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Draft Prospectus
January 25, 2024



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 company 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. For details regarding changes to our Registered Office, see "History and Certain Corporate Matters" beginning on page 122.

Corporate Identity Number: U65923KA2012PLC062537 **PAN:** AAECC7456R
Registered and Corporate Office: Second Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru 560 102, Karnataka, India
Tel: 080 45113400; **Website:** www.navi.com/finserv; **Email:** secretarial@navi.com
Compliance Officer for the Issue and Company Secretary: Thomas Joseph; **Tel:** 080 4511 3400; **Email:** secretarial@navi.com
Chief Financial Officer: Ankit Surana **Tel:** 080 45113400; **Email:** secretarial@navi.com

PUBLIC ISSUE BY OUR COMPANY OF SECURED, RATED, LISTED, REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH ("NCDs") FOR AN AMOUNT AGGREGATING UP TO ₹3,000 MILLION ("BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UP TO ₹3,000 MILLION ("GREEN SHOE OPTION") AGGREGATING UP TO 6,000,000 NCDs FOR AN AMOUNT UP TO ₹6,000 MILLION ("ISSUE SIZE" OR "ISSUE LIMIT") (HEREINAFTER REFERRED TO AS THE "ISSUE") THROUGH THIS DRAFT PROSPECTUS AND THE PROSPECTUS ("OFFER DOCUMENT").

THIS ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON - CONVERTIBLE SECURITIES) REGULATIONS, 2021, AS AMENDED (THE "SEBI NCS REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT, 2013") TO THE EXTENT NOTIFIED AND THE SEBI MASTER CIRCULAR.

OUR PROMOTER		
Our Promoter is Navi Technologies Limited; Tel: +91 80 4630 6900; Email: cs@navi.com. For further details, see "Our Promoter" beginning on page 143.		
GENERAL RISKS		
Investment in debt securities is risky and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under "Risk Factors" and "Material Developments" on pages 16 and 182, respectively. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the debt securities or investor's decision to purchase such securities. This Draft Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), RoC or any stock exchange in India nor do they guarantee the accuracy or adequacy of this document.		
ISSUER'S ABSOLUTE RESPONSIBILITY		
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus, contains and will contain all information with regard to our Company and the Issue, which is material in the context of this Issue. The information contained in this Draft Prospectus, is true and correct in all material aspects and is not misleading in any material respect and that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.		
CREDIT RATING		
The NCDs proposed to be issued pursuant to this Issue have been rated CRISIL A/Stable by CRISIL for an amount of up to ₹6,000 million by way of its letter dated January 15, 2024. Ratings issued by CRISIL will continue to be valid for the life of the instrument unless withdrawn or reviewed. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The rating provided by CRISIL may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decisions. There are no unaccepted ratings and any other ratings other than as specified in this Draft Prospectus. For the rationale and press release for the rating, see "General Information" and "Annexure B" of this Draft Prospectus, beginning on pages 44 and 321, respectively.		
PUBLIC COMMENTS		
This Draft Prospectus dated January 25, 2024 has been filed with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") along with BSE, the "Stock Exchanges", pursuant to Regulation 27(2) of the SEBI NCS Regulations and will be open for public comments for a period of seven Working Days (i.e., until 5:00 p.m.) from the date of filing of this Draft Prospectus with the Stock Exchanges. All comments on this Draft Prospectus are to be forwarded to the attention of Thomas Joseph, Compliance Officer for the Issue at the following address: Second Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru 560 102, Karnataka, India, Tel: 080 4511 3400; Email: secretarial@navi.com. Comments may be sent through post, facsimile or email. However, please note that all comments by post must be received by the Issuer by 5:00 p.m. (Indian Standard Time) on the seventh Working Day from the date on which this Draft Prospectus is hosted on the website of the Stock Exchanges. All comments received on this Draft Prospectus will be suitably addressed prior to filing of the Prospectus with the RoC.		
LISTING		
The NCDs offered through this Draft Prospectus along with the Prospectus are proposed to be listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") along with BSE, the "Stock Exchanges". Our Company has received an 'in-principle' approval from BSE by way of its letter bearing reference number [●] dated [●] and from NSE by way of its letter bearing reference number [●] dated [●]. For the purposes of this Issue, BSE shall be the Designated Stock Exchange.		
COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT AND ELIGIBLE INVESTORS		
For details pertaining to Coupon Rate, Coupon Payment Frequency, Redemption Date and Redemption Amount of the NCDs, see "Terms of the Issue" beginning on page 184. For details relating to eligible investors, see "Issue Structure" beginning on page 200. The Issue is not underwritten.		
LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE	
JM Financial Limited 7 th Floor, Energy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Tel: +91 22 6630 3030 Facsimile: +91 22 6630 3330 Email: navi.ncd2024@jmfml.com Investor Grievance Email: grievance.ibd@jmfml.com Website: www.jmfml.com Contact Person: Prachee Dhuri	Link Intime India Private Limited C-101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India Tel: +91 810 811 4949 Facsimile: +91 22 4918 6195 Email: navifinserv.ncd2024@linkintime.co.in Investor Grievance Email: navifinserv.ncd2024@linkintime.co.in Website: www.linkintime.co.in Contact Person: Shanti Gopalkrishnan	
CREDIT RATING AGENCY	DEBENTURE TRUSTEE**	STATUTORY AUDITORS
 CRISIL Ratings Limited CRISIL House, Central Avenue, Hiranandani Business Park, Powai Mumbai 400 076 Tel: +91 22 3342 3000 Facsimile: 91 22 3342 3050 Email: crisilratingdesk@crisil.com Website: www.crisil.com Contact Person: Ajit Velonje	 Catalyst Trusteeship Limited** GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune 411 038, Maharashtra, India Tel: +91 22 4922 0555 Facsimile: +91 22 4922 0505 Email: ComplianceCTL-Mumbai@ctltrustee.com Investor Grievance Email: grievance@ctltrustee.com Website: www.catalysttrustee.com Contact Person: Deesha Trivedi	Price Waterhouse LLP 5th Floor, Tower D, The Millenia, 1&2 Murphy Road, Ulsoor, Bengaluru 560008, Karnataka, India Tel: +91 80 4079 5000 Firm registration no.: 301112E/E300264 Email: abdul.majeed@pwc.com Peer review certificate no.: 012776 Contact Person: A.J. Shaikh
ISSUE PROGRAMME*		
ISSUE OPENS ON: As specified in the Prospectus		ISSUE CLOSES ON: As specified in the Prospectus

*This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, except that this Issue may close on such earlier date or extend to a minimum period of three Working Days and a maximum period of 10 Working Days from the date of opening of the Issue and subject to not exceeding thirty days from filing the Prospectus with RoC as may be decided by the Board of Directors of our Company or Debenture Committee subject to compliance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of this Issue our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, on Working Days during the Issue Period. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details please refer to the chapter titled "Issue Related Information" on page 184 of this Draft Prospectus.

**Catalyst Trusteeship Limited pursuant to Regulation 8 of the SEBI NCS Regulations and by way of letter dated January 24, 2024 has given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus, the Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

A copy of the Prospectus shall be filed with the RoC, in terms of Section 26 of the Companies Act, 2013, along with the certified copies of all requisite documents. For further details, see "Material Contracts and Documents for Inspection" beginning on page 314.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning ascribed to such definitions and abbreviations set forth. References to any legislation, act, regulation, rules, guidelines, clarifications or policies shall be to such legislation, act, regulation, rules, guidelines, clarifications or policies as amended, supplemented or re-enacted from time to time until the date of this Draft Prospectus, and any reference to a statutory provision shall include any subordinate legislation notified from time to time pursuant to such provision.

The words and expressions used in this Draft Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such words and expressions under the SEBI NCS Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, the RBI Act and the rules and regulations notified thereunder.

Notwithstanding the foregoing, the terms defined as part of “Risk Factors”, “Our Business” “Industry Overview”, “Regulations and Policies”, “Statement of Possible Tax Benefits” and “Provisions of Articles of Association” beginning on pages 16, 98, 89, 277, 71 and 288, respectively shall have the meaning ascribed to them as part of the aforementioned sections. Terms not defined as part of “Industry Overview” and “Regulations and Policies”, beginning on pages 89 and 277, shall have the meaning ascribed to them hereunder.

General Terms

Term	Description
Company / Issuer	Navi Finserv Limited (formerly known as Navi Finserv Private Limited), a public limited company incorporated under the provisions of the Companies Act, 1956, having its Registered Office at Second Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru 560 102, Karnataka, India
We / us / our	Unless the context otherwise indicates or implies, refers to our Company

Company related terms:

Term	Description
Articles / Articles of Association / AoA	Articles of association of our Company, as amended
Audit Committee	Audit committee of Board of Directors of our Company, constituted in accordance with applicable laws
Audited Consolidated Financial Statements	Audited consolidated financial statements of the Company and its Subsidiary* (together referred to as the Group) as of and for financial year ended March 31, 2023, March 31, 2022 and March 31, 2021, which are prepared in accordance with Indian Accounting Standards (Ind AS) specified under the Section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act, and which have been approved by the Board of Directors of our Company at their meeting held on May 26, 2023, May 21, 2022 and June 24, 2021 respectively <i>*Please note that as on date of this Draft Prospectus our Company does not have any subsidiary.</i>
Audited Standalone Financial Statements	Audited standalone financial statements of the Company for financial year ended March 31, 2023, March 31, 2022 and March 31, 2021, which are prepared in accordance with Indian Accounting Standards (Ind AS) specified under the Section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act, and which have been approved by the Board of Directors of our Company at their meeting held on May 26, 2023, May 21, 2022 and June 24, 2021 respectively
Audited Financial Statements	Audited Consolidated Financial Statements and Audited Standalone Financial Statements collectively
Board / Board of Directors	Board of directors of our Company and includes any committee constituted thereof
Borrowings	Includes debt securities and borrowings other than debt securities and subordinated liabilities
Business Continuity Plan	Business continuity plan of our Company as approved by the Board in its meeting held on May 24, 2018, as amended from time to time
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Corporate Social Responsibility Committee	Corporate social responsibility committee of Board of Directors of our Company constituted in accordance with applicable laws
Committee	A committee constituted by the Board, from time to time

Term	Description
Compliance Officer for the Issue	The company secretary of our Company
Debenture Committee	Debenture committee of Board of Directors of our Company, constituted in accordance with applicable laws
Director(s)	Director(s) of our Company
ECGC	Export Credit Guarantee Corporation
Equity Shares	Equity shares of face value ₹ 10 each of our Company
Executive Chairman	The executive chairman of our Board of Directors
Financial Statements	Audited Standalone Financial Statements, Audited Consolidated Financial Statements and Unaudited Standalone Interim Financial Results
Group Companies	Navi General Insurance Limited and Navi AMC Limited
Independent Director(s)	Independent director(s) of our Company, as disclosed under "Our Management", beginning on page 126
Key Managerial Personnel(s) / KMP(s)	Key managerial personnel(s) of our Company as disclosed under "Our Management", beginning on page 126 and appointed in accordance with provisions of the Companies Act, 2013
Memorandum / Memorandum of Association/ MoA	Memorandum of association of our Company
NAMCL	Navi AMC Limited
NGIL	Navi General Insurance Limited
NTL/ Promoter	Navi Technologies Limited
Nomination and Remuneration Committee/ NRC	Nomination and remuneration committee of Board of Directors of our Company, constituted in accordance with applicable laws
Non-Executive Director(s)	Non-executive director(s) of our Company, as disclosed under "Our Management", beginning on page 126
Outsourcing Agreement	Amended and restated service outsourcing agreement with our Promoter dated December 1, 2021 and addendums dated May 30, 2022, August 10, 2022, September 9, 2022 and May 2, 2023 (effective from February 8, 2023), for, <i>inter alia</i> , technology based services, cash management and loan distribution, operations, collections, and taxation. The agreement dated December 1, 2021 amended and restated the service outsourcing agreements dated April 29, 2020 and October 1, 2020
Promoter Group	Includes such persons and entities constituting the promoter group of our Company pursuant to Regulation 2 (1) (pp) of the SEBI ICDR Regulations, 2018, as amended
Public Issue I	Public issue of secured, rated, listed, redeemable non-convertible debentures of face value ₹1,000 each aggregating to ₹4,957.21 million pursuant to prospectus dated May 12, 2022 under the SEBI NCS Regulations
Public Issue II	Public issue of secured, rated, listed, redeemable non-convertible debentures of face value ₹1,000 each aggregating to ₹4,816.30 million pursuant to prospectus dated June 30, 2023 under the SEBI NCS Regulations
Registered and Corporate Office	Registered and Corporate office of our Company located at Second Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru 560 102, Karnataka, India
Registrar of Companies / RoC	Registrar of Companies, Karnataka at Bangalore
Senior Management	Senior Managerial Personnel of our Company in accordance with Regulation 2 (1)(ii) of the SEBI NCS Regulations
Shareholders	Equity Shareholders of our Company from time to time
Previous Statutory Auditor	Previous Statutory Auditors of our Company i.e., M/s Walker Chandio & Co LLP, Chartered Accountants
Statutory Auditors/ Auditor	Price Waterhouse LLP
CIFCPL	Chaitanya India Fin Credit Private Limited, erstwhile subsidiary of the Company
Unaudited Standalone Interim Financial Results	Unaudited standalone interim financial results of the Company for the quarter and six months ended September 30, 2023 prepared in accordance with Indian Accounting Standards 34 "Interim Financial Reporting", prescribed specified under the Section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act and which have been approved by the Board of Directors of our Company at their meeting held on November 8, 2023 and submitted by the Company to the Stock Exchanges pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Issue related terms

Term	Description
Abridged Prospectus	A memorandum accompanying the Application Form for a Public Issue containing the salient features of the Prospectus as specified by SEBI
Acknowledgement Slip/ TRS / Transaction Registration Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Allot/ Allotment / Allotted	Unless the context otherwise requires, the issue and allotment of the NCDs pursuant to this Issue to the Allottees
Allotment Advice	The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment
Allottee(s)	The successful Applicant to whom the NCDs are Allotted, either in full or in part in terms of this Issue
Applicant / Investor / ASBA Applicant	The person who applies for issuance and Allotment of NCDs through ASBA process or through UPI Mechanism pursuant to the terms of this Draft Prospectus, Prospectus, Abridged Prospectus and Application Form
Application / ASBA Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorized an SCSB to block the Application Amount in the ASBA Account or to block the Application Amount using the UPI Mechanism, where the Bid Amount or an Application Amount of up to UPI Application Limit will be blocked upon acceptance of UPI Mandate Request by retail investors which will be considered as the application for Allotment in terms of the Prospectus
Application Amount / Bid Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form for the Issue
Application Form / ASBA Form	The form in terms of which the Applicant shall make an offer to subscribe to the NCDs through the ASBA process or through the UPI Mechanism and which will be considered as the Application for Allotment of NCDs and in terms of the Prospectus
ASBA Account	A bank account maintained by an ASBA Bidder with an SCSB, as specified in the ASBA Form submitted by ASBA Applicants for blocking the Bid Amount mentioned in the ASBA Form, and will include a bank account of a retail individual investor linked with UPI, for retail individual investors submitting application value up to UPI Application Limit
ASBA Applicant	Any Applicant who applies for NCDs through the ASBA process
ASBA / Application Supported by Blocked Amount	The Application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application by authorized SCSB to block the Application Amount in the specified bank account maintained with such SCSB or to block the Application Amount using the UPI Mechanism, where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by retail investors for an Application Amount of up to UPI Application Limit which will be considered as the application for Allotment in terms of this Draft Prospectus
Bankers to the Issue	Collectively Public Issue Account Bank(s), Refund Bank and Sponsor Bank
Base Issue Size/ Base Issue	₹3,000 million
Basis of Allotment	The basis on which NCDs will be allotted to applicants as described in “ <i>Issue Procedure – Basis of Allotment</i> ” on page 247
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Consortium, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Broker Centres	Broker centres notified by the Stock Exchanges where Applicants can submit the ASBA Forms (including ASBA Forms under UPI in case of UPI Investors) to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the website of the Stock Exchanges at www.bseindia.com and www.nseindia.com .
CARE	CARE Ratings Limited
CareEdge	CARE Analytics and Advisory Private Limited
CARE Report	Report titled “Research Report on Retail and Housing Finance Industry” released in India in December 2023 by CareEdge
Category I Investor - Institutional Investors	<ul style="list-style-type: none"> Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorized to invest in the NCDs; Provident funds and pension funds each with a minimum corpus of ₹ 250 million, superannuation funds and gratuity funds, which are authorized to invest in the NCDs;

Term	Description
	<ul style="list-style-type: none"> • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident Venture Capital Funds registered with SEBI; • Insurance companies registered with the IRDAI; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • Systemically Important Non-Banking Financial Company registered with the RBI or Non-Banking Financial Company registered with the RBI and having a total assets of ₹ 5,000 million or more as per the last audited financial statements ; • National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and • Mutual funds registered with SEBI
Category II Investor - Non-Institutional Investors	<ul style="list-style-type: none"> • Companies within the meaning of Section 2(20) of the Companies Act, 2013; • Statutory bodies/ corporations and societies registered under the applicable laws in India and authorized to invest in the NCDs; • Co-operative banks and regional rural banks; • Trusts including public/private charitable/religious trusts which are authorized to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorized to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons.
Category III Investor – High Net-Worth Individual Investors	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 1,000,000 across all options of NCDs in this Issue
Category IV Investor – Retail Individual Investors	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹1,000,000 across all options of NCDs in this Issue and shall include retail individual investors, who have submitted bid for an amount not more than UPI Application Limit in any of the bidding options in the Issue (including Hindu Undivided Families applying through their Karta and does not include NRIs) through UPI Mechanism
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Collecting Depository Participants / CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered with the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the SEBI Master Circular
Collecting Registrar and Share Transfer Agents or CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications, at the Designated RTA Locations
Consortium Agreement	Consortium Agreement to be entered between the Company, Lead Manager and Consortium Member to the Issue
Consortium Member	As specified in the Prospectus
Consortium / Members of the Consortium / Members of Syndicate (each individually, a Member of the Consortium)	The Lead Manager and the Consortium Member
Coupon/ Interest Rate	The aggregate rate of interest payable in connection with the NCDs as specified in the Prospectus. For further details, see “ <i>Issue Structure</i> ” on page 200
Credit Rating Agency/CRISIL	CRISIL Ratings Limited
Debenture Holder(s) / NCD Holder(s)	The holders of the Secured NCDs whose name appears in the database of the relevant Depository and/or the register of NCD Holders (if any) maintained by our Company if required under applicable law
Debenture Trust Deed	The trust deed to be entered between the Debenture Trustee and our Company which shall be executed in relation to the NCDs within the time limit prescribed by applicable statutory and/or regulatory requirements, including creation of appropriate security, in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure atleast 110% security cover for the outstanding amount of

Term	Description
	NCDs and the interest due thereon issued pursuant to the Issue. The contents of the Debenture Trust Deed shall be as prescribed by SEBI or any other applicable statutory/regulatory body from time to time.
Debenture Trustee Agreement	Agreement dated January 25, 2024 entered into between our Company and the Debenture Trustee
Debenture Trustee / Trustee	Trustee for the NCD holders in this case being Catalyst Trusteeship Limited
Deemed Date of Allotment	The date on which the Board of Directors or the Debenture Committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Debenture Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment
Demographic Details	The demographic details of an Applicant such as his address, email, bank account details, MICR Code and UPI ID, category, PAN etc.
Depository(ies)	National Securities Depository Limited and /or Central Depository Services (India) Limited
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other weblink as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com
Designated Date	The date on which the Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Account to the Public Issue Account(s) or to the Refund Account, as appropriate, in terms of the Prospectus and the Public Issue Account and Sponsor Bank Agreement
Designated Intermediaries	Collectively, members of the Consortium, Sub-Consortium/agents, Trading Members, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Application Forms from the Applicants in the Issue. In relation to ASBA applicants authorising an SCSB to block the amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA applicants submitted by Retail Individual Investors where the amount was blocked upon acceptance of UPI Mandate Request using the UPI Mechanism, Designated Intermediaries shall mean the CDPs, RTAs, Lead Managers, Members of the Consortium, Trading Members and Stock Exchanges where applications have been submitted through the app/web interface as provided in the SEBI Master Circular
Designated RTA Locations	Such centres of the CRTAs where Applicants can submit the Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs eligible to accept ASBA Forms and Application Forms submitted using the UPI Mechanism as a payment option (for a maximum amount of UPI Application Limit) are available on the respective websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com and updated from time to time
Designated Stock Exchange	The designated stock exchange for the Issue, being BSE
Direct Online Application Mechanism	An online interface enabling direct applications through UPI by an app based/web interface, by investors to a public issue of debt securities with an online payment facility
DP / Depository Participant	A depository participant as defined under the Depositories Act
Draft Prospectus	This draft prospectus dated January 25, 2024 filed with the Stock Exchanges for receiving public comments and with SEBI in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations 2021, as amended
Final Settlement Date / Maturity Date	The date on which all secured obligations (including all present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) of the Company to the holders of the debentures or the debenture trustee under the Transaction Documents in respect of the debentures, including without limitation, the making of payment of any coupon, interest, redemption of principal amounts, the default interest, additional interest, liquidated damages, indemnity payments and all costs, charges, expenses and other amounts payable by the company in respect of the debentures) have been irrevocably and unconditionally paid and discharged in full to the satisfaction of the holders of the debentures
India Ratings	India Ratings and Research Private Limited
Issue	Public issue by our Company of secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000 each, for an amount aggregating up to ₹3,000 million (“ Base Issue Price ”) with an option to retain oversubscription up to ₹3,000 million (“ Green Shoe Option ”) aggregating up to 6,000,000 NCDs

Term	Description
	for an amount up to ₹6,000 million (“Issue Size” or “Issue Limit”) pursuant to the Prospectus. The Issue is being made pursuant to the provisions of SEBI NCS Regulations, the Companies Act, 2013 and rules made thereunder as amended to the extent notified and the SEBI Master Circular
Issue Agreement	Agreement dated January 25, 2024 entered into by our Company and the Lead Manager
Issue Closing Date	As specified in the Prospectus
Issue Document	This Draft Prospectus, the Prospectus, the Abridged Prospectus, the Application Form and supplemental information, if any, read with any notices, corrigenda and addenda thereto
Issue Opening Date	As specified in the Prospectus
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants can submit their Application Forms
JM Financial/ Lead Manager	JM Financial Limited
Listing Agreement	The uniform listing agreement entered into between our Company and the Stock Exchanges in connection with the listing of debt securities of our Company
Market Lot	One (1) NCD
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
NCDs / Debentures	Secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000 each, aggregating up to ₹ 6,000 million offered through this Draft Prospectus and the Prospectus
NCD Holders/ Debenture Holder	Any debenture holder who holds the NCDs issued pursuant to this Issue and whose name appears on the beneficial owners list provided by the Depositories
Option(s)/ Series	An option of NCDs which are identical in all respects including, but not limited to terms and conditions, listing and ISIN and as further stated to be an individual option in this Draft Prospectus and the Prospectus. Collectively, the options of NCDs being offered to the Applicants as stated in the Prospectus
Prospectus	The Prospectus to be filed with the RoC and submitted with SEBI, BSE and NSE in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations
Public Issue Account	Account(s) to be opened with the Banker(s) to the Issue to receive monies from the ASBA Accounts maintained with the SCSBs (including under the UPI mechanism) on the Designated Date
Public Issue Account and Sponsor Bank Agreement	Agreement to be entered into amongst our Company, the Registrar to the Issue, the Public Issue Account Bank, the Refund Bank and Sponsor Bank, and the Lead Manager for the appointment of the Public Issue Bank, Refund Bank and Sponsor Bank in accordance with the SEBI Master Circular and for collection of the Application Amounts from ASBA Accounts under the UPI mechanism from the Applicants on the terms and conditions thereof and where applicable, refund of the amounts collected from the applicants
Public Issue Account Bank	Banks which are clearing members and registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, with whom the Public Issue Account will be opened and as specified in the Prospectus
Record Date	15 (fifteen) Days prior to the interest payment date, and/or Redemption Date for NCDs issued under the Prospectus. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the Record Date and the date of redemption. In case the Record Date falls on a day when the Stock Exchanges are having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchanges, will be deemed as the Record Date
Recovery Expense Fund	Our Company has created a recovery expense fund in the manner as specified by SEBI Master Circular for Debenture Trustees and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security
Redemption Amount	The principal amount of the NCDs along with interest accrued on them, if any, as specified in the Prospectus
Redemption Date	The date on which our Company is liable to redeem the NCDs in full as specified in the Prospectus
Refund Account(s)	The account(s) to be opened by our Company with the Refund Bank(s), from which refunds of the whole or part of the Application Amounts (excluding for the successful ASBA Applicants), if any, shall be made
Refund Bank	The Banker(s) to the Issue with whom the Refund Account will be opened and as specified in the Prospectus

Term	Description
Register of NCD holder	A register of debenture holders maintained by our Company in accordance with the provisions of the Companies Act, 2013
Registrar Agreement	Agreement dated January 25, 2024 entered into between our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue
Registered Brokers or Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 as amended from time to time, and the stock exchanges having nationwide terminals, other than the Consortium and eligible to procure Applications from Applicants
Registrar to the Issue	Link Intime India Private Limited
SCSBs / Self Certified Syndicate Banks	The banks registered with SEBI, offering services in relation to ASBA and UPI, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes for ASBA and https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmid=40 for UPI, updated from time to time and at such other websites as may be prescribed by SEBI from time to time
SEBI LODR IV Amendment	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2021
Secured borrowings	Debt securities and Borrowings (other than debt securities) secured by way of specific/pari-passu charge on loan assets. This also includes liabilities against securitised assets
Security	The principal amount of the NCDs to be issued together with all interest due and payable on the NCDs, thereof shall be secured by an exclusive charge by way of hypothecation of identified book debts of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, such that a security cover to the extent of at least 110% of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the Final Settlement Date. The NCDs proposed to be issued shall rank <i>pari passu</i> without preference of one over the other except that priority for payment shall be as per applicable date of redemption / repayment
Stock Exchanges	BSE and NSE
Specified Locations	Centers where the member of the Consortium shall accept ASBA Forms from Applicants a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time, and at such other websites as may be prescribed by SEBI from time to time
Sponsor Bank	Banker to the Issue, registered with SEBI, which is appointed by the Issuer to act as a conduit between the Stock Exchanges and NPCI in order to push the UPI Mandate Requests and / or payment instructions of the retail individual investors into the UPI for retail individual investors applying through the app/web interface of the Stock Exchange(s) with a facility to block funds through UPI Mechanism for application value up to UPI Application Limit and carry out any other responsibilities in terms of the SEBI Master Circular
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Centres named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time
Tenor	Tenor shall mean the tenor of the NCDs as specified in the Prospectus
Trading Members	Intermediaries registered with a broker or a sub-broker under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 and/or with the Stock Exchanges under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchanges from time to time and duly registered with the Stock Exchanges for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchanges
Transaction Documents/ Issue Documents	Shall mean Draft Prospectus, Prospectus read with any notices, corrigenda, addenda thereto, Abridged Prospectus, the Issue Agreement, Registrar Agreement, Consortium Agreement, Debenture Trustee Agreement, Public Issue Account and Sponsor Bank Agreement, Tripartite Agreements, Application Form, the Debenture Trust Deed and Security Documents to be executed between our Company and the Debenture Trustee. For further details see, " <i>Material Contracts and Documents for Inspection</i> " on page 314
Tripartite Agreements	Tripartite Agreement dated April 25, 2022 entered into between our Company, Registrar to the Issue and NSDL and Tripartite Agreement dated April 27, 2022 entered into between our Company, Registrar to the Issue and CDSL
UPI ID	Identification created on the UPI for single-window mobile payment system developed by the National Payments Corporation of India.

Term	Description
UPI Application Limit	Maximum limit to utilize the UPI mechanism to block the funds for application value up to ₹500,000 for issues of debt securities pursuant to SEBI Master Circular or any other investment limit, as applicable and prescribed by SEBI from time to time
UPI Mandate Request / Mandate Request	A request initiated by the Sponsor Bank on the retail individual investor to authorize blocking of funds in the relevant ASBA Account through the UPI mobile app/web interface (using UPI Mechanism) equivalent to the bid amount (not exceeding UPI Application Limit) and subsequent debit of funds in case of allotment
UPI Mechanism / UPI	Unified Payments Interface mechanism in accordance with SEBI Master Circular as amended from time to time, to block funds for application value up to UPI Application Limit submitted through intermediaries
Wilful Defaulter	Includes wilful defaulters as defined under Regulation 2(1)(III) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 which includes a Person or a company categorized as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes a company whose director or promoter is categorized as a wilful defaulter
Working Day	Working day means all days on which commercial banks in Mumbai, are open for business. In respect of announcement or bid/issue period, working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Further, in respect of the time period between the bid/ issue closing date and the listing of the NCDs on the Stock Exchanges, working day shall mean all trading days of the Stock Exchanges for NCD, excluding Saturdays, Sundays and bank holidays, as specified by SEBI

Technical/Industry Related Terms/Abbreviations

Term	Description
AI	Artificial intelligence
ALM	Asset liability management
AMC	Asset management company
AMFI	Association of Mutual Funds of India
AML	Anti-money laundering
AUM	Assets under management (Loans)
BC	Business correspondent
BFSI	Banking, financial services and insurance
Budget 2023	Union Budget for Fiscal 2023
CAGR	Compound annual growth rate
CCIL Repo	CCIL Repos are overnight secured lending/borrowings lien marked against government securities in India. The transactions are done through the Clearing Corporation of India Ltd (CCIL)'s platform.
CIBIL	TransUnion CIBIL Limited
CRAR	Capital to risk-weighted assets ratio (also termed as capital adequacy ratio "CAR")
CRIF	CRIF High Mark Credit Information Services Private Limited
CrPC	Code of Criminal Procedure, 1973
CSR	Corporate social responsibility
DLG	Default Loss Guarantee
DPD	Days past due
ECL	Expected credit loss/ Impairment loss allowance
EMI	Equated monthly installment
Expense ratio	Ratio of operating expenses related to insurance business to net written premiums earned.
FBSM	Funds beyond solvency margin
Finance Act	Finance Act, 2023
GDP	Gross domestic product
Gross NPA (%) of AUM	Represents the closing balance of the gross carrying amount - Stage 3 – Loans to gross AUM for the relevant business as of the last day of the relevant period.

Term	Description
GWP	Gross written premium
HFC	Housing finance company
IBNR	Incurred but not reported, which is a reserve to provide for insurance claims incurred before the valuation date but are still to be reported to the insurer by such date.
IBNER	Incurred but not enough reported, which is a reserve reflecting expected changes (increases and decrease) in estimates for reported insurance claims only.
ICRA	ICRA Limited
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information technology
JLG	Joint liability group
KYC	Know Your Customer
LAP	Loans against property
LMS	Loan management system
MAU	Monthly active users, which represents the number of Navi App user accounts through which one or more of our Company's products and services were accessed during the relevant month.
Master Directions	Master Direction - Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023, as amended.
Metro and tier-1 cities	Cities in India having a population cluster of more than 100,000 people
MFI	Microfinance institution
ML	Machine learning
Navi App	NTL's mobile application, available on the Google Play Store and iOS App Store, through which the Company offers its personal loans and home loans offerings (on the Google Play Store and the iOS Store).
NBFC	Non-banking financial company registered with the RBI
NBFC-MFI	Non-banking financial company – microfinance institution registered with the RBI
Net NPA (%) of AUM	Represents the closing balance of the net NPA (gross carrying amount - stage 3 – Loans less impairment loss allowance – stage 3 loans) to net AUM for the relevant business as of the last day of the relevant period.
NPA	Non-performing asset/ Stage 3 loans
PAR	Portfolio at risk
Personal Loan Interested User Base	Users installing the Navi App through personal loan ad campaigns, or clicking on personal loans after opening the Navi App.
RBI	Reserve Bank of India
Secured borrowings	Debt securities and Borrowings (other than debt securities) secured by way of specific/pari-passu charge on loan assets. This also includes liabilities against securitised assets.
SFB	Small finance bank
STT	Securities transaction tax
TAT	Turnaround time
TER	Total expense ratio
TPA	Third-party administrator
Unsecured borrowings	Borrowings other than secured borrowings (as defined above)

Conventional and general terms

Term	Description
₹/ Rs. / INR/ Rupees	The lawful currency of the Republic of India
AGM	Annual general meeting
AS	Accounting standard
AIF	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as amended from time to time
AY	Assessment year

Term	Description
BSE	BSE Limited
CAGR	Compounded annual growth rate
CARE	CARE Ratings Limited
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, or the Companies Act, 2013, as applicable
Companies Act, 2013	Companies Act, 2013, and rules made thereunder
Consumer Protection Act	Consumer Protection Act, 1986
CrPc	Code of Criminal Procedure, 1973
COVID-19	Pandemic caused due to the worldwide spread of the novel coronavirus disease
COO	Chief Operating Officer
CSR	Corporate social responsibility
Depositories Act	The Depositories Act, 1996
DRR	Debenture redemption reserve
EGM	Extraordinary general meeting
EPS	Earnings per share
FEMA	Foreign Exchange Management Act, 1999
Fiscal / Financial Year / FY	Financial year ending March 31
GDP	Gross domestic product
GoI	Government of India
HUF	Hindu undivided family
IBC	Insolvency and Bankruptcy Code, 2016
IFRS	International financial reporting standards
IFSC	Indian financial system code
Ind AS	Indian Accounting Standards
Indian GAAP	Generally accepted accounting principles in India
IRDAI	Insurance Regulatory and Development Authority of India
ISIN	International securities identification number
IST	Indian standard time
IT Act	Income Tax Act, 1961
ITAT	Income Tax Appellate Tribunal
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
NACH	National automated clearing house
NEFT	National electronic funds transfer
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent account number
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Reserve Bank HFC Directions	Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, as amended
RTAs	Registrar and share transfer agents
RTGS	Real time gross settlement
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957

Term	Description
SEBI	Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI Debenture Trustee Regulations	Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI LODR Regulations/ SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI NCS Regulations/ Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021
SEBI Master Circular	Master Circular no. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 issued by SEBI and as updated on July 7, 2023, as amended
SEBI Master Circular for Debenture Trustees	Circular no. SEBI/HO/DDHS-PoD1/P/CIR/2023/109 dated March 31, 2023 issued by SEBI and updated as on July 6, 2023, as amended
TDS	Tax deducted at source

FORWARD-LOOKING STATEMENTS

Certain statements in this Draft Prospectus that are not statements of historical fact constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe strategies, objectives, plans or goals are also forward-looking statements.

All statements regarding expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to business strategy, revenue and profitability, new business and other matters discussed in this Draft Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results, including financial conditions and results of operations to differ from expectations include, but are not limited to, the following:

- a. Reliance of lending business operations intensively on substantial capital;
- b. Volatility in interest rates in both our Company’s lending and treasury operations;
- c. Inability to sustain our Company’s growth or manage it effectively;
- d. Any defaults by the customers of our Company in their repayment obligations;
- e. The inability of our Company to meet their obligations, including financial and other covenants under our financing arrangements;
- f. Regulatory changes pertaining to the NBFC industry; and
- g. Inability to maintain our capital adequacy ratio could adversely affect our business.

For further discussion of factors that could cause our actual results to differ, see “Risk Factors” on page 16.

All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the “Industry Overview”, “Our Business” and “Outstanding Litigations and Defaults” on pages 89, 98 and 252 respectively.

The forward-looking statements contained in this Draft Prospectus are based on the beliefs of our management, as well as the assumptions made by and information currently available to our management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

By their nature, certain market risk disclosures are only estimate(s) and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, our Directors and officers, nor any of our respective affiliates or the Lead Manager have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI NCS Regulations, as amended, our Company and the Lead Manager will ensure that investors are informed of material developments between the date of filing the Prospectus with the RoC and the date of receipt of listing and trading permission being obtained from the Stock Exchanges for the NCDs.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY PRESENTATION

General

In this Draft Prospectus, unless the context otherwise indicates or implies, references to "you", "offeree", "purchaser", "subscriber", "recipient", "investors" and "potential investor" are to the prospective investors in this Issue, references to our "Company", the "Company", "we", "us", "our" or the "Issuer" are to Navi Finserv Limited.

In this Draft Prospectus, references to "Rupees", "₹", "Rs.", "INR" are to the legal currency of India and references to "USD", "US\$" are to the legal currency of the United States. All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions and all references to "India" are to the Republic of India and its territories and possessions, and the "Government", the "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

Certain figures contained in this Draft Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than two decimal points to conform to their respective sources. India has decided to adopt the "Convergence of its existing standards with IFRS with some difference" referred to as the "Indian Accounting Standards" or "Ind AS". In terms of a notification released by the MCA, our Company is required to prepare its financial statements in accordance with Ind AS for accounting periods beginning on April 1, 2019.

In this Draft Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off. Except otherwise specified, our Company has presented numerical information in this Draft Prospectus in units of "lakhs", "millions" or "billions". One lakh represents 100,000, one million represents 1,000,000 and one billion represents 1,000,000,000.

Unless otherwise stated, references in this Draft Prospectus to a particular year are to the calendar year ended on December 31.

Unless stated otherwise all references to time in this Draft Prospectus are to Indian standard time.

Presentation of Financial Information

The current financial year of our Company commences on April 1 and ends on March 31 of the next year, so all references to particular "financial year", "fiscal year" and "fiscal" or "FY", unless stated otherwise, are to the 12 months period ended on March 31 of that year.

The Audited Financial Statements in this Draft Prospectus consist of Audited Standalone Financial Statements and Audited Consolidated Financial Statements, and have been prepared in accordance with Ind AS, as applicable, applicable standards and guidance notes specified by the ICAI, applicable accounting standards prescribed by the ICAI, Companies Act, as applicable and other applicable statutory and/or regulatory requirements.

Unaudited Standalone Interim Financial Results for the quarter ended September 30, 2023 have been prepared in accordance with recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued there-under and other accounting principles generally accepted in India and Regulation 52 of the SEBI Listing Regulations. The Unaudited Standalone Interim Financial Results are not indicative of full year results and are not comparable with annual financial information.

The Audited Financial Statements and the related audit reports, as issued by the Statutory Auditor and Previous Statutory Auditor and Unaudited Standalone Interim Financial Results along with limited review report, as issued by the Statutory Auditor of our Company, as applicable are included in this Draft Prospectus in "Financial Information", beginning on page 320.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India;

- “USD” or “US\$” or “\$” are to United States Dollar, the official currency of the United States of America.

Our Company has presented all numerical information in this Draft Prospectus in “lakh” units, “million” units, “billion” units or in whole numbers where the numbers have been too small to represent in lakhs, millions or billions. One lakh represents 100,000, one million represents 1,000,000 and one billion represents 1,000,000,000.

Exchange Rates

This Draft Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI NCS Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and USD (in Rupees per USD):

Currency	As at				
	December 31, 2023	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	83.12	83.06	82.22	75.81	73.50

Source: RBI reference rate and www.fbil.org.in

In case any date of any of the respective years/ period is a public holiday, the previous working day not being a public holiday has been considered.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Prospectus has been obtained from various industry publications and sources, including (a) the report titled “Research Report on Retail and Housing Finance Industry ” released in India in December 2023 by CareEdge (the “**CARE Report**”), which has been paid for and commissioned by our Company for an agreed fee. CareEdge has been commissioned by our Company for the purposes of confirming our understanding of the industry in which the Company operates, in connection with the Issue.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but accuracy, completeness and underlying assumptions of such third-party sources are not guaranteed. Although the industry and market data used in this Draft Prospectus is reliable, the data used in these sources may have been re-classified by us for the purposes of presentation however, no material data in connection with the Issue has been omitted. Data from these sources may also not be comparable.

Disclaimer of CareEdge

This Draft Prospectus contains data and statistics from the CARE Report, which is subject to the following disclaimer:

“The CARE Report is prepared by CARE Analytics and Advisory Private Limited (CareEdge Research). CareEdge has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in CareEdge’s proprietary database, and other sources considered by CareEdge as accurate and reliable including the information in public domain. The views and opinions expressed herein do not constitute the opinion of CareEdge to buy or invest in this industry, sector or companies operating in this sector or industry and is also not a recommendation to enter into any transaction in this industry or sector in any manner whatsoever.

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The extent to which the market and industry data used in this Draft Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors*”, on page 16. Accordingly, investment decisions should not be based solely on such information.

SECTION II: RISK FACTORS

Prospective investors should carefully consider the risks and uncertainties described below, in addition to the other information contained in this Draft Prospectus including the section titled “Our Business” at page 98 of this Draft Prospectus, section titled “Financial Information” at page 320 of the Draft Prospectus respectively, before making any investment decision relating to the NCDs. If any of the following risks or other risks that are not currently known or are now deemed immaterial, actually occur, our business, financial condition and results of operation could suffer, the trading price of the NCDs could decline and you may lose all or part of your interest and/or redemption amounts. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition.

Our Company’s lending products (i.e. personal loans and home loans) are exclusively distributed through the cash loan app (‘Cash Loan App’) and home loan app (‘Home Loan App’), which is available on the ‘Navi’ app, which is a mobile application developed by our Promoter, NTL (“Navi App”). Our Company has entered into an Outsourcing Agreement for, inter alia, technology based services, cash management and loan distribution, operations, collections, and taxation. Any references to “the App” in this section are to be read as references to the Cash Loan App and Home Loan App on the Navi App.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

Unless the context otherwise requires, indicates or implies, “we”, “us” or “our” refers to our Company.

This Draft Prospectus contains forward looking statements that involve risk and uncertainties. Our Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of several factors, including the considerations described below and elsewhere in this Draft Prospectus.

Unless otherwise mentioned the financial and operation information in this section are on standalone basis for our Company. Please note that as on the date of this Draft Prospectus the Company does not have any subsidiary. For further details please see section titled “History and Corporate Matters” and “Material Developments” on page 122 and 314, respectively.

INTERNAL RISKS

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 Financial Years 2023, 2022 and 2021, the capital adequacy ratio of our Company was 25.56%, 28.37%, 30.73% and 38.04%, 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. 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 and CARE A1 by CARE. For further details see, “Our Business” on page 98. 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. Further, the rate of interest that we charge on our loans impacts the market demand of the loans.

The table below sets forth details relating to the carrying amount of our interest-bearing financial assets (loan assets) as of the dates indicated:

(in ₹ million)

Interest-bearing Financial Assets (Loan Assets)	For the six months period ended September 30, 2023	As of March 31,		
		2023	2022	2021
In our Company				
Fixed interest-bearing financial assets (loan assets) in our Company.....	67,635.81	59,958.33	26,221.03	6,240.07
Floating interest-bearing financial assets (loan assets) in our Company....	7,257.62	6,123.55	3,086.39	33.06

The table below sets forth details relating to our standalone interest income from loans and adjusted finance cost (excluding interest on lease liabilities and interest on current taxes) as of the dates indicated:

(in ₹ million)

Particulars	For the six months period ended September 30, 2023	For the year ended March 31,		
		2023	2022	2021
Interest on loans (measured at amortised cost and FVOCI).....	7,092.45	11,482.82	2,528.18	767.18
Adjusted finance costs (Refer to Note 1)	2,984.52	4,240.72	801.64	121.74

Note 1 – Adjusted Finance Costs

(in ₹ million)

Particulars	For the six months period ended September 30, 2023	For the year ended March 31,		
		2023	2022	2021
Finance costs (A)	3,050.67	4,266.47	808.64	122.13
Less - Interest on lease liability (B)	66.15	25.75	7.00	0.39
Less - Interest on income tax (C)	-	-	-	-
Adjusted finance cost [D = A- B-C]	2,984.52	4,240.72	801.64	121.74

Our interest income is affected by any volatility in interest rates in our lending businesses. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the Reserve Bank of India (“RBI”), deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. For example, the RBI announced a sixth repo rate hike to 6.50% (an increase of 25 basis points) with immediate effect on February 8, 2023. Moreover, if we have to pass on any increase in the interest rates we pay on

our borrowings to our customers, we may find it difficult to compete with our competitors, who may have access to low-cost funds or lower cost deposits.

The table below sets forth details relating to our exposure to interest-bearing liabilities as of the dates indicated:

Interest-bearing Liabilities	For the six months period ended September 30, 2023	As of March 31,		
		2023	2022	2021
In our Company				
Fixed interest-bearing liabilities (excluding CCIL Repo) in our Company	36,651.40	30,320.96	13,023.16	100.00
Floating interest-bearing liabilities (excluding CCIL Repo) in our Company	26,868.75	25,021.64	14,881.74	3,661.22

(in ₹ million)

Further, to the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than lenders that borrow only at fixed interest rates. In a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, it could lead to a reduction in our net interest income and net interest margin.

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 in the past entered into swaps and derivatives arrangements and 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, including pursuant to the measures taken by us for protection against interest rate volatility, 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 ₹8,602.64 million for the six months period ended September 30, 2023 ₹12,830.16 million in the Financial Year 2023 and ₹ 4,571.19 million in the Financial Year 2022 from ₹ 3,366.83 million in the Financial Year 2021, representing a CAGR of 95.21% from Financial Year 2021 to Financial Year 2023. 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. The launch of new products or business lines may be subject to approval or licensing requirements by the relevant regulatory authorities. Further, 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. We have entered into co-lending arrangements with certain other non-banking financial companies. We cannot assure that such co-lending arrangements will not be terminated or paused which may impact the growth of our business. 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 or other methods

In addition, as we enter new markets and geographical regions, we are likely to compete with not only banks, NBFCs, 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.

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 business, 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.

We also provide loans to customers who are self-employed. Self-employed customers are often considered to be higher credit risk customers due to their increased exposure to fluctuations in cash flows particularly in adverse economic conditions. To the extent we are unable to successfully manage the risks associated with lending to self-employed customers, it may become difficult for us to recover outstanding loan amounts from such customers. We cannot assure you that our risk management controls will be sufficient to prevent future losses on account of customer defaults, which may adversely affect our business, results of operations and financial condition.

Our ability to manage the credit quality of our loans, which we measure in part through Stage 3 Assets, is a key driver of our results of operations. Our Company's personal loan portfolio has grown during the six months ended September 30, 2023, the Financial Year ended March 31, 2023 and March 31, 2022, and we continue to pursue our expansion strategy. As of September 30, 2023, March 31, 2023 and March 31, 2022, our Company's Stage 3 Assets were ₹1,952.95 million, ₹1,134.98million and ₹ 229.64 million, respectively, while our Company's Stage 3 Assets to AUM (for personal loans) was 2.89%, 1.84% and 0.91%, respectively.

Further, our Company's personal loans portfolio, as of September 30, 2023, March 31, 2023 and March 31, 2022, our Stage 3 Assets (net) were ₹189.51 million, ₹ 200.02 million and ₹ 8.14 million, respectively, while our Company's Stage 3 Assets (net) to AUM (net) was 0.29%, 0.33% and 0.03%, respectively. In addition, a significant portion of our loan portfolio is relatively new and was disbursed during the last financial year. We believe that the risk of delinquency in our loans typically emerges from four to 12 months from disbursement. Our risk performance index

is based on vintage curves as our book maturity from risk of delinquency is on the lower end. We cannot assure you that we will be able to maintain or reduce our current levels of Stage 3 Assets in the future.

Further, as NBFCs, we are regulated by the RBI and are required to adhere to the prudential norms on income recognition, asset classification and provisioning (“**IRACP**”) notified by the RBI from time to time, in addition to the Ind AS accounting and provisioning requirements applicable to our Company in the ordinary course. For instance, on November 12, 2021, the RBI issued a circular titled “Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications” (“**November 12 Circular**”) with a view to ensuring uniformity in the implementation of IRACP norms across all lending institutions. The November 12 Circular, among other matters, requires borrower accounts to be flagged as overdue by lending institutions as part of their day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as special mention accounts (“**SMA**”) as well as NPA is required to be undertaken as part of day-end processes for the relevant date, such that the date of SMA/ NPA shall reflect the asset classification status of an account at the day-end of that calendar date. The November 12 Circular clarifies that the SMA classification requirement for borrower accounts is applicable to all loans, including retail loans, irrespective of size of exposure of the lending institution. Further, the November 12 Circular provides that accounts classified as NPAs may be upgraded to ‘standard’ only if the entire arrears of interest and principal are paid by the borrower, as opposed to such upgradation being undertaken upon payment of only interest overdues. We cannot assure that the impact of the November 12 Circular will not impact our current levels of NPAs in the future. Further, as our loan portfolio grows, our NPAs may increase and the current level of our provisions may not adequately cover any such increases. General economic slowdown or financial difficulties faced by our customers could unexpectedly increase delinquency rates. We cannot assure you that there will not be a significant increase in the portion of our loans that are classified as NPAs (based on November 12 Circular) as our loan portfolio matures or that any of the steps taken by us in avoiding repeat delay and / or default of loan repayments by our borrowers will be sufficient.

On December 14, 2021, the RBI issued a circular titled “Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs)” (“**PCA Framework Circular**”) to enable supervisory intervention and implement remedial measures of NBFCs, including NBFC-NDs, on the basis of tracking certain indicators such as CRAR, Tier I Capital Ratio and Net NPA Ratio. Pursuant to the PCA Framework Circular, the PCA framework for NBFCs will come into effect from October 1, 2022, based on the financial position of NBFCs on or after March 31, 2022. We cannot assure you that in the future, we will be able to maintain the thresholds prescribed by the RBI under the PCA Framework Circular.

As of September 30, 2023, March 31, 2023 and March 31, 2022, our Company’s gross NPA to total AUM ratio for our personal loans business was 2.89%, 1.84% and 0.91%, respectively, and our Company’s Net NPA to net AUM was 0.29%, 0.33% and 0.03%, respectively. For the six months ended September 30, 2023, Financial Year 2023 and the Financial Year 2022, our Company’s provisions for standard assets amounted to ₹2,939.88 million, ₹ 3,163.98 million and ₹1,290.10 million, respectively, in our personal loans business. For the same periods, our Company’s provision for non-performing assets amounted to ₹1,763.44 million, ₹ 934.97 million and ₹ 221.50 million, respectively, in such business.

As of September 30, 2023, March 31, 2023 and March 31, 2022, our Company’s gross NPA to total AUM ratio for our home loans business was 0.21%, 0.04% and NIL. For the six months ended September 30, 2023 and Financial Year March 31, 2023, our Company’s provisions for standard assets amounted to ₹46.91 million and ₹ 96.42million in our home loans business.

Our unsecured personal loans present a higher risk of loss in case of a credit default as compared to loans to customers in other asset-backed financing products. In addition, there can be no assurance that our models will be able to successfully predict the default behaviour of our personal loan customers or that our loan loss reserves will be sufficient to cover any actual losses. Further, we offer unsecured loan products with a larger ticket size, longer tenor and lower interest rate options for repeat customers. If there is a default by customers on repayment of such unsecured loans or if we are unable to recover our principal and interest through legal proceedings, we may experience increased levels of NPAs and we may be required to make related provisions and write-offs that may have an adverse effect on our business, financial condition, results of operations and cash flows.

In respect of our home loans, in the event of default by our customers, there can be no assurance that we will be able to sell the property secured as collateral at all or at a price sufficient to recover the amounts under default due to among other things, unforeseen delays in our ability to take immediate action, winding up and foreclosure proceedings, defects in title, defects in perfection of the collateral or documentation relevant to the assets, fraudulent transfers by our customers and/or builders and the necessity of obtaining regulatory approvals and/or court orders for the enforcement of our collateral over those assets.

As of December 31, 2023, our Company had secured borrowings of ₹ 55,786.59 million and unsecured borrowings of ₹7,629.37 million. For further details, see “*Disclosures on Existing Financial Indebtedness*” on page 145.

Further, certain ownership documents of the immovable properties that are mortgaged to us may not be duly registered or adequately stamped. Failure to adequately stamp and register a document may render the document inadmissible in evidence. Consequently, should any default arise in relation to home loans, we may be unable to, or may incur additional expenses to, enforce our rights in relation to such mortgaged properties. In addition, for home loans extended for properties that are still under construction, we may face risks of non-payment in the event that the builders do not complete construction of the properties on time, or at all, due to cashflow or other issues. Further, if any of our customers take recourse to arbitration or litigation against our claims, it may cause a further delay in our recovery process leading to depreciation of the collateral. A failure or delay in recovering the expected value from sale of collateral could expose us to a potential loss. Any such losses could adversely affect our business prospects, financial condition and results of operations.

Further, we are required to adhere to provisioning requirements pursuant to the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended (“**Master Directions**”). If future regulations require us to increase our provisions for any reason, our profits may be adversely affected. Also, our ability to raise additional capital and debt financing as well as our results of operations and financial condition could be adversely affected as a result thereof. The amount of our reported NPAs may increase in the future due to the aforementioned factors and other factors beyond our control, and we cannot assure you that we will be able to effectively control or reduce the level of the impaired loans in our total AUM. If we are unable to manage our NPAs or adequately recover our loans, our business, financial condition and results of operations will be adversely affected. In addition, our current loan loss reserves may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of our total AUM. If the quality of our loan portfolio deteriorates, we may be required to increase our loan loss reserves. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, this could have an adverse effect on our business, financial condition and results of operations.

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 December 31, 2023, our outstanding borrowings (both secured and unsecured) on a standalone basis aggregated to ₹63,415.96 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. For details in relation to our outstanding indebtedness and certain indicative terms of our borrowing facilities, see “*Disclosures on Existing Financial Indebtedness*” on page 145. 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. For details of the indicative events of default and the consequences of events of default under our borrowing arrangements, see “*Disclosures on Existing Financial Indebtedness*” on page 145. 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. For details in relation to our outstanding indebtedness and certain indicative terms of our borrowing facilities, see “*Disclosures on Existing Financial Indebtedness*” on page 145.

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. Further, there have been instances of technical defaults in the past by our Company, which had been reported to the Central Repository of Information on Large Credits. While these non-compliances were waived by the relevant lenders, and not considered as breach of terms by the lenders, we cannot assure you that any future instances of non-compliances shall be treated by the lenders in a similar manner.

The negative covenants as mentioned in this risk factor and in the section “*Disclosures on Existing Financial Indebtedness*” on page 145, and other clause/covenants of a similar nature under the financing arrangements entered into by us with our lenders are in the ordinary course of business and will continue post listing of the NCDs, as is customary for such borrowing arrangements for listed and unlisted companies. Any inability to meet our obligations under such financing arrangements could adversely affect our business, results of operations and financial condition.

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, 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, defenses, 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 is applicable to our Company. 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. For instance, recently, the RBI vide its notification dated August 18, 2023 issued guidelines to ensure fair lending practices. Through this notification, the regulated entities including NBFCs can now in cases of non-compliance of material terms and conditions of loan, can only apply ‘penal charges’ as opposed to ‘penal interest’ earlier, which would result in no further interest being computed on such charges. Such changes may result in borrowers not maintaining discipline resulting in adverse effect on our cash flows and future financial performance.

For details, see “Regulations and Policies” on page 277 and for details of penalties levied on us pursuant to non-compliance with the Listing Regulations in the past, see “Outstanding Litigations and Defaults – Details of inquiries, inspections or investigations initiated or conducted under the Securities laws, Companies Act, 1956 or the Companies Act, 2013 against our Company in the last three years along with Section wise details of prosecutions filed (whether pending or not), fines imposed or compounding of offences against our Company in the last three years” on page 257. Further, as required under Regulation 24A(2) of the SEBI LODR Regulations, our Company has filed the annual secretarial compliance report for the financial year ended March 31, 2023 on June 3, 2023 i.e., post the due date for filing which was May 30, 2023. While no regulatory actions have been taken or notices been issued to us in this regard, we cannot assure that no such actions will be taken against us in the future or that we will be in compliance with the applicable compliance requirements on a continuous basis.

Further, as of September 30, 2023, we employed 955 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 2, 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. For further information on laws and regulations applicable to us, see “Regulations and Policies” on page 277.

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%. For details, see “Regulations and Policies” on page 277.

For the six months period ended September 30, 2023, Financial Years 2023, 2022 and 2021, the capital adequacy ratio of our Company was 25.56%, 28.37%, 30.73% and 38.04%, respectively. We cannot assure you that we will be able to raise adequate capital in the future on terms favourable to us, or at all, which may adversely affect the growth of our business. Further, the RBI may also in the future require compliance with other prudential norms and standards, which may require us to alter our business and accounting practices or take other actions that could adversely affect our business and operating results. Specifically, as the Company complies with the ICAAP (Internal Capital Adequacy Assessment Process) expectations applicable as part of the scale based regulations, there may be additional capital requirements to material risks incremental to the base Risk Weighted Assets computed

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 observations 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 in relation to frequent changes in board of directors, key management personnel, matters relating to board and committee composition for the last three Financial Years and on oversight on key operations, (iv) no

detailed board review of customer grievance redressal provided by Company, (v) certain gaps in regulatory guidelines on KYC requirements, (vi) observations related to adherence to regulatory guidelines on direct assignment transactions, (vii) observation on protection of personal data of borrowers; (viii) outsourcing issues, (ix) certain gaps in the systems for prevention/ identification of frauds; (x) deficiency in investment management; (xi) oversight in compliance of internal audit systems and (xii) instance of a breach of single borrower limit.

In relation to the observations set out above, our Company has responded to such observations, and the actions and corrective measures have either been taken by our Company or are in various stages of compliance. Pursuant to the past RBI inspections and these observations, we have responded to the RBI with corrective actions, including, *inter alia*, 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 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 operations of 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 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 contractability 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. *The cloud computing software and data centres for the primary and backup data storage of our Promoter, NTL, may experience system downtime, prolonged power outages or shortages.*

Our Promoter, NTL, relies on a cloud strategy pursuant to which the relevant applications and systems, including the Navi App, loan management system, underwriting engine, collections portal, CRM portal, are deployed with one service provider and internal IT assets are hosted with a different third-party service provider. In this regard, we are unable to guarantee that we will not experience system downtime. In addition, the data centres for our primary and backup data storage are regulatorily required to be based in India. The data centre may be susceptible to, *inter alia*, regional costs of power, power shortages, planned or unplanned power outages and limitations on the availability of adequate power resources. Power outages, including, but not limited to those relating to large storms, earthquakes, fires and floods, could harm our customers and our businesses. Although we leverage our technology initiatives for periodic, often fortnightly, upgrades of the Navi App with the goal of ensuring a 24 hour uptime, any disruption in the operation of our cloud computing software and data centres could negatively impact our business results of operations and financial condition.

12. *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. We have also received a notice from the Ministry of Electronics and Information Technology in relation to a blocking request under Section 69A of the IT Act from the Ministry of Home Affairs for blocking of the Navi App, for details see "*Outstanding Litigations and Defaults – Litigation against our Company – Actions Taken by Regulatory and Statutory Authorities*" on page 252.

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.

13. *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 Cash Loan App and the Home Loan App which are available on 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.

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.

14. *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 and home loans 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.

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.

15. *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 September 30, 2023, we employed 955 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.

Further, we have had frequent changes in some of our KMPs in the past. Such high attrition rates could also have significant impacts on our business continuity. Failure to effectively train and motivate our employees may result in an increase in attrition rates thus affecting our loan origination and collection rates, increasing our exposure to high-risk credit and imposing significant costs on us.

16. *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.

17. *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.

18. *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.

19. *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. Also see, “ – *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*” on page 25.

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.

Further, our Company has entered into Outsourcing Agreement with our Promoter. Our results of operations are dependent on uninterrupted and quality services being provided to us pursuant to such master services and service outsourcing agreements. In addition, under such agreements, our Promoter, NTL, has indemnity obligations in relation to any data breaches or data security incidents which are directly attributable to our Promoter. However, we cannot assure you that such indemnity obligations will be invoked successfully in the future and any disruption or inefficiency in the services provided to us will not have an adverse effect on our business, results of operations and financial condition.

20. *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.

21. There is outstanding litigation pending against us, our Promoter, Directors and 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 and 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. For details, see “*Outstanding Litigations and Defaults*” on page 252. Brief details of material outstanding litigation that have been initiated by and against us, our Promoter, our Directors and our Group Companies is set forth below:

(in ₹ million, unless otherwise specified)

	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary action by SEBI or Stock Exchanges against Promoters	Material civil litigation	Other Proceedings	Aggregate amount involved*
Company							
By the Company	83	-	N.A	N.A	-	-	2.51
Against the Company	1	8	3 [^]	N.A	-	1	11.42
Directors							
By the Directors	-	-		N.A	3	-	-
Against the Directors	2	2	3	N.A	1	7	3.71
Promoter							
By the Promoter	-	-	-	-	-	-	-
Against the Promoter	-	2	-	-	-	-	-
Group Companies							
By the Group Companies	-	-	-	-	16	-	23.17
Against the Group Companies	Nil	21	2	-	686	7	1,170.12

* To the extent ascertainable and quantifiable

[^]a. Our Company received a notice dated February 7, 2023 from Ministry of Electronics and Information Technology (“MeitY”) in relation to a blocking request under Section 69A of the IT Act from the Ministry of Home Affairs for blocking of the Navi App. In the request it was alleged that, inter alia, the Navi App is using non-transparent methods to function, collecting exorbitant interest rates and using unauthorised personal information. The notice also mentioned that the MeitY had issued interim blocking directions to block the Navi App under the provisions of section 69A of IT Act, however, this action has not been undertaken as of the date of this Draft Prospectus. Under the notice, MeitY requested our Company to submit its information (including copies of its registration certificates, details of storage, details of investors, grievance redressal mechanism and latest report of applications security audit) by February 8, 2023 to continue usage of the Navi App and provided an opportunity for an in-person meeting on February 8, 2023. Our Company has filed its response dated February 8, 2023 with MeitY with the requisite information and documentation, while denying all allegations made in the notice. Our Company also had an in-person meeting with Inter Ministerial Committee of MeitY (chaired by Mr. Amitesh KR Sinha, Joint Secretary of MeitY) on February 8, 2023 and further substantiated their written response dated February 8, 2023. Subsequently, on the directions of MeitY, our Company submitted an undertaking dated February 9, 2023 to the MeitY confirming compliance with the relevant regulatory requirements in relation to functioning of the Navi App. The matter is currently pending, however, pursuant to submission of the written response and undertaking by our Company, the Navi App was not blocked or taken down and is still available for download and use.

b. Our Company has received an email from BFSI Sector Skill Council of India dated March 10, 2023 alleging that our Company is employing more than 30 persons and not engaging the apprentices or have engaged apprentices less than the 2.5% of our manpower strength including the contractual staff in each financial year in violation of sub-rule (3) of rule 7-B of the Apprenticeship Rules, 1992. Pursuant to the email, BFSI Sector Skill Council of India has requested our Company to make all efforts for engagement of apprentices within the prescribed range of 2.5% to 15% of the total employees’ strength of our Company. Our Company is yet to respond to this email. The matter is currently pending.

c. Our Company, Dimple Shah (who received it in the capacity of our company secretary and is the former company secretary of our Company), Ranganathan Sridharan (who received it in the capacity of our director and is our Independent Director), Samit Shankar Shetty (who received it in the capacity of our director and is our former director), Usha A Narayanan (who received it in the capacity of our director and is our Independent Director), Ankit Agarwal (who received it in the capacity of our director and is our Managing Director) and Sachin Bansal (who received it in the capacity of our director and is our CEO and Executive Chairman) (the “Notice Recipients”) have received a show cause notice dated June 16, 2023 from the Registrar of Companies, Bengaluru in relation to delay of 61 days in the filing of form BEN-2 as per Rule 4 of the Companies (Significant Beneficial Owners) Rules, 2018, pursuant to which the Notice Recipients have been directed to respond within 15 days of receipt of the notice and explain as to why penal action against them under Section 90(4) of the

Companies Act and Rule 4 of the Companies (Significant Beneficial Owners) Rules, 2018 should not be initiated. The Notice Recipients have responded to the show cause notice and have received no further communication pertaining to the same. The matter is currently pending.

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.

22. *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. For an overview of the applicable regulations and the nature of key approvals and licenses to be obtained, see “Regulations and Policies” on page 277.

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 have 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.

23. *Our non-convertible debentures are listed on the Stock Exchanges 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 Stock Exchanges. 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. For details of such listed non-convertible debentures, see “Disclosures on Existing Financial Indebtedness” on page 145.

24. 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. For further details, see “Regulations and Policies” on page 277.

25. 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 six months period ended September 30, 2023, Financial Year 2023 and 2022, our Company’s revenue derived from interest on personal loans was ₹6,730.12 million, ₹ 11,463.92 million and ₹ 1,862.61 million, representing 78.04%, 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.

26. 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. For details of asset liability management maturity pattern, see “General Information” on page 44.

27. There have been certain instances of non-compliances, including with respect to certain secretarial/ regulatory filings for corporate actions taken by our Company 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:

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.

