audit matter
The Group is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis. Further, the Group's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, provision on loans, amongst others. The controls implemented by the Group in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.	We included auditor's experts as part of our audit team to perform audit procedures which included, but were not limited to the following: • Obtained an understanding of the Group's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit. • Obtained an understanding of the implementation process followed for new LMS implemented by the Group during the year and evaluated the controls established by

Key audit matter	How our audit addressed the key audit matter
Modifications to IT environment During the year ended 31 March 2021, the Group has migrated to Oracle ERP system from the erstwhile system Tally, for its operations and financial reporting purposes. Also, the Group has implemented and started using a new Loan Management System (LMS) from the current year for the new loan products launched by it during the year for processing and recording loan transactions. Such significant migration in IT systems including use of new IT systems increases the risk to the internal financial controls environment. These changes trigger a financial reporting risk as controls and processes that have been established over a number of years are updated and migrated into a new environment which includes new system controls and processes being designed and implemented for the above change in IT systems including controls around system integration. Our areas of audit focus included user access management, developer access to the production environment and data migration testing, changes to the IT environment across applications, networks, database and operating systems. Further, we also focused on key automated controls relevant for financial reporting. Accordingly, since our audit strategy included focus on key IT systems and automated controls along with testing of the data migration activity and implementation of new systems, due to pervasive impact on the consolidated financial statements; we have determined the same as a key audit matter for current year audit.	the management for such system implementation activity to ensure the implementation activity has been completed appropriately; • Tested the design and operating effectiveness of the Group's IT controls over the IT applications as identified above; • Evaluated the management's process for modifications to the IT systems including those modifications made post the implementation of the IT systems which also included understanding around monitoring and authorisation of such modifications. Tested such changes made to IT systems that had a significant impact on financial reporting; • With regards to the data migration activity carried out by the Group during the current year ended 31 March 2021 for the new ERP system, we performed the following procedures: a. Obtained an understanding of the Group's migration process, b. Evaluated the controls established by the management for the migration activity to ensure the activity has been completed appropriately, c. Understood the data cleansing process undertaken by the management prior to migration and tested the data migration, including associated reconciliations. d. Verified that the pre-migration and post migration reports, for example, appropriate approvals of trial balance by the respective authorized personnel from the Operations and Finance teams, along with the personnel from conversion team, e. Obtained the exception reports generated during data migration procedure and ensured that the exceptions, if any, have been rectified and necessary sign off was obtained by the management. • Tested IT general controls particularly, logical access, changes management and aspects of IT operational controls. Tested that, requests for access to systems were appropriately reviewed and authorized; tested controls around Group's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. • Tested related system interfaces/system integrations including relevant approvals, configurations and other application layer controls identified during out audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; • Where deficiencies were identified, tested compensating controls or performed alternative procedures.

Impairment losses on loan portfolio including implementation of COVID-19 related measures

As at 31 March 2021, the Group has reported gross loan assets of ₹ 182,469.75 lakhs against which an impairment allowance of ₹ 16,340.75 lakhs has been recorded. Refer note 4.8 of significant accounting policies, note 8 for the outstanding loan assets and note 46.1 of the consolidated financial statements for credit risk disclosures.

Key audit matter	How our audit addressed the key audit matter
The calculation of impairment losses on loans is complex and is based on application of significant management judgement and use of different modelling techniques and assumptions which could have a material impact on reported profits. The Group has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Group i.e. the default in repayment is within the range of 0 to 30 days. • If a significant increase in credit risk ('SICR') since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 89 days. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 89 days. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement in measuring ECL is required with respect to: • determining the criteria for SICR • factoring in future macro-economic assumptions • techniques used to determine probability of default and loss given default. The ECL for the respective stages has been derived basis the Group's internally developed statistical models including that developed for new loan products launched during the year, historical data, collections trends post reporting date and industrywide stress. Implementation of COVID-19 related measures During the current year, the RBI has announced various relief measures for the borrowers which were implemented by the Group such as "COVID 19 Regulatory Package-Asset Classification and Provisioning" announced by the RBI on 27 March 2020, 17 April 2020 and 23 May 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021 (collectively referred to as 'the RBI circulars'), which has been collectively considered by the management in identification and provisioning of NPAs.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures: • Evaluated the Group's accounting policies for estimation of expected credit loss on loans in accordance with Ind AS 109. • Obtained an understanding of the modelling techniques adopted by the Group including the key inputs and assumptions for existing and new loan products. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals; • Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the RBI circular and ensured whether such policy was in accordance with the RBI circular. • With respect to the management's assessment for the requirement of additional provisions to be made or not to be made on account of the impact of the COVID-19 pandemic, we understood and challenged evaluated the underlying assumptions used by the Group for such estimate by considering our understanding of the risk profiles of the customers of the Group. • Evaluated the appropriateness of the Group's determination of significant increase in credit risk ('SICR') in accordance with the applicable accounting standard considering impact of COVID-19 and moratorium announced in the RBI circular and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Group's categorization across various stages; • Assessed the critical assumptions and inputs used in the model which amongst others included testing the

Key audit matter	How our audit addressed the key audit matter
the Group periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI. Considering the significance of the above matter to the overall consolidated financial statements, additional complexities involved in the current year on account of ongoing impact of COVID-19, launch of new loan product and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter for current year audit. We also draw attention to Note 3 of the accompanying consolidated financial statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the above mentioned loan assets as on 31 March 2021, as the same is fundamental to the understanding of the users of consolidated financial statements.	collection trends of the portfolio and ensuring consistency of assumptions with other relevant publicly available macro economic factors pertaining to impact of COVID-19. For forward looking assumptions used by the management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information. • Performed a critical assessment of assumptions including management's assessment of the impact of COVID-19 on these assumptions, moratorium facility availed by the customers and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD); • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable. • Assessed the appropriateness and adequacy of the related presentation and disclosures of note 46 "Financial risk management" disclosed in the consolidated financial statements in accordance with the applicable accounting standards.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do 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 Other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors/management of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation

and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls 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; and

    - 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.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Matter

15. The consolidated financial information of the Group for the year ended 31 March 2020, included as comparative financial information in the accompanying consolidated financial statements, are based on the management certified consolidated financial statements of the Group

which have not been subjected to either review or audit, as explained in Note 2 to the consolidated financial statements. Our opinion is not modified with respect to this matter.

Report on Other Legal and Regulatory Requirements

16. Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Holding Company and its subsidiary company covered under the Act, since none of such companies is a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.

17. As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

    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 its subsidiary company, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    f) with respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company, and its subsidiary company, covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II'; and

    g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the other financial information of the subsidiary:

        i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 43 to the consolidated financial statements;

        ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company covered under the Act, during the year ended 31 March 2021; and

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAAEA9774

Place: Mumbai
Date: 24 June 2021

Annexure I to the Independent Auditor's Report of even date to the members of Navi Finserv Private Limited on the consolidated financial statements for the year ended 31 March 2021

List of entities included in the Consolidated Financial Statements

Subsidiary:

(a) Chaitanya India Fin Credit Private Limited

Annexure II to the Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company as aforesaid.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

6. A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated 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 company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAAEA9774

Place: Mumbai
Date: 24 June 2021

Consolidated Balance Sheet as at 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
I ASSETS			
1 Financial assets			
Cash and cash equivalents	5	16,679.83	2,528.95
Bank balances other than cash and cash equivalents	6	8,087.56	1,432.65
Trade receivables	7	4.85	-
Loans	8	1,66,129.00	93,784.82
Investments	9	2,41,981.22	3,38,170.01
Other financial assets	10	1,943.35	341.94
2 Non-financial assets			
Deferred tax asset (net)	11	4,078.48	1,617.34
Property, plant and equipment	12	325.93	319.63
Right to use asset		163.44	25.62
Other intangible assets	13	226.12	148.87
Other non-financial assets	14	487.28	236.44
Total assets		**4,40,107.06**	**4,38,606.27**
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Payables:			
- Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	15	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	15	237.31	118.65
- Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	15	11.60	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	15	562.72	47.47
Debt securities	16	1,96,839.76	2,60,905.15
Borrowings (other than debt securities)	17	1,07,677.84	62,160.52
Subordinated liabilities	18	4,976.96	4,969.61
Other financial liabilities	19	9,132.78	2,533.74
2 Non-financial liabilities			
Current tax liabilities (net)	20	227.05	579.42
Provisions	21	2,156.21	1,003.12
Other non financial liabilities	22	675.86	300.15
Total liabilities		**3,22,498.09**	**3,32,617.83**
3 Equity			
Equity share capital	23	16,524.04	15,132.90
Other equity	24	1,01,084.93	90,855.54
Total equity		**1,17,608.97**	**1,05,988.44**
Total liabilities and equity		**4,40,107.06**	**4,38,606.27**

See accompanying notes forming part of the consolidated financial statements.

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Place: Mumbai
Date: 24 June 2021

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Samit Shetty
Director
DIN: 02573018
Place: Bengaluru
Date: 24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Place: Bengaluru
Date: 24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Place: Bengaluru
Date: 24 June 2021

Riya Bhattacharya
Chief Executive Officer

Place: Bengaluru
Date: 24 June 2021

L N Gurumoorthy
Chief Financial Officer

Place: Chennai
Date: 24 June 2021

Statement of Consolidated Profit and Loss

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations			
(i) Interest income	25	40,154.71	23,212.56
(ii) Fees and commission income	26	362.06	495.15
(iii) Net gain on fair value changes	27	14,094.96	188.87
(iv) Net gain on derecognition of financial instruments under amortised cost category	28	1,898.13	332.34
(I) Total revenue from operations		**56,509.86**	**24,228.92**
(II) Other income	29	13.68	0.89
(III) Total income (I+II)		**56,523.54**	**24,229.81**
Expenses			
(i) Finance costs	30	8,714.94	7,963.00
(ii) Fees and commission expenses	31	143.54	220.84
(iii) Net loss on fair value changes	32	-	2,323.11
(iv) Impairment on financial instruments	33	18,361.45	2,785.13
(v) Employee benefits expenses	34	7,446.98	5,682.54
(vi) Depreciation and amortisation expense	35	180.92	178.19
(vii) Other expenses	36	6,020.92	2,819.02
(IV) Total expenses		**40,868.75**	**21,971.83**
(V) Profit before tax (III - IV)		**15,654.79**	**2,257.98**
(VI) Tax expense			
(1) Current tax	37	6,370.09	1,802.10
(2) Deferred tax credit	37	(2,531.97)	(1,022.75)
Total tax expense		**3,838.12**	**779.35**
(VII) Profit for the year (V - VI)		**11,816.67**	**1,478.63**
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit (liability)/asset		0.20	(65.54)
(ii) Income tax relating to the above		(0.05)	16.50
(B) (i) Items that will be reclassified to profit or loss		281.20	-
(ii) Income tax relating to items that will be reclassified to profit or loss		(70.78)	-
(VIII) Other comprehensive income	38	**210.57**	**(49.04)**
(IX) Total comprehensive income for the year (VII + VIII)		**12,027.24**	**1,429.59**
(X) Earnings per equity share	39		
Basic (₹)		7.76	1.49
Diluted (₹)		7.76	1.48

See accompanying notes forming part of the consolidated financial statements.

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Place: Mumbai
Date: 24 June 2021

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Samit Shetty
Director
DIN: 02573018
Place: Bengaluru
Date: 24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Place: Bengaluru
Date: 24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Place: Bengaluru
Date: 24 June 2021

Riya Bhattacharya
Chief Executive Officer

Place: Bengaluru
Date: 24 June 2021

L N Gurumoorthy
Chief Financial Officer

Place: Chennai
Date: 24 June 2021

Consolidated Cash Flow Statement

for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A. Cash flow from operating activities		
Profit before tax	15,654.79	2,257.98
Depreciation, amortisation and impairment	145.61	151.98
Contribution to employee stock option scheme	94.11	33.27
Depreciation on right of use asset	35.28	26.20
Interest expense on lease liability	6.23	2.72
Impairment allowance on loans	13,938.50	1,479.62
Portfolio written off	2,194.25	23.98
Impairment allowance on investments	1,462.87	264.00
Interest on liability component of compulsorily convertible debentures	-	20.48
Loss/(profit) on sale of fixed assets (net)	(6.42)	0.52
Loss/(gain) on sale of mutual funds and securities	(429.19)	(186.91)
Effective interest rate adjustment for financial instruments	61.13	338.55
Impairment on other assets	(0.11)	-
Net loss on fair value changes on investment	(3,217.93)	2,176.82
Operating profit before working capital changes	**29,939.12**	**6,589.21**
Movements in working capital:		
(Increase) / decrease in assets		
Loans	(89,064.35)	(42,884.35)
Receivables	(2,232.04)	(626.18)
Bank deposits	(6,654.91)	898.86
Investments	86,805.17	(30,316.65)
Other financial assets	(4,279.74)	227.28
Other non-financial assets	(250.86)	(58.37)
Increase / (decrease) in liabilities		
Payables	735.73	666.59
Other financial liabilities	11,414.37	197.48
Non-financial liabilities	693.19	80.02
Provisions	1,153.10	398.38
Cash generated from / (used in) operating activities	**28,258.78**	**(64,827.73)**
Income taxes paid (net of refunds)	6,690.05	1,707.09
Net cash flows (used in)/generated from operating activities (A)	**21,568.73**	**(66,534.82)**
B. Cash flow from Investing activities		
Purchase of property, plant and equipment and intangible assets	(289.45)	(176.91)
Proceeds from sale of property, plant and equipment and intangible assets	57.00	0.84
Net cash flows (used in) investing activities (B)	**(232.45)**	**(176.07)**

Consolidated Cash Flow Statement for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
C. Cash flow from financing activities		
Issue of equity shares	10,313.75	19,856.44
Buy back of equity shares	-	(3,063.43)
Proceeds from issue of debentures	52,290.00	38,900.00
Repayment of debentures	(1,15,218.90)	(23,714.79)
Proceeds from term loans availed	3,29,761.90	62,075.00
Repayment of term loans	(2,84,300.44)	(31,509.60)
Lease payments	(31.71)	(28.56)
Net cash flows (used in) / generated from financing activities (C)	**(7,185.40)**	**62,515.07**
Net increase in cash and cash equivalents (A+B+C)	**14,150.88**	**(4,195.82)**
Cash and cash equivalents at the beginning of the year	2,528.95	6,724.77
Cash and cash equivalents at the end of the year	**16,679.83**	**2,528.95**

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	As at 31 March 2021	As at 31 March 2020
Cash on hand	122.61	22.64
Balances with banks (of the nature of cash and cash equivalents)	16,557.22	2,506.31
Total	**16,679.83**	**2,528.95**

See accompanying notes forming part of the consolidated financial statements.

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Place: Mumbai
Date: 24 June 2021

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Samit Shetty
Director
DIN: 02573018
Place: Bengaluru
Date: 24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Place: Bengaluru
Date: 24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Place: Bengaluru
Date: 24 June 2021

Riya Bhattacharya
Chief Executive Officer
Place: Bengaluru
Date: 24 June 2021

L N Gurumoorthy
Chief Financial Officer
Place: Chennai
Date: 24 June 2021

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
As at 31 March 2019	**2,63,11,393**	**2,631.14**
Changes in equity share capital during the year	12,50,17,627	12,501.76
As at 31 March 2020	**15,13,29,020**	**15,132.90**
Changes in equity share capital during the year	1,39,11,333	1,391.14
As at 31 March 2021	**16,52,40,353**	**16,524.04**

B. Other equity

Particulars	Reserves and surplus								Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital Redemption Reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income - retirement benefits	Retained earnings	Other comprehensive income - retirement benefits	
Balance as at 31 March 2019	4,735.44	306.98	-	81.20	(80.81)	20.26	-	-	5,063.07
Profit for the year	-	-	-	-	1,429.59	-	-	-	1,429.59
Issue of equity shares	77,058.40	-	-	-	-	-	-	-	77,058.40
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	285.62	-	-	(285.62)	-	-	-	-
Employee stock option reserve created	-	-	-	66.54	-	-	-	-	66.54
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	49.04	(49.04)	-	-	-
Dividend distribution tax	-	-	-	-	(507.92)	-	-	-	(507.92)
Buy back of shares	(2,622.90)	-	-	-	-	-	-	-	(2,622.90)
Transfer to capital redemption reserve	(440.53)	-	-	-	-	-	-	-	(440.53)
Created on buy back of equity shares	-	-	440.53	-	-	-	-	-	440.53
Net interest paid on CCDs	-	-	-	-	-	-	-	10,368.76	10,368.76
Balance as at 31 March 2020	**78,730.41**	**592.60**	**440.53**	**147.74**	**604.28**	**(28.78)**	**-**	**10,368.76**	**90,855.54**
Profit for the year	-	-	-	-	12,027.24	-	-	-	12,027.24
Issue of equity shares	8,828.50	-	-	-	-	-	-	-	8,828.50
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	2,405.47	-	-	(2,405.47)	-	-	-	-

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

B. Other equity (Contd..)

Particulars	Reserves and surplus								Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital Redemption Reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income - retirement benefits	Retained earnings	Other comprehensive income - retirement benefits	
Employee stock option reserve created	167.98	-	-	188.22	-	-	-	-	356.20
Transfer to securities premium	-	-	-	(335.96)	-	-	-	-	(335.96)
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	(210.58)	210.58	-	-	-
Transfer to Debenture Redemption Premium	-	-	-	-	(100.00)	-	100.00	-	-
Premium utilised	(277.83)	-	-	-	-	-	-	-	(277.83)
Net interest paid on CCDs	-	-	-	-	-	-	-	277.83	277.83
CCD converted to equity	-	-	-	-	-	-	-	(10,646.59)	(10,646.59)
Balance as at 31 March 2021	**87,449.06**	**2,998.07**	**440.53**	**-**	**9,915.47**	**181.80**	**100.00**	**-**	**1,01,084.93**

See accompanying notes forming part of the consolidated financial statements.

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Place: Mumbai
Date: 24 June 2021

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Samit Shetty
Director
DIN: 02573018
Place: Bengaluru
Date: 24 June 2021

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Place: Bengaluru
Date: 24 June 2021

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Company Secretary
Membership no.: ACS A36349
Place: Bengaluru
Date: 24 June 2021

Riya Bhattacharya
Chief Executive Officer

Place: Bengaluru
Date: 24 June 2021

L N Gurumoorthy
Chief Financial Officer

Place: Chennai
Date: 24 June 2021

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

1. Group overview

Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) ('the Company') was formed on 14 February 2012 to carry on the business of sourcing, underwriting and carrying on the business of lending to individuals and entities including micro, small and medium enterprises, rural credit and other body corporates across India and provide credit related services as an NBFC, including, inter alia, (i) intermediation services for financial services agents and money transfer agents; (ii) credit linkage services; (iii) acting as a banking correspondent and (iv) generally carrying out all activities permissible to be carried out as an NBFC. The Company also carries on corporate treasury activities including: (i) investments in equity, mutual funds, alternative investment funds (AIFs), bonds, debentures, pass through certificates, receivables, sovereign funds and to extend to other persons and body corporates, loans and other instruments of similar nature for such consideration as the Company may deem fit; and (ii) the activity of trading in the equity, debt, gold, oil, currency, interest rates and commodities in and across futures, options and other derivatives and to carry on repo and reverse repo transactions.

During the year ended 31 March 2020, controlling stake in the Company was initially acquired by Mr. Sachin Bansal w.e.f. 24 October 2019 and was subsequently transferred to Navi Technologies Private Limited (formerly known as BAC Acquisitions 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 consolidated financial statements comprise of the financial statements of Navi Finserv Private Limited (the Holding Company) and its subsidiary (collectively known as the 'Group') as listed below.

2. Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group is required to prepare its consolidated financial statements as per the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) ('Ind AS'). Accordingly, the Group has prepared these consolidated financial statements which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended 31 March 2021, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as 'consolidated financial statements').

These consolidated financial statements ('the financial statements') of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') and presentation requirements of Division III of Schedule III to the Companies Act, 2013, applicable to NBFCs, as notified by the MCA, and applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting period, as explained in the accounting policies below

The consolidated financial statements for the year ended 31 March 2021 were authorized and approved for issue by the Board of Directors on 24 June 2021.

During the previous year ended 31 March 2020, the Company had availed the exemption available to companies under Companies Act, 2013 from preparing consolidated financial statements as per Rule 6 of Companies (Accounts) Rules, 2014 (as amended). However, during the current year ended 31 March 2021, the Company has issued non-convertible debentures which have been listed on the BSE and accordingly the Company can no longer avail the exemption benefit available as per the aforementioned Rule 6 and has accordingly prepared its Consolidated financial statements for the year ended 31 March 2021 and has also included the comparative financial information which has not been subjected to independent audit or review.

3. Impact of COVID-19

The COVID-19, a global pandemic has affected the world economy including India, leading to significant decline and volatility in financial markets and decline in economic activities. The national lockdown announced on 23 March 2020 affected activities of organizations across the economic ecosystem, impacting earning prospects and valuations of companies and creating huge volatility in the stock markets. The impact of COVID-19 on the Group's result remain uncertain and will dependent on future developments including the second wave that has significantly increased the number of cases in India.

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The Group, as per the regulatory requirements, has put in place a COVID policy and has given moratorium to eligible borrowers. The Group's capital and liquidity position remains strong and would continue to be the focus area for the Management. There have been no significant changes to the Group's internal financial control other than providing remote access to some of its key employees during the lockdown.

Based on the current assessment of the potential impact of the COVID-19 on the Group, management is of the view that the Group is well capitalised and has adequate liquidity to service its obligations, sustain its operations and also look at any appropriate investment/lending opportunities.

The Group has recognized consolidated provisions as on 31 March 2021, towards its loan assets to the extent of ₹ 16,340.75 lakhs which includes an additional provision of ₹ 2,797.68 lakhs for impact of COVID-19 second wave, based on the information available at this point of time including economic forecasts, in accordance with the expected credit loss method. The Group believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial results. The extent to which the current pandemic will impact the carrying value of loan assets and unquoted investments is dependent on the future developments, which are highly uncertain at this point in time.

4. Significant accounting policies

4.1. Basis of preparation and measurement

(i) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 March 2021. Control is achieved 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. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights, including potential voting rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

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; and
- 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 year 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 members of the Group used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on 31 March. When the end of the reporting period of the Holding Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Holding Company to enable the Holding Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedures

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding

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Company 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 Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup 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.

Non- controlling interest represents the amount of equity not attributable, directly or indirectly, to the Company at the date on which investment in a subsidiary is made and its share of movements in equity since that date. Non-controlling interests and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, consolidated statement of changes in equity and consolidated balance sheet respectively. Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity shareholders of the Holding Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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 non-controlling 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 the Consolidated Statement of Profit or Loss; and

Reclassifies the Holding Company's share of components previously recognised in OCI to Consolidated Statement of Profit or Loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(ii) Going concern and basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities are measured at fair values at the end of each reporting period. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

(iii) Use of estimates and judgements

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods. An overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed have been disclosed below. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Estimate and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.

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- **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 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 loans and investment portfolio**

  The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

  It has been the 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, recognises 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 recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

  This estimation, by nature, requires an element of judgement regarding the expected behavior 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.

4.2. Revenue recognition

i. Recognition of interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

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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 between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

ii. Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

iii. Recoveries against written off assets and fees received on collections

The Group recognises recoveries against written off assets and fees received on collections on realization basis.

iv. Dividend income

Dividend income is recognised 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.

v. 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 recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Borrowing cost consists of interest and other cost that the Group incurred in connection with the borrowing of funds. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

4.4. Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/ capitalised with the related assets. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the 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 equipments) valued less than ₹ 5,000 are depreciated in full in the year of acquisition. The useful life of the assets is as follows:

Asset class	Useful life adopted by the Group
Electrical Installations and Equipment	5 years
Computers and accessories	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicle - Motor car	8 years
UPS	10

Depreciation is calculated on a pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed off.

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The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognized.

4.5. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Any gain or loss on disposal of an item of intangible assets is recognised in statement of profit or loss.

Amortization For amortization of intangibles, the amortization amount is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 3 years.

4.6. Fair value measurement

The 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 categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the 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.

Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets carried at amortized cost – a financial asset is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Group's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The difference in the carrying amount of financial assets (net of impairment allowance) and the consideration received on the transfer of financial asset is recognised in the statement of profit or loss.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other payables, borrowings and payables towards assignment transactions.

Subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.8. Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are investments in debt instruments, and are measured at amortised cost along with other financial assets such as e.g., loans, deposits, trade receivables and bank balances.

4.8.1. Overview of the Expected Credit Loss (ECL) Model

The Group records allowance for expected credit losses for all loans and other debt instruments not held at FVTPL in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss).

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The 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 categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

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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 standard advances/investments and advances/investments upto 30 days default under this category. Stage 1 financial instruments also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument. The Group recognizes life time ECL for impairment of financial assets.

4.8.2. Estimation of Expected Credit loss

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognised and is still in the portfolio.

  The Group uses historical information where available to determine PD. Considering the different products, the Group has bifurcated its financial instruments into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years. For those pools where sufficient historical information is not available, the PD/default rates as being witnessed in the industry is also used as an input to determine the PD for the Group. For investments, the PD/default rates are considered as reported by external credit rating agencies.

- Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date.

- Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realisation of any collateral.

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 movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECL and the fair value is based on data provided by third party or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Group may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. The Group reduces the gross carrying amount of a financial asset. However financial assets that are written off could still be

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enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognised in the statement of profit and loss.

4.9. Employee benefits:

The 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 recognised as an expense in the year in which the related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the 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 recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

4.10. Leases

Identification of lease:

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Recognition of lease payments:

Rent expenses representing operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

Leases that do not transfer to the 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 recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.11. Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.12. Share based payments

The Group had formulated an Employees Stock Option Schemes to be administered through a Trust. The fair value of options granted under Employee Stock Option Plan was recognised as an employee benefits expense with a corresponding increase in other equity upto the year ended 31 March 2021. The fair value of options granted under Employee Stock Option Plan is recognized as a deemed investment in subsidiary company with a corresponding increase in employee stock options outstanding reserve. The total amount to be recognized is determined by reference to the fair value of the options and is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium. This scheme as closed in the current year

4.13. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

4.14. Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4.15. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

4.16. Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholder's meeting and the Board of Directors respectively.

4.17. Foreign currency

Functional and presentation currency

Items included in the financial statement of the 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 recognised in the Statement of Profit and Loss in the year in which they arise.

4.18. Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost in accordance with IndAS 27 Separate Financial Statements

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

4.19. Compound financial instruments

Compulsorily convertible debentures re separated into liability and equity components based on the terms of the contract. On issuance of the said instruments, the liability component is arrived by discounting the gross sum at a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption. The remainder of the proceeds is recognised as equity component of compound financial instrument. This is recognised and included in shareholder's equity, net of income tax effects, and no subsequently re-measured.

4.20. 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.

4.21. Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the thousands as per the requirements of Schedule III of the Act unless otherwise stated.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

5 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash in hand	122.61	22.64
Balances with banks and financial institutions		
- Balances with banks in current account	12,557.22	2,506.31
- Bank deposit with original maturity less than 3 months	4,000.00	-
Total	**16,679.83**	**2528.95**

6 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Term deposits with bank*	6,375.55	26.73
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings*	1,712.01	1,405.92
Total	**8,087.56**	**1,432.65**

* The term deposits with banks (excluding the interest accrued on term deposits have been placed under lien for the following purposes:

Particulars	As at 31 March 2021	As at 31 March 2020
Term loans	1,712.01	1,429.92
Margin money against Government Securities Trade	4,986.00	-
Overdraft facilities	1,227.15	-
Total	**7,925.16**	**1,429.92**

7 Trade receivables*

Particulars	As at 31 March 2021	As at 31 March 2020
Receivable from related parties	4.85	-
Total	**4.85**	**-**

*The Company does not have any receivables which are either credit impaired or where there is significant increase in credit risk.

8 Loans

Particulars	As at 31 March 2021	As at 31 March 2020
A) Loans		
At amortised cost		
Secured		
Term loans	621.92	1,902.98
Mortgage housing loans	806.16	77.03
Two wheeler loans	-	2.51

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

8 Loans (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
Small Business Loans(SBL)	62.18	-
Livestock Loan	151.37	-
Unsecured		
Term loans	61,984.40	9,665.49
Joint liability loans	97,873.78	84,849.02
At fair value through OCI		
Unsecured		
Joint liability loans	20,923.23	-
Total (A) - Gross	**1,82,423.04**	**96,497.03**
Less : Impairment loss allowance	(16,339.13)	(2,743.98)
Total (A) - Net	**1,66,083.91**	**93,753.05**
B) Others (Loan to employees)		
Unsecured	46.71	36.83
Total (B) - Gross	**46.71**	**36.83**
Less : Impairment loss allowance	(1.62)	(5.06)
Total (B) - Net	**45.09**	**31.77**
Total (A+B) - Net	**1,66,129.00**	**93,784.82**
C) Loans in India		
i) Public sector	-	-
ii) Individuals	1,82,369.75	92,948.06
iii) Corporates	100.00	3,585.80
Total - Gross	**1,82,469.75**	**96,533.86**
Less : Impairment loss allowance	(16,340.75)	(2,749.04)
Total - Net	**1,66,129.00**	**93,784.82**

9 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
At fair value through profit and loss account ('FVTPL')		
Mutual funds (quoted)	15,927.69	39,331.35
Equity instruments (quoted)	-	7,409.30
Alternative investment fund (unquoted)	-	3,796.75
Bonds and debentures (unquoted)	1,517.32	
Bonds and debentures (quoted)	1,21,658.90	1,42,655.88
Government securities (quoted)	46,794.07	-
Futures (quoted)	635.03	9.98
At amortised cost		
Bonds and debentures (unquoted)*	2,774.60	45,139.77
Pass through certificates (unquoted)	27,194.96	1,00,004.92
Others (quoted)	26,184.33	-
Equity instruments:		
- Others (unquoted)	12.19	86.06
Investment in securities	1,009.12	-
Total gross (A)	**2,43,708.21**	**3,38,434.01**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

9 Investments (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
Investments outside India	-	
Investments in India	2,43,708	3,38,434.01
Total gross (B)	**2,43,708.21**	**3,38,434.01**
Less: Impairment loss allowance (C)	(1,726.99)	(264.00)
Total net - (A) + (B) - (C)	**2,41,981.22**	**3,38,170.01**

10 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits (unsecured, considered good)	91.97	84.50
EIS receivable on assignment	1,262.08	117.23
Insurance recoverables	237.20	104.90
Less: Impairment on insurance recoverable	(79.75)	(3.43)
Other receivables	518.07	124.96
Less: Impairment loss allowance on Other recoverables	(86.22)	(86.22)
Total	**1,943.35**	**341.94**

11 Deferred tax asset (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Tax effect of items constituting deferred tax liabilities:		
Financial liabilities measured at amortised cost	179.13	67.27
Deferment of upfront EIS and servicing obligation recorded for assignment	317.08	19.63
Interest on non-performing loans	2.96	29.83
Financial assets measured at fair value through profit and loss	261.73	-
Fair value charge of loans through other comprehensive income	70.78	-
Others	-	1.29
Deferred tax liabilities (total) - A	**831.68**	**118.02**
Tax effect of items constituting deferred tax assets:		
Impairment allowance for loans	3,764.62	664.44
Provision for employee benefits	197.64	247.44
Difference in written down value as per Companies Act and Income Tax Act	43.96	41.12
Financial assets measured at amortised cost	417.19	197.56
Financial assets measured at fair value through profit and loss	-	546.37
Impairment allowance for other receivables	43.49	27.02
"Remeasurement gain / (loss) on defined benefit plan"	-	-
Employee stock option scheme expense	-	11.30
Others	443.26	0.11
Deferred tax assets (total) - B	**4,910.16**	**1,735.36**
Net deferred tax asset (B-A)	**4,078.48**	**1,617.34**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

11 Deferred tax asset (net) (Contd..)

Movement in deferred tax liabilities

Particulars	As at 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2021
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	67.27	111.86	-	179.13
Deferment of upfront EIS and servicing obligation recorded for assignment	19.63	297.45	-	317.08
Interest on non-performing loans	29.83	(26.87)	-	2.96
Financial assets measured at fair value through profit and loss	-	261.73	-	261.73
Fair value charge of loans through other comprehensive income	-	-	70.78	70.78
Others	1.29	(1.29)	-	-
Total deferred tax liabilities	**118.02**	**642.88**	**70.78**	**831.68**
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	664.44	3,100.18	-	3,764.62
Provision for employee benefits	247.44	(49.75)	(0.05)	197.64
Difference in written down value as per Companies Act and Income Tax Act	41.12	2.84	-	43.96
Financial assets measured at amortised cost	197.56	219.63	-	417.19
Financial assets measured at fair value through profit and loss	546.37	(546.37)	-	-
Impairment allowance for other receivables	27.02	16.47	-	43.49
Remeasurement gain / (loss) on defined benefit plan	-	-	-	-
Employee stock option scheme expense	11.30	(11.30)	-	-
Others	0.11	443.15	-	443.26
Total deferred tax assets	**1,735.36**	**3,174.85**	**(0.05)**	**4,910.16**
Total deferred tax asset (net)	**1,617.34**	**2,531.97**	**(70.83)**	**4,078.48**

Particulars	As at 31 March 2019	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2020
Tax effect of items constituting deferred tax liabilities:				
Financial liabilities measured at amortised cost	27.57	39.70	-	67.27
Deferment of upfront EIS and servicing obligation recorded for assignment	69.94	(50.31)	-	19.63
Interest on non-performing loans	32.97	(3.14)	-	29.83
Financial assets measured at fair value through profit and loss	-	-	-	-
Fair value charge of loans through other comprehensive income	-	-	-	-
Others	0.62	0.67	-	1.29
Total deferred tax liabilities	**131.10**	**(13.08)**	**-**	**118.02**
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	325.83	338.61	-	664.44
Provision for employee benefits	149.98	80.96	16.50	247.44

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

11 Deferred tax asset (net) (Contd..)

Particulars	As at 31 March 2019	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2020
Difference in written down value as per Companies Act and Income Tax Act	33.04	8.08	-	41.12
Financial assets measured at amortised cost	133.28	64.28	-	197.56
Financial assets measured at fair value through profit and loss	-	546.37	-	546.37
Impairment allowance for other receivables	-	27.02	-	27.02
Remeasurement gain / (loss) on defined benefit plan	-	-	-	-
Employee stock option scheme expense	11.30	-	-	11.30
Others	55.76	(55.65)	-	0.11
Total deferred tax assets	**709.19**	**1,009.67**	**16.50**	**1,735.36**
Total deferred tax asset (net)	**578.09**	**1,022.75**	**16.50**	**1,617.34**

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							
As at 31 March 2019	**299.72**	**188.07**	**96.90**	**155.96**	**-**	**2.95**	**743.60**
Additions	74.37	54.15	44.65	-	-	1.66	174.83
Reversal on disposal of assets	6.97	-	0.15	3.35	-	-	10.47
Balance as at 31 March 2020	**367.12**	**242.22**	**141.40**	**152.61**	**-**	**4.61**	**907.96**
Additions	100.35	32.67	52.29	-	5.96	5.85	197.12
Reversal on disposal of assets	27.86	-	-	151.08	-	-	178.94
Balance as at 31 March 2021	**439.61**	**274.89**	**193.69**	**1.53**	**5.96**	**10.46**	**926.14**
Accumulated depreciation							
As at 31 March 2019	**219.93**	**96.82**	**48.28**	**87.09**	**-**	**1.22**	**453.34**
Charge for the year	71.75	29.74	20.43	21.38	-	0.80	144.10
Reversal on disposal of assets	6.87	-	0.08	2.16	-	-	9.11
Balance as at 31 March 2020	**284.81**	**126.56**	**68.63**	**106.31**	**-**	**2.02**	**588.33**
Charge for the year	67.01	32.03	29.33	5.93	2.01	0.55	136.86
Reversal on disposal of assets	14.05	-		110.93	-	-	124.98
Balance as at 31 March 2021	**337.77**	**158.59**	**97.96**	**1.31**	**2.01**	**2.57**	**600.21**
Net block							
Balance as at 31 March 2020	**82.31**	**115.66**	**72.77**	**46.30**	**-**	**2.59**	**319.63**
Balance as at 31 March 2021	**101.84**	**116.30**	**95.73**	**0.22**	**3.95**	**7.89**	**325.93**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

13 Intangible assets#

Particulars	Application software	Trade mark	Computer Software	Goodwill	Total
Gross block					
As at 31 March 2019	**0.40**	**0.15**	**62.85**	**139.48**	**202.88**
Additions	0.90	-	1.17	-	2.07
Reversal on disposal of assets	-	-	-	-	-
Balance as at 31 March 2020	**1.30**	**0.15**	**64.02**	**139.48**	**204.95**
Additions		-	86.02	-	86.02
Reversal on disposal of assets	-	-	38.84	-	38.84
Balance as at 31 March 2021	**1.30**	**0.15**	**111.20**	**139.48**	**252.13**
Accumulated depreciation					-
As at 31 March 2019	**0.01**	**0.05**	**48.16**	**-**	**48.22**
Charge for the year	0.17	0.03	7.66	-	7.86
Reversal on disposal of assets	-	-	-	-	-
Balance as at 31 March 2020	**0.18**	**0.08**	**55.82**	**-**	**56.08**
Charge for the year	0.44	0.06	8.27	-	8.77
Reversal on disposal of assets	-	-	38.84	-	38.84
Balance as at 31 March 2021	**0.62**	**0.14**	**25.25**	**-**	**26.01**
Net block					-
Balance as at 31 March 2020	**1.12**	**0.07**	**8.20**	**139.48**	**148.87**
Balance as at 31 March 2021	**0.68**	**0.01**	**85.95**	**139.48**	**226.12**

#Other than internally generated

14 Other non-financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Advances to suppliers and others	144.76	60.01
Advances with staff	12.30	12.24
Balance with government authorities	165.58	61.29
Income tax paid under dispute	46.73	46.74
Prepaid expenses	117.91	56.16
Total	**487.28**	**236.44**

15 Payables

Particulars	As at 31 March 2021	As at 31 March 2020
I. Trade Payable		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	237.31	118.65
Total	**237.31**	**118.65**
II. Other Payables		
i) Dues to micro enterprises and small enterprises	11.60	-
ii) Dues to creditors other than micro enterprises and small enterprises	562.72	47.47
Total	**574.32**	**47.47**
Total(I+II)	**811.63**	**166.12**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

16 Debt securities

Particulars	As at 31 March 2021	As at 31 March 2020
Secured (at amortised cost)		
Liability component of compound financial instruments	-	879.94
Listed redeemable non-convertible debentures	49,190.65	2,54,242.05
Unlisted redeemable non-convertible debentures	4,946.11	3,290.34
Unsecured (at amortised cost)		
Listed redeemable non-convertible debentures	-	497.69
Unlisted redeemable non-convertible debentures	1,42,703.00	1,995.13
Total	**1,96,839.76**	**2,60,905.15**
Borrowings in India	1,96,839.76	2,60,905.15
Borrowings outside India	-	-
Total	**1,96,839.76**	**2,60,905.15**

(i) Refer note 16.1 for interest rates, repayment terms and nature of security of debt securities.

17 Borrowings (other than debt securities)

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings carried at amortised cost		
Term loans		
- From banks:		
Secured	47,235.68	26,402.18
- From financial institutions:		
Secured	60,275.66	35,729.48
Lease liability	166.50	28.86
Total	**1,07,677.84**	**62,160.52**
Borrowings in India	1,07,677.84	62,160.52
Borrowings outside India	-	-
Total	**1,07,677.84**	**62,160.52**

(i) Refer note 17.1 for interest rates repayment terms and nature of security of borrowings.

18 Subordinated liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
At amortised cost		
Unsecured term loan		
- Term loan from financial institutions	2,988.10	2,986.12
- Debentures [refer note (ii) below]	1,988.86	1,983.49
	4,976.96	**4,969.61**
Subordinated liabilities in India	4,976.96	4,969.61
Subordinated liabilities outside India	-	-
Total	**4,976.96**	**4,969.61**

(i) Refer note 18.1 for interest rates repayment terms and nature of security of borrowings.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

18 Subordinated liabilities (Contd..)

(ii) During the year ended 31 March 2021, the Company has allotted 28,500,000 equity shares of ₹10 each at an issue price of ₹40 per share including a premium of ₹30 per share on conversion of 11,400 Compulsory Convertible Debenture of face value of ₹100,000 each fully paid-up to Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited).

19 Other financial liabilities*

Particulars	As at 31 March 2021	As at 31 March 2020
Interest accrued on borrowings	2,041.95	1,510.12
Payables towards assignment transactions	800.19	847.49
Insurance payables	44.19	146.15
Payable to employees	109.76	29.98
Payable towards investments settlement**	6,025.51	-
Other Payables	111.18	-
Total	**9,132.78**	**2,533.74**

*Refer note 19.1 for movement in financial liabilities

**Represents investments/ (redemptions) in securities which are pending for settlement as on 31 March 2021 which are subsequently settled on 6 April 2021

20 Current tax liabilities (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Tax payable	227.05	71.50
Dividend distribution tax payable	-	507.92
Total	**227.05**	**579.42**

21 Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits	863.91	490.00
Provision for gratuity	316.34	258.99
Provisions for compensated absences	366.93	241.49
Provision for expenses	602.19	-
Other Losses	6.84	12.64
Total	**2,156.21**	**1,003.12**

22 Other non-financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Statutory dues payable	371.85	260.47
Deferred revenue	277.92	39.21
Other payable	26.09	0.47
Total	**675.86**	**300.15**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

16.1 Terms of debentures (secured) (at amortised cost)

Terms of debentures	Number of debentures		Face value	Amount	
	As at 31 March 2021	As at 31 March 2020		As at 31 March 2021	As at 31 March 2020
12.40% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 22 June 2017 with Call / Put option with exercise date on 29 June 2021. Redeemable on maturity if option not exercised or communication for roll-over received from lender.	250	250	10,00,000	2,500.00	2,500.00
14.50% Rated, Senior, Unsecured, Unlisted, Redeemable, Transferable, Principal Protected Market linked Non-Convertible Debentures dated 10 May 2018	2,000	2,000	1,00,000	2,000.00	2,000.00
14.50% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	50	50	10,00,000	500.00	500.00
11.80% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 08 June 2020	150	-	10,00,000	1,500.00	-
11.04% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 01 July 2020	500	-	10,00,000	5,000.00	-
9.90% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 30 September 2020	300	-	9,23,000	2,769.00	-
10.25% Secured, Rated, Listed, Redeemable non-convertible debentures dated 19 November 2020	500	-	10,00,000	5,000.00	-
9.35% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 15 December 2020	2,500	-	1,00,000	2,500.00	-
10.00% Senior, Secured, Rated, Listed, Redeemable, Transferable, Principal Protected Market Linked Non-Convertible dated 01 February 2021	3,100	-	1,00,000	3,100.00	-
9.32% Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Transferable, non-convertible debentures dated 30 March 2021	500	-	10,00,000	5,000.00	-
12.90% Secured, Rated, Unlisted, Redeemable, Non-Convertible Debentures dated 01 August 2017	-	330	10,00,000	-	3,300.00

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

16.1 Terms of debentures (secured) (at amortised cost) (Contd..)

Terms of debentures	Number of debentures		Face value	Amount	
	As at 31 March 2021	As at 31 March 2020		As at 31 March 2021	As at 31 March 2020
13.09% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 29 October 2018 with Call / Put option at the end of 24 months from the exercise date. Redeemable on maturity if option not exercised or communication for roll-over received from lender	-	220	10,00,000	-	2,200.00
13.09% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 29 October 2018 with Call / Put option at the end of 24 months from the exercise date. Redeemable on maturity if option not exercised or communication for roll-over received from lender	-	220	10,00,000	-	2,200.00
11.00% Unsecured, Unrated, Unlisted, Irredeemable, Convertible Debentures dated 10 February 2020	-	11,400	1,00,000	-	11,400.00
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	15,000.00	-
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	4,690.00	-
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	7,500.00	-
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 30 March 2020 with call / put option. Maturity date is 31 December 2024	1,40,20,558	1,87,61,050	1,000	1,40,205.58	1,87,610.50
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 22 November 2019 with call / put option. Maturity date is 31 December 2024	-	59,75,645	1,000	-	59,756.45

Notes forming part of the Financial Statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

17.1 Details of terms and conditions of Borrowings

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
1	Monthly	15	Apr-21	8.50%	Exclusive charge on standard receivables (upto 30 days DPD) with a minimum cover of 1.20x	2,500.00	-
2	Monthly	18	Apr-21	9.60%	Exclusive charge on specific loan receivables arising out of Term loan from our bank excluding amount over due more than 3 months, keeping a minimum asset cover of 1.2x	1,500.00	-
3	Monthly	24	Apr-21	9.40%	First & exclusive charge on Book Debts to the extent of 1.20x with PAR (less than 30 days) of loan limit.	3,000.00	-
4	Monthly	18	Feb-21	9.60%	Exclusive hypothecation of present and future loan receivables. Security margin - 120% of the loan principal outstanding during the currency of the loan.	2,222.22	-
5	Monthly	15	Apr-21	9.75%	Exclusive charge on specific loan receivables arising out of loan lending.	200.00	
6	Monthly	36	Aug-17	13.44%	Exclusive first charge (floating) on portfolio of receivables.	-	26.42
7	Monthly	36	Jan-18	14.00%	Hypothecation of book debts (105%), postdated cheques/ NACH mandate with 3 security cheques for the entire repayment	-	75.00
8	Monthly	36	Jan-18	14.00%	Hypothecation of book debts (105%), postdated cheques/ NACH mandate with 3 security cheques for the entire repayment	-	61.11
9	Monthly	24	Apr-19	15.00%	Hypothecation of book debts (110%), postdated cheques/ NACH mandate with 3 security cheques for the entire repayment	-	100.00
10	Monthly	36	Apr-18	13.50%	Exclusive hypothecation charges over receivables/ portfolio/ book debts with cover of 110% of outstanding principal amount	-	165.04
11	Monthly	24	Dec-18	14.00%	Loan cover of 110% of the amount financed, security of post dated cheques	-	81.57
12	Monthly	24	Jun-19	14.35%	Demand promissory notes, letter of continuity, deed of hypothecation	-	213.85
13	Semi annually	1	Jul-20	8.25%	Pass through certificates, mutual funds and marketable securities	-	11,500.00

Notes forming part of the Financial Statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

17.1 Details of terms and conditions of Borrowings (Contd..)

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
14	Semi annually	1	Aug-20	8.25%	Pass through certificates, mutual funds and marketable securities	-	11,500.00
15	Bullet repayment	1	Apr-21	3.50%	Bonds	9,774.70	-
16	Bullet repayment	1	Apr-21	3.50%	Bonds	10,714.69	-
17	Bullet repayment	1	Apr-21	3.50%	Bonds	10,125.03	-
18	Monthly	18	Jul-19	14.00%	Hypothecation of book debts	-	1,222.22
19	Monthly	24	Jun-19	10.95%	Hypothecation of book debts	62.50	312.50
20	Monthly	24	Mar-21	9.35%	Hypothecation of book debts	2,000.00	-
21	Quarterly	33	Nov-17	12.00%	Hypothecation of book debts	-	111.11
22	Quarterly	33	Feb-18	12.00%	Hypothecation of book debts	-	333.33
23	Monthly	24	Mar-19	13.50%	Hypothecation of book debts	-	521.74
24	Quarterly	36	Apr-20	10.25%	Hypothecation of book debts	666.60	-
25	Monthly	24	Sep-18	13.60%	Hypothecation of book debts	-	462.50
26	Monthly	22	Sep-18	12.44%	Hypothecation of book debts	-	233.33
27	Monthly	22	Jul-19	13.00%	Hypothecation of book debts	-	750.00
28	Monthly	24	Dec-20	9.75%	Hypothecation of book debts	2,187.50	-
29	Monthly	24	Dec-19	11.00%	Hypothecation of book debts	937.50	2,187.50
30	Monthly	21	Dec-19	11.70%	Hypothecation of book debts	1,002.36	2,000.00
31	Monthly	24	Dec-20	10.25%	Hypothecation of book debts	500.00	-
32	Monthly	24	Dec-20	10.25%	Hypothecation of book debts	500.00	-
33	Monthly	24	Jan-21	10.25%	Hypothecation of book debts	1,500.00	-
34	Monthly	36	Sep-17	13.00%	Hypothecation of book debts	-	135.32
35	Monthly	24	Jun-19	14.30%	Hypothecation of book debts	-	657.42
36	Monthly	22	Jul-19	13.00%	Hypothecation of book debts	-	1,818.18
37	Monthly	22	Aug-19	13.00%	Hypothecation of book debts	-	772.73
38	Monthly	22	Oct-19	13.00%	Hypothecation of book debts	-	431.82
39	Monthly	22	Jan-20	12.05%	Hypothecation of book debts	68.18	1,500.00
40	Monthly	24	Sep-20	12.05%	Hypothecation of book debts	1,636.18	-
41	Monthly	24	Nov-20	10.15%	Hypothecation of book debts	2,272.73	-

17.1 Details of terms and conditions of Borrowings (Contd..)

Borrowings (other than debt securities)						As at 31 March 2021	As at 31 March 2020
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security		
42	Monthly	24	Dec-20	10.15%	Hypothecation of book debts	1,909.09	-
43	Monthly	24	Dec-20	10.15%	Hypothecation of book debts	1,431.82	-
44	Monthly	24	Jan-21	10.15%	Hypothecation of book debts	2,500.00	-
45	Monthly	24	Mar-21	10.15%	Hypothecation of book debts	1,500.00	-
46	Monthly	48	Jun-18	13.75%	Hypothecation of book debts	937.50	1,500.00
47	Monthly	36	Oct-18	14.00%	Hypothecation of book debts	233.33	633.33
48	Monthly	21	Aug-19	14.00%	Hypothecation of book debts	238.10	809.52
49	Monthly	24	Oct-20	11.00%	Hypothecation of book debts	2,261.90	-
50	Monthly	24	Nov-20	11.00%	Hypothecation of book debts	2,261.90	-
51	Monthly	24	Dec-20	11.00%	Hypothecation of book debts	2,261.90	-
52	Monthly	24	Mar-21	11.00%	Hypothecation of book debts	2,500.00	-
53	Monthly	24	Mar-20	11.20%	Hypothecation of book debts	1,195.65	2,500.00
54	Monthly	24	Mar-20	11.20%	Hypothecation of book debts	1,195.65	2,500.00
55	Monthly	24	Jan-20	11.15%	Hypothecation of book debts	1,666.67	3,666.67
56	Monthly	24	Mar-21	9.50%	Hypothecation of book debts	4,000.00	-
57	Monthly	24	Oct-18	12.75%	Hypothecation of book debts	-	184.79
58	Quarterly	36	Nov-17	14.00%	Hypothecation of book debts	-	375.00
59	Quarterly	36	Nov-18	13.75%	Hypothecation of book debts	-	1,458.50
60	Monthly	36	Nov-18	14.00%	Hypothecation of book debts	-	303.26
61	Monthly	24	Jan-19	14.00%	Hypothecation of book debts	-	145.83
62	Monthly	24	Jan-19	14.00%	Hypothecation of book debts	-	145.83
63	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33
64	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33
65	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33
66	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33
67	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33
68	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33
69	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	175.00	350.00
70	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	75.00	150.00

Notes forming part of the Financial Statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

17.1 Details of terms and conditions of Borrowings (Contd..)

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
71	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	175.00	350.00
72	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	75.00	150.00
73	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	175.00	350.00
74	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	75.00	150.00
75	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	175.00	350.00
76	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	75.00	150.00
77	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	175.00	350.00
78	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	75.00	150.00
79	Half yearly	60	Aug-19	11.75%	Hypothecation of book debts	2,475.00	3,825.00
80	Half yearly	23	Jun-20	7.00%	Hypothecation of book debts	1,875.00	-
81	Interest monthly, principal quarterly	60	Feb-21	9.90%	Hypothecation of book debts	12,000.00	-
82	Quarterly	36	Jun-19	13.75%	Hypothecation of book debts	625.00	1,125.00
83	Monthly	36	Feb-21	10.15%	Hypothecation of book debts	2,500.00	-
84	Monthly	36	Oct-17	14.40%	Hypothecation of book debts	-	46.79
85	Monthly	36	Oct-17	14.40%	Hypothecation of book debts	-	187.49
86	Monthly	36	Mar-18	14.40%	Hypothecation of book debts	-	194.19
87	Monthly	36	Mar-18	14.40%	Hypothecation of book debts	-	192.32
88	Monthly	36	Mar-18	14.40%	Hypothecation of book debts	-	192.70
89	Monthly	36	Mar-18	14.40%	Hypothecation of book debts	-	192.47
90	Monthly	36	Jul-18	14.65%	Hypothecation of book debts	-	756.43
91	Monthly	36	Jan-19	15.85%	Hypothecation of book debts	-	320.44
92	Monthly	24	Mar-21	9.00%	Hypothecation of book debts	4,000.00	-
93	Monthly	10	May-20	6.97%	Hypothecation of book debts	500.00	-
94	Monthly	36	Apr-18	11.45%	Hypothecation of book debts	67.04	925.00
95	Monthly	36	May-20	9.50%	Hypothecation of book debts	3,032.00	-

Notes:

(a) Lease liabilities not included

(b) All the above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

18.1 Details of terms and conditions of subordinated liabilities

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
1	Principal: Bullet Repayment. Interest: Monthly	84	Feb-18	15.00%	Unsecured	1,000.00	1,000.00
2	Bullet	1	Dec-15	16.50%	Unsecured	500.00	500.00
3	Bullet	1	Dec-16	14.50%	Unsecured	1,500.00	1,500.00
4	Bullet repayment	1	Aug-18	16.00%	Unsecured	1,000.00	1,000.00
5	Bullet	1	Feb-16	17.00%	Unsecured	500.00	500.00
6	Bullet, INT on Monthly	1	Feb-19	16.00%	Unsecured	500.00	500.00

Notes:

(a) Lease liabilities not included

(b) All the above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

19.1 Reconciliation of liabilities from financing activities

Particulars	As at 31 March 2020	Cash flow			Non-cash					As at 31 March 2021
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Interest on liability component of compulsorily convertible debentures	Equity component of compulsorily convertible debentures	Consideration received in the form of investments for NCDs issued	
Debt securities	2,60,905.15	52,290.00	(1,15,091.98)	-	-	(383.47)	-	(879.94)	-	1,96,839.76
Borrowings (other than debt securities)	62,160.52	3,29,761.90	(2,84,329.60)	(41.43)	182.65	(56.20)	-	-	-	1,07,677.84
Subordinated liabilities	4,969.61	-	-	-	-	7.35	-	-	-	4,976.96
Total	**3,28,035.28**	**3,82,051.90**	**(3,99,421.58)**	**(41.43)**	**182.65**	**(432.32)**	**-**	**(879.94)**	**-**	**3,09,494.56**

Notes forming part of the Financial Statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

19.1 Reconciliation of liabilities from financing activities (Contd..)

Particulars	As at 31 March 2019	Cash flow			Non-cash					As at 31 March 2020
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Interest on liability component of compulsorily convertible debentures	Equity component of compulsorily convertible debentures	Consideration received in the form of investments for NCDs issued	
Debt securities	14,743.00	38,900.00	(22,214.79)	-	-	(41.73)	20.48	(10,368.76)	2,39,866.95	2,60,905.15
Borrowings (other than debt securities)	31,535.62	62,075.00	(31,509.61)	(28.56)	17.05	71.02	-	-	-	62,160.52
Subordinated liabilities	6,466.27	-	(1,500.00)	-	-	3.34	-	-	-	4,969.61
Total	**52,744.89**	**1,00,975.00**	**(55,224.40)**	**(28.56)**	**17.05**	**32.63**	**20.48**	**(10,368.76)**	**2,39,866.95**	**3,28,035.28**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

23 Equity share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
175,000,000 Equity shares of ₹ 10 each (31 March 2020: 175,000,000 equity shares of ₹ 10 each)	17,500.00	17,500.00
Total authorised capital	**17,500.00**	**17,500.00**
Issued, subscribed and fully paid up share capital		
165,240,353 Equity shares of ₹ 10 each (31 March 2020: 151,907,020 equity shares of ₹ 10 each)	16,524.04	15,190.70
Less: Amount receivable from Chaitanya Employee Welfare Trust (face value of 578,000 shares allotted to the trust) - refer note (e) below	-	(57.80)
Total equity share capital	**16,524.04**	**15,132.90**

(i) Rights, preferences and restrictions attached to equity shares:

The Company has equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

(ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year	15,13,29,020	15,132.90	2,63,11,393	2,631.14
Add: Issued during the year	1,33,33,333	1,333.34	12,94,22,908	12,942.29
Add: ESOP exercised during the year	5,78,000	57.80		
Less: Buy back of shares	-	-	(44,05,281)	(440.53)
Balance at the end of the year	**16,52,40,353**	**16,524.04**	**15,13,29,020**	**15,132.90**

(a) During the year ended 31 March 2021, the Company allotted 13,333,333 equity shares of ₹ 10 each at an issue price of ₹ 75 per share including premium of ₹ 65 per share to Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited) ('the Holding Company).

(b) The Company has given an interest and collateral free loan to an Employee Stock Option Plan Trust ("Chaitanya Employee Welfare Trust" or "ESOP Trust") to provide financial assistance for purchase of equity shares of the Company under Employee Stock Option Scheme. The Company has established the ESOP Trust to which the stock options issuable (578,000 equity shares) have been transferred. The amount recoverable from the ESOP Trust was reduced from share capital (to the extent of face value) and from securities premium (to the extent of premium on shares).

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

23 Equity share capital (Contd..)

(iii) Shares held by the holding company

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding*	Number of shares	% holding
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	16,52,40,353	100.00	15,13,29,020	99.62

*The shareholding percentage of the holding company is before considering the adjustment as mentioned in note (b) above and would be at 100% post adjustment.

(iv) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding*	Number of shares	% holding*
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	16,52,40,353	100.00	15,13,29,020.00	99.62

*The shareholding percentage of the shareholders holding more than 5% of shares of the Company is calculated before considering the adjustment as mentioned in note (b) above.