For further details on penalties imposed on our Company due to delays and non-compliances in relation to secretarial and regulatory filings, see “*Outstanding Litigations and Defaults*” on page 252. 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.

28. 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 2023, our Company did not raise funds by way of direct assignment and there was no securitization transaction executed during Fiscal 2023. Further, as at September 30, 2023, the sold portion of our Company's direct assignments outstanding amounted to ₹8,367.95 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.

31. 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.

32. This Draft Prospectus includes certain unaudited financial information, which has been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited.

This Draft Prospectus includes Unaudited Standalone Interim Financial Results of the Company for the quarter and six months ended September 30, 2023 prepared in accordance with Indian Accounting Standards 34 “Interim Financial Reporting”, prescribed specified under the Section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act and which have been approved by the Board of Directors of our Company at their meeting held on November 8, 2023 and submitted by the Company to the Stock Exchanges pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, any reliance by prospective investors on such Unaudited Standalone Interim Financial Results for the six months period ended September 30, 2023 should, accordingly, be limited. Any financial results published in the future may not be consistent with past performance. Accordingly, prospective investors should rely on their independent examination of our financial position and results of operations, and should not place undue reliance on, or base their investment decision solely on the financial information included in this Draft Prospectus.

33. 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 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.

34. 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. Further, we have entered into a Trade Mark License Agreement dated January 6, 2023, effective from December 1, 2022, with our Promoter, pursuant to which our Company has been granted a limited, conditional, restricted, revocable, non-exclusive, non-assignable, non-transferable and non-sub-licensable licenses to use the name and logo “NAVI”. Further, our Promoter has applied for the registration of the “Navi” trademark under classes 9, 36 and 42. 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. Our Company, has received a legal notice dated April 7, 2022 from Bajaj Finserv Limited to cease and desist from using the word “Finserv”. If such claims are raised in the future, these claims could result in costly litigation, divert management’s attention and resources, and may subject us to significant liabilities. Any of the foregoing could have an adverse effect on our business, results of operations and financial condition.

35. Our operations could be adversely affected by strikes or demands by our employees or any other kind of disputes with our employees.

We have not experienced any material employee unrest in the recent past, however we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any employee unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. Such employee actions are difficult or impossible for us to predict or control and any such event could adversely affect our business, results of operations and financial condition.

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

As on the date of this Draft Prospectus, 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.

37. 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
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. For further details on our contingent liabilities, see also "Financial Information" on page 320.

38. 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. For details on our related-party transactions, see "Our Management – Related Party Transactions" on page 183. 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.

39. The objects of the Issue have not been appraised by any bank or financial institution. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control. Any variation in the utilisation of the Net Proceeds or in the terms of the conditions as disclosed in this Draft Prospectus would be subject to certain compliance requirements, including prior shareholders' approval.

We intend to use the Net Proceeds of the Issue for the purpose of onward lending and financing, as described in "Objects of the Issue" on page 68. At this stage, we cannot determine with any certainty if we would require the Net Proceeds to fund any other expenditure or any exigencies arising out of changes in our competitive environment, business conditions, economic conditions or other factors beyond our control.

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates and current market conditions, and have not been appraised by any bank or financial institution or other independent agency. It is subject to amendment due to changes in external circumstances, costs, other financial condition or business strategies. We operate in a highly competitive and dynamic industry and may need to revise our estimates from time to time based on changes in external circumstances or costs, or changes in other financial conditions, business or strategy. This may entail rescheduling, revising or cancelling planned expenditure and funding requirements at our discretion. For details, see “*Objects of the Issue*” on page 68. Additionally, various risks and uncertainties, including those set forth in this “*Risk Factors*” section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth.

40. *We have not entered into any definitive agreements to utilise a substantial portion of the net proceeds of the Issue.*

We intend to use the Net Proceeds for the purposes described in “*Objects of the Issue*” on page 68 of this Draft Prospectus. Our management will have broad discretion to use the Net Proceeds and you will be relying on the judgment of our management regarding the application of these Net Proceeds. Our funding requirements are based on current conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time. Any such change in our plans may require rescheduling of our current plans or discontinuing existing plans and an increase or decrease in the fund requirements for the objects, at the discretion of the management. Pending utilisation for the purposes described above, we intend to temporarily invest the funds in interest bearing liquid instruments. Such investments would be in accordance with the investment policies approved by our Board from time to time.

41. *This Draft Prospectus contains information from third parties including reports prepared by independent third-party research agencies, which we have commissioned and paid for purposes of confirming our understanding of the industry. There can be no assurance that such third party statistical, financial and other industry information is either complete or accurate.*

The industry and market information contained in this Draft Prospectus includes information that is derived from the report entitled “*Research Report on Retail and Housing Finance Industry*” dated December 2023 prepared by an independent third-party research agency, CARE Analytics and Advisory Private Limited (CareEdge Research) . The report has been commissioned and paid for by us for the purposes of confirming our understanding of our industry in connection with the Issue. The report uses certain methodologies for market sizing and forecasting, and may include numbers relating to us that differ from those we record internally. While we believe such information to be true, we cannot assure you that such information is complete or reliable. Given the scope and extent of the reports, disclosures herein are limited to certain excerpts and the reports have not been reproduced in their entirety in this Draft Prospectus. There are no parts, data or information (which may be relevant for the Issue) that have been left out or changed in any manner. Accordingly, investors should read the industry-related disclosure in this Draft Prospectus in this context.

Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ from those included in this Draft Prospectus. While these industry sources and publications may take care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

42. *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 December 31, 2023. Our Promoter exercises 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.

43. 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:

Particulars	For the Financial Year Ended March 31,		
	2023	2022	2021
	<i>(₹ in millions)</i>		
Net cash flows (used in)/generated from operating activities	(38,286.91)	(11,669.00)	6,173.63
Net cash flows (used in)/generated from investing activities	(448.02)	(2.94)	(1.75)
Net cash flows (used in) /generated from financing activities	38,082.62	14,386.82	(5,336.33)

For further details, see “Financial Information” on page 320.

44. This Draft Prospectus contains certain Non-GAAP measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the industry.

This Draft Prospectus includes certain non-GAAP measures, including, *inter alia*, Net Worth, AUM, Total Debts to total assets, Bad debts to Loans ratio, Gross NPA (%), Net NPA (%) and CRAR% which are a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. We consider these non-GAAP measures useful in evaluating our business and financial performances. However, these non-GAAP measures are not alternatives to any measure of performance or liquidity or as an indicator of our operating performance or liquidity. They should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. There are no standard methodologies in the industry for computing such measures, and those non-GAAP measures we included in this Draft Prospectus may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

Risks relating to the Issue and the NCDs

45. 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.

46. 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.

47. 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 “CRISIL A/Stable” by CRISIL, vide its letter dated January 15, 2024. 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 CRISIL 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 321 of this Draft Prospectus for rating letters and rationale for the above rating.

48. *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 December 31, 2023, our Company’s secured borrowings was ₹55,786.59 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.

49. *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.

50. *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.

51. *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.

52. *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.

53. *There may be a delay in making refund/ unblocking of funds to Applicants.*

We cannot assure you that the monies refundable to you, on account of (i) withdrawal of your applications, (ii) our failure to receive minimum subscription in connection with the Base Issue, (iii) withdrawal of the Issue, or (iv) failure to obtain the final approval from the BSE and NSE for listing of the NCDs, will be refunded to you in a timely manner. We however, shall refund / unblock such monies, with the interest due and payable thereon (in case of any delays) as prescribed under applicable statutory and/or regulatory provisions.

54. *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.

EXTERNAL RISKS

Risks Relating to India

55. *Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.*

The Indian economy and capital markets are influenced by economic, political and market conditions in India and globally. We are incorporated in India, and all of our assets and employees are located in India. As a result, the performance and growth of our business are necessarily dependent on economic conditions prevalent in India, which may be adversely affected by central or state political instability or regional conflicts, a general rise in interest rates, inflation, and economic slowdown elsewhere in the world or otherwise. The following external risks may have an adverse impact on our business and results of operations, should any of them materialise:

- increase in interest rates may adversely affect our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- political instability, resulting from a change in governmental or economic and fiscal policies, may adversely affect economic conditions in India. In recent years, India has implemented various economic and political reforms. Reforms in relation to land acquisition policies and trade barriers have led to increased incidents of social unrest in India over which we have no control;
- change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war;
- India has experienced epidemics, and natural calamities such as earthquakes, tsunamis, floods, and drought in recent years;
- contagious diseases such as the COVID-19 pandemic, the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. A worsening of the current COVID-19 pandemic or any similar future

outbreaks of COVID-19, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region.

Consumer confidence, consumer spending, unemployment and overall economic growth rates are among the main factors that often impact the demand for credit. Poor economic conditions and regulatory forbearances or relaxations tend to adversely affect our end-customers' ability and willingness to repay the amounts borrowed, thus increasing delinquencies, charge-offs and provisions for credit losses, and decreasing recoveries. While our results may not necessarily track India's economic growth figures, the Indian economy's performance affects the environment in which we operate. These factors could have an adverse effect on our business, financial condition and results of operations.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition. Further, the global economy is currently undergoing a period of unprecedented volatility, and the future economic environment may continue to be less favourable than that of recent years. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability, including the fluctuations in the stock markets in the global stock markets on account of geopolitical tensions or other events, could also have a negative impact on the Indian economy. Our performance and the growth of our business depend on the overall performance of the Indian economy as well as the economies of the regional markets in which we operate.

56. *Changing laws, rules and regulations and legal uncertainties, including tax laws and regulations, may adversely affect our business and financial performance.*

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example:

- The Government of India announced the Union Budget for Fiscal 2023 ("**Budget 2023**"), pursuant to which the Finance Bill 2023 has proposed various amendments. The Finance Bill 2023 has received assent from the President of India on March 30, 2023 and has been enacted as the Finance Act 2023. We have not fully determined the impact of these recent and proposed laws and regulations on our business. We cannot predict whether any amendments proposed by the Finance Act, 2023 will have an adverse effect on our business, financial condition and results of operations. Unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.
- In India, the Supreme Court, in a judgment delivered on 24 August 2017, has held that the right to privacy is a fundamental right. Following this judgment, the Government of India is considering the enactment of the Digital Personal Data Protection Bill, 2022 on personal data protection for implementing organizational and technical measures in processing personal data and lays down norms for cross-border transfer of personal data and to ensure the accountability of entities processing personal data. The enactment of the aforesaid bill may introduce stricter data protection norms for a company such as us and may impact our processes.
- On September 7, 2021, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 were notified, pursuant to which the SEBI Listing Regulations stand amended. The amended SEBI Listing Regulations, amongst other matters, require entities that have listed non-convertible securities to disclose financial results on a quarterly basis (as opposed to a half yearly basis), including assets and liabilities, and cash flows. This has imposed additional compliance requirements on companies such as our Company, which have listed their non-convertible debentures on the debt segments of the stock exchanges.
- On November 12, 2021, the RBI released the Reserve Bank – Integrated Ombudsman Scheme 2021, pursuant to which all erstwhile Ombudsman schemes (banking, non-banking and digital) were merged into one scheme and which also lists deficiency of service as a ground for filing a complaint, pursuant to which

customers of non-banking financial companies can raise complaints with the RBI directly. This may result in an increased number of customer complaints across the industry, including for us.

- On September 2, 2022, the RBI issued the 'Guidelines on Digital Lending' following the 'Recommendations of the Working Group on Digital Lending – Implementation' (the "**Recommendations**") issued by the RBI on August 10, 2022. The Guidelines on Digital Lending require, *inter alia*: (a) all loan disbursements and repayments to be executed only between the bank accounts of the borrower and the regulated entity without any pass-through/ pool account of the loan service provider or any third party; (b) all-inclusive costs of digital loans to be disclosed to the borrower, such as any fees and charges which can be imposed during the term of the loan; (c) a cooling-off period to be provided to borrowers, during which the borrowers can exit digital loans by paying the principal and the proportionate costs without any penalty; (d) the appointment of a nodal grievance officer by loan service providers; (e) reporting of loans to credit information companies. Additionally, the Recommendations have noted some issues for further examination by the RBI, which may be incorporated into the Guidelines on Digital Lending in the future; and (f) regulated entities must provide a Key Fact Statement ("**KFS**") to the borrower before the execution of the contract, for all digital lending products, in the format provided under the Guidelines on Digital Lending. In the Guidelines on Digital Lending, the RBI has also provided that regulated entities engaged in credit delivery through digital lending have time till November 30, 2022 to comply with the lending norms for repeat and top up loans to existing digital lending customers. The Guidelines on Digital Lending have been made applicable for 'existing customers availing fresh loans' and 'new customers getting onboarded' from the date of the circular, i.e., September 2, 2022. The Guidelines on Digital Lending also place the onus on the regulated entities to ensure that any lending service providers ("**LSPs**") engaged by them, are in compliance with the Guidelines on Digital Lending as well, while also imposing enhanced due diligence obligations on the regulated entities with respect to LSPs. The Guidelines on Digital Lending also lay down obligations with respect to collection and storage of data, and data privacy. Our Company is engaged in digital lending within the meaning of the Guidelines on Digital Lending. Failure to comply with the obligations in a timely manner may lead to imposition of penalties, and/or other regulatory action being taken by the RBI against us, which may adversely affect our business operations.
- On August 18, 2023, the RBI issued guidelines to ensure fair lending practices. Through this notification, the regulated entities including NBFCs can now in cases of non-compliance of material terms and conditions of loan, can only apply 'penal charges' as opposed to 'penal interest' earlier, which would result in no further interest being computed on such charges. Such changes may result in borrowers not maintaining discipline resulting in adverse effect on our cash flows and future financial performance.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the application, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our businesses in the future.

57. *We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.*

The Competition Act, 2002, as amended (the "**Competition Act**") was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition ("**AAEC**") in certain markets in India and has mandated the Competition Commission of India (the "**CCI**") to separate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an AAEC is deemed void and attracts substantial penalties.

Further, any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of customers in the relevant market is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. Further, the Competition Act prohibits abuse of dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and liable to be punished.

On March 4, 2011, the Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act which came into effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. The impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. However, if we pursue an acquisition driven growth strategy, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, any enforcement proceedings initiated by the CCI, any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, or any prohibition or substantial penalties levied under the Competition Act, which would adversely affect our business, results of operations, cash flows and prospects.

58. *Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.*

India's sovereign debt rating could be downgraded due to several factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, all which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional external financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and future financial performance and our ability to obtain financing for capital expenditures.

59. *If the rate of inflation in India increases, our business and results of operations may be adversely affected.*

Inflation rates in India have been volatile in recent years, and such volatility may continue. In recent years, India has experienced consistently high inflation, which has increased interest rates and increased costs to our business, including finance costs as well as costs of salaries and other expenses relevant to our business. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Further, high inflation leading to higher interest rates may also lead to a slowdown in the economy and adversely impact credit demand and growth. Consequently, we may also be affected and fall short of business growth and profitability.

While the Government of India through the RBI has previously initiated economic measures to combat high inflation rates, it is unclear whether these measures will remain in effect, and there can be no assurance that Indian inflation levels will not rise in the future. As a result, high inflation in India could have a material adverse effect on our financial condition and results of operations.

60. *Our ability to raise foreign debt capital may be constrained by Indian law.*

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

61. *Investors may have difficulty in enforcing foreign judgments against us or our management.*

We are a limited liability company incorporated under the laws of India. All of our directors and executive officers are residents of India. Many of our assets are located in India. As a result, it may be difficult for investors to effect service of process upon us or such persons in India or to enforce judgments obtained against us or such parties outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, including the United Kingdom, Singapore, UAE, and Hong Kong. A judgment from certain specified

courts located in a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908, as amended ("**Civil Procedure Code**"). The United States has not been notified as a reciprocating territory.

In order to be enforceable, a judgment obtained in a jurisdiction which India recognizes as a reciprocating territory must meet certain requirements of the Civil Procedure Code. Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Procedure Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record; such presumption may be displaced by proving want of jurisdiction. The Civil Procedure Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, or other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards even if such awards are enforceable as a decree or judgment. A foreign judgment rendered by a superior court (as defined under the Civil Procedure Code) in any jurisdiction outside India which the Government of India has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with public policy in Indian. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. Such amount may also be subject to income tax in accordance with applicable law.

Consequently, it may not be possible to enforce in an Indian court any judgment obtained in a foreign court, or effect service of process outside of India, against Indian companies, entities, their directors and executive officers and any other parties resident in India. Additionally, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner.

SECTION III: INTRODUCTION

GENERAL INFORMATION

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 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 45IA of the RBI Act, 1934. For details regarding changes to our Registered Office, see “History and Certain Corporate Matters” beginning on page 122.

Registered and Corporate Office

Navi Finserv Limited

Second Floor, Vaishnavi Tech Square

Iballur Village, Begur Hobli

Bengaluru 560 102

Karnataka, India

Contact Number: 080 45113400

Facsimile: N/A

Email: secretarial@navi.com

Website: www.navi.com/finserv

For further details regarding changes to our Registered Office, see “History and Certain Corporate Matters” on page 122.

Registration

Corporate Identity Number: U65923KA2012PLC062537

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. Further, 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. 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/ carry on the business of non-banking financial institution without accepting public deposits under Section 45IA of the RBI Act, 1934.

Permanent Account Number: AAEC7456R

Legal Entity Identifier: 335800S5TPKIBASK5P24

Liability of the members of the Company

Limited by shares

Chief Financial Officer

Ankit Surana

Second Floor, Vaishnavi Tech Square

Iballur Village, Begur Hobli

Bengaluru 560 102, Karnataka, India

Tel: 080 4511 3400

Facsimile: N/A

Email: secretarial@navi.com

Compliance Officer for the Issue and Company Secretary

Thomas Joseph
Second Floor, Vaishnavi Tech Square
Iballur Village, Begur Hobli
Bengaluru 560 102, Karnataka, India
Tel: 080 45113400
Email: secretarial@navi.com

Investors may contact the Registrar to the Issue or the Compliance Officer for the Issue and Company Secretary in case of any pre- Issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit of allotment of NCDs or refund orders.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name of the Applicant, Application Form number, Applicant's DP ID, Client ID, PAN, address of Applicant, number of NCDs applied for, ASBA Account number in which the amount equivalent to the application, Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of Application Form and the name and address of the relevant Designated Intermediary where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Applicant.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

All grievances arising out of Applications for the NCDs made through the Online Stock Exchanges Mechanism (app based/wed interface platform) of the Stock Exchanges, or through Trading Members, may be addressed directly to the Stock Exchange, with a copy to the Registrar to the Issue

Lead Manager



JM Financial Limited

7th Floor, Cnergy
Appasaheb Marathe Marg, Prabhadevi
Mumbai 400 025
Maharashtra, India
Tel: +91 22 6630 3030
Facsimile: +91 22 6630 3330
Email: navi.ncd2024@jmfl.com
Investor Grievance Email: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Prachee Dhuri
Compliance Officer: Sunny Shah
SEBI Registration No.: INM000010361
CIN: L67120MH1986PLC038784

Debenture Trustee



Catalyst Trusteeship Limited

GDA House, Plot No. 85, Bhusari Colony (Right)

Kothrud, Pune 411 038

Tel: +91 22 4922 0555

Facsimile: +91 22 4922 0505

Email: ComplianceCTL-Mumbai@ctltrustee.com

Investor Grievance Email: grievance@ctltrustee.com

Website: www.catalysttrustee.com

Contact Person: Deesha Trivedi

Compliance Officer: Kalyani Pandey

SEBI Registration No.: IND000000034

CIN: U74999PN1997PLC110262

Catalyst Trusteeship Limited has, pursuant to Regulation 8 of SEBI NCS Regulations, by its letter dated January 24, 2024 has given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue. Please see "Annexure D" of this Draft Prospectus.

All the rights and remedies of the Debenture Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the NCD Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts, deeds, matters, and things in respect of or relating to the Debenture Holders as the Debenture Trustee may in his absolute direction deem necessary or require to be done in the interest of Debenture Holders and signing such documents to carry out their duty in such capacity. Any payment by our Company to the NCD Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the NCD Holders. For details on the terms of the Debenture Trust Deed see, "Issue Related Information" on page 184.

Registrar to the Issue



Link Intime India Private Limited

C-101, 247 Park, LBS Marg

Vikhroli (West), Mumbai 400 083

Tel: +91 810 811 4949

Facsimile: (91 22) 4918 6195

Email: navifinserv.ncd2024@linkintime.co.in

Investor Grievance Email: navifinserv.ncd2024@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Shanti Gopalkrishnan

Compliance Officer: B N Ramakrishnan

SEBI Registration No.: INR000004058

CIN: U67190MH1999PTC118368

Link Intime India Private Limited has by its letter dated January 19, 2024 given its consent for its appointment as Registrar to the Issue and for its name to be included in this Draft Prospectus, and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

Applicants or prospective investors may contact the Registrar to the Issue or our Company's Compliance Officer for the Issue and Company Secretary in case of any pre-Issue or post-Issue related problems, such as non-receipt of Allotment Advice, demat credit, transfers, etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, Permanent Account Number, number of NCDs applied for, amount paid on application, Depository Participant ("DP") name and client identification number, and the collection centre of the Members

of the Consortium where the Application was submitted and ASBA Account number (for Bidders other than retail individual investors bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of retail individual investors bidding through the UPI mechanism. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (i) the relevant Designated Branch of the SCSB where the Application Form was submitted by the Applicant, or (ii) the concerned Member of the Consortium and the relevant Designated Branch of the SCSB in the event of an Application submitted by an Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for and amount blocked on Application.

All grievances arising out of Applications for the NCDs made through the online mechanism of the Stock Exchanges or through Trading Members may be addressed directly to the respective Stock Exchanges

Statutory Auditors

Price Waterhouse LLP

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

Peer Review Certificate No.: 012776

Contact Person: A.J. Shaikh

Price Waterhouse LLP has been the Statutory Auditors of our Company since September 30, 2022.

Change in Statutory Auditors since last three financial years and current financial year

Name of the Auditor	Address	Date of Appointment	Date of cessation if applicable	Date of Resignation if applicable
Price Waterhouse LLP	5th Floor, Tower D The Millenia, 1&2 Murphy Road, Ulsoor Bengaluru, Karnataka 560008	September 30, 2022	-	-
Walker Chandiook & Co LLP	11th Floor, Tower II, One Financial Centre, S B Marg, Prabhadevi (W), Mumbai, Maharashtra – 400 013	September 30, 2019	September 30, 2022*	-

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

Credit Rating Agency



CRISIL Ratings Limited

CRISIL House, Central Avenue,
Hiranandani Business Park, Powai
Mumbai 400 076

Tel: + 91 22 3342 3000

Facsimile: 91-22-3342 3050

Email: crisilratingdesk@crisil.com

Website: www.crisil.com

Contact Person: Ajit Velonie

SEBI Registration No.: INCRA0011999

Credit Rating and Rationale

The NCDs proposed to be issued pursuant to this Issue have been rated “CRISIL A/Stable” by CRISIL for an amount of up to ₹6,000 million by way of its letter dated January 15, 2024. Ratings issued by CRISIL will continue to be valid for the life of the instrument unless withdrawn or reviewed. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The rating provided by CRISIL may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decisions. There are no unaccepted ratings and any other ratings other than as specified in this Draft Prospectus. For details regarding rating letter and rationale for the aforementioned rating, see “Annexure B” beginning on page 321.

Disclaimer clause of CRISIL

CRISIL Ratings Limited (CRISIL Ratings) has taken due care and caution in preparing the Material based on the information provided by its client and / or obtained by CRISIL Ratings from sources which it considers reliable (Information). A rating by CRISIL Ratings reflects its current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL Ratings. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. The Rating is not a recommendation to invest / disinvest in any entity covered in the Material and no part of the Material should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL Ratings especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of the Material. Without limiting the generality of the foregoing, nothing in the Material is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary permission and/or registration to carry out its business activities in this regard. Navi Finserv Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Material or part thereof outside India. Current rating status and CRISIL Ratings’ rating criteria are available without charge to the public on the website, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please contact Customer Service Helpdesk at 1800-267-1301.

Legal Counsel to the Issue

Cyril Amarchand Mangaldas

3rd Floor, Prestige Falcon Towers
19, Brunton Road, Off M.G Road
Bengaluru 560 025, Karnataka, India
Tel: +91 80 6792 2000

Bankers to our Company



HDFC Bank Limited

Lodha, I Think Techno Campus O-3 Level
Next to Kanjurmarg Railway Station Kanjurmarg (East)
Mumbai – 400 042 Maharashtra, India

Contact Person: Pravin Teli/ Eric Bacha/Siddharth Jadhav/ Sachin Gawade/ Tushar Gavankar

Tel: 022-30752914/28/29

Email: eric.bacha@hdfcbank.com, siddharth.jadhav@hdfcbank.com, sachin.gawade@hdfcbank.com, tushar.gavankar@hdfcbank.com, pravin.teli2@hdfcbank.com

Website: www.hdfcbank.com

SEBI Registration No.: INBI00000063

CIN No: L65920MH1994PLC080618

Bankers to the Issue

Public Issue Account Bank(s)

As specified in the Prospectus.

Refund Bank(s)

As specified in the Prospectus.

Sponsor Bank

As specified in the Prospectus.

Consortium Member

As specified in the Prospectus.

Impersonation

As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, relating to punishment for fictitious applications. Section 38(1) of the Companies Act, 2013 provides that:

“Any person who -

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹1 million or 1.00% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹1 million or 1.00% of the turnover of our Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹5 million or with both.

Minimum subscription

In terms of the SEBI NCS Regulations for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size being ₹2,250 million. If our Company does not receive the minimum subscription of 75% of the Base Issue Size being ₹2,250 million, prior to the Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Accounts of the Applicants within eight Working Days from the Issue Closing Date or such time as may be specified by SEBI. In the event there is delay in unblocking of funds/refunds, our Company shall be liable to repay the money, with interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Underwriting

This Issue will not be underwritten.

Recovery Expense Fund

Our Company has created a recovery expense fund in the manner as specified by SEBI in SEBI Master Circular for Debenture Trustees and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Arrangers to the Issue

There are no arrangers to the Issue.

Guarantor to the Issue

There are no guarantors to the Issue.

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA and UPI Mechanism process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and <https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40> respectively as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms and UPI Mechanism through app/web interface from the Designated Intermediaries, refer to the above-mentioned links.

In relation to Applications submitted to a member of the Consortium, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Application Forms from the members of the Syndicate is available on the website of the SEBI (<http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>), or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Member of the Consortium at Specified Locations, see the website of the SEBI (<http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>) or any such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to ASBA Applications submitted to the Members of the Syndicates or the Trading Members of the Stock Exchanges only in the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat), the list of branches of the SCSBs at the Specified Cities named by the respective SCSBs to receive deposits of ASBA Applications from such Members of the Syndicate or the Trading Members of the Stock Exchanges is provided on <http://www.sebi.gov.in/> or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting ASBA Applications from Members of the Syndicate or the Trading Members of the Stock Exchanges only in the Specified Cities, see the above-mentioned web-link.

In relation to Applications submitted under the ASBA process to a Member of the Consortium, the list of branches of the SCSBs at the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat), the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of the ASBA Forms and Application Forms where investors have opted for payment via the UPI Mechanism, from the Members of the Consortium is available on the website of SEBI <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Consortium at Specified Locations, see the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>.

Registered Brokers / RTAs / CDPs

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012, RTA Master Circular and SEBI Master Circular, applicants can submit ASBA Forms in the Offer using the stock broker network of the Stock Exchanges, *i.e.*, through the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com.

The list of the Registered Brokers, RTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the websites of the BSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 for Registered Brokers and <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> for RTAs and CDPs, as updated from time to time and of the website of NSE at <https://www.nseindia.com/nse-clearing/transfer-agent>.

In relation to Applications submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the ASBA Forms from the Registered Brokers is available on the website of the SEBI at www.sebi.gov.in and updated from time to time.

For further details, see “Issue Procedure” on page 219.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds, see “Objects of the Issue” on page 68.

Issue Programme

ISSUE OPENS ON	As specified in the Prospectus
ISSUE CLOSES ON	As specified in the Prospectus
PAY IN DATE	Application Date. The entire Application Amount is payable on Application.
DEEMED DATE OF ALLOTMENT	The date on which the Board of Directors or Debenture Committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or Debenture Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.

*Note: *This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, except that this Issue may close on such earlier date or extended date (subject to a minimum period of three Working Days and a maximum period of 10 working days from the date of opening of the Issue and subject to not exceeding thirty days from filing the Prospectus with ROC) as may be decided by the Board of Directors of our Company or Debenture Committee subject to compliance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of this Issue our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, on Working Days during the Issue Period. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details please refer to the chapter titled “Issue Related Information” on page 184 of this Draft Prospectus.*

Application Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Consortium or the Trading Members of the Stock Exchanges, as the case maybe, at the centres mentioned in Application Form through the ASBA mode, (ii) directly by the Designated Branches of the SCSBs or (iii) by the centres of the Consortium, sub-brokers or the Trading Members of the Stock Exchanges, as the case maybe, only at the selected cities. Additionally, an Investor may also submit the Application Form through the app or web interface of the Stock Exchanges. It is clarified that the Applications not uploaded in the Stock Exchanges platform would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Manager or Trading Members of the Stock Exchanges are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that, within each category of investors the Basis of Allotment under the Issue will be on a date priority basis except from the day of oversubscription and thereafter, if any, where the Allotment will be proportionate

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except from the date of oversubscription and thereafter, if any, the Allotment will be proportionate.

Inter-se Allocation of Responsibilities of the Lead Manager:

The following table sets forth the responsibility for various activities for the Lead Manager.

S. No.	Activities	Responsibility
1.	Due diligence of Issuer's operations/ management/ business plans/ legal etc. and drafting the Draft Prospectus, Prospectus (together “Issue Documents”)	JM Financial

S. No.	Activities	Responsibility
2.	Co-ordination with Auditors on Comfort Letter and co-ordination with lawyers for legal opinion.	JM Financial
3.	Structuring of various issuance options with relative components and formalities etc.	JM Financial
4.	Appointment of other intermediaries viz., Registrar(s), Printers, Debenture Trustee, Consortium Members, Advertising Agency and Bankers to the Issue	JM Financial
5.	Drafting and design of the statutory advertisement	JM Financial
6.	Preparation and finalisation of Application form	JM Financial
7.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (5) above including corporate advertisement, brochure, etc.	JM Financial
8.	Preparation of road show presentation, FAQs	JM Financial
9.	Individual / HUF marketing strategy which will cover, inter alia: <ul style="list-style-type: none"> Finalize collection centers Follow-up on distribution of publicity and Issue material including form, Prospectus and deciding on the quantum of the Issue material 	JM Financial
10.	Institutional and Non-institutional marketing strategy which will cover, inter alia: <ul style="list-style-type: none"> Finalize media, marketing and public relation strategy and publicity budget Finalize the list and division of investors for one on one meetings Finalize centers for holding conferences for brokers, etc. 	JM Financial
11.	Coordination with the stock exchange for the bidding software	JM Financial
12.	Coordination for security creation by way of execution of Debenture Trust Deed/ Deed of Hypothecation	JM Financial
13.	Post-issue activities including - <ul style="list-style-type: none"> Co-ordination with Bankers to the Issue for management of Public Issue Account and Refund Account, and timely submission of application forms/ data to RTA and daily collection figures under different categories. Co-ordination with the Registrars and the Bankers to the Issue for timely submission of certificate, finalization of basis of allotment and allotment of bonds. 	JM Financial
14.	Co-ordination with the Registrar for dispatch of allotment and refund advices, dispatch of debenture certificates and credit of bonds.	JM Financial
15.	Finalization of draft of other stationery items like refund order, allotment & refund advice, bond certificate, LoA etc.	JM Financial
16.	Coordination for generation of ISINs and Corporate action for dematerialized credit /delivery of securities;	JM Financial
17.	Coordination with Registrar & Stock Exchanges for completion of listing and trading.	JM Financial
18.	Redressal of investor grievances in relation to post issue activities	JM Financial

CAPITAL STRUCTURE

Details of share capital

The following table lays down details of our authorised, issued, subscribed and paid up share capital and securities premium account as on December 31, 2023:

(In ₹, except for share data)

Particulars	Amount in (₹)
AUTHORISED SHARE CAPITAL	
600,000,000 Equity Shares of face value of ₹10 each	6,000,000,000
TOTAL	6,000,000,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
285,240,353 Equity Shares of face value of ₹ 10 each	2,852,403,530
TOTAL	2,852,403,530
Securities Premium Account	16,570,243,678

Note: There will be no change in the capital structure and securities premium account due to the issue and allotment of the NCDs.

1. Details of change in authorised share capital of our company for the last three financial years and current financial year up to December 31, 2023:

S. No.	Date of Change (AGM/EGM)	Particulars
1.	September 21, 2021 (AGM)	Increase in authorized share capital from ₹ 1,750,000,000 divided into 175,000,000 Equity Shares of ₹ 10 each to ₹ 2,050,000,000 divided into 205,000,000 Equity Shares of ₹ 10 each
2.	May 21, 2022 (EGM)	Increase in authorized share capital from ₹ 2,050,000,000 divided into 205,000,000 Equity Shares of ₹ 10 each to ₹ 6,000,000,000 divided into 600,000,000 Equity Shares of ₹ 10 each

2. Share capital history of our Company for the last three financial years and current financial year

Details of Equity Share Capital

The history of the paid-up Equity Share capital of our Company for the last three financial years and current financial year, is set forth below:

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (cash, other than cash, etc.)	Nature of Allotment	Cumulative		
						Number of Equity Shares	Equity Share capital (in ₹)	Equity Shares Premium (in ₹)
March 26, 2021	13,333,333	10	75	Cash	Rights Issue ⁽¹⁾	165,240,353	1,652,403,530	8,774,218,973*
November 30, 2021	13,333,333	10	75	Cash	Rights Issue ⁽²⁾	178,573,686	1,785,736,860	9,640,885,618**
May 25, 2022	26,266,667	10	75	Cash	Rights Issue ⁽³⁾	204,840,353	2,048,403,530	11,348,218,973
May 30, 2022	8,644,339	10	75	Cash	Rights Issue ⁽⁴⁾	238,573,686	2,385,736,860	13,540,885,618
	25,088,994	10	75	Other than Cash ⁽⁵⁾				
August 24, 2022	40,000,000	10	75	Cash	Rights Issue ⁽⁶⁾	278,573,686	2,785,736,860	16,140,885,618
December 22, 2022	6,666,667	10	75	Cash	Rights Issue ⁽⁷⁾	285,240,353	2,852,403,530	16,570,243,678

^{1.} 13,333,333 Equity Shares were allotted to Navi Technologies Limited.

^{2.} 13,333,333 Equity Shares were allotted to Navi Technologies Limited.

^{3.} 26,266,667 Equity Shares were allotted to Navi Technologies Limited.

^{4.} 8,644,339 Equity Shares were allotted to Navi Technologies Limited.

^{5.} 25,088,994 Equity Shares were allotted to Navi Technologies Limited for consideration other than cash wherein the consideration was transferred in the form of non-convertible debentures, market linked debentures and pass through certificates.

- ^{6.} 40,000,000 Equity Shares were allotted to Navi Technologies Limited.
- ^{7.} 6,666,667 Equity Shares were allotted to Navi Technologies Limited.
- ^{*} Chaitanya Employee Welfare Trust has repaid loan given by our Company to subscribe to Equity Shares of the Company. Accordingly, share premium has been increased by ₹16,184,000.
- ^{**} Transfer from ESOP reserve - ₹16,798,000.

3. **Shareholding pattern of our Company as on the last quarter end**

The table below presents the shareholding pattern of our Company as on December 31, 2023.

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid-up Equity Shares held* (IV)	Number of Partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) = (IV)+(V) + (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)	Number of Shares pledged or otherwise encumbered (XIII)	Number of Equity Shares held in dematerialized form (XIV)			
								Number of Voting Rights		Total as a % of (A+B+ C)					Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)
								Class: Equity Shares	Total									
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)			
(A)	Promoter and Promoter Group	1*	285,240,353	-	-	285,240,353	100.00	285,240,353	285,240,353	100.00	-	-	-	-	285,240,353	100.00		
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid-up Equity Shares held* (IV)	Number of Partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) = (IV)+(V) + (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)	
								Number of Voting Rights		Total as a % of (A+B+C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)		
								Class: Equity Shares	Total									
								Class X	Class Y	Total								
	Total (A+B+C)	1*	285,240,353	-	-	285,240,353	100.00	285,240,353	285,240,353	100.00	-	-	-	-	285,240,353	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.

4. Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held*	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights		Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y								
									(I)	(II)	(III)			(IV)	(V)	(VI)	(VII)	
(1)	Indian																	
(a)	Individuals/Hindu																	

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held*	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights					Total as a % of (A+B+C)	No.	As a % of total Shares held	No.		As a % of total Shares held
									Class X	Class Y	Total								
	undivided Family																		
(b)	Central Government /State Government (s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Navi Technologies Limited*	AAICB1598F	1*	285,240,353	-	-	285,240,353	100.00	-	-	-	-	-	-	-	-	-	-	285,240,353
	Sub-Total (A)(1)	-	1*	285,240,353	-	-	285,240,353	100.00	-	-	-	-	-	-	-	-	-	-	285,240,353
(2)	Foreign																		
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)																		

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held*	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights					Total as a % of (A+B+C)	No.	As a % of total Shares held	No.		As a % of total Shares held
									Class X	Class Y	Total								
(b)	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	-	1*	285,240,353	-	-	285,240,353	100.00	-	-	-	-	-	-	-	-	-	-	285,240,353

* 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. Statement showing shareholding pattern of public Shareholders

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights		Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights					Total as a % of (A+B+C)	No.	As a % of total Shares held	No.		As a % of total Shares held
									Class X	Class Y	Total								
(f)	Financial Institutions/Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(h)	Provident Funds/Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(i)	Any Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Sub Total (B)(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(2)	Central Government/State Government(s)/President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Sub Total (B)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights					Total as a % of (A+B+C)	No.	As a % of total Shares held	No.		As a % of total Shares held
									Class X	Class Y	Total								
(3)	Non-Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(a)	i. Individual shareholders holding nominal share capital up to Rs.2 lakhs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	ii. Individual shareholders holding nominal share capital in excess of ₹2 Lakhs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(b)	NBFCs Registered with RBI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(c)	Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights					Total as a % of (A+B+C)	No.	As a % of total Shares held	No.		As a % of total Shares held
									Class X	Class Y	Total								
(d)	Overseas Depositories (Holding DRs)(Balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(e)	Any Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	TRUSTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	NON RESIDENT INDIANS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	CLEARING MEMBERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	NON RESIDENT INDIAN NON REPATRIABLE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	BODIES CORPORATES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Sub Total (B)(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights					Total as a % of (A+B+C)	No.	As a % of total Shares held	No.		As a % of total Shares held
									Class X	Class Y	Total								
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

6. Statement showing shareholding pattern of non-Promoter – non-public Shareholders

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights					Total as a % of (A+B+C)	No.	As a % of total Shares held	No.		As a % of total Shares held
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)			
(1)	Custodian/DR Holder	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(2)	Employee Benefit Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights		Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		
									Class X	Class Y									Total
	(under SEBI(Share based Employee Benefit) Regulations 2014)																		
	Total Non-Promoter-Non Public Shareholding = I(1)+(C)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

7. **List of top ten holders of Equity Shares as on December 31, 2023**

Sr. No	Name of the Shareholder	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares
1.	Navi Technologies Limited*	285,240,353	285,240,353	100.00
	Total	285,240,353	285,240,353	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.

8. **List of top ten holders of non-convertible securities in terms of value as on December 31, 2023 (on cumulative basis)**

Sr. No	Name of holders	Category of holder	Face value of holding (in ₹ million)	Holding as a % of total outstanding non-convertible securities of our Company
1.	Navi Technologies Limited	Corporate	3,000.56	15.73%
2.	Sundaram Finance Limited	Corporate	1,000.00	5.24%
3.	Aditya Birla Finance Limited	Corporate	919.55	4.82%
4.	Sporta Technologies Private Limited	Corporate	760.00	3.99%
5.	Vivriti Alpha Debt Fund	AIF	436.21	2.29%
6.	Edge Credit Opportunities Fund	AIF	350.00	1.84%
7.	SK Finance Limited	Corporate	335.30	1.76%
8.	Oxyzo Financial Services Private Limited	Corporate	300.00	1.57%
9.	Northern Arc Capital Limited	Corporate	272.02	1.43%
10.	Northern Arc Money Market Alpha Trust	AIF	253.00	1.33%
	Total		7,626.64	40.00%

9. **Shareholding of the Promoter and Promoter Group in our Company as on December 31, 2023**

Sr. No	Name of the Promoter/ Promoter Group	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares
1.	Navi Technologies Limited*	285,240,353	285,240,353	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

10. **Details of the Directors' shareholding in our Company, as on December 31, 2023:**

As on December 31, 2023, except the following, none of the Directors hold any Equity Shares, qualification shares or any outstanding options in our Company:

Sr. No	Name of the Directors	Designation	Total number of Equity Shares	Total shareholding as a % of total number of Equity Shares (on fully diluted basis)
1.	Sachin Bansal	Executive Chairman and Chief Executive Officer	1*	Negligible
2.	Ankit Agarwal	Managing Director	1*	Negligible

* Sachin Bansal and Ankit Agarwal hold one Equity Share each of our Company as nominees of our Promoter

11. **Statement of the aggregate number of securities of our Company purchased or sold by our Promoters, Promoter Group, our Directors and the directors of our Promoters and/or their relatives within six months immediately preceding the date of filing of this Draft Prospectus.**

Our Promoter, Promoter Group, our Directors and the directors of our Promoters and/ or their relatives have not purchased or sold securities of our Company within six months immediately preceding the date of filing of this Draft Prospectus.

12. **(a) Statement of capitalization (Debt to Equity Ratio) of our Company - Consolidated**

(₹ in million, except for Ratio)

Particulars	Pre – Issue (as at March 31, 2023)	Post – Issue*
	(A)	(B)
Total borrowings (i)	92,251.47	98,251.47
Total Equity (ii)	26,166.31	26,166.31
Equity Share Capital	2,852.40	2,852.40
Other Equity	21,539.88	21,539.88
Non-Controlling Interest	1,774.03	1,774.03
Ratio: Total borrowings / Total equity (i) / (ii)	3.53	3.75

* The post-Issue total capitalization is indicative and has been arrived at on the assumption that the proposed Issue would result in an inflow of Rs. 6,000 million.

(b) Statement of capitalization (Debt to Equity Ratio) of our Company - Standalone

(₹ in million, except for Ratio)

Particulars	Pre – Issue (as at March 31, 2023)	Post - Issue*	Pre – Issue (as at September 30, 2023)	Post - Issue*
	(A)			(B)
Total borrowings (i)	57,626.32	63,626.32	63,520.15	69,520.15
Total Equity (ii)	22,698.64	22,698.64	23,061.68	23,061.68
Equity Share Capital	2,852.40	2,852.40	2,852.40	2,852.40
Other Equity	19,846.24	19,846.24	20,209.28	20,209.28
Non Controlling Interest	-	-	-	-
Ratio: Total borrowings / Total equity (i) / (ii)	2.54	2.80	2.75	3.01

* The post-Issue total capitalization is indicative and has been arrived at on the assumption that the proposed Issue would result in an inflow of Rs. 6,000 million.

For details regarding total outstanding debt of our Company, see “Disclosures on Existing Financial Indebtedness” on page 145.

13. Outstanding Debt securities issued at a premium or a discount

Except as set out below and in “Disclosures on Existing Financial Indebtedness” on page 145 of this Draft Prospectus, our Company has not issued debt securities at a premium or discount, which are currently outstanding:

Type of Security	Name of Allottee	Date of Allotment	No. of Debentures	Face Value (in ₹)	Issue Price (in ₹)	Discount per Debenture (in ₹)	Overall Discount Amount (in ₹)
Secured, Rated, Unlisted,	Vivriti Alpha Debt	September 27, 2022	280	1,000,000	952,760	47,240	13,227,200

Redeemable, Principal Protected, Market Linked, Non-Convertible Debentures	Fund – Business Vivriti Capital Private Limited	September 27, 2022	170	1,000,000	952,760	47,240	8,030,800
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14. **Details of any acquisition or amalgamation in the last one year**

Our Company has not made any acquisition or amalgamation in the last one year prior to the date of this Draft Prospectus.

15. **Details of any reorganization or reconstruction in the last one year**

Except as disclosed in “*Material Developments*” on page 182, our Company has not made any reorganisation or reconstruction in the last one year prior to the date of this Draft Prospectus.

16. **Details of shareholding of Directors in subsidiaries, associates and joint ventures as of the date of this Draft Prospectus**

Our Company does not have any subsidiaries, associates and joint ventures as of the date of this Draft Prospectus.

17. **Details of change in the promoter holding in our Company during the last financial year beyond 26 % (as prescribed by RBI)**

There has been no change in the promoter holding in our Company during the last financial year beyond 26%.

18. **None of the Equity Shares held by the Promoter in our Company are pledged or encumbered otherwise by our Promoter and Promoter Group.**

19. **Our Company does not have any employee stock option scheme.**

OBJECTS OF THE ISSUE

Issue proceeds

Our Company has filed this Draft Prospectus for a public issue of secured, redeemable, NCDs for an amount of ₹3,000 million with an option to retain over subscription up to ₹3,000 million aggregating up to 6,000,000 NCDs for an amount up to ₹6,000 million.

The Issue is being made pursuant to the provisions of the SEBI NCS Regulations and the Companies Act and the rules made there under. Our Company proposes to utilize the proceeds raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company (“**Net Proceeds**”) towards funding the objects listed under this section.

The details of the proceeds of the Issue are summarized below:

Particulars	Estimated amount (in ₹ million)
Gross proceeds of the Issue	As specified in Prospectus
Less: Issue related expenses*	As specified in Prospectus
Net Proceeds	As specified in Prospectus

* The above Issue related expenses are indicative and are subject to change depending on the actual level of subscription to the Issue, the number of allottees, market conditions and other relevant factors.

Requirement of Funds and Utilization of Net Proceeds

The following table details the objects of the Issue (collectively, referred to herein as the “**Objects**”) and the amount proposed to be financed from the Net Proceeds:

S. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	For the purpose of onward lending, financing and repayment of existing loans and borrowings of our Company	At least 75%
2.	General corporate purposes*	Maximum up to 25%
Total		100%

* The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised and allotted in the Issue, in compliance with the SEBI NCS Regulations.

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through this Issue.

Issue related expenses

The expenses for this Issue include, *inter alia*, lead management fees and selling commission to the Lead Manager, Consortium Member and intermediaries as provided for in the SEBI Master Circular, fees payable to debenture trustees, the Registrar to the Issue, SCSBs’ commission/ fees, printing and distribution expenses, legal fees, advertisement expenses, listing fees and any other expense directly related to the Issue. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for this Issue is as follows*:

Particulars	Amount (in ₹ million)	As a percentage of the Issue proceeds (in %)	As a percentage of the total expended of the Issue (in%)
Lead Manager fees	[●]	[●]	[●]
Underwriting commission	[●]	[●]	[●]
Brokerage, selling commission and upload fees	[●]	[●]	[●]
Fees payable to the Registrar to the Issue	[●]	[●]	[●]
Fees payable to the Legal Advisors to the Issue#	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the regulators including Stock Exchanges	[●]	[●]	[●]
Expenses incurred on printing and distribution of issue stationary	[●]	[●]	[●]
Any other fees, commission or payments under whatever nomenclature	[●]	[●]	[●]
Grand Total	[●]	[●]	[●]

* Assuming the Issue is fully subscribed and our Company retains oversubscription as per the Issue Documents.

Subject to mutual discussion between our Company and legal counsel.

The expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.

Purpose for which there is a requirement of funds

As stated in this section.

Funding plan

Our Company confirms that for the purpose of this Issue, funding plan will not be applicable.

Summary of the project appraisal report

Our Company confirms that for the purpose of this Issue, summary of the project appraisal report will not be applicable.

Schedule of implementation of the project

Our Company confirms that for the purpose of this Issue, schedule of implementation of the project will not be applicable.

Monitoring and reporting of utilisation of funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Audit Committee of our Company shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our Company's financial statements for the relevant Financial Year commencing from Fiscal 2025, the utilisation of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilized proceeds of the Issue. Our Company shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchanges. Our Company shall within forty-five days from the end of every quarter submit to the stock exchanges, a 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.

Interim use of proceeds

The management of our Company, in accordance with the policies formulated by it from time to time, will have the flexibility in deploying the proceeds received from the Issue. Pending utilisation of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest/ non- interest bearing liquid instruments including money market mutual funds, deposits with banks, current account of banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by our Board of Directors or a committee thereof. Such investment would be in accordance with the investment policy of our Company approved by our Board of Directors or any committee thereof from time to time.

Variation in terms of contract or objects in this Draft Prospectus

Our Company shall not, in terms of Section 27 of the Companies Act, at any time, vary the terms of the objects for which this Draft Prospectus is issued, except as may be prescribed under the applicable laws and specifically under Section 27 of the Companies Act. Further, in accordance with the SEBI Listing Regulations, in case of any material deviation in the use of proceeds as compared to the objects of the issue, the same shall be indicated in the format as specified by SEBI from time to time.

Other confirmations

In accordance with the SEBI NCS Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person or company who is a part of the same group as our Company or who is under the same management as our Company.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoter, the Directors, Key Managerial Personnel, or companies promoted by our Promoter except in ordinary course of business.

No part of the proceeds from the Issue will be utilized for buying, trading or otherwise dealing in equity shares of any listed company. Further our Company undertakes that Issue proceeds from NCDs allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI Regulations.

Our Company confirms that it will not use the proceeds from the Issue, directly or indirectly, for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to an interest in either the

capital or profit or losses or both in such business exceeding 50% thereof, the purchase or acquisition of any immovable property (direct or indirect) or acquisition of securities of any other body corporate.

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

There is no contribution being made or intended to be made by the Directors as part of the Issue or separately in furtherance of the Objects of the Issue.

Benefit / interest accruing to our Promoter/Directors out of the object of the Issue

Neither our Promoter nor our Directors are interested in the Objects of this Issue.

Utilisation of the proceeds of the Issue

- a. All monies received out of the Issue shall be credited/transferred to a separate bank account maintained with Public Issue Account as referred to in Section 40 of the Companies Act, 2013.
- b. Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies had been utilised.
- c. Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.
- d. The details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested.
- e. We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed(s) as stated in this Draft Prospectus, creation of security, receipt of the listing and trading approval from the Stock Exchanges and on receipt of the minimum subscription of 75% of the Base Issue Size being ₹2,250 million.
- f. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property or in the purchase of any business or in the purchase of an interest in any business.
- g. The Issue Proceeds shall be utilized in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any other statutory authority from time to time.

STATEMENT OF POSSIBLE TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURES HOLDERS UNDER THE APPLICABLE LAWS IN INDIA

Date:

To,
The Board of Directors,
Navi Finserv Limited
Second Floor, Vaishnavi Tech Square,
Iballur Village, Begur Hobli,
Bengaluru – 560 102

Sub: Proposed public issue by Navi Finserv Limited (the “Company”) of secured, rated, listed, redeemable, non-convertible debentures of face value of Rs. 1,000/- each (“NCDs”) aggregating up to Rs. 6,000 million (the “Issue”)

Dear Sir(s)/Ma’am(s),

1. We, Manian and Rao, Chartered Accountants (FRN: 001983S), hereby confirm that the enclosed **Annexure 1**, prepared by the company, provides the possible tax benefits available to the debenture’s holders of the Company under the Income-tax Act, 1961 (“the Act”) as amended by the Finance Act, 2023, i.e., applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25 respectively, presently in force in India. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the debenture holders may or may not choose to fulfil.
2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company’s management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a suitable for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
3. We do not express any opinion or provide any assurance as to whether:
 - a. The company or its debenture holders will continue to obtain these benefits in future;
 - b. The conditions prescribed for availing the benefits have been / would be met with; and
 - c. The revenue authorities/courts will concur with the views expressed herein.
4. The contents of the enclosed statements are based on information, explanation and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.
5. This report has been issued at the request of the Company for the purpose of inclusion in the offer document in connections with its proposed Issue and should not be used by anyone else or for any other purpose.

Yours Sincerely,

For and on behalf of Manian and Rao

FRN: 001983S

Name: Paresh Daga

Designation: Partner

Membership Number: 211468

UDIN: 24211468BKFXGA7953

Annexure 1

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO DEBENTURE HOLDERS OF (the “COMPANY”) UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as the ‘Act’)

The information provided below sets out the possible tax benefits available to the Debenture Holders of the Company under the Act presently in force in India. The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Annexure is based on the provisions of the Act, as on date, taking into account the amendments made by the Finance Act, 2023 (FA 2023).

This Annexure intends to provide general information on the possible tax benefits available to the Debenture Holder(s) of an Indian company in which public are substantially interested in a summary manner only based on the applicable provisions of the Act and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the debenture. However, in view of the individual nature of the tax implications, the investors are best advised to consult their respective tax advisors/consultants with respect to the specific tax and other implications arising out of their participation in the proposed issue as indicated herein or purchase, sale or holding of debentures / non-convertible debentures (“NCDs”) subsequent thereto.

Taxability under the Act

A. Common provisions applicable to both Resident and Non-Resident debenture holders:

1. Determination of head of income for the purpose of assessability:

The returns received by the investors from NCDs in the form of interest and the gains on the sale/ transfer of the NCD, may be characterized under the following broad heads of income for the purposes of taxation under the Act:

- Profits and Gains from Business;
- Capital Gains; and
- Income from Other Sources.

For determining the appropriate head of income (as mentioned above) *vis-à-vis* the income or loss earned on/from the NCD, it will be pertinent to analyse whether the NCD are held as ‘Investments’ i.e., capital asset or as ‘Stock-in-trade’.

If the NCD are held as ‘Stock-in-trade’, interest income as well as gain or loss on its transfer will be assessed to tax under the head “Profit and Gains from Business”, whereas, if the NCD are held as ‘Investments’, then the interest income will be assessed to tax under the head “Income from Other Sources” and any gain/ loss on its transfer will be assessed to tax under the head “Capital Gains” (explained in ensuing paragraphs), based on facts of each case.

However, as per section 2(14) of the IT Act, ‘capital asset’ includes, *inter alia*, securities held by a Foreign Institutional Investor (‘FII’) [now known as Foreign Portfolio Investor (‘FPI’)] which has invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992. Accordingly, such securities, held by an FII, will be characterised as ‘capital asset’ and classification as ‘Stock in- trade’ shall not apply.

The investors should obtain specific advice from their tax advisors regarding the tax treatment of their investments.

2. Taxation of Interest and Gain / loss on transfer of debentures:

Taxation of Interest

Income by way of interest received on debentures, bonds, and other debt instruments held as an investment will be charged to tax as under the head “Income from Other Sources” at the rates applicable to the investor after deduction of expenses, if any, allowable under section 57 of the Act. These are essentially expenses (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of earning the interest income.

Income by way of interest received in case of debentures, bonds or other debt instruments held as stock-in-trade will be charged to tax under the head “Profits and Gains from Business”. Further, where debentures, bonds or other debt instruments held as stock-in-trade are sold before their maturity, the interest accrued thereon till the date of sale and included in the sale price, may also be charged to tax as “business income” (treatment separately discussed below).

The investors should obtain specific advice from their tax advisors regarding the tax treatment of their investments.

Taxation of gain or loss on transfer

(a) Taxable under the head Profits and Gains from Business.

As discussed above, depending on the particular facts of each case, the NCD may, in certain cases, be regarded to be in the nature of stock in trade and, hence, the gains from the transfer/ sale of such NCD would be considered to be in the nature of “Profits and Gains from Business”.

In such a scenario, the gains from the business of investing in the NCD may be chargeable to tax on a ‘net’ basis (that is, net of allowable deductions for expenses/allowances under Chapter IV – Part D of the Act). The “Profits and Gains from Business” so computed, as reduced on account of set-off of losses in accordance with Chapter VI of the Act and unabsorbed allowances, if any, would go to form part of the gross total income of the investor.

The gross total income would be reduced by deductions, if any, available under Chapter VI-A of the Act and the resultant total income would be subject to tax at the tax rates as applicable to the investor (Refer Note 1 and Note 2).

Based on section 145 of the Act, the timing of charging any income to tax would depend on the method of accounting followed by the taxpayer consistently (i.e., cash or mercantile).

Investors should obtain specific advice from their tax advisors regarding the manner of computing business income, the deductions available therefrom and the tax to be paid thereon.

(b) Taxable under the head Capital Gains

As discussed above, based on the particular facts of each case, the NCD may, in certain cases, be regarded to be held as ‘Investments’ in which case the gains from the transfer/ sale of such NCD should be chargeable to tax under the head “capital gains”.

Investors should, however, seek specific advice from their tax advisors/ consultants in respect of characterization of capital gains, the manner of computation and the tax to be paid thereon. As per section 2(14) of the Act, the term ‘capital asset’ had been defined to, *inter alia*, mean any securities held by a foreign institutional investor which has invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992.

3. Period of holding – long-term & short-term capital assets

Where NCD is regarded to be held as ‘Investments’, taxability of investments depends upon nature of capital asset and period of holding.

As per section 2(29AA) read with section 2(42A) of the IT Act, listed NCD is treated as a long-term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer and consequently, the gain/ loss on transfer of such NCD should be treated as long term capital gain/ loss.

Accordingly, if listed NCD is held for upto 12 months immediately preceding the date of its transfer, the same should be treated as a short-term capital asset and the gain/ loss on transfer of such NCD should be treated as short-term capital gain/ loss. Benefit of indexation is not available.

4. Computation of capital gains and tax thereon

Capital gains are computed after reducing from the consideration received from the transfer of the capital asset, the cost of acquisition of such asset and the expenses incurred wholly and exclusively in connection with the transfer. The capital gains so computed will be chargeable to tax at the rates as detailed in the ensuing paragraphs.

5. Nature of transactions and resultant capital gain treatment

The capital gains tax treatment of transactions is given in Note 4. The following transactions would attract the “regular” capital gains tax provisions:

- Transactions of sale of debentures, bonds, listed or otherwise; and
- Transactions in structured debentures.

6. Bonus Stripping

The provision for bonus stripping is attracted if the following conditions are met:

- When a person acquires securities or units (hereinafter referred to as securities) within three months prior to the record date.
- Bonus securities are allotted to the investor on the basis of the securities held on the record date.
- The original securities (held on record date) are sold within nine months after the record date, while continuing to hold any or all of the additional securities.
- Investor incurs a loss on the above sale transaction.

If the above conditions are satisfied, then the loss suffered on sale of original securities would be disallowed and deemed to be the cost of acquisition of the bonus securities.

7. Set off of capital losses

Long-term capital loss of a year can be set off only against long-term capital gains arising in that year or in subsequent years and cannot be set off against short-term capital gains arising in that year or in subsequent years. The long-term capital loss remaining after set-off, if any, can be carried forward for eight years immediately succeeding the year in which the loss was first computed, to be set off against subsequent years' long-term capital gains.

On the other hand, short-term capital loss in a year can be set off against both, short-term and long-term capital gains of the same year or of subsequent years. The short-term capital loss remaining after set-off, if any, can be carried forward for eight years immediately succeeding the year in which the loss was first computed, to be set off against subsequent years' short-term as well as long-term capital gains.

Carry forward of short-term and long-term capital loss of prior years for not more than eight assessment years immediately succeeding the assessment year for which the first loss was computed, is subject to the Return of Income (ROI) filed within the original due date.

8. Certain deductions available under Chapter VI-A of the Act

Individuals and Hindu Undivided Families would be allowed a deduction in computing total income, *inter alia*, under section 80C of the Act for an amount not exceeding INR 150,000 with respect to sums paid or deposited in the previous year in certain specified schemes

However, w.e.f FY2023-24 onwards, the default tax provisions would be as per provisions of section 115BAC, where such individual or HUF shall not be entitled to deduction specified, *inter alia*, under section 80C of the Act

Further, any person having income from business or profession for any previous year can opt out from section 115BAC only once for a previous year other than the year in which it was exercised and thereafter, such person shall never be eligible to exercise the option to be assessed in accordance with the provisions of section 115BAC of the Act except where such person ceases to have any income from business or profession, in which case, the option to be assessed to tax as per the provisions of section 115BAC of the Act shall be available.

9. Alternate Minimum Tax ("AMT")

The Act provides for the levy of AMT to tax investors (other than companies) at the rate of 18.5 per cent (plus applicable surcharge and health and education cess) on the adjusted total income. In a situation where the income-tax computed as per the normal provisions of the Act is less than the AMT on "adjusted total income", the investor shall be liable to pay tax as per AMT. "Adjusted total income" for this purpose is the total income before giving effect to the deductions claimed under section C of chapter VI-A (other than section 80P) and deduction claimed, if any, under section 10AA and deduction claimed, if any, under section 35AD as reduced by the amount of depreciation allowable in accordance with the provisions of section 32 as if no deduction under section 35AD was allowed in respect of the assets on which the deduction under that section is claimed. AMT will not apply to an Individual, HUF, AOP, BOI or an Artificial Juridical Person if the adjusted total income of such person does not exceed INR 20 lakhs. As per sub-section (5) to section 115JC of the Act, inserted by Finance Act, 2020, the provisions of AMT shall not be applicable in case of, *inter alia*, an individual or HUF who has exercised the option to be taxed as per the provisions of section 115BAC of the Act. Further, the credit of AMT can be further carried forward to fifteen subsequent years and set off in the year(s) where regular income tax exceeds the AMT.

The provisions of AMT also provide that the Foreign Tax Credit (FTC) claimed against AMT liability which exceeds the FTC that would have been allowable while computing income under normal provisions, would be ignored while computing tax credit under AMT.

10. Minimum Alternative Tax (“MAT”)

The Act provides that where the tax liability of a company (under the regular provisions of the Act) is less than 15 per cent of its 'book profit', then the book profit is deemed to be its total income and tax at the rate of 15 per cent (plus applicable surcharge and health and education cess –Refer Note 2) is the MAT payable by the company.

MAT credit is allowed to be carried forward for fifteen years immediately succeeding the assessment year in which tax credit becomes allowable. The tax credit can be set-off in a year when the tax is payable on the total income is in accordance with the regular provisions of the Act and not under MAT.

The Central Board of Direct Taxes (‘CBDT’) vide its Circular no. 29 of 2019 dated 2 October 2019 has clarified that MAT credit is not available to a domestic company exercising option under section 115BAA of the Act. The circular further clarifies that there is no time limit within which the option under section 115BAA of the Act can be exercised and accordingly, a domestic company having accumulated MAT credit may, if it so desires, exercise the option of section 115BAA of the Act at a future date, after utilizing the MAT credit against tax payable as per the regime existing prior to the Taxation Laws (Amendment) Act, 2019.

As per the provisions of section 115JB of the Act, the amount of income accruing or arising to a foreign company from capital gains arising on transactions in securities or interest, royalty, or fees for technical services chargeable to tax at the rates specified in Chapter XII of the Act, shall be excluded from the purview of MAT, if such income is credited to the Profit and Loss Account and the tax payable on such income under the normal provisions is less than the MAT rate of 15 per cent. Consequently, corresponding expenses shall also be excluded while computing MAT.

Further, Explanation 4 to section 115JB of the Act clarifies that provisions of MAT will not apply to a foreign company if:

- (a) It is a resident of a country with which India has a DTAA and the company does not have a permanent establishment in India in accordance with the provisions of such DTAA; or
- (b) it is a resident of a country with which India does not have a DTAA and the foreign company is not required to register under any law applicable to companies.

Further, it is provided that the FTC claimed against MAT liability which exceeds the FTC that would have been allowable while computing income under normal provisions, would be ignored while computing tax credit under MAT.

Also, sub-section 5A to section 115JB, provides that the provisions of section 115JB shall not apply to a person who has exercised the option referred under section 115BAA or section 115BAB of the Act.

11. Taxability of non-resident investors under the tax treaty

In case of non-resident investor who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (“DTAA” or “tax treaty”) (which is in force) income-tax is payable at the rates provided in the Act, as discussed below, or the rates provided in such tax treaty, if any, whichever is more beneficial to such non-resident investor, subject to conditions prescribed.

For non-residents claiming such tax treaty benefits, the Act mandates the obtaining of a Tax Residency Certificate (“TRC”) from the home country tax authority.

Section 90(5) of the Act provides that an assessee to whom a DTAA applies shall provide such other documents and information, as may be prescribed. Further, a notification substituting Rule 21AB of the Income-tax Rules, 1962 (“Rules”) has been issued prescribing the format of information to be provided under section 90(5) of the Act, i.e., in Form No 10F. Where the required information is not explicitly mentioned in the TRC, the assessee shall be required to furnish a self-declaration in Form No 10F and keep and maintain such documents as are necessary to substantiate the information mentioned in Form 10F.