24 Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
Securities premium		
Opening Balance	78,730.41	4,735.44
Add : Securities premium credited on share issue	8,828.50	77,058.40
Add : Transfer from ESOP reserve	167.98	-
Less: Premium utilised	(277.83)	-
a) Buy back of shares	-	(2,622.90)
b) Transfer to Capital Redemption Reserve	-	(440.53)
Closing balance	**87,449.06**	**78,730.41**
Reserve fund u/s 45-IC of the Reserve Bank of India Act 1934		
Opening balance	592.60	306.98
Add: Transfer from retained earnings	2,405.47	285.62
Closing balance	**2,998.07**	**592.60**
Capital Redemption Reserve		
Opening balance	440.53	-
Add: Created on buy back of equity shares	-	440.53
Closing balance	**440.53**	**440.53**
Employee stock options outstanding reserve		
Opening balance	147.74	81.20
Add: Stock option reserve created	188.22	66.54
Less: Transferred to securities premium	(335.96)	-
Closing balance	**-**	**147.74**
Retained earnings		
Opening balance	604.28	(80.81)
Add: Transferred from statement of profit and loss	12,027.24	1,429.59

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

24 Other equity (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
Less: Appropriations/transfers:	-	-
- Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	(2,405.47)	(285.62)
- Transfer to other comprehensive income (net of deferred tax)	(210.58)	49.04
- Dividend distribution tax	-	(507.92)
- Transfer to debenture redemption reserve	(100.00)	-
Closing Balance	**9,915.47**	**604.28**
Other comprehensive income		
Opening balance	(28.78)	20.26
Add: Transfer from retained earnings	210.58	(49.04)
Deferred tax on the above	-	-
Closing balance	**181.80**	**(28.78)**
Debenture redemption reserve		
Opening	-	-
Add: Transfer from retained earnings	100.00	-
Less: Utilisation	-	-
Closing balance	**100.00**	**-**
Equity component of compound financial instruments		
Opening Balance	10,368.76	-
Add : Net Interest Paid on CCDs	277.83	10,368.76
Less : Closing amount of CCDs converted to equity	(10,646.59)	-
Closing balance	**-**	**10,368.76**
Total	**1,01,084.93**	**90,855.54**

Notes:

Nature and purpose of reserves:

Securities premium reserve

Securities premium account: 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.

Employee stock options outstanding

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve and dividend distributions paid to shareholders.

Capital Redemption Reserve

Capital Redemption Reserve has been created in accordance with Section 69 of the Companies Act, 2013, being the nominal value of the shares brought back by the Company during the year.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

25 Interest income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On financial assets measured at amortised cost		
Interest on loans	28,333.84	17,738.57
Interest on investments	8,444.83	3,122.65
Interest income - others	557.54	6.27
Sub-total	**37,336.21**	**20,867.49**
On financial assets measured classified at fair value through profit or loss		
Interest on investments	2,818.50	2,345.07
Sub-total	**2,818.50**	**2,345.07**
Total	**40,154.71**	**23,212.56**

26 Fees and commission income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Fee received on collections	238.58	76.50
Service fee on assigned loans	-	333.02
Commission income	123.48	85.63
Total	**362.06**	**495.15**

27 Net gain on fair value changes

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio:		
Debt securities	12,459.28	-
Mutual fund	1,778.16	-
Future trading	(1,727.41)	-
(ii) on financial instruments designated at FVTPL:		
Debt securities	226.34	-
Equity instruments	1,101.44	-
(B) Net gain on financial instruments at amortised cost		
Debt Securities	61.90	-
Pass through certificate	195.25	-
Gain on sale of investments	-	186.91
Net gain on fair value changes of investments	-	1.96
Total	**14,094.96**	**188.87**
Fair value changes		
- Realised	10,877.03	186.91
- Unrealised	3,217.93	1.96
Total	**14,094.96**	**188.87**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

28 Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Gain on sale of loan portfolio through assignment	1,809.25	332.34
Gain on sale of loan portfolio	88.88	-
Total	**1,898.13**	**332.34**

29 Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit on sale of property, plant and equipment	6.63	-
Miscellaneous income	7.05	0.89
Total	**13.68**	**0.89**

30 Finance costs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On financial liabilities measured at amortised cost:		
Interest on borrowings	5,193.21	4,947.36
Interest on debt securities	2,651.46	2,323.45
Processing fees on borrowings	302.28	124.59
Interest on security deposits	2.05	-
Interest on subordinated liabilities	150.00	151.20
Interest on lease liability	6.23	2.71
Interest on inter-corporate loans	0.04	-
Preclosure charges - Borrowings and term loans	83.24	-
Interest on income tax	91.95	10.93
Bank charges	144.95	2.05
Assignment expense	20.23	165.92
Interest on PSC	-	142.78
EIR of preference share issue cost	-	25.16
Others	69.30	66.85
Total	**8,714.94**	**7,963.00**

31 Fees and commission expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Fee paid to business correspondents	143.54	220.84
Total	**143.54**	**220.84**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

32 Net loss on fair value changes

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Net loss on financial instruments at fair value through profit or loss:		
(i) On trading portfolio		
- Investments		
Debt securities	-	(1.00)
Mutual fund		(52.51)
Future trading	-	69.85
(ii) on financial instruments designated at FVTPL		
Debt securities	-	(448.58)
Equity instruments	-	2,738.58
(B) Net loss on financial instruments at amortized cost		
Pass through certificate	-	16.77
Total	**-**	**2,323.11**
Fair value changes		
- Realised	-	144.33
- Unrealised	-	2,178.78
Total	**-**	**2,323.11**

33 Impairment on financial instruments

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Portfolio loans written off	2,883.78	939.32
Impairment allowance on portfolio loans	13,938.50	1,479.63
Impairment allowance on investments	1,462.99	264.00
Bad Debts written off	-	-
Impairment loss allowance on other receivable	76.18	102.18
Total	**18,361.45**	**2,785.13**

34 Employee benefits expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages	6,410.92	5,052.76
Contribution to provident and other funds	392.53	286.56
Gratuity expense	138.12	80.93
Compensated absences	115.43	76.08
Staff welfare expenses	207.37	152.94
Share based payments to employees	182.61	33.27
Total	**7,446.98**	**5,682.54**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

35 Depreciation and amortization

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on tangible assets (refer note 12)	136.87	144.12
Amortisation on intangible assets (refer note 13)	8.77	7.86
Depreciation on right of use assets	35.28	26.21
Total	**180.92**	**178.19**

36 Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Advertisement Expenses	2,001.42	20.41
Software support charges	1,263.95	-
Traveling and conveyance	722.17	803.88
Customer onboarding and verification	422.70	-
Legal and professional charges	488.83	469.06
Rent and electricity charges	361.61	276.00
Office and general expenses	219.22	246.99
Rates and taxes	149.46	524.88
Printing and stationery	-	-
Miscellaneous expenses	5.92	123.62
Director's sitting fees	69.05	23.70
Auditors' remuneration	36.35	43.73
Corporate social responsibility expenses	34.71	0.60
Membership fee and subscription	26.94	17.05
Insurance	19.76	27.15
Repairs and maintenance - others	39.84	124.76
Meeting and training Expenses	25.72	-
Communication costs	133.27	117.19
Total	**6,020.92**	**2,819.02**

37 Tax expense

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax	6,370.09	1,802.10
Deferred tax	(2,531.97)	(1,022.75)
Total	**3,838.12**	**779.35**
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:		
Profit before tax (III - IV)	15,654.79	2,257.98
Income tax rate	25.17%	25.17%
Estimated income tax expense	**3,940.00**	**568.29**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

37 Tax expense (Contd..)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Adjustment for tax pertaining to prior years	-65.00	-
Tax impact of expenses which are non-deductible	23.98	233.21
Tax impact of deductions which are allowed under the Income Tax act, 1961	-118.79	-
Impact of changes in tax rate	-	50.16
Others	57.93	-72.31
Total income tax expense	**3,838.12**	**779.35**

38 Other comprehensive income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Actuarial gain/loss reclassified from gratuity expense to OCI	54.68	(15.60)
Actuarial gain/loss reclassified from Leave Encashment expense to OCI	(54.48)	(49.94)
Items that will not be reclassified to profit and loss	**0.20**	**(65.54)**
Income tax relating to above	(0.05)	16.50
Net change in fair value of loans measured at fair value through other comprehensive income	281.20	-
Income tax relating to items that will be reclassified to profit or loss	(70.78)	-
Total	**210.57**	**(49.04)**

39 Earnings per share (basic and diluted)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Net profit for the year	11,816.67	1,478.63
Weighted-average number of equity shares for basic EPS	1,522.13	650.83
Weighted-average number of potential equity shares for diluted EPS	1,522.13	656.42
Par value per share		
Earnings per share - Basic	7.76	2.27
Earnings per share - Diluted	7.76	2.25

40 Retirement benefit plan

Defined contribution plan

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Group has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The Group makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹ 377.55 lakhs (31 March 2020: ₹ 267.25 lakhs) for Provident Fund contributions and ₹ 14.98 lakhs (31 March 2020: ₹ 19.31 lakhs) 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.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Retirement benefit plan (Contd..)

Employee benefit obligations:

Balance recognised in the balance sheet is as under:

Particulars	As at 31 March 2021	As at 31 March 2020
Gratuity	316.34	258.99

Expense recognised in Statement of Profit and Loss is as under:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current service cost	96.95	70.68
Interest cost (net)	16.47	10.25
Transfer from Group entities	24.70	-

Expense recognised through other comprehensive income is as under:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Gratuity	(54.68)	19.06

Disclosure for gratuity

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Components of net gratuity cost charged to Statement of profit and loss		
Current service cost	96.95	70.68
Interest expense	16.47	10.25
Transfer from Group entities	24.70	-
Benefits paid	(1.22)	-
Actuarial gains	(2.61)	(0.83)
Total (A)	**134.29**	**80.10**
Components of remeasurement gains/losses in other comprehensive income		
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	-	1.57
Experience adjustments	-	(2.40)
Total (B)	**-**	**(0.83)**
Total (A+B)	**134.29**	**79.27**
Present value of defined benefit obligation at the beginning of the year	258.99	165.59
Current service cost	96.95	70.68
Interest cost	16.47	10.25
Past service cost	24.70	-
Benefits paid	(26.09)	(6.59)
Actuarial (gain)/ loss	(54.68)	19.06
Defined benefit obligation at the end of the year	**316.34**	**258.99**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Retirement benefit plan (Contd..)

Disclosure for gratuity (Contd..)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Employer direct benefits payments	24.87	6.58
Benefits paid	(24.87)	(6.58)
Benefits paid from the fund	-	-
Return on plan assets excluding interest income	-	-
Fair value of plan assets end of the year	**-**	**-**

Reconciliation of present value of defined benefit obligation and the fair value of assets:

Particulars	31 March 2021	31 March 2020
Present value of funded obligation as at the end of the year	316.34	258.99
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	(316.34)	(258.99)

Actuarial (gain)/loss recognised in other comprehensive income:

Particulars	31 March 2021	31 March 2020
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities:		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	-	-
Actuarial loss from experience adjustment	(2.61)	(0.83)
Total Actuarial (gain) / loss on liabilities	**(2.61)**	**(0.83)**
Total actuarial (gain)/loss	**2.61**	**0.83**

Principal assumptions used in determining gratuity liability are shown below:	As at 31 March 2021	As at 31 March 2020
Rate of discounting	6.68% - 7.19%	6.29% - 6.82%
Expected rate of salary increase	6% - 7%	6% - 7%
Rate of employee turnover	5% - 23%	5% - 23%
Retirement age (years)	60	60

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Retirement benefit plan (Contd..)

Disclosure for gratuity (Contd..)

Sensitivity analysis for gratuity liability

Particulars	31 March 2021	31 March 2020
Impact on defined benefit obligation		
Discount rate +100 basis points	(11.47)	(19.31)
Discount rate -100 basis points	28.93	22.61
Salary growth+ 100 basis points	25.79	19.29
Salary growth- 100 basis points	(9.86)	(16.74)
Attrition rate + 100 basis points	(3.23)	(4.08)
Attrition rate - 100 basis points	4.14	4.32

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

Maturity profile of defined benefit obligation

Particulars	31 March 2021	31 March 2020
Within next 12 months	0.92	0.28
Between 1-5 years	51.12	10.41
Beyond 5 years	-	-

Expected future payouts (discounted)	31 March 2021	31 March 2020
Year I	26.31	21.21
Year II	20.61	16.50
Year III	16.22	12.87
Year IV	12.33	10.17
Year V	9.57	7.73
Year 6-10	32.25	22.52
Above 10 years	199.06	167.99

Disclosure for Leave encashment

(i) Amount recognised in the balance sheet

Particulars	31 March 2021	31 March 2020
Defined benefit plans		
Leave encashment	366.93	241.48

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Retirement benefit plan (Contd..)

(ii) Amount recognised in the statement of profit and loss

Particulars	31 March 2021	31 March 2020
Current service cost	76.49	68.56
Interest cost (net)	14.70	7.52
Transfer In	24.24	-
Actuarial loss/(gain) recognised during the year	54.48	46.49
Amount recognised in total comprehensive income	**169.91**	**122.57**

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet

Description	31 March 2021	31 March 2020
Present value of defined benefit obligation as at the beginning of the year	241.49	118.91
Current service cost	76.49	68.56
Interest cost	14.70	7.52
Benefits paid	(44.47)	-
Transfer In	24.24	-
Actuarial (gain)/loss	54.48	46.49
Present value of defined benefit obligation as at the end of the year	**366.93**	**241.48**

(iv) Movement in the plan assets recognised in the balance sheet

Description	31 March 2021	31 March 2020
Fair value of plan assets at the beginning of the year		
Expected return on plan assets	-	-
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gain/(loss)	-	-
Fair value of plan assets at the end of the year	**-**	**-**

(v) Reconciliation of present value of defined benefit obligation and the fair value of assets:

Description	31 March 2021	31 March 2020
Present value of funded obligation as at the end of the year	366.93	241.48
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	**(366.93)**	**(241.48)**

(vi) Actuarial (gain)/loss recognised in other comprehensive income:

Description	31 March 2021	31 March 2020
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Retirement benefit plan (Contd..)

(vi) Actuarial (gain)/loss recognised in other comprehensive income:

Description	31 March 2021	31 March 2020
Actuarial loss from change in financial assumption	-	-
Actuarial loss from experience adjustment	54.48	46.49
Total Actuarial (gain) / loss on liabilities	**54.48**	**46.49**
Total actuarial (gain)/loss	**54.48**	**46.49**

(vii) Actuarial assumptions used for determination of the liability of the Company:

Description	31 March 2021	31 March 2020
Discount rate	6.68% - 7.19%	6.29% - 6.82%
Rate of increase in compensation levels	6% - 7%	6% - 7%
Rate of employee turnover	5% - 23%	5% - 23%
Retirement age	60	60

(iv) Movement in the plan assets recognised in the balance sheet

Description	31 March 2021	31 March 2020
Within next 12 months	63.17	53.20
Beyond 1 year	303.76	188.28

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 Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Retirement benefit plan (Contd..)

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.

41 Related parties disclosures

(a) Names of related parties

Nature of relationship	**Name of the party**
Holding Company	Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)
Entities in which KMP are able to exercise control or have significant influence	Chaitanya Employee Welfare Trust Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)
Entities in which Directors are able to exercise control or have significant influence	Navi General Insurance Limited
Name of key managerial personnel	**Designation**
Mr. Sachin Bansal	Non - Executive Director
Mr. Ankit Agarwal	Non - Executive Director
Mr. Samit S Shetty	Non - Executive Director (w.e.f. 1 March 2021)
Mr. Samit S Shetty	Executive Director (w.e.f. 4 November 2020, until 28 February 2021)
Mr. Samit S Shetty	CEO (w.e.f. 11 May 2020, until 18 February 2021)
Ms. Riya Bhattachraya	CEO (w.e.f. 18 February 2021)
Mr. L N Gurumoorthy	CFO (w.e.f. 24 March 2021)
Ms. Dimple J Shah	Company Secretary
Name of Directors	**Designation**
Mr. K S Ravi	Independent Director (until 31 August 2020)
Mr. R Nandakumar	Independent Director (until 31 August 2020)
Usha A Narayanan	Independent Director (w.e.f. 6 June 2020)
Ranganathan Sridharan	Independent Director (w.e.f. 31 August 2020)

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

41 Related parties disclosures (Contd..)

(b) Transactions with related parties

Name of related party	Nature of transaction	Year ended 31 March 2021	Year ended 31 March 2020
Navi Technologies Private Limited	Issue of non convertible debentures	-	2,64,866.96
(formerly known as BAC Acquisitions Private Limited)	Redemption of non-convertible debentures	1,07,161.37	17,500.00
	Face value of equity shares allotted	1,333.33	12,501.76
	Securities premium received	8,666.67	77,058.40
	Reimbursement of expenditure incurred from related party	77.66	-
	Technology consultancy share expense	1,200.46	-
	Loan processing fee paid	841.95	-
	Platform management fee	3.83	-
	Expense cross charged	193.67	-
	Sale of property, plant and equipments	13.95	-
	Purchase of debentures	9,990.88	-
	Rent paid	11.76	-
	Share based payments to employees	52.99	
	Others	4.85	-
Navi General Insurance Limited	Deposit for issuing insurance policies	56.00	-
	Premium charged for issuance of customer insurance policies	52.81	
	Payment for employee medical insurance	37.77	-
Mr. Samit Shankar Shetty	Buy back of shares	-	2,324.92
	Remuneration	81.85	62.60
	Provident fund and others	0.05	0.22
Mr. U Raghurama Rao	Buy back of shares	-	231.66
Ms. Shashikala Rao	Buy back of shares	-	113.39
Ms. Riya Bhattacharya	Remuneration	15.95	-
Mr.L N Gurumoorthy	Remuneration	2.47	-
Mr. K Subramanyam Ravi	Sitting fees	6.76	-
Mr. R Sridharan	Sitting fees	24.17	-
Mr. Rachamadugu Nandakumar	Sitting fees	6.76	-
Ms. Usha A Narayanan	Sitting fees	18.38	-
Mr. K S Ravi	Sitting fees	5.40	11.85
Mr. R Nandakumar	Sitting fees	5.05	11.85
Ms. Dimple J Shah	Remuneration and incentives	2.31	13.16
	Provident fund and others	0.05	0.22
Mr. Sachin Bansal	Issue of non convertible debentures	-	2,500.00
	Redemption of non-convertible debentures	-	(2,500.00)
	Interest on non-convertible debentures	-	189.86

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

41 Related parties disclosures (Contd..)

(c) Outstanding balances with related parties in ordinary course of business:

Name of related party	Nature of balance	Year ended 31 March 2021	Year ended 31 March 2020
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Outstanding (payable)/ receivable - net - Business correspondence activities	-367.29	0.00
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Non-convertible debentures	-1,40,205.58	-2,47,366.95
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Provision for employee benefits (ESOP expense)	-52.99	
Navi General Insurance Limited	CD Balance	3.19	0.00
Navi General Insurance Limited (Formerly known as COCO General Insurance Limited)	Outstanding receivable	2.92	0.00
Navi Technologies Private Limited	Outstanding receivable	4.85	0.00

42 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 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	16,679.83	-	16,679.83	2,528.95	-	2,528.95
Bank balances other than cash and cash equivalents	6,713.64	1,373.92	8,087.56	737.69	694.96	1,432.65
Trade receivables	4.85	-	4.85	-	-	-
Loans*	1,13,811.50	52,317.50	1,66,129.00	69,767.95	24,016.87	93,784.82
Investment	2,30,816.00	11,165.22	2,41,981.22	2,60,257.05	77,912.96	3,38,170.01
Other financial assets	1,685.10	258.25	1,943.35	329.85	12.09	341.94
Non-financial assets						
Deferred tax asset (net)	-	4,078.48	4,078.48	-	1,617.34	1,617.34
Property, plant and equipment	-	325.93	325.93	-	319.63	319.63
Right to use asset	-	163.44	163.44	4.13	21.49	25.62
Other intangible assets	-	226.12	226.12	-	148.87	148.87
Other non-financial assets	407.47	79.81	487.28	175.49	60.95	236.44
Total	**3,70,118.39**	**69,988.67**	**4,40,107.06**	**3,33,801.11**	**1,04,805.16**	**4,38,606.27**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

42 Maturity analysis of assets and liabilities (Contd..)

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities						
Financial liabilities						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises						
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	237.31	-	237.31	118.65	-	118.65
Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	11.60	-	11.60	-	-	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	562.72	-	562.72	47.47	-	47.47
Borrowings	2,20,928.58	88,565.98	3,09,494.56	2,80,242.41	47,792.87	3,28,035.28
Other financial liabilities	9,082.67	50.11	9,132.78	2,533.74	-	2,533.74
Non financial liabilities						
Current tax liabilities (net)	227.05	-	227.05	579.42	-	579.42
Provisions	1,369.70	786.51	2,156.21	567.14	435.98	1,003.12
Other non financial liabilities	639.17	36.69	675.86	300.13	0.02	300.15
Total	**2,33,058.80**	**89,439.29**	**3,22,498.09**	**2,84,388.96**	**48,228.87**	**3,32,617.83**
Net	**1,37,059.59**	**(19,450.62)**	**1,17,608.97**	**49,412.15**	**56,576.29**	**1,05,988.44**

*Amounts disclosed as per anticipated repayment pattern as on 31 March 2020 owing to moratorium given to customers on account of COVID-19 pandemic as per RBI guidelines.

43 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

Description	As at 31 March 2021	As at 31 March 2020
a. Corporate guarantee [refer note (i) below]	109.95	103.19
b. In respect of Income tax demands where the Company has filed appeal before the relevant authority [refer note (ii) below]	161.35	130.74
Total	**271.30**	**233.93**

i) Corporate guarantee provided by the Company to a bank in relation to the term loan availed by CIFCPL, the Subsidiary Company.

ii) Future cash outflows in respect of (a) and (b) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

43 Contingent liabilities, commitments and leasing arrangements (Contd..)

(B) Lease disclosures

Adoption of Indian Accounting standard - 116 "Leases"

The Company has adopted Ind AS 116, Leases effective 01 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules 2019, using modified retrospective approach from 01 April 2018 and charged depreciation on a straight line method basis on the right of use asset created on the transition date.

Carrying value of lease liability at the end of the reporting period.

Particulars	As at 31 March 2021	As at 31 March 2020
Opening lease liabilities	28.86	40.36
Addition to lease liabilities during the year	172.84	14.35
Interest expense on lease liabilities	6.23	2.71
Cash outflow for leases	(41.43)	(28.56)
Closing lease liabilities	**166.50**	**28.86**

Particulars	As at 31 March 2021	As at 31 March 2020
Opening value of right of use assets	25.62	37.33
Addition to lease assets during the year	173.10	14.50
Less: Depreciation charge for the year	(35.28)	(26.21)
Closing right to use assets	**163.44**	**25.62**

Description	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation charge on right of use assets	35.28	26.21
Interest on lease liabilities	6.23	2.71
Total	**41.51**	**28.92**

Amounts recognised in the statement of cash flows

Description	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest paid on lease liabilities	6.23	2.73
Payment towards lease liabilities	(41.43)	(28.56)
Total	**(35.19)**	**(25.83)**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

43 Contingent liabilities, commitments and leasing arrangements (Contd..)

Maturity analysis of lease liabilities

Description	As at 31 March 2021	As at 31 March 2020
Within one year	40.30	4.63
After one year but not more than five years	126.20	24.23
More than five years	-	-
Total	**166.50**	**28.86**

Particulars	As at 31 March 2021	As at 31 March 2020
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	4	1
Range of remaining term	33-44 Months	5 months
Average remaining lease term	36 months	5 months
Subsidiary		
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	7	14
Range of remaining term	5 month to 32 months	1 month to 38 months
Average remaining lease term	15.14 months	13.67 months
Restrictions or covenants imposed by leases	None	None
Sale and leaseback transactions	None	None
Sale and leaseback transactions	None	None

(D) Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers and reconciliation to statement of profit and loss account:

Description	As at 31 March 2021	As at 31 March 2020
Type of service		
Income from business correspondent operations	207.86	638.57
Total	**207.86**	**638.57**
Geographical markets		
India	207.86	638.57
Outside India	-	-
Total	**207.86**	**638.57**
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	207.86	638.57
Total	**207.86**	**638.57**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

43 Contingent liabilities, commitments and leasing arrangements (Contd..)

Contract balances

Description	As at 31 March 2021	As at 31 March 2020
Other receivables	4.85	-
Trade payable	237.31	118.65
Total payable	**(232.46)**	**(118.65)**

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Description	As at 31 March 2021	As at 31 March 2020
Revenue as per contract	207.86	638.57
Adjustments	-	-
Revenue from contract with customers	**207.86**	**638.57**

Revenue recognition for contract with customers - Income from business correspondent operations

This consideration has been allocated amongst the performance obligations under the contract on the basis of relative standalone prices.

Revenue recognition: Revenue from both the performance obligations being sourcing of loans and servicing of loans shall be recognised over a period of time, as the customer benefits from these services and when it is delivered/performed by the Group.

44 Share based payments

ESOP Plan 2017

The Group has implemented an Employee Stock Option Plan called as Chaitanya Employee Stock Option Scheme 2017 ("ESOP 2017"). The Chaitanya Employee Stock Option Scheme 2017' (the 'Plan 2017') was approved in the Extraordinary General Meeting of the members held on 24 April 2017. The Company introduced the Plan to reward employees for their association with the Company, their performance as well as to attract, retain and motivate employees to contribute to the growth and profitability of the Company and its subsidiary company. The plan provides for the creation and issue of 739,500 options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees. The options are to be granted to the eligible employees as per the eligibility criteria as recommended by the Board of Directors. The share options vest in a graded manner over a period of three years and are exercisable in one or more tranches within a period of ten years from the date of vesting, failing which the options shall lapse.

Pursuant to the Plan, the Company granted 621,000 options till 31 March 2021 (31 March 2020: 621,000). The stock compensation cost is computed under the fair value method.

Details of ESOP trust and plan:

ESOP trust	Grant – 1 of ESOP 2017	Grant – 2 of ESOP 2017
Date of grant	13 October 2017	26 March 2019
Date of Board Meeting, where ESOP was approved	12 October 2017	25 March 2019
Date of Committee Meeting where grant of options were approved	13 October 2017	26 March 2019
No. of options granted	5,59,000	62,000

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

44 Share based payments (Contd..)

ESOP trust	Grant – 1 of ESOP 2017	Grant – 2 of ESOP 2017
Method of settlement	The employees have to pay the exercise price to the Trust for acquiring the shares of the Company. The exercise price is ₹ 38 each	
Vesting conditions	The options shall vest over a period of 3 (three) years of continuous completed service from the date of grant of options	
Vesting period	The options shall vest at the rate of 33% on each anniversary of the grant, continuously for 3 years	
Exercise period	After completion of vesting period within 10 years of vesting of the options	
Pricing formula	The Company had issued shares to the Trust at ₹ 38 per share (valuation report was obtained)	

Details of grant and exercise of such options are as follows:

Particulars	Grant – 1 of ESOP 2017	Grant – 2 of ESOP 2017
No. of options granted	5,59,000	62,000
Date of grant of options	13 October 2017	26 March 2019
No. of employee to whom such options were granted	62	2
Exercise price*	₹ 38	₹ 38
No. of employees who have exercised the option	62	2
No. of options exercised	4,82,000.00	62,000.00

*Based on the valuation by a registered valuer.

Details of vesting of options Chaitanya Employee Stock Option Scheme 2017:

Grant-1

Vesting date	Vested options
13 October 2018	1,75,333
13 October 2019	1,60,000
13 October 2020	1,46,667

Grant-2

Vesting date	Vested options
26 March 2020	20,667
13 October 2020	41,333

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

44 Share based payments (Contd..)

Summary of options granted under the plan:

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding options at the beginning of the year	5,54,000	₹ 38	5,67,333	₹ 38
Granted during the year	-	-	-	
Forfeited during the year	-	-	-	
Exercised during the year	5,44,000	₹ 38	-	
Expired/lapsed during the year	10,000	₹ 38	13,333	₹ 38
Outstanding options at the end of the year	-	-	5,54,000	₹ 38
Exercisable at the end of the year	-	-	-	
Number of equity shares of ₹ 10 each fully paid up to be issued on exercise of option	-	-	5,54,000	₹ 38
Weighted average remaining contractual life (in years) of the option exercisable	-	-		10.71
Weighted average fair value of the options exercisable at grant date	Grant-1	-	Grant-1	16.20
	Grant-2	-	Grant-2	36.60

Share options outstanding at the end of the year having the following expiry date and exercise price: Nil

The fair value of the options was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Grant date	13 October 2017	26 March 2019
Vesting period	10 years from the vesting date	10 years from the vesting date
Exercise price	38.00	38.00
Expected volatility (%)	21.00%	19.10%
Expected option life (in years)	7.00	7.00
Fair market value of the option on the grant date	16.20	36.60
Risk free interest rate	6.60%	7.20%

Employee wise details (name of employee, designation, number of options granted during the year, exercise price) - Nil (previous year - Nil)

There are no identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

Note:

During the year ended 31 March 2021, there was an accelerated vesting of ESOPs on 13 October 2020, where in the holding company (Navi Technologies Private Limited) paid ₹75 per share to the Chaitanya Employee Welfare Trust being consideration for exercising ESOPs on behalf of employees and for subsequent transfer of such shares to the Holding Company.

Accordingly, the ESOPs were exercised and transferred to Navi Technologies Private Limited and the outstanding loan repaid by Chaitanya Employee Welfare Trust. Therefore such transfer of shares from Chaitanya Employee Welfare Trust to Navi Technologies Private Limited has been captured as a additional movement in the current year.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

44 Share based payments (Contd..)

ESOP Plan 2019

Under the Employee Share-option Plan (ESOP), introduced on 17 October 2019 by Navi Technologies Private Limited (herein referred to as the "Holding Company"), at its discretion, may grant share options of the Holding Company to any of the employees including employees of its wholly owned subsidiaries.

The Holding Company introduced the Plan for the benefit of the employees of all companies under the Group. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Board/Compensation Committee at its sole discretion. Under the plan, participants have been granted options which will vest as follows:

Scheme	Vesting Conditions	Exercise Period	Exercise Price / Ratio	Other conditions
Employee Share-option Plan (ESOP), 2019	Vested in a graded manner over a period of 4 years.	Employees must remain in service for a period of 3 years from the date of grant.	₹ 100/-Options : Shares = 1:1	Options are exercisable in one or more tranches within a period of 10 years from the date of vesting, failing which the options shall lapse.

Pursuant to the plan, the Holding Company has granted 927,278 to the employees of the Group. Outstanding options as on 31 March 2021 are 912,648. The Stock compensation cost is computed under the fair value method and has been recognised over the vesting period up to 31 March 2021.

For the year ended 31 March 2021, the Group has recorded stock compensation expenses of ₹ 182.61 lakhs which has been granted by Holding Company.

	No. of options 31 March 2021	No. of options 31 March 2020
Options outstanding at the beginning	-	-
Granted during the year	9,27,278	-
Lapsed during the year	(14,630)	-
Options outstanding at the end	**9,12,648**	**-**

The fair value of share options granted is estimated at the date of grant using a Black Scholes Merton model, taking into account the terms and conditions upon which the share options were granted. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations. The contractual term of the share options is ten years and there are no cash settlement alternatives for the employees. The Holding Company does not have a practice of cash settlement for these awards.

Further, in accordance with Para 43B-43C, Ind AS 102 Share based payments, although the Company is receiving the services of employees to whom share options are granted. But the options granted are not of its own equity instruments and the Company has no obligation to settle the share-based payment transaction.

Hence, the stock compensation cost in the books of the Company shall be recorded as cash-settled transaction.

Particulars	31 March 2021
Fair value of the equity share as on grant date	₹ 143.40
Weighted average fair values at the measurement date	₹ 100
Expected life of share options (years)	7.50
Expected volatility (%)	27.5%
Dividend yield (%)	0.0%
Risk–free interest rate (%)	6.3%
Weighted average share price (INR)	₹ 100
Model used	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 Financial Statements

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45 Fair value measurement

45.1 Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category are as follows:

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Financial assets measured at fair value through P&L			
Investments	9	1,87,542.02	1,93,203.25
Financial assets measured at fair value through OCI			
Loans	8	20,547.26	-
Financial assets measured at amortised cost			
Cash and cash equivalents	5	16,679.83	2,528.95
Bank balance other than cash and cash equivalents	6	8,087.56	1,432.65
Trade receivables	7	4.85	-
Loans	8	1,45,581.74	93,784.84
Investments	9	54,439.20	1,44,966.75
Other financial assets	10	1,943.35	341.93
Total		**4,34,825.81**	**4,36,258.37**

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Financial liabilities measured at amortised cost			
Trade payables	15	237.31	118.65
Other payables	15	574.32	47.47
Debt securities	16	1,96,839.76	2,60,905.15
Borrowings (other than debt securities)	17	1,07,677.84	62,160.52
Subordinated liabilities	18	4,976.96	4,969.61
Other financial liabilities	19	9,132.78	2,533.74
Total		**3,19,438.97**	**3,30,735.14**

45.2 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 (a) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable entity specific inputs.

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

Notes forming part of the Financial Statements

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45 Fair value measurement (Contd..)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	As at 31 March 2021	As at 31 March 2020
Level 1 (Quoted prices in active market)		
Financial assets measured at FVTPL		
Investments in quoted equity instruments	-	3,796.75
Investments in mutual funds	9,000.40	-
Investments in bonds and debentures	1,70,979.41	1,42,655.88
Financial assets measured at FVTPL		
Investments in mutual funds	6,927.30	39,331.35
Investments in alternative investment funds	-	7,409.30
Investment in futures	634.91	9.97
Level 2 (Directly or indirectly observable market inputs other than Level 1 inputs)		
Financial assets measured at FVTOCI		
Loans	20,547.26	-
	2,08,089.28	**1,93,203.25**

45.3 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 2021		As at 31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	16,679.83	16,679.83	2,528.95	2,528.95
Bank balance other than cash and cash equivalents	8,087.56	8,087.56	1,432.65	1,432.65
Other receivables	4.85	4.85	-	-
Loans	1,45,581.74	1,45,581.74	93,784.84	93,784.84
Investments	54,439.20	54,439.20	1,44,966.75	1,44,966.75
Other financial assets	1,943.35	1,943.35	341.93	341.93
Total financial assets	**2,26,736.53**	**2,26,736.53**	**2,43,055.12**	**2,43,055.12**
Financial liabilities:				
Trade Payables	237.31	237.31	118.65	118.65
Payables	574.32	574.32	47.47	47.47
Debt securities	1,96,839.76	1,96,839.76	2,60,905.15	2,60,905.15
Borrowings (other than debt securities)	1,07,677.84	1,07,677.84	62,160.52	62,160.52
Subordinated liabilities	4,976.96	4,976.96	4,969.61	4,969.61
Other financial liabilities	9,132.78	9,132.78	2,533.74	2,533.74
Total financial liabilities	**3,19,438.97**	**3,19,438.97**	**3,30,735.14**	**3,30,735.14**

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45 Fair value measurement (Contd..)

45.4 Valuation methodologies of financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

The fair value of investments are estimated using a cash flow model based on contractual cash flows using actual maturities.

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and liabilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

46 Risk management

Risk is an integral part of the Group's business and sound risk management is critical for the success. On account of it's 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 it's 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)

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46 Risk management (Contd..)

Risk	Exposure arising from	Measurement	Risk management
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
Systemic risk	External events impacting the system as a whole (i.e., industry, economy etc.) like COVID-19, demonetization etc.	Monitoring of external events, ageing analysis of industry data on loans, recovery trends witnessed by the sector.	Preservation of adequate liquidity to meet near term cash outflows and expense obligations, capital adequacy, diversification of portfolio across geographies and customer profiles, maintaining buffer provision to meet unexpected losses etc.

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.

46.1 Credit risk

A. Investments

This risk is common to all investors who invest in bonds and debt instruments and it refers to a situation where a particular bond issuer is unable to make the expected principal payments, interest rate payments, or both. Similarly, a lender bears the risk that the borrower may default in the payment of contractual interest or principal on its debt obligations, or both. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

B. Loans

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's substantial income is generated from lending to retail customers and therefore credit risk is the principal risk associated with the business.

The credit risk management policy of the Group seeks to have following controls and key metrics that allows risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.1 Risk identification

Credit risk may originate in one or multiple of following ways mentioned below:

- Adverse selection of target market for undertaking lending activity (negative villages, migrant occupations, negative communities, etc.)

- Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, determine validity of legal property documents)

- Security gaps or temporary technical glitches in the loan origination application of the Group leading to loans being sanctioned to ineligible individuals

- Undue influence of Animator/Representative on customers (political influence / middlemen influencing decisions of customers)

- Over-borrowing by customers

- Upper cap on loan ticket size

- Improper use of loan amount than the designated activity

- Over-concentration in any geography/branch/zone etc.

Credit risk in investments may originate in one or multiple of following ways mentioned below:

- Adverse economic environment / regulatory changes impacting the credit / liquidity profile of underlying issuers

- Financial stress due to internal factors (such as over-leveraging by underlying issuers) resulting in lower demand for the security in the

secondary market or leading to an impact on the issuer's ability to service debt obligations

- Any financial stress in the entities of the underlying issuer impacting its refinancing ability

- Deterioration in the value of underlying collateral

- Aggressive growth / policies affecting the asset quality and in turn profitability and refinancing options

- Material frauds by promoters / key management personnel / employees

- Breach of any covenants triggering cross-default / liquidity shocks

46.1.2 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:

Risk	Assets covered	Basis of expected credit loss
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Loans, investments and other financial assets	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans, investments and other financial assets	Life time expected credit loss or fully provided for

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46 Risk management (Contd..)

46.1.3 Risk monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Group.

Investments - Risk concentration is minimized by investing in highly rated, investment grade bonds and debt instruments which have a very low risk of default. The Group lends to borrowers with a good credit score and generally most of the lending is secured against assets pledged by the borrower in favour of the Group. These investments are reviewed by the Board of Directors on a regular basis.

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:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures

- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud

- Credit monitoring -

- Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans staging more than 90 Days past due);

- Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods

- Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

46.1.4 Risk mitigation

Risk Mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.

Investments

With respect to investments, the Group maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities.

Loans

The following risk mitigation measures has been suggested at each stage of loan life cycle:

- Loan origination - profile/income selection, document verification process, KYC checks, creditworthiness checks based on CIBIL, fraud database checks, device data, regular updates to loan origination application based on security gaps and technical glitches identified etc.

- Loan underwriting - Risk rating, credit assessment, independent assessment of legal validity and value of property by experts etc.

- Loan pre and post disbursement - disbursement in the bank account only, loan utilisation checks

- Loan collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework

- Appropriate policy-driven loan origination and collection process.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.4 Risk mitigation (Comtd..)

It is the Group's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Group is exposed to that they decide to take on. Continuous training and development emphasizes that employees are made aware of the Group's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Group's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

46.1.5 Impairment assessment

Investments

The Group has commenced the treasury operations in investments in the year ended 31 March 2020. The Group has assessed the impairment allowance on the basis of EAD*PD*LGD. The default rates for these investments are considered as reported by external credit rating agencies. Exposure at default (EAD) is the carrying value of the investments (net of credit enhancement).

Loans

The Group is also engaged in the business of providing loans and access to credit to the customers. The tenure of which is ranging from 1 month to 60 months.

The Group's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies Note 4.8.1 (Overview of the Expected Credit Loss).

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Group's internal credit rating grades and staging criteria for loans are as follows:

Internal rating grade	Internal rating description	Stages
Performing		
Standard grade - no overdue	No over due	Stage I
Standard grade - past due	DPD 1 to 30	Stage I
	DPD 31 to 60	Stage II
	DPD 61 to 89	Stage II
Non-performing		
Sub-standard grade	DPD => 90	Stage III

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.5 Impairment assessment (Contd..)

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 projection from available, detailed information. These includes : -

- Internal historical credit loss experience

- Industry trend of credit loss of homogeneous assets

- Historical credit loss experience of other similar assets to homogeneous set of customers

- Changes in underwriting capacity, collection efficiency, and management strength

- Macroeconomic factors such as interest rates, industry policies, GDP growth, inflation, etc.

- Regulatory factors such as systemic risk events, policy changes, and statutory guidelines

- Systemic events such as demonetization, Andhra Pradesh crisis, etc. and special situations such as floods, cyclone, earthquake, etc.

Measurement of ECL

Expected Credit Loss or ECL is measured in the following manner. The Company calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

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

PD - Probability of default

The Probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

LGD - Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD

EAD- Exposure at default

Cash flows that are at risk of default over a given time horizon, The Exposure at Default is an estimate of the exposure at a future default date.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.5 Impairment assessment (Contd..)

i) Expected credit losses for financial assets other than loans

As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	16,679.83	-	16,679.83
Bank balance other than cash and cash equivalents	8,087.56	-	8,087.56
Trade receivables	4.85	-	4.85
Investments	2,43,708.21	(1,726.99)	2,41,981.22
Other financial assets	2,109.32	(165.97)	1,943.35

As at 31 March 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	2,528.95	-	2,528.95
Bank balance other than cash and cash equivalents	1,432.65	-	1,432.65
Investments	3,38,434.01	(264.00)	3,38,170.01
Other financial assets	431.59	(89.65)	341.94

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 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade- No Over Due	1,64,213.66	-	-	1,64,213.66	91,976.10	-	-	91,976.10
Standard grade- DPD 1 to 30	5,371.06	-	-	5,371.06	2,719.21	-	-	2,719.21
Standard grade- DPD 31 to 60	-	2,673.85	-	2,673.85	-	374.86	-	374.86
Standard grade- DPD 61 to 89	-	2,504.54	-	2,504.54	-	191.83	-	191.83
Non- performing								
Sub-standard grade- DPD > 89	-	-	7,706.64	7,706.64	-	-	1,271.86	1,271.86
Total	**1,69,584.72**	**5,178.39**	**7,706.64**	**1,82,469.75**	**94,695.31**	**566.69**	**1,271.86**	**96,533.86**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.5 Impairment assessment (Contd..)

(a) Loans (Contd..)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Portfolio loans is, as follows:

Particulars	Year ended 31 March 2021				Year ended 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	94,695.31	566.70	1,271.86	96,533.87	52,105.86	210.22	1,663.34	53,979.42
New assets originated	1,54,547.74	3,181.65	2,647.55	1,60,376.94	89,141.33	365.24	187.08	89,693.65
Movement between stages								
Transferring from Stage 1	(9,262.88)	3,849.25	5,413.63	-	(1,151.27)	519.65	631.62	-
Transferring from Stage 2	23.12	(199.21)	176.09	-	35.56	(87.70)	52.14	-
Transferring from Stage 3	0.99	0.40	(1.39)	-	3.55	4.50	(8.05)	-
Assets repaid, derecognized and written off	(70,419.56)	(2,220.40)	(1,801.10)	(74,441.06)	(45,439.72)	(445.22)	(1,254.27)	(47,139.21)
Gross carrying amount- closing balance	**1,69,584.72**	**5,178.39**	**7,706.64**	**1,82,469.75**	**94,695.31**	**566.69**	**1,271.86**	**96,533.86**

Note : new assets originated is presented net of collections made.

Reconciliation of ECL balance on loans is given below:

Particulars	Year ended 31 March 2021				Year ended 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	2,079.05	70.42	599.56	2,749.03	362.63	17.26	889.51	1,269.40
New assets originated	6,943.64	1,914.19	2,475.31	11,333.14	1,931.89	42.43	96.76	2,071.08
Movement between stages								
Transfers to Stage 1	(207.80)	83.41	124.38	-	(8.09)	3.62	4.47	-
Transfers to Stage 2	3.46	(33.66)	30.19	-	2.04	(8.49)	6.45	-
Transfers to Stage 3	0.26	0.26	(0.52)	-	0.97	1.31	(2.28)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(1,514.39)	604.96	3,168.01	2,258.58	(210.37)	14.29	(395.36)	(591.44)
Impairment allowance - closing balance	**7,304.22**	**2,639.58**	**6,396.93**	**16,340.75**	**2,079.07**	**70.42**	**599.55**	**2,749.04**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.5 Impairment assessment (Contd..)

(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	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade- DPD 0 to 30	27,695.15	-	-	27,695.15	1,33,744.69	-	-	1,33,744.69
Standard grade- DPD 31 to 60	-	-	-	-	-	-	-	-
Non-performing								
Standard grade- DPD >61	-	-	2,274.41	2,274.41	-	-	-	-
	27,695.15	**-**	**2,274.41**	**29,969.56**	**1,33,744.69**	**-**	**-**	**1,33,744.69**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to investments is, as follows:

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	**1,33,744.69**	**-**	**-**	**1,33,744.69**	**-**	**-**	**-**	**-**
New assets originated*	7,063.24	-	-	7,063.24	1,33,744.69	-	-	1,33,744.69
Movement between stages								
Transferring from Stage 1	(2,999.93)		2,999.93	-	-	-	-	-
Transferring from Stage 2	-	-	-	-	-	-	-	-
Transferring from Stage 3	-	-	-	-	-	-	-	-
Assets repaid, derecognized and written off	(1,10,112.85)	-	(725.52)	1,10,838.37)	-	-	-	-
Gross carrying amount- closing balance	**27,695.15**	**-**	**2,274.41**	**29,969.56**	**1,33,744.69**	**-**	**-**	**1,33,744.69**

* Excludes investment in unlisted compulsorily convertible debentures of the subsidiary company amounting to ₹ 11,400 lakhs as on 31 March 2020.

Note: new assets originated is presented net of repayments made.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.5 Impairment assessment (Contd..)

(b) Investments (Contd..)

Reconciliation of ECL balance on investments is given below:

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	264.00	-	-	264.00	-	-	-	-
New assets originated	17.43	-	-	17.43	264.00	-	-	264.00
Movement between stages								
Transfers to Stage 1	(3.90)	-	3.90	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(256.36)	-	1,701.91	1,445.56	-	-	-	-
Impairment allowance - closing balance	**21.17**	**-**	**1,705.81**	**1,726.99**	**264.00**	**-**	**-**	**264.00**

Note: new assets originated is presented net of repayments made.

46.2 Liquidity risk and funding management

In assessing the Group's liquidity position, consideration shall be given to: (a) present and anticipated asset quality (b) present and future earnings capacity (c) historical funding requirements (d) current liquidity position (e) anticipated future funding needs, and (f) sources of funds. The Group maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities. The Group is currently having a mix of both short-term and long-term investments. The Group maintains a portfolio of other marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Group also enters into direct assignment transactions of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Group's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. Net liquid assets consist of cash, short–term bank deposits and investments in mutual funds and other investments in securities which are categorised as "held for sale" and are available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

46.2.1. 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 Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.2.1. Analysis of financial assets and liabilities by remaining contractual maturities (Contd..)

Maturity pattern of assets and liabilities as on 31 March 2021:

Internal rating grade	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	16,679.83	-	-	-	16,679.83
Bank balance other than cash and cash equivalents	6,713.64	1,223.75	150.08	-	8,087.47
Trade receivables	4.85	-	-	-	4.85
Loans *	1,13,811.50	50,728.23	1,318.09	271.18	1,66,129.00
Investments	2,30,815.99	8,321.28	2,831.79	12.16	2,41,981.22
Other financial assets	1,685.10	258.24	-	-	1,943.34
Total financial assets	**3,69,710.91**	**60,531.50**	**4,299.96**	**283.34**	**4,34,825.71**
Financial liabilities					
Trade payables	53.83	-	-	-	53.83
Other Payables	757.80	-	-	-	757.80
Borrowings(includes debt securities and subordinated liabilities)	2,20,928.59	80,246.03	8,319.94	-	3,09,494.56
Other financial liabilities	9,082.67	50.11	-	-	9,132.78
Total financial liabilities	**2,30,822.89**	**80,296.14**	**8,319.94**	**-**	**3,19,438.97**
Net undiscounted financial assets/(liabilities)	**1,38,888.02**	**(19,764.64)**	**(4,019.98)**	**283.34**	**1,15,386.74**

Maturity pattern of assets and liabilities as on 31 March 2020:

Internal rating grade	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	2,528.95	-	-	-	2,528.95
Bank balance other than cash and cash equivalents	737.69	694.96	-	-	1,432.65
Loans *	69,767.96	23,459.18	557.07	0.62	93,784.83
Investments	2,60,257.07	70,232.27	7,233.38	447.31	3,38,170.03
Other financial assets	329.85	11.89	0.20	-	341.94
Total financial assets	**3,33,621.52**	**94,398.30**	**7,790.65**	**447.93**	**4,36,258.40**
Financial liabilities					
Trade payables	47.47	-	-	-	47.47
Other Payables	118.65	-	-	-	118.65
Borrowings(includes debt securities and subordinated liabilities)	2,80,242.41	45,238.20	2,554.67	-	3,28,035.28
Other financial liabilities	2,533.74	-	-	-	2,533.74
Total financial liabilities	**2,82,942.27**	**45,238.20**	**2,554.67**	**-**	**3,30,735.14**
Net undiscounted financial assets/(liabilities)	**50,679.25**	**49,160.10**	**5,235.98**	**447.93**	**1,05,523.26**

*Amounts disclosed as per anticipated repayment pattern owing to moratorium given to customers on account of COVID-19 pandemic as per RBI guidelines.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.3 Systemic Risk

Systemic risk refers to the risk of a breakdown of an entire system rather than simply the failure of individual parts. In a financial context, it denotes the risk of a cascading failure in the financial sector, caused by linkages within the financial system, resulting in a severe economic downturn.

The COVID-19, a systemic risk and a global pandemic has affected the world economy including India, leading to significant decline and volatility in financial markets and decline in economic activities. The national lockdown announced on 23 March 2020 affected activities of organizations across the economic ecosystem, impacting earning prospects and valuations of companies and creating huge volatility in the stock markets. The impact of COVID-19 on Group's result remain uncertain and will dependent on future developments including the second wave that has significantly increased the number of cases in India.

The Group is continuously assessing the potential impact of the COVID-19 on it's operations. During such an uncertain period the focus of the management is to be financially well capitalised and maintain adequate liquidity to service its obligations, sustain its operations and also look at any appropriate investment/lending opportunities.

46.4 Market risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. It is a form of systematic risk associated with the day-to-day fluctuation in the market prices of shares and securities and such market risk affects all securities and investors in the same manner. These daily price fluctuations follows its own broad trends and cycles and are more news and transaction driven rather than fundamentals and many a times, it may affect the returns from an investment. Market risks majorly comprises of two types - interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risks include borrowings and investments.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is a type of systematic risk that particularly affects fixed rate debt instruments like bonds and debentures. The value of the fixed-rate debt instruments generally decline due to rise in interest rates and vice versa. The rationale is that a bond is a promise of a future stream of payments; an investor will offer less for a bond that pays-out at a rate lower than the rates offered in the current market. A rising interest rate scenario also affects the Group's interest expenditure on borrowed funds.

The Asset Liability Committee shall manage its rate sensitivity position to ensure the long run earning power of the Group. In addressing this challenge, the ratios of rate sensitive assets (RSA) to rate sensitive liabilities (RSL) and gap (RSA minus RSL) to equity, as well as gap to total assets will be reviewed based on 30, 60, 90, 180, and 365-day, 1-2 year, and greater than 2 year definitions. More importantly, however, special emphasis is to be placed on the change in net interest income that will result from possible fluctuations in interest rates, changing account volumes, and time. The Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Group monitors the interest rate scenarios on a regular basis and accordingly takes investments decisions as whether to invest in fixed rate debt instruments, shares and securities at a particular point of time.

The Group's investments in debt instruments and pass through certificates are all fixed interest bearing instruments. Refer the price sensitivity analysis given below.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact of rate change in borrowings, as follows:

Particulars	Effect on Statement of Profit and loss for the year 2020-21	Effect on Statement of Profit and loss for the year 2019-20
0.50% increase	733.39	385.34
0.50% decrease	(733.39)	(385.34)

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.4 Market risk (Contd..)

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds etc. The 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 2021	As at 31 March 2020
Investments carried at FVTPL valued using quoted prices in active market	1,87,542.02	1,93,203.25

Particulars	Effect on Statement of Profit and loss for the year 2020-21	Effect on Statement of Profit and loss for the year 2019-20
1% increase	1,875.42	1,932.03
1% increase	(1,875.42)	(1,932.03)

47 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. The Group is in single business segment (primary segment) of giving loans and making investments. The entire revenues are billable within India and there is only one geographical segment (secondary segment).

48 Credit rating

The Group has obtained credit ratings from the following credit rating agencies during the year ended 31 March 2021

Holding Company

Total bank loan facilities rated	₹ 250 Crore
Long term rating	CRISIL A-/Stable (Assigned)

Subsidiary Company

Instruments	Credit rating agency	As on 31 March 2021	As on 31 March 2020
Bank facilities	ICRA	A (-) Stable	BBB Positive
Bank facilities	CRISIL	A (-) Stable	A (-) Stable
Bank facilities	Acuite	NA	BBB Stable
Bank facilities	BWR	NA	BBB(+) Stable
Non-convertible, redeemable, cumulative preference shares	BWR	NA	NA
Non-convertible debentures	ICRA	A (-) Stable	BBB Positive
Non-convertible debentures	CRISIL	A (-) Stable	NA
Sub-ordinated debt	ICRA	A (-) Stable	BBB Positive
Commercial papers	ICRA	A1	A2+

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

49 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 2021		Year ended 31 March 2021					
	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent Company:								
Navi Finserv Private Limited	68.48%	80,533.17	81.72%	,656.65	-6.20%	(13.05)	80.18%	9,643.60
Subsidiary Companies (Indian):								
Chaitanya India Fin Credit Private Limited	31.52%	37,075.77	18.28%	2,160.13	106.20%	223.62	19.82%	2,383.75

Name of the entity in the Group	As at 31 March 2020		Year ended 31 March 2020					
	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent Company:								
Navi Finserv Private Limited	69.42%	73,576.73	65.71%	971.64	-6.55%	3.21	68.19%	974.85
Subsidiary Companies (Indian):								
Chaitanya India Fin Credit Private Limited	30.58%	32,411.71	34.29%	507.02	106.55%	-52.25	31.81%	454.77

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Place: Mumbai
Date: 24 June 2021

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Samit Shetty
Director
DIN: 02573018
Place: Bengaluru
Date: 24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Place: Bengaluru
Date: 24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Place: Bengaluru
Date: 24 June 2021

Riya Bhattacharya
Chief Executive Officer

Place: Bengaluru
Date: 24 June 2021

L N Gurumoorthy
Chief Financial Officer

Place: Chennai
Date: 24 June 2021

Shorter Notice of Ninth Annual General Meeting

SHORTER NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF NAVI FINSERV PRIVATE LIMITED (FORMERLY KNOWN AS CHAITANYA RURAL INTERMEDIATION DEVELOPMENT SERVICES PRIVATE LIMITED) WILL BE HELD ON TUESDAY, SEPTEMBER 21, 2021 AT 10:00 AM AT THE REGISTERED OFFICE OF THE COMPANY AT GROUND FLOOR, SALARPURIA BUSINESS CENTER NO 93, KORAMANGALA INDUSTRIAL LAYOUT BANGALORE 560095, KARNATAKA INDIA TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

ITEM NO 1: TO RECEIVE, CONSIDER AND ADOPT THE STANDALONE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING MARCH 31, 2021 TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND OF THE AUDITORS THEREON.

To consider and thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"**RESOLVED THAT** the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2021 including the Audited Balance Sheet as at March 31, 2021, Statement of Profit & Loss account and Cash flow statements for the year ended March 31, 2021 and the Reports of the Board of Directors and Auditors thereon; along with all annexures as laid before this Annual General Meeting be and hereby received, considered and adopted."

ITEM NO 2: RATIFICATION OF APPOINTMENT OF WALKER CHANDIOK & CO AS STATUTORY AUDITOR OF THE COMPANY FOR THE FINANCIAL YEAR 2021-22.

To consider and thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"**RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Companies (Audit and Auditors) Rules, 2014 and the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (Guidelines) as amended from time to time, the Company hereby ratifies the appointment of Walker Chandiok and Co, Chartered Accountant, (ICAI FRN: 001076N/ N500013), as Statutory Auditor of the Company for the FY 2021-22 at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.

RESOLVED FURTHER THAT Ms. Riya Bhattacharya, Chief Executive Officer or Mr. L N Gurumoorthy, Chief Financial Officer or Ms. Dimple J Shah, Company Secretary of the Company are authorized to do such acts, deeds and things as may be deemed necessary, proper or desirable on behalf of the Company for the purpose of giving effect to this resolution."

SPECIAL BUSINESS:

ITEM NO: 3. TO AMEND THE ARTICLES OF ASSOCIATION("AOA") OF THE COMPANY

To consider and if thought fit, to pass with or without modification/s the following resolution as **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of Section 14 and any other applicable provisions of Companies Act, 2013 read with Rules thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), the consent of the members of the Company be and are hereby accorded to alter the Articles of Association of the Company by way of (i) removal of the Common Seal clause as provided in Article II (2.1) (nn) and Article IX (9.11) of the AOA; and (ii) consequent renumbering of the Articles in the AOA.

RESOLVED FURTHER THAT Directors or Company Secretary of the Company be and are hereby authorized, to make all necessary filings, intimations with or to the concerned regulatory, statutory or governmental authorities or third parties in connection with the amendment of the AOA of the Company, as may be required for and on behalf of the Company pursuant to, or for giving effect to, the foregoing resolution."

ITEM NO: 4. TO AMEND THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION("MOA") OF THE COMPANY

To consider and if thought fit, to pass with or without modification/s the following resolution as **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of Section 4, 13 and if any other applicable provisions of Companies Act, 2013 read with Rules thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), the consent of the members of the Company be and is hereby accorded for effecting the alterations in the existing Object Clause of the Memorandum of Association("MOA") of the Company by substituting the existing Clause 3(A)(1)(ii) in the following manner:

3(A)(1)(ii) To promote, organize, manage, or carry out activities of an insurance intermediary which includes but is not limited to marketing, distribution, servicing of all types of insurance and assurance products, collection of premiums from customers for life, general or health insurance products and passing on payments of premiums and other amounts to the insurance company, through Company's branches, offices, or other platforms, including but not limited to electronic/digital platforms or digital channels

RESOLVED FURTHER THAT Directors or Company Secretary of the Company be and are hereby authorized, to make all necessary filings, intimations with or to the concerned regulatory, statutory or governmental authorities or third parties in connection with the amendment of the MOA of the Company, as may be required for and on behalf of the Company pursuant to, or for giving effect to, the foregoing resolution."

ITEM NO: 5. TO AMEND THE CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION("MOA") OF THE COMPANY

To consider and if thought fit, to pass with or without modification/s the following resolution as **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to Section 61 and 64 of the Companies Act, 2013 and Rules made there under, consent of the members be and is hereby accorded to increase the authorized share capital of the Company from INR 175,00,00,000 (Indian Rupees One Hundred Seventy-Five Crores only) divided into 17,50,00,000(Seventeen Crore Fifty Lakh only) Equity shares of INR 10 (Indian Rupees Ten only) each to INR 205,00,00,000 (Indian Rupees Two Hundred Five Crores only) divided into 20,50,00,000 (Twenty Crores Fifty Lakh only) Equity shares of INR 10 (Indian Rupees Ten only) each ranking pari passu with the existing Equity shares of the Company in all respects.