12. General Anti Avoidance Rules (“GAAR”)

The General Anti Avoidance Rule (“GAAR”) was introduced in the Act by the Finance Act, 2012. The Finance Act, 2015 made the provisions of GAAR applicable prospectively from 1 April 2017. Further, income accruing, arising, deemed to

accrue or arise or received or deemed to be received by any person from transfer of investments made up to 31 March 2017 would be protected from the applicability of GAAR.

13. Capital Gains on indirect transfer of assets

In the context of taxation of capital gains, the definitions of “capital asset” and “transfer” are widened with retro-effect from 1 April 1961 specifically with a view to tax, in the hands of non-residents, gains from direct or indirect transfer of assets situated in India.

B. Withholding provisions

The withholding provisions provided under the Act are machinery provisions meant for tentative deduction of income-tax subject to regular assessment. The withholding tax is not the final liability to income-tax of an assessee. For rate of tax applicable to an assessee, please refer Notes 1 and 2 below.

Sr. No.	Scenarios	Provisions
1	Withholding tax rate on interest on NCD issued to Indian residents	<ul style="list-style-type: none"> • Interest paid to residents other than insurance companies will be subject to withholding tax as per section 193 of the Act at the rate of 10 per cent. • No tax is required to be deducted on interest paid to an individual or a HUF, in respect of debentures issued by a company in which the public is substantially interested if: <ul style="list-style-type: none"> i. the amount of interest paid to such person in a financial year does not exceed INR 5,000; and ii. such interest is paid by an account payee cheque
2	Withholding tax rate on interest on NCD issued to Foreign Portfolio Investor (FPI)	<ul style="list-style-type: none"> • Interest on NCD issued to FPI may be eligible for concessional withholding tax rate of 5 per cent under section 194LD of the Act subject to satisfaction of conditions as mentioned in Section 194LD of the Act. • If section 194LD of the Act is not applicable, then tax deduction should be made as per sections 196D read with section 115AD of the Act i.e., at 20 per cent subject to relief under the relevant DTAA, if any. • Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge as applicable. However, where the withholding is done as per the rate of tax provided under the relevant DTAA, the said rate shall not be required to be increased by surcharge and health and education cess.
3	Withholding tax rate on interest on NCD issued to non-residents other than FPIs	<ul style="list-style-type: none"> • Interest payable to non-resident (other than FPI) would be subject to withholding tax at the rate of 30 per cent / 40 per cent as per the provisions of section 195 of the Act subject to relief under the relevant DTAA depending upon the status of the non-resident. • Alternatively, benefits of concessional rates of 5 per cent under section 194LC of the Act could be availed provided specific approval is obtained from the Central Government with respect to the rate of interest and other conditions as enshrined in Section 194LC of the Act are satisfied. • Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge, as applicable. However,

		<p>where the withholding is done as per the rate of tax provided under the relevant DTAA, the said rate shall not be required to be increased by surcharge and health and education cess.</p>
4	Withholding tax rate on purchase of 'goods'	<ul style="list-style-type: none"> • As per section 194Q of the Act, inserted by Finance Act, 2021, w.e.f. July 01, 2021, any sum payable by a 'buyer' to a resident for purchase of 'goods' of the value exceeding INR 50 Lakhs shall be liable to withholding at the rate of 0.1 percent. • Buyer means a person whose total sales, turnover or gross receipts from the business carried on by him exceeds INR 10 crores in the financial year immediately preceding the financial year in which the purchase is carried out. • TDS shall not be applicable where: <ul style="list-style-type: none"> a) Tax is deductible under any of the provisions of the Act; or b) Tax is collectible under the provisions of section 206C of the Act other than a transaction to which section 206C(1H) of the Act applies • Given that the term 'goods' has not been defined under section 194Q of the Act and there exists lack of clarity on whether the term 'goods' would include 'securities', it is advisable that the investors obtain specific advice from their tax advisors regarding the same. • The CBDT vide its circular no. 13 of 2021 dated 30th June 2021 has provided guidelines under section 194Q of the Act for removal of difficulties. It provides clarity on several aspects, including the following: <ul style="list-style-type: none"> (i) Provisions of section 194Q shall not be applicable in relation to transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation including recognized stock exchanges or recognized clearing corporations located in International Financial Services Centre (ii) Further, provisions of this section shall apply to a non-resident buyer whose purchase of goods from resident seller is effectively connected with permanent establishment of such non-resident.
5	Tax Collection on sale of 'goods'	<p>As per Section 206C (1H) of the Act, every person being a seller receiving any sum for sale of 'goods' of the value exceeding INR 50 Lakhs shall be liable to collect tax at the rate of 0.1 percent.</p> <p>Seller means a person whose total sales, turnover or gross receipts from the business carried on by him exceeds INR 10 crores in the financial year immediately preceding the financial year in which the purchase is carried out.</p> <p>This section shall not be applicable where tax is deductible by the buyer under any of the provisions of the Act on the goods purchased by him and such tax has been deducted;</p>

		The CBDT vide its circular no. 17 of 2020 dated 29th September 2020 has provided guidelines under section 206C(1H) of the Act for removal of difficulties. It provides clarity on several aspects, including the following: Provisions of section 206C(1H) shall not be applicable in relation to transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation including recognized stock exchanges or recognized clearing corporations located in International Financial Services Centre.
6	Withholding tax rate on interest on NCD issued to eligible institutions	All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of section 10(23D) of the Act subject to and in accordance with the provisions contained therein. Further, as per the provisions of section 196(iv) of the Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under section 10(23D) of the Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

C. Amendments in the withholding tax provisions

Section 139A(5A) requires every person from whose income tax has been deducted under the provisions of chapter XVIIIB of the IT Act, to furnish his PAN to the person responsible for deduction of tax at source.

As per provisions of section 206AA of the IT Act, the payer would be obliged to withhold tax at penal rates of TDS in case of payments to investors who have not furnished their PAN to the payer. The penal rate of TDS is 20 per cent or any higher rate of TDS, as may be applicable, plus applicable surcharge and health and education cess.

Section 206AA of the IT Act provides that the provisions shall not apply to non-residents in respect of payment of interest on long-term bonds as referred to in section 194LC and any other payment subject to such conditions as may be prescribed.

Further, the CBDT, vide its notification dated 24 June 2016, has clarified that the provisions of section 206AA shall not apply to non-residents in respect of payments in the nature of interest, royalty, fees for technical services and payment on transfer of capital assets provided the non-residents provide the following information to the payer of such income:

- Name, email-id, contact number;
- Address in the country or specified territory outside India of which the deductee is a resident;
- A certificate of his being resident in any country or specified territory outside India from the government of the other country or specified territory if the law of that country or specified territory provides for issuance of such certificate;
- Tax Identification Number of the deductee in the country or specified territory of his residence and in a case, no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

Further, as per section 206AB of the IT Act, with effect from 1 July 2021, payments made to specified persons will be subject to TDS at rate which is higher of the following:

- twice the rate specified in the relevant provision of the Act; or
- twice the rate or rates in force; or
- the rate of 5%

In cases, where both section 206AA and section 206AB of the IT Act are applicable, taxes shall be deducted at higher of the rate prescribed under both the sections.

For the purpose of section 206AB of the IT Act, specified person means any person-

- Who has not filed an income-tax return for the AY relevant to the previous year immediately preceding the previous year in which tax is required to be deducted, and the prescribed time limit to file the income-tax return has expired;
- The aggregate amount of TDS is INR 50,000 or more in the said previous years

Specified Person shall not include a non-resident who does not have a permanent establishment in India.

D. Non-Deduction or Lower Deduction of TDS

Interest on NCD received by Debenture holder(s) would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 193 of the Act. However, no income tax is deductible at source in respect of the following:

- a. In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF'), Debenture Holder does not or is not likely to exceed 5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.
- b. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.
- c. (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration in writing in duplicate as per the provisions of Section 197A (1A) of the Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However, under section 197A(1B) of the Act, "Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the aggregate dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax".

(ii) Senior citizens, who are 60 years of age or more at any time during the financial year, enjoy the special privilege to submit a self-declaration in writing in duplicate in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A (1C) of the Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is Nil.

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. In all other situations, tax would be deducted at source as per prevailing provisions of the Act. Form 15G with PAN/ Form 15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any withholding of tax.

In the case of a non-resident Debenture Holder, he/she should furnish a certificate under section 197(1) of the Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of section 206AA. Further as per section 90(2) of the Act read with the Circular no. 728 dated October 30, 1995 issued by the CBDT, in the case of a remittance, to a country with which a DTAA is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of TRC is a mandatory condition for availing benefits under any DTAA. Further, such non-resident investor would also be required to furnish self-certified Form 10F along with TRC, if such TRC does not contain information prescribed by the CBDT vide its Notification No. 57/2013 dated 1st August 2013.

Please find below the class of resident investors and respective documents that would be required for granting TDS exemption, unless specified otherwise hereinabove:

Sl. No.	Class of Investors	Relevant Section which grants TDS exemption	Documents to be taken on record from Investors
1	Resident Individual or resident HUF	Claiming non-deduction or lower deduction of tax at source under section 193 of the IT Act,	Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company. However, in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either a declaration (in duplicate) in the prescribed form i.e. Form 15H which can be given by individuals who are of the age of 60 years or more Form 15G which can be given by all applicants (other than companies, and firms), or a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13.
2	Non-residents- (Other than FIIs/FPIs)	For Non-deduction or lower deduction of tax at source u/s 195 of the IT Act	A certificate under section 197 of the IT Act from the Indian Assessing Officer for nil / lower deduction of tax at source by making an application in the prescribed form (i.e. Form No.13.)
3	Life insurance Corporation of India	Clause vi of Proviso to Section 193	Copy of Registration certificate
4	General Insurance Corporation of India ("GIC"), any of the four companies formed by virtue of schemes framed under section 16(1) of General Insurance Business (Nationalization) Act, 1972 and company in which GIC or any of the four Companies has full beneficial interest.	Clause vii of Proviso to Section 193	Copy of Registration certificate Copy of shareholding pattern
5	Any Insurer	Clause viii of Proviso to Section 193	Copy of Registration certificate issued by IRDA
6	Mutual Funds	Section 196(iv) read with Section 10(23D)	Copy of Registration certificate issued by SEBI / RBI and notification issued by Central Government
7	Government, RBI and corporation established under Central whose income is exempt from tax	Section 196(i), (ii) and (iii)	In case of Corporation, Declaration that their income is exempt from tax with applicable provisions
8	Recognized Provident	Section 10(25) and 10(25A) and	Copy of Registration and

	Funds, Approved Gratuity Funds, Approved Superannuation Funds, Employees' State Insurance Fund etc.	CBDT Circular - 18/2017	Recognition certificate issued by relevant statutory authorities and income-tax authorities and Declaration from the funds that their income is exempt u/s 10(25) and 10(25A)
9	New Pension System Trust	Section 10(44) read with Section 196(iii) and CBDT Circular -18/2017	Relevant Registration certificate issued to NPS Trust under section Indian Trusts Act, 1882
10	Other entities like Local authority, Regimental Funds, IRDA etc. as provided in the CBDT Circular – 18/2017 dated May 29, 2017	Section 10(20) etc. read with CBDT Circular - 18/2017	Declaration that they fall within the relevant income-tax section and eligible for income-tax exemption on their income
11	Alternative Investment Funds (Category I and II)	Section 197A(1F) & Notification No. 51/2015 issued by the Ministry of Finance.	Copy of Registration certificate issued by SEBI

Notes:

Note 1: Tax rates

(a) Resident Individuals and Hindu Undivided Families

The individuals and HUFs are taxed in respect of their total income at the following rates:

Slab	Tax rate*
Total income up to Rs. 250,000 [#]	Nil
More than Rs. 250,000 [#] but up to Rs. 500,000 ^{**}	5 per cent of excess over Rs. 250,000
More than Rs. 500,000 but up to Rs. 1,000,000	20 per cent of excess over Rs. 500,000 + Rs. 12,500 ^{##}
Exceeding Rs. 1,000,000	30 per cent of excess over Rs. 1,000,000 + Rs. 112,500 ^{##}

* Plus, surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge (if applicable).

** A resident individual (whose total income does not exceed Rs. 500,000) can avail rebate under section 87A of the Act. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs. 12,500, whichever is less."

[#] For resident senior citizens of sixty years of age and above but below eighty years of age, Rs. 250,000 has to be read as Rs. 300,000 and for resident senior citizens of eighty years of age and above ("super senior citizen") Rs. 250,000 has to be read as Rs. 500,000.

^{##} Similarly, for resident senior citizens of sixty years of age and above but below eighty years of age, Rs. 12,500 has to be read as Rs. 10,000 and Rs. 1,12,500 has to be read as Rs. 1,10,000. And for super senior citizen Rs. 12,500 has to be read as Nil and Rs. 1,12,500 has to be read as Rs. 100,000.

Alternatively, where an individual or a HUF or AOP or BOI is assessed to tax under the provisions of section 115BAC of the Act, the following shall be the rate of tax applicable from financial year 2023-24 onwards:

Slab	Tax rate*
Total income up to Rs. 300,000	Nil
More than Rs. 300,000 but up to Rs. 600,000 ^{**}	5 per cent of excess over Rs. 300,000
More than Rs. 600,000 but up to Rs. 900,000	10 per cent of excess over Rs. 600,000 + Rs. 15,000

More than Rs. 900,000 but up to Rs. 1,200,000	15 per cent of excess over Rs. 900,000 + Rs. 45,000
More than Rs. 1,200,000 but up to Rs. 1,500,000	20 per cent of excess over Rs. 1,200,000 + Rs. 90,000
More than Rs. 1,500,000	30 per cent of excess over Rs. 1,500,000 + Rs. 150,000

* Plus, surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge (if applicable).

** A resident individual (whose total income does not exceed Rs. 700,000) can avail rebate under section 87A of the Act. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs. 25,000, whichever is less.”

(b) Partnership Firms & LLP's

The tax rates applicable would be 30 per cent (plus surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable).

(c) Domestic Companies

Type of Domestic company	Base normal tax rate on income* (Other than income chargeable at special rates)	Base MAT rate*
Domestic companies having turnover or gross receipts of less than Rs. 400 Cr in FY 2021-22	25 per cent	15 per cent
Domestic manufacturing company set-up and registered on or after 1 March 2016 subject to fulfilment of prescribed conditions (Section 115BA)	25 per cent	15 per cent
Any domestic company (even if an existing company or engaged in non-manufacturing business) has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAA)	22 per cent	Not Applicable
Domestic manufacturing company set-up and registered on or after 1 October 2019 and commences manufacturing up to 31 March 2024, has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAB)	15 per cent	Not Applicable
Domestic companies not falling under any of the above category	30 per cent	15 per cent

* Plus, surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge (if applicable).

Note 2: Surcharge (as applicable to the tax charged on income)

(a) Non-corporate assesseees other than firms and co-operative societies (other than FPIs)

Particulars	Rate of Surcharge
Where total income (including dividend income and income under the provisions of section 111A, section 112 and section 112A of the Act) does not exceed Rs. 50 lacs	Nil

Where total income (including dividend income and income under the provisions of section 111A, section 112 and section 112A of the Act) exceeds Rs. 50lacs but does not exceed Rs. 1 crore	10 per cent on total tax
Where total income (including dividend income and income under the provisions of section 111A, section 112 and section 112A of the Act) exceeds Rs. 1 crore but does not exceed Rs. 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of section 111A, section 112 and section 112A of the Act) does not exceed Rs. 2 crores but total income (including dividend income and income under the provisions of section 111A, section 112 and section 112A of the Act) exceeds Rs. 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of section 111A, section 112 and section 112A of the Act) exceeds Rs. 2 crores but does not exceed Rs. 5 crores	25 per cent on tax on income excluding dividend income and income under the provisions of section 111A, section 112 and section 112A of the Act 15 per cent on tax on dividend income and income under the provisions of section 111A, section 112 and section 112A of the Act
Where total income (excluding dividend income and income under the provisions of section 111A, section 112 and section 112A of the Act) exceeds Rs. 5 crores	37 per cent on tax on income excluding dividend income and income under the provisions of section 111A, section 112 and section 112A of the Act 15 per cent on tax on dividend income and income under the provisions of section 111A, section 112 and section 112A of the Act

In case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of Income-tax shall not exceed fifteen per cent.

Surcharge as above shall also be subject to marginal relief, if any, as provided under the applicable Finance Act. A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge

Note: The Finance Act, 2023 from FY 2023-24 has capped the surcharge rates to 25 per cent on tax on income if opted for taxation under section 115BAC.

(b) FPIs (Non – corporate)

Particulars	Rate of Surcharge
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) does not exceed Rs. 50 lacs	Nil
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) exceeds Rs. 50 lacs but does not exceed Rs. 1 crore	10 per cent on total tax
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) exceeds Rs. 1 crore but does not exceed Rs. 2 crore	15 per cent on total tax
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) does not exceed Rs. 2 crore but total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) exceeds Rs. 2 crore	15 per cent on total tax

Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) exceeds Rs. 2 crores but does not exceed Rs. 5 crores	<ul style="list-style-type: none"> – 25 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the Act – 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of the Act
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) exceeds Rs. 5 crores	<ul style="list-style-type: none"> – 37 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the Act – 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of the Act

Surcharge as above shall also be subject to marginal relief, if any, as provided under the applicable Finance Act. A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.

(c) For assesseees other than those covered above

Particulars	Rate of surcharge applicable
Non-corporate taxpayers being firms and co-operative societies	<ul style="list-style-type: none"> • Nil where taxable income does not exceed Rs. 1 crore • 12 per cent where income exceeds Rs. 1 crore
Domestic companies (other than companies availing benefit under section 115BAA and section 115BAB of the Act)	<ul style="list-style-type: none"> • Nil where taxable income does not exceed Rs. 1 crore • 7 per cent where taxable income does not exceed Rs. 1 crore but does not exceed Rs. 10 crore • 12 per cent where taxable income exceeds Rs. 10 crore
Domestic companies availing benefit under section 115BAA and section 115BAB of the Act	<ul style="list-style-type: none"> • 10 per cent (irrespective of taxable income)
Foreign Companies (including corporate FPIs)	<ul style="list-style-type: none"> • Nil where taxable income does not exceed, is equal to or less than Rs. 1 crore • 2 per cent where taxable income exceeds Rs. 1 crore but does not exceed Rs. 10 crore • 5 per cent where taxable income exceeds Rs. 10 crore

A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.

Note 3: Taxability of interest income

(a) For all Residents (including Indian Corporates)

In case of residents, where interest income is taxable as 'Income from Other Sources' or 'Income from Business or Profession' should be chargeable to tax as per the rates given in Note 1 and Note 2 above.

(b) For Non-residents (other than FPI entities)

In case of non-residents, under the Act, the interest income should be chargeable to tax at the rate of 30 / 40 per cent depending on the status (i.e. corporate / non-corporate) of the non-resident (plus applicable surcharge and health and education cess). However, the above is subject to any relief available under DTAA and any Covered Tax Agreement (CTA) entered into by the Government of India.

A non-resident Indian has an option to be governed by Chapter XII-A of the Act, subject to the provisions contained therein which are given in brief as under:

- i. Under 115C(e) of the Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in undivided India.
- ii. Under section 115E of the Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20 per cent.
- iii. Under section 115G of the Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the Act, if his total income consists only of investment income as defined under section 115C(c) and/ or Long-Term Capital Gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Act in accordance with and subject to the provisions contained therein.
- iv. Under section 115H of the Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
- v. In accordance with and subject to the provisions of section 115I of the Act, a Non-Resident Indian may opt not to be governed by the provisions of Chapter XII-A of the Act. In that case, Investment income, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the Act.
- vi. As per section 115D(1) of the Act, no deduction in respect of any expenditure or allowance shall be allowed under any provisions of the Act in the computation of income of a non-resident Indian under Chapter XII – A of the Act.

(c) For FPI entities

In case of FPI, interest on NCD may be eligible for concessional tax rate of 5 per cent (plus applicable surcharge and health and education cess) under section 194LD of the Act. Further, in case where section 194LD is not applicable, the interest income earned by FPI should be chargeable tax at the rate of 20 per cent under section 115AD of the Act.

However, the above is subject to any relief available under DTAA and any CTA entered into by the Government of India.

Note 4: Regular capital gains tax rates

1. Tax on Long-term Gains

(i) For all Residents (including Indian Corporates)

Long-term capital gains (other than long-term capital gains chargeable under section 112A of the Act) will be chargeable to tax under Section 112 of the Act, at a rate of 20 per cent (plus applicable surcharge and health and education cess respectively – Refer Note 2) with indexation.

Alternatively, the tax rate may be reduced to 10 per cent without indexation (plus applicable surcharge and health and education cess – Refer Note 2) in respect of listed securities (other than a unit) or zero- coupon bonds (as defined).

However, as per the fourth proviso to section 48 of the Act, benefit of indexation of cost of acquisition under second proviso to section 48 of the Act, is not available in case of bonds, debentures, except capital indexed bonds. Accordingly, long term capital gains on listed bonds arising to the bond holders, should be subject to tax at the rate of 10 per cent, computed without indexation, as the benefit of indexation of cost of acquisition is not available in the case of debentures.

(ii) For Resident Individuals and HUFs only

Where the taxable income as reduced by long-term capital gains is below the exemption limit, the long- term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be charged at a rate of 20 per cent with indexation (plus applicable surcharge and health and education cess – Refer Note 2).

Alternatively, the tax rate may be reduced to 10 per cent without indexation (plus applicable surcharge and health and education cess – Refer Note 2) in respect of listed securities (other than a unit) or zero- coupon bonds (as defined).

However, as per the fourth proviso to section 48 of the Act, benefit of indexation of cost of acquisition under second proviso to section 48 of the Act, is not available in case of bonds, debentures, except capital indexed bonds. Accordingly, long term capital gains arising to the bond holders, should be subject to tax at the rate of 10 per cent, computed without indexation, as the benefit of indexation of cost of acquisition is not available in the case of debentures.

(iii) For Non-Resident Individuals

Long-term capital gains (other than long-term capital gains chargeable under section 112A of the Act) in case of listed securities will be chargeable under section 112 of the Act at a rate of 20 per cent (plus applicable surcharge and health and education cess – Refer Note 2) with applicable foreign exchange fluctuation benefit or indexation, as the case may be. The tax payable (for other than a listed unit) could alternatively be determined at 10 per cent (plus applicable surcharge and health and education cess – Refer Note 2) without indexation.

The above-mentioned rates would be subject to applicable treaty relief.

A non-resident Indian has an option to be governed by Chapter XII-A of the Act, subject to the provisions contained therein which are given in brief as under:

- i. Under section 115E of the Act, Long-Term Capital Gains on transfer of specified Debentures (as defined under section 115C(f) of the Act) will be taxable at 10 per cent of such capital gains without indexation of cost of acquisition. Short-term Capital Gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.
- ii. As per section 115F of the Act, long-term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures

in any specified asset in accordance with and subject to the provisions contained therein. However, if the new asset is transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains claimed as exempt earlier would be deemed to be income chargeable under the head "Capital Gains" (relating to capital assets other than short-term capital assets) in the year in which the new assets are transferred or converted into money.

- iii. Under section 115G of the Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the Act, if his total income consists only of investment income as defined under section 115C(c) and/or Long-Term Capital Gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Act in accordance with and subject to the provisions contained therein.
- iv. Under section 115H of the Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

In accordance with and subject to the provisions of section 115I of the Act, a Non-Resident Indian may opt not to be governed by the provisions of Chapter XII-A of the Act. In that case:

- a) Long Term Capital Gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
- b) Investment income and Short-Term Capital Gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the Act.

(iv) For FPI entities

As per section 115AD of the Act, long-term capital gains on transfer of NCD by FPI are taxable at 10 per cent (plus applicable surcharge and cess) without indexation and foreign exchange fluctuation benefit.

The above-mentioned rates would be subject to applicable treaty relief.

Further, as per section 196D(2) of the Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures (securities referred to in Section 115AD) by FPI.

2. Tax on Short-term Capital Gains

Short-term capital gains are chargeable to tax as per the applicable general tax rates (discussed in Note 1 and Note 2 above).

In the case of Individual/HUF, being a resident, the provisions relating to maximum amount not chargeable to tax described at Note 4-para 1(ii) above relating to long-term capital gains, would also apply to such short-term capital gains.

In case of FPI, as per section 115AD of the Act, short term capital gains on transfer or sale of NCDs are taxable at the rate of 30 per cent (plus applicable surcharge and health and education cess – Refer Note 2).

Notes:

- The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures.
- The stated benefits will be available only to the sole/ first named holder in case the debentures are held by joint holders.

- The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and does not cover benefit under any other law.
- The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment year 2024-25 pursuant to the financial year 2023-24.
- Several of these benefits are dependent on the Company or its Debenture Holders fulfilling the conditions prescribed under the relevant tax laws.
- This Statement does not discuss any tax consequences in the country outside India of an investment in the Debentures. The subscribers of the Debentures in the country other than India are urged to consult their own professional advisers regarding possible income tax consequences that apply to them.
- This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the Debentures of the Company.
- In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the nonresident has fiscal domicile.
- No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.
- We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this statement of tax benefits.
- This Statement does not cover analysis of provisions of Chapter X-A of the Act dealing with General Anti- Avoidance Rules (GAAR) and provisions of Multilateral Instruments (MLI).

For **Navi Finserv Limited**

Ankit Surana

Chief Financial Officer

Date:

SECTION IV: ABOUT THE ISSUER AND INDUSTRY OVERVIEW

INDUSTRY OVERVIEW

The information contained in this section is derived from the (a) Research Report on Retail and Housing Finance Industry dated December 2023 (the “**CARE Report**”) which has been commissioned and paid for by us for agreed fees for the purposes of confirming our understanding of the industry exclusively in connection with the Issue and exclusively prepared and issued by CARE Analytics and Advisory Private Limited (CareEdge) in an “as is where is basis”.

We officially engaged CARE Analytics and Advisory Private Limited (CareEdge), in connection with the preparation of the CARE Report in relation to the financial services industry pursuant to an engagement letter dated December 19, 2023. Neither we nor any of our Directors and Lead Manager are related parties of CARE.

The data included in this section includes excerpts from the CARE Report which may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the Issue) that have been left out or changed in any manner. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

Research Report on Retail and Housing Finance Industry (Source: CARE Report)

GDP Growth and Outlook

India’s real GDP grew by 9.1% in FY22 and stood at ~Rs. 149 trillion despite the pandemic and geopolitical Russia-Ukraine spillovers.

In Q1FY23, India recorded 13.1% y-o-y growth in real GDP, largely attributed to improved performance by the agriculture and services sectors. Following this double-digit growth, Q2FY23 witnessed 6.2% y-o-y growth, while Q3FY23 registered 4.5% y-o-y growth. The slowdown during Q2FY23 and Q3FY23 compared to Q1FY23 can be attributed to the normalization of the base and a contraction in the manufacturing sector’s output.

Subsequently, Q4FY23 registered broad-based improvement across sectors compared to Q3FY23 with a growth of 6.1% y-o-y. The investments, as announced in the Union Budget 2022-23 on boosting public infrastructure through enhanced capital expenditure, have augmented growth and encouraged private investment through large multiplier effects in FY23. Supported by fixed investment and higher net exports, real GDP for full-year FY23 was valued at Rs. ~160. trillion registering an increase of 7.2% y-o-y.

Furthermore, in Q1FY24, the economic growth accelerated to 7.8%. The manufacturing sector maintained an encouraging pace of growth, given the favorable demand conditions and lower input prices. The growth was supplemented by a supportive base alongside robust services and construction activities. This momentum was maintained in the Q2FY24 with GDP growth at 7.6%, mainly supported by acceleration in investments. However, private consumption growth was muted due to weak rural demand and some moderation in urban demand amid elevated inflationary pressures in Q2FY24. On the supply side, a significant improvement in manufacturing and construction activities supported growth. Overall, the economy expanded by 7.7% in H1FY24 compared to 5.3% in H2FY23. This growth is aided by rising urbanization supported by Government led policies to improve infrastructure.

In December 2023, the RBI in its bi-monthly monetary policy meeting estimated a real GDP growth of 6.5% y-o-y for FY24.

RBI's GDP Growth Outlook (Y-o-Y %)

FY24P (complete year)	Q3FY24P	Q4FY24P	Q1FY25P	Q2FY25P	Q3FY25P
7.0	6.5	6.0	6.7%	6.5%	6.4%

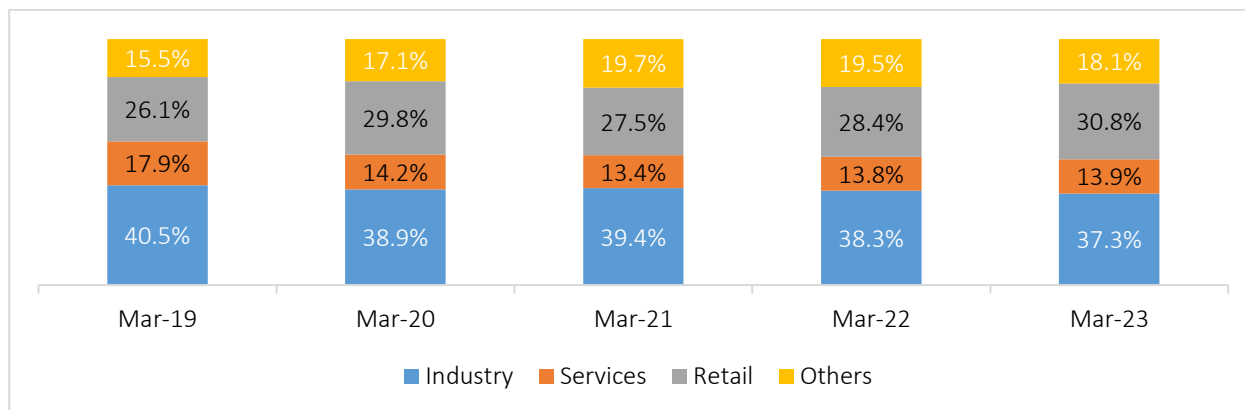
NOTE: P-PROJECTED; SOURCE: RESERVE BANK OF INDIA

Sectoral Distribution of Credit

The industry sector has remained the largest recipient of credit extended by NBFCs followed by retail loans, services, other non-food credit, and agriculture & allied activities. NBFCs have increased the amount of credit deployed to industry on account of improved demand for credit mainly for working capital loans due to surging commodity prices. As of Mar-23, industry credit contributed Rs. 12.8 Lakh crore, which is around 37.3% of NBFCs' gross credit deployed, as per the RBI.

While NBFCs' credit to the industry is growing, their credit to services has declined marginally mainly due to declining credit to the commercial real estate sector, transport operators, and other services. As of Mar-23, as per data published by RBI, credit deployed to the service sector has hovered around Rs. 4.8 Lakh crore which is around 13.9% of NBFC gross credit deployed.

Retail loans comprise housing loans, vehicle loans, loans against gold, consumer durables loans, and other such personal loans. Over the last couple of years, NBFCs have shifted their focus to retail lending in order to grow their business. Besides, with the slow demand for credit from the industry and services sector, retail lending has shown tremendous growth. Also, retail loans have lower delinquencies when compared to MSME/corporate lending, another major factor for the shift. As of Mar-23, the credit deployed to retail loans by NBFCs has increased to more than a third of their gross credit deployed, which stood at Rs. 34.3 Lakh crore for NBFCs.



Sectoral Distribution of NBFCs' credit

Source: RBI, CareEdge Research

Note: Industry includes credit to micro, small, medium and large enterprises;

Retail loans are personal loans for housing loans, consumer durables, auto loans, and other personal loans;

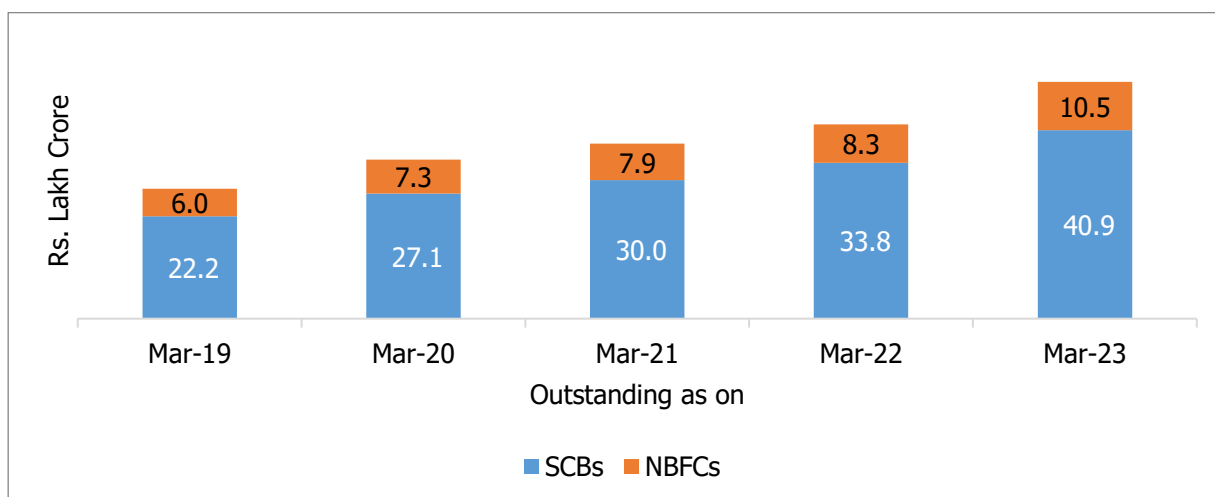
Services include credit towards commercial real-estate, retail trade and other such loans

Others include credit deployed towards agriculture and allied activities and other non-food credit

Digital Retail Financing

Trend in Retail Credit Growth

Retail loans in India fall under the larger umbrella of credit provided to an individual by a certified financial institution, a commercial bank, or a credit union to fulfil their financial needs such as buying a property or house, paying for a college education, owning a vehicle or other assets such as essential electronics and personal loans that are short term in nature.

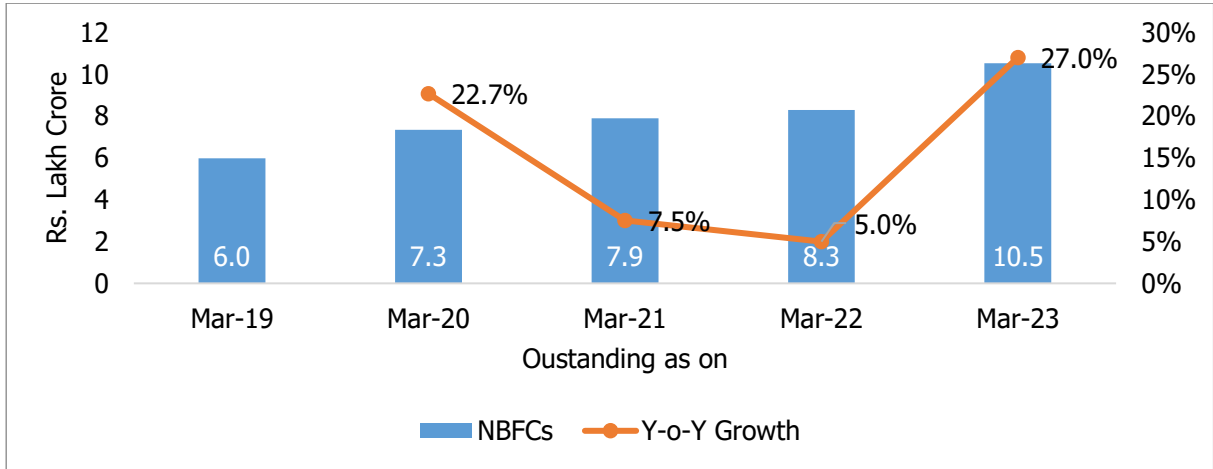


Retail Credit Portfolio of SCBs & NBFCs

Source: CMIE, RBI, CareEdge Research

Note: Data are provisional

As of Mar-23, retail credit was around 30% of NBFCs' gross credit deployed and SCBs' gross credit deployed. Banks and NBFCs shifted their efforts toward retail lending due to the increasing demand for retail credit. The shift in borrowing behaviour of consumers for better living standards and their readiness to borrow personal loans to fulfil those needs have boosted the demand for retail loans.



Credit deployed by NBFCs' toward Retail Loans

Source: CMIE, RBI, CareEdge Research

Note: Retail loans include refers to loans given to individuals and consist of (a) consumer credit, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.) and other personal loans.

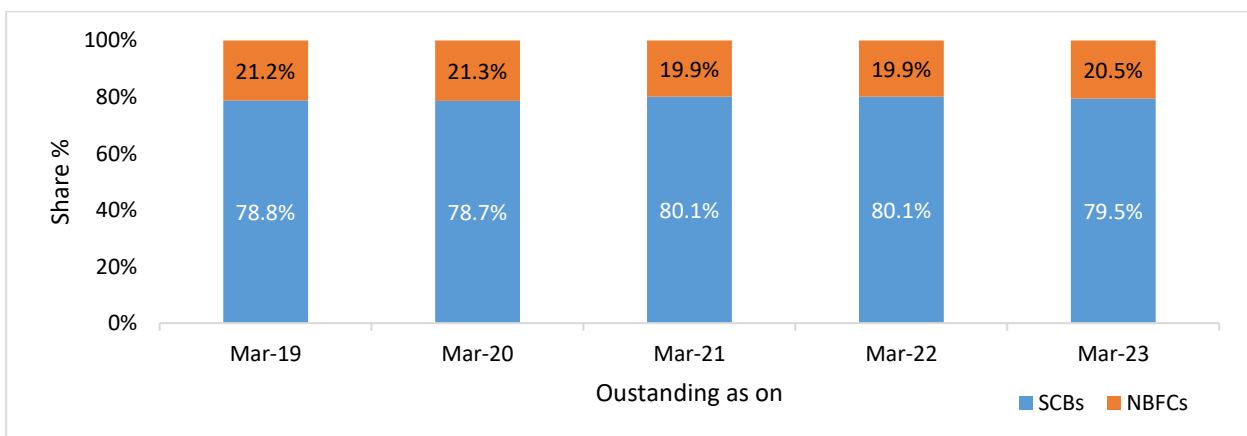
Note: Data for retail loans for March 2023 is provisional

Retail loans comprise housing loans, vehicle loans, loans against gold, education loans and other personal loans. In 2019, retail credit accounted for around 26% of total credit deployed by NBFCs. As of March 2023, the credit deployed to retail loans by NBFCs has increased to more than a 30% of their gross credit deployed, which stood at Rs. 33.8 lakh crores for NBFCs.

Over the last couple of years, Banks and NBFCs have shifted their focus on retail lending in order to grow their business. While, industry and services sector demand for credit has remained subdued, retail lending has shown tremendous growth. Additionally, these loans have lower delinquencies compared to MSME/corporate lending which is also a major factor for the shift. However, banks continue to remain aggressive compared to NBFCs in this space.

The retail loan segment takes on a critical role in the overall growth of Banks and NBFCs post-pandemic. CareEdge research expects more focused growth in this segment going forward.

Banks and NBFCs Share in Retail Credit



Share in credit towards retail loan

Source: CareEdge Research

SCBs continue to contribute more than 75% of aggregate retail loan book. While NBFCs have significantly ramp up their credit towards retail segment post the IL&FS crisis, their overall contribution is yet to reach its full potential. Retail loans account for third of NBFCs total credit, however banks aggressive push towards the segment and increased market reach has aided them in gaining the major market share.

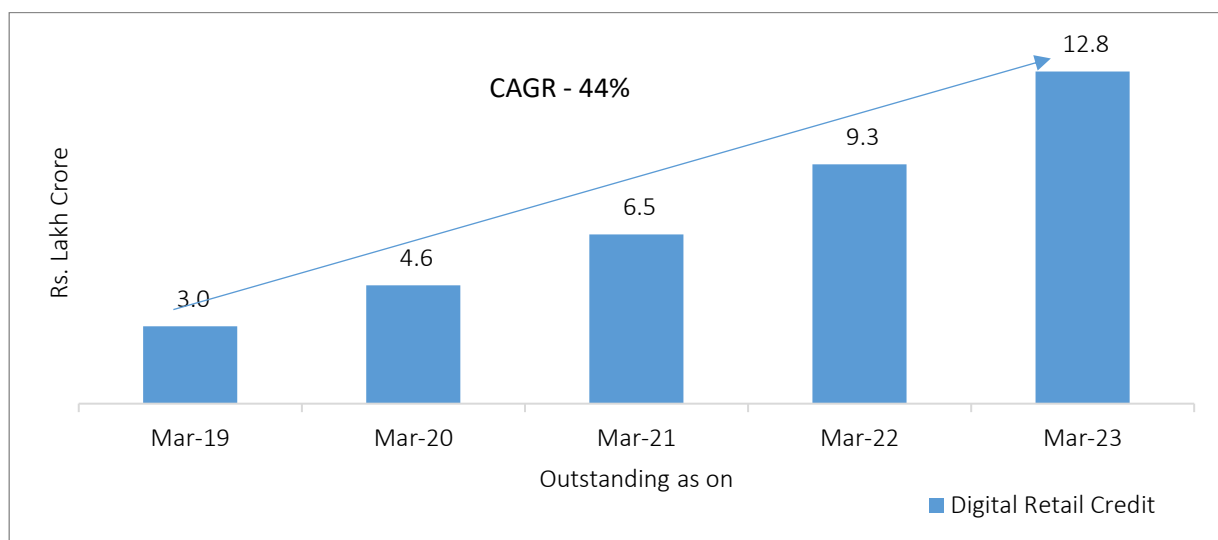
Trends in Digital Retail Credit

Digital retail credit entails offering credit or financing to consumers that is primarily facilitated through digital or online channels. Banks, NBFCs, Fintech and other financial institutions leverage technology to streamline the credit application, securing approvals, and managing credit accounts to provide digital retail credit.

Digital retail credit has emerged as a convenient and accessible source of financing using digital platforms and technologies. This enables individuals particularly those who have limited access to traditional sources of financing to obtain credit for a variety of purposes such as for making purchases online, paying bills and paying for them over time. This form of credit has gained significant traction in recent years, with the rise of e-commerce, smartphone penetration and increasing adoption of digital technology for online shopping.

The process of obtaining digital retail credit includes a seamless online application and approval process. Lenders leverage advanced data analytics and machine learning algorithms to assess the creditworthiness of the borrowers and determine the credit limits, terms of repayments for the borrower.

The growth of digital retail credit has been facilitated by the rise of digital payments systems and integrated digital lending platforms. These lending platforms enable seamless and secure transactions, making it easier for lenders to disburse funds to borrowers and for borrowers to repay their obligations.



Trend in SCBs and NBFCs Digital Retail Credit

Source: CareEdge Research Estimates

Over the years, there has been significant ramp-up in digital retail credit mainly driven by the increasing adoption of smartphones and internet penetration and the rising popularity of e-commerce. Between FY19 and FY23, the digital retail credit is expected to have grown at a CAGR of around 44%. Digital retail credit saw significant up-tick during the Covid-19 pandemic as the lockdown led to increased need for better technological infrastructure.

Post Covid-19, The growth was largely supported by improved digital lending infrastructure, increased reliance on e-commerce, adoption of digital payments systems. In FY23, retail credit through digital channels is expected to have accounted for nearly a third of SCBs and NBFCs retail credit.

Rise in digital credit deployed by banks and NBFCs

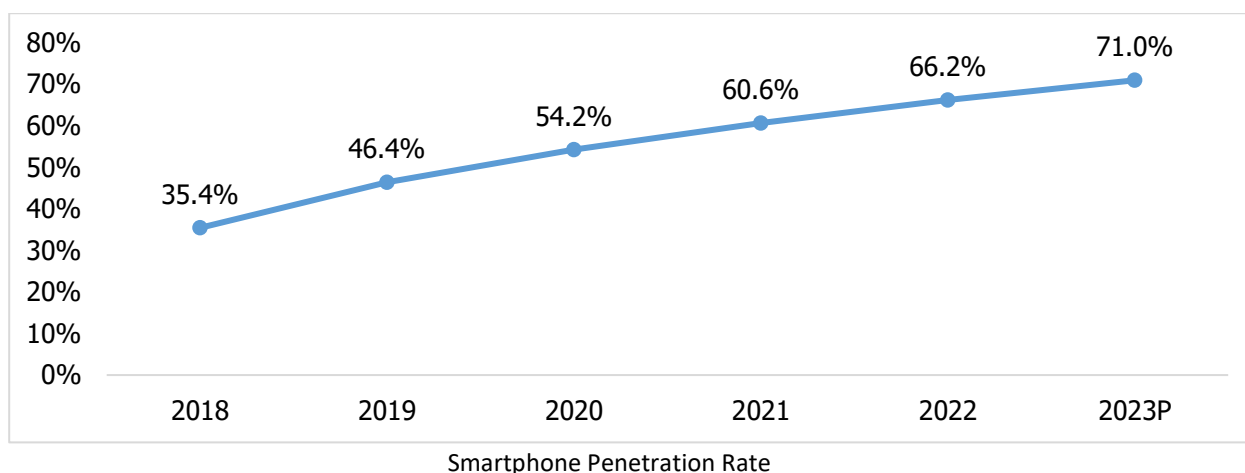
NBFCs and banks have played a crucial role in increasing digital credit accessibility. NBFCs and banks have accelerated their digital transformation efforts in the wake of the Covid-19 pandemic.

- **Digital Transformation:** NBFCs and banks have invested and upgraded their digital infrastructure and systems. To provide seamless online services, including digital credit facilities and enable customers to apply for loans and avail banking services from the comfort of their home.
- **Promotion of cashless payments:** NBFCs and banks actively promoted and expanded contactless payment options. They also integrated their loan products with digital wallets, payment gateways and mobile banking applications allowing customers to make payments and manage their credit digitally, thereby reducing reliance on cash transactions.

- **Collaborations with Fintech's:** NBFCs and banks have collaborated with Fintech companies with digital expertise and leverage it to expand their digital credit offerings to the underserved segment (previously considered high risk or excluded from traditional credit channels). Fintech firms bring specialised capabilities in areas such as alternative credit assessment models, electronic payment solutions, digital lending platforms and data analytics. Collaborations with Fintechs have aided NBFCs and banks in enhancing their existing digital infrastructure and cater to wider customer base with more efficient and inclusive lending solutions.
- **Technological Innovations and Data Analytics:** In order to enhance their digital credit offerings NBFCs and Banks have adopted machine learning, advanced analytics, and artificial intelligence to streamline loan origination, loan appraisal, and risk management processes. This has enabled them to take quick and more accurate decisions, leading to increased access to credit for individuals and businesses. Furthermore, to better evaluate the creditworthiness of borrowers. NBFCs and banks are using data analytics tools such as digital footprints, transaction history, and alternative data sources to make informed lending decisions. This has facilitated extension of credit to borrowers who had been excluded or faced challenges with traditional credit assessment methods.
- **Financial Inclusion:** Covid-19 pandemic had led to pressing need to expand digital service uptake. Since then NBFCs and banks have continuously taken efforts to reach the untapped markets, which sometimes lie in the remote corners of the country, through digitised operations. The pandemic accelerated the use of digital technology. The increased use of mobile phones and ease of internet access increased the possibility of financiers to reach the unbanked and underserved population by using digital technology.

Trends in Smartphones and internet penetration

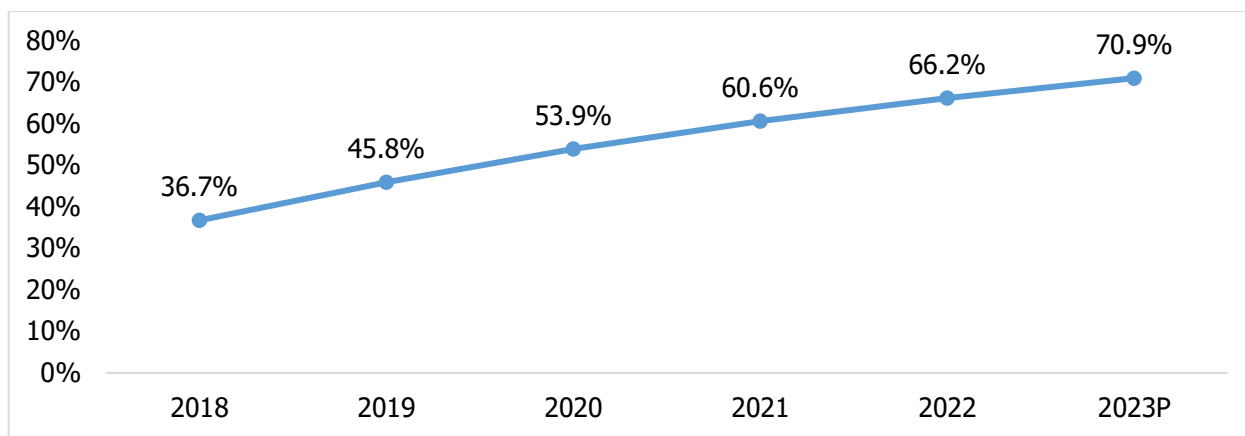
Ramp up in smartphone and internet penetration is one of the key growth drivers and play a significant role in development of Fintech industry. Smartphone and internet penetration have expanded the reach of financial services to remote places, where traditional players were facing challenges. The increase in penetration has also led to rise in mobile payments, netbanking and increase use of digital wallets.



Source: CareEdge Research, Maia Research

Note: P stands for projected

Fintechs are leveraging smartphone technology enabling users to store their payment information securely and complete transactions in few steps. Fintech's can leverage the data collected to provide personalised and data-driven services. By way of analysing user data, such as their transaction history, spending patterns and creditworthiness.



Internet Penetration Rate

Source: CareEdge Research, Maia Research

Due to rise in internet penetration, the data is available on real-time basis and this has changed the process of risk assessment, under-writing process and has enabled fintech's to make accurate and timely decisions. In the coming years, the internet and smartphone penetration is expected to be robust and is expected to play a significant role for the development and growth of Fintech industry.

Key Growth Drivers and Challenges

- **Shift in lifestyle**

With constant rise in urbanization, an increasing number of consumers are becoming more aspirational and demanding changes in lifestyle and consumption patterns. This is driving the demand for consumer durables, such as refrigerators, washing machines, and air conditioners, further aiding the demand for consumer durable loans.

- **Consumer Preferences**

Over the years, there has been shift in consumers preference toward loans. With increased access to credit, consumers are not shying away from borrowing to maintain or attain certain lifestyle needs. NBFCs are well placed to grab this opportunity and grow their retail loan book.

- **Growth of E-commerce**

In the age of rising internet penetration and rapid digitization, e-commerce platforms are grabbing customers' attention through offers to shop consumer durables in a convenient and affordable manner. Consumers can compare prices from different sellers and choose the best deal, often at a discount. This drives the growth of NBFCs that offer a variety of easy financing options for consumers to purchase consumer durables online. Further, the thriving e-commerce is expected to further aid the growth of NBFCs consumer durable loans, largely supported by the increasing internet penetration, smartphone usage, and convenience of online shopping.

- **Under-Served and Unbanked Population**

With the easing internet access, there has been an increase in middle-class spending and growth in rural population consumption. NBFCs and FinTech have transformed the credit distribution landscape to support the financial needs of these consumers. One can avail services from the comfort of their home with minimum documentation.

Further, the majority of India's population lives in rural areas, people do not have sufficient collateral and there is a lack of organized financial support. This is where banks and NBFCs play a crucial role in providing financial support through their products that cater to the rural population.

Government initiative and need for financial inclusion

The Government of India is continuously taking steps to create a sustainable digital infrastructure and has introduced various policies to promote digital payments systems and financial inclusion. Initiatives such as Unified Payments Interface (UPI), Jan Dhan Yojana and the National Payments Corporation of India (NPCI). These policies have aided in creation of robust digital payments infrastructure and expected to further drive the growth of India's fintech industry.

With the ease of internet access, there has been an increase in middle-class spending and growth in rural population consumption. However, despite the technological advancements a large chunk of India's population remains unbanked and under-banked. Fintech have significant potential to address this gap and promote financial inclusion by providing affordable financial services to this population. Fintech's can use artificial intelligence and data analytics to transform the credit

distribution landscape to support the financial needs of these consumers. This will aid individuals in availing services from the comfort of their home with minimum documentation required.

Majority of India's population lives in rural areas, people do not have sufficient collateral and there is a lack of organized financial support. This is where Fintech's can collaborate with financial institutions like banks and NBFCs in providing financial support through their various products that cater to the rural population. Fintech's have substantial opportunity to offer low-cost financial services that are accessible to clients untapped by the traditional banking channels.

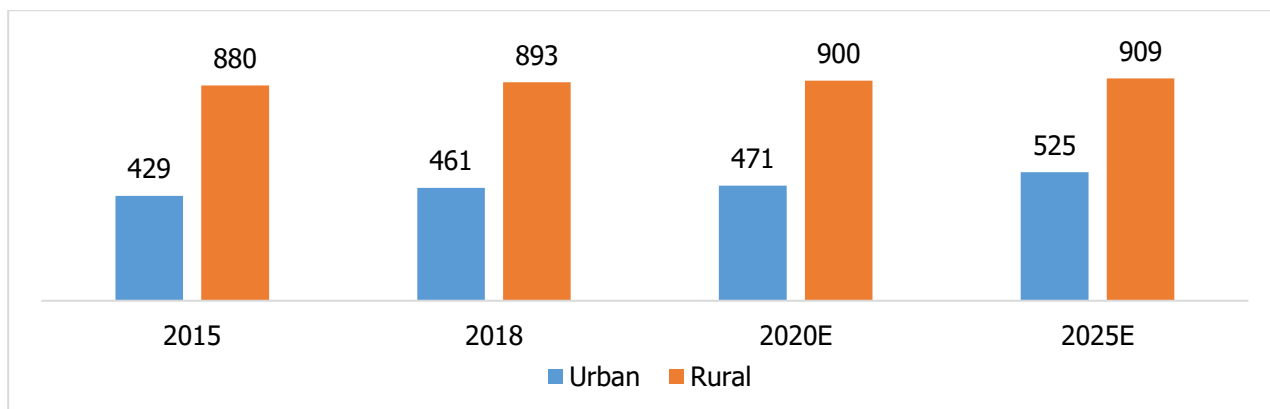
Housing Finance: Growth Drivers

Population Demography

As per United Nations – Population Division - Department of Economic and Social Affairs, the Indian age demographic has two-thirds of our population below 35 years of age, and the share of people in the age group of 0-14 is 26.16%. The share of the working-age population (15-65 years) is 67.27%, which indicates a very positive future outlook for the Indian housing sector.

The demand for new houses is steadily increasing as the pace of urbanization is expected to increase with the Government's focus on building new smart cities as well as a focus on Tier 2 cities, which have a population of around 10 lakh, and Tier 3 cities, which have a population of less than 10 lakh. Thus, CareEdge expects that surging growth and employment in these cities will prove to be a significant driver for people in the rural and semi-urban areas to shift to Tier 2 and Tier 3 cities.

The Indian economy has experienced steady growth in the past decade and is expected to be one of the fastest growing economies in the post-pandemic era. India's urban population is expected to reach over half a billion by 2025 from an estimated 46.1 crore in 2018. Rising income and employment opportunities have led to migration to urban areas thereby creating greater need for real estate in major Indian cities. The growth in economy coupled with increased urbanization is expected to boost the demand for housing industry.



Population breakdown of India (in millions)

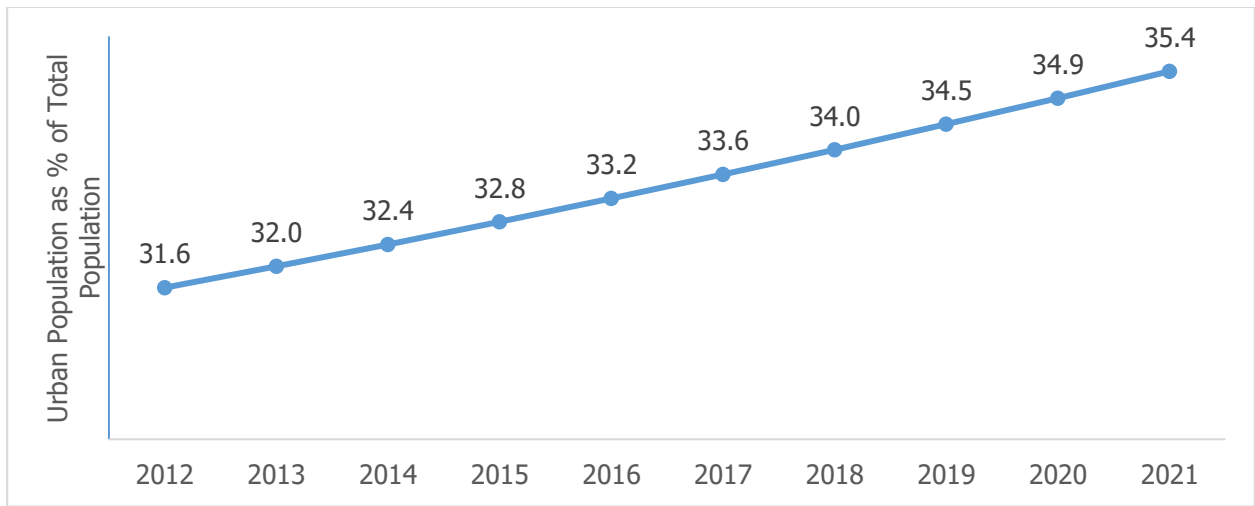
Source: Ministry of Home Affairs, CareEdge Research

Note: E means estimate

Increase in Urbanization

Rapid urbanization bodes well for the sector. India is the second largest urban system in the world. Indian cities are home to about 11% of the total global urban population. Urban growth is expected to contribute to around 73% of the total population increase by 2036 according to Ministry of Health and Family Welfare (MoHFW), 2019.

According to Census of India 2011, India has an urbanisation level of 31.1% which has only increased over the years. Earlier estimations indicate that about 41.6 crore people will be added as urban dwellers in India between 2018 and 2050 according to United Nations study dated 2018 and that India will be 50% urban by 2050 according to UN-Habitat, 2017.

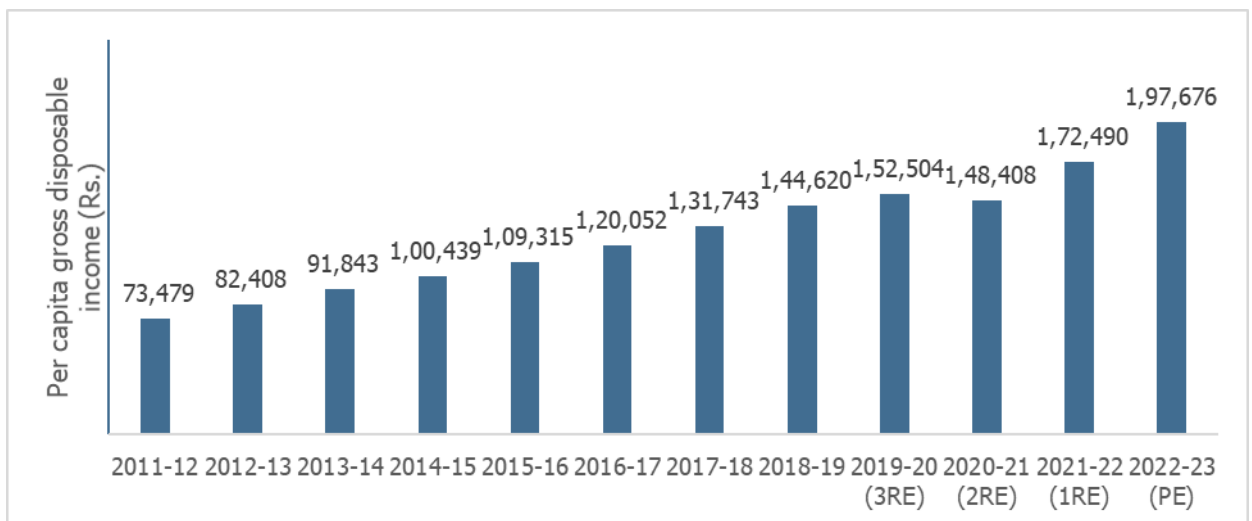


Trend in urbanisation in India

Source: World Bank Database

Increasing purchasing power

The rising disposable income, which has grown at a CAGR of 9.4% between the period FY12 to FY23, is expected to lead to increase in demand for residential real estate in India as more and more people are able to afford real estate purchases.



Per Capita Gross National Disposable Income

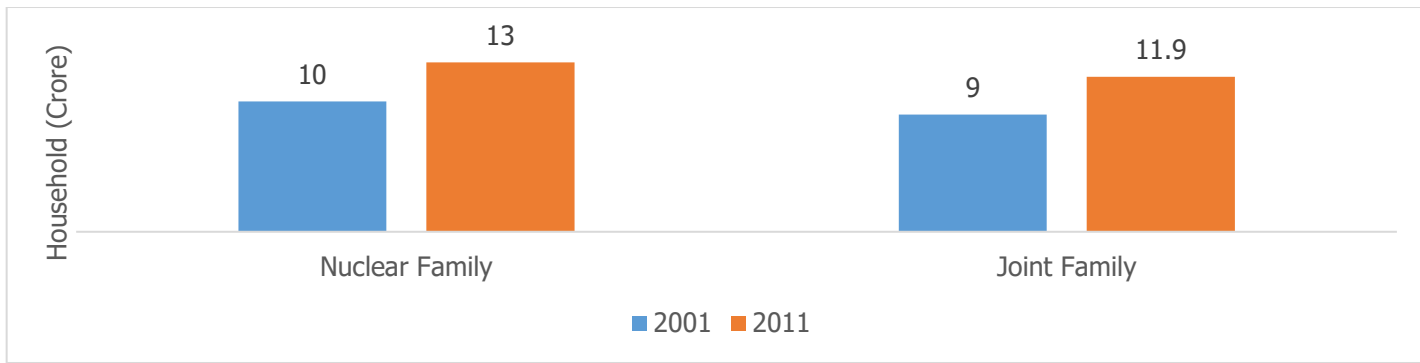
Source: MOSPI

Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, 2AE – Second Advanced Estimate;

Rise in Number of Nuclear Families

According to 2001 census, out of 19 crore households, 10 crore or a little over 50 % were nuclear households. In the 2011 census, the share grew to 52.1% - 13 crore nuclear out of 24.9 crore households.

The nuclear family concept is very well linked with rapid urbanization of the country. People migrate from one place to another in search of jobs which ultimately increases the nuclear family count. Increase in nuclear families will lead to an eventual rise in demand for residential units.



Nuclear & Joint Family Household

Source: Census Data & CareEdge Research

Shift in buying behaviour

The coronavirus pandemic has shifted the attitude that resulted in consumers buying new homes. The financial uncertainty brought on by the pandemic is estimated to have led to many consumers considering a home as an essential financial security.

Consumers are also giving a serious thought to how they live and may want to move to larger homes considering their family size and the need to accommodate work-from-home, hybrid work and study-from-home. The demand for projects with good architecture, uncluttered space and recreational activities for children and elderly is projected to increase.

Technological development (Fintech)

Technology has helped HFCs/ Non-banking Financial Companies (NBFC) to provide fast, efficient, cost-effective, customized products and services to customers. It helps in increasing the productivity of the manpower, better utilization of resources, and automation of many manual procedures. Fintech is among the most talked-about development in the world currently having emerged as the world's second-largest fin-tech hub (trailing only the US), India, too, is experiencing this 'FinTech Boom'. Given that consumer banking is on the verge of disruption, there should be greater emphasis on the customer.

While traditional banks have yet to embrace a customer-centric model, fintech can help guide and boost the housing finance industry. It has helped in reaching out to larger geographies for business acquisition without setting up brick and mortar setup. The use of mobile and mobile technology has made the onboarding of a customer easy, fast, and cost-effective. Technology helps to manage risk through analytics. It helps in making informed credit decisions.

The collection and recovery processes have become far more effective and efficient and significant scale-up of business across geographies at a cost-effective manner is possible with the help of technology. Technological advancement will help housing finance companies big time, it will help have a closer eye on NPA as it will be customer-centric and companies will understand their consumers more effectively.

OUR BUSINESS

Unless otherwise indicated, industry and market data contained in this section is derived from “Research Report on Retail and Housing Finance Industry” dated December 2023 (the “CARE Report”) which has been commissioned and paid for by us for agreed fees for the purposes of confirming our understanding of the industry in connection with the Issue and prepared and issued by CARE Analytics and Advisory Private Limited (CareEdge) .