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be altered accordingly by substituting Clause V with the below:

The Authorized Share Capital of the Company is INR 205,00,00,000 (Indian Rupees Two Hundred Five Crores only) divided into 20,50,00,000 (Twenty Crores Fifty Lakh only) Equity shares of INR 10 (Indian Rupees Ten only).

RESOLVED FURTHER THAT Directors or Company Secretary of the Company be and are hereby authorized, to make all necessary filings, intimations with or to the concerned regulatory, statutory or governmental authorities or third parties in connection with the amendment of the MOA of the Company, as may be required for and on behalf of the Company pursuant to, or for giving effect to, the foregoing resolution."

ITEM NO: 6. TO APPROVE THE ISSUANCE OF COMMERCIAL PAPERS("CPs").

To consider and if thought fit, to pass with or without modification/s the following resolution as **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of all applicable provisions of the Companies Act, 2013, read along with the Companies (Prospectus and Allotment of Securities) Rules, 2014, Companies (Share Capital and Debentures) Rules, 2014, and other applicable rules under the Companies Act, 2013 (including statutory modification(s), amendment(s) or re- enactment thereof and any circulars, notifications, clarifications, rules passed thereunder from time to time), SEBI (Issue and Listing of Debt Securities) Regulations, 2008, Reserve Bank of India and any other applicable law, and the Memorandum and Articles of Association of the Company and such other approvals, consents, sanctions, permissions, as may be necessary from all appropriate statutory and regulatory authorities, if any and to the extent necessary, approval of the members be and is hereby accorded for the issue and offer of up to INR 300,00,00,000 (Indian Rupees Three Hundred Crores) Unsecured Commercial Paper ("CPs") in the form of Usance Promissory Notes and any such other form to be issued in one or more tranches (the "Issue") during a period of one year from the date of this resolution as specified in draft offer letter(s) / information memorandum(s) to be circulated at the time of each such Issue which shall be within the overall borrowing limits of the Company as approved by the shareholders from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution the Board of Directors of the Company be and is hereby authorized, to approve, decide, vary or modify the terms and conditions applicable to the issue of commercial papers and to do all such acts, deeds, matters and things as they may, in their absolute discretion deem necessary, desirable or expedient for any offer, issue, allotment of the commercial papers.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to delegate such powers to any Committee of the Board as it may deem necessary or appropriate in relation to offer and allotment of Commercial Papers.

RESOLVED FURTHER THAT Chief Executive Officer ("**CEO**") of the Company or any of the Directors of the Company or the Company Secretary of the Company be and are hereby authorized to do all such acts deeds and things as may be deemed necessary, proper or desirable on behalf of the Company to give effect to the aforementioned resolution."

By Order of the Board
For Navi Finserv Private Limited
(Formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Dimple J Shah
Company Secretary
ECSIN: EA036349B000141762

Date: September 17, 2021
Place: Bangalore

Bindu Amulya Apartment,
Flat No.408, 4th Floor,
Anjananagar Bangalore 560091

Notes:

- An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the special businesses to be transacted at the meeting is annexed hereto.
- A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint proxy/proxies to attend the meeting and vote on poll, if any, instead of himself/herself and such a proxy/ proxies need not be a member of the Company. Proxies, in order to be effective, must be received in the enclosed Proxy Form by the Company at its Registered Office not less than forty-eight hours before the time fixed for the meeting.
- Members are requested to notify immediately any change in their address to the company.
- Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company during normal business hours (09.00 a.m. to 5.30 p.m.) on all working days between Monday to Saturday (except 2nd and 4th Saturday of the month) of every week, up to and including the date of the Annual General Meeting of the Company.

Route Map


Boho
Salarpuria
Business Centre
CLOSED
Salarpuria Ascent
Apollo Spectra
- Laser Piles
St John's Med
College Hosp

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

ITEM NO: 3. TO AMEND THE ARTICLES OF ASSOCIATION("AOA") OF THE COMPANY

The AOA of the Company is being altered to delete the Common seal clause.

The use of Common seal has become optional for companies. Further Company being a Non-Banking Finance Company has to execute various agreements, documents etc. towards its business matters including for borrowing proposals and other administrative necessities. In view of the same and to facilitate administrative convenience for execution of such documents on behalf of the Company it is proposed to alter the existing Articles of Association ("AOA") of the Company by removing the related clauses in AOA.

Pursuant to Sec 14 of the Companies Act, 2013, the said alteration can be effected only with the approval of Shareholders by passing a special resolution.

The Board had accorded its consent to amend the Articles of Association in its Meeting held on June 24, 2021 as proposed in this Notice, subject to the approval of the Members at a General Meeting.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice

The Board recommends for the approval by the members as a Special Resolution set out at Item No. 3 of the Notice.

ITEM NO: 4. TO AMEND THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION("MOA") OF THE COMPANY

The management's proposal is to avail corporate agency license for soliciting the insurance business and as per the provisions of Section 13 of the Companies Act, 2013 and the rules framed thereunder, the Company shall not, alter the Objects clause of its Memorandum of Association without seeking consent of Members.

Further, the Management proposes and seeks the approval of members to amend the object clause to be in line with IRDAI requirements for soliciting insurance and substitute the existing Main object clause 3(A)(1)(ii) in the following manner:

3(A)(1)(ii) To promote, organize, manage, or carry out activities of an insurance intermediary which includes but is not limited to marketing, distribution, servicing of all types of insurance and assurance products, collection of premiums from customers for life, general or health insurance products and passing on payments of premiums and other amounts to the insurance company, through Company's branches, offices, or other platforms, including but not limited to electronic/digital platforms or digital channels.

The Board had accorded its consent to amend the MOA as proposed in this Notice in its meeting held on September 06, 2021, subject to the approval of the Members at a General Meeting. The Board seeks the approval of the proposed resolutions by way of a special resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice

The Board recommends for the approval by the members as a Special Resolution set out at Item No. 4 of the Notice.

ITEM NO: 5. TO AMEND THE CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION("MOA") OF THE COMPANY

The management proposal is to accommodate the issue of fresh capital and in this regards the Company is required to increase its Authorized Share Capital from INR 175 Crores to INR 205 Crores to accommodate equity infusion.

The Board had accorded its consent to amend the MOA as proposed in this Notice in its meeting held on September 06, 2021, subject to the approval of the Members at a General Meeting. The Board seeks the approval of the proposed resolutions by way of a special resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice

The Board recommends for the approval by the members as a Special Resolution set out at Item No. 5 of the Notice.

ITEM NO: 6. TO APPROVE ISSUANCE OF COMMERCIAL PAPERS("CPs").

The management's proposal is to raise the funds by way of issuance of Commercial Papers("**CPs**") in one or more tranches during a period of one year from the date of this resolution to one or more identified investors on such terms and conditions as specified in draft offer letter(s) / information memorandum(s), to be circulated at the time of each such Issue which is in line with the proposed business growth and for diversification of funding sources for business operations of the Company.

The proposed CP issuance is within the overall borrowing limits of the Company i.e., INR 5000 Crores which was approved by Shareholders of the Company in their meeting held on February 27, 2020 and the current outstanding borrowing of the Company stands at INR 1854.30 Crores as on August 31, 2021.

The Board had accorded its consent for the issuance of the Commercial Papers in its meeting held on September 16, 2021 subject to the approval of the Members at a General Meeting.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 o f the Notice.

The requirement to pass this special resolution is to fit with the best corporate governance practices and standards as the approval of Shareholders is exempted under the Companies Act, 2013 for the Private Limited Company. The Board recommends for the approval by the members as a Special Resolution set out at Item No. 6 of the Notice.

By Order of the Board
For Navi Finserv Private Limited
(Formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Dimple J Shah
Company Secretary
ECSIN: EA036349B000141762

Date: September 17, 2021
Place: Bangalore

Bindu Amulya Apartment,
Flat No.408, 4th Floor,
Anjananagar Bangalore 560091

ATTENDENCE 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 TUESDAY, SEPTEMBER 21, 2021, AT 10:00 A.M at the Registered Office of the Company at Ground Floor, Salarpuria Business Center No. 93, Koramangala Industrial Layout Bangalore 560095, Karnataka India.

Please (✓) in the box

1. Member ☐
2. Proxy ☐

Signature of member/Proxy

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]

Corporate Identification Number	:	U65923KA2012PTC062537
Name of the company	:	NAVI FINSERV PRIVATE LIMITED
Registered office	:	Ground Floor, Salarpuria Business Center No. 93, Koramangala, Industrial Layout Bangalore 560095, Karnataka India.
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

1.	Name	:	
	Address	:	
	E-mail ID	:	
	Signature	:	, or failing him

2.	Name	:	
	Address	:	
	E-mail ID	:	
	Signature	:	, or failing him

3.	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 **TUESDAY, SEPTEMBER 21, 2021, AT 10:00 A.M** at the Registered Office of the company situated at Ground Floor,

Salarpuria Business Center No. 93, Koramangala Industrial Layout Bangalore 560095, Karnataka India to transact the following business and any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Particulars	Favor / against
01	TO RECEIVE, CONSIDER AND ADOPT THE STANDALONE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING MARCH 31, 2021 TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND OF THE AUDITORS THEREON.	
02	RATIFICATION OF APPOINTMENT OF WALKER CHANDIOK & CO AS STATUTORY AUDITOR OF THE COMPANY FOR THE FINANCIAL YEAR 2021-22.	
03	TO AMEND THE ARTICLES OF ASSOCIATION("AOA") OF THE COMPANY	
04	TO AMEND THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION("MOA") OF THE COMPANY	
05	TO AMEND THE CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION("MOA") OF THE COMPANY	
06	TO APPROVE THE ISSUANCE OF COMMERCIAL PAPERS("CPs").	

Signed this ..... day of..... 20....

Affix Revenue Stamp

_____

Signature of shareholder

_____

Signature of Proxy holder(s)

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.

Navi Finserv Private Limited

Regd. Office Address:
No.145, 2nd Floor, NR Square,
1st Main Road, Sirsi Circle, Chamrajpet,
Bangalore - 560018

a K&A creation | www.kalolwala.co.in

To,
Listing Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

To,
Listing Operations
National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex, Bandra (E)
Mumbai-400051

Dear Sir/Ma'am,

Sub: Outcome of the Board meeting held on August 11, 2023

In compliance with regulation 51 and 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")**, we hereby enclose, the unaudited standalone financial results of the Company along with the Limited review Report ("**LRR**") for the quarter ended June 30, 2023, which have been duly approved by the board of directors of the Company ("**Board**") in their meeting held today i.e., August 11, 2023.

Further, we are enclosing the following documents:

a) Disclosures as required under Regulation 52(7) of the Listing Regulation; and
b) Disclosure as required under Regulation 54 of the Listing Regulation.

We would also like to inform you that the Board has considered and approved the borrowings of the Company by way of Issuance of Non-Convertible Debentures **("NCDs")** up to the limit of INR 4000 Crores on a private placement basis and Commercial Papers **("CPs")** up to the limit of INR 1500 Crores which is subject to approval of the shareholders of the Company.

The board meeting commenced at 05:00 PM (IST) and concluded at 07:35 PM (IST).

Thanking you.

Yours faithfully,
For **Navi Finserv Limited**
THOMAS JOSEPH
Digitally signed by THOMAS JOSEPH
Date: 2023.08.11 19:38:36 +05'30'
Thomas Joseph
Company Secretary

August 11, 2023

Copy to -
CATALYST TRUSTEESHIP LIMITED
Windsor, 6th Floor, Office No – 604 C.S.T. Road, Kalina Santacruz (East), Mumbai – 400 098

IDBI Trusteeship Services Limited
Asian Building, Ground Floor 17, R. Kamani Marg, Ballard Estate Mumbai – 400 001

Price Waterhouse LLP
Chartered Accountants

Independent Auditor's Review Report on quarterly Unaudited Financial Results of the company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Navi Finserv Limited,

1. We have reviewed the accompanying unaudited financial results of Navi Finserv Limited (formerly known as 'Navi Finserv Private Limited') (the "Company") for the quarter ended June 30, 2023, which are included in the accompanying Statement of unaudited financial results for the quarter ended June 30, 2023 (the "Statement") being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), including relevant circulars issued by the SEBI from time to time. We have initialled the Statement for identification purposes only.

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder, other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 52 of the Listing Regulations, 2015, including relevant circulars issued by SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in accordance with the recognition and measurement principles laid down in Ind As 34, prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder, other accounting principles generally accepted in India and is not in compliance with the presentation and disclosure requirements of Regulation 52 of the Listing Regulations, 2015, including relevant circulars issued by SEBI from time to time, or that it contains any material misstatement, or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of Income recognition, asset classification, provisioning and other related matters, to the extent those are not inconsistent with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013.



Price Waterhouse LLP, 5th Floor, Tower 'D', The Millenia, 1 & 2 Murphy Road, Ulsoor, Bengaluru - 560 008
T: +91 (80) 4079 5000, F: +91 (80) 4079 5222

Registered office and Head office: Plot No. 56 & 57, Block DN, Sector-V, Salt Lake, Kolkata - 700 091

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAS - 3673) with effect from April 22, 2020. Post its conversion to Price Waterhouse LLP, its ICAI registration number is (FRN 301112E/E300264) (ICAI registration number before conversion was 301112E)

Price Waterhouse LLP
Chartered Accountants

5. The financial results of the Company for the quarter ended June 30, 2022 was reviewed by another firm of chartered accountants who issued their unmodified conclusion, vide their report dated August 10, 2022 respectively.

For Price Waterhouse LLP
Chartered Accountants
Firm Registration Number: 301112E / E300264

A.J. Shaikh
Partner
Membership Number: 203637
UDIN: 23203637BGXPBG9973

Place: Bengaluru
Date: August 11, 2023

Navi Finserv Limited
CIN: U65923KA2012PLC062537

Registered and Corporate Office : 2nd Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru, Karnataka 560102
Website : www.navi.com ; E-mail: investors@navi.com

Statement of unaudited financial results for the quarter ended 30 June 2023

(₹ . In Million)

	Particulars	Quarter ended			Year ended
		30.06.2023	31.03.2023	30.06.2022	31.03.2023
		(Unaudited)	(Refer Note 10)	(Unaudited)	(Audited)
1	**Income**				
	(a) Revenue from operations				
	(i) Interest income	3,541.24	3,661.32	1,799.40	11,807.85
	(ii) Fees and commission income	118.27	116.19	43.07	282.33
	(iii) Net gain on fair value changes	294.27	66.91	-	222.97
	(iv) Net gain on derecognition of financial instruments under amortised cost category	433.58	281.37	-	517.01
	Total revenue from operations	**4,387.36**	**4,125.79**	**1,842.47**	**12,830.16**
	(b) Other Income	15.64	566.87	355.20	940.36
	Total Income	**4,403.00**	**4,692.66**	**2,197.67**	**13,770.52**
2	**Expenses**				
	(a) Finance costs	1,472.23	1,407.94	646.49	4,266.47
	(b) Fees and commission expenses	62.95	51.87	13.37	159.54
	(c) Net loss on fair value changes	-	-	10.02	-
	(d) Impairment on financial instruments	1,259.39	1,019.42	683.16	3,693.10
	(e) Employee benefits expenses	316.27	243.22	189.49	845.02
	(f) Depreciation and amortisation expense	68.70	29.63	19.19	81.04
	(g) Other expenses	873.39	828.13	447.40	2,746.26
	Total Expense	**4,052.93**	**3,580.21**	**2,009.12**	**11,791.43**
3	**Profit before tax (1-2)**	**350.07**	**1,112.45**	**188.55**	**1,979.09**
4	**Tax expense**				
	Current tax	144.49	95.34	-	543.99
	Deferred tax (credit)/charge	(56.50)	55.41	(40.55)	(264.07)
	Tax relating to earlier years		(20.69)	-	(20.69)
	Total tax expense	**87.99**	**130.06**	**(40.55)**	**259.23**
5	**Profit after tax (3-4)**	**262.08**	**982.39**	**229.10**	**1,719.86**
6	**Other Comprehensive Income, net of tax**				
	(a) Items that will not be reclassified to profit or loss				
	Remeasurement of the net defined benefit plans	(1.30)	(1.93)	(3.47)	(6.35)
	Income tax relating to the above	0.33	0.49	0.87	1.60
	(b) Items that will be reclassified to profit or loss				
	Net change in fair value of loans measured at fair value through other comprehensive income	101.16	(18.87)	-	7.57
	Income tax relating to the above	(25.46)	4.75	-	(1.90)
	Total other comprehensive income net of tax	**74.73**	**(15.56)**	**(2.60)**	**0.92**
7	**Total comprehensive income for the period (5+6)**	**336.81**	**966.83**	**226.50**	**1,720.78**
8	Paid-up equity share capital (Face value of ₹ 10)				2,852.40
9	Other equity				19,846.24
10	**Earnings per share (₹) (not annualised)**				
	Basic	0.92	3.44	1.14	6.74
	Diluted	0.89	3.39	1.14	6.71

Price Waterhouse LLP LLPIN AAS-3673 Chartered Accountants FRN 301112E/E300264 Bengaluru

Navi Finserv Limited Bangalore

Notes:

1 These Standalone financial results have been prepared in accordance with the recognition and measurement principles laid down in Companies (Indian Accounting Standards) Rules,2015 prescribed under Section 133 of the Act read with relevant rules issued thereunder, the circulars, guidelines and directions issued by the Reserve Bank of India ("the RBI") from time to time ('RBI Guidelines') and other accounting principles generally accepted in India, and is in compliance with the presentation and disclosure requirements of the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended including relevant circulars issued by the SEBI from time to time.

2 There has been no change in the significant accounting policies during the quarter ended 30 June, 2023 as compared to those followed for the year ended 31 March, 2023.

3 The figures for the quarter ended 31 March ,2023 represents balancing figures between audited figures in respect of full financial year and the unaudited published year to date figures upto the third quarter of the previous financial year which were subjected to limited review by statutory The Statement of financial results of Navi Finserv Limited (formerly as Navi Finserv Private Limited) ('the Company') have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 10 August, 2023 and 11 August, 2023 respectively.

4 These financial results have been subjected to limited review by the statutory auditors of the Company as required under Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

5 The Company has carried impairment provision towards its loan assets to the extent of ₹ 4,711.02 million as at 30 June 2023.

6 Disclosure pursuant to RBI Notification RBI/DOR/2021-22/86 DDR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021

a) Details of loans (not in default) transferred through assignment during the quarter ended 30 June 2023.

Mode of Transfer	Direct Assignment
Aggregate amount of loans transferred (in millions)	5,514.98
Weighted average residual maturity (in years)	4.58
Weighted average holding period (in years)	0.54
Retention of beneficial economic interest	10%
Tangible security coverage	12%

b) The Company has not acquired any loans not in default through assignment during the quarter ended 30 June 2023.

7 The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the Chief Operating Decision Maker as defined in Ind AS 108 - 'Operating Segments'. The Company is engaged primarily in the business of financing and as such no separate reportable segment is required to be furnished as per Ind AS 108 – "Operating Segment".

8 The listed Non - Convertible Debentures of the Company aggregating to ₹ 14,034.50 millions as on 30 June, 2023 are secured by way of an exclusive charge on identified standard assets of the Company.

9 Pursuant to the Regulation 54 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, the listed secured non-convertible debentures issued by the Company are fully secured by way of hypothecation over the book debt/ receivables, to the extent as stated in the respective information memorandum. Further, the Company has maintained security cover (100%) as stated in the respective information memorandum which is sufficient to discharge the principal and the interest amount at all times for the non-convertible debt securities issued by the Company.

10 The figures for the quarter ended 31 March, 2023 represents balancing figures between audited figures in respect of full financial year and the unaudited published year to date figures upto the third quarter of the previous financial year which were subjected to limited review by statutory auditors.

11 The Company has colending arrangements with the various lending partners. Under these arrangements, the company has disbursed ₹ 8,587.74 millions during the quarter under 20:80 disbursal ratio.

12 The Board of Directors of Navi Finserv Limited (the 'Company' or 'NFL') and Navi Technologies Limited ('NTL'), the holding company of NFL, has at its meeting held on 8 August, 2023 approved divestment of 75.00000032% and 24.99999968% of equity shares being held by the Company and NTL, respectively, in Chaitanya India Fin Credit Private Limited ('CIFCPL'), a material subsidiary of NFL, by way of sale of their shares in CIFCPL, to Svatantra Microfin Private Limited ('Purchaser'), a non-banking finance company-microfinance institution ('Proposed Transaction').
The Proposed Transaction is subject to receipt of the 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 Company, NTL, CIFCPL, and the Purchaser.

13 During the year ended 31 March 2023, the Company had allotted 10,66,66,667 equity shares of face value 10 including premium of ₹ 65 per share, aggregating to ₹ 8000 million, to Navi Technologies Limited ("the holding Company) on right issue basis as per Section 62(1) of the Companies Act, 2013.

14 During the quarter ended 30 June 2022, the Company had sold the brand 'Chaitanya' to Navi Technologies Limited, the holding company, for ₹350 million. The carrying value of the brand in the books of the Company was Nil and accordingly, the resultant gain of ₹350 million has been disclosed under Other Income in these unaudited financial results.

15 During the quarter ended 31 March 2023, the company had sold 25% equity stake in Chaitanya India Fin Credit Private Limited (erstwhile-wholly owned subsidiary) to Navi Technologies Limited ("the holding Company) at gain of ₹ 561.73 milions.

16 During the quarter ended 31 March, 2023, the company had issued 15,000 Compulsorily Convertible Debentures to Navi Technologies Limited ("the holding Company) for aggregate amount of INR 1,500 milions.

17 Figures of the previous periods have been regrouped, wherever necessary, to make them comparable with the current period.

For and on behalf of the Board of
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)

Price Waterhouse LLP LLPIN AAS-3673 Chartered Accountants FRN 301112E/E300264 Bengaluru

Ankit Agarwal
Managing Director
(DIN: 08299808)

Bengaluru
Date : 11 August, 2023

Navi Finserv Limited Bangalore

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

CIN No. U65923KA2012PLC062537

2nd Floor, Vaishnavi Tech Square Iballur Village, Begur Hobli Bangalore South Bangalore KA 560102, India

Disclosures under Regulation 52(4) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the quarter ended June 30, 2023

Sl No.	Particulars	Ratio
1	Debt-Equity Ratio (Note 1)	2.41
2	Debt Service Coverage Ratio & Interest Service Coverage Ratio	Not Applicable
3	Outstanding reedemable preference share	Not Applicable
4	Capital Redemption Reserve (₹ in millions)	44.05
5	Debenture Redemption reserve	Not Applicable
6	Net Worth (Note 2) (₹ in millions)	22,188.06
7	Net profit after tax (₹ in millions)	262.08
8	Earning per share (₹ per share)	0.92
9	Current ratio	Not applicable
10	Long term debt to working Capital	Not applicable
11	Bad debt to account receivable ratio	Not applicable
12	Current Liability Ratio	Not applicable
13	Total Debts to Assets Ratio (Note 3)	0.65
14	Debtors Turnover	Not applicable
15	Inventory Turnover	Not applicable
16	Operating Margin %	Not applicable
17	Net profit Margin % (Note 4)	5.95%
18	**Sector Specific Ratios** CRAR % (Tier I+Tier II) Gross Stage 3 (%) (Note 5) Net Stage 3 (%) (Note 6)	 27.87% 2.53% 0.35%

Notes:-

1. Debt-Equity Ratio = Total Debt [Debt securities + Borrowings (other than debt securities)+Subordinated liabilities] / (Equity + Other equity)
2. Net Worth = Equity share capital + Other Equity - Prepaid Expense - Deferred Tax Asset
3. Total Debt to Asset Ratio = Total Debt [Debt securities + Borrowings (other than debt securities)+Subordinated liabilities] / Total Assets
4. Net profit Margin % = Net profit for the period/Total Income
5. Gross Stage 3 (%) = Gross Stage 3 Loans / Gross Loans
6. Net Stage 3 (%) = (Gross Stage 3 Loans - Impairment loss allowance for Stage 3)/(Gross Loans - Impairment loss allowance for Stage 3).

For and on behalf of the Board of Directors
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)

Ankit Agarwal
Managing Director
(DIN: 08299808)

Bengaluru
Date : 11 August, 2023

Navi Finserv Limited Bangalore

To,
Listing Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

To,
Listing Operations
National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex, Bandra (E)
Mumbai-400051

Sub: Statement of utilization of issue proceeds under Regulation 52(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/Madam,

Pursuant to Regulation 52(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby confirm that the proceeds of issues from various Non-Convertible Debentures (NCD) issued by the Company were utilized for the objects as stated in the offer document and there is no material deviation in the utilization of such proceeds as on June 30, 2023.

Thanking you.

Yours faithfully,
For **Navi Finserv Limited**

ANKIT SURANA
Digitally signed by ANKIT SURANA
Date: 2023.08.11 18:32:13 +05'30'

Ankit Surana
Chief Financial Officer
Date: August 11, 2023

Copy to -

CATALYST TRUSTEESHIP LIMITED
Windsor, 6th Floor, Office No – 604 C.S.T. Road, Kalina Santacruz (East), Mumbai – 400 098

IDBI Trusteeship Services Limited
Asian Building, Ground Floor 17, R. Kamani Marg, Ballard Estate Mumbai – 400 001

Annex - IV-A

A. Statement of utilization of issue proceeds:

Name of the Issuer	ISIN	Mode of Fund Raising (Public issues/ Private placement)	Type of instrument	Date of raising funds	Amount Raised	Funds utilized	Any deviation (Yes/ No)	If 8 is Yes, then specify the purpose of for which the funds were utilized	Remarks, if any
1.	INE342T07361	Private Placement	Non-Convertible Debentures	May 29, 2023	75 Crores	yes	No	NA	-

B. Statement of deviation/ variation in use of Issue proceeds: NA

Particulars	Remarks
Name of listed entity	Navi Finserv Limited
Mode of fund raising	Private placement
Type of instrument	Non-convertible Securities
Date of raising funds	May 29, 2023
Amount raised	75 crores
Report filed for quarter ended	June 30, 2023
Is there a deviation/ variation in use of funds raised?	No
Whether any approval is required to vary the objects of the issue stated in the prospectus/ offer document?	Not Applicable
If yes, details of the approval so required?	Not Applicable
Date of approval	Not Applicable
Explanation for the deviation/ variation	Not Applicable
Comments of the audit committee after review	Not Applicable
Comments of the auditors, if any	Not Applicable

Objects for which funds have been raised and where there has been a deviation/ variation, in the following table: NA

Original object	Modified object, if any	Original allocation	Modified allocation, if any	Funds utilised	Amount of deviation/ variation for the quarter according to applicable object (in Rs. crore and in %)	Remarks, if any
NA	NA	NA	NA	NA	NA	NA

Deviation could mean:

a. Deviation in the objects or purposes for which the funds have been raised.
b. Deviation in the amount of funds actually utilized as against what was originally disclosed.

For Navi Finserv Limited

ANKIT SURANA Digitally signed by ANKIT SURANA Date: 2023.08.11 18:32:41 +05'30'

Ankit Surana

Chief Financial Officer

Date: August 11, 2023

Price Waterhouse LLP

Chartered Accountants

The Board of Directors
Navi Finserv Limited
Second Floor, Vaishnavi Tech Square,
Iballur Village, Begur Hobli
Bangalore - 560102

Auditor's Report on book values of assets included in the statement of security cover as per Information Memorandum, Term Sheet and Debenture Trust Deed as at June 30, 2023

1. This report is issued in accordance with the terms of our engagement letter dated August 9, 2023.

2. The accompanying Statement of Security Cover as at June 30, 2023 as mentioned in paragraphs of the Information Memorandum, Term Sheet and Debenture Trust Deed (the "Agreement") of listed debt securities (the "Statement") has been prepared by the management of Navi Finserv Limited (the "Company") as at June 30, 2023 pursuant to Regulation 56(1)(d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended) read with Circular SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/67 dated May 19, 2022 (together referred to as the "Listing Regulations, 2015"), which has been initialled by us for identification purposes.

Management's Responsibility for the Statement

3. The preparation of the Statement is the responsibility of the Management of the Company including the creation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation.

4. The Management is also responsible for ensuring that the Company complies with the requirements of the Listing Regulations, 2015 and the Agreement, and it provides all relevant, complete and accurate information as required therein.

Auditors' Responsibility

5. Pursuant to the Listing Regulations, 2015, it is our responsibility to examine the Statement and to report based on our procedures performed as described in paragraph 8 below, whether the book values of the assets specified in column(s) A to H in the Statement prepared by the Company are in agreement with the underlying unaudited books and relevant records of the Company as at June 30, 2023, as produced to us by the Management during the course of our examination.

6. We conducted our examination of the Statement in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' (the "Guidance Note") issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

Price Waterhouse LLP
LLPIN AAS -3673
Chartered Accountants
FRN 301112E/E300264
Bengaluru

Price Waterhouse LLP, 5th Floor, Tower 'D', The Millenia, 1 & 2 Murphy Road, Ulsoor, Bengaluru - 560 008
T: +91 (80) 4079 5000, F: +91 (80) 4079 5222

Registered office and Head office: Plot No. 56 & 57, Block DN, Sector-V, Salt Lake, Kolkata - 700 091

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAS - 3673) with effect from April 22, 2020. Post its conversion to Price Waterhouse LLP, its ICAI registration number is (FRN 301112E/E300264) (ICAI registration number before conversion was 301112E)

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

8. In carrying out our examination as described in paragraph 5 above, we have carried out the following procedures:

   Trace the financial information contained in Column(s) A to H of Statement with underlying unaudited books and records of the Company as at June 30, 2023 as provided by the Management.

   For avoidance of doubt, we clarify that we were not required to, and will not perform any procedure on the information included in column(s) K to O of the accompanying statement and the same is furnished by the management of the Company. Further we are not required to comment on the calculations included in the Statement.

   The Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Opinion

9. Based on our examination as described in paragraph 8 and procedures performed as described in paragraph 8 above, and according to the information and explanations given to us, we report that the book values of the assets specified in column(s) A to H in the Statement prepared by the Company are in agreement with the underlying unaudited books and relevant records of the Company as at June 30, 2023 as produced to us by the Management during the course of our examination.

Restriction on Use

10. Our work was performed solely to assist the Company to meet the requirements of Regulation 56(1)(d) of the Listing Regulations, 2015. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have as auditors of the Company or otherwise. Nothing in this report nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.



11. This report has been issued solely at the request of the Board of Directors of the Company to whom it is addressed, for onward submission to the Debenture trustees defined in the Agreement and should not be used for any other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

For Price Waterhouse LLP
Firm Registration Number: 301112E/E300264
Chartered Accountants

A.J. Shaikh
Partner
Membership Number: 203637
UDIN: 23203637BGXPBI9439

Place: Bengaluru
Date: August 11, 2023

Navi Finserv Limited

Security Cover Statement as at June 30, 2023

Table 1: Computation of book value of encumbered assets and unencumbered assets available for secured and unsecured assets

(All amounts are in Rs. Millions)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari- Passu Charge	Pari- Passu Charge	Pari- Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Related to only those items covered by this certificate				
		Debt for which this certificate being issued (Book Value)	Other Secured Debt (Book Value)	Debt for which this certificate being issued (Yes/ No)	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge) (Book Value)	Other assets on which there is pari-Passu charge (excluding items covered in column F) (Book Value)		Debt amount considered more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying / book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets (Relating to Column F)	Carrying value/ book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable) (Relating to Column F)	Total Value (=K+L+M+ N)
ASSETS														
Property, Plant and Equipment							299.68		299.68					
Capital Work-in-Progress									-					
Right of Use Assets							1,488.09		1,488.09					
Goodwill									-					
Intangible Assets									-					
Intangible Assets under Development									-					
Investments							4,587.88		4,587.88					
Loans (Refer Note No. 7)	Personal Loan & Housing Loan	15,562.05	38,417.97				10,457.65		64,437.66		15,562.05			15,562.05
Inventories									-					
Trade Receivables									-					
Cash and Cash Equivalents							8,568.43		8,568.43					
Bank Balances other than Cash and Cash Equivalents							4,283.47		4,283.47					
Others							2,376.33		2,376.33					
Total Assets		**15,562.05**	**38,417.97**	-	-	-	**32,061.53**	-	**86,041.54**	-	**15,562.05**	-	-	**15,562.05**
LIABILITIES														
Debt securities to which this certificate pertains	NCDs listed secured & unsecured	14,140.19					143.76		14,283.95					
Other debt sharing pari-passu charge with above debt									-					
Other Debt	CP						3,573.39		3,573.39					
Subordinated debt							99.69		99.69					
Borrowings	Term loans, CCIL Repo and PTC		31,351.90				29.07		31,380.96					
Bank									-					
Debt Securities	NCDs Unlisted secured		2,608.52				3,661.05		6,269.56					
Others									-					
Trade payables							2,058.84		2,058.84					

Lease Liabilities							1,558.05		1,558.05						
Provisions									-						
Others							3,781.64		3,781.64						
Total Liabilities		14,140.19	33,960.42	-	-	-	14,905.49	-	63,006.09	-	-	-	-	-	
Net Assets		110.06%	113.13%						23,035.45						

Notes:

1. The book value as mentioned in above table as per financial information of the company prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, other relevant provisions of the Act and guidelines issued by the Reserve Bank of India (RBI) as applicable to NBFCs.
2. Book value in Column C represents the principal outstanding in case of loans given as security and principal and interest accrued in case of debt securities to which this certificate pertains.
3. There are no assets offered given as security as pari-passu against debt securities.
4. Asset cover is calculated only on debt for which the certificate is being issued.
5. Represents Intercorporate Debentures / Unsecured Debentures and Commercial Papers.
6. EIR Adjustments on Loans / Debt Securities / Subordinated Debts / Borrowing - Term Loans are included in Column H, so as to match the figures with audited Financial Information.
7. Loans under Category "Other Secured Debt(Book Value)" also includes the amount of PTC asset of INR 17149.42

For and on the behalf of Navi Finserv Limited

Ankit Surana

Ankit Surana
Chief Financial Officer
Bengaluru
August 11, 2023

Navi Finserv Limited
Bangalore

Price Waterhouse LLP
LLPIN AAS-3673
Chartered Accountants
FRN 301112E/E300264
Bengaluru

NFS/2023-24/34

To,
Listing Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

To,
Listing Operations
National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex, Bandra (E)
Mumbai-400051

Dear Sir/Ma'am,

Sub: Outcome of the Board meeting held on November 08, 2023

In compliance with regulation 51 and 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")**, we hereby enclose, the unaudited standalone financial results of the Company along with the Limited Review Report ("**LRR**") for the quarter ended September 30, 2023, which have been duly approved by the board of directors of the Company ("**Board**") in their meeting held today i.e., November 08, 2023.

Further, we are enclosing the following documents:

a) Disclosures as required under Regulation 52(7) of the Listing Regulation; and
b) Disclosure as required under Regulation 54 of the Listing Regulation.

The board meeting commenced at 04:30 PM (IST) and concluded at 07:30 PM (IST).

Thanking you.

Yours faithfully,
For **Navi Finserv Limited**

THOMAS JOSEPH
Digitally signed by THOMAS JOSEPH
Date: 2023.11.08 19:36:04 +05'30'

Thomas Joseph
Company Secretary
November 08, 2023

Copy to -
CATALYST TRUSTEESHIP LIMITED
Windsor, 6th Floor, Office No – 604 C.S.T. Road, Kalina Santacruz (East), Mumbai – 400098

IDBI Trusteeship Services Limited
Asian Building, Ground Floor 17, R. Kamani Marg, Ballard Estate Mumbai – 400001

Price Waterhouse LLP

Chartered Accountants

Independent Auditors' Review Report on unaudited financial results for the quarter and half year ended September 30, 2023 of Navi Finserv Limited (Formerly known as Navi Finserv Private Limited) pursuant to Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Navi Finserv Limited,

1. We have reviewed the accompanying unaudited financial results of Navi Finserv Limited (Formerly known as Navi Finserv Private Limited) (the "Company") for the quarter ended September 30, 2023 and the year to date results for the period April 1, 2023 to September 30, 2023, which are included in the accompanying Statement of Unaudited financial results, the Statement of Assets and Liabilities as on that date and the Statement of Cash Flows for the half-year ended on that date (the "Statement") being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), including relevant circulars issued by the SEBI from time to time. We have signed the Statement for identification purposes only.

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013, the relevant provisions of the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in accordance with recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013, the RBI Guidelines and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 52 of the Listing Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement, or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of Income recognition, asset classification, provisioning and other related matters, to the extent those are not inconsistent with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

For Price Waterhouse LLP
Chartered Accountants
Firm Registration Number: 301112E/E300264

ABDUL MAJEED SHAIKH
Digitally signed by ABDUL MAJEED SHAIKH
Date: 2023.11.08 18:32:03 +05'30'

Abdul Majeed Shaikh
Partner
Membership Number: 203637
UDIN: 23203637BGXPDG7127

Place: Chennai
Date: November 8, 2023

Navi Finserv Limited
CIN: U65923KA2012PLC062537
Registered and Corporate Office : 2nd Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru, Karnataka 560102
Website : www.navi.com ; E-mail: investors@navi.com

Statement of Assets and Liabilities as at 30 September 2023

(All amounts in ₹ millions unless otherwise stated)

	Particulars	As at 30.09.2023 (Unaudited)	As at 31.03.2023 (Audited)
I	**Assets**		
1	**Financial assets**		
	Cash and cash equivalents	9,482.10	3,092.57
	Bank balances other than cash and cash equivalents	5,644.43	3,636.24
	Loans	70,153.12	63,695.19
	Investments	7,353.64	9,888.41
	Other financial assets	1,516.34	2,765.64
		94,149.63	**83,078.05**
2	**Non-financial assets**		
	Current tax assets (net)	-	-
	Deferred tax asset (net)	695.13	734.00
	Property, plant and equipment	276.20	67.95
	Other intangible assets	-	-
	Right to use asset	1,441.06	814.72
	Other non-financial assets	819.86	533.97
		3,232.25	**2,150.64**
	Total Assets	**97,381.88**	**85,228.69**
II	**Liabilities and Equity**		
1	**Financial liabilities**		
	Payables		
	A. Trade Payables		
	(i) total outstanding dues of micro enterprises and small enterprises	14.62	11.18
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,957.45	740.26
	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	26,860.82	26,572.15
	Borrowings (other than debt securities)	36,559.60	30,954.53
	Subordinated liabilities	99.73	99.64
	Lease liability	1,531.73	857.12
	Other financial liabilities	5,832.61	2,833.71
		73,856.56	**62,068.59**
2	**Non financial liabilities**		
	Current tax liabilities (net)	47.23	108.21
	Provisions	223.11	160.76
	Other non financial liabilities	193.30	192.49
		463.64	**461.46**
	Total Liabilities	**74,320.20**	**62,530.05**
3	**Equity**		
	Equity share capital	2,852.40	2,852.40
	Other equity	20,209.28	19,846.24
	Total equity	**23,061.68**	**22,698.64**
	Total liabilities and equity	**97,381.88**	**85,228.69**

Navi Finserv Limited Bangalore

Navi Finserv Limited
CIN: U65923KA2012PLC062537

Registered and Corporate Office : 2nd Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru, Karnataka 560102
Website : www.navi.com ; E-mail: investors@navi.com

Statement of unaudited financial results for the quarter and half year ended 30 September 2023

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Particulars	Quarter ended			Half Year ended		Year ended
		30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income**						
	(a) Revenue from operations						
	(i) Interest income	3,791.94	3,541.24	2,685.00	7,333.18	4,484.40	11,807.85
	(ii) Fees and commission income	149.89	118.27	54.41	268.16	97.48	282.33
	(iii) Net gain on fair value changes	183.86	294.27	105.40	478.13	95.38	222.97
	(iv) Net gain on derecognition of financial instruments under amortised cost category	89.59	433.58	50.42	523.17	50.42	517.01
	Total revenue from operations	4,215.28	4,387.36	2,895.23	8,602.64	4,727.68	12,830.16
	(b) Other Income	5.18	15.64	10.86	20.82	366.06	940.36
	Total Income	4,220.46	4,403.00	2,906.09	8,623.46	5,093.74	13,770.52
2	**Expenses**						
	(a) Finance costs	1,578.44	1,472.23	956.10	3,050.67	1,602.59	4,266.47
	(b) Fees and commission expenses	14.83	62.95	39.47	77.78	52.84	159.54
	(c) Impairment on financial instruments	1,110.07	1,259.39	614.32	2,369.46	1,297.48	3,693.10
	(d) Employee benefits expenses	341.04	316.27	207.01	657.31	396.50	845.02
	(e) Depreciation and amortisation expense	70.51	68.70	17.24	139.21	36.43	81.04
	(f) Other expenses	956.80	873.39	640.37	1,830.19	1,087.77	2,746.26
	Total Expense	4,071.69	4,052.93	2,474.51	8,124.62	4,473.60	11,791.43
3	**Profit before tax (1-2)**	148.77	350.07	431.58	498.84	620.14	1,979.09
4	**Tax expense**						
	Current tax	(57.80)	144.49	117.28	86.69	117.28	543.99
	Deferred tax (credit)/charge	97.95	(56.50)	(6.73)	41.45	(47.28)	(264.07)
	Tax relating to earlier years	-	-	-	-	-	(20.69)
	Total tax expense	40.15	87.99	110.55	128.14	70.00	259.23
5	**Profit after tax (3-4)**	108.62	262.08	321.03	370.70	550.14	1,719.86
6	**Other Comprehensive Income, net of tax**						
	(a) Items that will not be reclassified to profit or loss						
	Remeasurement of the net defined benefit plans	1.15	(1.30)	(0.50)	(0.15)	(3.97)	(6.35)
	Income tax relating to the above	(0.29)	0.33	0.13	0.04	1.00	1.60
	(b) Items that will be reclassified to profit or loss	-					
	Net change in fair value of loans measured at fair value through other comprehensive income	(111.25)	101.16	-	(10.09)	-	7.57
	Income tax relating to the above	28.00	(25.46)		2.54		(1.90)
	Total other comprehensive income net of tax	(82.39)	74.73	(0.37)	(7.66)	(2.97)	0.92
7	**Total comprehensive income for the period (5+6)**	26.23	336.81	320.66	363.04	547.17	1,720.78
8	Paid-up equity share capital (Face value of ₹ 10)						2,852.40
9	Other equity						19,846.24
10	**Earnings per share (₹) (not annualised)**						
	Basic	0.36	0.92	1.23	1.23	2.37	6.74
	Diluted	0.36	0.89	1.23	1.23	2.37	6.71

Navi Finserv Limited Bangalore

Notes:

1 These Standalone financial results have been prepared in accordance with the recognition and measurement principles laid down in Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Act read with relevant rules issued thereunder, the circulars, guidelines and directions issued by the Reserve Bank of India ("the RBI") from time to time ('RBI Guidelines') and other accounting principles generally accepted in India, and is in compliance with the presentation and disclosure requirements of the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended including relevant circulars issued by the SEBI from time to time.

2 There has been no change in the significant accounting policies during the quarter and half year ended 30 September 2023 as compared to those followed for the year ended 31 March 2023.

3 The Statement of financial results of Navi Finserv Limited (formerly as Navi Finserv Private Limited) ('the Company') have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 8 November 2023.

4 These financial results have been subjected to limited review by the statutory auditors of the Company as required under Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

5 The Company has carried impairment provision towards its loan assets to the extent of ₹ 4,755.46 million as at 30 September 2023.

6 Disclosure pursuant to RBI Notification RBI/DOR/2021-22/86 DDR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021
a) Details of loans (not in default) transferred through assignment during the quarter and half year ended 30 September 2023.

Mode of Transfer	Direct Assignment
Aggregate amount of loans transferred (in millions)	1,644.26
Weighted average residual maturity (in years)	9.37
Weighted average holding period (in years)	0.85
Retention of beneficial economic interest	10%
Tangible security coverage	39%

b) Details of stressed loans transferred during the quarter and half year ended 30 September 2023

Particulars	To ARCs	To permitted transferees	To other transferees (please specify)
No: of accounts	45,815	-	-
Aggregate principal outstanding of loans transferred (in millions)	1,178.36	-	-
Weighted average residual tenor of the loans transferred (in years)	0.77	-	-
Net book value of loans transferred (at the time of transfer) (in millions)	1,178.36	-	-
Aggregate consideration (in millions)	67.50	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-

c) The Company has not acquired any loans not in default through assignment during the quarter and half year ended 30 September 2023.

7 The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the Chief Operating Decision Maker as defined in Ind AS 108 - 'Operating Segments'. The Company is engaged primarily in the business of financing and as such no separate reportable segment is required to be furnished as per Ind AS 108 – "Operating Segment".

8 The listed Non - Convertible Debentures of the Company aggregating to ₹ 17,692.84 millions as on 30 September 2023 are secured by way of an exclusive charge on identified standard assets of the Company.

9 Pursuant to the Regulation 54 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, the listed secured non-convertible debentures issued by the Company are fully secured by way of hypothecation over the book debt/ receivables, to the extent as stated in the respective information memorandum. Further, the Company has maintained security cover (100%) as stated in the respective information memorandum which is sufficient to discharge the principal and the interest amount at all times for the non-convertible debt securities issued by the Company.

10 The Company has colending arrangements with the various lending partners. Under these arrangements, the company has disbursed ₹ 12,253 millions during the quarter under 20:80 disbursal ratio. The portfolio outstanding under colending arrangements is ₹ 3,844 millions as on 30 September 2023.

11 The Board of Directors of Navi Finserv Limited (the 'Company' or 'NFL') and Navi Technologies Limited ('NTL'), the holding company of NFL, has at its meeting held on 8 August, 2023 approved divestment of 75.00000032% and 24.99999968% of equity shares being held by the Company and NTL, respectively, in Chaitanya India Fin Credit Private Limited ('CIFCPL'), a material subsidiary of NFL, by way of sale of their shares in CIFCPL, to Svatantra Microfin Private Limited ('Purchaser'), a non-banking finance company-microfinance institution ('Transaction') at a total consideration of ₹ 14,790 millions.
The said transaction has received conditional approval from the Reserve Bank of India on 25 September 2023. . The transaction will be completed subsequent to the receipt of other requisite approvals and CIFCPL will cease to be subsidiary of the Company.

12 During the year ended 31 March 2023, the Company had allotted 10,66,66,667 equity shares of face value 10 including premium of ₹ 65 per share, aggregating to ₹ 8000 million, to Navi Technologies Limited ("the holding Company) on right issue basis as per Section 62(1) of the Companies Act, 2013.

13 During the half year ended 30 September 2022, the Company had sold the brand 'Chaitanya' to Navi Technologies Limited, the holding company, for ₹349.51 millions. The carrying value of the brand in the books of the Company was Nil and accordingly, the resultant gain of ₹350 million has been disclosed under Other Income in these unaudited financial results.

14 During the year ended 31 March 2023, the company had sold 25% equity stake in Chaitanya India Fin Credit Private Limited (erstwhile-wholly owned subsidiary) to Navi Technologies Limited ("the holding Company) at gain of ₹ 561.73 milions.

15 During the year ended 31 March 2023, the company had issued 15,000 Compulsorily Convertible Debentures to Navi Technologies Limited ("the holding Company) for aggregate amount of INR 1,500 milions.

16 Figures of the previous periods have been regrouped, wherever necessary, to make them comparable with the current period.

For Price Waterhouse LLP
Chartered Accountants
Firm's Registration No.: 301112E/E300264

ABDUL MAJEED SHAIKH
Digitally signed by ABDUL MAJEED SHAIKH
Date: 2023.11.08 18:32:48 +05'30'

Abdul Majeed Shaikh
Partner
Membership No. 203637

Place: Chennai
Date : 8 November 2023

For and on behalf of the Board of Directors
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)

ANKIT AGARWAL
Digitally signed by ANKIT AGARWAL
Date: 2023.11.08 17:49:23 +05'30'

Ankit Agarwal
Managing Director
(DIN: 08299808)

Navi Finserv Limited Bangalore

Place: Bengaluru
Date : 8 November 2023

Navi Finserv Limited
CIN: U65923KA2012PLC062537

Registered and Corporate Office : 2nd Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru, Karnataka 560102
Website : www.navi.com ; E-mail: investors@navi.com

Statement of cash flows

(All amounts in ₹ millions unless otherwise stated)

Particulars	For the half year ended 30 September 2023	For the half year ended 30 September 2022
A. Cash flow from Operating activities		
Profit before tax	498.84	620.14
Depreciation and amortisation expense	47.57	20.43
Amortisation on right of use asset	91.64	16.00
Interest Income on loans	(7,092.45)	(4,354.86)
Interest expense on lease liability	66.15	5.57
Unwinding of discount on security deposits	(3.49)	(0.96)
Impairment allowance on loans	540.58	1,037.86
Impairment allowance on investments	-	(26.04)
Loans written off	1,828.88	285.66
Income on lease modification	-	(4.44)
Net gain on derecognition of financial instruments under amortised cost category	(523.17)	(50.42)
Profit on sale of trade mark	-	(349.51)
Net (gain) / loss on fair value changes on investment	(12.25)	61.43
Finance costs	2,984.52	1,597.02
Employees stock option expenses	77.63	49.23
Operating profit before working capital changes	**(1,495.55)**	**(1,092.89)**
Movements in working capital:		
(Increase) / decrease in loans	(8,831.13)	(29,458.08)
(Increase) / decrease in other financial assets	1,775.96	(3,098.22)
(Increase) / decrease in other non-financial assets	(523.13)	(186.24)
(Increase)/decrease in investments	2,547.02	(582.93)
Increase / (decrease) in payables	2,220.63	(179.26)
Increase / (decrease) in other financial liabilities	2,998.90	1,673.58
Increase / (decrease) in non-financial liabilities	0.81	(60.48)
Increase/(decrease) in provisions	(15.28)	(16.05)
Cash generated from / (used in) operations before adjustments for interest received and interest paid	**(1,321.77)**	**(33,000.57)**
Interest received from loans	7,086.10	3,899.24
Interest paid	(3,046.85)	(1,457.71)
Cash generated from / (used in) operations	**2,717.48**	**(30,559.04)**
Income taxes paid (net of refunds)	147.67	19.49
Net cash flows generated from / (used in) operating activities (A)	**2,569.81**	**(30,578.53)**
B. Cash flow from Investing activities		
Purchase of property, plant and equipment and intangible assets	(18.58)	(93.90)
(Increase) / decrease in bank deposits with original maturity greater than 3 months	(2,008.19)	(1,495.20)
Proceeds from sale of intangible assets	-	349.51
Net cash flows (used in) investing activities (B)	**(2,026.77)**	**(1,239.59)**
C. Cash flow from Financing activities		
Proceeds from issue of equity shares	-	7,496.10
Proceeds from issue of debt securities	11,102.36	16,929.49
Repayment of debt securities	(10,806.11)	(10,381.85)
Proceeds from borrowings (other than debt securities) availed	42,774.95	52,191.63
Repayment of borrowings (other than debt securities)	(37,115.20)	(36,448.41)
Lease payments	(109.51)	(23.47)
Net cash flows generated from financing activities (C)	**5,846.49**	**29,763.49**
Net increase in cash and cash equivalents (A+B+C)	6,389.53	(2,054.63)
Cash and cash equivalents at the beginning of the period	3,092.57	3,744.88
Cash and cash equivalents at the end of the period	**9,482.10**	**1,690.25**

Navi Finserv Limited Bangalore

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

CIN No. U65923KA2012PLC062537

2nd Floor, Vaishnavi Tech Square Iballur Village, Begur Hobli Bangalore South Bangalore KA 560102, India

Disclosures under Regulation 52(4) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the half year ended September 30, 2023

Sl No.	Particulars	Ratio
1	Debt-Equity Ratio (Note 1)	2.75
2	Debt Service Coverage Ratio & Interest Service Coverage Ratio	Not Applicable
3	Outstanding reedemable preference share	Not Applicable
4	Capital Redemption Reserve (₹ in millions)	44.05
5	Debenture Redemption reserve	Not Applicable
6	Net Worth (Note 2) (₹ in millions)	22,286.93
7	Net profit after tax (₹ in millions)	370.70
8	Earning per share (₹ per share)	1.23
9	Current ratio	Not applicable
10	Long term debt to working Capital	Not applicable
11	Bad debt to account receivable ratio	Not applicable
12	Current Liability Ratio	Not applicable
13	Total Debts to Assets Ratio (Note 3)	0.65
14	Debtors Turnover	Not applicable
15	Inventory Turnover	Not applicable
16	Operating Margin %	Not applicable
17	Net profit Margin % (Note 4)	4.30%
18	**Sector Specific Ratios** CRAR % (Tier I+Tier II) Gross Stage 3 (%) (Note 5) Net Stage 3 (%) (Note 6)	 25.56% 2.65% 0.29%

Notes:-

1. Debt-Equity Ratio = Total Debt [Debt securities + Borrowings (other than debt securities)+Subordinated liabilities] / (Equity + Other equity)
2. Net Worth = Equity share capital + Other Equity - Prepaid Expense - Deferred Tax Asset
3. Total Debt to Asset Ratio = Total Debt [Debt securities + Borrowings (other than debt securities)+Subordinated liabilities] / Total Assets
4. Net profit Margin % = Net profit for the period/Total Income
5. Gross Stage 3 (%) = Gross Stage 3 Loans / Gross Loans
6. Net Stage 3 (%) = (Gross Stage 3 Loans - Impairment loss allowance for Stage 3)/(Gross Loans - Impairment loss allowance for Stage 3).

For and on behalf of the Board of Directors
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)

ANKIT AGARWAL
Digitally signed by ANKIT AGARWAL
Date: 2023.11.08 17:57:17 +05'30'

Ankit Agarwal
Managing Director
(DIN: 08299808)

Bengaluru
Date : 8 November 2023

Price Waterhouse LLP

Chartered Accountants

The Board of Directors
Navi Finserv Limited
Second Floor, Vaishnavi Tech Square,
Iballur Village, Begur Hobli
Bangalore - 560102

Auditor's Report on book values of assets included in the statement of security cover as per Information Memorandum, Term Sheet and Debenture Trust Deed as at September 30, 2023

1. This report is issued in accordance with the terms of our engagement letter dated August 9, 2023.

2. The accompanying Statement of Security Cover as at September 30, 2023 as mentioned in paragraphs of the Information Memorandum, Term Sheet and Debenture Trust Deed (the "Agreement") of listed debt securities (the "Statement") has been prepared by the management of Navi Finserv Limited (the "Company") as at September 30, 2023 pursuant to Regulation 56(1)(d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended) read with Circular SEBI/HO/DDHS/P/CIR/2023/50 dated March 31, 2023 (together referred to as the "Listing Regulations, 2015"), which has been signed by us for identification purposes.

Management's Responsibility for the Statement

3. The preparation of the Statement is the responsibility of the Management of the Company including the creation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation.

4. The Management is also responsible for ensuring that the Company complies with the requirements of the Listing Regulations, 2015 and the Agreement, and it provides all relevant, complete and accurate information as required therein.

Auditors' Responsibility

5. Pursuant to the Listing Regulations, 2015, it is our responsibility to examine the Statement and to report based on our procedures performed as described in paragraph 9 below, whether the book values of the assets specified in column(s) A to H in the Statement prepared by the Company are in agreement with the underlying unaudited books and relevant records of the Company as at September 30, 2023, as produced to us by the Management during the course of our examination.

6. The financial statements for the year ending on March 31, 2024, relating to the books and records referred to in paragraph 5 above, are subject to our audit pursuant to the requirements of Companies Act, 2013.

7. We conducted our examination of the Statement in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' (the "Guidance Note") issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

Price Waterhouse LLP, 5th Floor, Tower 'D', The Millenia, 1 & 2 Murphy Road, Ulsoor, Bengaluru - 560 008
T: +91 (80) 4079 5000, F: +91 (80) 4079 5222

Price Waterhouse LLP
ALPIN AAS - 3673
Chartered Accountants
FRN 301112E/E300264
Bangalore

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

9. In carrying out our examination as described in paragraph 5 above, we have carried out the following procedures:

   Trace the financial information contained in Column(s) A to H of Statement with underlying unaudited books and records of the Company as at September 30, 2023 as provided by the Management.

   For avoidance of doubt, we clarify that we were not required to, and will not perform any procedure on the information included in column(s) K to O of the accompanying statement and the same is furnished by the management of the Company. Further we are not required to comment on the calculations included in the Statement.

   The Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Opinion

10. Based on our examination as described in paragraph 9 and procedures performed as described in paragraph 9 above, and according to the information and explanations given to us, we report that the book values of the assets specified in column(s) A to H in the Statement prepared by the Company are in agreement with the underlying unaudited books and relevant records of the Company as at September 30, 2023 as produced to us by the Management during the course of our examination.

Restriction on Use

11. Our work was performed solely to assist the Company to meet the requirements of Regulation 56(1)(d) of the Listing Regulations, 2015. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have as auditors of the Company or otherwise. Nothing in this report nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.