We officially engaged CareEdge, in connection with the preparation of the CARE Report in relation to the financial services industry pursuant to an engagement letter dated December 19, 2023.

The industry and market data included in this section includes excerpts from the CARE Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the Issue) that have been left out or changed in any manner. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

*Our Company’s lending products (i.e. personal loans and home loans) are exclusively distributed through the Cash Loan App and the Home Loan App available on the ‘Navi’ app, which is a mobile application developed by our Promoter, NTL (“**Navi App**”). Our Company has entered into an Outsourcing Agreement for, inter alia, technology based services, cash management and loan distribution, operations, collections, and taxation. Any references to “the App” in this section are to be read as references to the Cash Loan App, Home Loan App and Navi App (as applicable) which is being utilized by our Company pursuant to the Outsourcing Agreement. Some of the information contained in the following discussion, including information with respect to our strengths and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward-Looking Statements” on page 12 for a discussion of the risks and uncertainties related to such statements and also “Risk Factors” on page 16 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

Our Financial Year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Financial Year are for the 12 months ended March 31 of that year.

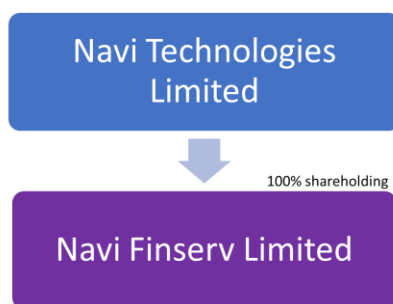
Unless otherwise mentioned the financial and operation information in this section are on standalone basis for our Company. Please note that as on the date of this Draft Prospectus the Company does not have any subsidiary. For further details please see section titled “History and Corporate Matters” and “Material Developments” on page 122 and 182, respectively.

OVERVIEW

We are a non-deposit taking, systemically important NBFC registered with RBI and a wholly owned subsidiary of 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.

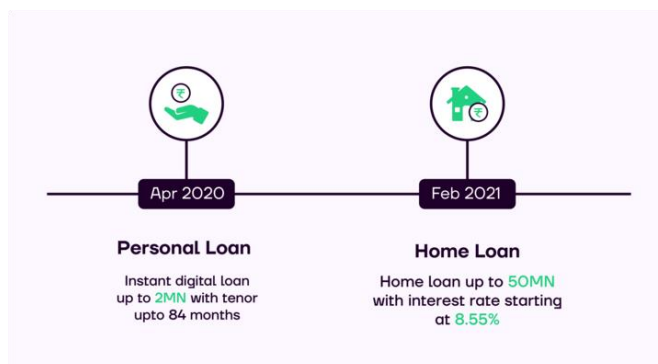
Our Company was originally incorporated as Chaitanya Rural Intermediation Development Services Private Limited as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, Karnataka at Bangalore (“**RoC**”) on February 14, 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 the Company from a private limited to a public limited company to commence/ carry on the business of non-banking financial institution without accepting public deposits under Section 45IA of the RBI Act, 1934.

CORPORATE STRUCTURE



We believe our digital lending process is one of the key differentiators driving business growth. Our Promoter has adopted a mobile-first approach, utilising 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 and loan distribution, operations, collections, and taxation. Pursuant to the Outsourcing Agreement, our products are exclusively distributed through the Cash Loan App and the Home Loan App, the digital platform developed by our Promoter.

The Cash Loan App and Home Loan Apps available on the Navi App provides an easy to use and engaging experience to our personal loan and home loan customers while minimising manual intervention and paperwork.



Note:

- (1) We are providing personal loans up to a tenor of 84 months, as permissible under our internal policies.
- (2) We are providing home loans within the ticket size of up to ₹100 million, as permissible under our internal policies.

We launched our personal loans product under the “Navi” brand in April 2020. Under this business, we extend instant personal loans up to ₹2.0 million with tenors of up to 84 months as permissible under internal policies of our Company) through an entirely digital Navi App-only process. Since our launch and up to September 30, 2023, we have disbursed 3,671,272 personal loans amounting to ₹215,321.33 million. During the six months period ended September 30, 2023, we disbursed 1,010,761 personal loans amounting to ₹61,361.45 million, with an average ticket size of ₹60,708. From the date of the launch, we have approved personal loans to customers across over 99.69% of all Indian pin codes. As of September 30, 2023, our Company’s personal loans business had an AUM of ₹67,635.81 million.

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. As of March 31, 2023, our Company had disbursed home loans across 10 cities in India. Our Company offers loans up to ₹100 million with a tenor of up to 40 years. As of September 30, 2023, our Company had an AUM of ₹7,257.62 million and since launch we have disbursed loans amounting to ₹11,785.56 million with an average ticket size of ₹6.24 million during the six months period ended September 30, 2023.

As on September 30, 2023, we had CRAR of 25.56% in our Company which is higher than statutory minimum CRAR of 15.00% as prescribed by RBI.

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 and A1 by CARE. For further details in relation to the credit rating of our Company’s debt, see “ – CREDIT RATINGS” on page 111.

Our Company’s total borrowings, on a standalone basis, as at December 31, 2023, March 31, 2023 and March 31, 2022 amounted to ₹ 63,415.96 million, ₹ 57,626.32 million and ₹ 27,879.76 million, respectively. We rely on long-term, medium-term borrowings and short term borrowings from various sources. We take term loans, issue non-convertible debentures,

market-linked debentures, and commercial papers. We have a diversified lender base comprising public sector undertakings (“PSUs”), private banks, mutual funds, and others. We also securitise parts of our portfolios by way of pass through certificates (“PTCs”) and direct assignments (“Direct Assignments”) of loan receivables to various banks or NBFCs. We also extend personal loans through co-lending partnerships with financial institutions.

We have developed in-house cloud-native, real-time lending partnerships platform, Navi Lending Cloud (“NLC”). For co-lending, it enables lending partners to underwrite customers and define credit parameters in real-time. It also facilitates real-time settlement of collection payments to co-lenders and reconciliation management. For direct assignment of portfolio, it enables easy and seamless pool selection and due diligence process. Investors can explore a portfolio as per their preferred pool filters and risk comfort from our Company’s customer pool which they can analyze, invest in and monitor. NLC also provides dashboards and a comprehensive, customisable reporting system to help banks and NBFCs track portfolio performance. As on September 30, 2023 we had active direct assignment and co-lending partnerships with 13 and 6 lenders respectively which include banks and NBFCs. During the six months period ended September 30, 2023 we did direct assignments aggregating up to ₹7,157.79 million and co-lending disbursements amounting to ₹13,965.63 million (only co-lenders’ share).

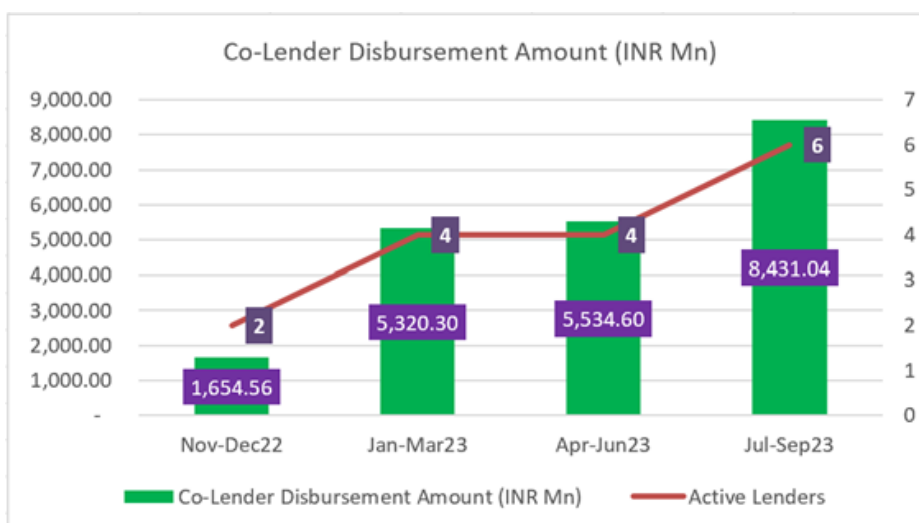


Figure: Co-lending disbursements and Active Co-lenders

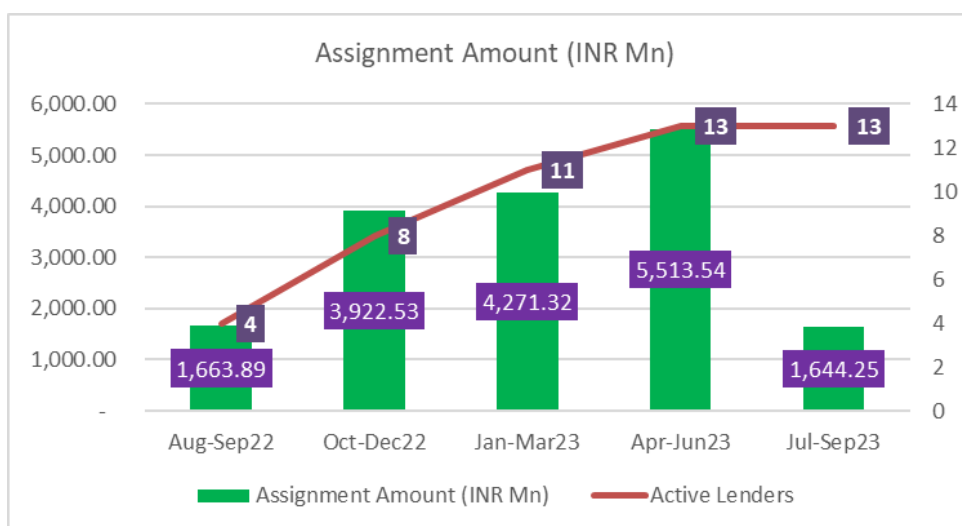


Figure: Direct Assignment Amount and Active Lenders

Our Company concluded its maiden Public Issue I and Public Issue II of secured, rated, listed and redeemable non-convertible debentures under the SEBI NCS Regulations to raise ₹4,957.21 million in FY 2023 and ₹4,816.30 million in FY 2024.

Our Company’s total income for the Financial Year 2023 and 2022, on a standalone basis amounted to ₹ 13,770.52 million and ₹ 4,598.93 million respectively. For the same period, our Company’s profit/(loss) before tax on standalone basis for the year amounted to ₹ 1979.09 million and ₹ (886.35) million respectively.

Further, our Company and our Promoter, who were collectively the beneficial owners of 100% of the paid-up capital of

Chaitanya India Fin Credit Private Limited constituting 157,666,666 equity shares of face value ₹ 10 each have sold the entire stake to Svatantra Microfin Private Limited. For further details see, “History and Certain Corporate Matters – Material Agreements” on page 123.

Our Competitive Strengths

Better customer engagement and experience through Navi App

We operate a mobile-first, app-only model for our personal loans and home loans through the Cash Loan App, Home Loan App and the Navi App. This model enables us to (a) cater to digitally connected Indians, (b) avoid intermediation and reach customers directly in tier-1 cities and beyond, and (c) offer an unassisted buying journey with low turnaround times in the personal loans category.

The mobile-first approach enables us to serve customers in a much quicker time frame. The turnaround time for our fastest disbursals of personal loans was less than 10 minutes.

The Cash Loan App, Home Loan App and the Navi App has been designed with the aim of making the customer journey seamless, with simple and easy-to-understand products. For our Company’s personal loans, the entire process from the loan application and disbursal to repayment is paperless and conducted digitally. The digital operating model with an end-to-end ecosystem enables us to offer our products and services at low cost.

Extensive Reach

Unlike traditional financial services, the digital-first distribution for our personal loans and home loans offerings enables us to deliver products and solutions to our customers without the need of physical infrastructure. This provides us extensive reach and allows us to make financial services accessible for a wide array of customers. From the date of the launch, we have approved personal loans to customers across 99.69% of all Indian pin codes and as on September 30, 2023 and had disbursed home loans across 10 cities in India.

Sourcing of housing loan customers is done through multiple channels, including via the Home Loan App (available on the Navi App) and incentive-based sourcing channels such as builders (including our pre-approved builder database) and referrals from existing customers and employees. Whereas sourcing for personal loan customers is done through a combination of direct digital marketing and tele-marketing channels such as SMS and emails.

Using technology systems developed by our Promoter, we adopt a direct to customer approach for our Company’s personal loans, and home loans to expand our reach throughout India. This allows us to capitalize on the large pool of digitally connected customers, without incurring the high costs associated with offline channels and intermediaries. This approach also generates cross-sell opportunities across our ecosystem with the aim of increasing the potential customer lifetime value. We source customers through organic methods including by cross-selling our housing loans to our existing personal loans customers and marketing our housing loans through direct digital channels such as via SMS and email.

Strong Underwriting and Risk management model

Underwriting, pricing and risk management are driven by data science and machine learning capabilities which are developed by our Promoter, NTL and utilised by our Company.

To proactively address fraud detection, we do continuous sampling and analysis of our loan portfolio to identify emerging patterns and modus operandi. The models are also able to leverage data to enhance our ability to prevent fraud by identifying outlier signals in data and behaviours as triggers.

On the back of our strong underwriting models we have been able to keep delinquencies under control reflected in the Gross NPA and Net NPA trends on our personal loan portfolio in the graph below.

We have continued to maintain comfortable capital adequacy levels sufficient to cover credit losses on account of portfolio stress.

Robust Collection Mechanisms

Our Promoter has developed a robust cohort-based collections model to efficiently follow-up and recover dues that are outstanding. Our collections capability comprises digital reminders and follow-ups for payments, tele-calling and on-ground collection management. Allocation of delinquent loans to these channels is driven by back-end analytics and payment behaviour scorecards to maximize on overall debt management efficiencies.

For the Financial Year ended March 31, 2023 and six months ended September 30, 2023, our personal loans collection efficiency was 96.10% and 92.04%, respectively. Also see, “ – Personal Loans – Operational performance” on page 105. Our processes are supported by a granular tracking of loan portfolio metrics and performance that assist us in customer level risk management. Performance of each metric is benchmarked against an operating threshold that acts as guardrails for risk management and benchmark ECL. We study portfolio trendlines and KPIs, and deviations are analysed and acted upon.

As a result, we have been able to minimise the impact of economic cycles, including the COVID-19 pandemic, on our collection efficiency and asset quality, over the periods presented.

Diverse Borrowing Profile across fund raising mechanisms and lenders

Since our launch, we have developed a well-diversified funding profile by expanding our funding sources and lender base. For example, at our Company we had 34 term loan/ working capital lenders as of September 30, 2023 as compared to 32 term loan lenders as of March 31, 2023. We continuously seek to diversify our sources of funding to facilitate flexibility in meeting our funding requirements.

The treasury departments of our Company is responsible for diversifying our capital sources, managing interest rate risk and maintaining strong relationships with our lenders and rating agencies. We maintain adequate liquidity buffers to take care of our loan disbursements and unforeseen market liquidity conditions.

Our Company’s total borrowings, on a standalone basis, as at December 31, 2023, March 31, 2023 and March 31, 2022 amounted to ₹63,415.96 million, ₹ 57,626.32 million and ₹27,879.76 million, respectively. We rely on long-term, medium-term and short term borrowings from various sources including banks, financial institutions, HNIs, other NBFCs and capital markets. We take term loans, issue non-convertible debentures, market-linked debentures, and commercial papers. We also securitize parts of our portfolios by way of pass through certificates (“PTCs”) and Direct Assignments (“DA”) of loan receivables to various banks or NBFCs.

Strong leadership backed by experienced management team and high corporate governance standards

We are backed by an experienced management team. Sachin Bansal, is the co-founder and promoter of NTL and is Executive Chairman and CEO of our Company. He is the former chairman and co-founder of Flipkart. Sachin graduated from IIT Delhi with a degree in Computer Science in 2005. He was named World 40 under 40 by Fortune Magazine in 2012, Entrepreneur of the Year by Economic Times in 2013 and Time Magazine’s 100 most influential people in the world in 2016. Sachin co-founded NTL with Ankit Agarwal, our Managing Director, who is a former banker and has held senior positions across Deutsche Bank and Bank of America. Ankit graduated from IIT Delhi with a degree in Computer Science in 2004 and also holds an MBA from IIM Ahmedabad, from where he graduated in 2008.

Sachin and Ankit have assembled a strong leadership team with a deep level of expertise, particularly in the financial services and technology industries.

Our Company has strong corporate governance standards with majority of the Board comprising of independent directors.

Our Strategies

Long term focus on utilising technology and data science capabilities

Our Promoter has made significant investments in technology infrastructure, machine learning models and data analytics capabilities and has a long-term approach towards building in-house technology. This will aid us to continue strengthening our product offerings and enhance customer experience.

We have leveraged the technology, data science capabilities and microservices technology architecture developed by our Promoter, NTL. For example, we have been able to roll-out innovative features such as flexible EMI dates for personal loans. We will continue to have a long-term focus on utilising technology and data science capabilities of our Promoter enabling us to grow while keeping costs non-linear.

We expect the accuracy of machine learning models to improve as we scale-up and capture more customer data. This will enable us to improve our understanding of customers and maintain asset quality by accurately identifying credit-worthy customers.

Increasing reach across India

During the six months period ended September 30, 2023, we provided home loans in six cities and we plan to expand our presence through digital as well as builder tie-ups. We currently source home loan customers directly through multiple avenues, including our pre-approved residential projects database, the digital platform and through referral channels. In the long run, our focus will be to make the customer journey more streamlined by creating a large network of pre-approved residential projects. Since the launch of our Company's personal loans business, we have approved such loans to customers across 99.69% of all India pin codes using the digital-first distribution and we plan to further deepen our reach through marketing channels.

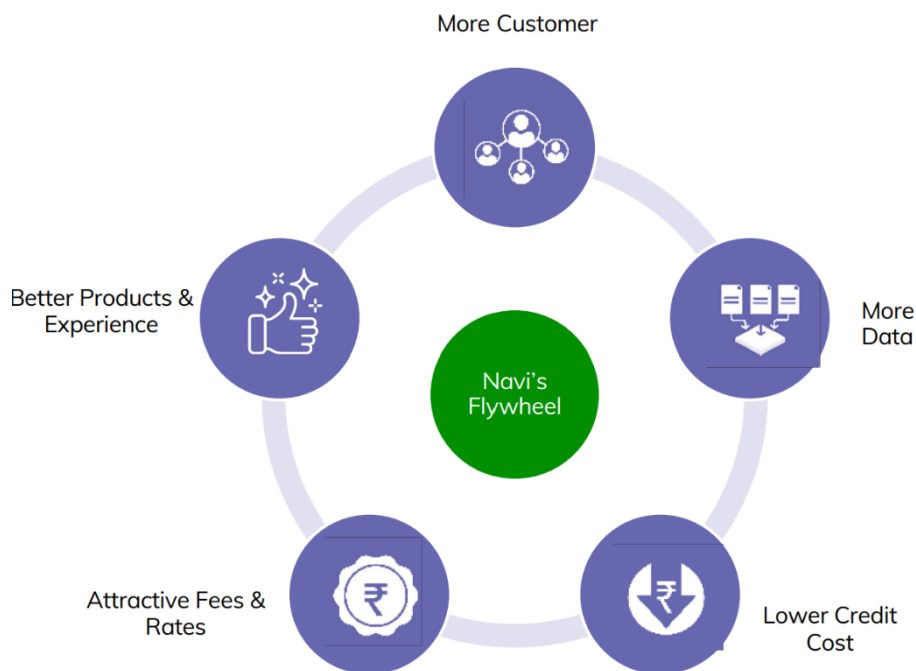
Foray into new product lines

We will continue to utilise our Promoter's in-house research capabilities to identify large market opportunities. We will leverage and replicate our learnings from existing businesses and customers' needs while launching new product offerings. Further, we will continue to leverage customer insights to identify and anticipate their needs and deliver differentiated products and services. We will also explore strategic acquisition opportunities from time to time to strengthen the value proposition of the current portfolio and launch new offerings.

In the long run, our aim is to expand our product portfolio by launching adjacent lending products to capture a larger portion of the wallet share of our customers.

Leveraging our integrated ecosystem for synergies and cross-sell opportunities

Navi App offers an integrated ecosystem of financial services products where once customers enter the ecosystem through acquisition of any products, they can access a full range of adjacent product and service offerings. As we acquire more customers on the Navi App, and as more customers purchase more products, the analytics systems will be able to capture and analyse an increasing amount of customer data.



This integrated ecosystem approach will enable us to capitalize on significant cross-sell and up-sell opportunities. We believe this will enhance customer retention and increase the potential lifetime value of customers. We also witness significant cross-sell traction on the Navi App from customers visiting the Navi App for buying other products.

Optimize borrowing costs and continue to expand and diversify funding sources

Since our launch, we have developed a well-diversified funding profile by expanding our funding sources and lender base. The combination of a diversified lender base and high credit rating has enabled strong liquidity and reduced our cost of funding.

As we continue to grow the scale of our operations, we continue to diversify our borrowing profile and continue to improve our credit ratings to reduce our cost of funds. A lower cost of borrowings will help us improve our net interest margins, competitively price our loans and other products, and deliver better return ratios. For further details in relation to the credit rating of our Company's debt, see "– CREDIT RATINGS" on page 111.

Prudent Risk Management Policies

Our ability to carry on business is driven by the risk management activities we undertake. We fine-tune our underwriting, risk management and collection processes through continuous training of our risk-detection algorithms/models. As our business grows, we will continue to leverage these rapidly evolving algorithms/models to implement appropriate risk management norms. We continue to amend our existing risk management and related policies pursuant to regulatory updates and to cover any foreseeable shortfalls to have a robust risk management framework.

OUR BUSINESS LINES

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 ₹2.0 million with tenors of up to 84 months through an entirely digital Navi App-only process.

Since our launch and up to September 30, 2023, we have disbursed 3,671,272 personal loans amounting to ₹215,321.33 million, with an average ticket size of ₹ 60,708. During the six months ended September 30, 2023, our Company's personal loans collection efficiency was 92.04%.

We believe the digital lending process is one of the key differentiators driving business growth.

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.

As of September 30, 2023, over 88.90% of our personal loan customers had CIBIL credit scores of above 725 and over 62.50% 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.

Operational performance

The following table sets forth certain key performance indicators for our Company's personal loans business, as of and for the periods indicated:

Key Metrics	Quarter Ended									
	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023
Personal loans:										
Closing AUM (₹ in millions) ⁽¹⁾	4,533.46	6,410.32	14,186.92	25,208.94	40,571.05	53,475.45	60,886.80	61,618.96	62,466.17	67,635.81
Loans disbursed (number) ⁽²⁾	15,641	74,170	2,18,572	308,708	456,227	500,388	4,54,857	459,211	450,890	559,871
Amount disbursed (₹ in millions) ⁽³⁾	686.43	3,942.30	11,095.68	16,492.66	26,790.99	31,222.12	31,970.13	25,020.87	28,623.46	32,737.99
Annualised yield (%) ⁽⁴⁾	23.51%	21.81%	26.24%	24.99%	24.54%	25.93%	24.21%	24.52%	21.19%	21.17%
Gross NPA (%) ⁽⁵⁾	12.36%	6.19%	1.12%	0.91%	0.75%	0.68%	1.27%	1.84%	2.75%	2.89%
Net NPA (%) ⁽⁶⁾	0.99%	0.00%	0.03%	0.03%	0.03%	0.00%	0.01%	0.33%	0.38%	0.29%
Provisions as a percentage of AUM (%) ⁽⁷⁾	24.68%	13.64%	7.29%	6.00%	5.27%	4.67%	5.88%	6.65%	7.34%	6.95%

Notes:

- (1) Represents the aggregate of principal outstanding for all assets under management for the relevant business as of the last day of the relevant period (after considering the impact of Ind AS, excluding direct assignments).
- (2) Represents the total number of loans disbursed to our customers for the relevant business in the relevant period.
- (3) Represents the aggregate of all loan amounts disbursed to our customers for the relevant business in the relevant period.
- (4) Represents the interest income including loan processing fee for the relevant business in a relevant period as a percentage of the average Gross AUM for the relevant business in such period.
- (5) Represents the closing balance of our Gross NPA to our gross AUM for the relevant business as of the last day of the relevant period.
- (6) Represents the closing balance of the net NPA to Net Advances for the relevant business as of the last day of the relevant period.
- (7) Provisions as a percentage of AUM represents provisions made on all the loan assets in the relevant period as a percentage of our gross AUM for the relevant business as of the last day of the relevant period.

Since the launch of our personal loans business up to September 30, 2023, we have disbursed personal loans aggregating to ₹215,321.33 million. The following table sets forth the monthly logins on the Navi App for our personal loans customers and the number of personal loans disbursed during the quarters indicated:

Personal Loans	Quarter Ended									
	June 2021	September 2021	December 2021	March 2022	June 2022	September 2022	December 2022	March 2023	June 2023	September 2023
Loans disbursed ⁽¹⁾	15,641	74,170	218,572	308,708	456,227	500,388	454,857	459,211	450,890	559,871
Amount disbursed (₹ in	686.43	3,942.30	11,095.68	16,492.66	26,790.99	31,222.12	31,970.13	25,020.87	28,623.46	32,737.99

Personal Loans	Quarter Ended									
	June 2021	September 2021	December 2021	March 2022	June 2022	September 2022	December 2022	March 2023	June 2023	September 2023
millions) ⁽²⁾										

Notes:

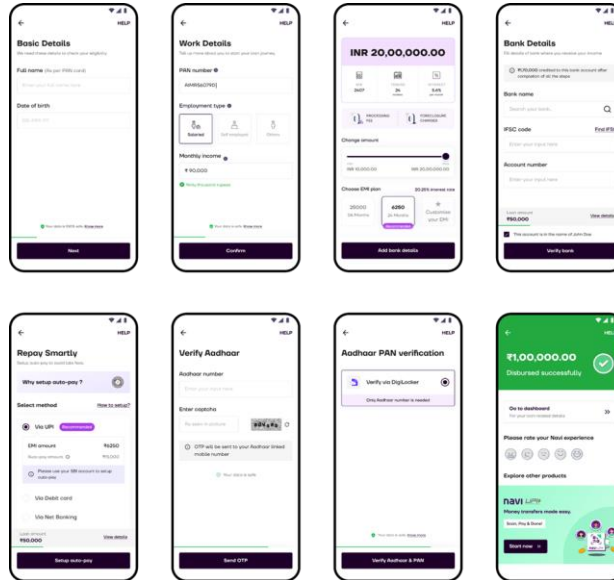
- 1) Represents the total number of loans disbursed to our customers for the relevant business in the relevant period.
- 2) Represents the total amount of loans disbursed to our customers for the relevant business in the relevant period.

Customer acquisition

Personal loan customers are acquired through a combination of direct digital marketing and tele-marketing channels such as SMS and emails. For the six months period ended September 30, 2023, 1.30% of our Company’s personal loan customers acquired were new to credit.

Customer journey

We extend unsecured personal loans to individuals through a completely digital process on the Cash Loan App (available on the Navi App(. Accordingly, the entire customer journey for our personal loans business, including the application, disbursement and collections process is paperless. To avail a loan on the Cash Loan App, the customers electronically inputs their particulars including identification, work/income and other details as requested, following which they are provided approval for a maximum loan amount and tenor. After selecting the loan and EMI amount, the customers provide their bank account details for disbursement of the loan along with other details required for KYC verification (such as proof of address, a selfie photo and contact details), post which auto-payment for the EMIs is set up.



Underwriting capabilities

Our Promoter has developed various technological capabilities including data models for underwriting. Its artificial intelligence-based underwriting models incorporate more than 400 variables.

One of the key eligibility criteria for approving a customer’s loan is the customer’s repayment capacity, which is determined by factors such as the customer’s age, stability and continuity of income, place of residence, geolocation, existing financial obligations, estimated living expenses. During the loan application process, the systems use a combination of automated techniques to process signals based on information provided by the customer and concurrently processes their bureau information.

For personal loan disbursements up to September 30, 2023, over 62.50% of our personal loan customers had CIBIL scores greater than 750 and over 88.90% had CIBIL credit scores greater than 725, which we believe demonstrates a low-risk, high-quality customer profile.

Collection capabilities

We use intelligent digital collections, which allows us to classify customers into different buckets based on ease of collections and calibrate our collection efforts accordingly. Our robust collections infrastructure enables us to follow-up and recover dues

that are outstanding. This collections capability comprises digital reminders and follow-ups for payments, collection tele-calling and outsourced field recovery capabilities. Allocation of delinquent loans to these channels is driven by back-end analytics and payment behaviour scorecards to maximize on overall debt management efficiencies. Our digital collections processes are further supplemented by over 300+ in-house tele-callers (as of September 30, 2023) as well as a specialized field collection team for non-contactable cases and/or later delinquency buckets. The following table summarizes our collection processes based on the delinquency status of a personal loan:

Delinquency bucket	Our collection action plan
Bucket 1: 0-29 days past due (DPD)	Digital collections; nudges / reminders 300+ in-house tele-callers as on September 30, 2023 Field support on non-contactable cases Customer-wise default probability prediction algorithms
Bucket 2: PAR 30 to 89	Predominantly 'field' driven As on September 30, 2023, on-roll managers work with 170+ field agencies to visit borrowers CIBIL trigger alerts and legal actions are initiated (wherever relevant)
Bucket 3: PAR >90	Field visits Defined settlement policy Skip tracing for non-contactable customers

We are also piloting in-house end to end collections efforts including field collections in some key regions and aims to develop holistic capabilities in this vertical.

Fraud prevention and detection

We manage fraud risk through prevention and detection. We address fraud prevention through fraud detection models that look for outlier signals in data and behaviours as triggers for fraud prevention. We continuously analyse our loan portfolio to identify emerging patterns and modus operandi which are fed back as prevention rules to improve our model. We have built an in-house fraud detection rule engine for early detection of fraud claims.

Utilising multiple data sources and anti-fraud technologies such as face recognition and geotagging, our risk management machine learning systems can discover previously unidentified factors that indicate delinquency and potential fraud cases. Early detection of frauds improves the customer experience through quicker turnaround times for genuine customers. We are constantly improving the robustness of this fraud detection model by updating the model with internal and external data sources. Also see, *"Risk Factors – 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."* on page 27.

(B) 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 September 30, 2023 we had disbursed home loans across 10 cities in India. We offer loans up to ₹100 million with a tenor of up to 40 years. As of September 30, 2023, we had an AUM of ₹7,257.62 million and since launch we have disbursed 2,534 loans with an average ticket size of ₹6.24 million during the six months period ended September 30, 2023.

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. By leveraging our machine learning-based underwriting models, we target to reduce the disbursement turnaround time for pre-approved projects to one to two days.

Currently, home loan customers face various pain-points such as longer turnaround time, extensive manual application process, and lack of clarity regarding loan approvals. We are trying to overcome these hurdles for our customers through our digital first approach. We apply our learnings from our personal loans business to replicate a digital application process for our home loan offerings.

Operational performance

The following table sets forth certain key performance indicators for our home loans business, as of and for the periods indicated:

Key Metrics	Quarter Ended									
	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023
Home loans:										
Closing AUM (₹ in millions) ⁽¹⁾	190.46	804.47	1,777.09	3,119.74	4,268.46	5,283.46	5,800.02	6,272.43	6,666.48	7,257.62
Loans disbursed (number) ⁽²⁾	95	244	248	266	270	264	276	258	263	333
Amount disbursed (₹ in millions) ⁽³⁾	154.16	626.77	949.49	1,391.04	1,204.28	1,309.48	1,304.02	1,093.28	1,544.75	2,175.22
Annualised yield (%) ⁽⁴⁾	5.90%	6.93%	7.06%	6.81%	6.84%	7.62%	9.04%	10.00%	10.71%	10.87%

Notes:

- (1) Represents the aggregate of principal outstanding for all assets under management for the relevant business as of the last day of the relevant period (after considering the impact of Ind AS, excluding direct assignments).
- (2) Represents the total number of loans disbursed to our customers for the relevant business in the relevant period.
- (3) Represents the aggregate of all loan amounts disbursed to our customers for the relevant business in the relevant period.
- (4) Represents the interest income including loan processing fee for the relevant business in a relevant period as a percentage of the average Gross AUM for the relevant business in such period.

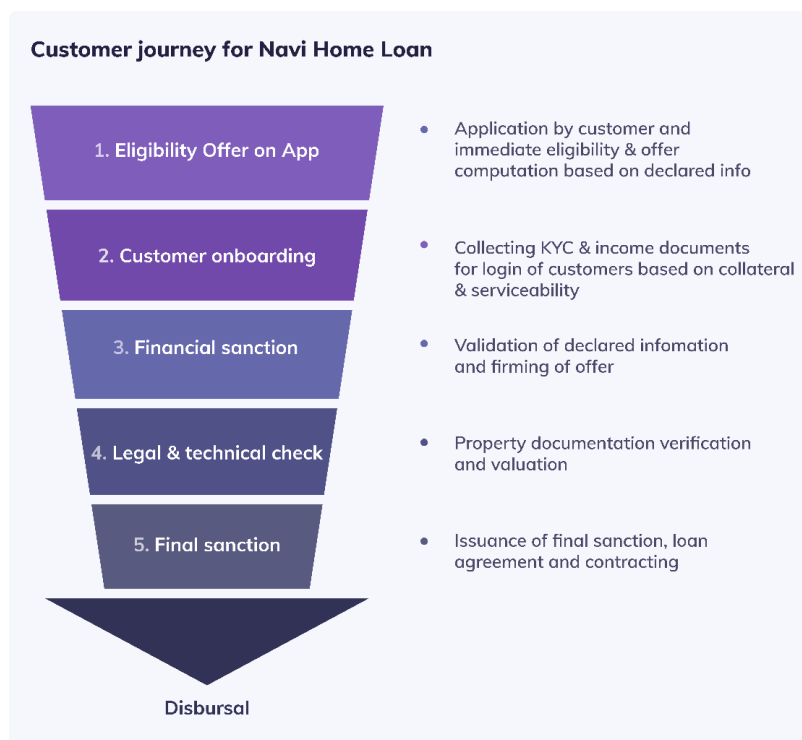
Customer acquisition

Sourcing of customers for our home loans business line is through multiple channels such as pre-approved residential projects and referrals from existing customers and employees. We also source customers through organic methods including by cross-selling our home loans and loans against property to our existing personal loans customers and marketing our home loans through direct digital channels such as via SMS and email.

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.

Customer journey

Aside from the collateral verification and the documentation processes, the remainder of the customer journey for our home loans business is largely conducted digitally on the Home Loan App (available on Navi App). After a customer is granted an eligibility offer, the collateral valuation process is conducted manually, and the mortgage is then created. The following diagram illustrates the customer journey for our home loans business:



Underwriting capabilities and collateral valuation

We have a robust risk management framework in place aided by NTL’s proprietary rule-based engine that can automatically process different variable buckets during underwriting.

We conduct an assessment of the proposed collateral through third-party lawyers and valuation experts who help us to trace the title of the property documents for a reasonable period of time. The title deeds are cross verified with government records. We have established an in-house collateral team to streamline the credit approval process by using standardized processes, and we work with the third-party lawyers and valuation experts to ensure that external property valuers provide us with fair turnaround time and realistic valuations. For the Financial Year ended September 30, 2023, the average origination loan-to-value (LTV) of our home loans portfolio was 77.92%.

Collections capabilities

Our Promoter has developed a robust collections infrastructure comprising digital reminders, collection tele-calling and outsourced field recovery capabilities to follow-up and recover outstanding dues. Allocation of delinquent loans to these channels is driven by back-end analytics and payment behaviour scorecards to maximize on overall debt management efficiencies. As of September 30, 2023, we had outstanding home loans of ₹52.34 million that were more than 30 days past due.

TREASURY OPERATIONS

Our treasury department is responsible for managing our funding requirements and deployment of short-term surpluses. The treasury departments of our Company, undertake liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI’s requirements for asset and liability management. Our objective is to ensure the smooth functioning of our business and at the same time avoid holding excessive cash.

The treasury departments of our Company, secure funds from multiple sources, including banks, financial institutions, HNIs, other NBFCs and capital markets and are responsible for diversifying our capital sources, managing interest rate risk and maintaining strong relationships with our lenders and rating agencies. We continuously seek to diversify our sources of funding to facilitate flexibility in meeting our funding requirements. We maintain adequate liquidity buffers to take care of our working capital requirements and unforeseen market liquidity conditions. As of September 30, 2023, we had cash and cash equivalents of ₹9,482.10 million, bank balances other than cash and cash equivalents of ₹5,644.43 million, borrowings of ₹63,520.15 million as mentioned in the table set out below.

Particulars	Borrowings
Debt securities	26,860.82
Borrowings (other than debt securities)	36,559.60

(₹ in million)

Subordinated liabilities	99.73
Total	63,520.15

We believe that through our treasury operations, we maintain our ability to repay borrowings as they mature and obtain new borrowings at competitive rates.

RISK MANAGEMENT FRAMEWORK

We have established a risk management framework underpinned by a comprehensive suite of policies, operational processes, procedures and governance structures to identify and analyse the risks we face, to set appropriate risk limits and controls and to monitor risks and adherence to limits. We seek to make sensible and balanced business decisions through our risk appetite and corporate governance frameworks.

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through committees including our Audit Committee, Asset Liability Management Committee and Risk Management Committee for our Company.

Audit Committee

Audit Committee is responsible for dealing with all material questions concerning the auditing and accounting policies of our Company and its financial controls and systems or any other function as may be determined by the Board, review and ensure correctness, sufficiency and credibility of our financial statements, recommend appointment, re-appointment or removal of our statutory and internal auditors, overseeing our whistle blower policy/vigil mechanism, monitor transactions with related parties, reviewing monitoring and evaluating the internal control system including internal financial controls and risk management system. The audit committee has approved a policy for making provisions against loans in default that is consistent with provisions prescribed by the RBI, as applicable to our Company.

Asset Liability Management Committee

Each of the Asset Liability Management Committees of our Company is responsible for monitoring the asset liability composition of our business, determining actions to mitigate risks associated with our asset liability discrepancies, approve proposals and detailed terms and conditions of borrowings from banks, reviewing our borrowing agenda, reviewing product pricing, monitoring liquidity and interest rate risks, review stress testing results for adverse liquidity scenarios and desired maturity profile of our assets and liabilities and also the mix of our incremental assets and liabilities.

QUANTITATIVE AND QUALITATIVE ANALYSIS OF FINANCIAL RISKS

We are exposed to various types of financial risks during the normal course of business. The financial risks we face are principally related to credit risk, liquidity risk and interest rate. The table below explains the sources of risk to which we are exposed to and how we manage the risk and the related impact in our Restated Financial Statements.

Risk	Exposure	Management
Credit risk	Cash and cash equivalents (other than cash), loans, financial assets measured at amortized cost	Highly rated bank deposits and diversification of asset base and collaterals taken for assets
Liquidity risk	Borrowings and other financial instruments	Availability of committed credit lines and borrowing facilities
Market risk - Interest rate	Variable rate borrowings	Negotiation of terms that reflect the market factors

Credit Risk

Credit risk is the risk that a counterparty fails to discharge its obligation to us. Our exposure to credit risk is influenced mainly by cash and cash equivalents, loan assists, and other financial assets measured at amortized cost. For retail loans (both personal and home loans) we continuously monitor collection efficiency performance, early defaults/ delinquency trends of customers and incorporate this information into our credit risk controls and underwriting systems. For exposures in treasury investments, we assess and manage credit risk based on our internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics.

Based on the business environment in which we operate, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions. Assets are written off when there is no reasonable expectation of recovery or at the completion of 180 days past dues. We continue to engage with parties whose balances are written off and attempt to enforce repayment. Recoveries made are recognized in statement of profit and loss. We do not have any significant or material history of credit losses.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure as far as possible that we will have sufficient liquidity to meet our liabilities when they are due. Our management monitors rolling forecasts of our liquidity position and cash and cash equivalents on the basis of expected cash flows, while also aligning with the applicable regulatory requirements of monitoring and maintaining limits across liquidity mismatches, liquidity coverage and minimum liquidity. We take into account the liquidity of the market in which we operate.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises currency risk, interest rate risk and price risk.

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 declines due to rise in interest rates and vice versa. A rising interest rate scenario also affects our interest expenditure on borrowed funds. We monitor the interest rate scenarios on a regular basis and accordingly take investment decisions as to whether to invest in fixed rate debt instruments, shares and securities at a particular point of time. Further, our borrowings carry a fixed rate of interest and we are in a position to pass on the risk in interest rates to our borrowers. Our investments in debt instruments and pass through certificates are all fixed interest bearing instruments.

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 and mutual funds. Our exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, we diversify our portfolio of assets.

CAPITAL ADEQUACY RATIO

Our Company is registered as NBFCs with the RBI. Under the Master Directions, NBFCs are required to maintain a minimum capital adequacy ratio consisting of Tier I and Tier II capital, which shall not be less than 15.00% of our aggregate risk weighted assets on-balance sheet and the risk-adjusted value of off-balance sheet items, as applicable. For further details, see "Regulations and Policies" on page 277.

The following table sets forth certain details of the capital to risk-weighted assets ratio ("CRAR") for our Company as of the dates indicated:

Particulars	As of September 30, 2023	As of March 31,		
		2023	2022	2021
(₹ in millions, except percentages)				
Total assets	97,381.88	85,228.69	41,403.30	33,210.77
Tier I capital (A)	16,620.14	17,451.29	9,362.31	9,021.21
Tier II capital (B)	167.57	755.16	314.29	365.40
Total capital (A+B)	16,787.71	18,206.45	9,676.60	9,386.61
Risk weighted assets	65,672.43	64,174.48	31,488.15	24,676.15
CRAR %	25.56%	28.37%	30.73%	38.04%
CRAR (%) – Tier I capital (%)	25.31%	27.19%	29.73%	36.56%
CRAR (%) – Tier II capital (%)	0.26%	1.18%	1.00%	1.48%

CREDIT RATINGS

The following table sets forth details on the credit ratings of our Company, as of the dates indicated:

Rating Agency	Instrument	Credit Ratings	
		As of this Draft Prospectus	As of March 31, 2023
CRISIL	Long term debt	CRISIL A/ Stable	CRISIL A (Stable)
CRISIL	Short term debt	CRISIL A1	CRISIL A1
India Ratings	Long-term debt	IND A (Stable)	IND A (Stable)
India Ratings	Commercial papers	IND A1	IND A1

Rating Agency	Instrument	Credit Ratings	
		As of this Draft Prospectus	As of March 31, 2023
India Ratings	Non - Convertible Debentures	IND A (Stable)	IND A (Stable)
India Ratings	Principal protected market linked debentures	IND PP-MLD Aemr/Stable	IND PP-MLD Aemr/Stable
CRISIL	Non - Convertible Debentures	CRISIL A (Stable)	-
CARE	Commercial papers	CARE A1	CARE A1

COMPETITION

We face competition in India from various players across all our business lines.

For our personal loans and home loans businesses, we generally compete on the basis of the range of product offerings, ability to customize products, turnaround time and efficient loan process, ticket sizes, price, reputation and customer relationships. We face our most significant organised competition from banks and other NBFCs and HFCs in India, as well as from certain fintech companies.

INFORMATION TECHNOLOGY AND DATA SECURITY

Our business is technology-driven and underpinned by our Promoter, NTL's tech expertise, culture of application-led innovation, data analytics capabilities and integrated, scalable and sophisticated technology platform that is capable of delivering and managing a wide range of products. Navi group is continuously innovating to enhance our value proposition as it is pivotal to providing a seamless experience for our customers.

The Cash Loan App and the Home Loan App (available on the Navi App) is our core front-end platform through which we have digitized a large portion of the customer journey for our business/personal loans and home loans. Currently, all our personal loans and home loans are offered through the Cash Loan App and the Home Loan App (available on Navi App).

The following sets forth our Promoter's key IT systems that it has implemented, or is in the process of developing, to optimize operational efficiencies and ensure a superior customer experience across all our business lines:

Loan management system

We utilise an enterprise-wide loan management system ("LMS"), which has been built and developed in-house by our Promoter for our Company. This LMS has both loan management and accounting capabilities, allowing us to effectively manage our loan portfolio and providing us 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 through 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. It has 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.

INSURANCE

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include policies for group directors and officers liability insurance, group medical cover, group term life insurance, group personal accident insurance and asset insurance.

CORPORATE SOCIAL RESPONSIBILITY

Our Company has constituted a corporate social responsibility committee in compliance with the requirements of the Companies Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

EMPLOYEES

As of September 30, 2023, we had 955 employees. We firmly believe that our employees are integral to the culture and continued success of our business and that our composition allows us to utilise our talent efficiently and effectively. We strive to maintain a work environment that fosters professionalism, integrity, excellence and cooperation among our employees.

PROPERTIES

Our Registered and Corporate Office is located at Second Floor, Vaishnavi Tech Square, Iballur Village, , Begur Hobli, Bengaluru 560102, Karnataka, India, on leased premises.

INTELLECTUAL PROPERTY

As a technology-driven financial products and services company, protecting, maintaining, enhancing and promoting the trust our customers place in our Company and the “Navi” brand is critical to expanding the customer base of our Company. We do not own the trademark and the logo associated with “Navi” brand name, which is owned by our Promoter, NTL.

We rely on our Promoter for the usage of the “Navi” trademark and the “Navi” brand in our Company’s business. Further, we have entered into a Trade Mark License Agreement dated January 6, 2023, effective from December 1, 2022, with our Promoter, pursuant to which our Company has been granted a limited, conditional, restricted, revocable, non-exclusive, non-assignable, non-transferable and non-sub-licensable licenses to use the name and logo “NAVI”. For further details, see, “*Risk Factors - Our inability to protect or use our intellectual property rights may adversely affect our business.*” on page 34.

Further, the lending products of our Company (i.e. personal loans, home loans) are distributed only through the Cash Loan App and the Home Loan App (available on the Navi App), which has been developed by our Promoter, NTL, and which our Company utilizes pursuant to the Outsourcing Agreement.

KEY OPERATIONAL AND FINANCIAL PARAMETERS

The following tables set forth certain information relating to the financial performance of our Company prepared in accordance with Ind AS:

(₹ in million)

Standalone Basis	As of and 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				
Assets				
Property, Plant and Equipment	276.20	67.95	4.99	3.74
Financial assets (Note 1)	94,149.63	83,078.05	40,572.42	32,895.56
Non-financial assets excluding property, plant and equipment (Note 2)	2,956.05	2,082.69	825.89	311.45
Total assets	97,381.88	85,228.69	41,403.30	33,210.75
Liabilities				
Financial Liabilities				
- Derivative Financial Instruments	-	-	-	-
- Trade Payables (Note 3)	2,972.07	751.44	6.94	79.12
- Debt Securities	26,860.82	26,572.15	19,636.57	16,718.07
- Borrowings (Other than Debt Securities)	36,559.60	30,954.53	8,143.72	4,014.57
- Subordinated Liabilities	99.73	99.64	99.47	99.34
- Lease Liability	1,531.73	857.12	-	-
- Other financial Liabilities	5,832.61	2,833.71	1,354.32	663.03
Non-Financial Liabilities				
-Current tax liabilities (net)	47.23	108.21	-	-
-Provisions	223.11	160.76	46.53	87.36
-Deferred tax liabilities (net)	-	-	-	-
-Other non-financial liabilities	193.30	192.49	263.13	23.27
Equity (Equity Share Capital and Other Equity)	23,061.68	22,698.64	11,852.62	11,526.00
Total Liabilities and Equity	97,381.88	85,228.69	41,403.30	33,210.75
Profit and Loss				
Revenue from operations	8,602.64	12,830.16	4,571.19	3,366.83
Other income	20.82	940.36	27.74	0.52
Total Income	8,623.46	13,770.52	4,598.93	3,367.35
Total Expenses	8,124.62	11,791.43	5,485.28	2,053.46
Profit/(Loss) for the year/period	370.70	1,719.86	(669.08)	975.42
Other Comprehensive (loss)/income	(7.66)	0.92	(4.30)	(1.30)
Total Comprehensive Income/ (loss) for the year/period	363.04	1,720.78	(673.38)	974.12
Earnings per equity share (Basic) (₹) (Face value ₹10 per equity share)	1.23	6.74	(3.94)	6.41
Earnings per equity share (Diluted) (₹)(Face value ₹10 per equity share)	1.23	6.71	(3.94)	6.41
Cash Flow				
Net cash flows generated from/ (used in)(-) operating activities	2,569.81	(38,286.91)	(11,669.00)	6,173.63
Net cash flows (used in) investing activities	(2,026.77)	(448.02)	(2.94)	(1.75)
Net cash flows generated from/(used in) financing activities	5,846.49	38,082.62	14,386.82	(5,336.33)
Net increase/ (decrease) in cash and cash equivalents	6,389.53	(652.31)	2,714.88	835.54
Cash and cash equivalents at the end of year/ period	9,482.10	3,092.57	3,744.88	1,030.00
Additional Information				
Net Worth (Equity Share Capital + Other Equity) (Note 4)	23,061.68	22,698.64	11,852.62	11,526.00

(₹ in million)

Standalone Basis				
	As of and 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
Cash and Cash Equivalents	9,482.1	3,092.57	3,744.88	1,030.00
Loans – Gross carrying amount	74,908.58	67,910.07	29,492.66	6,260.63
Loans (Principal Amount)	72,645.84	66,081.87	29,307.42	4,915.47
Total Debts to Total Assets (Note 5)	0.65	0.68	0.67	0.63
Interest Income	7,333.18	11,807.85	3,141.85	1,947.24
Interest Expense (Finance Costs)	3,050.67	4,266.47	808.64	122.13
Impairment on Financial Instruments	2,369.46	3,693.10	1,400.40	1,313.29
Bad Debts to Loans (% Stage 3 Loans on Loans (Gross carrying amount))(Note 6)	2.65%	1.70%	0.87%	4.46%
% Stage 3 Loans on Loans (Principal Amount) (Note 7)	2.69%	1.75%	0.88%	4.87%
% Net Stage 3 Loans on Loans (Principal Amount)(Note 8)	0.24%	0.31%	0.04%	0.25%
CRAR - Tier I Capital (%)	25.31%	27.19%	29.73%	36.56%
CRAR - Tier II Capital (%)	0.26%	1.18%	1.00%	1.48%

Notes:**1. Financial assets**

(₹ in million)

Particulars	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Financial assets				
Cash and cash equivalents	9,482.10	3,092.57	3,744.88	1,030.00
Bank balances other than cash and cash equivalents	5,644.43	3,636.24	1,123.48	637.56
Derivative financial instruments	-	-	-	-
Trade receivables	-	-	-	-
Loans	70,153.12	63,695.19	27,914.41	5,293.48
Investment	7,353.64	9,888.41	6,622.30	25,650.52
Other financial assets	1,516.34	2,765.64	1,167.35	284.00
Total	94,149.63	83,078.05	40,572.42	32,895.56

2. Non-Financial assets excluding property, plant and equipment

(₹ in million)

Particulars	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Non-Financial assets				
Current tax assets (net)	-	-	161.54	14.04
Deferred tax asset (net)	695.13	734.00	470.24	251.52
Other intangible assets	-	-	0.03	0.08
Right to use asset	1,441.06	814.72	122.46	14.97
Other non-financial assets	819.86	533.97	71.62	30.85
Total	2,956.05	2,082.69	825.89	311.45

3. Trade Payables (Payables)

(₹ in million)

Particulars	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
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		
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	77.96
Total	2,972.07	751.44	6.94	79.12

4. Net worth (Equity Share Capital + Other Equity)

(₹ in million)

Particulars	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Equity share capital	2,852.40	2,852.40	1,785.73	1,652.40
Other equity	20,209.28	19,846.24	10,066.89	9,873.60
Net Worth	23,061.68	22,698.64	11,852.62	11,526.00

5. Total debts to total assets

(₹ in million)

Particulars	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Debt securities	26,860.82	26,572.15	19,636.57	16,718.07
Borrowings (other than debt securities)	36,559.60	30,954.53	8,143.72	4,014.57
Subordinated liabilities	99.73	99.64	99.47	99.34
Total Debts (A)	63,520.15	57,626.32	27,879.76	20,831.98
Total Assets (B)	97,381.88	85,228.69	41,403.30	33,210.75
Total debts to total assets (A/B)	0.65	0.68	0.67	0.63

6. Bad Debts to Loans (% Stage 3 Loans on Loans (Gross carrying amount))

(₹ in million)

Particulars	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Stage 3 loans (A)	1,983.21	1,155.96	258.05	279.26
Loans - Gross carrying amount (B)	74,908.58	67,910.07	29,492.66	6,260.63
% Stage 3 Loans on Loans (Gross carrying amount)	2.65%	1.70%	0.87%	4.46%

7. % Stage 3 Loans on Loans (Principal Amount)

(₹ in million)

Particulars	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Stage 3 loans (Principal Amount) (A)	1,957.17	1,154.71	259.13	239.35
Loans - Principal Amount (B)	72,645.84	66,081.87	29,307.42	4,915.47
% Stage 3 Loans on Loans (Principal Amount) (A/B)	2.69%	1.75%	0.88%	4.87%

8. % Net Stage 3 Loans on Loans (Principal Amount)

(₹ in million)

Particulars	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Stage 3 loans (Principal Amount)(A)	1,957.17	1,154.71	259.13	239.35
Impairment allowance - Stage 3 loans (B)	1,786.14	954.57	246.82	227.38
Loans - Principal Amount (C)	72,645.84	66,081.87	29,307.42	4,915.47
Net Stage 3 loans (D = A-B)	171.04	200.14	12.31	11.97
% Net Stage 3 Loans (D/(C-B))	0.24%	0.31%	0.04%	0.26%

(₹ 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
Balance Sheet			
Assets			
Property, Plant and Equipment	210.38	74.31	32.59
Financial Assets (Note 1)	1,22,591.26	62,068.61	43,482.60
Non-financial Assets excluding Property, Plant and Equipment (Note 2)	2,437.80	984.26	495.52
Total assets	125,239.45	63,127.18	44,010.71
Liabilities			
Financial Liabilities			
- Derivative Financial Instruments	-	-	-
- Trade Payables (Note 3)	888.12	4.62	23.73
- Other Payables (Note 4)	-	6.94	57.43
- Debt Securities	28,206.67	21,917.65	19,683.98
- Borrowings (Other than Debt Securities)	61,911.51	25,757.66	10,767.78
- Deposits	-	-	-
- Subordinated Liabilities		498.63	497.70
	2,133.29		
- Lease Liability	912.59	-	-
- Other financial liabilities	4201.98	1,837.14	913.28
Non-Financial Liabilities			
Current tax liabilities (net)	113.27	-	22.71
Provisions	394.44	193.20	215.62
Deferred tax liabilities (net)	-	-	-
Other non-financial liabilities	311.27	320.46	67.59
Equity (Equity Share Capital and Other Equity)	24,392.28	12,590.88	11,760.89
Non-controlling interest	1,774.03	-	-
Total Liabilities and Equity	125,239.45	63,127.18	44,010.71
Profit and Loss			
Total Revenue from operations	20,406.04	8,170.40	5,650.99
Other income	379.41	28.47	1.37
Total Income	20,785.45	8,198.87	5,652.36
Total Expenses	17,439.38	8,382.12	4,086.88
Profit/(Loss) for the year	2,641.61	(146.59)	1,181.66
Other Comprehensive (Loss)/Income	(6.01)	(23.42)	21.06
Total Comprehensive Income(loss) for the year	2,635.60	(170.01)	1,202.72
Earnings per equity share (Basic) (₹)(Face value ₹10 per share)	10.35	(0.86)	7.76
Earnings per equity share (Diluted) (₹)(Face value ₹10 per share)	10.30	(0.86)	7.76
Cash Flow			
Net cash flows (used in)/generated from operating activities	(51,271.30)	(20,389.58)	2,156.87
Net cash flows (used in) investing activities	(546.19)	(75.87)	(23.25)
Net cash flows generated from/(used in) financing activities	52,616.72	24,507.02	(718.54)
Net increase in cash and cash equivalents	799.23	4,041.58	1,415.08
Cash and cash equivalents at end of the year	6,508.78	5,709.55	1,667.98
Additional Information			
Net Worth (Equity Share Capital + Other Equity) (Note 5)	24,392.28	12,590.88	11,760.89
Cash and Cash Equivalents	6,508.78	5,709.55	1,667.98
Loans (Gross carrying amount)	106,315.53	52,061.73	18,246.98
Total Debts to Total Assets (Note 6)	0.74	0.76	0.70
Interest Income	18,368.35	6,342.77	4,015.47
Interest Expense (Finance costs)	6916.34	2,131.62	871.49
Impairment on Financial Instruments	3,978.77	1,618.92	1,836.15
Bad Debts to Loans (% Stage 3 Loans on Loans (Gross carrying	1.19%	1.06%	4.22%

(₹ 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
amount)(Note 7)			

Notes:**1. Financial Assets**

(₹ in million)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
Financial assets			
Cash and cash equivalents	6,508.78	5,709.55	1,667.98
Bank balances other than cash and cash equivalents	3,844.84	1,357.58	808.76
Trade receivables	-	-	0.49
Loans	101,501.42	50,014.09	16,612.91
Investments	7,350.30	3,639.76	24,198.12
Other financial assets	3,385.93	1,347.63	194.34
Total	122,591.26	62,068.61	43,482.60

2. Non-Financial assets excluding property, plant and equipment

(₹ in million)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
Non-Financial assets			
Current tax assets (net)	-	167.90	-
Deferred tax asset (net)	822.98	557.94	407.84
Other non-financial assets	716.35	107.53	48.73
Right to use asset	867.66	122.95	16.34
Other intangible assets (including goodwill)	30.81	27.94	22.61
Total	2,437.80	984.26	495.52

3. Trade Payables

(₹ in million)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	11.35	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	876.77	4.62	23.73
Total	888.12	4.62	23.73

4. Other Payables

(₹ in million)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
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
Total	-	6.94	57.43

5. Net worth (Equity Share Capital + Other Equity)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
Equity share capital	2,852.40	1,785.73	1,652.40
Other equity	21,539.88	10,805.15	10,108.49
Net Worth	24,392.28	12,590.88	11,760.89

Total debts to total assets

(₹ in million)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
Debt securities	28,206.67	21,917.65	19,683.98
Borrowings (other than debt securities)	61,911.51	25,757.66	10,767.78
Subordinated liabilities	2,133.29	498.63	497.70
Total Debts (A)	92,251.47	48,173.94	30,949.46
Total Assets (B)	125,239.45	63,127.18	44,010.71
Total debts to total assets (A/B)	0.74	0.76	0.70

7. Bad debt to Loans (% Stage 3 Loans on Loans (Gross carrying amount))

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
Stage 3 loans - (A)	1,263.19	551.76	770.66
Loans - Gross carrying amount (B)	1,06,315.53	52,061.73	18,242.30
% Stage 3 Loans on Loans (Gross carrying amount) (A/B)	1.19%	1.06%	4.22%

Total borrowings to total equity ratio of the Issuer

	Standalone	Consolidated
Before the Issue (as of March 31, 2023)	2.54	3.53
After the Issue *	2.80	3.75

* Indicative and has been arrived at on the assumption that the proposed Issue would result in an inflow of ₹6,000 million.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief background of our Company

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.

Registered Office and changes to Registered Office

Our Registered Office is located at Second Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru 560 102, Karnataka, India. Except as set forth, there has not been any change to the Registered Office since incorporation.

Effective date of change	Details of change in the address of the Registered Office	Reasons for change in the address of the Registered Office
November 7, 2013	Change in the address to the registered office of our Company from No. 443/1, 18 th Main, 32 nd Cross, 4 th Block, Jayanagar, Bengaluru 560 041, Karnataka, India to No. 312, 14-P, Skyline Surabhi Apartments, Vidyapeeta Main Road, BSK 3 rd Stage, Katriguppe, Bengaluru 506 085, Karnataka, India.	Administrative convenience
November 13, 2017	Change in the address to the registered office of our Company from to No. 312, 14-P, Skyline Surabhi Apartments, Vidyapeeta Main Road, BSK 3 rd Stage, Katriguppe, Bengaluru 506 085, Karnataka, India to No. 145, 2 nd Floor, NR Square, 1 st Main Road, Sirsi Circle, Chamrajpet, Bengaluru 560 018, Karnataka, India.	Administrative convenience
June 24, 2021	Change in the address of the registered office of our Company from No. 145, 2 nd Floor, NR Square, 1 st Main Road, Sirsi Circle, Chamrajpet, Bengaluru 560 018, Karnataka, India to Ground Floor, Salarpuria Business Center No 93, Koramangala Industrial Layout, Bengaluru 560 095, Karnataka, India.	Administrative convenience
May 21, 2022	Change in registered office of our Company from Ground Floor, Salarpuria Business Center, 93, 5th A Block, Koramangala Industrial Layout, Bengaluru 560 095, Karnataka, India to Second Floor, AMR Tech Park, Sy. No. 23 & 24, Hongasandra Village, Hosur Road, Bengaluru 560 068, Karnataka, India.	Administrative convenience
March 30, 2023	Change in registered office of our Company from Second Floor, AMR Tech Park, Sy. No. 23 & 24, Hongasandra Village, Hosur Road, Bengaluru 560 068, Karnataka, India to Second Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru 560 102, Karnataka, India.	Administrative convenience

Corporate Office

Our Corporate Office is located at Second Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru 560 102, Karnataka, India.

Main objects of our Company

The main object of our Company as contained in our Memorandum of Association is as follows:

- I. *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) 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; 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.

2. 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.
3. 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.
4. To provide services of sourcing, underwriting and collections of all forms of loans and lending products to banks and other NBFCs.
5. 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.

Key events, milestones and achievements

The table below sets forth the key events, milestones and achievements in the history of our Company:

Calendar Year	Particulars
2012	Incorporation of Company Chaitanya Rural Intermediation Services Private Limited
2014	Acquisition of the MFI business through Chaitanya India Fin Credit Private Limited
2016	<ul style="list-style-type: none"> • Receipt of 'Non-Banking Financial Company' license from Reserve Bank of India • Shore cap II Limited infuses equity capital in our Company.
2019	<ul style="list-style-type: none"> • Sachin Bansal acquires our Company. • Our Company is classified as a systemically important NBFC on a standalone basis.
2020	<ul style="list-style-type: none"> • NTL acquires our Company. • 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	<ul style="list-style-type: none"> • Launch of Digital housing loan product on the Navi App. • Disbursals crossed ₹2,000 crore for personal loans and ₹150 crore for housing loans by December 31, 2021. Gross AUM of ₹ 1500+ crore as on December 31, 2021.
2022	<ul style="list-style-type: none"> • Converted from a private limited company to a public limited company. • Successfully completed its 1st Public Issue of Debt (₹ 4,960 million). • Crossed AUM of ₹ 5,000 crore in August 2022. • Rating Upgrade from CRISIL from A – Stable to A Stable. • Started Co-lending with several financial services companies.
2023	<ul style="list-style-type: none"> • 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 ₹ 150 crore by way of compulsorily convertible debentures acquisition by our Promoter. • Successfully completed its 2nd Public Issue of Debt (₹ 4,816.30 million). • Achieved AAA rating from IndiaRatings for securitization transaction of ₹ 163 Cr with a marquee global bank. • Divestment of Chaitanya India Fin Credit Private Limited, our erstwhile subsidiary. • Crossed ₹ 10,000 Cr. of loan assets under management.

Material agreements

1. **SPA dated June 6, 2019 executed between our Company (formerly Chaitanya Rural Intermediation Development Services Private Limited), Sachin Bansal, Samit Shankar Shetty and Shekhar Anantharaman**

Pursuant to this SPA, Shekhar Anantharaman has sold equity shares of face value ₹10 each, aggregating up to 6.08% of the total shareholding in our Company to Sachin Bansal for a consideration of ₹113.66 million.

2. **SPA dated June 6, 2019 executed between our Company (formerly Chaitanya Rural Intermediation Development Services Private Limited), Samit Shankar Shetty, Anand Rao, U Raghurama Rao and Sachin Bansal**

Pursuant to the SPA, Samit Shankar Shetty has sold equity shares of face value ₹10 each and U Raghurama Rao has sold equity shares of face value ₹10 each aggregating up to 5.34% of the total shareholding in our Company to Sachin Bansal for a consideration of ₹99.83 million.

3. **SPA dated June 6, 2019 executed between our Company (formerly Chaitanya Rural Intermediation Development Services Private Limited), Shorecap II Limited and Sachin Bansal**

Pursuant to this SPA, Shorecap II Limited has sold equity shares of face value ₹10 each of our Company constituting up 33.4% of the total shareholding in our Company issued and paid-up share capital to Sachin Bansal for a consideration of ₹624.59 million.