12. This report has been issued solely at the request of the Board of Directors of the Company to whom it is addressed, for onward submission to the Debenture trustees defined in the Agreement and should not be used for any other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

For Price Waterhouse LLP
Firm Registration Number: 301112E/E300264
Chartered Accountants

ABDUL MAJEED SHAIKH
Digitally signed by ABDUL MAJEED SHAIKH
Date: 2023.11.08 18:51:30 +05'30'

Abdul Majeed Shaikh
Partner
Membership Number: 203637
UDIN: 23203637BGXPDH1523

Place: Chennai
Date: November 8, 2023

Navi Finserv Limited

Security Cover Statement as at September 30, 2023

Table 1: Computation of book value of encumbered assets and unencumbered assets available for secured and unsecured assets

(All amounts are in Rs. Millions)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari- Passu Charge	Pari- Passu Charge	Pari- Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Related to only those items covered by this certificate				
		Debt for which this certificate being issued (Book Value)	Other Secured Debt (Book Value)	Debt for which this certificate being issued (Yes/ No)	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge) (Book Value)	Other assets on which there is pari-Passu charge (excluding items covered in column F) (Book Value)		Debt amount considered more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying / book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets (Relating to Column F)	Carrying value/ book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable) (Relating to Column F)	Total Value (=K+L+M+ N)
ASSETS														
Property, Plant and Equipment							276.20		276.20					
Capital Work-in-Progress									-					
Right of Use Assets							1,441.06		1,441.06					
Goodwill									-					
Intangible Assets									-					
Intangible Assets under Development									-					
Investments							7,353.63		7,353.63					
Loans(Refer Note 7)	Personal Loan & Housing Loan	19,591.65	40,087.79				10,473.67		70,153.11		19,591.65			19,591.65
Inventories									-					
Trade Receivables									-					
Cash and Cash Equivalents							9,482.10		9,482.10					
Bank Balances other than Cash and Cash Equivalents							5,644.43		5,644.43					
Others							3,031.35		3,031.35					
Total Assets		**19,591.65**	**40,087.79**	-	-	-	**37,702.44**	-	**97,381.88**	-	**19,591.65**	-	-	**19,591.65**
LIABILITIES														
Debt securities to which this certificate pertains	NCDs	17,776.22					-83.38		17,692.84					
Other debt sharing pari-passu charge with above debt									-					
Other Debt	CP+OD						3,301.83		3,301.83					

Navi Finserv Limited Bangalore

Subordinated debt							99.73		99.73						
Borrowings	Term loans and PTC		36,647.92				-192.79		36,455.12						
Bank									-						
Debt Securities	NCDs+IC		2,324.20				3,646.32		5,970.52						
Others									-						
Trade payables							2,972.07		2,972.07						
Lease Liabilities							1,531.73		1,531.73						
Provisions							223.11		223.11						
Others							6,073.26		6,073.26						
Total Liabilities		**17,776.22**	**38,972.11**	-	-	-	**17,571.87**	-	**74,320.20**	-	-	-	-	-	
Net Assets		110.21%	102.86%						**23,061.68**						

Notes:

1. The book value as mentioned in above table as per financial information of the company prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, other relevant provisions of the Act and guidelines issued by the Reserve Bank of India (RBI) as applicable to NBFCs.
2. Book value in Column C represents the principal outstanding in case of loans given as security and principal and interest accrued in case of debt securities to which this certificate pertains.
3. There are no assets offered given as security as pari-passu against debt securities.
4. Asset cover is calculated only on debt for which the certificate is being issued.
5. Represents Intercorporate Debentures / Unsecured Debentures and Commercial Papers.
6. EIR Adjustments on Loans / Debt Securities / Subordinated Debts / Borrowing - Term Loans are included in Column H, so as to match the figures with audited Financial Information.
7. Loans under Category "Other Secured Debt(Book Value)" also includes the amount of PTC asset of INR 17,953.14

We have signed this Statement for identification purpose only. This Statement has to be read in conjunction with our report issued on book value of assets included in the statement of security cover as per Information Memorandum/ Term Sheet/ Debenture Trust Deed.

For Price Waterhouse LLP
Firm Registration Number: 301112E / E300264

ABDUL MAJEED SHAIKH
Digitally signed by ABDUL MAJEED SHAIKH
Date: 2023.11.08 18:52:58 +05'30'

Abdul Majeed Shaikh
Partner
Date: November 08, 2023
Place: Chennai

For and on the behalf of Navi Finserv Limited

ANKIT SURANA
Digitally signed by ANKIT SURANA
Date: 2023.11.08 17:19:20 +05'30'

Ankit Surana
Chief Financial Officer
Date: November 08, 2023
Place: Bangaluru

Price Waterhouse LLP
Chartered Accountants

The Board of Directors
Navi Finserv Limited
Second Floor, Vaishnavi Tech Square,
Iballur Village, Begur Hobli
Bangalore -560102

Auditors' Report on compliance with financial covenants, in respect of listed non-convertible debt securities for the quarter ended September 30, 2023

1. This report is issued in accordance with the terms of our engagement letter dated August 9, 2023.

2. The accompanying Statement containing compliance status of the following Financial Covenants as mentioned in Debenture Trust Deed/ Information Memorandum/ Term Sheet (the "Agreement") has been prepared by the management of Navi Finserv Limited (the "Company") for the quarter ended September 30, 2023 pursuant to Regulation 56(1) (d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, dated September 2, 2015 (as amended) read with Circular SEBI/HO/DDHS/P/CIR/2023/50 dated March 31, 2023, (collectively referred as the "Listing Regulations, 2015"), which has been signed by us for identification purposes.

Management's Responsibility for the Statement

3. The preparation of the Statement is the responsibility of the Management of the Company including the creation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation.

4. The Management is also responsible for ensuring that the Company complies with the requirements of the Listing Regulations 2015 and the Agreement, and it provides all relevant, complete and accurate information as required therein.

Auditors' Responsibility

5. Pursuant to the Listing Regulations, 2015, it is our responsibility to examine the Statement and to report based on our procedures performed as described in paragraph 9 below, whether the particulars in the Statement are in agreement with the unaudited books and relevant records of the Company for the quarter ended September 30, 2023, as produced to us by the Management during the course of our examination.

6. The financial statements of the Company for the year ending March 31, 2024 relating to the books and records referred in paragraph 5 above are subject to our audit pursuant to the requirement of the Companies Act, 2013.

7. We conducted our examination of the Statement in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' (the "Guidance Note") issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Price Waterhouse LLP
LLPIN AAB-8673
Chartered Accountants
FRN 301112E/E300264

9. In carrying out our examination as described in paragraph 5 above, we have carried out the following procedures:

   i) In relation to Common Covenants included in the Part A of the Statement-

      (a) We have traced the figures from unaudited financial results for the quarter ended September 30, 2023 for points (1), (2) and (3);

      (b) The figures in the point (4) and (5) are in agreement with underlying unaudited books and other records as at September 30, 2023.

   ii) In relation to Specific Covenants included in the Part B of the Statement-

      (a) For negative mismatches, we have verified the Structural Liquidity Returns filed by the Company for the quarter ended September 30, 2023;

      (b) For minimum liquidity at the Company level, we have verified whether financial statement level items considered and the figures are in agreement with underlying unaudited books and other records of the Company as at September 30, 2023; and

      (c) For the Liquidity Coverage Ratio ('LCR'), we have verified whether the LCR is computed in accordance with the method prescribed under Annex II- Guidelines on Liquidity Risk Management Framework of RBI/DNBR/2016-17/45 Master Direction NBR.PD.008/ 03.10.119/2016-17 dated September 01, 2016 (amended time to time)- Master Direction- Non Banking Financial Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and the figures considered in the calculation are in agreement with underlying unaudited books and other records of the Company and the calculations are mathematically correct.

   iii) In relation to Part C- Covenants based on Management Representation, we have relied on management representation and has not performed any specific procedures.

The Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



Opinion

10. Based on our examination as above and according to the information and explanations given to us, we report that nothing has come to our attention that causes us to believe that the particulars in the Statement are not in agreement with the unaudited books and relevant records of the Company for the quarter ended September 30, 2023 as produced to us by the Management during the course of our examination.

Restriction on Use

11. Our work was performed solely to assist you in meeting the requirements of the Listing Regulations, 2015 to enable the Company to meet the conditions of Regulation 56(1)(d) of the Listing Regulations, 2015. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have as auditors of the Company or otherwise. Nothing in this report, nor anything said or done. in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.

12. This report has been issued solely at the request of the Board of Directors of the Company to whom it is addressed, for onward submission to the Debenture trustees and should not be used for any other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

For Price Waterhouse LLP
Firm Registration Number: 301112E/E300264
Chartered Accountants

ABDUL MAJEED SHAIKH
Digitally signed by ABDUL MAJEED SHAIKH
Date: 2023.11.08 18:50:08 +05'30'

Abdul Majeed Shaikh
Partner
Membership Number:203637
UDIN: 23203637BGXPDI8468

Place: Chennai
Date: November 8, 2023

Navi Finserv Limited
Statement on Complinace with Financials Covenants as at September 30, 2023

Part A Common Covenants

Series No.	Description of Non- Convertible Debentures	Debenture Trust Deed date	Issue Date	Particulars of the Covenant	Management Response	Whether Complied/ Not
INE342T07122	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	28-Jan-22	28-Jan-22	1. Standalone Net worth – Minimum of INR 950 crores. 2. NNPA (Net Non Performing Asset) less than 4% 3. Minimum Capital Adequacy Ratio (CRAR) – Prescribed by RBI + 2% 4. External standalone debt-equity ratio – less than 5x. 5. If the issuer fails to execute debenture trust deed within the timeline, issuer shall also pay Redemption Premium of at least two percent per annum to Debenture holder, over and above the agreed redemption premium rate till execution of debenture trust deed.	1. We confirm that the Company has a net worth (Refer Note 1) of INR 2,084.59 crores as at September 30, 2023. 2. We confirm that the Net NPA ratio of the Company is 0.29% as at September 30, 2023 3. We confirm that the capital adequacy ratio of the Company is 25.56% as at September 30, 2023 4. We confirm that the debt - equity ratio of the Company is 2.75 times as at September 30, 2023 5.We confirm that the Company has executed debenture trust deed on or before the date of allotment of the securities issued by the Company.	Complied
INE342T07148	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	23-Feb-22	23-Feb-22			
INE342T07155	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	15-Mar-22	15-Mar-22			
INE342T07163	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	30-Mar-22	31-Mar-22			
INE342T07239	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	27-Jul-22	28-Jul-22			
INE342T07254	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	26-Sep-22	27-Sep-22			
INE342T07262	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	27-Sep-22	28-Sep-22			
INE342T07361	Secured, Rated, listed, Redeemable, Non-Convertible Debentures	29-May-23	26-May-23			

Note 1: Net Worth = Share Capital + Other Equity - Prepaid Expenses - Deffered Tax Assets - Right to use Asset



Part A Common Covenants

Series No.	Description of Non- Convertible Debentures	Debenture Trust Deed date	Issue Date	Particulars of the Covenant	Management Response	Whether Complied/ Not
INE342T07114	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures	18-Jan-22	18-Jan-22	Continuation of Part A in the Page 1	Continuation of Part A in the Page 1	Continuation of Part A in the Page 1
INE342T07247	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures	24-Aug-22	25-Aug-22			
INE342T07189, INE342T07197, INE342T07205 and INE342T07213	Public Debt	8-Jun-22	8-Jun-22			
INE342T07411, INE342T07379, INE342T07395, INE342T07387 and INE342T07403	Public Debt	19-Jul-23	18-Jul-23			
INE342T08039	Unsecured, rated, listed, redeemable, paid up, non convertible debentures	10-Nov-22	14-Nov-22			
INE342T07312	Secured, rated, listed, redeemable, principal protected, market linked, non convertible debentures	29-Nov-22	30-Nov-22			
INE342T08047	Unsecured, Rated, senior, unlisted, redeemable, fully paid up, non convertible debentures	6-Dec-22	6-Dec-22			
INE342T07338	secured, rated, unlisted, redeemable, paid up, non convertible debentures	29-Dec-22	30-Dec-22			
INE342T07346	secured, rated, unlisted, redeemable, paid up, non convertible debentures	22-Feb-22	23-Feb-22			

Navi Finserv Limited
Bangalore

Part B - Specific Covenants

Series No.	Description of Non- Convertible Debentures	Debenture Trust Deed date	Issue Date	Particulars of the Covenant	Management Response	Whether Complied/ Not
INE342T07114	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures	18-Jan-22	18-Jan-22	Early redemption at a rating below BBB+ by any rating entity for senior secured instruments.	We confirm that the Company has maintained a credit rating of IND A/ Stable during the period July 01, 2023 to September 30, 2023	Yes
INE342T07163	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	30-Mar-22	31-Mar-22	Early redemption at a rating below BBB+ by any rating entity for senior secured instruments.	We confirm that the Company has maintained a credit rating of IND A/ Stable during the period July 01, 2023 to September 30, 2023	Yes
INE342T07254	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	26-Sep-22	27-Sep-22	Early redemption at a rating below BBB+ by any rating entity for senior secured instruments.	We confirm that the Company has maintained a credit rating of IND A/ Stable during the period July 01, 2023 to September 30, 2023	Yes
INE342T08047	Unsecured, rated, senior, unlisted, redeemable, fullu paid up, non convertible debentures	6-Dec-22	6-Dec-22	1. There shall not be any negative mismatches on cumulative basis in any of the buckets till the next 12 months of ALM statement after incorporating all the liabilities of the company incorporating Put Options/ Reset Options etc. (in any form). The asset will include all the unencumbered Cash and Cash equivalent maturing across all the buckets of the ALM as part of the opening asset balance. Unutilized bank lines and cash credit limits shall not be taken into account while testing the same. 2. To ensure that the credit rating of the Issuer/NCDs from any credit rating agency to remain at minimum of "BBB+".	We confirm that there are no negative mismatch on cumulative basis based on the SLR report of the Company as of September 30, 2023 for the next 12 months We confirm that the Company has maintained a credit rating of IND A/ Stable during the period July 01, 2023 to September 30, 2023	Yes

Navi Finserv Limited
Bangalore

Part C - Covenants based on Management Representation

Series No.	Description of Non- Convertible Debentures	Debenture Trust Deed	Issue Date	Particulars of the Covenant	Management Response	Whether Complied/ Not
INE342T07122	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	28-Jan-22	28-Jan-22	1. Sachin Bansal to hold minimum stake of 51%	1. We confirm that Sachin Bansal holds 98.02% in the Navi Technologies Private Limited (Parent entity of the Company) as at September 30, 2023 which holds 100% of the equity share capital of the Company	Complied
INE342T07148	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	23-Feb-22	23-Feb-22			
INE342T07155	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	15-Mar-22	15-Mar-22			
INE342T07163	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	30-Mar-22	31-Mar-22			
INE342T07239	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	27-Jul-22	28-Jul-22			
INE342T07254	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	26-Sep-22	27-Sep-22			
INE342T07262	PP MLD Navi Finserv Limited 2022 (Market Linked Debentures)	27-Sep-22	28-Sep-22			
INE342T07114	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures	18-Jan-22	18-Jan-22			
INE342T07361	Secured, Rated, listed, Redeemable, Non-Convertible Debentures	29-May-23	26-May-23			
INE342T07247	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures	24-Aug-22	25-Aug-22			
INE342T07189, INE342T07197, INE342T07205 and INE342T07213	Public Debt	8-Jun-22	8-Jun-22			

Navi Finserv Limited Bangalore

Part C - Covenants based on Management Representation

Series No.	Description of Non- Convertible Debentures	Debenture Trust Deed date	Issue Date	Particulars of the Covenant	Management Response	Whether Complied/ Not
INE342T07411, INE342T07379, INE342T07395, INE342T07387 and INE342T07403	Public Debt	19-Jul-23	18-Jul-23	Continuation of Part C in the Page 4	Continuation of Part C in the Page 4	Continuation of Part C in the Page 4
INE342T08039	Unsecured, rated, listed, redeemable, paid up, non convertible debentures	10-Nov-22	14-Nov-22			
INE342T07312	Secured, rated, listed, redeemable, principal protected, market linked, non convertible debentures	29-Nov-22	30-Nov-22			
INE342T08047	Unsecured, Rated, senior, unlisted, redeemable, fully paid up, non convertible debentures	6-Dec-22	6-Dec-22			
INE342T07338	secured, rated, unlisted, redeemable, paid up, non convertible debentures	29-Dec-22	30-Dec-22			
INE342T07346	secured, rated, unlisted, redeemable, paid up, non convertible debentures	22-Feb-22	23-Feb-22			
INE342T08047	Unsecured, rated, senior, unlisted, redeemable, fullu paid up, non convertible debentures	6-Dec-22	6-Dec-22	To ensure that there is no suspension of the credit rating of the Issuer and/ or the debentures/loan due to the Company not cooperating with the credit rating agency	We confirm that the Company has maintained a credit rating of IND A/ Stable during the period July 01, 2023 to September 30, 2023	Yes

1. The Statement is prepared by the management of the Company, for submitting along with other documents pursuant to Regulation 56(1) (d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, dated September 2, 2015(as amended) read with Circular SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/6 dated May 19, 2022, (collectively referred as the "Listing Regulations, 2015")
2. We have complied with the requirements of the Listing Regulations 2015 and amendments thereof from time to time.
3. These are all the financial covenants covered in the Debenture Trust Deed/ Information Memorandum/ Term Sheet of the above debentures.
4. The Company has computed Liquidity Coverage Ratio ('LCR') iin accordance with the method prescribed under Annex II - Guidelines on Liquidity Risk Management Framework of RBI/DNBR/2016-17/45 Master Direction NBR.PD.008/03.10.119/2016-17 dated

We have signed this statement for identification purpose only.

For Price Waterhouse LLP
Firm Registration Number: 301112E / E300264

ABDUL MAJEED SHAIKH
Digitally signed by ABDUL MAJEED SHAIKH
Date: 2023.11.08 18:54:14 +05'30'

Abdul Majeed Shaikh
Partner
Date: November 08, 2023
Place: Chennai

For and on the behalf of Navi Finserv Limited

ANKIT SURANA
Digitally signed by ANKIT SURANA
Date: 2023.11.08 17:45:52 +05'30'

Ankit Surana
Chief Financial Officer
Date: November 08, 2023
Place: Bangaluru

To,
Listing Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

To,
Listing Operations
National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex, Bandra (E)
Mumbai-400051

Sub: Statement of utilization of issue proceeds under Regulation 52(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/Madam,

Pursuant to Regulation 52(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby confirm that the proceeds of issues from various Non-Convertible Debentures (NCD) issued by the Company were utilized for the objects as stated in the offer document and there is no material deviation in the utilization of such proceeds as on September 30, 2023.

Yours faithfully,
For **Navi Finserv Limited**

THOMAS JOSEPH
Digitally signed by THOMAS JOSEPH
Date: 2023.11.08 19:36:48 +05'30'

Thomas Joseph
Company Secretary
Date: November 08, 2023

Copy to -

CATALYST TRUSTEESHIP LIMITED
Windsor, 6th Floor, Office No – 604 C.S.T. Road, Kalina Santacruz (East), Mumbai – 400098

IDBI Trusteeship Services Limited
Asian Building, Ground Floor 17, R. Kamani Marg, Ballard Estate Mumbai – 400001

Annex - IV-A

A. Statement of utilization of issue proceeds:

Name of the Issuer	ISIN	Mode of Fund Raising (Public issues/ Private placement)	Type of instrument	Date of raising funds	Amount Raised (in Crores)	Funds utilized	Any deviation (Yes/ No)	If 8 is Yes, then specify the purpose of for which the funds were utilized	Remarks
Navi Finserv Limited	INE342T07411	Public Offer	Non-Convertible Debentures	July 18, 2023	192.92 Crores	Yes	No	NA	-
	INE342T07379	Public Offer	Non-Convertible Debentures	July 18, 2023	97.25 Crores	Yes	No	NA	-
	INE342T07395	Public Offer	Non-Convertible Debentures	July 18, 2023	73.18 Crores	Yes	No	NA	-
	INE342T07387	Public Offer	Non-Convertible Debentures	July 18, 2023	67.50 Crores	Yes	No	NA	-
	INE342T07403	Public Offer	Non-Convertible Debentures	July 18, 2023	50.79 Crores	Yes	No	NA	-

B. Statement of deviation/ variation in use of Issue proceeds: NA

Particulars	Remarks
Name of listed entity	Navi Finserv Limited
Mode of fund raising	Public Offer
Type of instrument	Non-convertible Debenture
Date of raising funds	July 18, 2023
Amount raised	481.63 Crores
Report filed for quarter ended	September 30, 2023
Is there a deviation/ variation in use of funds raised?	No
Whether any approval is required to vary the objects of the issue stated in the prospectus/ offer document?	Not Applicable
If yes, details of the approval so required?	Not Applicable
Date of approval	Not Applicable
Explanation for the deviation/ variation	Not Applicable
Comments of the audit committee after review	Not Applicable
Comments of the auditors, if any	Not Applicable

Objects for which funds have been raised and where there has been a deviation/ variation, in the following table: NA

Original object	Modified object if any	Original allocation	Modified allocation if any	Funds utilized	Amount of deviation/ variation for the quarter according to applicable object (in Rs. crore and in %)	Remarks, if any
NA	NA	NA	NA	NA	NA	NA

Deviation could mean:

a. Deviation in the objects or purposes for which the funds have been raised.
b. Deviation in the amount of funds actually utilized as against what was originally disclosed.

For Navi Finserv Limited

THOMAS JOSEPH Digitally signed by THOMAS JOSEPH Date: 2023.11.08 19:36:59 +05'30'

Thomas Joseph

Company Secretary

Date: November 08, 2023

CL/23-24/04009 ***(Annexure IIA)***

DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE AT THE TIME OF FILING THE DRAFT OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM
(Applicable for Secured and Unsecured Issuances)

To,
The Manager,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai- 400001.

Dear Sir / Madam,

SUB.: ISSUE OF UPTO 5,000 (FIVE THOUSAND) SECURED, RATED, LISTED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES (COLLECTIVELY THE "DEBENTURES" or "NCDs") OF A FACE VALUE OF INR 1,00,000 (INDIAN RUPEES ONE LAKH ONLY) EACH, OF THE AGGREGATE NOMINAL VALUE OF UP TO INR 50,00,00,000 (RUPEES FIFTY CRORES ONLY) ("ISSUE SIZE") ALONG WITH A GREEN SHOE OPTION TO RETAIN OVER SUBSCRIPTION OF UPTO 5,000 (FIVE THOUSAND) SECURED, RATED, LISTED, REDEEMABLE NON-CONVERTIBLE DEBENTURES, OF A FACE VALUE OF INR 1,00,000/- (INDIAN RUPEES ONE LAKH ONLY) EACH, OF THE AGGREGATE NOMINAL VALUE OF INR 50,00,00,000 (RUPEES FIFTY CRORE ONLY) FOR CASH, AT PAR, AND IN TOTAL AGGREGATING TO INR 100,00,00,000 (INR ONE HUNDRED CRORE ONLY) ON A PRIVATE PLACEMENT BASIS BY NAVI FINSERV LIMITED.

We, the debenture trustee(s) to the above-mentioned forthcoming issue state as follows:

1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.

2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications:

We confirm that:

a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued and listed.

b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).

c) The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities.

d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.

e) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.

f) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/ information memorandum and given an undertaking that debenture trust deed would be executed before filing of listing application.

g) All disclosures made in the draft offer document or private placement memorandum/ information memorandum with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities.

Place: Mumbai
Date: November 29, 2023

For Catalyst Trusteeship Limited

For CATALYST TRUSTEESHIP LIMITED

Authorised Signatory

Ms. Kalyani Pandey
Compliance Officer

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Reformatted Consolidated Balance Sheet

(All amounts in ₹ millions unless otherwise stated)

Annexure I

Particulars	Notes	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
I ASSETS				
1 Financial assets				
Cash and cash equivalents	5	6,508.78	5,709.55	1,667.98
Bank balances other than cash and cash equivalents	6	3,844.84	1,357.58	808.76
Receivables				
i) Other receivables	7	-	-	0.49
Loans	8	1,01,501.42	50,014.09	16,612.91
Investments	9	7,350.30	3,639.76	24,198.12
Other financial assets	10	3,385.93	1,347.63	194.34
2 Non-financial assets				
Current tax asset (net)	11	-	167.90	14.04
Deferred tax asset (net)	12	822.98	557.94	407.84
Property, plant and equipment	13	210.38	74.31	32.60
Other intangible assets	14	30.81	27.94	22.60
Right to use asset		867.66	122.95	16.29
Other non-financial assets	15	716.35	107.53	44.97
Total assets		**1,25,239.45**	**63,127.18**	**44,020.94**
II LIABILITIES AND EQUITY				
LIABILITIES				
1 Financial liabilities				
Payables:				
- Trade payables	16			
(i) total outstanding dues of micro enterprises and small enterprises		11.35	0.70	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		876.77	911.41	140.22
- 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	17	28,206.67	22,466.49	19,855.05
Borrowings (other than debt securities)	18	61,911.51	25,660.05	10,783.53
Subordinated liabilities	19	2,133.29	499.94	498.40
Lease liability	20	912.59	133.91	16.65
Other financial liabilities	21	4,201.98	526.26	699.61
2 Non-financial liabilities				
Current tax liabilities (net)	22	113.27	-	36.76
Provisions	23	394.44	193.20	161.08
Other non financial liabilities	24	311.27	144.34	67.59
Total liabilities		**99,073.14**	**50,536.30**	**32,260.05**

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Reformatted Consolidated Balance Sheet

Annexure I

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
3 Equity				
Equity share capital	25	2,852.40	1,785.73	1,652.40
Other equity	26	21,539.88	10,805.15	10,108.49
Equity attributable to owners of the Company		**24,392.28**	**12,590.88**	**11,760.89**
Non-controlling interests		1,774.03	-	-
Sub-total -Total equity		**26,166.31**	**12,590.88**	**11,760.89**
Total equity		**26,166.31**	**12,590.88**	**11,760.89**
Total liabilities and equity		**1,25,239.45**	**63,127.18**	**44,020.94**

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Reformatted Consolidated Statement of Profit and Loss

(All amounts in ₹ millions unless otherwise stated)

Annexure II

Particulars		Notes	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from operations					
(i)	Interest income	27	18,368.35	6,342.77	4,015.46
(ii)	Fees and commission income	28	307.39	93.89	36.21
(iii)	Net gain on fair value changes	29	304.95	1,372.34	1,409.50
(iv)	Net gain on derecognition of financial instruments under amortised cost	30	1,399.35	361.40	189.82
(v)	Other operating income	31	26.00	-	-
(I)	**Total revenue from operations**		**20,406.04**	**8,170.40**	**5,650.99**
(II)	Other income	32	379.41	28.47	1.37
(III)	**Total income (I+II)**		**20,785.45**	**8,198.87**	**5,652.36**
Expenses					
(i)	Finance costs	33	6,916.34	2,131.62	871.73
(ii)	Fees and commission expenses	34	159.54	23.66	14.35
(iii)	Net loss on derecognition of financial instruments under amortised cost category	35	-	1.64	-
(iv)	Impairment on financial instruments	36	3,978.77	1,618.92	1,836.15
(v)	Employee benefits expenses	37	2,579.58	1,398.97	744.69
(vi)	Depreciation and amortisation expense	38	157.98	50.14	18.10
(vii)	Other expenses	39	3,647.17	3,157.17	601.87
(IV)	**Total expenses**		**17,439.38**	**8,382.12**	**4,086.89**
(V)	**Profit/(Loss) before tax (III - IV)**		**3,346.07**	**(183.25)**	**1,565.47**
(VI)	**Tax expense**	41			
	(1) Current tax		988.12	105.57	637.01
	(2) Deferred tax credit		(262.97)	(142.23)	(253.20)
	(3) Tax relating to earlier years		(20.69)	-	
	Total tax expense		**704.46**	**(36.66)**	**383.81**
(VII)	**Profit/(Loss) for the year (V - VI)**		**2,641.61**	**(146.59)**	**1,181.66**
(VIII)	**Profit/(Loss) attributable to:**				
	Owners of the company		2,641.61	(146.59)	1,181.66
	Non-controlling interests		-	-	
(IX)	**Profit/(Loss) for the year (VII - VIII)**		**2,641.61**	**(146.59)**	**1,181.66**
	Other comprehensive income				
	(A) (i) Items that will not be reclassified to profit and loss				
	Remeasurement of the net defined benefit (liability)/asset		(8.49)	(7.49)	0.02
	(ii) Income tax relating to the above		2.14	1.88	(0.01)
	(B) (i) Items that will be reclassified to profit or loss		0.45	(23.80)	28.12
	(ii) Income tax relating to items that will be reclassified to profit or loss		(0.11)	5.99	(7.08)
(X)	**Total other comprehensive income/(loss) net of tax**		**(6.01)**	**(23.42)**	**21.06**
(XI)	**Total comprehensive income/(loss) for the year (VII + VIII)**		**2,635.60**	**(170.01)**	**1,202.72**
(XII)	**Total comprehensive income attributable to:**				
	Owners of the company		2,635.60	(170.01)	1,202.72
	Non-controlling interests		-	-	-
(XIII)	**Earnings per equity share (face value ₹ 10)**	42			
	Basic (₹)		10.35	(0.86)	7.76
	Diluted (₹)		10.30	(0.86)	7.76

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Reformatted Standalone Balance sheet

(All amounts in ₹ millions unless otherwise stated)

Annexure I

Particulars	Notes	As at 30 September 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
I ASSETS					
1 Financial assets					
Cash and cash equivalents	5	9482.10	3,092.57	3,744.88	1,030.00
Bank balances other than cash and cash equivalents	6	5644.43	3,636.24	1,123.48	637.56
Derivative financial instruments		-	-	1.47	-
Loans	7	70153.12	63,695.19	27,914.41	5,293.49
Investments	8	7353.64	9,888.41	6,622.30	25,587.02
Other financial assets	9	1516.34	2,765.64	1,165.88	347.50
2 Non-financial assets					
Current tax assets (net)	10	-	-	161.54	14.04
Deferred tax asset (net)	11	695.13	734.00	470.24	251.52
Property, plant and equipment	12	276.2	67.95	4.99	3.74
Other intangible assets	13	-	-	0.03	0.08
Right to use asset		1441.06	814.72	122.46	14.97
Other non-financial assets	14	819.86	533.97	71.62	30.85
Total assets		**97,381.88**	**85,228.69**	**41,403.30**	**33,210.77**
II LIABILITIES AND EQUITY					
LIABILITIES					
1 Financial liabilities					
Payables					
A. Trade Payables	15				
(i) total outstanding dues of micro enterprises and small enterprises		14.62	11.18	0.70	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		2957.45	740.26	862.18	138.18
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	26,860.82	26,572.15	20,111.26	16,762.45
Borrowings (other than debt securities)	17	36,559.6	30,954.53	8,016.02	4,003.13
Subordinated liabilities	18	99.73	99.64	99.47	99.34
Lease liability	19	1531.73	857.12	133.24	15.13
Other financial liabilities	20	5,832.61	2,833.71	194.28	614.98
2 Non financial liabilities					
Current tax liabilities (net)	21	47.23	108.21	-	-
Provisions	22	223.11	160.76	46.53	27.13
Other non financial liabilities	23	193.3	192.49	87.01	23.27
Total liabilities		**74,320.2**	**62,530.05**	**29,550.68**	**21,684.77**

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Reformatted Standalone Balance sheet

(All amounts in ₹ millions unless otherwise stated)

Annexure I

Particulars	Notes	As at 30 September 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
3 Equity					
Equity share capital	24	2,852.40	2,852.40	1,785.73	1,652.40
Other equity	24A	20209.28	19,846.24	10,066.89	9,873.60
		22,061.68	**22,698.64**	**11,852.62**	**11,526.00**
Total equity		**97,381.88**	**85,228.69**	**41,403.30**	**33,210.77**
Total liabilities and equity					

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Reformatted Standalone Statement of Profit and Loss

(All amounts in ₹ millions unless otherwise stated)

Annexure II

Particulars		Notes	Period ended 30 September 2023	Year ended 31 Marc h 2023	Year ended 31 March 2022	Year ended 31 March 2021
	Revenue from operations					
	(i) Interest income	25	7333.18	11,807.85	3,141.85	1,947.24
	(ii) Fees and commission income	26	268.16	282.33	74.57	23.86
	(iii) Net gain on fair value changes	27	478.13	222.97	1,354.77	1,386.84
	(iv) Net gain on derecognition of financial instruments under amortised cost category	28	523.17	517.01	-	8.89
(I)	**Total revenue from operations**		**8,602.64**	**12,830.16**	**4,571.19**	**3,366.83**
(II)	Other income	29	20.82	940.36	27.74	0.53
(III)	**Total income (I+II)**		**8623.46**	**13,770.52**	**4,598.93**	**3,367.36**
	Expenses					
	(i) Finance costs	30	3050.67	4,266.47	808.64	122.13
	(ii) Fees and commission expenses	31	77.78	159.54	23.66	35.68
	(iii) Net loss on derecognition of financial instruments under amortised cost category	32	-	-	1.64	-
	(iv) Impairment on financial instruments	33	2,369.46	3,693.10	1,400.40	1,313.29
	(v) Employee benefits expenses	34	657.31	845.02	496.79	162.52
	(vi) Depreciation and amortisation expense	35	139.21	81.04	22.15	3.36
	(vii) Other expenses	36	1,830.19	2,746.26	2,732.00	416.50
(IV)	**Total expenses**		**8,124.62**	**11,791.43**	**5,485.28**	**2,053.48**
(V)	**Profit /(loss) before tax (III - IV)**		**498.84**	**1,979.09**	**(886.35)**	**1,313.88**
(VI)	**Tax expense**	38				
	(1) Current tax		86.69	543.99	-	517.36
	(2) Deferred tax credit		41.45	(264.07)	(217.27)	(178.90)
	(3 Tax relating to earlier years		-	(20.69)		
	Total tax expense		**128.14**	**259.23**	**(217.27)**	**338.46**

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Reformatted Standalone Statement of Profit and Loss

Particulars	Notes	Period ended 30 September 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
(VII) Profit /(loss) for the year (V - VI)		**370.73**	**1,719.86**	**(669.08)**	**975.42**
(i) Items that will not be reclassified to profit and loss					
Remeasurement of the net defined benefit plans		-0.15	(6.35)	(5.75)	(1.74)
Income tax relating to the above		0.037	1.60	1.45	0.44
(iii) Items that will be reclassified to profit and loss					
Net change in fair value of loans measured at fair value through other comprehensive income		-10.09	7.57	-	-
Income tax relating to the above		2.54	(1.90)	-	-
(VIII) Other comprehensive income/ (loss)		**-7.66**	**0.92**	**(4.30)**	**(1.30)**
(IX) Total comprehensive income/ (loss) for the year (VII + VIII)		**363.40**	**1,720.78**	**(673.38)**	**974.12**
(X) Earnings per equity share of ₹ 10 each	39				
Basic (₹)		1.23	6.74	(3.94)	6.41
Diluted (₹)		1.23	6.71	(3.94)	6.41

DCS/COMP/MJ/IP-PPDI/355/23-24

December 01, 2023

NAVI FINSERV LIMITED
2nd Floor, Vaishnavi Tech Square,
Iballur Village, Begur Hobli, Bengaluru, Karnataka -560102

Dear Sir/Madam

Re: Private Placement of up to 5,000 Fully Paid, Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of a face value of Rs 1,00,000 each, of the aggregate nominal value of up to Rs 50,00,00,000 along with a green shoe option to retain over subscription of upto 5,000 fully paid, secured, rated, listed, redeemable non-convertible debentures, of a face value of Rs 1,00,000/- each, of the aggregate nominal value of Rs 50,00,00,000 for cash, at par, and in total aggregating to Rs 100,00,00,000 ("The Issue")

We acknowledge receipt of your application on the online portal on November 29, 2023 seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing of captioned security subject to fulfilling the following conditions at the time of seeking listing:

1. Filing of listing application.

2. Payment of fees as may be prescribed from time to time.

3. Compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder and also Compliance with provisions of Companies Act 2013.

4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.

5. Compliance with change in the guidelines, regulations, directions, circulars of the Exchange, SEBI or any other statutory authorities, documentary requirements from time to time.

6. Compliance with below mentioned circular dated June 10, 2020 issued by BSE before opening of the issue to the investors.:
https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20200610-31

7. Issuers, for whom use of EBP is not mandatory, specific attention is drawn towards compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and BSE Circular No 20210519-29 dated May 19, 2021. Accordingly, Issuers of privately placed debt securities in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 or ILDM Regulations for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of such issuance. The details can be uploaded using the following links Electronic Issuance - Bombay Stock Exchange Limited (bseindia.com).

8. It is advised that Face Value of NCDs issue through private placement basis should be kept as per Chapter V of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

9. ***Issuers are hereby advised to comply with signing of agreements with both the depositories as per Regulation 7 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.***

10. Company is further requested to comply with SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/CIR/P/2023/56 dated April 13, 2023, (if applicable) read along with BSE Circular https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230428-18 and ensure compliance of the same.

This In-Principle Approval is valid for a period of 1 year from the date of issue of this letter or period of 1 year from the date of opening of the first offer of debt securities under the shelf placement memorandum, which ever applicable. The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/ incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter.

Yours faithfully,
For BSE Limited

Rupal Khandelwal
Deputy General Manager

Raghavendra Bhat
Associate Manager

BSE - INTERNAL

TO,
BOMBAY STOCK EXCHANGE
Bombay Stock Exchange Building,
Phiroze Jeejeebhoy Towers,
Dalal Street, Kala Ghoda, Fort,
Mumbai, 400001

Dear Sir/ Madam,

Subject: Undertaking for non-filing of GID/KID for issuing of listed Non-Convertible Debentures ("NCDs")

It is hereby informed that we, Navi Finserv Limited having CIN: U65923KA2012PLC062537 and registered office at Bengaluru, are issuing listed NCDs for a amount of Rs. 100 Crore. As per the recent SEBI second amendment regulations, the disclosure requirements shall be applicable on a 'comply or explain' basis until 31 March 2024 and on a mandatory basis thereafter. Since, the formats for General Information Document (GID) and Key Information Document (KID) have not yet been notified by SEBI, our company will be attaching GID/KID from the next issuance of securities.

Thanking you.

Yours Sincerely,
For Navi Finserv Limited

MAKSOOD ZAHIR KHAN
Digitally signed by MAKSOOD ZAHIR KHAN
Date: 2023.11.29 16:19:54 +05'30'

Thomas Joseph
Company Secretary
Membership No.- 53322

Date: 01-12-2023

Ref.: NSDL/II/PM/13478/2023 December 08, 2023

The Company Secretary
NAVI FINSERV LIMITED
2ND FLOOR,VAISHNAVI TECH SQUARE,
IBALLUR VILLAGE, BEGUR HOBLI,
BENGALORE - 560102

Dear Sir/Madam,

Sub: ISIN Activation – Debt Instruments

This is in reference to your request for ISIN for Debt Instrument being issued. The details of ISIN activated in NSDL system with reference to your request are given below:

ISIN	**INE342T07429**	
Name of Issuer	NAVI FINSERV LIMITED	
Instrument Description (Long)	10.25% SECURED RATED LISTED REDEEMABLE NON CONVERTIBLE DEBENTURE DAE OF MATURITY 31/12/2026	
Instrument Description (Short)	NAVI FINSERV LIMITED 10.25 NCD 31DC26 FVRS1LAC	
Instrument Details	Face Value (Per instrument):	Rs. 100000
	Issue Price (Per instrument):	Rs. 100000
	Issue Date / Date of Allotment:	11/December/2023
	Redemption Date:	31/December/2026
	Coupon Rate:	10.25
	Frequency of Interest Payment:	Twelve times a year
	Put / Call option with specified dates:	Put: NA Call: NA
	Certificate Nos/(Dist/NO) From – To:	
	Remark (if any):	Catalyst Trusteeship Limited (Formerly GDA Trusteeship Limited)
Credit Rating / Credit Rating Agency	N.A	
R&T Agent Details	IN200963 NSDL DATABASE MANAGEMENT LIMITED	
Address where Physical Securities is to be sent	Org Name : NSDL DATABASE MANAGEMENT LIMITED Name : MR. NILESH BHANDARE Designation/Department : SENIOR MANAGER Address : 4TH FLOOR, TRADE WORLD A WING, KAMLA MILLS COMPOUND, SENAPATI BAPAT MARG, LOWER PAREL, MUMBAI 400 013 Phone : 022 4914 2591 Fax : E-mail : nileshb@nsdl.co.in	

Yours faithfully,

Prathmesh V Mungle
Senior Manager

P.S.: In case of any further clarifications or queries, kindly get in touch with Mr. Sanchit Bhise/Mr. Hrishikesh Sakpal/Mr. Akshay Kumbhar - 022- 2499 4169/2499 4746.

Digitally Signed By
Name: PRATHMESH MUNGLE
Date:08/12/2023 10:25:39
Reason: Authentication
Location: Mumbai

Central Depository Services (India) Limited

CDSL/SAC/KR/DB/41670 **01-Dec-2023**

THE COMPANY SECRETARY
NAVI FINSERV LIMITED
MANDI COMMERCIAL
4TH B CROSS ROAD, 5TH BLOCK
KORAMANGALA INDUSTRIAL LAYOUT
BANGALORE - 560015

Dear Sir/Madam,

Sub: ISIN Activation

We are pleased to inform you that ISIN(s) for debt instrument(s), as enclosed in the annexure have been made live in the CDSL system as per the application made by you. Your esteemed investors can now avail the depository services with any of the Depository Participants registered with CDSL which are spread over the length and breadth of our country.

For further clarifications, if any, kindly contact: Ms. Rupali Bhovar/ Ms. Rensi Nadar /Mr. Bhalchandra Ithape on 022-2305 8665 / 2305 8516 / 2305 8636. Emails may be sent at: rupalip@cdslindia.com / rensin@cdslindia.com / bhalchandrai@cdslindia.com.

Thanking you,

Yours faithfully,
For **Central Depository Services (India) Limited**

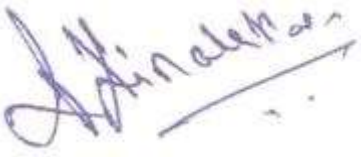
Rupali Kinalekar
AVP - Admission Cell

CC: NSDL DATABASE MANAGEMENT LIMITED

Central Depository Services (India) Limited

Annexure

Activation Date	ISIN	Name of the Issuer	Security Description	Coupon Rate	Face Value per Security	Allotment / Issue Date	Date of Maturity / Conversion	Maturity % / Maturity Amount per Security	Total Issue Size	Interest Payment Frequency	Interest Payment Dates	Put/Call Option or Terms of Condition
01-Dec-2023	INE342T07429	NAVI FINSERV LIMITED	10.25% Secured, Not guaranteed, Senior, Taxable, Non Cumulative, Rated, Redeemable, Non Convertible Debentures	10.25	1,00,000	11-Dec-2023	31-Dec-2026	1,00,000	1,00,00,00,000 Green Shoe	Monthly	Monthly	NA



CTL/23-24/04009/2

To,

The Manager,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai- 400001.

Dear Sir / Madam,

SUB: UNDERTAKING BY THE DEBENTURE TRUSTEE TOWARDS ISSUE OF UPTO 5,000 (FIVE THOUSAND) SECURED, RATED, LISTED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES (COLLECTIVELY THE "DEBENTURES" or "NCDs") OF A FACE VALUE OF INR 1,00,000 (INDIAN RUPEES ONE LAKH ONLY) EACH, OF THE AGGREGATE NOMINAL VALUE OF UP TO INR 50,00,00,000 (RUPEES FIFTY CRORES ONLY) ("ISSUE SIZE") ALONG WITH A GREEN SHOE OPTION TO RETAIN OVER SUBSCRIPTION OF UPTO 5,000 (FIVE THOUSAND) SECURED, RATED, LISTED, REDEEMABLE NON-CONVERTIBLE DEBENTURES, OF A FACE VALUE OF INR 1,00,000/- (INDIAN RUPEES ONE LAKH ONLY) EACH, OF THE AGGREGATE NOMINAL VALUE OF INR 50,00,00,000 (RUPEES FIFTY CRORE ONLY) FOR CASH, AT PAR, AND IN TOTAL AGGREGATING TO INR 100,00,00,000 (INR ONE HUNDRED CRORE ONLY) ON A PRIVATE PLACEMENT BASIS BY NAVI FINSERV LIMITED

We, Debenture Trustee in respect of secured non-convertible debentures aggregating upto Rs. 100,000,000/- (Rupees One Hundred Crores only) issued by Navi Finserv Limited hereby confirm that the Due Diligence Certificate issued by us as per Annexure II A and II B of SEBI circular SEBI/HO/DDHS/P/CIR/2023/50 dated March 31, 2023 are valid for the allotment dated 11/12/2023 under ISIN: INE342T07429.

Place: Mumbai

Date: December 12, 2023

CATALYST TRUSTEESHIP LIMITED

For Catalyst Trusteeship Limited

For CATALYST TRUSTEESHIP LIMITED
Authorised Signatory

Ms. Kalyani Pandey
Compliance Officer

CATALYST TRUSTEESHIP LIMITED

An ISO: 9001 Company

Registered Office : GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune - 411 038 **Tel :** +91 (20) 6680 7200
Delhi Office : 910-911, 9th Floor, Kailash Building, 26 Kasturba Gandhi Marg, New Delhi - 110 001 **Tel :** +91 (11) 4302 9101/02
Corporate Office : 901, 9th Floor, Tower-B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013
Tel : +91 (22) 4922 0555 **Fax :** +91 (22) 4922 0505
CIN No. U74999PN1997PLC110262 Email : dt@ctltrustee.com **Website :** www.catalysttrustee.com

Pune | Mumbai | Bengaluru | Delhi | Chennai | GIFT City | Kolkata | Hyderabad

CELEBRATING 25 YEARS OF TRUSTEESHIP

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NSDL
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Ref : II/CA/COM/79590/2023 December 11, 2023

Mr. Divyesh Jain
Chief Financial Officer
Navi Finserv Limited
Ground Floor, Salarpuria Business Center, No 93
Koramangala Industrial Layout,
Bengaluru - 560095

Sub : Allotment

Dear Sir,

As per the corporate action(s) executed by your R&T Agent/Registry Division viz; NSDL Database Management Limited , Debentures were credited/debited to the account(s) in the NSDL system, details of which are given below :

ISIN	*ISIN Description*	*D/C*	*Records*	*Quantity*	*Execution Date*
INE342T07429	NAVI FINSERV LIMITED 10.25 NCD 31DC26 FVRS1LAC	Credit	5	10,000.000	11/Dec/2023

You may contact your R&T Agent/ Registry Division for further details in this regard.

Yours faithfully,

Rakesh Mehta
Vice President

Digitally Signed By
Name: RAKESH M MEHTA
Date:11/12/2023 17:29:43
Reason: Authentication
Location: NSDL,Mumbai

CTL/23-24/04217

December 12, 2023

To,
Navi Finserv Limited ("Company")
Vaishnavi Tech Square, Survey no. 14/2 of Iballur Village,
Taluk, Bagalur, Begur, Bengaluru, Karnataka, India 560102.

Dear Sir/Madam,

Re: Confirmation on receipt of the details of the investors of ISIN **INE342T07429**.

We refer to your mail dated 12.12.2023 and confirm that we have received the contact details and email ID of the first-allotees to ISIN **INE342T07429** as per the allotment resolution dated 11.12.2023 and PAS-5 provided by the Company.

Thanking you,

Yours faithfully,

For **Catalyst Trusteeship Limited**

CATALYST TRUSTEESHIP LIMITED

Name: Nidhi Todi
Designation: Manager

Date: 13/12/2023

The Chief General Manager
Listing Operations,
BSE Limited,
20th Floor, P. J. Towers,
Dalal Street, Fort,
Mumbai – 400 001.

Dear Sir,

Sub: Application for listing of privately placed Non- Convertible Debentures

We hereby apply for listing and trading permission of 10,000 Secured, Rated, Listed, Redeemable, Non-Convertible Debentures issued and allotted by the Finance Committee of the Company by way of circular resolution dated December 11, 2023 on private placement basis in accordance with the provisions specified under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

1. We enclose herewith the documents as per your checklist.

2. Details of further listing /processing fee remitted:

Particulars	Listing fee	Processing fee	SEBI fee
Base fees	88000	2,500	5,000
GST@ 18%	15840	450	900
Fee (including tax)	72160	2,950	5,900
TDS, if any	8800	250	-
Net amount remitted after TDS	79000	5,900	
Transaction reference number	CMS3762868925	CMS3762868925	CMS3762868925
Date of Payment	06/12/2023	06/12/2023	06/12/2023

3. In case of any queries / clarifications the under-mentioned official may be contacted:

Contact Details	
Name & Designation of Contact Person	Apeksha Ashok Munawanee, Head of Borrowing
Telephone Nos. (landline & mobile)	08951904682
Email – id	treasuryops@navi.com

We hereby confirm that the information provided in the application and enclosures is true, correct and complete. We also hereby confirm that all relevant and material facts relating to the above issue have been disclosed by us.

Thanking you,

Yours faithfully,

For Navi Finserv Limited

THOMAS JOSEPH
Digitally signed by THOMAS JOSEPH
Date: 2023.12.13 12:35:02 +05'30'

Thomas Joseph
Company Secretary
Membership number: A53322

Place: Bangalore

To,
BSE Limited,
P. J. Towers, Dalal Street
Mumbai - 400001

Dear Sir,

In conformity with the listing requirements of the Stock Exchange, we hereby apply for admission of the Secured, Rated, Listed, and Redeemable, Non-Convertible Debentures (NCDs or Debentures) of the Company to dealings on the Exchange.

The securities are not identical in all respect and are not identical in all respects with the existing securities admitted to dealing on the Exchange.

The securities mentioned at above are proposed to be issued by Prospectus/Offer for Placing, full particulars of which are given in the statement sent herewith (together with the reasons for the procedure when a placing is intended).

It is intended to make a Placing of the securities mentioned above which have been already issued. We enclose a statement giving full particulars of when, how and to whom the securities were issued and full details of the Placing (together with the reasons for the procedure when a Placing is intended.)

We undertake to send the listing Application and the Distribution Schedules, duly completed. We also forward the documents (or drafts thereof) as per list attached and undertake to furnish such additional information and documents as may be required.

We understand that in the event of our failure to submit the above documents or withdrawal of Acknowledgement Card by SEBI, we shall be liable to refund the subscription money to the investors immediately".

We undertake to be bound by all requirements, terms and provisions and as contained in the Rules, Bye-Laws and Regulations of your Exchange.

For Navi Finserv Limited

THOMAS JOSEPH
Digitally signed by THOMAS JOSEPH
Date: 2023.12.12 12:34:39 +05'30'

Thomas Joseph
Company Secretary
Membership number: A53322

Place: Bangalore
Date: 12-12-2023

Confirmation to be given (Confirm / Not Applicable) by the Issuers in listing center only

I, Thomas Joseph (Membership number: A53322), Company Secretary of the company hereby certify that:

1. The issuer is an eligible issuer in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 as amended from time to time: **Confirm**

2. The Issuer has complied with all the provisions of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 as amended from time to time and further the company has also complied with all the legal and statutory requirements as well as The Companies Act, 2013, rules made there under : **Confirm**

3. the documents filed by the company with the Exchange are same/ identical in all respect which have been filed by the company with Registrar of Companies/ SEBI/ Reserve Bank of India/ FIPB in respect of the allotment of these securities issued on a private placement basis: **Confirm**

4. none of the allottee have been debarred from accessing the capital market or have been restrained by any regulatory authority from directly or indirectly acquiring the said securities: **Confirm**

5. there is no restraint on the issuer by any regulatory authority from raising, issuing and allotting the capital or altering its capital structure in any manner and the Issuer has obtained necessary approvals from the Ministry of Finance/RBI/any other authority, if applicable, for issuance of the captioned non-convertible securities and utilization of funds: **Confirm**

6. The Issuer has received full Application/ Allotment Monies from the applicants prior to allotment: **Confirm**

7. The Issuer has allotted the non-convertible instruments in dematerialized form : **Confirm**

8. The Issuer has raised the amount through issue of non-convertible instrument, within the borrowing limits authorized by the shareholders/ Board of Directors : **Confirm**

9. The Issuer has maintained 100% asset cover to sufficient to discharge the principal amount at all times for the debt securities issued as required as per regulation 54 of Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015: **Confirm**

10. The Issuer has made the Offer to less than two hundred persons in the aggregate in a financial year, and has complied with the provisions of Section 42 of the Companies Act, 2013 and rules made thereunder: **Confirm**

11. The Issuer has issued the non-convertible instruments with the day count convention as 'Actual/ Actual': **Confirm**

12. The Offer Document contains all the disclosures as required under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 as amended from time to time: **Confirm**

13. The Offer Document contains undertaking stating that the assets on which charge is created are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor: Confirm

14. The Issuer has created a recovery expense fund in the manner as specified by SEBI from time to time: **Confirm**

15. The Issuer has executed necessary documents for the creation of the charge, where applicable, including the Trust Deed (details given below), within the time frame prescribed in the relevant regulations/act/rules etc. and submitted the certified true copy to the Exchange: **Confirm**

Particulars	**Amount (Rs. In Crs)**	**Date (DDMMYYYY)**
Total Amount for which the trust deed is executed along with the date of execution and date of submission to the Exchange	100	06/12/2023
Less: Amount Utilized earlier along with dates	-	-
Less: Current Issuance Amount	-	-
Balance Amount unutilized	100	06/12/2023

16. The Issuer shall submit the Debenture Trust Deed on its execution: **Confirm**

17. The Issuer has obtained consent from the prior creditor for a second or pari passu charge being created, where applicable, in favour of the trustees to the proposed issue; **Not Applicable**

18. The Issuer confirms that all offer or invitation made earlier in respect to any other kind of securities has been completed or that offer, or invitation has been withdrawn or abandoned: **Confirm**

19. The face value of each debt security or non-convertible redeemable preference share issued on private placement basis is Rs. One lakh: Confirm

20. The face value of each security mentioned under Chapter V of SEBI NCS Regulations, 2021 and Chapter 13 of this operational circular is Rs. One crore: **Not Applicable**

21. The face value of the listed debt security and non-convertible redeemable preference share issued on private placement basis traded on a stock exchange is Rs. One lakh: **Confirm**

22. The face value of listed security mentioned under Chapter V of SEBI NCS Regulations, 2021 and Chapter 13 of this operational circular traded on a stock exchange is Rs. One crore: **Not Applicable**

23. The trading lot is equal to face value: **Confirm**

24. The Issuer or its promoters or whole-time directors are not in violation of the provisions of Regulation 24 of the SEBI Delisting Regulations, 2009: **Confirm**

25. The Issuer, its promoters, its directors are not in violation of the restrictions imposed by SEBI under SEBI circular no. SEBI/HO/ MRD/DSA/CIR/P/2017/92 dated August 01, 2017: **Confirm**

26. The Issuer is in compliance with Chapter VI of on 'Electronic book provider platform" of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and any such amendment made by SEBI in this regard from time to time for issuance of non-convertible securities on private placement basis': **Confirm**

27. The Issuer is in compliance with Chapter VIII on "Specifications related to International Securities Identification Number (ISINs) for debt securities" of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and any such amendment made by SEBI in this regard from time to time: **Confirm**

28. The payment to be received for subscription to securities has been received from the bank account of the person subscribing to such securities or Copy Statutory Auditors Certificate certifying the same: **Confirm**

29. Issuer is in compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021: **Confirm**

30. The Issuer is not a non-compliant entity and no fine or penalties levied by the Board /Stock Exchanges are pending to be paid by the issuer at the time of filing the offer document: **Confirm**

31. The Draft Disclosure Document contains all the disclosures as required under SEBI(Issue and Listing of Non-Convertible Securities) Regulations, 2021, SEBI circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and other applicable SEBI & Exchange Circulars/Guidelines, Companies Act, 2013 and the rules made thereunder and other applicable laws in this regard, as amended from time to time; **Confirm**

32. In case the captioned issue is a subsequent issue made under a Shelf Disclosure Document, the Issuer has, in terms of (Issue and Listing of Non-Convertible Securities) Regulations, 2021, submitted updated disclosure document to the Exchange, inter-alia containing details of the private placement and material changes, if any, in the information provided in Shelf Disclosure Document: **Not applicable**

33. The cumulative amount issued till date under the Offer Document/Shelf Offer Document concerning this issue does not exceed the total issue size specified in the Offer Document/Shelf Offer Document; details given below: **Not applicable**

Particulars	Amount (Rs. in lakhs)	Date
Total Issue Size/ Total Amount offered under the Offer Document concerning this issue	NA	
(-) Amount Utilized Earlier alongwith dates		
(-) Current Issuance Amount		
Balance Amount Unutilized		

34. The captioned NCDs re-issued shall rank pari passu with the existing NCDs under the said ISIN: **Not applicable**

35. Confirmation of signing with both the depositories: **Confirm**

For Navi Finserv Limited

THOMAS JOSEPH Digitally signed by THOMAS JOSEPH
Date: 2023.12.12 12:22:49 +05'30'

Thomas Joseph
Company Secretary
Membership number: A53322
Place: Bangalore

Date: 12-12-2023

To
BSE Limited
PJ Towers, Dalal Street
Mumbai

Sub: Delay in Listing of privately placed securities beyond the timelines specified in Chapter VII of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

We hereby confirm in case of the delay in filing the listing application and submission of documentation(s) for the below mentioned securities issued on privately placement basis beyond the timelines as specified in Chapter VII of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021:

Date of Allotment	Number of Debentures	ISIN(s)
11/12/2023	10,000	INE342T07429

We understand that the para 5 of Chapter VII of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021states:

"5. In case of delay in listing of securities issued on privately placement basis is beyond the timelines specified above, the issuer shall;
5.1. pay penal interest of 1% p.a. over the coupon rate for the period of delay to the investor (i.e. from date of allotment to the date of listing); and
5.2. be permitted to utilise the issue proceeds of its subsequent two privately placed issuances of securities only after receiving final listing approval from Stock Exchanges."

In view of this, I, Thomas Joseph, Company Secretary of Navi Finserv Limited (Name of the Issuing entity) hereby undertake that we will comply with the requirements as stated under para 5 of Chapter VII of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and ensure compliance with the requirements.

Further to our undertaking, we hereby confirm that:

1. *We shall ensure compliance with the above mentioned requirements as stated under para 5 of* Chapter VII of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 *and shall submit a confirmation to the Stock Exchange regarding compliance with such requirements within 5 working days of listing.*

2. *If issuer fails to comply with said requirements and/or submit confirmation of compliance within the above-mentioned prescribed time, the Exchange reserves the right to suspend the trading in the said security.*

3. *We have informed the debenture holders vide our mail dated December 12, 2023*

For Navi Finserv Limited

THOMAS JOSEPH

Digitally signed by THOMAS JOSEPH
Date: 2023.12.12 12:36:58 +05'30'

Thomas Joseph
Company Secretary
Membership number: A53322

Place: Bangalore
Date:12.12.2023

To
BSE Limited,
PJ Towers, Dalal Street,
Mumbai.

Sub: Compliance / Non-Compliance with the timelines specified in Chapter VII of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

We hereby confirm that, for all non-convertible securities issued post December 1, 2020, the Company has been in compliance with the timelines specified in Chapter VII of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

For Navi Finserv Limited

THOMAS JOSEPH
Digitally signed by THOMAS JOSEPH
Date: 2023.12.12 12:35:43 +05'30'

Thomas Joseph
Company Secretary
Membership number: A53322

Place: Bangalore
Date: 12-12-2023

Details of compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

Details of allotment in private placement:

Details of Investors to whom allotment has been made			
Name	**QIB / Non-QIB**	**Category i.e. Scheduled Commercial Banks, MF, Insurance Company, Pension Fund, Provident Fund, FPI, PFI, Corporate, Others.**	**Amount invested in Rs. Crore**
S K FINANCE LIMITED	QIB	Others – NBFC	20
THE KANGRA CENTRAL COOP BANK LTD	Non-QIB	Others – NBFC	25
OXYZO FINANCIAL SERVICES PRIVATE LIMITED	QIB	Others-NBFS	7
SATYA MICROCAPITAL LIMITED	QIB	Others-NBFC	28
CAPRI GLOBAL HOLDINGS PRIVATE LIMITED	Non-QIB	Others-NBFC	20
Total			**100**

For Navi Finserv Limited

THOMAS JOSEPH
Digitally signed by THOMAS JOSEPH
Date: 2023.12.12 12:36:26 +05'30'

Thomas Joseph
Company Secretary
Membership number: A53322

Place: Bangalore
Date: 12/12/2023