4. **SPA dated June 6, 2019 executed between our Company (formerly Chaitanya Rural Intermediation Development Services Private Limited), Sachin Bansal, Samit Shankar Shetty, Anand Rao and Deepak Kaul, Manish Dhawan, Amit Suri, Arun Kumar Sharma, Ashok Hegde, Gyana Ranjan Das, Neelamani Muthukumar, Praveen Singhavi, Prakash Jhanwer and Rishi Kalra ("Remaining Shareholders")**

Pursuant to this SPA, the Remaining Shareholders have sold equity shares of face value ₹10 each of our Company amounting to 4.45% of the issued and paid-up share capital to Sachin Bansal for a consideration amounting to ₹83.15 million.

5. **SPA dated June 6, 2019 executed between our Company (formerly Chaitanya Rural Intermediation Development Services Private Limited), Sachin Bansal, Samit Shankar Shetty, Anand Rao and Satinder Mohan Singh, Bhuwan Saurav, Partheeban Vibin Christin Theodore, Niraj Mohinder Ghai, Anand Subbaraman, Tejinder Singh Saraon, Ashok Som, Shankar Subramanian Athreya, Rajesh Kamath, Gurumoorthy L N, Sham Kishor Bhat, Sandeep Sohanlal Daga, Russell J deLucia, Prashant George, Vanitha Rao ("Remaining Shareholders I")**

Pursuant to this SPA, Remaining Shareholders I have sold equity shares of face value ₹ 10 each of our Company amounting 3.83% of the issued and paid-up share capital to Samit Shankar Shetty and Anand, and Samit Shankar Shetty and Anand have subsequently transferred the abovementioned equity shares to Sachin Bansal for a consideration amounting to ₹71.69 million.

6. **SPAs each dated June 6, 2019 executed individually between our Company (formerly Chaitanya Rural Intermediation Development Services Private Limited), Ashok Krishen, Sachin Bansal, Samit Shankar Shetty, Vivek Verma Ramanarayanan Mahadevan, Srinivasan Venkita Padmanabhan, Sathyamurthy Mayilswamy, Priya Balasubramaniam, Prashanth Kamath, Karteek S Tirumalasetti, Ravi Pokhriyal and Pradeep Jacob Tharakan**

Pursuant to these SPAs, the abovementioned shareholders have individually sold an equity shares of face value ₹10 each of our Company amounting 11.26% of the issued and paid-up share capital to Sachin Bansal for a consideration amounting to ₹210.54 million.

7. **SPAs each dated June 6, 2019 executed individually between our Company (formerly Chaitanya Rural Intermediation Development Services Private Limited), Sachin Bansal, Samit Shankar Shetty, K V Srinath, Amit Garg, Apurva Shah, Bhavin H Shah, Chetan P Shah, Ramesh Sundaresan, N Gautam, Prema G Rao, Ashish Mishra, Venkatesh B S, Nilanjan Bhattacharya, Subhendu Mandal, Vishal Bhaskaran, Shiv Kumar, Jeyaseelan L, Srinivasan C V, Narayanan Venkatraman (Mahalakshmi Narayanan joint holder), Shiv Nandan Negi, Ramesh Krishnamurthy, LakshmiNarayan, Himanshu Makhijani, Hemalatha V, Shashank Kothi, Rohan Gogari, Nikhil Banerjee, Roots India Retailing Private Limited, Kripakaran S, Vinay S, Madhu S and Kavitha Rudrasetty**

Pursuant to these SPAs, the abovementioned shareholders have individually sold equity shares of face value ₹10 each of our Company amounting 9.96% of the issued and paid-up share capital to Sachin Bansal for a consideration amounting to ₹186.31 million.

8. **Buy-Back cum SSA dated March 23, 2020 executed between our Company (formerly Chaitanya Rural Intermediation Development Services Private Limited), Samit Shankar Shetty, Anand Rao, U Raghurama Rao, Shashikala Rao, Smitha Rao, our Promoter and Sachin Bansal**

Pursuant to this buy-back cum SSA, our Company had undertaken a buy-back of up to 4,405,281 Equity Shares, and Samit Shankar Shetty, Anand Rao, U Raghurama Rao, Shashikala Rao, Smitha Rao have tendered such Equity Shares. This buy-back represented 2.82% of the Equity Share capital of our Company. Subsequent to the completion of the buy-back, Samit Shankar Shetty, Anand Rao, U Raghurama Rao, Shashikala Rao, Smitha Rao have acquired 2,180,379 equity shares of our Promoter for a consideration of ₹306.34 million.

Additionally, our Company has entered into the Outsourcing Agreement with our Promoter for, inter alia, technology based services, cash management and loan distribution, operations, collections, and taxation. Pursuant to the Outsourcing Agreement, our products are exclusively distributed through the Navi App, the digital platform provided by our Promoter.

9. *Share Purchase Agreement dated August 8, 2023 executed between our Company, our Promoter, Svantra Microfin Private Limited and Chaitanya India Fin Credit Private Limited*

Pursuant to this share purchase agreement, our Company and our Promoter, who were collectively the beneficial owners of 100% of the paid-up capital of Chaitanya India Fin Credit Private Limited constituting 157,666,666 equity shares of face value ₹ 10 each have sold the entire stake to Svantra Microfin Private Limited for a base purchase consideration of ₹ 14,790 million along with interest accrued, equity infusion and excluding ₹ 10 million to be paid to our Promoter and/or our Company as consideration for the transfer and assignment of intellectual property of Chaitanya India Fin Credit Private Limited, as laid down in the share purchase agreement.

Holding Company

As at the date of this Draft Prospectus, Navi Technologies Limited (*formerly known as Navi Technologies Private Limited*) ("**NTL**") is our holding company. As at the date of this Draft Prospectus, NTL beneficially holds 285,240,353 Equity Shares aggregating to 100.00% of the total shareholding of our Company. 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.

Our Subsidiaries

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

Joint Venture

As at the date of this Draft Prospectus, our Company has no joint ventures.

Associate

As at the date of this Draft Prospectus, our Company has no Associate Companies.

Acquisition or Amalgamation in the last one year

Our Company has not made any acquisition or amalgamation in the last one year prior, preceding the date of this Draft Prospectus.

Reorganization or Reconstruction undertaken by our Company in the last one year

Except as disclosed in "*Material Developments*" on page 182, there have been no reorganization or reconstruction undertaken by our Company in the last one year, preceding the date of this Draft Prospectus.

OUR MANAGEMENT

Board of Directors

The general supervision, direction and management of our Company, its operations and business are vested in the Board, which exercises its power subject to the Memorandum and Articles of Association of our Company and the requirements of the applicable laws.

The Articles of Association of our Company require us to have not less than three and not more than 15 Directors. The general superintendence, direction and management of our affairs and business are vested in our Board of Directors.

The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and is governed by the Articles of Association of our Company, the relevant directions issued by the RBI, and the SEBI Listing Regulations.

As of the date of this Draft Prospectus, we have five Directors on our Board of Directors, of which three are Independent Directors including one woman Director.

The following table sets forth details regarding the Board as on the date of this Draft Prospectus

Name, Designation and DIN	Age	Nationality	Address	Date of Appointment	Details of other Directorship
Sachin Bansal Designation: Executive Chairman and CEO DIN: 02356346	42	Indian	262, Tower 2, Embassy Pristine Apartments, Suncity Apartments Ln, Ibbaluru, Bellandur, Bengaluru, Karnataka - 560102	February 11, 2022**	Indian Companies <ul style="list-style-type: none"> • GPCUBS Motorsport Private Limited • Navi General Insurance Limited; • Navi Investment Advisors Private Limited; and • Navi Technologies Limited Foreign Companies BACQ Technologies Limited
Ankit Agarwal Designation: Managing Director DIN: 08299808	40	Indian	Flat No. A 402, Mantri Classic Apartments, ST Bed Layout, Koramangala 4 th Block, Bengaluru 560 034, Karnataka, India	February 11, 2022*	Indian Companies <ul style="list-style-type: none"> • Anmol Como Broking Private Limited; • Navi AMC Limited; • Navi General Insurance Limited; • Navi Investment Advisors Private Limited; • Navi Securities Private Limited; and • Navi Technologies Limited Foreign Companies Nil
Ranganathan Sridharan Designation: Independent Director	72	Indian	E 1702, Crown Tower, Peninsula Heights, 46/1, 17th Main Road, Behind Central Mall, JP Nagar, 2nd Phase, Bengaluru 560 078, Karnataka, India	August 31, 2020***	Indian Companies <ul style="list-style-type: none"> • NC Energy Limited; and • Nelcast Limited

Name, Designation and DIN	Age	Nationality	Address	Date of Appointment	Details of other Directorship
DIN: 00868787					Foreign Companies Nil
Usha A Narayanan Designation: Independent Director DIN: 06939539	64	Indian	1006, 17 th Main, BTM Layout, 1 st Stage, Bengaluru 560 079, Karnataka, India	July 6, 2020****	Indian Companies <ul style="list-style-type: none"> • Margo Biocontrols Private Limited; • Navi Technologies Limited; • Navi General Insurance Limited; and • PJ Margo Private Limited Foreign Companies Nil
Arindam Haraprasad Ghosh Designation: Independent Director DIN: 01423589	60	Indian	Beuna Vista B-5, Baner Pashan Link Road, Baner, Pune 411 045, Maharashtra, India	April 1, 2022*****	Indian Companies <ul style="list-style-type: none"> • Alphaniti Fintech Private Limited; • Brainstormerz Research and Data Analytics Private Limited; • Navi AMC Limited; • Torus Alphaniti Private Limited; and • Torus Alphaniti Technologies Private Limited Foreign Companies Nil

* 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

Profile of Directors

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 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 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 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 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.

Relationship between our Directors

None of our Directors are related to each other.

Remuneration and terms of employment of our Directors

Remuneration of the Managing Director

Our Board had, at their meeting held on February 11, 2022, approved the appointment of Ankit Agarwal as the Managing Director of our Company, for a period of five years, liable to retire by rotation, subject to the board resolution dated February 11, 2022. Pursuant to the aforesaid resolution, he has not been paid a salary, any other benefit, entitlements or allowance since his appointment in our Company.

Remuneration of Executive Chairman and CEO

Our Board had, at their meeting held on February 11, 2022, approved the appointment of Sachin Bansal as the Executive Chairman and CEO of our Company, for a period of five years, liable to retire by rotation, subject to the board resolution dated February 11, 2022 and shareholders resolution dated March 5, 2022. Pursuant to the aforesaid resolutions. Pursuant to the aforesaid resolutions, he has not been paid a salary, any other benefit, entitlements or allowance since his appointment in our Company.

Remuneration of our Non- Executive Directors

Remuneration of our Directors

No remuneration is paid to the Non-Executive Directors of our Company. However, our Board, at their meeting held on September 21, 2020 approved payment of sitting fees of ₹1 lakh to the Independent Directors of our Company for attending each meeting of the Board or committees thereof.

The following table sets forth the remuneration (including sitting fees, commission and perquisites) paid by our Company since Financial Year 2021 to the date of this Draft Prospectus to our Non- Executive Directors:

Name of Director	Type of Remuneration Received/ Payable
Financial Year 2021	
Ravi Kattamalavadi Subramanyam*	Sitting fee of ₹0.67 Million
Nandakumar Rachamadugu*	Sitting fee of ₹0.67 Million
Usha A Narayanan**	Sitting fee of ₹1.06 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

Name of Director	Type of Remuneration Received/ Payable
Financial Year 2024 (From April 1, 2023 till date)	
Sridharan Ranganathan	Sitting fee of ₹ 3.05 Million
Arindam Haraprasad Ghosh	Sitting fee of ₹ 2.50 Million
Usha A Narayanan	Sitting fee of ₹ 2.29 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

Other confirmations

No Director of our Company is a director or is otherwise associated in any manner with, any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, wilful defaulter list as categorized by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority and/or bank or financial institutions.

Our Company does not have any employee stock option scheme.

We also confirm that none of our Directors is restrained or prohibited or debarred from accessing the securities market or dealing in securities by the Board. Further, none of our Directors is a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by SEBI. No Director in our Company is, or was, a director of any listed company, which has been or was compulsorily delisted from any recognised stock exchange within a period of ten years preceding the date of this Draft Prospectus, in accordance with Chapter V of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

None of our Directors have committed any violation of securities laws in the past and no proceedings in such regard by SEBI or, RBI are pending against any of our Directors.

No Director of our Company is a fugitive economic offender, as defined in the SEBI NCS Regulations.

We confirm that the Permanent Account Number of the Directors of the Company has been submitted to the Stock Exchanges at the time of filing the Draft Prospectus.

Borrowing powers of our Board of Directors

Pursuant to a resolution passed by our Board dated August 10, 2022 and Shareholders at the AGM held on September 30, 2022, our Board has been authorised to borrow any sum or sums of monies, which together with the monies already borrowed (apart from temporary loans obtained or to be obtained in the ordinary course of business), in excess of our Company's aggregate paid-up capital and free reserves, provided that the total amount which may be so borrowed and outstanding shall not exceed a sum of ₹ 100,000 million.

The aggregate value of the NCDs offered under this Draft Prospectus, together with the existing borrowings of the Company, is within the approved borrowing limits as abovementioned.

Interest of our Directors

Our Executive Directors may be deemed to be interested to the extent of remuneration if any, payable, by our Company as well as to the extent of reimbursement of expenses payable to them. Our Non-Executive Directors may be deemed to be interested to the extent of sitting fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other reimbursement of expenses and profit linked incentives payable to them.

Our Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by the Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective capacity.

Other than as disclosed under "Our Management - Related Party Transactions" and "Financial Information" beginning on pages 132 and 320, respectively, our Company has not entered into any contracts, agreements or arrangements during the two years immediately preceding the date of this Draft Prospectus in which our Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts agreements or arrangements which are proposed to be made with them. Except as stated in the section "Financial Information" on page 320 and to the extent of compensation and commission if any, and their shareholding in the Company, the Directors do not have any other interest in the business of the Company.

Some of our Directors may be deemed to be interested to the extent, including of consideration received/paid or any loans or advances provided to any body corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees.

Except as disclosed hereinabove and the section titled “Risk Factors” on page 16 of this Draft Prospectus, Our Directors do not have an interest in any venture that is involved in any activities similar to those conducted by our Company.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

Our Directors have no interest in any immovable property acquired or proposed to be acquired by our Company in the preceding two years of filing this Draft Prospectus nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company. No benefit/interest will accrue to our Promoter/Directors out of the proceeds of the Issue.

None of our Directors are interested in the promotion of our Company, except in the ordinary course of business.

Except as disclosed below in respect of Sachin Bansal, none of our Directors have taken any loan from our Company. Further, our Company has not availed any loans from the Directors which are currently outstanding.

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	October 10, 2023
August 26, 2020	2,00,000	February 3, 2021
August 9, 2021	2,30,000	October 11, 2021
May 1, 2020	1,10,000	July 23, 2020
November 10, 2023	3,50,000	November 13, 2023
November 13, 2023	3,49,999	-

Our Directors may also be deemed to be interested to the extent of investments made in the secured/unsecured non-convertible debentures issued by the Company and also to the extent of any interest payable on such debentures. There is no contribution being made by the Directors as part of the Issue or separately in furtherance of such objects of the Issue.

Shareholding of our Directors

Ankit Agarwal and Sachin Bansal hold 1 Equity Share each of our Company as nominee of Navi Technologies Limited. None of our other Directors hold any Equity Shares as on the date of this Draft Prospectus.

S. No	Name of Director, Designation and DIN	No. of Equity Shares of (₹)	Number of Stock Options	% of total Equity Shares of our Company (on fully diluted basis)
1.	Ankit Agarwal Designation: Managing Director DIN: 08299808	1	-	Negligible
2.	Sachin Bansal Designation: Executive Chairman and CEO DIN: 02356346	1	-	Negligible

Shareholdings of Directors in Subsidiaries and Associate companies, including details of qualification of shares held by Directors as on the date of Draft Prospectus

As of the date of this Draft Prospectus, our Company does not have any Subsidiaries and Associate company.

Debentures/Subordinated Debt holding of our Directors

As on the date of this Draft Prospectus, none of our Directors hold debentures or subordinated debt issued by our Company.

Changes in our Directors of our Company during the last three financial years and current financial year

The changes in our Board of Directors of our Company in the three financial years and current financial year preceding the date of this Draft Prospectus are as follows:

Name, Designation and DIN	Date of Appointment/re-appointment	Date if Cessation, if applicable	Date of Resignation, if applicable	Remarks
Nandakumar Rachamadugu Designation: Independent Director DIN: 03313824	June 14, 2019	-	August 31, 2020	Resignation
Ravi Kattemalalavadi Subramanyam Designation: Independent Director DIN: 01817702	June 14, 2019	-	August 31, 2020	Resignation
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	-	-	Change in designation from Non-Executive Director to Managing Director
Sachin Bansal Designation: Executive Chairman and CEO DIN: 02356346	February 11, 2022	-	-	Change in designation from Non-Executive Director to Executive Chairman and CEO
Arindam Haraprasad Ghosh Designation: Independent Director DIN: 01423589	April 1, 2022	-	-	Appointment

Appointment of any relatives of Directors to an Office or place of profit during the current financial year and during the preceding three financial years

None of our Directors' relatives have been appointed to an office or place of profit of our Company during the current financial year and during the preceding three financial years.

Key Managerial Personnel of our Company

The details of our Key Managerial Personnel, as on the date of this Draft Prospectus, are set out below:

- (a) Ankit Agarwal (*Managing Director*)
- (b) Sachin Bansal (*Executive Chairman and CEO*)
- (c) Ankit Surana (*Chief Financial Officer*)
- (d) Thomas Joseph (*Company Secretary*)

Senior Managerial Personnel of our Company

The details of our Senior Managerial Personnel, as on the date of this Draft Prospectus, are set out below:

- (a) Shobhit Agarwal (*Head of Lending*)
- (b) Swathi Hebbar (*Head of Credit*)
- (c) Mahak Khabia (*Head of Investments*)
- (d) Aishwarya Prasad (*Chief Compliance Officer*)
- (e) Aby George Eapen (*Chief Risk Officer*)

- (f) Apurv Anand (*Chief Technology Officer*)
- (g) Nithin Rajan Babu (*Chief Information Security Officer*)
- (h) Sachin Shah (*Internal Auditor*)
- (i) Abhishek Dwivedi (*Head of Operations*)
- (j) Ankit Surana (*Chief Financial Officer*)
- (k) Thomas Joseph (*Company Secretary*)

Relationship with other Key Managerial Personnel

None of our Key Managerial Personnel are related to each other.

Interests of Key Managerial Personnel and Senior Managerial Personnel

Except to the extent of remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business, Equity Shares held by them and otherwise disclosed in this Draft Prospectus, the Key Managerial Personnel and Senior Managerial Personnel of the Company do not have any interest in the Company.

Our Directors, Key Managerial Personnel or Senior Managerial Personnel have no financial or other material interest in the Issue.

Payment or Benefit to Officers of our Company

Nil

Shareholding of our Company's Key Managerial Personnel and Senior Managerial Personnel

Ankit Agarwal, Sachin Bansal, Abhishek Dwivedi, Shobhit Agarwal and Apurv Anand hold 1 Equity Share each of our Company as nominee of Navi Technologies Limited. None of our other Key Managerial Personnel and Senior Managerial Personnel hold any Equity shares in our Company as on the date of this Draft Prospectus.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three financial years, as per the requirements specified under the Companies Act, refer to the chapter "*Financial Information*" beginning on page 320.

Corporate Governance

Our Company believes that good corporate governance is an important constituent in enhancing stakeholder value. Our Company has in place processes and systems whereby it complies with the requirements to the corporate governance provided in SEBI Listing Regulations (to the extent applicable to a company which has listed debt securities) and the applicable RBI Guidelines. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law. Our Company believes that its Board is constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Details of various committees of the Board of Directors

Our Company has constituted the following committees:

Audit Committee

The members of the Audit Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Usha A Narayanan	Chairperson	Independent Director
Ranganathan Sridharan	Member	Independent Director
Arindam Haraprasad Ghosh	Member	Independent Director

The Audit Committee was constituted by the Board of Directors at their meeting held on March 25, 2019 and was last reconstituted on April 7, 2022. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the Listing Regulations.

The terms of reference of our Audit Committee includes the following:

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 auditor's;
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. Review/ 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. 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
23. 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. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management. Provided that only the members of the Audit Committee, who are independent;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee; and
6. Examination of the financial statements and the auditors' report thereon; and
7. Statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchanges(s) in terms of the Listing Regulations; and
 - (b) annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of Listing Regulations.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Usha A Narayanan	Chairperson	Independent Director
Ranganathan Sridharan	Member	Independent Director
Arindam Haraprasad Ghosh	Member	Independent Director

The Nomination and Remuneration Committee was constituted by the Board of Directors at their meeting held on March 25, 2019 and was last reconstituted on April 7, 2022. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations.

The terms of reference of the Nomination and Remuneration Committee include the following:

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; and

14. Recommend to the board, all remuneration, in whatever form, payable to senior management.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Ranganathan Sridharan	Chairperson	Independent Director
Sachin Bansal	Member	Executive Chairman and CEO
Arindam Haraprasad Ghosh	Member	Independent Director

The Stakeholders' Relationship Committee was constituted by the Board of Directors at their meeting held on March 30, 2022 and was last reconstituted on October 22, 2022. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations

The terms of reference of the Stakeholders' Relationship Committee are as follows:

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.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Usha A Narayanan	Chairperson	Independent Director
Ranganathan Sridharan	Member	Independent Director
Arindam Haraprasad Ghosh	Member	Independent Director

The Corporate Social Responsibility Committee was first constituted by a meeting of the Board of Directors held on June 30, 2020 and was reconstituted on October 22, 2022.

The terms and reference of the Corporate Social Responsibility Committee include the following:

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.

Risk Management Committee

The members of the Risk Management Committee are:

Name of the Member	Designation in the Committee	Position
Ranganathan Sridharan	Chairperson	Independent Director
Ankit Agarwal	Member	Managing Director
Aby George Eapen	Member	Chief Risk Officer

The Risk Management Committee was constituted by the Board of Directors at their meeting held on March 25, 2019 was last reconstituted on October 22, 2022.

The terms and reference of the Risk Management Committee include the following:

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.

Finance Committee

The members of the Finance Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Ankit Agarwal	Chairperson	Managing Director
Sachin Bansal	Member	Executive Chairman and CEO

The Finance Committee was constituted by the Board of Directors at their meeting held on February 08, 2017 and was last reconstituted on April 7, 2022. The terms and reference of the Finance Committee include the following:

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.

Asset and Liability Committee (“ALCO”)

The members of the ALCO are:

Name of the Member	Designation in the Committee	Position
Ankit Agarwal	Chairperson	Managing Director
Ankit Surana	Member	Chief Financial Officer
Shobhit Agarwal	Member	Head of Lending
Mahak Khabia	Member	Head of Investment
Aby George Eapen	Member	Chief Risk Officer

The ALCO was constituted by the Board of Directors at their meeting held on December 03, 2018 and was reconstituted on April 26, 2023. The terms and reference of the ALCO include the following:

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

IT Strategy Committee

The members of the IT Strategy Committee are:

Name of the Member	Designation in the Committee	Position
Ranganathan Sridharan	Chairperson	Independent Director
Sachin Bansal	Member	Executive Chairman and CEO
Apurv Anand	Member	Chief Technology Officer and Chief Information Officer

The IT Strategy Committee was re-constituted by the Board of Directors at their meeting held on March 25, 2019 and was reconstituted on May 26, 2023. The terms and reference of the IT Strategy Committee include the following:

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.

Debenture Committee

The members of the Debenture Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Sachin Bansal	Member	Executive Chairman and CEO
Ankit Agarwal	Member	Managing Director

The Debenture Committee was constituted by the Board of Directors at their meeting held on April 11, 2022. The terms and reference of the Debenture Committee include the following:

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.

OUR PROMOTER

Our Promoter is Navi Technologies Limited.

Details of our Promoter are set out below:

Registered Office: 9th Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru, Karnataka 560102

Date of Incorporation: December 10, 2018

Corporate Identity Number: U72900KA2018PLC119297

PAN: AAICB1598F

As of December 31, 2023, our Promoter holds 285,240,353 Equity Shares equivalent to 100.00% of the Equity Share capital of our Company. 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.

Profile of our Promoter

Our Promoter was originally incorporated on December 10, 2018 as a private limited company under the Companies Act 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 change of name dated October 14, 2019 was issued by the Registrar of Companies, Karnataka at Bangalore ("RoC"). 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 is also involved in general insurance business through its subsidiary Navi General Insurance Limited. Our Promoter also operates the asset management business through its subsidiary, Navi AMC Limited.

Board of Directors of Navi Technologies Limited

The board of directors of our Promoter as on the date of filing of this Draft Prospectus are:

S. No.	Name	DIN	Designation
1.	Sachin Bansal	02356346	Chairman, Managing Director, and Chief Executive Officer
2.	Ankit Agarwal	08299808	Executive Director and Chief Financial Officer
3.	Anand Sinha	00682433	Non-Executive Director
4.	Usha A Narayanan	06939539	Independent Director
5.	Abhijit Sinha Bose	05129763	Independent Director
6.	Shripad Shrikrishna Nadkarni	00075371	Independent Director
7.	Vidit Aatrey	07248661	Independent Director
8.	Nachiket Madhusudan Mor	00043646	Independent Director

Interest of Promoter in our Company

Except as a shareholder of our Company and as stated under "Capital Structure", beginning on page 53 and as disclosed under "Related Party Transactions" segment of "Financial Information" beginning on page 320, and as the holder of 3,000,557 unlisted, unrated and unsecured fully redeemable non-convertible debentures of ₹ 1,000 each in our Company as on the date of this Draft Prospectus, our Promoter does not have interests in our Company. Further, for details pertaining to the transactions entered into between our Promoter and Promoter Group entities and our Company, please see "Related Party Transactions" on page 183.

Our Promoter does not have any interest in any property acquired by our Company within two years preceding the date of filing of this Draft Prospectus or any property proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Our Promoter does not propose to subscribe to this Issue.

Our Promoter has no financial or other material interest in the Issue and no benefit / interest will accrue to our Promoter out of the objects of the Issue.

Other understanding and confirmations

Our Company confirms that the Permanent Account Number and Bank account number of the Promoter and Permanent Account Number of Directors have been submitted to the Stock Exchanges at the time of filing this Draft Prospectus.

Our Promoter has confirmed that neither it nor its directors have been identified as Wilful Defaulters by the RBI or any other governmental authority and is not a Promoter or a whole-time director of any such company which has been identified as a Wilful Defaulter by the RBI or any other governmental authority or which has been in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months. Further, no members of our Promoter Group have been identified as Wilful Defaulters.

Our Promoter has not been declared as a fugitive economic offender.

No violation of securities laws has been committed by our Promoter in the past and no regulatory action before SEBI, RBI is currently pending against our Promoter except as disclosed in section titled "*Outstanding Litigations and Defaults*" on page 252.

Our Promoter was not a promoter of any company which was delisted within a period of ten years preceding the date of this Draft Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Our Promoter and Promoter Group are not restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad and are not promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

No benefit or interest will accrue to our Promoters out of the objects of the Issue.

Payment of benefits to our Promoter during the last three financial years and current financial year

Other than as disclosed under "*Related Party Transactions*" segment of "*Financial Information*" beginning on pages 183 and 320, respectively, our Company has not made payment of any benefit to our Promoter during the last three financial years and current financial year preceding the date of this Draft Prospectus.

Common pursuits of our Promoters

Our Promoter is not engaged in businesses similar to ours.

Other ventures

Except as set out below, our Promoter is not engaged in any other ventures:

Our Promoter provides allied services to our Group Companies, NAMCL and NGIL under the relevant outsourcing agreements entered into with them.

Details of Equity Shares allotted to our Promoter during the last three Fiscal Years and current Fiscal

Except as disclosed under "*Capital Structure*" on page 53, our Promoter has not been allotted any Equity Shares of our Company during the last three Fiscal Years and current Financial Year up to December 31, 2023.

SECTION V: FINANCIAL INFORMATION

DISCLOSURES ON EXISTING FINANCIAL INDEBTEDNESS

The outstanding borrowings of our Company as on December 31, 2023 are as follows¹:

Sr. No.	Nature of borrowings	Amount (in INR) million
1.	Secured borrowings*	55,786.59
2.	Unsecured borrowings**	7,629.37
Total Outstanding Borrowings		63,415.96

* The secured borrowings include the securitization outstanding amount of INR 16,028.59 million as on December 31, 2023.

** This includes compulsorily convertible debentures issued by the Company aggregating to an amount of INR 1,500 million out of which INR 277.54 million is considered as outstanding liability portion in financial indebtedness as on December 31, 2023.

DETAILS OF BORROWINGS OF THE COMPANY, AS ON December 31, 2023

(a) Details of Outstanding Secured Term Loan Facilities as on December 31, 2023:

Our Company's outstanding secured term loans/facility from banks as on December 31, 2023 amounts to INR 23,264.53 million (as per IND AS). The details of the borrowings are set out below:

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
1.	HDFC Bank Limited Date of sanction: February 22, 2022	Term Loan	INR 800.00	INR 142.04	Tenor: 24 months Principal repayment will be made in 24 equal instalments starting from the following month from the date of disbursement. Interest to be serviced on a monthly basis.	First and exclusive charge to be created on stock in trade, book debts and receivables at 1.10x times of the total loan amount (Asset cover to be 1.10x times and should be on POS basis and less than 30 days past due date).	CRISIL A/Stable	Standard
2.	Tata Capital Financial Services Limited Date of sanction: December 29, 2021	Term Loan	INR 400.00	INR 17.86	Tenor: 24 months Principal repayment will be made in 24 equal monthly principal instalments. Interest to be serviced on a monthly basis.	First and exclusive charge on book debts to the extent of 1.10x with PAR (less than 30 days) of loan limit.	CRISIL A/Stable	Standard
3.	IDFC First Bank Limited Date of sanction:	Term Loan	INR 1,000.00	INR 399.09	Tenor: 36 months Principal repayment will be made in 30 monthly	First and exclusive charge by the way of hypothecation on standard book debts and receivables (maximum DPD of	CRISIL A/Stable	Standard

¹ The outstanding borrowings as on December 31, 2023 are figures in Ind AS.

² The entire outstanding amount as on December 31, 2023 are figures in Ind AS.

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
	November 26, 2021				principal instalments after the expiry of moratorium period of 6 months from the date of each disbursement. Interest to be serviced on a monthly basis.	60 days). Minimum security cover of 1.10x to be maintained.		
4.	Canara Bank Date of sanction: December 30, 2021	Term Loan	INR 500.00	INR 150.99	Tenor: 36 months Principal repayment will be made in 36 principal instalments starting from the next month from date of disbursement. Interest to be serviced on a monthly basis as and when due.	First and exclusive charge by way of hypothecation of standard book debts/loan receivables which are financed or to be financed by the company out of the loan to the company. Security cover of 1.10x to be maintained.	CRISIL A/Stable	Standard
5.	State Bank of India Date of sanction: January 17, 2022	Term Loan	INR 300.00	INR 14.30	Tenor: 24 months Principal repayment will be made in 18 monthly principal instalments starting post expiry of moratorium of 6 months from the date of disbursement. Interest to be paid as and when applied to the loan account including during moratorium period.	First and exclusive hypothecation charge over specific pool of receivables/book debts created out of the loan (excluding receivables of assets which are overdue). Asset coverage ratio of 125% to be maintained.	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
6.	Indian Overseas Bank Date of sanction: March 29, 2022	Term Loan	INR 250.00	INR 173.12	Tenor: 60 months Principal repayment will be made in 54 equal monthly principal instalments starting post a moratorium period of 6 months from the date of disbursement. Interest to be serviced as and when due.	First and exclusive hypothecation charge over specific pool of receivables from loan assets. Asset cover at a minimum of 1.10x to be maintained.	CRISIL A/Stable	Standard
7.	The Hongkong Shanghai Banking Corporation Limited Date of sanction: March 25, 2022	Term Loan	INR 500.00	INR 62.43	Tenor: 24 months Principal repayment in 24 equal monthly instalments starting from the date of disbursement. Interest to be serviced on a monthly basis.	First and exclusive charge on identified personal loan assets created out of the loan to the Company with an asset cover of 1.20x to be maintained and first and exclusive charge on identified home loan assets created out of the loan with an asset cover of 1.05x to be maintained.	CRISIL A/Stable	Standard
8.	CSB Bank Date of sanction: June 01, 2022	Term Loan	INR 280.00	INR 131.90	Tenor: 36 months Principal repayment will be made in 36 equal monthly instalments starting from the following month from the date of disbursement. Interest to be serviced on a monthly basis.	Exclusive charge on specific loan receivables (excluding interest) arising out of the term loan from CSB Bank, excluding accounts overdue for more than 90 days. The Minimum asset cover of 1.10x.	CRISIL A/Stable	Standard
9.	Axis Bank Limited	Term Loan	INR 350.00	INR 91.98	Tenor: 24 months Repayment shall be in 24	Exclusive charge on receivables of standard asset portfolios, present and future for the	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
	Date of sanction: May 31, 2022				equal monthly instalments from the end of 6 th month from the date of first disbursement.	amount sanctioned by Axis Bank and undated cheques for the facility amount. Minimum asset cover of 1.20 times. Receivables of DPD of more than 90 days to not be considered for the asset cover.		
10.	Axis Bank Limited Date of sanction: November 18, 2022	Term Loan	INR 500.00	INR 333.01	Tenor: Door to door tenor of 30 months including a moratorium of 6 months. Repayment shall be in 23 equal instalments and a 24 th instalment commencing after 6 months of moratorium from the date of first disbursement.	Exclusive charge on receivables of standard asset portfolios, present and future for the amount sanctioned by Axis Bank and undated cheques for the facility amount. Minimum asset cover of 1.20 times. Receivables of DPD of more than 90 days to not be considered for the asset cover.	CRISIL A/Stable	Standard
11.	Hero FinCorp Limited Date of sanction: June 28, 2022	Term Loan	INR 1,000.00	INR 177.29	Tenor: 24 months Repayment will be made in 24 instalments.	First and exclusive charge by the way of Hypothecation on 110% of the book debts. Security cover of 1.10x to be maintained. Two post-dated cheques of INR 50,00,00,000/- have also been provided.	CRISIL A/Stable	Standard
12.	Kisetsu Saison Finance (India) Private Limited (Credit Saison India) Date of sanction: August 01, 2022	Term Loan	INR 500 (Disbursed in two tranches of INR 350 mn. And INR 150 mn.)	INR 221.79	Tenor: 27 months from the date of its drawdown The principal amount of the facility to be repaid in 9 equal instalments payable on a quarterly basis, on the 15 th day of the	First and exclusive charge by way of hypothecation over the receivables under the asset portfolio originated from the proceeds of the term loan granted by Kisetsu Saison Finance (India) Private Limited, any other asset, property or right that the Company acquires	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
					last month of every 3 month period from the date of disbursement.	using the proceeds of the facility granted by Kisetsu Saison Finance (India) Private Limited. Receivables overdue by 90 days re required to be replaced by the Company. This term loan is also secured by undated cheques issued by the Company. Minimum security cover of 1.10 times the outstanding amount is to be maintained.		
13.	Kisetsu Saison Finance (India) Private Limited (Credit Saison India) Date of sanction: October 26, 2022	Term Loan	INR 270.00	INR 149.62	Tenor: 27 months from the date of its drawdown The principal amount of the facility to be repaid in 9 equal instalments payable on a quarterly basis, on the 15 th day of the last month of every 3 month period from the date of disbursement.	First and exclusive charge by way of hypothecation over the receivables under the asset portfolio originated from the proceeds of the term loan granted by Kisetsu Saison Finance (India) Private Limited, any other asset, property or right that the Company acquires using the proceeds of the facility granted by Kisetsu Saison Finance (India) Private Limited. Receivables overdue by 90 days re required to be replaced by the Company. This term loan is also secured by undated cheques issued by the Company. Minimum security cover of 1.10 times the outstanding amount is to be maintained.	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
14.	IDFC First Bank Limited Date of sanction: August 18, 2022	Term Loan	INR 1,000.00	INR 665.39	Tenor: door to door tenor of 36 months Principal amount to be repaid in 30 equal monthly instalments after an initial moratorium of 6 months.	Exclusive charge over present and future book debts and receivables with a cover of 1.10 times. All book debts charged shall not be more than DPD 60.	CRISIL A/Stable	Standard
15.	Cholamandalam Investment and Finance Company Limited Date of sanction: August 10, 2022	Term Loan	INR 150.00	INR 60.94	Tenor: 24 months Repayment shall be in 24 equal monthly instalments.	Exclusive charge by way of hypothecation over specific receivables (<=90 days DPD) with a minimum coverage of 1.10 times.	CRISIL A/Stable	Standard
16.	The Hongkong Shanghai Banking Corporation Limited Date of sanction: December 21, 2022	Term Loan	INR 400.00	INR 199.20	Tenor: 24 months Principal repayment in 24 equal monthly instalments starting from the date of disbursement. Interest to be services on a monthly basis.	First and exclusive charge on identified personal loan assets created out of the loan to the Company with an asset cover of 1.20x to be maintained and first and exclusive charge on identified home loan assets created out of the loan with an asset cover of 1.05x to be maintained.	CRISIL A/Stable	Standard
17.	Mahindra and Mahindra Financial Services Limited Date of sanction: June 27, 2022	Term Loan	INR 1,000.00	INR 378.26	Tenor: 24 months Principal repayment in 24 equal monthly instalments starting from the date of disbursement.	First and exclusive charge on receivables / loan assets / book debts with a cover of 1.10x of the outstanding principal to be maintained at all times. Demand promissory note.	CRISIL A/Stable	Standard
18.	HDFC Bank Limited Date of sanction:	Term Loan	INR 1,500.00	INR 747.73	Tenor: 24 months Principal repayment in 24 equal monthly	First and exclusive charge on the current assets with a cover of 1.10x of the outstanding principal to be	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
	October 29, 2022				instalments starting from the date of disbursement. Interest to be serviced on a monthly basis.	maintained at all times.		
19.	MAS Financial Services Limited (Term Loan 15, 16, 17 and 18) Date of sanction: September 06, 2022	Term Loan	INR 250.00	INR 41.65	Tenor: 18 months Principal repayment will be made in 18 monthly principal instalments starting from the date of disbursement. Interest to be serviced on a monthly basis.	First and exclusive hypothecation charge over specific pool of receivables from loan assets. Asset coverage ratio of minimum of 1.10x to be maintained. Post dated cheques for each of the term loans have been provided. Demand promissory notes have been provided by the Company.	CRISIL A/Stable	Standard
20.	MAS Financial Services Limited (Term Loan 19, 20, 21 and 22) Date of sanction: November 11, 2022	Term Loan	INR 300.00	INR 83.29	Tenor: 18 months Principal repayment will be made in 18 monthly principal instalments starting from the date of disbursement. Interest to be serviced on a monthly basis.	First and exclusive hypothecation charge over specific pool of receivables from loan assets. Asset coverage ratio of minimum of 1.10x to be maintained. Post dated cheques for each of the term loans have been provided. Demand Promissory Notes.	CRISIL A/Stable	Standard
21.	State Bank of India Date of sanction: August 29, 2022	Term Loan	INR 2,500.00	INR 2,061.97	Tenor: 60 months Principal repayment will be made in 18 equal quarterly principal instalments post moratorium period of 6 months. Interest to be	First and exclusive hypothecation charge over standard receivables created out of home loan and personal loan assets. Asset coverage ratio of minimum of 1.20x to be maintained. The receivables shall at all times constitute 80% of	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
					serviced on a monthly basis.	receivables created out of home loan assets.		
22.	Utkarsh Small Finance Bank Limited Date of sanction: August 29, 2022	Term Loan	INR 210.00	INR 69.85	Tenor: 24 months Principal repayment will be made in 24 equal monthly instalments with the first instalment due after a moratorium period of 24 months from the date of disbursement or as mutually agreed upon by the parties on or before the last day of every month.	First and exclusive charge on book debts/ loan assets of the Company to the extent of 115% of the exposure created out of Utkarsh Small Finance Bank funding.	CRISIL A/Stable	Standard
23.	Shriram Housing Finance Limited Date of Sanction: September 26, 2022	Term Loan	INR 250.00	INR 162.92	Tenor: 36 months The loan amount including the principal amount, interest and any other charges shall be repaid by way of equal monthly instalments of INR 80,90,292/- as monthly instalment and the first payment date is November 5, 2022.	The whole of Company's present and future current assets including: Hypothecation by way of first exclusive charge (floating) over home loan receivables and book debts of the Company so as to provide a security cover 1.10 times on the principal outstanding. Loans provided by way of security must not be more than 0 DPD.	CRISIL A/Stable	Standard
24.	Jana Small Finance Bank Date of Sanction: September 27, 2022	Term Loan	INR 750.00	INR 311.93	Tenor: 24 months The term loan facilities shall be repaid in 24 equated monthly instalments comprising of	The facility is secured by way of: (a) An exclusive and first ranking (floating) charge by way of hypothecation	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
					principal and interest. Equated monthly instalments will commence from the 3 rd of the month following the month in which disbursement has been made.	over the receivables under each loan extended by the Company and any other asset, property or right that the borrower acquires using the proceeds of the facility. The Company is required to maintain a minimum security cover of 1.10 times. (b) A demand promissory note and a letter of continuity.		
25.	Manappuram Finance Limited Date of Sanction: September 29, 2022	Term Loan	INR 350.00	INR 194.92	Tenor: 36 months The Company shall repay the principal amount outstanding on the facility by way of instalments of INR 1,14,60,189/- to be paid at the end of every month from the subsequent month of full disbursement. Interest to be paid on a monthly basis.	First and exclusive charge over the unencumbered portfolio of housing loan finance/ personal loan generated by the Company along with the receivables thereof. The Company is required to maintain a minimum security cover of 1.10 times.	CRISIL A/Stable	Standard
26.	IndusInd Bank Limited Date of Sanction: September 29, 2022	Term Loan	INR 500.00	INR 82.69	Tenor: 18 months The Company shall repay the loan in 6 equal quarterly instalments of INR 83.33 mn. Interest to be paid as and	Exclusive first charge on loan receivables including cash & cash equivalents created out of the disbursed proceeds of the sanctioned facility of IndusInd Bank to cover 1.10 times of the	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
					when due (interest shall be serviced at monthly rests).	principal outstanding on the facilities availed at all times.		
27.	Hinduja Leyland Finance Limited (Term Loan 1) Date of Sanction: December 28, 2022	Term Loan	INR 220.00	INR 138.71	Tenor: 30 months The Company shall repay the facility in 30 equal instalments commencing 1 month after the disbursement date.	First and exclusive charge on all unencumbered receivables of the Company under this facility as on disbursement date with underlying securities. Minimum security cover of 1.10 times to be maintained.	CRISIL A/Stable	Standard
28.	Yes Bank Limited Date of Sanction: April 13, 2022	Term Loan	INR 500.00	INR 114.38	Tenor: 20 months The facility is to be repaid in 20 equal monthly instalments starting from the 1 st month post disbursement for each tranche.	First and Exclusive charge on all specific standard loan assets/book debts, both present and future assigned/created out of the Yes Bank finance to the extent of 1.20x of the facility amount outstanding at any point of time with DPD of <30.	CRISIL A/Stable	Standard
29.	Ujjivan Finance Bank Limited Date of sanction: December 15, 2022	Term Loan	INR 250.00	INR 83.26	Tenor: 18 months Principal repayment shall be made in 5 quarterly instalments after a moratorium period of 1 month calculated from the date of disbursement of the first tranche. Interest to be paid monthly or as and when debited.	First ranking, exclusive and continuing charge on the identified standard loan receivables of the Company originated under this term loan facility including all contractual rights and assets. Book debts overdue by more than 89 days shall not be considered for this purpose. The Company is required to maintain a minimum security cover of 110%. Undated cheques have been provided.	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
30.	Aditya Birla Finance Limited Date of Sanction: March 03, 2023	Term Loan	INR 250.00	INR 117.33	Tenor: 18 months Repayment shall be made in 18 equal monthly instalments payable on the last working day of each month.	First and exclusive floating charge on the specified Book debts of the Company which are identified by the Company. The Company is required to maintain a security cover of 1.10 times the facility amount. The Company has also provided a demand promissory note to the extent of the principal amount of the facility.	CRISIL A/Stable	Standard
31.	Kisetsu Saison Finance (India) Private Limited (Credit Saison India) Date of sanction: February 27, 2023	Term Loan	INR 150.00	INR 99.79	Tenor: 27 months from the date of its drawdown The principal amount of the facility to be repaid in 9 equal instalments payable on a quarterly basis, on the 15 th day of the last month of every 3 month period from the date of disbursement. Interest shall be payable on the 15 th day of every month from the date of disbursement.	First and exclusive charge by way of hypothecation over the receivables under the asset portfolio originated from the proceeds of the term loan granted by Kisetsu Saison Finance (India) Private Limited, any other asset, property or right that the Company acquires using the proceeds of the facility granted by Kisetsu Saison Finance (India) Private Limited. Receivables overdue by 90 days are required to be replaced by the Company. This term loan is also secured by undated cheques issued by the Company. Minimum security cover of 1.10 times the outstanding amount is to be maintained.	CRISIL A/Stable	Standard
32.	Hinduja Leyland Finance Limited (Term Loan 2)	Term Loan	INR 500.00	INR 325.20	Tenor: 24 months	First and exclusive charge on all unencumbered receivables of the	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
	Date of Sanction: March 27, 2023				The facility shall be repaid in 24 equal monthly instalments starting from the first month of disbursement of the facility.	Company originated from this facility. The Company is required to maintain a minimum-security cover of 1.10 times.		
33.	ICICI Bank Limited Date of Sanction: February 27, 2023	Term loan	INR 500.00	INR 83.27	Tenor: 12 months The facility shall be repaid in 12 equal monthly instalments commencing from the last date of the first month from the date of disbursement of each tranche.	Exclusive charge on all amounts owing to, and received and/or receivable by, the Company and/or any person on its behalf, all book debts (the book debts not to include amounts overdue beyond 30 days), all cash flows and receivables and proceeds arising from/ in connection with its business, and all rights, title, interest, benefits, claims and demands of the Company whatsoever in, or in respect of all of the aforesaid assets, including but not limited to the Company's cash-in-hand, both present and future. Minimum security cover of 1.10 times (excluding over dues > 30 days) to be maintained.	CRISIL A/Stable	Standard
34.	Karur Vysya Bank Date of Sanction: March 31, 2023	Term loan	INR 300.00	INR 203.36	Tenor: Door to door tenor of 24 months The facility shall be repayable in 22 months instalments after a moratorium of 2 months from the date of first disbursement.	Exclusive charge by way of hypothecation of the loan receivables and book debts of the Company arising from the loans and advances made by the Company. The Company is required to maintain a	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
					Interest to be serviced monthly as and when debited.	minimum security cover of 1.10 times.		
35.	Manappuram Finance Limited Date of Sanction: March 29, 2023	Term loan	INR 250.00	INR 217.86	Tenor: 36 months The principal and interest of the facility shall be repayable in equated monthly instalments to be paid at the end of every month from the subsequent month of full disbursement.	First and exclusive charge on identified and unencumbered portfolio of housing loan finance/ personal loan generated by the Company under the facility along with receivables thereunder. The Company is required to maintain a security cover of 1.10 times.	CRISIL A/Stable	Standard
36.	Piramal Enterprises Limited Date of sanction: March 10, 2023	Term loan	INR 500.00	INR 311.77	Tenor: 24 months from the first disbursement of the facility. The facility shall be repaid in 24 equal monthly principal instalments. Interest shall be payable monthly from the first month of disbursement of the facility.	Exclusive charge over the allocated/specified book debts of the Company, both present and future, the DPD of which should not be more than 30. The Company is required to maintain a minimum security cover of 110 %.	CRISIL A/Stable	Standard
37.	Yes Bank Limited Date of Sanction: February 15, 2023	Term loan	INR 635.00	INR 368.90	Tenor: 24 months The repayment shall be made in 24 equal principal instalments. Interest to be paid monthly.	First and Exclusive charge on all specific standard loan assets/book debts, both present and future assigned/created out of the Yes Bank finance to the extent of 1.10x of the facility amount outstanding at any point of time with DPD of <30.	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
38.	MAS Financial Services Limited (Term Loan 23, 24, 25 and 26) Date of sanction: February 06, 2023	Term loan	INR 250.00	INR 111.02	Tenor: 18 months Principal repayment will be made in 18 monthly instalments starting from the date of disbursement. Interest to be serviced on a monthly basis.	First and exclusive hypothecation charge over specific pool of receivables/book debts from loan assets. The Company is required to maintain a minimum security cover of 1.10 times. Post dated cheques for each of the term loans have been provided. Demand Promissory Notes.	CRISIL A/Stable	Standard
39.	State Bank of India Date of sanction: September 15, 2023	Term Loan	INR 2,500.00	INR 2,467.71	Tenor: 48 months and a moratorium of 3 months Principal repayment is to be made in 15 equal quarterly instalments of INR 16.67 crores each, after an initial moratorium period of 3 months. Interest to be serviced as and when due.	First and exclusive charge over present and future unencumbered standard home loan/personal loan receivables or book debts created out of home loan/personal loan assets (excluding receivables which are overdue) of the Company, out of which 50% of the receivables must be home loan receivables. Security cover of 1.25 times the outstanding principal and interest to be maintained at all times during the tenor of the facility.	CRISIL A/Stable	Standard
40.	Utkarsh Small Finance Bank Limited Date of sanction: June 14, 2023	Term Loan	INR 250.00	INR 166.37	Tenor: 18 months Principal repayments and interest payments to be made in 18 monthly instalments.	First and exclusive charge over loan assets/book debts of the Company created out of the funding by Utkarsh Small Finance Bank Limited. Security cover of 1.15 times to be maintained. Demand promissory note	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
						has been provided by the Company.		
41.	Northern Arc Capital Limited Date of sanction: October 31, 2023	Term Loan	INR 250.00	INR 249.81	Tenor: 24 months Principal repayment to be made in 19 monthly instalments after a moratorium period of 5 months. Interest to be serviced in 24 monthly instalments.	First and exclusive charge by way of hypothecation over the receivables under the loans disbursed by the Company using the proceeds of this facility from Northern Arc Capital Limited (being personal loans) including any other asset, property or right acquired by the Company from the proceeds of the Northern Arc Capital Limited facility. Security cover of 1.10 times to be maintained at all times. Demand promissory note has been provided by the Company.	CRISIL A/Stable	Standard
42.	MAS Financial Services Limited (Term Loan 27, 28, 29 and 30) Date of sanction: April 20, 2023	Term loan	INR 250.00	INR 166.65	Tenor: 18 months Principal repayment to be made in monthly instalments after a moratorium period of 2 months. Interest to be serviced monthly.	First and exclusive hypothecation charge over identified receivables. The Company is required to maintain a minimum security cover of 1.10 times. Post dated cheques for each of the term loans have been provided. Demand Promissory Notes have been provided.	CRISIL A/Stable	Standard
43.	Canara Bank Date of sanction: August 23, 2023	Term loan	INR 750.00	INR 660.58	Tenor: Door to door tenor of 36 months Principal repayment to be made in 36 monthly instalments.	Exclusive charge on specific standard book debts/loan receivables of the Company. Security cover of .10 times to be maintained at all times.	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
					Interest to be serviced as and when due.			
44.	Bank of Maharashtra Date of sanction: September 21, 2023	Term loan	INR 1,000.00	INR 983.29	Tenor: 36 months and a moratorium of 3 months Principal amount to be repaid in 11 equal quarterly instalments. Interest to be serviced as and when due.	Exclusive charge by way of hypothecation over standard receivables/book debts created out of bank finance excluding overdue receivables. Minimum security cover of 1.15x to be maintained (80% personal loans and 20% home loans asset cover).	CRISIL A/Stable	Standard
45.	AU Small Finance Bank Limited Date of sanction: May 29, 2023	Term loan	INR 740.00	INR 369.46	Tenor: 12 months Principal repayment to be made in 12 monthly instalments from the date of disbursement. Interest to be serviced monthly.	Exclusive charge over present and future loan receivables of the Company. Minimum security cover of 110% of the principal outstanding to be maintained at all times during the tenor. The Company has also provided postdated cheques and demand promissory note to AU Small Finance Bank Limited.	CRISIL A/Stable	Standard
46.	Federal Bank Limited Date of sanction: August 08, 2023	Term loan	INR 500.00	INR 414.45	Tenor: 24 months Principal repayment to be made in 24 monthly instalments of INR 2.09 crores each. Interest to be serviced as and when due.	First and exclusive charge on specific loan receivables arising out of on-lending by the Company with a maximum DPD of 30 days. Minimum security cover of 1.10 times to be maintained.	CRISIL A/Stable	Standard
47.	Hinduja Leyland Finance Limited (Term Loan 3) Date of Sanction:	Term loan	INR 400.00	INR 354.62	Tenor: 24 months Principal repayment and interest	First and exclusive charge on all unencumbered identified receivables of the Company	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
	September 21, 2023				payment to be made in 24 equal monthly instalments.	originated from this facility. The Company is required to maintain a minimum-security cover of 1.10 times.		
48.	HDFC Bank Limited Date of sanction: June 27, 2023	Bank Term loan	INR 1,500.00	INR 1,181.68	Tenor: 24 months Principal repayment to be made in 24 equal monthly instalments of INR 62.50 million each.	First and exclusive charge on the current assets (loan receivables must have a DPD of less than 30 days) with a cover of 1.10x of the outstanding loan amount to be maintained at all times.	CRISIL A/Stable	Standard
49.	Bandhan Bank Limited Date of sanction: June 27, 2023	Bank Term loan	INR 750.00	INR 653.35	Tenor: 24 months Principal amount to be repaid in 24 equal monthly instalments with no moratorium. Interest to be serviced monthly.	First and exclusive charge on present and future standard receivables of the Company financed out of Bandhan Bank's funding. The Company is required to maintain a security cover of 1.10 times.	CRISIL A/Stable	Standard
50.	Axis Bank Limited Date of sanction: October 26, 2023	Bank Term loan	INR 750.00	INR 746.33	Tenor; 30 months including a moratorium of 6 months. Principal repayment to be made in 24 equal monthly instalments after a moratorium period of 6 months from the date of disbursement. Interest to be serviced monthly.	First and exclusive charge on present and future receivables from standard asset portfolio (excluding receivables of DPD of mor than 90 days) with a minimum asset cover of 1.10 times. The Company is also required to provide undated cheques.	CRISIL A/Stable	Standard
51.	Poonawalla Fincorp Limited Date of sanction:	Bank Term loan	INR 500.00	INR 470.94	Tenor: 36 months Principal repayment and interest payment to be	First and exclusive charge over standard loan receivables with a minimum-security cover of 1.15 times	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
	September 26, 2023				made on a monthly basis.	of the outstanding principal amount.		
52.	ICICI Bank Limited Date of sanction: November 28, 2023	Term loan	INR 900.00	INR 823.70	Tenor: 12 months Principal amount to be repaid in 12 equal monthly instalments. Interest to be serviced on a monthly basis.	Exclusive charge on receivables of the Company (with 0 DPD) with a minimum security cover of 1.10 times.	CRISIL A/Stable	Standard
53.	IDFC First Bank Limited Date of sanction: November 24, 2023	Term loan	INR 1,400.00	INR 1,396.36	Tenor: 36 months Principal repayment to be made in 30 equal monthly instalments after a moratorium of 6 months. Interest to be serviced monthly.	Exclusive charge on present and future book debts and receivables (with DPD of not more than 60 days). Minimum security cover of 1.10 times to be maintained by the Company.	CRISIL A/Stable	Standard
54.	Kisetsu Saison Finance (India) Private Limited (Credit Saison India) Date of sanction: September 21, 2023	Term loan	INR 200.00	INR 177.52	Tenor: 27 months Principal repayment to be made in 9 equal quarterly instalments. Interest to be serviced on a monthly basis.	First and exclusive charge by way of hypothecation over the receivables under the asset portfolio originated from the proceeds of the term loan granted by Kisetsu Saison Finance (India) Private Limited, any other asset, property or right that the Company acquires using the proceeds of the facility granted by Kisetsu Saison Finance (India) Private Limited. Receivables overdue by 90 days are required to be replaced by the Company. This term loan is also secured by undated cheques issued by the Company.	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
						Minimum security cover of 1.10 times the outstanding amount is to be maintained.		
55.	Kotak Mahindra Bank Limited Date of sanction: November 16, 2023	Term loan	INR 500.00	INR 469.45	Tenor: 18 months Principal repayment to be made in 18 equal monthly instalments. Interest to be serviced monthly.	Exclusive charge on the standard loan receivables (with a maximum DPD of 30 days) with a minimum security cover of 1.10 times.	CRISIL A/Stable	Standard
56.	MAS Financial Services Limited (Term Loan 31, 32 and 33) Date of sanction: August 25, 2023	Term loan	INR 300.00	INR 233.33	Tenor: 18 months Principal repayment to be made 18 monthly instalments. Interest to be paid monthly.	First and exclusive hypothecation charge over identified book debts/ loan receivables. The Company is required to maintain a minimum security cover of 1.10 times. Post dated cheques for each of the term loans have been provided. Demand Promissory Notes have been provided.	CRISIL A/Stable	Standard
57.	JM Financial Credit Solutions Limited Date of sanction: December 21, 2023	Term loan	INR 2,000.00	INR 1,977.93	Tenor: 18 months Principal repayment and interest payment to be made in 18 monthly instalments.	First and exclusive charge over identified receivables under standard loan assets/book debts of the personal loan portfolio of the Company (with DPD not more than 30 days). The Company is required to maintain a minimum security cover of 1.10 times the amount outstanding under this facility. Undated cheques have also been	CRISIL A/Stable	Standard

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ²	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
						provided by the Company.		
Total			INR 35,555.00	INR 23,264.53				

Penalty: The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to:

- (i) Any default in payment of dues would entail an additional interest charge of 2% per annum of the irregular portion leviable for the period of irregularity.
- (ii) Any default in payment of interest or instalment would entail an additional interest of up to 5% per annum on the irregular portion for the period of irregularity.
- (iii) Non-perfection of security within stipulated timelines (including any extended timeline) would entail an additional interest of 2% per annum of the sanctioned amount, leviable from the expiry of the stipulated timeline (including any extended timeline) till the perfection of security.
- (iv) Pre-payment penalty of up to 4% of the amount being prepaid shall be payable in case of prepayment of any part of the loan before maturity.
- (v) An adverse deviation in the or non-compliance with the financial covenants would entail penal interest at 1% per annum over and above the applicable interest rate on the outstanding amount.
- (vi) Any non-compliance with terms and conditions of the facility documents may attract penal interest of 2% per annum, leviable over and above the applicable interest rate.

Rescheduling: There has been no occurrence of re-scheduling of any loans of the Company.

Events of Default: The facility documents executed by the Company stipulates certain events as “Events of Defaults”, pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject additional penalties by the relevant lenders. Such events include, but are not limited to:

- (i) Failure to pay on the due date any amount payable pursuant to a facility document (including but not limiting to principal and interest payable with respect to any loan), at the place and in the currency in which it is expressed to be payable;
- (ii) Failure to comply with any provision of the facility documents, to which it is a party;
- (iii) A receiver being appointed in respect of the whole or any part of the property of the Company;
- (iv) The Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) its business;
- (v) Revocation/withdrawal of any critical approval/license/permission, critical for the operation of the Company by any authority or agency;
- (vi) Any execution or distress being enforced or levied against the whole or any part of the Company’s property and any order relating thereto is not discharged or stayed;
- (vii) Any representation, warranty or statement made by the Company in the financing documents to which it is a party, or any other document delivered by or on behalf of it under or in connection with any financing document, is or proves to have been materially incorrect or misleading when made or deemed to be made or the Company is unable to make a representation or warranty required to be made under the financing documents of the lenders;
- (viii) The Company repudiates a financing document or evidences an intention to repudiate a financing document;
- (ix) It is or becomes unlawful for the Company to perform any of its obligations under the facility documents to which it is a party;
- (x) The Company fails to create and/or perfect security within such period as stipulated in the financing documents;
- (xi) Non-adherence to the terms and conditions of the facility documents resulting into a material adverse effect;
- (xii) Any application or petition has been admitted by any relevant governmental agency under the Insolvency and the Bankruptcy Code, 2016 (as may be amended, modified, or supplemented from time to time) in relation to the Company;

- (xiii) If: (i) an event occurs which is likely to impair, depreciate or jeopardize the security given by the Company; (ii) any security document pertaining to it, executed or furnished by or on behalf of the Company becomes illegal, invalid or unenforceable; or (iii) or if any such security document shall be assigned or otherwise transferred, amended or terminated, repudiated or revoked without the approval of the lenders;
- (xiv) The Company is unable or has admitted in writing, its inability to pay any of its indebtedness as they mature or when due; and
- (xv) Any legal, quasi legal, administrative, arbitration, mediation, conciliation or other proceedings, claims, actions or governmental investigations of any nature pending against the Company or its affiliates and/or its promoters, directors in management of the Company or any of its assets which individually or in aggregate would, if adversely determined, have a material adverse effect.

(b) Details of cash credit, working capital demand loans, overdraft and other facilities:

Our Company's outstanding cash credit, working capital demand loans, overdraft facilities and other facilities as on December 31, 2023 amounts to INR 593.14 million (as per IND AS). The details of the borrowings are set out below:

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Amount Outstanding ³ (as on December 31, 2023) (in mn.)	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
1.	Yes Bank Limited Date of Sanction: February 15, 2023	Bank guarantee against 100 % fixed deposit margin	INR 849.90	Nil ⁴	Tenor: up to 12 months	Not applicable as 100 % fixed deposit margin has been obtained and a lien over the fixed deposits are required to be marked in favour of Yes Bank Limited.	-	Standard
2.	IndusInd Bank Date of Sanction: September 29, 2022	Working capital demand loan	INR 250.00	INR 246.16	Minimum of 7 (seven) days and maximum of 12 (twelve) months from the date of availment.	Exclusive first charge on loan receivables including cash & cash equivalents created out of the disbursed proceeds of the sanctioned facility of IndusInd Bank to cover 1.10 times of the principal outstanding on the facilities availed at all times.	CRISIL A1	Standard
3.	Bandhan Bank Limited Date of sanction: June 27, 2023	Overdraft	INR 100.00	INR 100.00	Tenor: 12 months Interest to be paid monthly.	First and exclusive charge on both present and future standard receivables of the Company	CRISIL A1	Standard

³ The outstanding borrowings as on December 31, 2023 are figures in Ind AS.

⁴ No amount has been drawn/availed by the Company under this facility.

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Amount Outstanding ³ (as on December 31, 2023) (in mn.)	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
						with a minimum security cover of 1.10 times.		
4.	IDFC First Bank Limited Date of sanction: November 24, 2023	Cash credit/Overdraft	INR 10.00	Nil ⁵	Maximum tenor of 12 months. Repayable on demand.	Exclusive charge on present and future book debts and receivables (with DPD of not more than 60 days). Minimum security cover of 1.10 times to be maintained by the Company.	-	Standard
5.	Kotak Mahindra Bank Limited November 16, 2023	Overdraft	INR 1.00	Nil ⁶	Repayable on demand.	Fixed deposit to the extent of 100% of the total facility amount.	-	Standard
6.	Bank of Maharashtra Date of sanction: September 30, 2023	Cash credit against deposit	INR 0.09	Nil ⁷	Maximum tenor of up to 12 months.	Fixed deposit to the extent of INR 1 million of the total facility amount lien marked in favour of the bank.	-	Standard
7.	HDFC Bank Limited Date of sanction: November 15, 2023	Cash credit and overdraft	INR 1.00	Nil ⁸	Repayable on demand. Maximum tenor of up to 12 months.	Fixed deposit to the extent of INR 1 million (the total facility amount) lien marked in favour of HDFC Bank.	-	Standard
8.	Yes Bank Limited Date of sanction:	Overdraft against 100 % fixed deposit	INR 0.10	Nil ⁹	Tenor: up to 12 months Repayable on demand Interest shall be computed	Fixed deposit to the extent of 100% of the total facility amount lien marked in	-	Standard

⁵ No amount has been drawn/availed by the Company under this facility.

⁶ No amount has been drawn/availed by the Company under this facility.

⁷ No amount has been drawn/availed by the Company under this facility.

⁸ No amount has been drawn/availed by the Company under this facility.

⁹ No amount has been drawn/availed by the Company under this facility.

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Amount Outstanding ³ (as on December 31, 2023) (in mn.)	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
	February 24, 2023				from the date of disbursement of the facility and shall be payable monthly in each year on the first day of each calendar month.	favour of the bank		
9.	ICICI Bank Limited Date of sanction: November 21, 2023	Overdraft against fixed deposits	INR 263.68	Nil ¹⁰	Maximum tenor of up to 12 months.	Fixed deposit to the extent of INR 311.61 million of the total facility amount lien marked in favour of the bank.	-	Standard
10.	ICICI Bank Limited Date of sanction: September 18, 2023	Overdraft against fixed deposits	INR 282.00	Nil ¹¹	Maximum tenor of up to 12 months.	Fixed deposit to the extent of INR 318.01 million of the total facility amount lien marked in favour of the bank.	-	Standard
11.	HDFC Bank Limited Date of sanction: October 31, 2023	MM-PSR	INR 6,666.67	INR 246.78	Repayable on demand.	Fixed Deposit in respect of a certain percentage of the MM-PSR Facility.	-	Standard
12.	Yes Bank Limited Date of sanction: September 07, 2023	Overdraft against fixed deposit	INR 144.29	INR 0.19	Repayable on demand. Maximum tenor of 12 months.	Fixed deposit to the extent of INR 151.50 million of the total facility amount lien marked in favour of the bank.	-	Standard

Penalty: The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to:

- (i) Any default in payment of interest/ principal or any other amount on due date would entail an additional interest charge of 2% per annum over and above the applicable interest rate.

¹⁰ No amount has been drawn/availed by the Company under this facility.

¹¹ No amount has been drawn/availed by the Company under this facility.

- (ii) Non-perfection of security within stipulated timelines (including any extended timeline) would entail an additional interest of 2% per annum over and above the applicable interest rate, leviable from the expiry of the stipulated timeline (including any extended timeline) till the perfection of security.
- (iii) Pre-payment penalty of up to 2% of the amount being prepaid shall be payable in case of prepayment of any part of the loan before maturity.
- (iv) An adverse deviation in the or non-compliance with the financial covenants would entail penal interest at 2% per annum.
- (v) Any non-compliance with terms and conditions of the facility documents may attract additional interest of up to 16% per annum upon default or invocation in case of non-fund based facilities.

Rescheduling: There has been no occurrence of re-scheduling of any loans of the Company.

Events of Default: The facility documents executed by the Company stipulates certain events as “Events of Defaults”, pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject additional penalties by the relevant lenders. Such events include, but are not limited to:

- (i) Failure to pay on the due date any amount payable pursuant to a facility document (including but not limiting to principal and interest payable with respect to any loan), at the place and in the currency in which it is expressed to be payable;
- (ii) Failure to comply with any provision of the facility documents, to which it is a party;
- (iii) A receiver being appointed in respect of the whole or any part of the property of the Company;
- (iv) The Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) its business;
- (v) Revocation/withdrawal of any critical approval/license/permission, critical for the operation of the Company by any authority or agency;
- (vi) Any execution or distress being enforced or levied against the whole or any part of the Company’s property and any order relating thereto is not discharged or stayed;
- (vii) Any representation, warranty or statement made by the Company in the financing documents to which it is a party, or any other document delivered by or on behalf of it under or in connection with any financing document, is or proves to have been materially incorrect or misleading when made or deemed to be made or the Company is unable to make a representation or warranty required to be made under the financing documents of the lenders;
- (viii) The Company repudiates a financing document or evidences an intention to repudiate a financing document;
- (ix) It is or becomes unlawful for the Company to perform any of its obligations under the facility documents to which it is a party;
- (x) The Company fails to create and/or perfect security within such period as stipulated in the financing documents;
- (xi) Non-adherence to the terms and conditions of the facility documents resulting into a material adverse effect;
- (xii) Any application or petition has been admitted by any relevant governmental agency under the Insolvency and the Bankruptcy Code, 2016 (as may be amended, modified, or supplemented from time to time) in relation to the Company;
- (xiii) If: (i) an event occurs which is likely to impair, depreciate or jeopardize the security given by the Company; (ii) any security document pertaining to it, executed or furnished by or on behalf of the Company becomes illegal, invalid or unenforceable; or (iii) or if any such security document shall be assigned or otherwise transferred, amended or terminated, repudiated or revoked without the approval of the lenders;
- (xiv) The Company is unable or has admitted in writing, its inability to pay any of its indebtedness as they mature or when due; and
- (xv) Any legal, quasi legal, administrative, arbitration, mediation, conciliation or other proceedings, claims, actions or governmental investigations of any nature pending against the Company or its affiliates and/or its promoters, directors in management of the Company or any of its assets which individually or in aggregate would, if adversely determined, have a material adverse effect.

(c) Details of Outstanding Unsecured Loan Facilities:

Our Company’s outstanding unsecured loans/facility as on December 31, 2023 amounts to INR 99.79 million (as per IND AS). The details of the borrowings are set out below:

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Outstanding Amount (as on December 31, 2023) (in mn.) ¹²	Repayment Date / Schedule	Credit Rating, if applicable
1.	IDFC First Bank Limited (erstwhile Capital First Limited) Date of sanction: December 16, 2017	Subordinated Unsecured Term Loan	INR 100.00	INR 99.79	Tenor: 84 months Principal shall be payable at the end of 84 months from first disbursement.	-
2.	Axis Bank Limited Date of sanction: October 26, 2023	Loan equivalent Risk	INR 500.00	Nil	Tenor: Maximum of up to 5 years	-

(d) Details of Outstanding Non-Convertible Securities as on December 31, 2023:

The total principal amount of outstanding non-convertible securities issued by our Company as on December 31, 2023 is INR 18,900.90 million and the total outstanding amount as on December 31, 2023 is INR 18,900.90 million, the details of which are set forth below:

Sr. No.	Series of NCS	ISIN	Tenor/ Period of Maturity	Coupon	Amount (in mn.) ¹³	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured / unsecured	Security
1.	9.50% Secured, Rated, Listed, Redeemable, Non-convertible Debenture, Date of Maturity – December 31, 2024	INE342T07114	35 months 14 days from the deemed date of allotment	9.50% p.a.	INR 350.00 Outstanding (as on December 31, 2023): INR 115.44	January 18, 2022	December 31, 2024	IND A/Stable	Secured	First ranking and exclusive charge by way of hypothecation over the identified receivables (excluding loans overdue by more than 90 days). Minimum security cover of 1.10x to be maintained.
2.	BSE Sensex Linked, Secured, Rated, Listed, Redeemable, Principal Protected Market Linked Non-convertible Debentures, Date of	INE342T07122	30 months from the deemed date of allotment	9.25% p.a. ¹⁴	INR. 500.00 Outstanding (as on December 31, 2023): INR 498.00	January 28, 2022	July 31, 2024	Ind PP-MLD Aemr /Stable	Secured	First ranking and exclusive charge by way of hypothecation over the identified receivables (excluding loans overdue by more than 90 days). Security cover

¹² The entire amount outstanding as on December 31, 2023 are figures in Ind AS.

¹³ The entire outstanding amount as on December 31, 2023 are figures in Ind AS.

¹⁴ The coupon has three thresholds of variance which is dependent on the performance of an underlying benchmark and hence, the actual coupon rate is variable. We have captured herein the maximum coupon rate payable.

Sr. No.	Series of NCS	ISIN	Tenor/ Period of Maturity	Coupon	Amount (in mn.) ¹³	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured / unsecured	Security
	Maturity – July 31, 2024									of 1.10x to be maintained.
3.	G-Sec Linked, Secured, Rated, Listed, Redeemable, Principal Protected, Market Linked Non-convertible Debentures, Date of Maturity – February 23, 2024	INE342T07148	24 months from the deemed date of allotment	8.60% p.a. ¹⁵	INR 1,000.00 and additional green shoe option of INR 500.00 Outstanding (as on December 31, 2023): INR 998.56	February 23, 2022	February 23, 2024	IND PP-MLD Aemr/ stable	Secured	First ranking and exclusive charge by way of hypothecation over the identified standard receivables. Minimum security cover of 1.10x to be maintained.
4.	G-sec Linked, Secured, Rated, Unlisted, Market Linked, Principal Protected, Non-convertible Debentures, Date of Maturity – May 31, 2025	INE342T07163	38 months from the deemed date of allotment	9.90% p.a. ¹⁶	INR 300.00 Outstanding (as on December 31, 2023): INR 299.71	March 31, 2022	May 31, 2025	PP MLD Aemr/Stable	Secured	First ranking and exclusive charge by way of hypothecation over the identified receivables (excluding loans overdue by more than 90 days). Minimum security cover of 1.10x to be maintained.
5.	G-sec Linked, Secured, Rated, Listed, Redeemable, Principal Protected, Market Linked Non-convertible Debentures, Date of Maturity – March 15, 2024	INE342T07155	24 months from the deemed date of allotment	8.60% p.a. ¹⁷	INR 1,000.00 and additional green shoe option of INR 500.00 Outstanding (as on December 31, 2023): INR 1,497.06	March 15, 2022	March 15, 2024	Ind PP-MLD Aemr /Stable	Secured	First ranking and exclusive charge by way of hypothecation over the identified standard receivables. Minimum security cover of 1.10x to be maintained.
6.	G- sec Linked, Secured,	INE342T07239	19 months from the	8.65% p.a. ¹⁸	INR 1,000.00 and	July 28, 2022	February 28, 2024	Ind PP-MLD Aemr /Stable	Secured	First ranking and exclusive continuing

¹⁵ The coupon has three thresholds of variance which is dependent on the performance of an underlying benchmark and hence, the actual coupon rate is variable. We have captured herein the maximum coupon rate payable.

¹⁶ The coupon has three thresholds of variance which is dependent on the performance of an underlying benchmark and hence, the actual coupon rate is variable. We have captured herein the maximum coupon rate payable.

¹⁷ The coupon has three thresholds of variance which is dependent on the performance of an underlying benchmark and hence, the actual coupon rate is variable. We have captured herein the maximum coupon rate payable.

¹⁸ The coupon has three thresholds of variance which is dependent on the performance of an underlying benchmark and hence, the actual

Sr. No.	Series of NCS	ISIN	Tenor/ Period of Maturity	Coupon	Amount (in mn.) ¹³	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured / unsecured	Security
	Rated, Listed, Redeemable, Principal Protected, Market Linked Non-convertible Debentures, Date of Maturity - February 28, 2024		deemed date of allotment		additional green shoe option of INR 500.00 Outstanding (as on December 31, 2023): INR 997.94					charge over certain identified receivables out of the assets under management such that the security cover is maintained at 1.10x.
7.	10.50% Unsecured Rated, Unlisted, Redeemable Non-convertible Debenture, Date of Maturity - July 31, 2025	INE342T08047	2 years, 7 months and 25 days from the deemed date of allotment	10.50% p.a.	INR 350.00 Outstanding (as on December 31, 2023): INR 346.17	December 06, 2022	July 31, 2025	Ind A/Stable	Unsecured	The issue is currently unsecured but is proposed to be secured by way of an exclusive, first ranking and continuing charge on the identified receivables of the Company within 15 calendar days from the end of 12 months from the deemed date of allotment. Company to maintain a minimum security cover of 1.10 times.
8.	9.90% Secured, Rated, Unlisted, Redeemable, Non-convertible Debenture, Date of Maturity - January 05, 2024	INE342T07338	1 year and 6 days from the deemed date of allotment	9.90% p.a.	INR 1000.00 and additional green shoe option of INR 250.00 Outstanding (as on December 31, 2023): INR 999.82	December 30, 2022	January 05, 2024	Ind A/Stable	Secured	First ranking, exclusive charge over certain identified receivables of the Company together with all rights, title and interest thereto. Company to maintain a security cover of 1.10 times. (Receivables overdue for more than 30 days shall not be considered

coupon rate is variable. We have captured herein the maximum coupon rate payable.

Sr. No.	Series of NCS	ISIN	Tenor/ Period of Maturity	Coupon	Amount (in mn.) ¹³	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured / unsecured	Security
										for this purpose.)
9.	9.40% Secured, Rated, Listed, Redeemable, Non-convertible Debentures, Series III, Date of Maturity - September 08, 2024 and 9.75% Secured, Rated, Listed, Redeemable, Non-convertible Debentures, Series IV, Date of Maturity - September 08, 2024	Series III: INE342T07205; and Series IV: INE342T07213 ¹⁹	27 months from the deemed date of allotment	Series III: 9.40% p.a. and Series IV: 9.75% p.a.	INR 3,000.00 with an additional green shoe option of INR 3,000.00 Outstanding (as on December 31, 2023): INR 624.52	June 08, 2022	September 08, 2024	IND A/Stable	Secured	First ranking, exclusive and continuing charge by way of hypothecation on the identified book debts of the Company. The Company is required to maintain a minimum security cover of 1.10x.
10.	9.5% Secured, Rated, Listed, Redeemable, Non-convertible Debentures, Date of Maturity - September 30, 2024	INE342T07247	25 months and 6 days from the deemed date of allotment	9.50% p.a.	INR 300.00 Outstanding (as on December 31, 2023): INR 179.07	August 25, 2022	September 30, 2024	IND A/ Stable	Secured	First ranking, exclusive and continuing charge by way of hypothecation over the identified receivables of the Company. A minimum security cover of 1.10x to be maintained.
11.	G-Sec Linked, Secured, Rated, Listed, Redeemable, Principal Protected, Market Linked Non-convertible	INE342T07312	18 months from the deemed date of allotment	9.00% p.a. ²⁰	INR 1,000.00 including a green shoe option of INR 250.00 Outstanding (as on December	November 30, 2022	May 30, 2024	Ind PP-MLD Aemr/Stable	Secured	First ranking, exclusive and continuous charge by way of hypothecation over the identified receivables of the Company together with

¹⁹ Series I and Series II bearing ISINs INE342T07189 and INE342T07197 respectively, forming part of the public issuance of non-convertible debentures for an amount of up to INR 3,000.00 with an additional green shoe option of INR 3,000.00 by the Company, have been fully redeemed by the Company as on December 31, 2023.

²⁰ The coupon has three thresholds of variance which is dependent on the performance of an underlying benchmark and hence, the actual coupon rate is variable. We have captured herein the maximum coupon rate payable.

Sr. No.	Series of NCS	ISIN	Tenor/ Period of Maturity	Coupon	Amount (in mn.) ¹³	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured / unsecured	Security
	Debentures, Date of Maturity - May 30, 2024				31, 2023): INR 994.16					all right, title and interest thereto. A minimum security cover of 1.10x to be maintained.
12.	G-sec Linked, Secured, Rated, Listed, Redeemable, Principal Protected, Market Linked Non-convertible Debentures, Date of Maturity - March 27, 2024	INE342T07262	18 months from the deemed date of allotment	9.00% p.a. ²¹	INR 2,000.00 including green shoe option of INR 1,000.00 Outstanding (as on December 31, 2023): INR 997.70	September 28, 2022	March 27, 2024	Ind PP-MLD Aemr/Stable	Secured	First ranking, exclusive and continuous charge by way of hypothecation over the identified receivables of the Company together with all right, title and interest thereto. A minimum-security cover of 1.10x to be maintained.
13.	G-sec Linked, Secured, Rated, Unlisted, Redeemable, Principal Protected, Non-convertible Debentures., Date of Maturity - January 30, 2026	INE342T07254	40 months and 4 days from the deemed date of allotment	9.90% p.a. ²²	INR 450.00 Outstanding (as on December 31, 2023): INR 428.15	September 26, 2022	January 30, 2026	IND PP MLD Aemr/Stable	Secured	First ranking, exclusive and continuous charge by way of hypothecation over the identified receivables of the Company together with all right, title and interest thereto. A minimum security cover of 1.10x to be maintained.
14.	9.50% Secured, Rated, Unlisted, Redeemable, Non-convertible Debentures, Date of Maturity - February 28, 2024	INE342T07346	12 months and 6 days from the deemed date of allotment	9.50 % p.a.	INR 500.00 (including a green shoe option of INR 350.00) Outstanding (as on December 31, 2023): INR 499.31	February 23, 2023	February 28, 2024	Ind A/Stable	Secured	First ranking, exclusive and continuous charge by way of hypothecation over the identified receivables of the Company together with all right, title and interest thereto. A

²¹ The coupon has three thresholds of variance which is dependent on the performance of an underlying benchmark and hence, the actual coupon rate is variable. We have captured herein the maximum coupon rate payable.

²² The coupon has three thresholds of variance which is dependent on the performance of an underlying benchmark and hence, the actual coupon rate is variable. We have captured herein the maximum coupon rate payable.

Sr. No.	Series of NCS	ISIN	Tenor/ Period of Maturity	Coupon	Amount (in mn.) ¹³	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured / unsecured	Security
										minimum security cover of 1.10x to be maintained.
15.	2% Secured, Rated, Listed, Redeemable, Non-convertible Debentures, Date of Maturity – November 29, 2024	INE342T07361	18 months from the deemed date of allotment	9.25%p.a. ²³	INR 1,000.00 (including a green shoe option of INR 500.00) Outstanding (as on December 31, 2023): INR 734.59	May 29, 2023	November 29, 2024	India A/Stable	Secured	First ranking, exclusive and continuous charge by way of hypothecation over the identified receivables and book debts of the Company together with all right, title and interest thereto. A minimum security cover of 1.10x to be maintained.
16.	10.25% Secured, Rated, Listed, Redeemable, Non-convertible Debentures, Date of Maturity – December 31, 2026	INE342T07429	36 months and 20 days from the deemed date of allotment	10.25% p.a.	INR 1,000.00 (including a green shoe option of INR 500.00) Outstanding (as on December 31, 2023): INR 976.49	December 11, 2023	December 31, 2026	IndRa A/Stable	Secured	First ranking, exclusive and continuous charge by way of hypothecation over the identified receivables and book debts of the Company together with all right, title and interest thereto. A minimum security cover of 1.10x to be maintained.
17.	(i) 9.75% Secured, Rated, Listed, Redeemable, Non-convertible Debentures, Series I, Date of Maturity - January 18, 2025; (ii) 10.25%	Series I: INE342T07411, Series II: INE342T07379, Series III: INE342T07395, Series IV: INE342T07387 and Series V: INE342T07403	Series I: 18 months from the deemed date of allotment, Series II: 27 months from the deemed date of allotment,	Series I: 9.75% p.a., Series II: 10.25% p.a., Series III: 10.75% p.a., Series IV: 10.50% p.a. and Series V: 11.02% p.a.	INR 2,500.00 with an additional green shoe option of INR 2,500.00 Outstanding (as on December 31, 2023): INR	July 18, 2023	Series I: January 18, 2025, Series II: October 18, 2025, Series III: October 18, 2025, Series IV: July 18, 2026 and Series V: July 18, 2026	IND A/Stable and CRISIL A/Stable	Secured	First ranking, exclusive and continuing charge by way of hypothecation on the identified book debts of the Company. The Company is required to maintain a minimum

²³ The coupon has three thresholds of variance in the redemption rate premium (with the minimum floor coupon being 2%) which is dependent on the performance of an underlying benchmark and hence, the actual coupon rate is variable. We have captured herein the maximum coupon rate payable.

Sr. No.	Series of NCS	ISIN	Tenor/ Period of Maturity	Coupon	Amount (in mn.) ¹³	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured / unsecured	Security
	Secured, Rated, Listed, Redeemable, Non - convertible Debentures, Series II, Date of Maturity - October 18, 2025 (iii) 10.75% Secured, Rated, Listed, Redeemable, Non-convertible Debentures, Series III, Date of Maturity - October 18, 2025 (iv) 10.50% Secured, Rated, Listed, Redeemable, Non-convertible Debentures, Series IV, Date of Maturity - July 18, 2026 (v) 11.02% Secured, Rated, Listed, Redeemable, Non-convertible Debentures, Series V, Date of Maturity - July 18, 2026		Series III: 27 months from the deemed date of allotment, Series IV: 36 months from the deemed date of allotment and Series V: 36 months from the deemed date of allotment		4,713.64					security cover of 1.10x.
18.	9.50% Unsecured, Unrated, Unlisted, Redeemable, Non - convertible Debentures,	INE342T08062	58 months from the deemed date of allotment	9.50% ²⁴	INR 18,761.05 Outstanding (as on December	March 30, 2020	December 31, 2024	-	Unsecured	-

²⁴ The coupon rate of the time of issuance of the non-convertible debentures was 0%. However, the Company vide board resolution dated February 08, 2023 has resolved to amend the coupon rate on the outstanding amount of INR 3,000.00 million to 9.50% with effect from February 08, 2023 till the redemption date.

Sr. No.	Series of NCS	ISIN	Tenor/ Period of Maturity	Coupon	Amount (in mn.) ¹³	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured / unsecured	Security
	Date of Maturity – December 31, 2024				31, 2024): 3,000.56					

(e) List of top 10 holders of non-convertible securities in terms of value (in cumulative basis) as on December 31, 2023:

Sr. No	Name of holders	Category of Holder	Face Value of Holding ²⁵ (in INR mn)	Holding as a % of total outstanding non-convertible securities of the Company
1.	Navi Technologies Limited	Corporate	3,000.56	15.73%
2.	Sundaram Finance Limited	Corporate	1,000.00	5.24%
3.	Aditya Birla Finance Limited	Corporate	919.55	4.82%
4.	Sporta Technologies Private Limited	Corporate	760.00	3.99%
5.	Vivriti Alpha Debt Fund	AIF	436.21	2.29%
6.	Edge Credit Opportunities Fund	AIF	350.00	1.84%
7.	SK Finance Limited	Corporate	335.30	1.76%
8.	Oxyzo Financial Services Private Limited	Corporate	300.00	1.57%
9.	Northern Arc Capital Limited	Corporate	272.02	1.43%
10.	Northern Arc Money Market Alpha Trust	AIF	253.00	1.33%
Total			7,626.64	40.00%

(f) Details of Outstanding Commercial Paper as on December 31, 2023:

²⁵ The outstanding amount has been calculated based on the face value of the outstanding non-convertible debentures.

	Series of NCS	ISIN	Tenor/ Period of Maturity	Coupon	Amount Outstanding (in million)	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured / unsecured	Security	Other details viz. details of Issuing and Paying Agent, details of Credit Rating Agencies
1.	CP-74	INE342T14755	210 days	Discount rate – 9.00% p.a.	INR 475.38	August 21, 2023	March 28, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
2.	CP-77	INE342T14789	104 days	Discount rate – 9.25% p.a.	INR 194.86	September 20, 2023	January 02, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
3.	CP-78	INE342T14797	182 days	Discount rate – 8.90% p.a.	INR 47.88	September 26, 2023	March 26, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
4.	CP-80	INE342T14805	175 days	Discount rate – 10.00% p.a.	INR 190.85	September 29, 2023	March 22, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
5.	CP-81	INE342T14839	120 days	Discount rate – 9.25% p.a.	INR 242.62	October 04, 2023	February 01, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
6.	CP-82	INE342T14821	120 days	Discount rate – 9.25% p.a.	INR 145.57	October 05, 2023	February 02, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
7.	CP-83	INE342T14847	91 days	Discount rate – 9.00% p.a.	INR 264.07	October 06, 2023	January 05, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
8.	CP-84	INE342T14854	162 days	Discount rate – 9.10% p.a.	INR 144.18	October 11, 2023	March 21, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
9.	CP-85	INE342T14862	91 days	Discount rate – 9.00% p.a.	INR 6.36	October 11, 2023	January 10, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE

10.	CP-86	INE342T14 888	91 days	Discount rate – 9.25% p.a.	INR 97.75	October 20, 2023	January 19, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
11.	CP-87	INE342T14 896	153 days	Discount rate – 9.25% p.a.	INR 385.07	October 26, 2023	March 27, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
12.	CP-88	INE342T14 870	94 days	Discount rate – 9.25% p.a.	INR 244.18	October 27, 2023	January 29, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
13.	CP-89	INE342T14 904	92 days	Discount rate – 9.25% p.a.	INR 244.30	October 30, 2023	January 30, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
14.	CP-90	INE342T14 912	120 days	Discount rate – 9.75% p.a.	INR 290.68	October 31, 2023	February 28, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
15.	CP-91	INE342T14 920	180 days	Discount rate – 10.00% p.a.	INR 142.95	November 17, 2023	May 15, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
16.	CP-92	INE342T14 938	123 days	Discount rate – 9.25% p.a.	INR 96.98	November 17, 2023	March 19, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
17.	CP-93	INE342T14 946	97 days	Discount rate – 8.90% p.a.	INR 48.84	December 12, 2023	March 18, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
18.	CP-94	INE342T14 953	91 days	Discount rate – 9.25% p.a.	INR 263.91	December 14, 2023	March 14, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
19.	CP-95	INE342T14 961	185 days	Discount rate – 9.30% p.a.	INR 95.50	December 22, 2023	June 24, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE

20.	CP-95	INE342T14 979	100 days	Discount rate – 9.25% p.a.	INR 243.82	December 27, 2023	April 05, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
21.	CP-96	INE342T14 987	89 days	Discount rate – 9.25% p.a.	INR 97.79	December 27, 2023	March 25, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
22.	CP-97	INE342T14 995	97 days	Discount rate – 9.25% p.a.	INR 195.20	December 28, 2023	April 03, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE
23.	CP-98	INE342T14 AA1	97 days	Discount rate – 9.25% p.a.	INR 92.72	December 29, 2023	April 04, 2024	IND A1/CARE A1	Unsecured	-	IPA – HDFC Bank. Credit Agencies – India Ratings and CARE

* The total amount outstanding of commercial papers – unsecured after IND AS adjustment is INR 4251.48 million.

(g) List of top 10 holders of commercial papers in terms of value (in cumulative basis) as on last quarter end date (December 31, 2023):

Sr. No	Name of Holder of Commercial Paper	Category of Holder	Face Value of Holding ²⁶ (in millions)	Holding as a % of total commercial paper outstanding of the Company
1.	SK Finance Limited	Corporate	INR 900.00	20.49%
2.	Metro Brands Limited	Corporate	INR 650.00	14.80%
3.	Northern Arc Money Market Alpha Trust	AIF	INR 650.00	14.80%
4.	Raymond Consumer Care Limited	Corporate	INR 500.00	11.39%
5.	Venkatesh Ramarathinam	Individual	INR 450.00	10.25%
6.	Dvara Kshetriya Gramin Financial Services Private Limited	Corporate	INR 250.00	5.69%
7.	Uniparts India Limited	Corporate	INR 250.00	5.69%
8.	India Energy Exchange Limited	Corporate	INR 200.00	4.55%
9.	CE Info Systems Limited	Corporate	INR 100.00	2.28%
10.	V.M. Salgaocar and Brother Private Limited	Corporate	INR 100.00	2.28%
	TOTAL		INR 4,050.00	92.22 %

(h) Details of the bank fund based facilities / rest of the borrowing (if any including hybrid debt like foreign currency convertible bonds, Optionally Convertible Debentures/Preference Shares) from financial institutions or financial creditors:

As of December 31, 2023, with regard to the bank fund based facilities, please refer to paragraphs (a), (b) and (c) above.

As of December 31, 2023, our Company has no outstanding amounts in relation to hybrid debt like foreign currency convertible bonds, optionally convertible debentures/preference shares.

(i) Restrictive Covenants: The loans availed by our Company contain certain restrictive covenants, including requirement for the Company to obtain prior written consent of the lenders for:

(i) Change in capital structure of our Company without the prior approval of/intimation to the lender;

²⁶ The outstanding amount has been calculated based on the face value of the outstanding commercial papers.

- (ii) Change in management control of our Company without the prior approval of/intimation to the lender;
- (iii) Change in the constitutional documents of our Company which are adverse to interest of lenders, without the prior approval of/intimation to the lender;
- (iv) 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;
- (v) 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
- (vi) Making any equity investments in the primary or secondary markets.

This is an indicative list and there may be such other additional terms under the various borrowing arrangements entered into by our Company.

For the purpose of the Issue, our Company has obtained the necessary consent from the lenders, as required under the relevant borrowing arrangements for undertaking activities relating to the Issue.

- (j) The amount of corporate guarantee or letter of comfort issued by the Company along with details of the counterparty (viz. name and nature of the counterparty, whether a subsidiary, Joint Venture entity, group company etc) on behalf of whom it has been issued, contingent liability including debt service reserve account guarantees/ any put option etc.:

As on the date of this Draft Prospectus, there is no corporate guarantee given by the Company except for the default loss guarantees given by the Company under its co-lending arrangements in the Company's ordinary course of business as per the Reserve Bank of India's "Guidelines on Default Loss Guarantee (DLG) in Digital Lending" Dated June 08, 2023.

- (k) Details of inter corporate loans and deposits:

As on December 31, 2023, our Company has no outstanding inter-corporate loans or deposits.

- (l) Details of all rescheduling, penalty, default and/or delay in payments of principal and interest of any kind of term loans, debt securities, commercial papers (including technical delay) and other financial indebtedness including corporate guarantee or letters of comfort issued by the Company, for the preceding three financial years and the current financial year:

As on the date of this Draft Prospectus, our Company has not rescheduled, incurred any penalty, delayed and/or defaulted in payment of principal or interest on any kind of term loans, debt securities, commercial papers (including due to technical delay) and other financial indebtedness of the Company (including corporate guarantee or letters of comfort issued by the Company), for the preceding three financial years and the current financial year till the date of this Draft Prospectus, except as follows:

Financial Year	Number of Instances in CRILC Reporting for Technical Errors/ Delays
2021-22	2
2022-23	1
2023-24 (Till the date of this Draft Prospectus)	5

The Company has not received any notice of default to recall such loans from any of the lenders on account of such instances in CRILC reporting for technical errors/delays and all the accounts are standard as on date of this Draft Prospectus.

- (m) Details of default and non-payment of statutory dues for the preceding three financial years and the current financial year:

As on the date of this Draft Prospectus, there are no defaults and non-payment of statutory dues by our Company for the preceding three financial years and the current financial year till the date of this Draft Prospectus except as mentioned below:

Financial Year	Amount Involved (in INR million)	Nature of dues	Present Status
2022-23	0.03	Provident fund	Pending remittance

(n) Details of any outstanding borrowings taken/ debt securities issued for consideration other than cash; whether (i) in whole or part; (ii) at a premium or discount, or (iii) in pursuance of an option or not:

As on December 31, 2023, our Company has no outstanding borrowings taken / debt securities issued for consideration other than cash; whether (i) in whole or part; (ii) at a premium or discount, or (iii) in pursuance of an option or not.

MATERIAL DEVELOPMENTS

Except as disclosed below and in this Draft Prospectus, since March 31, 2023 till the date of filing this Draft Prospectus, there has been no material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Company/ Promoter, litigations resulting in material liabilities, corporate restructuring event etc.) at the time of the Issue which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities.

1. Resignation and Appointment of Key Managerial Personnels:

- a. The Board of Directors in their meeting dated April 25, 2023 have taken note of resignation of Mr. Anuj Arora, Company Secretary of the Company with effect from April 25, 2023.
- b. The Board of Directors in their meeting dated April 25, 2023 have taken note of resignation of Mr. Divyesh Jain, Chief Financial Officer of the Company with effect from April 25, 2023.
- c. The Board of Directors vide their resolution dated April 25, 2023 have appointed Mr. Thomas Joseph as Company Secretary and Key Managerial Personnel of the Company with effect from April 26, 2023.
- d. The Board of Directors vide their resolution dated April 25, 2023 have appointed Mr. Ankit Surana as Chief Financial Officer and Key Managerial Personnel of the Company with effect from April 26, 2023.

2. Appointment of Compliance Officer for the Public Issue II:

The Debenture Committee vide its resolution dated May 02, 2023 and in accordance with Regulation 27(1)(4) of the Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021 appointed Thomas Joseph (the Company Secretary of the Company) to act as Compliance Officer for the Issue and for the purposes of the Issue.

3. Public Issue II:

Our Company vide the resolution passed by the Debenture Committee dated July 18, 2022 allotted 4,816,303 secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000 each amounting to Rs. 4,816.30 million pursuant to the Public Issue II.

4. Sale of Chaitanya India Fin Credit Private Limited:

Our Company, its Promoter, Navi Technologies Limited, Svatanttra Microfin Private Limited and Chaitanya India Fin Credit Private Limited entered into a Share Purchase Agreement dated August 8, 2023 ("**Share Purchase Agreement**"), to sell the equity shares held by our Company and its Promoter in Chaitanya India Fin Credit Private Limited aggregating to 118,250,000 Equity Shares and 39,416,666 Equity Shares held by our Company and Navi Technologies Limited for a consideration of Rs. 11,658.17 million and Rs. 3,886.06 million, respectively. The said share sale was approved by the Board of Directors vide their resolution dated August 8, 2023 and by the shareholders vide special resolution dated September 29, 2023. Pursuant to this Share Purchase Agreement, the shares of Chaitanya India Fin Credit Private Limited were sold to Svatanttra Microfin Private Limited on November 23, 2023.

5. Appointment of Compliance Officer to the Issue

The Debenture Committee vide its resolution dated January 22, 2024 and in accordance with of the provisions of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof to the extent notified and in effect, and the rules framed thereunder, the Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021, as amended, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and the uniform listing agreement to be entered into between the Company and the Stock exchanges, the Company Secretary of the Company Mr. Thomas Joseph has been appointed to act as Compliance Officer for the Proposed Issue and for the purposes of the proposed Issue.

RELATED PARTY TRANSACTIONS

For details of the related party transaction as at and for each of the years ended March 31, 2023, 2022 and 2021, as per the requirements under the applicable accounting standards, see “Financial Statements and Results” on pages F-158, F327 and F-497, respectively..

Details of related party transactions entered during the preceding three Financial Years with regard to loans made or, guarantees given or securities provided

(in Rs. million)

Name of related party	Loans			Guarantees			Securities		
	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021
Chaitanya India Fin Credit Private Limited	950.00	550.00	100.00	-	-	-	-	-	-
Sachin Bansal	0.60	-	-	-	-	-	-	-	-

Details of related party transactions entered during the current financial year up to December 31, 2023 with regard to loans made or, guarantees given or securities provided

(in Rs. million)

Name of related party	Loans made	Guarantees given	Securities provided
Sachin Bansal	0.05	-	-

SECTION VI: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

Authority for this Issue

At the meeting of the Board of Directors of our Company held on January 19, 2024, the issuance of NCDs of the face value ₹ 1,000 each, aggregating up to ₹6,000 million (which includes a green shoe option of up to ₹3,000 million) (the “**Issue**”) has been approved. Pursuant to a resolution passed by our Board on August 10, 2022 and Shareholders at the AGM held on September 30, 2022, our Board has been authorised to borrow any sum or sums of monies, which together with the monies already borrowed (apart from temporary loans obtained or to be obtained in the ordinary course of business), in excess of our Company’s aggregate paid-up capital and free reserves, provided that the total amount which may be so borrowed and outstanding shall not exceed a sum of ₹ 100,000 million. Further, the present borrowing is within the borrowing limits of ₹100,000 million under Section 180(1)(c) of the Companies Act, 2013 duly approved by the members of our Company on September 30, 2022. The NCDs pursuant to this Issue will be issued on terms and conditions as set out in the Prospectus.

Further, the Debenture Committee of our Company in its meeting held on January 25, 2024 has approved this Draft Prospectus.

Principal terms and conditions of this Issue

The NCDs being offered as part of this Issue are subject to the provisions of the SEBI NCS Regulations and the SEBI Master Circular, the relevant provisions of the Companies Act, 2013, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, the Application Forms, the Abridged Prospectus, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, the Government of India, the RBI, the Stock Exchanges, and/ or any other statutory or regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of the NCDs

The NCDs would constitute secured and senior obligations of our Company and subject to any obligations under applicable statutory and/or regulatory requirements, shall also with regard to amount invested, thereof shall be secured by way of an exclusive charge by way of hypothecation of identified book debts of the Company. The NCDs proposed to be issued under this Issue and all earlier issues of debentures, bond issuances and loans outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption / repayment. We have received necessary consents from the relevant lenders, debenture trustees and security trustees for creating an exclusive charge in favour of the Debenture Trustee in relation to the NCDs.

In terms of the SEBI Master Circular for Debenture Trustees, our Company is required to obtain permissions or consents from or provide intimations to the prior creditors for proceeding with this Issue, if *pari passu* security is sought to be created. However, exclusive charge by way of hypothecation of identified book debts of the Company is being provided as security for this Issue and these assets have no prior charge by any creditor of our Company.

Security

The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due and payable on the NCDs, subject to any obligations under applicable statutory and/or regulatory requirements shall be secured by way of an exclusive charge by way of hypothecation of identified book debts of the Company, with security cover of 110%, of the outstanding principal amounts of NCDs and all interest due and payable thereon in respect of the NCDs maintained at all times as security until the Maturity Date, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed. The security shall be created prior to the listing of the NCDs with the stock exchanges.

Further, NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and RoC or Central Registry of Securitisation Asset Reconstruction and Security Interest (“**CERSAI**”) or Depository etc., as applicable, or is independently verifiable by the Debenture Trustee

In terms of the SEBI Master Circular for Debenture Trustees, our Company has entered into the Debenture Trustee Agreement with the Debenture Trustee and proposes to complete the execution of the Debenture Trust Deed before making the application for listing of the NCDs for the benefit of the NCD Holders, the terms of which shall govern the appointment of the Debenture Trustee and the issue of the NCDs.

Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the NCD Holders, the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on NCDs on the rate specified in the Prospectus and in the Debenture Trust Deed.

The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security and replace with another asset of the same or higher value ensuring the minimum security cover is maintained till the Final Settlement Date of the NCDs.

Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations (i.e., prior to the filing of the application for listing the NCDs with the RoC, Stock Exchanges and SEBI) or such other time frame as may be stipulated from time-to-time, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders, over and above the interest rate on the NCDs specified in the Prospectus, till the execution of the Debenture Trust Deed and in accordance with applicable laws.

Debenture Redemption Reserve

In accordance with the Companies Act, 2013, and the Companies (Share Capital and Debentures) Rules 2014, read with Rule 16 of the SEBI NCS Regulations, any non-banking finance company registered with Reserve Bank of India under section 45- IA of the RBI Act, 1934 ("NBFCs") that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures. The Government, in the union budget for the Financial Year 2019-2020 had announced that NBFCs raising funds in public issues would be exempt from the requirement of creating a DRR.

Pursuant to the Companies (Share Capital and Debentures) Rules, 2014, notified on August 16, 2019, and as on the date of filing this Draft Prospectus, our Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue. The Company shall, as per the Companies (Share Capital and Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 31st day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

1. in deposits with any scheduled bank, free from any charge or lien;
2. in unencumbered securities of the Central Government or any State Government;
3. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
4. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Face Value

The face value of each of the NCDs shall be ₹ 1,000.

NCD Holder not a shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent as may be prescribed under the Companies Act, 2013, and the rules prescribed thereunder the SEBI LODR Regulations and any other applicable law.

Rights of the NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed confer upon the NCD Holders thereof any rights or privileges available to our members/shareholders including, without limitation, the right to receive notices, or to attend and/or vote, at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members /shareholders of our Company, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. In terms of Section 136 of the Companies Act, 2013, the NCD Holders shall be entitled to inspect a copy of the financial statements including consolidated

financial statements, if any, auditor's report and every other document required by law to be annexed or attached to the financial statements, and copy of the Debenture Trust Deed at the Registered Office of our Company during business hours on a specific request made to the Company.

2. Subject to applicable statutory/ regulatory requirements and terms of Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.
3. Subject to applicable statutory/ regulatory requirements and terms of Debenture Trust Deed, in case of NCDs held in (i) dematerialised form, the person for the time being appearing in the register of beneficial owners of the Depositories; and (ii) physical form on account of re-materialization, the registered NCD Holders or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such NCD Holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.
4. The NCDs are subject to the provisions of the SEBI NCS Regulations and the SEBI Master Circular, provisions of the Companies Act, 2013, our Memorandum and Articles of Association, the terms of this Draft Prospectus the Prospectus, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to this issue and listing, of securities and any other documents that may be executed in connection with the NCDs.
5. Subject to SEBI RTA Master Circular, for NCDs in physical form on account of re-materialization, a register of debenture holders will be maintained in accordance with Section 88 and Section 94 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the register of debenture holders as on the Record Date. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depositories. In terms of Section 88(3) of the Companies Act, 2013, the register of beneficial owners maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a register of debenture holders for this purpose. The same shall be maintained at the Registered Office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD Holders as given thereunder.
6. Subject to compliance with RBI, NCDs can be rolled over only with the consent of the NCD Holders of at least 75% of the outstanding amount of the NCDs after providing at least 15 days prior notice for such roll over and in accordance with the SEBI NCS Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD Holders are merely indicative. The final rights of the NCD Holders will be as per the terms of this Draft Prospectus and the Debenture Trust Deed.

Trustees for the NCD holders

We have appointed Catalyst Trusteeship Limited to act as the Debenture Trustee for the NCD Holder(s) in terms of Regulation 8 of the SEBI NCS Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. Our Company and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us with respect to NCDs. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default (including manner of voting/conditions of joining Inter Creditor Agreement)

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in

part are and have become due and repayable on such date as may be specified in such notice, *inter alia*, if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed:

Indicative list of Events of Default:

- (i) Default in redemption of the debentures together with redemption premium, if any, interest accrued thereon as and when the same shall have become due and payable or payment of any other amounts in terms of the Debenture Trust Deed;
- (ii) Default is committed in payment of the principal amount of the NCDs on the due date(s);
- (iii) Default is committed in payment of any interest on the NCDs on the due date(s);
- (iv) Default is committed in payment of any other amounts outstanding on the NCDs;
- (v) Defaults in performance or compliance with one or more of its material obligations, covenant, condition or provisions in relation to the NCDs and/or the Transaction Documents, which default is incapable of remedy even after such cure periods as may be prescribed in the Debenture Trust Deed or, if in the reasonable opinion of the Debenture Trustee is incapable of remedy;
- (vi) If the Company creates any additional charge on the Secured Assets or any part thereof without the prior approval of the Debenture Trustee or unless otherwise provided for in the Debenture Trust Deed, the Company, attempts or purports to create any charge, mortgage, pledge, hypothecation, lien or other encumbrance over any of the hypothecated properties;
- (vii) If in the opinion of the Debenture Trustee, the Security is in jeopardy;
- (viii) An order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Company, or the Company ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by a Special Resolution of the NCD Holders;
- (ix) The Company commences a voluntary proceeding under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary proceeding under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee (or similar official) for any or a substantial part of its property or take any action towards its reorganisation, liquidation or dissolution;
- (x) Any step is taken by Governmental Authority or agency or any other competent authority, with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or (in the opinion of the Debenture Trustee) a material part of the assets of the Company;
- (xi) The Company without the consent of Debenture Trustee ceases to carry on its business or gives notice of its intention to do so;
- (xii) If it becomes unlawful for the company to perform any of its obligations under any transaction document; and
- (xiii) Any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.
- (xiv) If it is certified by an accountant or a firm of accountants appointed by the Debenture Trustee that the liabilities of the Company exceed its assets;
- (xv) Default is committed if any information given to the Company in this Draft Prospectus, the Prospectus, the Transaction Documents and/or other information furnished and/or the representations and warranties given/deemed to have been given by the Company to the Debenture Holder(s)/ Beneficial Owner(s) for financial assistance by way of subscription to the Debenture is or proves to be misleading or incorrect in any material respect or is found to be incorrect;
- (xvi) Any other event described as an Event of Default in this Draft Prospectus, the Prospectus and the Transaction Documents.

Any event of default shall be called by the Debenture Trustee, upon request in writing of or by way of resolution passed by holders of 75% (seventy five percent) of the outstanding nominal value of all NCDs at any point of time, as set out in the

Debenture Trust Deed, except for any default relating to points i, ii, iii and iv under the “Indicative list of Events of Default” given above, where no such consent/ resolution of NCD holders will be required for calling of event of default.

Subject to the approval of the debenture holders and the conditions as may be specified by the SEBI from time to time, the Debenture Trustee, on behalf of the debenture holders, may enter into inter-creditor agreements provided under the framework specified by the Reserve Bank of India.

In accordance with the SEBI Master Circular for Debenture Trustees in case of ‘Default’ by Issuers of listed debt securities, post the occurrence of a “default”, the consent of the NCD Holders for entering into an inter-creditor agreement (the “ICA”) /enforcement of security shall be sought by the debenture trustee after providing a notice to the investors in the manner stipulated under applicable law. Further, the meeting of the NCD Holders shall be held within the period stipulated under applicable law. In case(s) where majority of investors express their consent to enter into the ICA, the debenture trustee shall enter into the ICA on behalf of the investors upon compliance with the conditions as stipulated in the abovementioned circular. In case consents are not received for signing the ICA, the debenture trustee shall take further action, if any, as per the decision taken in the meeting of the investors. The consent of the majority of investors shall mean the approval of not less than 75% of the investors by value of the outstanding debt and 60% of the investors by number at the ISIN level.

Explanation 2 to Regulation 49 of the SEBI Listing Regulations, defines ‘default’ as non-payment of interest or principal amount in full on the pre-agreed date which shall be recognized at the first instance of delay in the servicing of any interest/dividend or principal on debt.

It is hereby confirmed, in case of an occurrence of a “default”, the Debenture Trustee shall abide and comply with the procedures mentioned in the SEBI Master Circular for Debenture Trustees.

Minimum Subscription

In terms of the SEBI NCS Regulations for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size being ₹ 2,250 million. If our Company does not receive the minimum subscription of 75% of the Base Issue Size being ₹2,250 million, prior to the Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Accounts of the Applicants within eight Working Days from the Issue Closing Date or such time as may be specified by SEBI. In the event there is delay in unblocking of funds/refunds, our Company shall be liable to repay the money, with interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Market Lot and Trading Lot

The NCDs shall be allotted in dematerialized form. As per the SEBI NCS Regulations, the trading of the NCDs is in dematerialised form and the tradable lot is one NCD.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable interest for such NCDs) prior to redemption of the NCDs.

Allotment in this Issue will be in electronic form in multiples of one NCD. For further details of Allotment, see the “*Issue Procedure*” beginning on page 219.

Nomination facility to NCD Holders

In accordance with Section 72 of the Companies Act, 2013 (read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, the sole NCD Holder or first NCD Holder, along with other joint NCD Holders (being individual(s) may nominate in form no SH. 13 any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the NCDs. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in form no SH. 13 any person as nominee. A person, being a nominee, becoming entitled to the NCDs by reason of the death of the original NCD Holder(s), will in accordance with Rule 19 and Section 56 of Companies Act 2013 shall be entitled to the same rights to which he would be entitled if he were the registered holder of the NCD subject to compliance with applicable law. Where the nominee is a minor, the NCD Holder(s) may make a nomination to appoint, in the prescribed manner, and in Form No SH. 14, any person to become entitled to the NCDs, in the event of his death, during the minority. A nomination shall stand rescinded upon sale/transfer/alienation of the NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the

NCDs are held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all such NCD Holders. Fresh nominations can be made only in the prescribed form available on request at our Registered/ Corporate Office, at such other addresses as may be notified by us, or at the office of the Registrar to the Issue.

NCD Holders are advised to provide the specimen signature of the nominee to enable us to expedite the transmission of the NCDs to the nominee in the event of demise of the NCD Holders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with the Section 72 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, any person who becomes a nominee by virtue of the above said Section, shall upon the production of such evidence as may be required by our Board, elect either:

- (a) To register himself or herself as the holder of the NCDs; or
- (b) To make such transfer of the NCDs, as the deceased holder could have done.

A person, being a nominee, becoming entitled to NCDs by reason of the death of the holder shall be entitled to the same interests and other advantages to which he would have been entitled to if he were the registered holder of the NCDs except that he shall not, before being registered as a holder in respect of such NCDs, be entitled in respect of these NCDs to exercise any right conferred. Further, our Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board of Directors may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

NCD Holders who are holding NCDs in dematerialised form need not make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the NCD Holder will prevail. If the NCD Holders require to changing their nominations, they are requested to inform their respective Depository Participant.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the Secured NCD Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

Since the allotment of Secured NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Applicants who have opted for rematerialisation of NCDs and are holding the NCDs in the physical form should provide required details in connection with their nominee to our Company.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs shall be transferred subject to and in accordance with the rules/procedures as prescribed by the Depositories and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

For further details, see "*Issue Structure*" beginning on page 200, for the implications on the interest applicable to NCDs held by individual NCD Holders on the Record Date and NCDs held by non-individual NCD Holders on the Record Date.

NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred. Any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialized form only. The procedure for transmission of securities has been further simplified vide the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2022 Gazette Notification no. SEBI/LAD-NRO/GN/2022/80 dated April 25th, 2022.

Title

In case of:

- NCDs held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and
- the NCDs held in physical form pursuant to rematerialization, the person for the time being appearing in the register of NCD Holders shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person, as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the consolidated NCD certificates issued in respect of the NCDs and no person will be liable for so treating the NCD holder.

No transfer of title of an NCD will be valid unless and until entered on the register of NCD holders or the register of beneficial owners maintained by the Depositories prior to the Record Date. In the absence of transfer being registered, interest and/or maturity amount, as the case may be, will be paid to the person, whose name appears first in the register of the NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the relevant provisions of the Companies Act, 2013, shall apply, *mutatis mutandis* (to the extent applicable) to the NCD(s) as well.

Succession

Where NCDs are held in joint names and one of the joint NCD Holder dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the NCDs. In the event of demise of the sole or first holder of the NCDs, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the NCDs only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. Our Board of Directors or any other person authorised by our Board of Directors in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialised form, third person is not required to approach our Company to register his name as successor of the deceased NCD Holder. The successor of the deceased NCD Holder shall approach the respective Depository Participant for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the legacy cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles of Association.

Procedure for re-materialisation of NCDs

Subject to SEBI RTA Master Circular, NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred. However, any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

Register of NCD Holders

No transfer of title of a NCD will be valid unless and until entered on the Register of NCD Holders (for re materialized NCDs) or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Redemption Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be as on the Record Date. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company, SEBI Listing Regulations and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to this Issue. However, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Period of subscription

ISSUE SCHEDULE		
ISSUE OPENING DATE	as specified in the Prospectus	
ISSUE CLOSING DATE	as specified in the Prospectus	
PAY IN DATE	Application Date. The entire Application Amount is payable on Application	
DEEMED DATE OF ALLOTMENT	The date on which the Board of Directors or Debenture Committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Debenture Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.	

This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated in the prospectus, except that this Issue may close on such earlier date or extended date (subject to a minimum period of three Working Days and a maximum period of 10 working days from the date of opening of the Issue and subject to not exceeding thirty days from filing the Prospectus with ROC) as may be decided by the Board of Directors of our Company or Debenture Committee subject to compliance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of this Issue our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, on Working Days during the Issue Period. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details please refer to the chapter titled "Issue Related Information" on page 184 of this Draft Prospectus.

*Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m.(Indian Standard Time) ("**Bidding Period**") during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday) (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. Additionally, an Investor may also submit the Application Form through the app or web interface of the Stock Exchanges. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded on the Stock Exchange(s) Platform would be rejected. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Manager or Trading Members of the Stock Exchanges are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on the basis of date of upload of each application into the electronic book of the Stock Exchanges in accordance with the SEBI Master Circular. However, from the date of oversubscription and thereafter, the allotments will be made to the applicants on proportionate basis.

Taxation

Income Tax is deductible at source at the rate of 10% on interest on debentures held by resident Indians as per the provisions of Section 193 of the IT Act (in case where interest is paid to Individual or HUF, no TDS will be deducted where interest paid is less than ₹5,000 and interest is paid by way of account payee cheque).

Further, Tax will be deducted at source at reduced rate, or no tax will be deducted at source in the following cases:

- (e) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that a valid certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest;
- (f) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However, under section 197A(1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of 236 Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;
- (g) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on the estimated total income of the year concerned will be NIL; and

In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13.

Further, eligible NCD Holders other than resident individuals or resident HUF investors, the following documents should be submitted with the Company/ Registrar, atleast 7 days before the relevant record date for payment of debenture interest (i) copy of registration certificate issued by the regulatory authority under which the investor is registered, (ii) self-declaration for non-deduction of tax at source, and (iii) such other document a may be required under the Income Tax Act, for claiming non-deduction / lower deduction of tax at source and/or specified by the Company/ Registrar, from time to time. The aforesaid documents, as may be applicable, should be submitted atleast 7 days before the relevant Record Date for payment of interest on the NCDs quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The aforesaid documents for claiming non-deduction or lower deduction of tax at source, as the case may be, shall be submitted to the Registrar as per below details or any other details as may be updated on the website of the Issuer at www.navi.com/finserv or the Registrar at www.linkintime.co.in from time to time. The investors need to submit Form 15H/ 15G/certificate in original with the Assessing Officer for each Fiscal during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

Tax exemption certificate/document, if any, must be lodged at the office of the Registrar to the Issue at least seven days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

Please also see, "Statement of Possible Tax Benefits" on page 71.

Link for availability of formats of declaration/ certificates and online submission of tax exemption forms: <https://web.linkintime.co.in/BONDSformreg/BONDS-submission-of-form-15g-15h.html>.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Draft Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as

Payment of Interest

Amount of interest payable shall be rounded off to the nearest Rupee. In the event, the interest / payout of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹ 1,837.50 then the amount shall be rounded off to ₹ 1,838. If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest on the NCDs until but excluding the date of such payment. The interest/redemption payments shall be made only on the Working Days.

Interest/Premium and Payment of Interest/ Premium

Interest/ Coupon on NCDs

As specified in the Prospectus.

Basis of payment of Interest

The Tenor, Coupon Rate / Yield and Redemption Amount applicable for each Series of NCDs shall be determined at the time of Allotment of NCDs pursuant to the Prospectus. NCDs once allotted under any particular Series of NCDs shall continue to bear the applicable Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of NCD Holder on any Record Date, and such tenor, coupon/ yield and redemption amount as at the time of original allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

Mode of payment of Interest to NCD Holders

Payment of interest will be made (i) in case of NCDs in dematerialised form, the persons who, for the time being appear in the register of beneficial owners of the NCDs as per the Depositories, as on the Record Date and (ii) in case of NCDs in physical form on account of re-materialization, to the persons whose names appear in the register of debenture holders maintained by us (or to first holder in case of joint-holders) as on the Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the NCD Holders. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to effect payments to NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. For further details, see the "*Terms of the Issue - Manner of Payment of Interest / Refund / Redemption*" beginning on page 194.

Maturity and Redemption

As specified in the Prospectus.

Put / Call Option

As specified in the Prospectus.

Deemed Date of Allotment

The date on which the Board of Directors or Debenture Committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Debenture Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.

Application in the Issue

NCDs being issued through this Draft Prospectus can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

In terms of Regulation 7 of SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in the terms of Section 8(1) of the Depositories Act, but subject to SEBI LODR Regulations, 2018 and SEBI RTA Master Circular, our Company at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, trading of the NCDs shall be compulsorily in dematerialised form only.

Application Size

Each application should be for a minimum of 10 NCDs across all series collectively and multiples of 1 NCD thereafter (for all series of NCDs taken individually or collectively). The minimum application size for each application for NCDs would be ₹10,000 across all series collectively and in multiples of ₹1,000 thereafter. Applicants can apply for any or all series of NCDs offered hereunder provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹1,000 per NCD, is blocked in the ASBA Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall unblock the excess amount paid on application to the applicant in accordance with the terms of the Prospectus.

Record Date

The date for payment of interest in connection with the NCDs or repayment of principal in connection therewith which shall be 15 days prior to the date of payment of interest, and/or the date of redemption under the Prospectus. In case the Record Date falls on a day when the Stock Exchanges are having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchanges, will be deemed as the Record Date Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be.

Manner of Payment of Interest / Refund / Redemption*

The manner of payment of interest / refund / redemption in connection with the NCDs is set out below*:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants who are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Neither the Lead Manager, nor our Company, nor the Registrar to the Issue shall have any responsibility and undertake any liability arising from such details not being up to date.

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. For further details, please see “*Terms of the Issue – Procedure for Re-materialisation of NCDs*” on page 190.

The Registrar to the Issue will issue requisite instructions to the relevant SCSEBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to unblocked for the Applicants.

**In the event, the interest / payout of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹ 1,837.50 then the amount shall be rounded off to ₹ 1,838.*

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

1. Direct Credit

Investors having their bank account with the Refund Bank, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Bank.

2. NACH

National Automated Clearing House which is a consolidated system of ECS. Payment would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (“MICR”) code wherever applicable from the depository. Payments through NACH are mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI

(subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get payments through NEFT or Direct Credit or RTGS.

3. **RTGS**

Applicants having a bank account with a participating bank and whose interest payment/ refund/ redemption amounts exceed ₹ 200,000, or such amount as may be fixed by RBI from time to time, have the option to receive payments through RTGS. Such eligible Applicants who indicate their preference to receive interest payment/ refund/ redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least seven days prior to the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest payment/ refund/ redemption shall be made through NACH subject to availability of complete bank account details for the same as stated above.

4. **NEFT**

Payment of interest/ refunds/ redemption shall be undertaken through NEFT wherever the Applicants' banks have been assigned the Indian Financial System Code ("IFSC"), which can be linked to a MICR, if any, available to that particular bank branch. The IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/ refund/ redemption will be made to the applicants through this method.

5. **Registered Post/Speed Post**

For all other applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched through speed post/ registered post.

Please note that applicants are eligible to receive payments through the modes detailed in (1), (2) (3), and (4) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed / available.

Please note that our Company shall not be responsible to the holder of NCDs, for any delay in receiving credit of interest / refund / redemption so long as our Company has initiated the process of such request in time.

In case of ASBA Applicants, the Registrar to the Issue will issue requisite instructions to the relevant SCSBs to unblock amounts in the ASBA Accounts of the Applicants representing the amounts to be refunded to the Applicants.

The Registrar to the Issue shall instruct the relevant SCSB or in case of Bids by Retail Individual Investors applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date

Printing of bank particulars on interest / redemption warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/ redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs applied and held in dematerialized form, these particulars would be taken directly from the Depositories. In case of NCDs held in physical form on account of rematerialisation, the NCD Holders are advised to submit their bank account details with our Company/ Registrar to the Issue at least seven days prior to the Record Date failing which the orders/ warrants will be dispatched to the postal address of the NCD Holders as available in the records of our Company either through speed post, registered post.

Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Right to recall or redeem prior to maturity

As specified in Prospectus

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buy-back the NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Form of allotment and Denomination of NCDs

In case of Secured NCDs held in physical form on account of rematerialisation, a single certificate will be issued to the Secured NCD Holder for the aggregate amount of the Secured NCDs held ("**Consolidated Certificate**"). The Applicant can also request for the issue of Secured NCD certificates in denomination of one NCD ("**Market Lot**"). In case of NCDs held under different Options, as specified in the Prospectus, by a Secured NCD Holder, separate Consolidated Certificates will be issued to the NCD Holder for the aggregate amount of the Secured NCDs held under each Option. It is however distinctly to be understood that the Secured NCDs pursuant to this issue shall be traded only in demat form.

In respect of Consolidated Certificates, we will, only upon receipt of a request from the Secured NCD Holder, split such Consolidated Certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of Secured NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the Secured NCD Holder. The request for splitting should be accompanied by the original NCD certificate which would then be treated as cancelled by us. As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchanges shall be in dematerialized form only in multiples of 1 (one) NCD ("**Market Lot**"). Allotment in this Issue to all Allottees, will be in electronic form i.e., in dematerialised form and in multiples of one NCD. For details of allotment see "*Issue Procedure*" beginning on page 219 of this Draft Prospectus.

Procedure for Redemption by NCD holders

The procedure for redemption is set out below:

NCDs held in physical form on account of rematerialisation of NCDs

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificates) be surrendered for redemption on maturity and should be sent by the NCD Holders by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holders may be requested to surrender the NCD certificates in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment. We may at our discretion redeem the Secured NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof.

NCDs held in electronic form

No action is required on the part of Secured NCD holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of rematerialisation

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificates, duly discharged by the sole holder/ all the joint-holders (signed on the reverse of the NCD certificates). Dispatch of cheques/ pay orders, etc. in respect of such payment will be made on the redemption date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least

seven days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrar to the Issue.

Our liability to NCD Holders towards their rights including for payment or otherwise shall stand extinguished from the redemption in all events and when we dispatch the redemption amounts to the NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCDs.

NCDs held in electronic form

On the redemption date, redemption proceeds would be paid by cheque/ pay order/ electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holders towards his/their rights including for payment/ redemption in all events shall end when we dispatch the redemption amounts to the NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCDs.

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, as applicable, on the date of this Draft Prospectus, where we have fully redeemed or repurchased any NCDs, we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or re-issue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or re-issuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Transfer/ Transmission of NCDs

For NCDs held in physical form on account of rematerialisation

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of Companies Act, 2013 applicable as on the date of this Draft Prospectus and all other applicable laws. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the relevant provisions of the Companies Act, 2013 applicable as on the date of this Draft Prospectus, and all applicable laws including FEMA and the rules and regulations thereunder, shall apply, *mutatis mutandis* (to the extent applicable to debentures) to the NCDs as well. In respect of the NCDs held in physical form on account of rematerialisation, a common form of transfer shall be used for the same. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/ procedures as prescribed by NSDL/CDSL and the relevant Depository Participants of the transferor and the transferee and any other applicable laws and rules notified in respect thereof. The transferees should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the register of debenture holders or the records as maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferors and not with the Issuer or Registrar.

For NCDs held in electronic form

The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of the NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer's Depository Participant account to his depository participant.

In case the transferee does not have a Depository Participant account, the transferor can rematerialise the NCDs and thereby convert his dematerialised holding into physical holding. Thereafter these NCDs can be transferred in the manner as stated above for transfer of NCDs held in physical form.

Any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Common form of transfer

Our Company undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 and all applicable laws including the FEMA and the rules and regulations thereunder shall be duly complied with in respect of all transfer of debentures and registration thereof.

Sharing of information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper at the place where the registered office of the Company is situated and/or will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Issue of duplicate NCD certificate(s)

If NCD certificate(s), issued pursuant to rematerialisation, is/ are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/ security and/or documents as we may deem adequate, duplicate NCD certificates shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Lien

As per the RBI circular dated June 27, 2013, the Company is not permitted to extend loans against the security of its debentures issued by way of private placement or public issues. The Company shall have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD holders or deposits held in the account of the NCD holders, whether in single name or joint name, to the extent of all outstanding dues by the NCD holders to the Company, subject to applicable law.

Lien on pledge of NCDs

Our Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holder or deposits held in the account of the NCD holders whether in single name or joint name, to the extent of all outstanding dues, if any by the NCD Holder to our Company, subject to the applicable law.

Future Borrowings

We shall be entitled to make further issue of secured or unsecured debentures and/or raise term loans or raise further funds from time to time from any persons, banks, financial institutions or bodies corporate or any other agency by creating a charge on any assets, (a) subject to such consents and approvals and other conditions, as may be required under applicable law or existing financing agreements, including any intimation, if applicable under the Transaction Documents, (b) provided the stipulated security cover for the Issue is maintained and compliance with other terms of the Transaction Documents.

Illustration for guidance in respect of the day count convention and effect of holidays on payments.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Master Circular will be as disclosed in the Prospectus.

Payment of Interest

If Allotment is not made within the prescribed time period under applicable law, the entire subscription amount will be unblocked within the time prescribed under applicable law, failing which interest may be due to be paid to the Applicants, for the delayed period, as prescribed in applicable law. Our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, (b) applications which are withdrawn by the Applicant and/or (c) monies paid in excess of the amount of NCDs applied for in the Application Form. For further details, see "*Issue Procedure - Rejection of Applications*" beginning on page 244.

Listing

The NCDs proposed to be offered in pursuance of this Draft Prospectus will be listed on the BSE and NSE. Our Company has received an 'in-principle' approval from BSE by way of its letter bearing reference number [●] dated [●] and from NSE by way of its letter bearing reference number [●] dated [●]. The application for listing of the NCDs will be made to the Stock Exchanges at an appropriate stage. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Draft Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within six Working Days from the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

Guarantee/Letter of comfort

This Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Monitoring and Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. Our Board shall monitor the utilisation of the proceeds of the Issue. For the relevant quarters, our Company will disclose in our quarterly financial statements, the utilisation of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue.

Pre-Issue Advertisement

Subject to Regulation 30(1) of SEBI NCS Regulations, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule V of SEBI NCS Regulations in compliance with Section 30 of Companies Act, 2013. Material updates, if any, between the date of filing of this Draft Prospectus and the Prospectus with RoC and the date of release of the statutory advertisement will be included in the statutory advertisement as prescribed under SEBI NCS Regulations.

Pre-closure

Our Company, in consultation with the Lead Manager reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription or as may be specified in the Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described herein and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement has been given.

Recovery Expense Fund

Our Company has created a recovery expense fund in the manner as specified by SEBI Master Circular for Debenture Trustees and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Settlement Guarantee Fund

Our Company will deposit amounts in the settlement guarantee fund in the manner as specified in the SEBI Master Circular, if applicable. This fund has been created under the SEBI Master Circular to ensure upfront collection of charges from eligible issuers at the time of allotment of debt securities.

ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with, and is qualified in its entirety by more detailed information in “*Terms of the Issue*” beginning on page 184.

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the Debt Listing Agreement, SEBI Listing Regulations, and the Companies Act, 2013, the RBI Act, the terms of this Draft Prospectus, the Prospectus, the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, RBI, the Government of India, and other statutory/regulatory authorities relating to the offer, issue and listing of NCDs and any other documents that may be executed in connection with the NCDs.

The key common terms and conditions of the Term Sheet are as follows:

Particulars	Terms and Conditions
Issuer	Navi Finserv Limited
Lead Manager	JM Financial Limited
Debenture Trustee	Catalyst Trusteeship Limited
Registrar to the Issue	Link Intime India Private Limited
Type of Instrument	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures
Nature of Instrument	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures
Face Value of NCDs (₹ /NCD)	₹ 1,000
Issue Price (₹ /NCD)	₹ 1,000
Minimum Application	₹ 10,000 (10 NCD) and in multiples of ₹ 1,000 (1 NCD) thereafter.
In Multiples of thereafter	In multiples of ₹ 1,000 (1 NCD)
Seniority	Senior.
Mode of Issue	Public issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Issue	Public issue by our company of Secured, Rated, Listed, Redeemable, Non-convertible Debentures of Face value of ₹ 1,000 each for an amount up to ₹ 3,000 million (“ Base Issue Size ”) with an option to retain oversubscription up to ₹ 3,000 million (“ Green Shoe Option ”) aggregating up to 6,000,000 NCDs for an amount up to ₹6,000 million.
Base Issue Size	₹ 3,000 million
Option to retain oversubscription / Green shoe option (Amount)	₹ 3,000million
Minimum Subscription	Minimum subscription is 75% of the Base Issue size, i.e. ₹ 2,250million
Stock Exchange/s proposed for listing of the NCDs	BSE Limited and National Stock Exchange of India Limited
Listing and timeline for Listing	The NCDs are proposed to be listed on BSE and NSE. The NCDs shall be listed within six Working Days from the date of Issue Closure. BSE has been appointed as the Designated Stock Exchange. For more information see “ <i>Other Regulatory and Statutory Disclosures</i> ” on page 262.
Depositories	NSDL and CDSL
Market Lot/Trading Lot	One NCD
Description regarding security (where applicable) including type of security (movable/ immovable/ tangible etc.) type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in the Prospectus	The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due and payable on the NCDs, thereof shall be secured by an exclusive charge by way of hypothecation of identified book debts of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, such that a security cover to the extent of atleast 110% of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the Final Settlement Date . Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations (i.e., prior to the filing of the application for listing the NCDs with the RoC, Stock Exchanges and SEBI) or such other time frame as may be stipulated from time-to-time, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders, over and above the interest rate on the NCDs specified in the Prospectus, till the execution of the Debenture Trust Deed. The security shall be created prior to making the listing application for the NCDs with the Stock Exchange(s). For further details on date of creation of security/likely date of creation of security minimum security cover etc., please refer to the “ <i>Terms of the Issue – Security</i> ” on page 184 of this Draft Prospectus.
Security Cover	Our Company shall maintain a minimum 110% security cover on the outstanding balance of the NCDs plus accrued interest thereon
Eligible Investors	Category I Investors- Institutional Investors

Particulars	Terms and Conditions
	<ul style="list-style-type: none"> • Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; • Provident funds and pension funds each with a minimum corpus of ₹ 250 million, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident Venture Capital Funds registered with SEBI; • Insurance companies registered with the IRDAI; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • Systemically Important Non-Banking Financial Company registered with the RBI or Non-Banking Financial Company registered with the RBI and having a total assets of ₹ 500 crore or more as per the last audited financial statements ; • National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and • Mutual funds registered with SEBI. <p>Category II Investors- Non-Institutional Investors</p> <ul style="list-style-type: none"> • Companies within the meaning of Section 2(20) of the Companies Act, 2013; • Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Co-operative banks and regional rural banks; • Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons. <p>Category III Investors– High Net-Worth Individual Investors</p> <p>High net-worth individual investors - resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 1,000,000 across all options of NCDs in this Issue.</p> <p>Category IV Investors – Retail Individual Investors</p> <p>Retail individual investors – resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹1,000,000 across all options of NCDs in this Issue and shall include retail individual investors, who have submitted bid for an amount not more than UPI Application Limit (being ₹500,000 for Debt Public Issues or such other limit as may be described by SEBI) in any of the bidding options in the Issue (including Hindu Undivided Families applying through their Karta and does not include NRIs) through UPI Mechanism</p>
Credit Rating for the Issue / Rating of the Instrument	CRISIL A/Stable
Pay-in date	Application Date. The entire Application Amount is payable on Application
Mode of payment	Please see “ <i>Issue Procedure</i> ” on page 219
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) days prior to the relevant interest payment date or relevant Redemption Date for NCDs issued under the Prospectus. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the Record Date and the date of redemption.

Particulars	Terms and Conditions
	In event the Record Date falls on day when the Stock Exchange is having a trading holiday, the immediately subsequent trading day or a date notified by the Company to the Stock Exchanges shall be considered as Record Date.
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	Please see, “-Key Covenants of the Issue” on page 208
Issue Schedule	As specified in the Prospectus
Objects of the Issue / Purpose for which there is requirement of funds	Please refer to the chapter titled “Objects of the Issue” on page 68
Put option Date	As specified in the Prospectus
Put Option Price	As specified in the Prospectus
Call Option Date	As specified in the Prospectus
Call Option Price	As specified in the Prospectus
Put Notification Time	As specified in the Prospectus
Call Notification Time	As specified in the Prospectus
Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled “Objects of the Issue” on page 68
Coupon rate	As specified in the Prospectus.
Coupon Payment Date	As specified in the Prospectus
Step Up/ Step Down Interest Rates	As specified in the Prospectus
Coupon Type	As specified in the Prospectus
Coupon reset process	As specified in the Prospectus
Default Coupon Rate	The Issuer shall pay interest, over and above the agreed coupon rate, in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws. Our Company shall pay at least two percent per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed if our Company fails to execute the trust deed within such period as prescribed under applicable law.
Tenor	As specified in the Prospectus
Coupon payment frequency	As specified in the Prospectus
Interest on Application Money	N.A.
Working Days convention/Day count convention / Effect of holidays on payment	Working Day means all days on which commercial banks in Mumbai are open for business. If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the “Effective Date”), however the dates of the future interest payments would continue to be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Final Settlement Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.
Issue Closing Date	As specified in the Prospectus
Issue Opening Date	As specified in the Prospectus
Date of earliest closing of the issue, if any	As specified in the Prospectus
Default Coupon date	Our Company shall pay interest in connection with any delay in allotment, refunds, listing, dematerialised credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws.
Deemed Date of Allotment	The date on which the Board of Directors or Debenture Committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Debenture Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.
Day count basis	Actual / Actual
Redemption Date	As specified in the Prospectus
Redemption Amount	As specified in the Prospectus
Redemption premium/ discount	As specified in the Prospectus
Discount at which security is issued and the effective yield as a result of such discount	As specified in the Prospectus
Transaction Documents	Transaction Documents shall mean this Draft Prospectus, the Prospectus, Abridged Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed, the Deed of Hypothecation and other documents, if applicable, the letters issued by the Rating Agency, the Debenture Trustee and/or the Registrar; and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Manager and/or other intermediaries for the purpose of the Issue including but not limited to the Issue Agreement,

Particulars	Terms and Conditions
	the Debenture Trustee Agreement, the Tripartite Agreements, the Public Issue Account and Sponsor Bank Agreement, the Registrar Agreement and the Consortium Agreement, and any other document that may be designated as a Transaction Document by the Debenture Trustee. For further details see, “ <i>Material Contracts and Document for Inspection</i> ” on page 314.
Conditions precedent to the Issue	Other than the conditions set out in the Debenture Trust Deed and as specified in the SEBI NCS Regulations, there are no conditions precedent to the Issue.
Conditions subsequent to the Issue	Other than the conditions set out in the Debenture Trust Deed and as specified in the SEBI NCS Regulations, there are no conditions subsequent to the Issue.
Events of default (including manner of voting/ conditions of joining Inter Creditor Agreement)	Please refer to the chapter titled “ <i>Terms of the Issue – Events of Default</i> ” on page 186.
Creation of recovery expense fund	Our Company has created a recovery expense fund in the manner as specified by SEBI Master Circular on Debenture Trustees, as amended from time to time and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Upon occurrence of any default in the performance or observance of any term, covenant, condition or provision contained in the Prospectus and the Debenture Trust Deed and, except where the Debenture Trustee certifies that such default is in its opinion incapable of remedy within the cure period, as set out in the Debenture Trust Deed (in which case no notice shall be required), it shall constitute an event of default. As per the Debenture Trustee Deed, the Debenture Trustee may, at any time, waive, on such terms and conditions as to it shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Debenture Trustee in respect of any subsequent breach thereof. Please refer to the section titled “ <i>Terms of the Issue - Events of default</i> ” on page 186 of the Draft Prospectus
Provisions related to Cross Default Clause	As per the Debenture Trust Deed to be executed in accordance with applicable law
Roles and responsibilities of the Debenture Trustee	As per SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulation, 2021, SEBI Master Circular for Debenture Trustees, Companies Act, the simplified listing agreement(s), and the Debenture Trust Deed, each as amended from time to time. Please see section titled “ <i>Terms of the Issue - Trustees for the NCD Holders</i> ” on page 186.
Risk factors pertaining to the Issue	Please see section titled “ <i>Risk Factors</i> ” on page 16 of this Draft Prospectus.
Settlement Mode	As specified in the Prospectus.
Governing law and jurisdiction	Any dispute in relation to NCDs shall be governed by laws of India and courts and tribunals in Mumbai shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the proposed issuance of NCDs.

Notes:

*This Issue shall remain open for subscription on Working Days from 10 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, except that this Issue may close on such earlier date or extended date (subject to a minimum period of three Working Days and a maximum period of 10 working days from the date of opening of the Issue and subject to not exceeding thirty days from filing the Prospectus with ROC) as may be decided by the Board of Directors of our Company or Debenture Committee subject to compliance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of this Issue our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, on Working Days during the Issue Period. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details please refer to the chapter titled “*Issue Related Information*” on page 184 of this Draft Prospectus.*

While the NCDs are secured to the tune of 110% of the principal and interest thereon in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor the security cover is maintained, however, the recovery of 110% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

The specific terms of each instrument to be issued pursuant to an Issue shall be as set out in the Prospectus. Please see “*Issue Procedure*” on page 219 for details of category wise eligibility and allotment in the Issue.

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to this Issue.

For further details, see “*Issue Procedure*” beginning on page 219.

Specified Terms of the NCDs

As specified in the Prospectus.

Specified Terms of NCDs - Interest and Payment of Interest

As specified in the Prospectus.

Terms of Payment

Participation by any of the above-mentioned Investor classes in the Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

The entire amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors), as the case may be, in the bank account of the Applicants that is specified in the ASBA Form at the time of the submission of the Application Form. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms of specified in "*Terms of the Issue*" on page 184.

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the "Securities Act") or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Draft Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. In case of Application Form being submitted in joint names, the Applicants should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Application Form. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Day Count Convention

Interest shall be computed on an actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Master Circular.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment. The interest/redemption payments shall be made only on Working Days.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue.

For further details, please see the chapter titled “*Issue Procedure*” on page 219.

Key Covenants to the Issue

A. Financial Covenants

- (a) Standalone Net Worth – minimum of INR 950 crores
- (b) NNPA less than 4%
- (c) Minimum Capital Adequacy Ratio as prescribed by RBI + 2%
- (d) External standalone debt-equity ratio –less than 5x
- (e) Mr. Sachin Bansal to hold minimum stake of 51% in the Issuer company directly or indirectly.
- (f) If the Company fails to execute the Debenture Trust Deed within the timeline set under applicable law or the timelines as agreed between the Debenture Trustee and the Company, whichever is earlier, without prejudice to any liability arising on account of violation of the provisions of the SEBI Act and these SEBI Listing Regulations, the Company shall also pay interest of at least 2% per annum to the Debenture Holder, over and above the agreed Interest Rate, till the execution of the Debenture Trust Deed.

B. Reporting Undertaking

- (a) The Company shall at the end of every calendar quarter within 45 (forty-five) days of the respective quarter or within 7 (seven) days of the relevant Board meeting whichever is earlier, submit to the Debenture Trustee a report confirming /certificate confirming the following:
 - (i) Updated list of names and addresses of all the NCD Holders and the number of NCDs held by the NCD Holders;
 - (ii) Details of interest due but unpaid, if any, and reasons for the same;
 - (iii) Details of payment of interest made on the NCDs in the immediately preceding calendar quarter;
 - (iv) The number of grievances pending at the beginning of the quarter, the number and nature of grievances received from the NCD Holders during the quarter, resolved/disposed of by the Company in the quarter and those remaining unresolved by the Company and the reasons for the same; and
 - (v) Statement that the Secured Assets is sufficient to discharge the claims of the NCD Holders as and when they become due and as mentioned in the security cover certificate.
- (b) The Company shall promptly submit to the Debenture Trustee any information, as required by the Debenture Trustee including but not limited to the following:
 - (i) Upon complete utilisation of all proceeds of any Issue, a certificate from the statutory auditors confirming such complete utilization of such Issue proceeds, and until such complete utilisation, a certificate from an independent chartered accountant confirming status of utilization of funds on a quarterly basis;
 - (ii) by no later than 30 (thirty) days from the Deemed Date of Allotment or within such timelines as prescribed under Applicable Law, a certificate signed by an authorized officer of the Company confirming credit of dematerialized NCDs into the depository accounts of the NCD Holders within the timelines prescribed under the Applicable Laws;
 - (iii) at the end of every year from the Deemed Date of Allotment, a certificate from a practicing chartered accountant providing the security cover certificate, and a half-yearly certificate along with half yearly results from the statutory auditor regarding maintenance of hundred percent security cover or security cover as per the terms of Offer Documents and/or the Debenture Trust Deed, including compliance with all the covenants and undertakings, in respect of listed non-convertible debt securities, by the statutory auditor, along with the half-yearly financial results;
 - (iv) upon there being any change in the Rating assigned to the NCDs, promptly thereafter, a letter notifying the Debenture Trustee of such change in the credit rating of the NCDs, and further also inform the Debenture Trustee promptly in case there is any default in timely payment of interest or Redemption Amount or both, or there is a failure to create Security Interest on the Secured

Asset, or there is a breach of any covenants, undertakings, terms or conditions by the Company in relation to the NCDs under any Transaction Documents;

- (v) a copy of all notices, resolutions and circulars relating to:
 - (A) new issue of non-convertible debt securities at the same time as they are sent to shareholders/holders of non-convertible debt securities; and/or
 - (B) the meetings of holders of non-convertible debt securities at the same time as they are sent to the holders of non-convertible debt securities or advertised in the media including those relating to proceedings of the meetings.
- (vi) intimation to the Debenture Trustee (along with the Stock Exchange) if any of the following proposals being placed before the Board, at least 11 (eleven) Business Days in advance:
 - (A) any alteration in the form or nature or rights or privileges of the NCDs;
 - (B) any alteration in the Due Dates on which interest on the NCDs or the Redemption Amount is payable; and/or
 - (C) any other matter affecting the rights and interests of the NCD Holders is proposed to be considered.
- (c) The Company shall promptly inform the Stock Exchanges and the Debenture Trustee all information having bearing on the performance/operation of the Company, any price sensitive information or any action that may affect the payment of interest or redemption of the NCDs in terms of Regulation 51(2) of the SEBI LODR Regulations.
- (d) The Company shall give prior intimation to the Stock Exchanges with a copy to the Debenture Trustee at least 2 (two) Business Days in advance, excluding the date of the intimation and date of the meeting of the Board, about the Board meeting in which any of the following proposals is to be considered: (i) an alteration in the form or nature of the NCDs or in the rights or privileges of the NCD Holders; (ii) an alteration in the Interest Payment Date or the Redemption Date; (iii) financial results, i.e., quarterly or annual, as the case may be; (iv) fund raising by way of further issuance of non-convertible securities; or (v) any matter affecting the rights or interests of NCD Holders.
- (e) The Company shall promptly inform the Debenture Trustee the status of payment (whether in part or full) of NCDs within 1 (one) Business Day of the payment/redemption. While intimating the Debenture Trustee, the Company shall also confirm whether they have informed the status of payment or otherwise to the Stock Exchanges and Depository.
- (f) Promptly within 1 (one) day of the interest or principal or both becoming due, the Company shall submit a certificate to the Stock Exchanges along with the Debenture Trustee, that it has made timely payment of interests or principal obligations or both in respect of the NCDs and also upload the information on its website.
- (g) If default in payment of NCDs is continuing, the Company shall inform the Debenture Trustee the updated status of payment latest by the 2nd (second) Business Day of April of each Financial Year, along with the intimation on the updated status of payment to the Stock Exchanges and the Depository. Further, the Company shall also intimate the development, if any, that impacts the status of default of the NCDs (including restructuring, insolvency proceedings, repayment, etc.) to the Stock Exchange, Depository and Debenture Trustee within 1 (one) Business Day of such development. The aforementioned intimations shall be submitted until the Secured Obligations are fully discharged or satisfied.
- (h) The Company shall promptly inform the Debenture Trustee the following details (if any):
 - (A) resolution plan/restructuring in relation to the Financial Indebtedness of the Company, including the following details: (i) decision to initiate resolution of Financial Indebtedness; (ii) signing of inter-creditor agreement by lenders; (iii) finalization of resolution plan; (iv) implementation of resolution plan; and (v) salient features, not involving commercial secrets, of the resolution/restructuring plan as decided by the lenders;

- (B) fraud/defaults by promoter or key managerial personnel or by Company or arrest of key managerial personnel or promoter; and/or
 - (C) reference to National Company Law Tribunal or insolvency petitions (if any) filed by any creditor of the Company.
- (i) The Company shall submit to the Stock Exchanges for dissemination, along with the quarterly/annual financial results, the following information and submit the financial statements to the Debenture Trustee on the same day:
- (A) Debt-equity ratio;
 - (B) DRR;
 - (C) Net Worth;
 - (D) Net profit after tax;
 - (E) earnings per share;
 - (F) current ratio;
 - (G) long term debt to working capital;
 - (H) bad debts to account receivable ratio;
 - (I) current liability ratio;
 - (J) total debts to total assets;
 - (K) debtors turnover;
 - (L) inventory turnover;
 - (M) operating margin (%);
 - (N) net profit margin (%);

Provided that if the information mentioned above is not applicable to the Company, it shall disclose such other ratio/equivalent financial information, as may be required to be maintained under Applicable Law, if any.

- (j) A statement indicating material deviations, if any in utilization of the proceeds of the NCDs.
- (k) The Company shall notify the Debenture Trustee of any Event of Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.
- (l) The Company shall furnish to the Debenture Trustee details of all grievances received from the NCD Holders and the steps taken by the Company to redress the same. At the request of any NCD Holders, the Debenture Trustee shall, by notice to the Company call upon the Company to take appropriate steps to redress such grievance and shall, if necessary, at the request of any NCD Holders representing not less than one-tenth in value of the nominal amount of the NCDs for the time being outstanding, call a meeting of the NCD Holders.
- (m) To provide relevant documents/ information, as applicable, to enable the Debenture Trustee(s) to conduct continuous and periodic due diligence and monitoring of the Security Interest over the Secured Assets, the Company shall submit the following reports/ certification within the timelines mentioned below:

Reports/Certificates	Timelines for submission requirements by Company to Debenture Trustee	Timeline for submission of reports/ certifications by Debenture Trustee to Stock Exchanges
Security cover certificate	Quarterly basis within 30 (thirty) days from end of each quarter or within such timelines as prescribed under Applicable Law	Quarterly basis within 75 (seventy-five) days from end of each quarter, except the last quarter of the financial year, or within such timelines as prescribed under Applicable Law. For the last quarter in a financial year, the timeline for submission shall be 90 (ninety) days from the end of such quarter.
A statement of value of pledged securities, if any		
A statement of value for Debt Service Reserve Account or any other form of security offered, if applicable		
Net worth certificate of guarantor (secured by way of personal guarantee), if applicable	Half yearly basis within 30 (thirty) days from end of each half-year or within such timelines as prescribed under Applicable Law	Half yearly basis within 75 (seventy-five) days from end of each half-year or within such timelines as prescribed under Applicable Law.
Financials/value of guarantor prepared on basis of audited financial statement etc. of the guarantor (secured by way of corporate guarantee), if applicable	Annual basis within 45 (forty-five) days from end of each Financial Year or within such timelines as prescribed under Applicable Law.	Annual basis within 75 (seventy-five) days from end of each Financial Year or within such timelines as prescribed under Applicable Law.
Valuation report and title search report for the immovable/movable assets, as applicable, if applicable	Once in 3 (three) years within 45 (forty-five) days from the end of the Financial Year or within such timelines as prescribed under Applicable Law.	Once in 3 (three) years within 75 (seventy-five) days from the end of the Financial Year or within such timelines as prescribed under Applicable Law.

- (n) The Company shall promptly inform the Debenture Trustee of any major or significant change in composition of its Board, which may amount to change in control as defined in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (o) The Company shall inform the Debenture Trustee, of any amalgamation, demerger, merger or corporate restructuring or reconstruction scheme proposed by the Company.
- (p) The Company shall promptly supply certified copies to the Debenture Trustee of any authorisation required under any law or regulation to enable it to perform its obligations under the Transaction Documents (including, without limitation, in connection with any payment to be made hereunder) and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of the Transaction Documents.
- (q) The Company shall supply to the Debenture Trustee a copy of annual report, at the end of each year from the Deemed Date of Allotment, till the time the funds from the Issue are fully utilized. In case the NCDs are issued for financing working capital or general corporate purposes or for capital raising purposes, copy of the auditor's certificate may be submitted at the end of each financial year till the funds have been fully utilised or the purpose for which these funds were intended has been achieved.
- (r) The Company shall supply to the Debenture Trustee (sufficient copies for all NCD Holders if the Debenture Trustee so requests) half yearly financial results within 45 (forty-five) days from the end of the each half year.
- (s) In case of initiation of forensic audit (by whatever name called) in respect of the Company, the Company shall provide following information and make requisite disclosures to the Stock Exchanges:
- (A) the fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available; and

- (B) final forensic audit report (other than for forensic audit initiated by regulatory/enforcement agencies) on receipt by the Company along with comments of the management, if any.
- (t) The Company shall promptly provide or inform the Debenture Trustee the details of all the material orders, directions, notices, of any court/tribunal affecting or likely to affect the Secured Asset.
- (u) The Company shall submit to the Debenture Trustee, Stock Exchanges and the NCD Holders correct and adequate information (in the manner and format as requested by them or as required by Applicable Law) and within the timelines and procedures specified in the SEBI Regulations, Act, circulars, directives and/or any other Applicable Law.
- (v) The Company shall furnish the following to the Debenture Trustee:
 - (A) its duly audited annual accounts, at the same time as it is issued along with a copy of certificate from the Company's auditors in respect of utilization of funds. Provided that in the case of NCDs issued for financing working capital or general corporate purposes or for capital raising purposes the copy of the auditor's certificate may be submitted at the end of each Financial Year till the funds have been fully utilized or the purpose for which these funds were intended has been achieved;
 - (B) copy of the un-audited or audited financial results on a half yearly basis on the same day the information is submitted to Stock Exchanges i.e. within 45 (forty five) days from the end of the half year or within such timelines as prescribed under Applicable Law;
 - (C) a one-time certificate from the statutory auditor of the Company with respect to the use of the proceeds raised through the Issue as and when such proceeds have been completely deployed toward the proposed end-uses;
 - (D) such information in relation to the Security Asset that the Debenture Trustee may reasonably request (in a format which shall be provided by the Debenture Trustee from time to time) for the purpose of quarterly diligence by the Debenture Trustee to monitor the required security cover and shall also submit to the Debenture Trustee a certificate from the director/managing director of the Company on half-yearly basis, certifying the value of the identified as agreed in the Transaction Documents; and
 - (E) all information/ documents required to be submitted to the Debenture Trustee, to enable it to carry out the due diligence in terms of SEBI Due Diligence Requirements.
- (w) The Company shall:
 - (A) supply to the Debenture Trustee (with sufficient copies for all NCD Holders if the Debenture Trustee so requests) all documents dispatched by it to its shareholders (or any class of them) or its creditors generally at the same time as they are dispatched;
 - (B) promptly upon becoming aware, supply to the Debenture Trustee (and sufficient copies for all NCD Holders if the Debenture Trustee so requests), the details of any event which may have a Material Adverse Effect;
 - (C) promptly upon becoming aware, supply to the Debenture Trustee (and sufficient copies for all NCD Holders if the Debenture Trustee so requests), the details of the existence of any event or condition or claim which permits, or with the passage of time, will permit, the Company to abandon the business;
 - (D) at the end of every Financial Year, supply to the Debenture Trustee (and sufficient copies for all NCD Holders if the Debenture Trustee so requests), a certificate from a statutory auditor confirming the due maintenance of a DRR as per the provisions of Applicable Law;
 - (E) promptly, supply to the Debenture Trustee (and sufficient copies for all NCD Holders if the Debenture Trustee so requests), notice of any change in its authorised signatories (in connection with the Transaction Documents), signed by one of its directors or its company secretary, whose specimen signature has previously been provided to the Debenture Trustee, accompanied (where relevant) by a specimen signature of each new signatory;

and

- (F) forthwith give, notice in writing to the Debenture Trustee of commencement of any proceedings directly affecting the Secured Asset.
- (x) within 60 (sixty) calendar days after each Quarterly Date:
 - (A) a certificate signed by the chief financial officer of the Company or any other authorized signatory of the Company stating that the Company is in compliance with all the financial covenants. Provided that in respect of the financial quarter ending on March 31 of each Financial Year, the certificate confirming the compliance with the financial covenants will be provided in accordance with the Reporting undertaking;
 - (B) the details of any change in control from that prevailing as on the Effective Date; and
 - (C) such portfolio information in respect of the Company in the formats as may be prescribed by the Debenture Trustee;
- (y) on a semi-annual basis, a half yearly certificate on each relevant Quarterly Date providing half-yearly financial statements for the preceding half-year/6 (six) month period, prepared in accordance with the Applicable Accounting Standards, together with a certificate from an independent chartered accountant and/or an authorized signatory of the Company, confirming the value of the Secured Assets, and the compliance of the Company with all the financial covenants and other covenants and undertakings prescribed under the Transaction Documents.
- (z) promptly, and in any event within 10 (ten) Business Days of the occurrence of any change in the Constitutional Documents of the Company, which prejudicially affects the rights of the Debenture Trustee under the Transaction Documents.
- (aa) promptly, and in any event within 10 (ten) Business Days after the Company obtains or reasonably should have obtained actual knowledge thereof, notice of the occurrence of any event or circumstance that could reasonably be expected to result in a Material Adverse Effect.
- (bb) promptly, and in any event within 10 (ten) Business Days after the Company obtains actual knowledge thereof, any notices, orders or directions any court or tribunal in relation to any dispute, litigation, investigation or other proceeding affecting the Company or its property or operations (included the Secured Assets), which, if adversely determined, could result in a Material Adverse Effect.
- (cc) promptly, and in any event within 10 (ten) Business Days after the Company obtains actual knowledge thereof, notice of the occurrence of any Event of Default or Potential Event of Default including any steps taken to cure such event.
- (dd) promptly, and in any event within 10 (ten) Business Days, upon the occurrence of any mandatory prepayment, or the receipt of notice of any Financial Indebtedness of the Company declared to be due and payable or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof.
- (ee) promptly, and in any event within 10 (ten) Business Days after such default, notice of any default in the observance or performance of any agreement or condition relating to any Financial Indebtedness by the Company or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (determined without regard to whether any notice is required) any such Financial Indebtedness to become due prior to its stated maturity in respect of the Company.
- (ff) promptly, and in any event within 2 (two) Business Days of receiving any notice of any application for winding up/insolvency having been made or any notice of winding up or insolvency under the provisions of the Companies Act or the (Indian) Insolvency and Bankruptcy Code, 2016 or any other statute relating to winding up/insolvency or otherwise of any suit or other legal process intended to be filed or initiated against the Company;
- (gg) within 120 (one hundred and twenty) calendar days after each Financial Year, a certification from

the chief financial officer of the Company or any other authorized signatory of the Company confirming compliance with the financial covenants.

- (hh) within 15 (fifteen) days of each Quarterly Date, a certificate from an authorized officer of the Company certifying/confirming that no Potential Event of Default or Event of Default has occurred.
- (ii) the Company shall also submit a certificate from a statutory auditor and authorized officer of the Company for every second fiscal quarter and fourth fiscal quarter certifying the value of Identified Book Debts and maintenance of the security cover, as per the terms of the SEBI Monitoring Requirements, as applicable, the Offer Documents and Debenture Trust Deed including compliance with the covenants of the Offer Documents and any other covenants and undertakings in respect of listed non-convertible debt securities in the manner as may be specified by SEBI from time to time.
- (jj) without prejudice to the below, within such timelines as may be prescribed by the Debenture Trustee, provide all relevant information required by the Debenture Trustee for the effective discharge of its duties and obligations under the Transaction Document, including but not limited to the copies of all reports, balance sheets and the profit and loss account of the Company.
- (kk) promptly and in any event within 30 (thirty) calendar days of receipt of a request, such additional documents or information as the Debenture Trustee or the NCD Holders, may reasonably request from time to time.
- (ll) as soon as practicable and in any event within the timelines prescribed by the Debenture Trustee (and Applicable Law), such other information, notifications, details, documents, reports, statements and certificates (including from chartered accountants, auditors and/or directors of the Company) as may be required by the Debenture Trustee from time to time, to ensure compliance with the provisions of the Applicable Law, including but not limited to the SEBI Debenture Trustees Regulations, the SEBI Master Circular for Debenture Trustees and the Companies (Share Capital and Debentures) Rules, 2014.
- (mm) promptly, and in any event within 20 (twenty) Business Days after the end of each month, a report on security cover in the format prescribed under Applicable Law.

C. Affirmative Undertaking

The Company shall comply with the following undertakings in relation to the Issue including but not limited to the following:

(a) ***Use of Proceeds***

use the proceeds of the Issue only for the purpose and in accordance with Applicable Law and the Transaction Documents;

(b) ***Loss or Damage by Uncovered Risks***

promptly inform the Debenture Trustee and the NCD Holders of any loss or significant damage which the Company may suffer due to any force majeure circumstances or act of God, such as earthquake, flood, tempest or typhoon, etc. against which the Company may not have insured its properties;

(c) ***Costs and Expenses***

pay all reasonable costs, charges and expenses in any way incurred by the Debenture Trustee towards protection of the NCD Holders' interests, including traveling and other allowances and such Taxes, duties, costs, charges and expenses in connection with or relating to the NCDs subject to such expenses, costs or charges being approved in writing by the Company before they are incurred and shall not include any foreign travel costs;

(d) ***Payment of Rents, etc.***

punctually pay all rents, royalties, Taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when such

amounts are payable;

(e) **Preserve Corporate Status**

- (i) diligently preserve and maintain its corporate existence and status and all rights, privileges, and concessions now held or hereafter acquired by it in the conduct of its business;
- (ii) comply with all acts, authorizations, consents, permissions, rules, regulations, orders and directions of any Governmental Authority; and
- (iii) not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the Outstanding Amounts might or would be hindered or delayed;

(f) **Pay Stamp Duty**

pay all such stamp duty (including any additional stamp duty), other duties, Taxes, charges and penalties, if and when the Company may be required to pay according to the applicable state laws. In the event the Company fails to pay such stamp duty, other duties, Taxes and penalties as aforesaid, the Debenture Trustee shall be at liberty (but shall not be bound) to pay such amounts and the Company shall reimburse the aforementioned amounts to the Debenture Trustee on demand;

(g) **Furnish Information to Debenture Trustee**

- (i) provide to the Debenture Trustee or its nominee(s)/agent(s) such information/copies of relevant extracts as they may require on any matters relating to the business of the Company or to investigate the affairs of the Company;
- (ii) allow the Debenture Trustee to make such examination and investigation as and when deemed necessary and shall furnish the Debenture Trustee with all such information as they may require in accordance with Applicable Law and shall pay all reasonable costs, charges and expenses incidental to such examination and investigation;
- (iii) provide to the Debenture Trustee or its nominee(s)/agent(s) such information/copies of relevant extracts as they may require for the purpose of filing any relevant forms with any Governmental Authority (including but not limited to the CERSAI) in relation to the NCDs and the Secured Assets;
- (iv) inform and provide the Debenture Trustee with applicable documents in respect of the following:
 - (A) notice of any Event of Default; and
 - (B) any and all information required to be provided to the NCD Holders under Applicable Law and the listing agreement to be entered into between the Company and the Stock Exchange(s);

(h) **Redressal of Grievances**

promptly and expeditiously attend to and redress the grievances, if any, of the NCD Holders. The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of the compliance;

(i) **Comply with Investor Education and Protection Fund Requirements**

comply with the provisions of the Companies Act relating to transfer of unclaimed/ unpaid amounts of interest on NCDs and redemption of NCDs to Investor Education and Protection Fund, if applicable to it. The Company hereby further agrees and undertakes that until the Final Settlement Date it shall abide by the regulations, rules or guidelines/listing requirements if any, issued from time to time by the Ministry of Corporate Affairs, RBI, SEBI or any other competent Governmental Authority;

(j) **Corporate Governance; Fair Practices Code**

comply with any corporate governance requirements applicable to the Company (as may be prescribed by

the RBI, SEBI, any Stock Exchange, or any other Governmental Authority) and the fair practices code prescribed by the RBI;

(k) **Further Assurances**

- (i) provide details of any litigation, arbitration or administrative proceedings that if determined adversely could have a Material Adverse Effect on the Company;
- (ii) comply with any monitoring and/or servicing requests from the Debenture Trustee;
- (iii) execute and/or do, at its own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Debenture Trustee may reasonably or by Applicable Law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Debenture Trustee;
- (iv) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations and licenses necessary to enable it to lawfully enter into and perform its obligations under Debenture Trust Deed or to ensure the legality, validity, enforceability or admissibility in evidence in India of Debenture Trust Deed;
- (v) comply with:
 - (A) all Applicable Law (including but not limited to the Companies Act, the SEBI Listed NCDs Circulars, the environmental, social and taxation related laws, all directions issued by the RBI to non-banking financial companies), as applicable in respect of the NCDs and obtain such regulatory approvals as may be required from time to time;
 - (B) the SEBI Debenture Trustees Regulations as in force from time to time, in so far as they are applicable to the NCDs and furnish to the Debenture Trustee such data, information, statements and reports as may be deemed necessary by the Debenture Trustee in order to enable them to comply with the provisions of Regulation 15 of the SEBI Debenture Trustees Regulations thereof in performance of their duties in accordance therewith to the extent applicable to the NCDs;
 - (C) the provisions of the Companies Act in relation to the Issue;
 - (D) procure that the NCDs are rated and continue to be rated until the Final Settlement Date;
 - (E) ensure that, at time of making any payment of interest or repayment of the principal amount of the NCDs in full or in part, the Company shall do so in the manner that is most tax efficient for the NCD Holders but without, in any way requiring the Company to incur any additional costs, expenses or Taxes and the Company shall avail of all the benefits available under any treaty applicable to the Company and/or the NCD Holders;
 - (F) ensure, and/or cause the Registrar to forward the details of NCD Holders to the Debenture Trustee at the time of allotment and thereafter by the 7th (seventh) Business Day of every next month in order to enable Debenture Trustee to keep its records updated and to communicate effectively with the NCD Holders, especially in situations where Events of Default have occurred; and
 - (G) if so required, the requirements prescribed under Chapter XI (*Operational framework for transactions in defaulted debt securities post maturity date/redemption date*) of the SEBI NCS Master Circular, and provide all details/intimations to the Debenture Trustee, the Depositories, and the Stock Exchange(s) (as the case may be) in accordance with the aforementioned requirements;
- (vi) to the extent applicable, it will submit to the Debenture Trustee, on a half yearly basis, a certificate from the statutory auditor of the Company giving the value of Identified Book Debts including compliance with all the covenants set out in the Offer Documents in such manner as may be specified by SEBI from time to time;
- (vii) agrees, undertakes and acknowledges that in the event the Company has failed to make a timely repayment of the Secured Obligations or to create Security Interest on the Secured Asset or there

is a revision of Rating assigned to the NCDs, the Debenture Trustee shall, in accordance with Applicable Law, be entitled to disclose such information to the NCD Holders and the general public by issuing a press release, placing the same on their websites, with the credit rating agencies and updating the distributed ledger technology system in accordance with Chapter III (*Security and Covenant Monitoring System*) of the SEBI Master Circular for Debenture Trustees; and

- (viii) it will provide all necessary assistance and cooperation to, and permit the Debenture Trustee to conduct periodical checks, verifications, due diligence and other inspections (at such frequency and within such timelines as may be determined by the Debenture Trustee) in respect of the books and accounts of the Company and the Secured Assets;

(l) **Security**

the Company hereby further agrees, declares, undertakes with the Debenture Trustee as follows:

- (i) the NCDs shall be secured by a first ranking exclusive and continuing security by way of a first ranking exclusive and continuing charge on the Secured Assets in favour of the Debenture Trustee for the benefit of the NCD Holders on or prior to the Deemed Date of Allotment;
- (ii) all the Secured Assets that will be charged to the Debenture Trustee under the Deed of Hypothecation shall always be kept distinguishable and held as the exclusive property of the Company specifically appropriated to the Transaction Security and be dealt with only under the directions of the Debenture Trustee;
- (iii) the Company shall not create any charge, lien or other encumbrance upon or over the Secured Assets or any part thereof except in favour of the Debenture Trustee nor will it do or allow anything that may prejudice the Transaction Security;
- (iv) the Debenture Trustee shall be at liberty to incur all costs and expenses as may be necessary to preserve the Transaction Security and to maintain the Transaction Security undiminished and claim reimbursement thereof;
- (v) to create the Security Interest over the Secured Assets as contemplated in the Transaction Documents on or prior to the Deemed Date of Allotment by executing the duly stamped Deed of Hypothecation;
- (vi) to register and perfect the Security Interest created thereunder by filing Form CHG-9 with the concerned ROC and ensuring and procuring that the Debenture Trustee files the prescribed Form I with CERSAI reporting the charge created to the CERSAI in relation thereto in accordance with the timelines set out in the Deed of Hypothecation;
- (vii) the Company shall, at the time periods set out in the Deed of Hypothecation, provide a list of the Secured Assets to the Debenture Trustee over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the NCD Holders) and sufficient to maintain the security cover;
- (viii) the Company shall, within the timelines prescribed under the Deed of Hypothecation, add fresh Identified Book Debts to the Secured Assets so as to ensure that the security cover is maintained or replace such Secured Assets that do not satisfy the eligibility criteria prescribed in the Transaction Documents;
- (ix) the Company shall, on a half yearly basis, as and when required by the Debenture Trustee, give full particulars to the Debenture Trustee of all the Secured Assets from time to time;
- (x) furnish and verify all statements, reports, returns, certificates and information from time to time and as required by the Debenture Trustee in respect of the Secured Assets;
- (xi) furnish and execute all necessary documents to give effect to the Secured Assets;
- (xii) the Security Interest created on the Secured Assets shall be a continuing security;
- (xiii) the Secured Assets shall fulfil the eligibility criteria set out in the Deed of Hypothecation;
- (xiv) nothing contained herein shall prejudice the rights or remedies of the Debenture Trustee and/or the NCD Holders in respect of any present or future security, guarantee obligation or decree for

any indebtedness or liability of the Company to the Debenture Trustee and/or the NCD Holders;

(xv) the NCD Holders shall have a beneficial interest in the Secured Assets of the Company which have been charged to the Debenture Trustee to the extent of the Outstanding NCD Amounts under Debenture Trust Deed; and

(xvi) to forthwith upon demand by the Debenture Trustee, reimburse to the Debenture Trustee all amounts paid by the Debenture Trustee to reasonably protect the Secured Assets and such amounts shall be deemed to be secured by the Secured Assets;

(m) ***Execution of Transaction Documents***

in the event of any delay in the execution of any Transaction Document (including Debenture Trust Deed or the Deed of Hypothecation) or the creation of security in terms thereof, the Company will, at the option of the NCD Holders, either:

(i) if so required by the NCD Holders, refund the Application Money together with interest (including interest accrued) at the applicable Interest Rate/dischARGE the Secured Obligations; and/or

(ii) pay to the NCD Holders additional interest at the rate of 2% (two percent) per annum on the Outstanding Principal Amounts in addition to the applicable Interest Rate until the relevant Transaction Document is duly executed or the security is duly created in terms thereof or the Secured Obligations are discharged (whichever is earlier);

(n) ***Internal Control***

maintain internal control for the purpose of:

(i) preventing fraud on amounts lent by the Company; and

(ii) preventing money being used for money laundering or illegal purposes;

(o) ***Audit and Inspection***

permit visits and inspection of books of records, documents and accounts to the Debenture Trustee and other representatives of the NCD Holders as and when required by them;

(p) ***Records***

keep proper books of account as required by the Act and make true and proper entries therein of all dealings and transactions of and in relation to the Hypothecated Asset and the business of the Company and keep the said books of account and all other books, registers and other documents relating to the affairs of the Company at its registered office or, where permitted by law, at other place or places where the books of account and documents of a similar nature may be kept and the Company will ensure that all entries in the same relating to the Hypothecated Asset and the business of the Company shall at reasonable times be open for inspection of the Debenture Trustee and such person or persons, as the Debenture Trustee shall, from time to time, in writing for that purpose appoint;

(q) ***Register of NCD Holders***

keep at its registered office, a Register of the NCD Holders or ensure that the Depository maintains a Register of Beneficial Owners of the dematerialized NCDs in their records. For the above purpose, the Company shall request the Registrar of the issuance or the Depository, in case of dematerialized NCDs, to provide a list of NCD Holders as at the end of day on the day falling on the Record Date. The Debenture Trustee and/or the NCD Holders or any of them or any other Person shall, as provided in the Act, be entitled to inspect the said Register of NCD Holders and to take copies of or extracts from the same or any part thereof during usual business hours;

(r) ***FATCA***

ensure compliance with the provisions of the Foreign Account Tax Compliance Act ("**FATCA**") at all times during the currency of the NCDs. The Company agrees to provide the respective authorities with any documentation or information requested relating to self or beneficiary or related Tax entity to the extent required by the Debenture Trustee for meeting its compliances. The Company agrees that it will provide a

copy of the documents provided to the Tax authorities to the Debenture Trustee for its records. Further, the Company shall indemnify and hold harmless the Debenture Trustee for any penal consequence arising due to non-compliance of the aforesaid provision by the Company;

(s) ***Listing and Monitoring Requirements***

comply with all covenants, undertakings and requirements set out in Schedule IV (*Listing and Monitoring Requirements*); and

(t) ***General Undertakings***

The Company undertakes that it shall:

- (i) at all times, obtain and maintain, or cause to be obtained and maintained, in full force and effect (or where appropriate, renew) all necessary declarations, reporting and filings (including with any Governmental Authority in India) required for: (A) the purposes of the business, except such declaration, reporting or filing which would not, or would not reasonably be expected to, result in a Material Adverse Effect; and (B) all transactions as contemplated by the Transaction Documents;
- (ii) create the Security Interest on the Secured Assets and execute all the Security Documents within the applicable regulatory timeframe and as may be required by the Debenture Trustee as per the terms hereof and shall ensure that all Transaction Documents, when executed, shall constitute its legal, valid and binding obligations under Applicable Law;
- (iii) attend to the complaints received in respect of the NCDs expeditiously and satisfactorily;
- (iv) if any of the Directors of the Company are added to any defaulter's list by any Governmental Authority, take immediate steps forthwith to remove such person from its Board;
- (v) duly cause these presents to be registered in all respects so as to comply with the provisions of the Act and also cause these presents to be registered in conformity with the provisions of the Indian Registration Act, 1908 or any act, ordinance or regulation applicable in any part of India, within which any portion of the Hypothecated Asset are or may be situated, by which the registration of deeds is required and generally do all other acts (if any) necessary for the purpose of assuring the legal validity of these presents;
- (vi) have no objection and hereby agrees, confirms and undertakes that in the event the Company has failed to make a timely repayment of the Secured Obligations, the Debenture Trustee shall, as the Debenture Trustee may deem appropriate and necessary, be entitled to disclose all or any:
 - (A) information and data relating to the Company,
 - (B) information or data relating to Debenture Trust Deed; and
 - (C) default committed by the Company in discharge of the obligations under the Transaction Documents, to TransUnion CIBIL Limited ("**CIBIL**") and any other agency authorised in this behalf by RBI;
- (vii) have no objection and hereby agrees, confirms and undertakes that in the event the Company has failed to make a timely repayment of the Secured Obligations, the Debenture Trustee shall, as the Debenture Trustee may deem appropriate and necessary, be entitled to disclose to CIBIL and/or any other agency so authorised may use, process the aforesaid information and data disclosed by the Debenture Trustee in the manner as deemed fit by them;
- (viii) have no objection and hereby agrees, confirms and undertakes that in the event the Company has failed to make a timely repayment of the Secured Obligations, the Debenture Trustee shall, as the Debenture Trustee may deem appropriate and necessary, be entitled to disclose to CIBIL and/or any other agency so authorised may furnish for consideration, the processed information and data or products thereof prepared by them, to the Debenture Trustee, and other credit grantors or registered users, as may be specified by RBI in this behalf;
- (ix) have no objection and hereby agrees, confirms and undertakes that in the event the Company has failed to make a timely repayment of the Secured Obligations, the Debenture Trustee and/or RBI

will have an unqualified right to disclose or publish the details of the default and the name of the guarantor (including its directors) as the case may be, as defaulters, in such manner and through such medium as the Debenture Trustee or RBI in their absolute discretion may think fit;

- (x) no immunity (if acquired) shall be claimed by it or on its behalf with respect to its Assets in any proceedings in relation to its obligations under the Transaction Documents and shall waive any such right of immunity which it or its Assets has or may acquire. The execution of Debenture Trust Deed constitutes, and the exercise of its rights and performance of and compliance with its obligations under Debenture Trust Deed will constitute, private and commercial acts done and performed for private and commercial purposes; and
- (xi) it has obtained the necessary permissions as may be required, for entering into the Transaction Documents, and shall execute the same within the time frame prescribed under the relevant SEBI regulations and circulars and furthermore, shall submit such Transaction Documents, as applicable, to the relevant Stock Exchanges for uploading on its website (as applicable), within 5 (five) days of execution of the same.

D. Negative Undertaking

The Company shall not take any action in relation to the items set out under the heading of negative undertakings of the debenture trust deed without the prior written consent of the Debenture Trustee as prescribed under the Debenture Trust Deed, including the following:

(a) ***Change of Business; Constitutional Documents***

- (i) change the general nature of its business from that which is permitted as a non-deposit accepting non-banking financial company registered with the RBI; or
- (ii) any changes, amendments, or modifications to its Constitutional Documents which would impact the consummation of the transactions contemplated under the Transaction Documents or otherwise prejudice/ adversely impact the rights/interest of the NCD Holders or in any manner alter the terms of the NCDs.

(b) ***Dividend***

- (i) declare or pay any dividend to its shareholders (including holders of preference shares) during any Financial Year unless it has paid or made arrangements to pay (to the satisfaction of the Debenture Trustee) all the dues to the NCD Holders/Debenture Trustee up to the date on which the dividend is proposed to be declared or paid or has made satisfactory provisions thereof; or
- (ii) if an Event of Default has occurred and is continuing, declare or pay any dividend to its shareholders (including holders of preference shares).

(c) ***Disposal of Assets***

sell, transfer, or otherwise dispose of in any manner whatsoever any Transaction Security, whether in a single transaction or in a series of transactions (whether related or not) or any other transactions which cumulatively have the same effect including any securitization/portfolio sale of the Transaction Security.

(d) ***Insolvency***

The Company shall not, without the prior consent of the Debenture Trustee, voluntarily wind up or liquidate or dissolve its affairs or make any filing for initiation of corporate insolvency resolution process or liquidation under the Insolvency and Bankruptcy Code, 2016 or under any other Applicable Laws.

(e) ***NCD Terms***

The Company shall not make any modification to the structure of the NCDs in terms of coupon, conversion, redemption, or otherwise without the prior approval of the Stock Exchanges and such prior approval of the Stock Exchanges would be obtained only after: (a) approval of the Board and the Debenture Trustee; and (b) complying with the provisions of Act including approval of the requisite majority of NCD Holders. Further, any proposal of restructuring received by Debenture Trustee shall be communicated to NCD Holders immediately.

(f) ***Investments***

The Company shall not, without the prior consent of the Debenture Trustee, make any investment by way of deposits, loans, bonds, share capital, or in any other form upon the occurrence of any Event of Default. Provided that, upon the occurrence of an Events of Default i.e. a non-payment Event of Default, the Company shall be permitted to temporarily invest funds in high quality interest/ non- interest bearing liquid instruments, subject to the Company continuing to maintain the security cover under the Transaction Documents, even upon occurrence of such Event(s) of Default. Such investment would be in accordance with the investment policy of the Company approved by the Board of Directors or any committee thereof from time to time.

(g) ***Encumbrance***

The Company shall not, without the prior consent of the Debenture Trustee, create or permit to subsist any encumbrance on any Secured Assets (including, without limitations, on the Identified Book Debts).

ISSUE PROCEDURE

This section applies to all Applicants. Specific attention of all Applicants is invited to the SEBI Master Circular, which provides, inter-alia, that for all public issues of debt securities all Applicants are mandatorily required to apply for in the Issue through the ASBA process. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants. Please note that all Applicants are required to pay the full Application Amount or to ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. An amount equivalent to the full Application Amount will be blocked by the SCSBs in the relevant ASBA Accounts maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors), as the case may be, in the bank account of the Applicants that is specified in the ASBA Form at the time of the submission of the Application Form. Applicants should note that they may submit their Applications to the Designated Intermediaries.

Applicants should note that they may submit their Applications to the Designated Intermediaries at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Prospectus

Please note that this section has been prepared based on the SEBI Master Circular, as amended from time to time and other related circulars including notifications issued by BSE, in relation to the UPI mechanism. Retail Individual Investors should note that they may use the UPI mechanism to block funds for application value up to UPI Application Limit (to participate in the public issue for an amount up to ₹ 5,00,000 for issue of debt securities pursuant to SEBI Master Circular or any other investment limit, as applicable and prescribed by SEBI from time to time) submitted through the app/web interface of the Stock Exchanges or through intermediaries (Syndicate Members, Registered Stockbrokers, Registrar and Transfer agent and Depository Participants).

ASBA Applicants must ensure that their respective ASBA Accounts can be blocked by the SCSBs, in the relevant ASBA accounts for the full Application Amount. Applicants should note that they may submit their Applications to the Designated Intermediaries Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Prospectus.

Specific attention is drawn to the SEBI Master Circular that provides for allotment in public issues of debt securities to be made on the basis of the date of upload of each application into the electronic book of the Stock Exchanges, as opposed to the date and time of upload of each such application

Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Prospectus. Investors are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws.

Further, the Company and the Lead Manager are not liable for any adverse occurrences consequent to the UPI Mechanism for application in the Issue.

PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES WILL NEED TO APPROACH THE STOCK EXCHANGE(S) AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE STOCK EXCHANGES. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THE DRAFT PROSPECTUS / PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.

THE LEAD MANAGER, THE CONSORTIUM MEMBER AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS / DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF SUCH TRADING MEMBERS / DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS / DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGE.

Please note that for the purposes of this section, the term “Working Day” shall mean all days on which the commercial banks in Mumbai are open for business, except with reference to the Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holidays on which commercial banks in Mumbai are open for business.

Furthermore, for the purpose the time period between the bid/ issue closing date and the listing of the NCDs, Working Days shall mean all trading days of the Stock Exchanges excluding Saturdays, Sundays and bank holidays as specified by SEBI.

The information below is given for the benefit of Applicants. Our Company and the Members of the Consortium are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus.

PROCEDURE FOR APPLICATION

Who can apply?

The following categories of persons are eligible to apply in this Issue.

Category I (Institutional Investors)

- Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds and pension funds each with a minimum corpus of ₹ 250 million, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident Venture Capital Funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- State industrial development corporations;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, the Union of India;
- Systemically Important Non-Banking Financial Company registered with the RBI or Non-Banking Financial Company registered with the RBI and having a total assets of ₹ 500 crore or more as per the last audited financial statements;
- National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and
- Mutual funds registered with SEBI.

Category II (Non-Institutional Investors)

- Companies within the meaning of Section 2(20) of the Companies Act, 2013;
- Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Co-operative banks and regional rural banks;
- Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);
- Association of Persons; and
- Any other incorporated and/ or unincorporated body of persons.

Category III (High Net-worth Individual Investors)

Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 1,000,000 across all options of NCDs in this Issue.

Category IV (Retail Individual Investors)

Resident Indian Individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹1,000,000 across all options of NCDs in this Issue and shall include retail Individual Investors, who have submitted bid for an amount not more than ₹5,00,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) through UPI Mechanism

Please note that it is clarified that Persons Resident outside India shall not be entitled to participate in the Issue and any applications from such persons are liable to be rejected.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to this Issue.

The Lead Manager, Members of Consortium and their respective associates and affiliates are permitted to subscribe in this Issue.

- (a) **Application cannot be made by:** The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:
- (b) 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);
- (c) Foreign nationals NRI inter-alia including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- (d) Persons resident outside India and other foreign entities;
- (e) Foreign Institutional Investors;
- (f) Foreign Portfolio Investors;
- (g) Non Resident Indians;
- (h) Qualified Foreign Investors;
- (i) Overseas Corporate Bodies**;
- (j) Foreign Venture Capital Funds; and
- (k) Persons ineligible to contract under applicable statutory/ regulatory requirements.

* *Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

The Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchanges by the Designated Intermediaries.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchanges.

** *The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.*

The information below is given for the benefit of Applicants. Our Company and the Lead Manager are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus

How to apply?

Availability of this Draft Prospectus, the Prospectus, Abridged Prospectus and Application Forms.

Physical copies of the Abridged Prospectus containing the salient features of the Prospectus together with Application Forms may be obtained from our Registered Office and Corporate Office, offices of the Lead Manager, offices of the Consortium Members, the Registrar to the Issue, Designated RTA Locations for RTAs, Designated CDP Locations for CDPs and the Designated Branches of the SCSBs. Additionally, Electronic copies of this Draft Prospectus, the Prospectus and the Application Forms will be available

- (i) for download on the website of BSE and NSE at www.bseindia.com and www.nseindia.com, respectively, and the website of the Lead Manager at www.jmfl.com.
- (ii) at the designated branches of the SCSBs and the Members of the Consortium at the Specified Locations.

Electronic copies of the Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchanges, SEBI and SCSBs.

Electronic Application Forms will also be available on the website of the Stock Exchanges and on the websites of the SCSBs that permit the submission of Applications electronically. A hyperlink to the website of the Stock Exchange for this facility will be provided on the website of the Lead Manager and the SCSBs. Further, Application Forms will also be provided to Designated Intermediaries at their request. A Unique Application number (“UAN”) will be generated for every Application Form downloaded from the websites of Stock Exchanges. Further, Application Forms will also be provided to Designated Intermediaries at their request.

Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Further, Application Forms will be provided to Trading Members of the Stock Exchanges at their request.

Please note that there is a single Application Form for all Applicants who are Persons Resident in India.

Please note that only ASBA Applicants shall be permitted to make an application for the NCDs.

Method of Application

In terms of SEBI Master circular, an eligible investor desirous of applying in the Issue can make Applications only through the ASBA process only.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries. Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a retail individual investor bidding using the UPI mechanism) to the respective SCSB, where such investor has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Applicants are requested to note that in terms of the SEBI Master Circular, SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility (“**Direct Online Application Mechanism**”). In this regard, SEBI has, through the SEBI Master Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism. The Direct Online Application facility will be available for this Issue as per mechanism provided in the SEBI Master Circular.

Applicants should submit the Application Form only at the bidding centres, *i.e.* to the respective Members of the Consortium at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at <http://www.sebi.gov.in>.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchanges and submit these Application Forms with the SCSB (except Application Form from RIBs using the UPI Mechanism) with whom the relevant ASBA Accounts are maintained.

For RIBs using UPI Mechanism, the Stock Exchange shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. An Applicant shall submit the Application Form, in physical form, the Application Form shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form. Further, the Application may also be submitted through the app or web interface developed by Stock Exchanges wherein the Application is automatically uploaded onto the Stock Exchanges bidding platform and the amount is blocked using the UPI mechanism, as applicable.

Designated Intermediaries (other than SCSBs) shall not accept any Application Form from a RIB who is not applying using the UPI Mechanism. For RIBs using UPI Mechanism, the Stock Exchanges shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. An Applicant shall submit the Application Form, in physical form, the Application Form shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, our Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchanges.

In terms of the SEBI Master Circular, an eligible investor desirous of applying in this Issue can make Applications through the following modes:

1. **Through Self-Certified Syndicate Bank (SCSB) or intermediaries** (viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants)
 - a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e. investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchanges bidding platform and blocking of funds in investors account by the SCSB would continue.
 - b. An investor may submit the completed bid-cum-application form to intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchanges bidding platform and forward the application form to a branch of a SCSB for blocking of funds.
 - c. An investor may submit the bid-cum-application form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is Rs.5 lakh or less. The intermediary shall upload the bid on the Stock Exchanges bidding platform. The application amount would be blocked through the UPI mechanism in this case.
2. **Through Stock Exchanges**
 - a. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchanges (or any other permitted methods) wherein the bid is automatically uploaded onto the Stock Exchanges bidding platform and the amount is blocked using the UPI Mechanism.
 - b. The Stock Exchanges have extended their web-based platforms i.e., 'BSEDirect' and 'NSE goBID' to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value up to Rs. 5 Lakh. To place bid through 'BSEDirect' and 'NSE goBID' platform/ mobile app the eligible investor is required to register himself/ herself with BSE Direct/ NSE goBID.

- c. An investor may use the following links to access the web-based interface developed by the Stock Exchanges to bid using the UPI Mechanism: BSE: <https://www.bsedirect.com>; and NSE: <https://eipo.nseindia.com>.
- d. The BSE Direct and NSE goBID mobile application can be downloaded from play store in android phones. Kindly search for 'BSEdirect' or 'NSE goBID' on Google Playstore for downloading mobile applications
- e. To further clarify the submission of bids through the App or web interface, the BSE has issued operational guidelines and circulars dated December 28, 2020 available at <https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60>, and <https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61>. Similar circulars by NSE can be found here: x <https://www1.nseindia.com/content/circulars/IPO46907.zip> x <https://www1.nseindia.com/content/circulars/IPO46867.zip> Further, NSE has allowed its 'GoBid' mobile application which is currently available for placing bids for non-competitive bidding shall also be available for applications of public issues of debt securities. For further details, see "*Process for retail individual investor application submitted with UPI as mode of payment*" on page 237.

Application Size

Each Application should be for a minimum of 10 NCDs and in multiples of one NCD thereafter for all options of NCDs, as specified in the Prospectus.

Applicants can apply for any or all types of NCDs offered hereunder (any/all series) provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 ("**SEBI Mutual Funds Master Circular**"), mutual funds are required to ensure that the total exposure of debt schemes (excluding investments in Bank CDs, triparty repo on Government securities or treasury bills, G-Secs, TBills, short term deposits of Scheduled Commercial Banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme. Further, the additional exposure to financial services sector (over and above the limit of 20%) not exceeding 10% of the net assets of the scheme shall be allowed only by way of increase in exposure to Housing Finance Companies (HFCs), which are rated AA and above and are registered with the National Housing Bank. Further, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio. However, the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must also be accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (ii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. **Failing this, our Company reserves the right to accept or reject any Application from a Mutual Fund for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Application by Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks

Scheduled commercial banks, co-operative banks and regional rural banks can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) a board resolution authorising investments; (ii) memorandum and articles of association/charter of constitution; (iii) power of attorney and (iv) a letter of authorisation. Failing this, our Company reserves the right to accept or reject any Application from a Mutual Fund for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.

Pursuant to SEBI Master Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non-Banking Financial Companies can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) their memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investments; and (iv) specimen signatures of authorised signatories.

Failing this, our Company reserves the right to accept or reject any Application for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.

Application by Insurance Companies

Insurance companies registered with IRDAI can apply in this Issue based on their own investment limits and approvals in accordance with the regulations, guidelines and circulars issued by the IRDAI. The Application Form must be accompanied by certified true copies of their (i) certificate registered with the IRDAI; (ii) memorandum and articles of association/charter of constitution; (iii) power of attorney; (iv) resolution authorising investments/containing operating instructions; and (v) specimen signatures of authorised signatories. **Failing this, our Company reserves the right to accept or reject any Application for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications by alternative investments funds

Applications made by 'alternative investment funds' eligible to invest in accordance with the SEBI AIF Regulations for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The alternative investment funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications by public financial institutions or statutory corporations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any Act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof. Applications made by companies, bodies corporate and societies registered under the applicable laws in India**

The Application must be accompanied by certified true copies of: (i) any Act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.

Applications made by Indian scientific and/ or industrial research organizations, which are authorized to invest in the NCDs

Applications by scientific and/ or industrial research organisations which are authorised to invest in the NCDs must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications made by Partnership firms formed under applicable Indian laws in the name of the partners and limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

Applications made by partnership firms and limited liability partnerships formed and registered under the Limited Liability Partnership Act, 2008 must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorizing the investment and containing operating instructions; and (iv) specimen signature of authorized persons of such Applicant. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications under a power of attorney by limited companies, corporate bodies and registered societies

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by Applicants who are HNI Investors or Retail Individual Investors, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of physical ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his or her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) power of attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be

required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (ii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by the Income Tax authorities. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications by National Investment Funds

Application made by a national investment fund for Allotment of the NCDs must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications by systemically important non-banking financial companies

Systemically important Non-banking financial companies can apply in this Issue based on their own investment limits and approvals. Applications made by Systemically important non-banking financial companies registered with the RBI and under other applicable laws in India must be accompanied by certified true copies of: (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) board resolution authorising investments; and (iv) specimen signature of authorized person..

For each of the above applicant categories if the Application is not made in the form and along with the requirements set out above, the Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

APPLICATIONS FOR ALLOTMENT OF NCDs IN THE DEMATERIALIZED FORM

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus and the Prospectus. Applicants are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by and/or uploaded by and/or accepted but not uploaded by Consortium Member, Trading Members, Registered Brokers, CDPs, CRTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account. The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (<http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Members of the Syndicate at Specified Locations, see the website of the SEBI (<http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>) as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the CRTAs at the Designated CRTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of

the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Submission of Applications

Applicants can apply for NCDs only using the ASBA facility pursuant to SEBI Master Circular. ASBA Applications can be submitted through either of the following modes:

- a. Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Applicant's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchanges. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchanges. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application. In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.
- b. Physically through the Members of Consortium, or Trading Members of the Stock Exchanges only at the Specified Cities ,i.e. Syndicate ASBA. Kindly note that ASBA Applications submitted to the Members of Consortium or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Members of Consortium or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications (A list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>).
- c. A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is up to the UPI Application Limit, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange's bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

A UPI Investor may also submit the Application Form for the Issue through BSE Direct, wherein the Application will be automatically uploaded onto the Stock Exchange's bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchanges and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s),

or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. In case of an Application not involving an Application by an RIB through UPI Mechanism, if sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be.

In case of Application involving an Application by an RIB through UPI Mechanism, if an Applicant submits the Application Form with a Designated Intermediary and uses his/ her bank account linked UPI ID for the purpose of blocking of funds, where the application value is up to UPI Application Limit, the Application Amount will be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant and the Designated Intermediary shall upload the Application on the bidding platform developed by the Stock Exchange. If an Applicant submits the Application Form through the application or web interface developed by Stock Exchange, the bid will automatically be uploaded onto the Stock Exchange bidding platform and the amount will be blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Applicants must note that:

- a. Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centers; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchanges at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the electronic version of the Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.
- b. The Designated Branches of the SCSBs shall accept Applications directly from Applicants only during the Issue Period. The SCSB shall not accept any Application directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of the SCSBs at Specified Cities can accept ASBA Applications from the Lead Manager or Trading Members of the Stock Exchanges, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, please see section titled "*Issue Structure*". However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please refer to "*Issue Structure*" on page 200 of this Draft Prospectus.
- c. In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Lead Manager or Consortium Members or Trading Members of the Stock Exchanges, as the case maybe, if not, the same shall be rejected. Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected. Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that ASBA Applicants can make an Application for Allotment of NCDs in the dematerialized form only.

Submission of Direct Online Applications

In case of the Direct Online Application facility implemented by the Stock Exchanges, relevant "know your customer" details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated unique application number ("**UAN**") and an SMS or an email confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant's bank account.

Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

Payment instructions

Payment mechanism for Applicants

An Applicant shall specify details of the ASBA Account Number in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form.

An Applicant may submit the completed Application Form to Designated Intermediaries along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Designated Stock Exchanges bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Members of Consortium or Trading Members of the Stock Exchanges, as the case may be, at the Specified Cities or to the Designated Branches of the SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the relevant Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalization of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 5 (five) Working Days of the relevant Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the relevant Issue or until rejection of the ASBA Application, as the case may be. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue. An applicant (belonging to Category IV) may also submit the Application Form with a SCSB or the Designated Intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is up to the UPI Application Limit. The intermediary shall upload the bid on the Stock Exchanges bidding platform. The application amount would be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant in this case.

An Applicant may submit the Application Form through the App or web interface developed by Stock Exchanges wherein the bid is automatically uploaded onto the Stock Exchanges bidding platform and the amount is blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Upon receipt of an intimation from the Registrar to the Issue, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Public Issue Account and Sponsor Bank Agreement. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB within five Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application, as the case may be.

For ASBA Applications submitted to the Lead Manager or Consortium Members or Trading Members of the Stock Exchanges at the Specified Cities, the ASBA Application will be uploaded onto the electronic system of the Stock Exchanges and deposited with the relevant branch of the SCSB at the Specified City named by such SCSB to accept such ASBA Applications from the Lead Manager or Trading Members of the Stock Exchanges, as the case may be (a list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system of the Stock Exchanges. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

Additional information for Applicants

1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.
2. No separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.
3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Designated Intermediaries, or the relevant Designated Branch, as the case may be, they are liable to be rejected.
4. Application Forms submitted by Applicants shall be for allotment of NCDs only in dematerialized form.

The Investors are advised to read the operational guidelines mentioned for Making Application for Public Issue of Debt Securities through BSE Direct issued by BSE on December 28, 2020 and May 19, 2022 and the circular issued by National Stock Exchange of India Limited for Introduction of Unified Payment Interface (UPI) for Debt IPO through NSE goBID on January 05, 2021 and March 9, 2022 before investing through the through the app/ web interface of Stock Exchange(s).

Kindly note, the Stock Exchange(s) shall be responsible for addressing investor grievances arising from Applications submitted online through the App based/ web interface platform of Stock Exchanges or through its Trading Members.

Further, the collecting bank shall be responsible for addressing any investor grievances arising from non-confirmation of funds to the Registrar despite successful realization/blocking of funds, or any delay or operational lapse by the collecting bank in sending the Application forms to the Registrar to the Issue.

Applicants are advised not to submit Application Forms to Public Issue Account Banks and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Filing of the Prospectus with ROC

A copy of the Prospectus shall be filed with the ROC in accordance with Section 26 of the Companies Act, 2013.

General Instructions for completing the Application Form

- a. Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Prospectus and the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should note that the Members of the Syndicate, or the Trading Members, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Application Forms.
- b. Applications are required to be for a minimum of such NCDs as specified in the Prospectus.
- c. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal
- d. Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialized form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. If the Application is submitted in joint names, the Application Form may contain only the name of the first Applicant whose name should also appear as first holder of the depository account held in joint names.

- e. Applicants applying for Allotment in dematerialized form must provide details of valid and active DP ID, Client ID and PAN clearly and without error. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the Bonds.
- f. If the ASBA Account holder is different from the ASBA Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.
- g. Applications for all the Series of the NCDs may be made in a single Application Form only.
- h. It shall be mandatory for subscribers to the Issue to furnish their Permanent Account Number and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction.
- i. All Applicants should check if they are eligible to apply as per the terms of the Prospectus and applicable laws.
- j. For Applicants, the Applications in physical mode should be submitted to the SCSBs or a member of the Syndicate or to the Trading Members of the Stock Exchanges on the prescribed Application Form. SCSBs may provide the electronic mode for making Application either through an internet enabled banking facility or such other secured, electronically enabled mechanism for Application and blocking funds in the ASBA Account;
- k. Application Forms should bear the stamp of the Member of the Syndicate, Trading Member of the Stock Exchanges, Designated Intermediaries and/or Designated Branch of the SCSB. Application Forms which do not bear the stamp will be rejected.
- l. Applicant should correctly mention the ASBA Account number and UPI ID in case applying through UPI Mechanism and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and ensure that the signature in the Application Form matches with the signature in the Applicant's bank records.
- m. The Applicants should ensure that they have been given a TRS and an acknowledgement as proof of having accepted the Application Form;
- n. Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchanges, by submitting a written request to the Designated Intermediary, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchanges, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.
- o. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta;
- p. All Applicants need to tick the Series of Bonds in the Application Form that they wish to apply for.
- q. ASBA Applicants need to give the correct details of their ASBA Account including bank account number/ bank name and branch/ UPI ID in case of applying through UPI Mechanism.
- r. ASBA Applicants should ensure that their Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Members of the Syndicate or Trading Members of the stock exchange(s) at the Specified Cities, and not directly to the Escrow Collecting Banks (assuming that such bank is not a SCSB) or to the Company or the Registrar to the Issue; In case of ASBA Applications through Syndicate ASBA, before submitting the physical Application Form to the Members of the Syndicate or Trading Members of the stock exchange(s), ensure that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named atleast one branch in that Specified City for the Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, to deposit ASBA Forms. A list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>
- s. ASBA Applicants should ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder.
- t. ASBA Applicants should ensure that they receive an acknowledgement from the Designated Branch or the concerned Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, for the submission of the Application Form.

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms. Our Company would allot the NCDs, as specified in the Prospectus for the Issue to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

Applicants' PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDs SHOULD MENTION THEIR DP ID, UPI ID (IN CASE APPLYING THROUGH UPI MECHANISM), CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, UPI ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, UPI ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

Applicants applying for Allotment in dematerialised form must mention their DP ID, Client ID, PAN and UPI ID (in case applying through UPI Mechanism) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for Allotment in dematerialised form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialised form and entered into the electronic system of the Stock Exchanges do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialised form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialised form, whose beneficiary accounts are inactive, will be rejected

On the basis of the DP ID, UPI ID, Client ID and PAN provided by them in the Application Form and entered into the electronic system of the Stock Exchanges, the Registrar to the Issue will obtain from the Depository the Demographic Details of the Applicants including PAN, address, bank account details and MICR code etc. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NACH, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds, if any, to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Consortium nor the Designated Intermediaries, nor the Registrar, nor the Banker(s) to the Issue, nor the SCSBs, nor our Company shall have any responsibility and undertake any liability for the same.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of the Stock Exchanges by the Members of the Consortium or the Designated Intermediaries, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and our Company, the Members of the Consortium and the other Designated Intermediaries shall not be liable for losses, if any.

The Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and for refunds (if any) as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue.

By signing the Application Form, Applicants applying for the NCDs would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Banker(s) to the Issue, Registrar to the Issue nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Draft Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, our Company in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on and mailing of the Allotment Advice through speed post or registered post, the Demographic Details obtained from the Depository of the Applicant shall be used.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of the Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. **Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.**

Applicants should note that the NCDs will be allotted to all successful Applicants only in dematerialized form. The Application Forms which do not have the details of the Applicant's depository account, including DP ID, Client ID and PAN and UPI ID (for retail individual investor Applicants bidding using the UPI mechanism), shall be treated as incomplete and will be rejected.

Unified Payments Interface (UPI)

Pursuant to the SEBI Master Circular, the UPI Mechanism is an applicable payment mechanism for public debt issues (in addition to the mechanism of blocking funds maintained with SCSBs under ASBA) for applications by retail individual bidders through Designated Intermediaries. All SCSBs offering the facility of making applications in public issues shall also provide the facility to make applications using UPI. The Company will be required to appoint one SCSB as a Sponsor Bank to act as a conduit between the Stock Exchange and National Payments Corporation of India in order to facilitate the collection of requests and/or payment instructions of the investors.

Permanent Account Number (PAN)

The Applicant should mention his or her PAN allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the central or state government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir- 05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the general index register number i.e. GIR number instead of the PAN as the Application is liable to be rejected on this ground.**

However, the exemption for the central or state government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

Joint Applications

Applications can be made in joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to first named in the Application whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

Additional/ Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs, for the same or other Options of NCDs, as specified in the Prospectus, subject to a minimum Application size as specified in the Prospectus. **Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹1,000,000 shall be deemed such individual Applicant to be a HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the basis of allotment to such Applicant.** Any Application made by any person in his individual capacity and an Application made by such person in his capacity as a karta of a HUF and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Electronic registration of Applications

- a. The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchanges. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchanges. The Lead Manager, our Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (v) Applications accepted and uploaded by Trading members of the Stock Exchanges or (vi) the Applications accepted by and/or uploaded by and/or accepted but not uploaded by Consortium Member, Trading Members, Registered Brokers, CDPs, CRTAs and SCSBs who are authorised to collect Application Forms.

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchanges. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for allotment/rejection of Application.

- b. The Stock Exchanges will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of the Designated Intermediaries and the SCSBs during the Issue Period. Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please refer to “*Issue Structure*” on page 200 of this Draft Prospectus.
- c. Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchanges, would be made available at the Application centres as provided in the Application Form during the Issue Period
- d. At the time of registering each Application, the Designated Intermediaries, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Option(s) of NCDs applied, Application Amounts and any other details that may be prescribed by the online uploading platform of the Stock Exchanges.
- e. With respect to Applications submitted directly to the SCSBs at the time of registering each Application, other than Direct Online Applications, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:
- Application Form number
 - PAN (of the first Applicant, in case of more than one Applicant)
 - Investor category and sub-category
 - DP ID

- Client ID
 - UPI ID (if applicable)
 - Number of NCDs applied for
 - Price per NCD
 - Bank code for the SCSB where the ASBA Account is maintained
 - Bank account number
 - Application amount
- f. With respect to Applications submitted to the Designated Intermediaries at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:
- Application Form number
 - PAN (of the first Applicant, in case of more than one Applicant)
 - Investor category and sub-category
 - DP ID
 - Client ID
 - UPI ID (if applicable)
 - Number of NCDs applied for
 - Price per NCD
 - Bank code for the SCSB where the ASBA Account is maintained
 - Location
 - Application amount
- g. A system generated acknowledgement will be given to the Applicant as a proof of the registration of each Application. **It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.**
- h. Applications can be rejected on the technical grounds listed on page 244 of this Draft Prospectus or if all required information is not provided or the Application Form is incomplete in any respect.
- i. In case of apparent data entry error by the Designated Intermediaries, in entering the Application Form numbers in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid, or such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange
- j. The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchanges.
- k. Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment. The Lead Manager, Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchanges. In order that the data so captured is accurate the, Designated Intermediaries and

the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

Process for Retail Individual investors application submitted with UPI as mode of payment

- a. Before submission of the application with the intermediary, the Retail Individual investor would be required to have / create a UPI ID, with a maximum length of 45 characters including the handle (Example: InvestorID@bankname).
- b. The Retail Individual Investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the stock exchanges App/ Web interface, or any other methods as may be permitted.
- c. The intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the stock exchanges bidding platform using appropriate protocols.
- d. Once the bid has been entered in the bidding platform, the Stock Exchanges shall undertake validation of the PAN and Demat account combination details of investor with the depository.
- e. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to stock exchange which would be shared by stock exchange with intermediary through its platform, for corrections, if any.
- f. Once the bid details are uploaded on the Stock Exchanges platform, the Stock Exchange shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next working day.
- g. Post undertaking validation with the Depository, the Stock Exchanges shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the issuer.
- h. The Sponsor Bank shall initiate a mandate request on the investor i.e., request the investor to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment
- i. The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.
- j. The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the public issue bid details submitted by investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by sponsor bank would be a one-time mandate for each application in the public issue.
- k. An investor is required to accept the UPI mandate latest by 5:00 pm on the third working day from the day of bidding on the stock exchanges platform except for the last day of the issue period or any other modified closure date of the issue period in which case, he / she is required to accept the UPI mandate latest by 5:00 pm the next working day.
- l. An investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.
- m. For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 (T being the Issue Closing Date) day till 1:00 PM.
- n. The facility of re-initiation/ resending the UPI mandate shall be available only till 5:00 pm on the day of bidding.
- o. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors' bank, where the funds, equivalent to application amount, would

get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.

- p. The information containing status of block request (e.g. accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchanges. The block request status would also be displayed on the Stock Exchanges platform for information of the intermediary.
- q. The information received from Sponsor Bank, would be shared by stock exchanges with RTA in the form of a file for the purpose of reconciliation.
- r. Post closure of the offer, the Stock Exchanges shall share the bid details with RTA. Further, the Stock Exchanges shall also provide the RTA, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.
- s. The allotment of debt securities shall be done as per SEBI Master Circular.
- t. The RTA, based on information of bidding and blocking received from the Stock Exchanges, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.
- u. Upon approval of the basis of allotment, the RTA shall share the 'debit' file with Sponsor bank (through Stock Exchanges) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investor's account. The Sponsor Bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit / collect request from the investor's bank account, whereupon funds will be transferred from investor's account to the public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.
- v. Upon confirmation of receipt of funds in the public issue account, the securities would be credited to the investor's account. The investor will be notified for full/partial allotment. For partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked and application amount would be unblocked for the investor.
- w. Thereafter, Stock Exchange will issue the listing and trading approval.
- x. Further, in accordance with the Operational Instructions and Guidelines for Making Application for Public Issue of Debt Securities through BSEDirect issued by BSE on December 28, 2020 and May 19, 2022, the investor shall also be responsible for the following:
 - i. Investor shall check the Issue details before placing desired bids;
 - ii. Investor shall check and understand the UPI mandate acceptance and block of funds process before placing the bid;
 - iii. The receipt of the SMS for mandate acceptance is dependent upon the system response/integration of UPI on Debt Public Issue System;
 - iv. Investor shall accept the UPI Mandate Requests within the stipulated timeline;
 - v. Investor shall note that the transaction will be treated as completed only after the acceptance of mandates by the investor by way of authorising the transaction by entering their UPI pin and successfully blocking funds through the ASBA process by the investor's bank;
 - vi. Investor shall check the status of their bid with respect to the mandate acceptance and blocking of funds for the completion of the transaction; and
 - vii. In case the investor does not accept the mandate within stipulated timelines, in such case their bid will not be considered for allocation.

- y. Further, in accordance with circular issued by National Stock Exchange of India Limited for Introduction of Unified Payment Interface (UPI) for Debt IPO through NSE goBID on January 5, 2021 the investor shall also be responsible for the following:
- i. After successful registration & log-in, the investors shall view and check the active Debt IPO's available from IPO dashboard.
 - ii. Investors shall check the issue/series details. Existing registered users of NSE goBID shall also be able to access once they accept the updated terms and condition.
 - iii. After successfully bidding on the platform, investors shall check the NSE goBID app/psp/sms for receipt of mandate & take necessary action.
 - iv. UPI mandate can be accepted latest by 5:00 pm on the third working day from the day of bidding on the stock exchanges platform except for the last day of the issue period or any other modified closure date of the issue period in which case, he / she is required to accept the UPI mandate latest by 5:00 pm the next working day.
 - v. For UPI bid the facility of re-initiation/ resending the UPI mandate shall be available only till 5 pm on the day of bidding.
 - vi. Investors can use the re-initiation/ resending facility only once in case of any issue in receipt/acceptance of mandate.

The Investors are advised to read the operational guidelines mentioned for Making Application for Public Issue of Debt Securities through BSE Direct issued by BSE on December 28, 2020 and May 19, 2022, and the circular issued by National Stock Exchange of India Limited for Introduction of Unified Payment Interface (UPI) for Debt IPO through NSE goBID on January 05, 2021 before investing through the through the app/ web interface of Stock Exchange(s)

Kindly note, the Stock Exchange(s) shall be responsible for addressing investor grievances arising from Applications submitted online through the App based/ web interface platform of Stock Exchanges or through their Trading Members.

Further, the collecting bank shall be responsible for addressing any investor grievances arising from non-confirmation of funds to the Registrar despite successful realization/blocking of funds, or any delay or operational lapse by the collecting bank in sending the Application forms to the Registrar to the Issue.

General Instructions

Do's and Don'ts Applicants are advised to take note of the following while filling and submitting the Application Form

Do's

- Check if you are eligible to apply as per the terms of the Draft Prospectus, the Prospectus and applicable law;
- Read all the instructions carefully and complete the Application Form in the prescribed form;
- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue;
- Ensure that the DP ID and Client ID and PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchanges are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details shall be mandatory for all Applicants;
- Ensure that you have mentioned the correct ASBA Account number (i.e., bank account number /bank name and branch or UPI ID, as applicable) in the Application Form;

- Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder;
- Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be;
- Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Bidding Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediaries/Designated branch of the SCSB as the case may be;
- Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Bidding Centre;
- Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;
- In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchanges, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes;
- Ensure that signatures other than in the languages specified in the 8th Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
- Ensure that you mention your PAN in the Application Form. In case of joint Applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;
- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta;
- Ensure that the Applications are submitted to the Designated Intermediaries, or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please refer to "*Issue Structure*" on page 200 of this Draft Prospectus.
- Ensure that you have correctly signed the authorisation /undertaking box in the Application Form or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Application Form, as the case may be, at the time of submission of the Bid. In case of Retail Individual Investor submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
- **Permanent Account Number:** Except for Application (i) on behalf of the central or state government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the central or state government and officials appointed by the courts and for investors residing in the state of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

- Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
- Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchanges, match with the DP ID, Client ID and PAN available in the Depository database;
- Tick the series of NCDs in the Application Form that you wish to apply for;
- Check if you are eligible to Apply under ASBA;
- All Applicants are requested to tick the relevant column “Category of Investor” in the Application Form.
- Retail individual investors using the UPI Mechanism to ensure that they submit bids up to the application value of up to the UPI Application Limit as applicable and prescribed by SEBI from time to time.
- Investor using the UPI Mechanism should ensure that the correct UPI ID (with maximum length of 45 characters including the handle) is mentioned in the Bid cum Application Form.
- Investors bidding using the UPI Mechanism should ensure that they use only their own bank account linked UPI ID to make an application in the issue and submit the application with any of the intermediaries or through the Stock Exchanges App/ Web interface.
- Ensure that you have mentioned the correct details of ASBA Account (i.e., bank account number or UPI ID, as applicable) in the Application Form;
- Ensure that the Demographic Details including PAN are updated, true and correct in all respects;
- In case of Retail Individual Investor submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
- Retail Individual Investors submitting Application Form using the UPI Mechanism, should ensure that the: (a) bank where the bank account linked to their UPI ID is maintained; and (b) the Mobile App and UPI handle being used for making the Bid, are listed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40
- Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

In terms of SEBI Master Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account.

Please note in accordance with SEBI Circular SEBI/HO/DDHS/PoD1/CIR/P/2023/150 dated September 4, 2023, instructions to investors for completing the application form as specified in Annex- II of the aforesaid circular shall be disclosed on the websites of the Company, Lead Manager and Consortium Member(s) during the Issue Period and a copy of the Abridged Prospectus shall be made available on the websites of Company, Lead Manager and Registrar to the Issue and a link for downloading the Abridged Prospectus shall be provided in issue advertisement for the Issue.

SEBI Master Circular stipulates the time between closure of the Issue and listing at 6 (six) Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.

Don'ts

- Do not apply for lower than the minimum application size;

- Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest;
- Do not send Application Forms by post instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be;
- Do not submit the Application Form to any non-SCSB bank or our Company.
- Do not submit an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.
- Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
- Do not submit incorrect details of the DP ID, Client ID, UPI ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
- Do not submit the Application Forms without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account;
- Do not submit Applications on plain paper or on incomplete or illegible Application Forms;
- Do not apply if you are not competent to contract under the Indian Contract Act, 1872;
- Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise;
- Do not submit Application Forms to a Designated Intermediary at a location other than Collection Centers;
- Do not submit an Application that does not comply with the securities law of your respective jurisdiction;
- Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by persons resident outside India, NRI (*inter-alia* including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA);
- Do not make an application of the NCD on multiple copies taken of a single form.
- Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue;
- Do not send your physical Application Form by post. Instead submit the same to a Designated Branch or the Lead Manager or Trading Members of the Stock Exchanges, as the case may be, at the Specified Cities.
- Do not submit more than five Application Forms per ASBA Account.
- Do not submit an Application Form using UPI ID, if the Application is for an amount more than UPI Application Limit and if the Application is for an amount more than ₹ 5,00,000;
- Do not submit a bid using UPI ID, if you are not a Retail Individual Investor;
- Do not apply through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/or mobile applications which are not mentioned in the list provided in the SEBI;
- Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/or mobile applications which are not mentioned in the list provided in the SEBI;

- If you are a Retail Individual Investor who is submitting the ASBA Application with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third-party linked bank account UPI ID.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries to deposit such Application Forms. (A list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>).

Please refer to “Rejection of Applications” on page 244 of this Draft Prospectus for information on rejection of Applications.

Submission of completed Application Forms

For details in relation to the manner of submission of Application Forms, see “Issue Procedure” beginning on page 219.

OTHER INSTRUCTIONS

Depository Arrangements

We have made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. In this context:

- (i) Tripartite Agreement dated April 25, 2022 entered into between our Company, Registrar to the Issue and NSDL and Tripartite Agreement dated April 27, 2022 entered into between our Company, Registrar to the Issue and CDSL. Our Company undertakes to execute tripartite agreements with the Depositories and the Registrar to the Issue prior to the Issue Opening Date. An Applicant must have at least one beneficiary account with any of the Depository Participants of NSDL or CDSL prior to making the Application.
- (ii) An Applicant must have at least one beneficiary account with any of the Depository Participants of NSDL or CDSL prior to making the Application.
- (iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
- (iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- (v) Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- (vi) It may be noted that NCDs in electronic form can be traded only on Stock Exchanges having electronic connectivity with NSDL or CDSL. The Stock Exchanges have connectivity with NSDL and CDSL.
- (vii) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- (viii) The trading of the NCDs on the floor of the Stock Exchanges shall be in dematerialized form in multiples of One NCD only.

Allottees will have the option to rematerialise the NCDs Allotted under this Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGES SHALL BE IN DEMATERIALIZED FORM ONLY IN MULTIPLE OF ONE NCD.

For further information relating to Applications for Allotment of the NCDs in dematerialised form, see “*Issue Procedure*” beginning on page 219.

Communications

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Compliance Officer for the Issue and Company Secretary or the Registrar to the Issue in case of any pre Issue related problems and/or post Issue related problems such as non-receipt of Allotment Advice non-credit of NCDs in depository’s beneficiary account/ etc. Please note that Applicants who have applied for the NCDs through Designated Intermediaries should contact the Stock Exchanges in case of any post Issue related problems, such as non-receipt of Allotment Advice / non-credit of NCDs in depository’s beneficiary account/ etc.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchanges.

Interest in case of Delay

Our Company undertakes to pay interest, in connection with any delay in allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Rejection of Applications

As set out below or if all required information is not provided or the Application Form is incomplete in any respect, our Board of Directors and / or any committee reserves it’s full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- i. Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- ii. Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicant’s ASBA Account maintained with an SCSB;
- iii. Applications not being signed by the sole/joint Applicant(s);
- iv. Applications not made through the ASBA facility;
- v. Number of NCDs applied for or Applications for an amount being less than the minimum Application size;
- vi. Applications submitted without blocking of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;
- vii. Investor Category in the Application Form not being ticked;
- viii. Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;
- ix. ASBA Bank account details to block Application Amount not provided in the Application Form;
- x. Applications where a registered address in India is not provided for the Applicant;

- xi. In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);
- xii. Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- xiii. PAN not mentioned in the Application Form, except for Applications by or on behalf of the central or state government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;
- xiv. DP ID and Client ID not mentioned in the Application Form;
- xv. GIR number furnished instead of PAN;
- xvi. Applications by OCBs;
- xvii. Applications for an amount below the minimum application size;
- xviii. Submission of more than five Application per ASBA Account;
- xix. Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- xx. Applications under power of attorney or by limited companies, corporate, trust etc., submitted without relevant documents;
- xxi. Applications accompanied by Stock invest/ cheque/ money order/ postal order/ cash;
- xxii. Signature of sole Applicant missing, or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
- xxiii. Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
- xxiv. Date of birth for first/sole Applicant for persons applying for allotment not mentioned in the Application Form.
- xxv. Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant
- xxvi. Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;
- xxvii. Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediaries, as the case may be;
- xxviii. Applications not having details of the ASBA Account to be blocked;
- xxix. In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID, UPI ID and PAN or if PAN is not available in the Depository database;
- xxx. Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- xxxi. SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;

- xxxii. Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
- xxxiii. Authorization to the SCSB for blocking funds in the ASBA Account not provided or acceptance of UPI Mandate Request raised has not been provided;
- xxxiv. Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- xxxv. Applications by any person outside India;
- xxxvi. Applications by other persons who are not eligible to apply for NCDs under the Issue under applicable Indian or foreign statutory/regulatory requirements;
- xxxvii. Applications not uploaded on the online platform of the Stock Exchanges;
- xxxviii. Submission of more than five ASBA Forms per ASBA Account;
- xxxix. If an authorization to the SCSB or Sponsor Bank for blocking funds in the ASBA Account or acceptance of UPI Mandate Request raised has not been provided;
- xl. The UPI Mandate Request is not approved by the Retail Individual Investor;
- xli. Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchanges, as applicable;
- xlii. Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and the Prospectus and as per the instructions in the Application Form, the Draft Prospectus and the Prospectus;
- xliii. Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- xliv. Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchanges, are not as per the records of the Depositories;
- xlv. Applications providing an inoperative demat account number;
- xlvi. Applications submitted to the Designated Intermediaries, at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and Applications submitted directly to the Public Issue Account Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- xlvii. Category not ticked;
- xlviii. Forms not uploaded on the electronic software of the Stock Exchanges;
- xlix. In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;
- I. Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and the Prospectus and as per the instructions in the Application Form;
- li. UPI Mandate Request is not approved by Retail Individual Investors.

Kindly note that Applications submitted to the Lead Manager, or Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead Manager, or Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries, as the case may be, to deposit Applications. a list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>.

For information on certain procedures to be carried out by the Registrar to the Offer for finalization of the basis of allotment, please see below "*Issue Procedure - Information for Applicants*".

Mode of making refunds

The Registrar to the Issue shall instruct the relevant SCSB or in case of Bids by Retail Individual Investors applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

Our Company and the Registrar to the Issue shall credit the allotted NCDs to the respective beneficiary accounts/ dispatch the Letters of Allotment or letters of regret by registered post/speed post at the Applicant's sole risk, within six Working Days from the Issue Closing Date. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT/NACH.

Further,

- (a) Allotment of NCDs in this Issue shall be made within the time period stipulated by SEBI;
- (b) Credit to dematerialised accounts will be given within one Working Day from the Date of Allotment;
- (c) Interest at a rate of 15% per annum will be paid if the Allotment has not been made and/or the refund effected within five Working days from the Issue Closing Date, for the delay beyond five Working days; and
- (d) Our Company will provide adequate funds to the Registrar to the Issue for this purpose.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Basis of Allotment for NCDs

As specified in Prospectus.

Information for Applicants

Unblocking of funds

The Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within the applicable regulatory timelines.

In case of ASBA Applications submitted to the SCSBs, in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchanges and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected. In case of Applicants submitted to the Lead Managers, Consortium Members and Trading Members of the Stock Exchanges at the Specified Cities, the basis of allotment will be based on the Registrar's validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such ASBA Application as rejected. Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

Investor Withdrawals and Pre-closure

Investor Withdrawal: Applicants are allowed to withdraw their Applications at any time prior to the Issue Closing Date.

Withdrawal of Applications after the Issue Period: In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar prior to the finalization of the Basis of Allotment but not later than 2 (two) Working days from the Issue Closing Date or early closure date, as applicable.

Pre-closure/ Early Closure: Our Company, in consultation with the Lead Manager reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription which is 75% of the Base Issue Size being ₹ 2,250 million before the Issue Closing Date. Our Company shall allot NCDs with respect to the Applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

Further, the Issue will also be withdrawn by our Company in the event that the aggregate Applications received for the NCDs is lesser than the minimum subscription which is 75% of the Base Issue Size being ₹2,250 million before the Issue Closing Date.

In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the relevant Issue Closing Date of the Issue, as applicable, through advertisement(s) in all those newspapers in which pre-Issue advertisement and advertisement for opening or closure of this issue have been given.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

If our Company does not receive the minimum subscription of 75% of Base Issue Size prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 8 (eight) working days from the Issue Closing Date, provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Account(s) of the Applicants within 6 (six) working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Issuance of Allotment Advice

Our Company shall ensure dispatch/and/or mail the Allotment Advice within 5 (five) Working Days of the Issue Closing Date to the Applicants. The Allotment Advice for successful Applicants will be mailed to their addresses as per the Demographic Details received from the Depositories. Instructions for credit of NCDs to the beneficiary account with Depository Participants shall be made within 5 (five) Working Days of the Issue Closing Date.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchanges where the NCDs are proposed to be listed are taken within 6 (six) Working Days from the Issue Closing Date.

Allotment Advices shall be issued, or Application Amount shall be unblocked within 15 (fifteen) days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts of the Applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

Our Company will provide adequate funds required for dispatch of Allotment Advice, as applicable, to the Registrar to the Issue.

Revision of Applications

As per the notice no: 20120831-22 dated August 31, 2012 issued by BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. However, please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchanges, by submitting a written request to the Designated Intermediary, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchanges, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries will be given up to one Working Day after the Issue Closing Date (till 1:00 PM) to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

Early Closure

Our Company, in consultation with the Lead Manager reserves the right to close the Issue at any time prior to the Closing Date of respective Prospectus, subject to receipt of minimum subscription for NCDs aggregating to 75% of the Base Issue size i.e. ₹2,250 million and subject to the Issue being kept open for minimum period of three Working Days. Our Company shall allot NCDs with respect to the Applications received at the time of such early closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement have been given.

Utilisation of Application Amounts

The sum received in respect of the Issue will be kept in separate bank account(s) and we will have access to such funds only upon allotment of the NCDs, execution of Debenture Trust Deeds and on receipt of listing and trading approval from the Stock Exchanges as per applicable provisions of law(s), regulations and approvals.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹1 million or 1.00% of the turnover of our Company, whichever is lower, includes imprisonment for a term which

shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹1 million or 1.00% of the turnover of our Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹5 million or with both.

Undertakings by our Company

We undertake that:

- a) All monies received pursuant to the Issue of Secured NCDs to public shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013.
- b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised.
- c) Details of all unutilised monies out of issue of Secured NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- d) The details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested.
- e) We shall utilize the Issue proceeds only upon allotment of the Secured NCDs, execution of the Debenture Trust Deed as stated in this Draft Prospectus and (a) on receipt of the minimum subscription of 75% of the Base Issue size; and (b) receipt of listing and trading approval from the Stock Exchanges.
- f) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property dealing of equity of listed companies or lending/investment in group companies.
- g) The allotment letter shall be issued, or Application Amount shall be unblocked within 15 days from the closure of the Issue or such lesser time as may be specified by SEBI, or else the Application Amount shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.
- h) The Experts named in this Draft Prospectus are not, and has not been, engaged or interested in the formation or promotion or management, of the Company.

Other Undertakings by our Company

Our Company undertakes that:

- a) Complaints received in respect of the Issue (except for complaints in relation to Applications submitted to Designated Intermediaries) will be attended to by our Company expeditiously and satisfactorily;
- b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the Secured NCDs are outstanding;
- c) Our Company will take necessary steps for the purpose of getting the Secured NCDs listed within the specified time, i.e., within 6 Working Days from the Issue Closing Date;
- d) Funds required for dispatch of Allotment Advice will be made available by our Company to the Registrar to the Issue;
- e) Our Company will forward details of utilisation of the proceeds of the Issue, duly certified by the Statutory Auditors, to the Debenture Trustee;

- f) We shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time;
- g) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue as contained in the Prospectus;
- h) We shall make necessary disclosures/reporting under any other legal or regulatory requirement as may be required by our Company from time to time.
- i) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report;
- j) We have created a recovery expense fund in the manner as specified by SEBI from time to time; and
- k) Inform the Debenture Trustee about the same.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Except as stated in this section there are no outstanding: (i) criminal proceedings; (ii) actions by statutory / regulatory authorities; (iii) claims for any indirect and direct tax liability; and (iv) other litigations which are identified as material in terms of the Materiality Policy (as defined hereinafter below), each involving the Company, its Directors, its Promoter and its Group Companies.

For the purpose of disclosures in this Draft Prospectus, our Company has considered the following litigation 'material' litigation:

- a. all pending proceedings whether civil, arbitral, tax related litigations, or otherwise, of value exceeding more than 0.50% of profit after tax on a standalone basis as on March 31, 2023, i.e. more than ₹ 8.60 million;
- b. any other outstanding legal proceeding which is likely to have a material adverse effect on the financial position, profitability and cash flows of our Company which may affect the issue or the investor's decision to invest/continue to invest in the debt securities.

Save as disclosed below, there are no:

- a. litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory or regulatory authority against the Promoter of the Company during the last three years immediately preceding the year of the issue of the Draft Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;
- b. litigation involving the Company, Promoter, Directors, Group Companies or any other person, whose outcome could have material adverse effect on the financial position of the Company, which may affect the issue or the investor's decision to invest/continue to invest in the debt securities;
- c. acts of material frauds committed against our Company in the last three financial years and current financial year and the action taken by the Company;
- d. default and non-payment of statutory dues by the Company for the preceding three financial years and current financial year;
- e. pending proceedings initiated against the Company for economic offences and default; and
- f. inquiry, inspections or investigations initiated or conducted under the securities laws or Companies Act or any previous companies law in the last three years immediately preceding the year of issue of offer document in the case of company; and if there were any prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last three years immediately preceding the year of the draft prospectus for the Company.

Litigation involving our Company

Litigation against our Company

Actions Taken by Regulatory and Statutory Authorities

- a. Our Company received a notice dated February 7, 2023 from Ministry of Electronics and Information Technology ("MeitY") in relation to a blocking request under Section 69A of the IT Act from the Ministry of Home Affairs for blocking of the Navi App. In the request it was alleged that, *inter alia*, the Navi App is using non-transparent methods to function, collecting exorbitant interest rates and using unauthorised personal information. The notice also mentioned that the MeitY had issued interim blocking directions to block the Navi App under the provisions of section 69A of IT Act, however, this action has not been undertaken as of the date of this Draft Prospectus. Under the notice, MeitY requested our Company to submit its information (including copies of its registration certificates, details of storage, details of investors, grievance redressal mechanism and latest report of applications security audit) by February 8, 2023 to continue usage of the Navi App and provided an opportunity for an in-person meeting on February 8, 2023. Our Company has filed its response dated February 8, 2023 with MeitY with the requisite information and documentation, while denying all allegations made in the notice. Our Company also had an in-person meeting with Inter Ministerial Committee of MeitY (chaired by Mr. Amitesh KR Sinha, Joint Secretary of MeitY) on February 8, 2023 and further substantiated their written response dated February 8, 2023. Subsequently, on the directions of MeitY, our Company submitted an undertaking dated February 9, 2023 to the MeitY confirming compliance with the relevant regulatory requirements in relation to functioning of the Navi App. The matter is currently pending, however, pursuant to submission of the written response

and undertaking by our Company, the Navi App was not blocked or taken down and is still available for download and use.

- b. Our Company has received an email from BFSI Sector Skill Council of India dated March 10, 2023 alleging that our Company is employing more than 30 persons and not engaging the apprentices or have engaged apprentices less than the 2.5% of our manpower strength including the contractual staff in each financial year in violation of sub-rule (3) of rule 7-B of the Apprenticeship Rules, 1992. Pursuant to the email, BFSI Sector Skill Council of India has requested our Company to make all efforts for engagement of apprentices within the prescribed range of 2.5% to 15% of the total employees' strength of our Company. Our Company is yet to respond to this email. The matter is currently pending.
- c. Our Company, Dimple Shah (who received it in the capacity of our company secretary and is the former company secretary of our Company), Ranganathan Sridharan (who received it in the capacity of our director and is our Independent Director), Samit Shankar Shetty (who received it in the capacity of our director and is our former director), Usha A Narayanan (who received it in the capacity of our director and is our Independent Director), Ankit Agarwal (who received it in the capacity of our director and is our Managing Director) and Sachin Bansal (who received it in the capacity of our director and is our CEO and Executive Chairman) (the "**Notice Recipients**") have received a show cause notice dated June 16, 2023 from the Registrar of Companies, Bengaluru in relation to delay of 61 days in the filing of form BEN-2 as per Rule 4 of the Companies (Significant Beneficial Owners) Rules, 2018, pursuant to which the Notice Recipients have been directed to respond within 15 days of receipt of the notice and explain as to why penal action against them under Section 90(4) of the Companies Act and Rule 4 of the Companies (Significant Beneficial Owners) Rules, 2018 should not be initiated. The Notice Recipients have responded to the show cause notice and have received no further communication pertaining to the same. matter is currently pending.

Criminal Proceedings

An FIR dated September 2, 2022 was filed by Vikram Nanvate ("**Complainant**") against our Company and certain third parties alleging that amounts up to ₹ 68,230 was transferred to the Complainant from two different online loan companies, including our Company, and immediately thereafter a sum of ₹ 62,712 was disbursed from his account to an entity without his action or consent, pursuant to which the Complainant has alleged offences under sections 66(c), 66 (d) of the IT Act. The Complainant has also filed a related complaint with the Station House Officer, CEN Police Station, South-East Division. Pursuant to such FIR, the 1st Additional Chief Metropolitan Magistrate, Bangalore passed an order of search and seizure dated October 3, 2020. Further, notice dated October 2, 2022 under section 91 & 102 of the CrPC, notice dated October 18, 2022 under section 41 A of the CrPC, notice dated October 20, 2022 u/s 41 A of the CrPC and notice dated October 21, 2022 u/s 91 of the CrPC were issued by South East CEN Police Station, South East Division, Bengaluru against our Company and certain of our employees. Thereafter, our Company approached the High Court of Karnataka in WP No. 22070/2022 and sought to quash the FIR and the related complaint. The High Court of Karnataka by way of an order dated December 6, 2022 stayed all further investigation with respect to our Company in this matter. Further, our Company also filed an application under section 457 read with section 456 of the CrPC against the South East CEN Police Station, South East Division, Bengaluru alleging that the police seized our Company's properties despite it having no relation to the complaint filed under this matter. The matter is currently pending.

Other Proceedings

A writ petition bearing W.P. No. 14595 of 2022 was filed by Bodapati Venkatta Sravani ("**Petitioner**") before the High Court of Andhra Pradesh at Amaravati against our Company and others ("**Respondents**") alleging use of arbitrary methods by our Company to recover debts from the Petitioner and violation of Article 14, 19, 21 and 300 – A of the Constitution of India and provisions of the IT Act. Subsequently, we have filed counter affidavit before the High Court of Andhra Pradesh at Amravati. The matter is currently pending.

Economic Offences

Nil

Litigation by our Company

Criminal Proceedings

Our Company has filed 82 cases before various judicial forums for alleged violation of section 25 of the Payment and Settlement Systems Act, 2007 for recovery of amounts due to our Company against defaulting customers. The total monetary value involved in these matters is ₹2.51 million*.

**To the extent quantifiable*

Our Company ("**Complainant**") has filed an FIR dated February 10, 2023 bearing reference number 0024/2023 against Manoj Kumar, Kiran M, Harsh Vyas, Pawan Kumar, Shahbaz, Satbeer Saini, Deepak Kumar, Sohna Lal, Abhishek, Jotendra Kumar,

Prashanth Kushwa, Pankaj Kumar Maurya, Sangameshwar S, Tahseem Ahmed and Samrat P Patel (“**Accused**”) before Kormangala police station, Madivala sub-division, Bengaluru. The Accused approached the Complainant for obtaining housing loans to purchase apartments being constructed by Suvastu Housing Private Limited and the Complainant granted the loans to the Accused and transferred the money to Suvastu Housing Private Limited. While the Complainant granted loans for the purchase of apartments and were mortgaged with the Complainant, Suvastu Housing Private Limited acquired the said plots for sale to third party. Hence the Complaint filed the FIR alleging violation of sections 403, 406 and 420 of the IPC. The matter is currently pending.

Litigation involving our Directors

Litigation against our Directors

Material Civil Litigations

Priya Bansal has filed a petition under Section 7 of the Guardians and Wards Act, 1890 in the Court of the Hon’ble Principal Judge, Family Court, Bengaluru against one of our Directors, Sachin Bansal on March 16, 2020 to grant a decree declaring Priya Bansal as the sole legal guardian of their minor son, pass an order directing sole custody of their minor son, pass an order directing Respondent to pay the school fees and educational expenses of their minor son, pass an order directing Sachin Bansal to pay an amount of ₹0.20 million towards monthly maintenance of minor son, pass an order directing the Respondent to pay an amount of ₹1.50 million towards the household expenses and monthly maintenance (“**Petition**”). Subsequently, Sachin Bansal has, *inter alia*, filed objections against the claim of sole custody and sole guardianship of the child as sought in the Petition along with counter claim under Section 7 and 10 of Family Courts Act, 1984 read with Order 8, Rule 6A of Code of Civil Procedure, 1908 read with Section 17 read with Section 25 of the Guardian and Wards Act, 1890 on March 19, 2020. The matter is currently pending.

Criminal Proceedings

- a. Priya Bansal (“**Petitioner**”) has filed a petition under Section 125 of the Code of Criminal Procedure 1973 in the Court of the Hon’ble Principal Judge, Family Court, Bengaluru against one of our Directors, Sachin Bansal (“**Respondent**”) on July 12, 2023 (i) to direct the Respondent to pay maintenance of ₹2.50 million per month beginning from the date of filing the petition and increase the same by 10% every financial year, and (ii) to direct our Director, Sachin Bansal to take care of the medical and other unpredictable expenses of the Petitioner to be incurred in the future. The matter is currently pending.
- b. A criminal complaint was filed by Rajesh Das (“**Complainant**”) against Ankit Agarwal (in the capacity of our Managing Director) under sections 500, 504 and 506 of the Indian Penal Code. The Complainant had failed to repay a monthly instalment due to which officials of our Company allegedly made continuous phone calls to the Complainant and his relatives at unconventional hours. The Complainant thereafter filed a written complaint with the police station at Basirhat pursuant to which a general diary entry was made. Thereafter, the Complainant approached the Hon’ble Additional Chief Judicial Magistrate at Moka Basirhat for redressal of his grievance pursuant to the complaint filed. The matter is currently pending.

Actions Taken by Regulatory and Statutory Authorities

Please also see “– *Litigation against our Company – Actions Taken by Regulatory and Statutory Authorities*” on page 252.

- a. The Special Director (SR), Southern Regional Office, Directorate of Enforcement, Chennai (“**ED**”) has issued a show cause notice (“**Notice**”) dated July 1, 2021 under Section 16(3) read with Section 42 of the FEMA to our Director, Sachin Bansal and nine other notices in respect of foreign investments made in the equity shares and compulsorily convertible preference shares of Flipkart Online Services Private Limited (“**FOL**”) and equity shares of Flipkart India Private Limited (“**FIPL**”) between the years 2009 and 2014. The Notice alleges that FOL and FIPL undertook whole sale trading in excess of the 25% cap prescribed for wholesale trading with group companies (“**Group Company Condition**”) under the Consolidated Foreign Direct Investment Policy of India (“**FDI Policy**”) for companies engaged in the cash and carry/ wholesale trading sector. Consequently, the Notice alleges that FOL and FIPL appear to have undertaken multi brand retail trading which was not permitted under the automatic route as per the FDI Policy. The Notice also alleges that the violations by the Flipkart group companies namely FOL, FIPL, and Flipkart Private Limited, Singapore (“**FPLS**”), involve amounts of approximately: (A) ₹64,962 million being the investment received by FOL and FIPL from foreign investors, (B) ₹63,538 million being the investment made by FPLS in FIPL, and (C) ₹106,019 million being the turnover from sales made by FOL and FIPL with one WS Retail Services Private Limited, which has been alleged to be a group company of FOL and FIPL. No direct default has been attributed to Sachin Bansal in his personal capacity, and the allegations against Sachin Bansal are predicated on vicarious liability as an officer in charge of some of the notices. Further, based on the Notice, the financial exposure of Sachin Bansal in the matter is not determinable at this stage. As of the date of this Draft Prospectus, other than Sachin Bansal, none of the other notices are either related to or associated with our Company. Further, Sachin Bansal divested 100% of his stake in the Flipkart group

companies in 2018 and ceased to have any association with the business of the Flipkart group, including in any executive or non-executive capacity.

While, the Notice has been issued following an investigation completed in the period 2013 to 2015, it sets forth no basis or reasons for the delay in initiation of proceedings. Sachin Bansal has filed writ petitions bearing WP No. 18630 of 2021 and WP No. 18682 of 2021 ("**Writ Petitions**") before the Hon'ble Madras High Court on August 27, 2021 challenging and seeking a quashing of the Notice and the complaint filed by the ED which formed the basis of the Notice on grounds of violation of his fundamental rights guaranteed under the Constitution of India. The Writ Petitions are currently pending before the Hon'ble Madras High Court, and no steps have been taken by the ED in respect of the adjudication proceedings pursuant to the Notice.

- b. One of our Directors, Usha A Narayanan, had signed the financial statements of a client for the Financial Year ended March 2012 ("**Audit**"), in her capacity as the partner of an audit firm. Subsequently, a peer review for this Audit was conducted and a preliminary report was submitted by the peer reviewer to the Peer Review board of ICAI on October 21, 2013. The peer reviewer submitted his final report on November 19, 2013 which was an unqualified and clean report. However, the ICAI initiated disciplinary action based on the preliminary report of the peer reviewer, and ignored the final report. The ICAI council initiated disciplinary action under Chartered Accountants Act, 1949 against Usha A Narayanan and another partner ("**Disciplinary Action**") in 2019. On not receiving sufficient responses from ICAI in relation to maintainability as to why the final report of the Peer Reviewer was ignored, and jurisdiction of the Disciplinary Action, a suit challenging the maintainability and jurisdiction of the Disciplinary Action was instituted by Usha A Narayanan and a stay order was issued by the Honourable High Court of Delhi on March 4, 2021. The matter is currently pending.

Litigation by our Directors

Material Civil Litigations

- a. Our Director, Sachin Bansal has filed a petition for divorce under Section (13)(i) and (ia) of the Hindu Marriage Act, 1955 against Priya Bansal and another ("**Respondents**") on January 30, 2020 in the Court of the 4th Additional Family Judge at Bengaluru to dissolve his marriage to Priya Bansal, grant permanent custody of his minor son, grant permanent injunction restraining Priya Bansal from removing his minor son out of Bengaluru, Karnataka, India and grant permanent injunction restraining respondents from publishing anything in relation to this dispute. The matter is currently pending.
- b. Our Director, Sachin Bansal, has filed a plaint in the Court of the 4th Additional Family Judge at Bengaluru against Priya Bansal on January 30, 2020 praying for a judgment, *inter alia*: (i) declaring that Sachin Bansal is the absolute owner of certain residential properties located in Bengaluru, Karnataka ("**Suit Properties**"), (ii) to direct Priya Bansal to hand over vacant possession of the Suit Properties; (iii) to direct Priya Bansal to execute necessary transfer deeds transferring the Suit Properties in favour of Sachin Bansal; (iv) to direct Priya Bansal to hand over the original title deeds of the Suit Properties to Sachin Bansal, (v) to grant permanent injunction restraining Priya Bansal from alienating or encumbering the Suit Properties; and (vi) grant permanent injunction restraining respondents from publishing anything in relation to the dispute. The matter is currently pending.
- c. Kiran Bansal, the mother of our Director, Sachin Bansal, has filed a plaint dated February 5, 2020 under Section 26 read with Order VII Rule 1 of the Code of Civil Procedure before the Additional City Civil and Sessions Judge, Bangalore against Priya Bansal ("**Defendant**") to pass a judgment and decree (i) revoking/canceling the gift deed dated February 7, 2017 with respect to certain schedule property, (ii) revoking/canceling the gift deed dated February 7, 2017 with respect to certain schedule property, (iii) directing the Sub Registrar, Varthur to cancel the documents, (iv) granting permanent injunction restraining the Defendant, her agent or any person claiming through her from alienating or in any manner encumbering the suit schedule properties. Kiran Bansal has executed a special power of attorney in favor of our Director, Sachin Bansal, to contest the case due to her health. The matter is currently pending.

Other Non-Material Litigation involving our Director Sachin Bansal

In addition to the cases disclosed above, there are certain cases where our Director, Sachin Bansal was made party due to his association with Flipkart, which he exited completely in 2018, details of which are disclosed below based on information from publicly available database. Sachin Bansal has not received any notice or summons nor has any access currently to any information pertaining to these matters:

1. A petition bearing number P.C. R/2/2021 has been filed by A. N Vadiraja Rao ("**Petitioner**") before the District Court, Shimoga, against *inter alia*, *Sachin Bansal* due to his past association with Flipkart. The matter is currently pending.

2. A petition bearing number RCT/400896/2016 has been filed by Hemant Kumar Narwariya (“**Petitioner**”) before the Civil Court, Bina, against inter alia, *Sachin Bansal* due to his past association with Flipkart. The matter is currently pending.
3. A petition bearing number COMIP/212/2015 has been filed by Siddhi Vinayak Knots and Prints Pvt Ltd and another (“**Petitioners**”) before the High Court of Bombay, against inter alia, *Sachin Bansal* due to his past association with Flipkart. The matter is currently pending.
4. A petition bearing number COMI/30/2019 has been filed by Baba Hardeep Singh Mehraj (“**Petitioner**”) before the District and Sessions Court, Bathinda, against inter alia, *Sachin Bansal* due to his past association with Flipkart. The matter is currently pending.
5. A petition bearing number CC/37/2022 has been filed by Dhiraj Kumar Dwivedi (“**Petitioner**”) before the District Forum, Garhwa, against inter alia, *Sachin Bansal* due to his past association with Flipkart. The matter is currently pending.
6. To the extent of the information available, case number CC/17/460 was filed by Samkit R. Shah against Sachin Bansal due to his past association with Flipkart in a Pune district forum on August 29, 2017. The matter has been disposed.

Litigation involving our Promoter

Nil

Litigation involving Group Companies

Litigation against our Group Companies

Actions Taken by Regulatory and Statutory Authorities

- a. Our Group Company, NGIL received notice dated December 6, 2021 from the IRDAI under Section 105C of the Insurance Act, 1938 (“**Act**”) read with Rule 4 of the Insurance (Procedure for Holding Inquiry by Adjudicating Officer) Rules, 2016. The notice was issued for alleged violation of Section 32 D of the Act on account of not meeting the minimum obligatory requirement in respect of its third-party motor insurance business. Pursuant to a letter dated December 20, 2021 NGIL submitted that on account of various factors, including transition in NGIL’s structure and impact of COVID-19 pandemic, NGIL was not able to achieve the obligation, which was also intimated to IRDA by way of letters dated November 23, 2020 and May 4, 2021. NGIL was thereafter granted a personal hearing before the IRDA on January 5, 2022. The matter is currently pending.
- b. Peerless Funds Management Company Limited (acquired by Essel Finance AMC Limited, and subsequently acquired by Navi AMC Limited), along with its then chief executive officer and managing director, Rajiv Shastri, and Navi AMC Limited’s ex-chief executive officer, Hari Shyam Sundar, had been summoned by the Metropolitan Magistrate 17th Court, Calcutta on the allegation that they had not responded or provided data in accordance with notices sent on March 24, 2022 and January 13, 2023 under the Employees’ State Insurance Act, 1948 requiring principal employees to produce accounts, books and other documents before the social security officer as considered necessary for examination. It was alleged that records relating to employment of persons and payment of wages under the establishment were not produced before the social security officer. Our group company, Navi AMC Limited had responded to both these notices on April 1, 2022 and January 25, 2023 respectively. The matter is currently pending

Civil Litigation

- a. Our Group Company, NGIL, is involved in 603 proceedings before various judicial forums in relation to motor third-party insurance claims. The total monetary value involved in these matters is ₹ 785.57* million.

* *To the extent quantifiable*

- b. Our Group Company, NGIL, is involved in 99 proceedings before various judicial forums in relation to insurance claims for, *inter alia*, health insurance claims and group personal accident insurance claims. The total monetary value involved in these matters is ₹18.15 million*.

* *To the extent quantifiable*

In addition to the above, our Group Company, NGIL is also involved in the following matters in respect of which no summons, notices or correspondences have been received by NGIL:

Our Group Company, NGIL, is involved in seven proceedings in the relevant jurisdictional high courts where it has been named as a party in relation to writ petitions initiated against, *inter alia*, the IRDAI and certain general insurance companies India.

Tax Proceedings

Except as disclosed below, there are no claims related to direct and indirect taxes involving our Company, Directors, Promoter and Group Companies.

Nature of case	Number of cases	Amount involved (in ₹ million)*
Proceedings involving the Company		
Direct Tax	5	10.99
Indirect Tax	3	0.43
Proceedings involving the Directors		
Direct Tax	2	3.71
Indirect Tax	-	-
Proceedings involving the Promoter		
Direct Tax	2	Nil
Indirect Tax	-	-
Group Companies		
Direct Tax	11	0.05
Indirect Tax	10	389.51

* To the extent quantifiable

Details of inquiries, inspections or investigations initiated or conducted under the Securities laws, Companies Act, 1956 or the Companies Act, 2013 against our Company in the last three years along with Section wise details of prosecutions filed (whether pending or not), fines imposed or compounding of offences against our Company in the last three years.

1. The BSE vide its letters dated June 29, 2022 had imposed a monetary penalty aggregating to ₹ 35,400 against our Company for alleged non-compliance with Regulation 52(4) of the Listing Regulations. Our Company has obtained a waiver from the BSE for the alleged non-compliance.
2. The BSE vide its email dated September 14, 2022 had imposed a monetary penalty aggregating to ₹ 5,900 against our Company for alleged non-compliance with Regulation 50(1) of the Listing Regulations. Our Company has paid the requisite fine.
3. The BSE vide its email dated September 27, 2022 had imposed a monetary penalty aggregating to ₹ 8,260 against our Company for alleged non-compliance with Regulation 52(7), 52(7A) and 57(4) of the Listing Regulations. Our Company has paid the requisite fine. Subsequently, our Company has obtained a waiver from the NSE for the alleged non-compliance.
4. The BSE vide its email dated September 28, 2022 had imposed a monetary penalty aggregating to ₹ 2,360 against our Company for alleged non-compliance with Regulation 57(1) of the Listing Regulations. Our Company has paid the requisite fine. Subsequently, our Company has obtained a waiver from the BSE for the alleged non-compliance.
5. The BSE vide its email dated September 28, 2022 had imposed a monetary penalty aggregating to ₹ 1,18,000 against our Company for alleged non-compliance with Regulation 60(2) of the Listing Regulations. Our Company has paid the requisite fine.
6. The BSE and the NSE vide their emails dated October 31, 2022 and August 3, 2022, respectively, had imposed a monetary penalty aggregating to ₹ 23,600 against our Company for alleged non-compliance with Regulation 60(2) of the Listing Regulations. Our Company has paid the requisite fine. Subsequently, our Company has obtained a waiver from the NSE for the alleged non-compliance.
7. The NSE vide its letter dated September 14, 2022 had imposed a monetary penalty aggregating to ₹ 5,900 against our Company for alleged non-compliance with Regulation 50(1) of the Listing Regulations. Our Company has obtained a waiver from the BSE for the alleged non-compliance.

8. The BSE vide its email dated November 2, 2022 had imposed a monetary penalty aggregating to ₹ 53,100 against our Company for alleged non-compliance with Regulation 50(2) and 53(2) of the Listing Regulations. Our Company has paid the requisite fine. Subsequently, our Company has obtained a waiver from the NSE for the alleged non-compliance.
9. The BSE vide its email dated March 16, 2023 had imposed a monetary penalty aggregating to ₹ 7,080 against our Company for alleged non-compliance with Regulation 54(2) of the Listing Regulations. Our Company has paid the requisite fine.
10. The NSE vide its letter dated April 3, 2023 had imposed a monetary penalty aggregating to ₹ 7,080 against our Company for alleged non-compliance with Regulation 54(2)/(3) of the Listing Regulations. Our Company has paid the requisite fine.
11. The BSE vide its email dated August 30, 2023 had imposed a monetary penalty aggregating to ₹ 2,360 against our Company for alleged non-compliance with Regulation 57(1) of the Listing Regulations. Our Company has paid the requisite fine.
12. The BSE and NSE vide their emails each dated October 3, 2023, imposed a monetary penalty aggregating to ₹ 70,800 against our Company for alleged non-compliance with Regulation 60(2) of the Listing Regulations. Our Company has paid the requisite fine.

Details of litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoter during the last three years and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action, as on date of this Draft Prospectus.

Nil

Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon.

Please see section, “Disclosures on existing financial indebtedness” on page 145.

Summary of reservations, qualifications or adverse remarks of auditors in the last three Fiscals immediately preceding the year of circulation of this Draft Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks.

Financial Year	Auditors Remark/ Qualifications	Impact on Financial Position	Corrective steps taken and proposed to be taken
2020-21	<p>Emphasis of matter paragraph in the audit report dated June 24, 2021 in the Standalone financial statements of the Company for the Financial year ended March 31, 2021</p> <p><i>“We draw attention 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 loan assets and unquoted investments outstanding as at 31st March 2021. Our opinion is not modified in respect of this matter.”</i></p>	<p>On the basis of an estimate made by the management, an additional provision amounting to ₹ 1,274.88 lakhs has been recognized by the Company as at 31 March 2021</p> <p>on account of increase in default risk due</p>	<p>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 economy to recover, etc.</p>

Financial Year	Auditors Remark/ Qualifications	Impact on Financial Position	Corrective steps taken and proposed to be taken
		to the impact of COVID-19 on recoverability of loans of the Company.	
2020-21	<p>Emphasis of matter paragraph in the audit report dated June 24, 2021 on the Consolidated financial statements of the Company for the Financial year ended March 31, 2021:</p> <p>Emphasis of Matter:</p> <p><i>“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.”</i></p>	<p>The Group has recognized consolidated provisions as on 31 March 2021, towards its loan assets to the extent of INR 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.</p> <p>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.</p>	<p>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.</p>

Financial Year	Auditors Remark/ Qualifications	Impact on Financial Position	Corrective steps taken and proposed to be taken
2021-22	<p>Emphasis of matter paragraph in the audit report dated May 21, 2022 on the Consolidated financial statements of the Company for the Financial year ended March 31, 2022:</p> <p>“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,</p> <p><i>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.</i></p> <p><i>Our opinion is not modified in respect of the above matter.”</i></p>	<p>The 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 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.</p> <p>The extent to which COVID-19 pandemic will continue to impact the Company’s performance and will depend on ongoing as well as future developments which are highly uncertain.</p>	<p>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 economy to recover, etc.</p>

Details of acts of material frauds committed against the Company in the last three financial years and current financial year, if any, and if so, the action taken by the Company in response:

S. No.	Year	Gross Amount (₹ in Lakh)	Modus Operandi	Recovery (₹ in Lakh)	Provisions (₹ in Lakh)	Action Taken by the Company
1.	2020-21	19.70	<p>1. The staff have collected the amounts and not issued receipts to the customers and also not passed entries in loan account</p> <p>2. Cases where the fraudster has impersonated defrauded individuals and availed loans using the details from PAN Cards</p> <p>3. Cases where the fraudster created bank accounts opened with stolen / forged identification documents and the company has disbursed loans into these bank accounts</p>	-	-	The Company has initiated and filed police complaints and has strengthened its system to prevent occurrence of such frauds.
2.	2021-22	86.70	Cases where the fraudster has impersonated defrauded individuals and availed loans using the tampered identification documents. There are cases	-	-	The Company has initiated and filed police complaints and has

S. No.	Year	Gross Amount (₹ in Lakh)	Modus Operandi	Recovery (₹ in Lakh)	Provisions (₹ in Lakh)	Action Taken by the Company
			where company noticed discrepancies in the live images of the customers available.			strengthened its system to prevent occurrence of such frauds.
3.	2022-23	17.90	1. Cases where the fraudster has impersonated defrauded individuals and availed loans using the details from PAN Cards and Aadhar 2. Cases where the money has been snatched by attacking the company's staff.	0.22	4.64	The Company has initiated and filed police complaints and has strengthened its system to prevent occurrence of such frauds.
4.	April 1, 2023 to January 19, 2024	201.86	1. Cases where the fraudster has impersonated defrauded individuals and availed loans using the details from PAN Cards 2. Cases where the fraudster has impersonated defrauded individuals and availed loans using the tampered identification documents 3. Cases where chargeback request was not monitored.	8.53	159.26	The company has initiated and filed police complaints and has strengthened its system to prevent occurrence of such frauds.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Issuer's Absolute Responsibility

"The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus 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 Draft Prospectus 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 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."

Authority for this Issue

Our Board of Directors, through their resolution passed during the meetings held on January 19, 2024 have approved the issuance of NCDs to the public, for an amount up to ₹3,000 million with an option to retain oversubscription up to ₹3,000 million aggregating up to 6,000,000 NCDs for an amount up to ₹6,000 million. The Issue is within the borrowing limit approved by the shareholders.

Pursuant to a resolution passed by our Board dated August 10, 2022 and Shareholders at the AGM held on September 30, 2022, our Board has been authorised to borrow any sum or sums of monies, which together with the monies already borrowed (apart from temporary loans obtained or to be obtained in the ordinary course of business), in excess of our Company's aggregate paid-up capital and free reserves, provided that the total amount which may be so borrowed and outstanding shall not exceed a sum of ₹ 100,000 million.

Prohibition by SEBI/ Eligibility of our Company for the Issue

Our Company, persons in control of our Company and/or our Promoter and/or our Promoter Group and/or our Directors have not been restrained or prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. None of our Directors and/or our Promoter, is a director or promoter of another company which has been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities.

Our Company is not in default of payment of interest or repayment of principal amount in respect of non-convertible securities, for a period of more than six-months as on the date of this Draft Prospectus.

The Company confirms that there are no fines or penalties levied by SEBI or the Stock Exchanges pending to be paid by the Company as on the date of this Draft Prospectus.

No regulatory action is pending against our Company or our Promoter or our Directors before SEBI or the RBI.

Categorisation as a Wilful Defaulter

Our Company or persons in control of our Company or any of our Directors or our Promoter have not been categorised as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI, ECGC or any other governmental / regulatory authority.

None of our Whole-time Directors and/or our Promoter, is a whole-time director or promoter of another company which has been categorised as a wilful defaulter.

Declaration as a Fugitive Economic Offender

None of our Directors and/or Promoter have been declared as Fugitive Economic Offender.

Other confirmations

None of our Company or our Directors or our Promoter, or person(s) in control of our Company was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Draft Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI 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 THE OFFER DOCUMENT. THE LEAD MANAGER HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS

REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, JM FINANCIAL LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●], WHICH READS AS FOLLOWS:

[●]

Disclaimer Clause of BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS LETTER NO [●] DATED [●] PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

- a. WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR
- b. WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR
- c. TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTER, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of NSE

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS GIVEN VIDE ITS LETTER REF.: [●] DATED [●] PERMISSION TO THE ISSUER TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTER, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER.

EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION /ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED MAY 18, 2022 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45I-A OF THE RBI ACT, 1934. A COPY OF THIS DRAFT PROSPECTUS HAS NOT BEEN FILED WITH OR SUBMITTED TO THE RESERVE BANK OF INDIA ("RBI"). IT IS DISTINCTLY UNDERSTOOD THAT THIS DRAFT PROSPECTUS SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO BE APPROVED OR VETTED BY RBI. RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE ISSUER OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE ISSUER

AND FOR DISCHARGE OF LIABILITY BY THE ISSUER. RBI NEITHER ACCEPTS ANY RESPONSIBILITY NOR GUARANTEE FOR THE PAYMENT OF ANY AMOUNT DUE TO ANY INVESTOR IN RESPECT OF THE PROPOSED NCDS.

Disclaimer statement from the Issuer

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS DRAFT PROSPECTUS OR IN ANY ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF OUR COMPANY AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT THEIR OWN RISK.

Undertaking by the Issuer

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 NCDs 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 THE "RISK FACTORS" GIVEN ON PAGE 16 OF THIS DRAFT PROSPECTUS.

THE ISSUER, HAVING MADE ALL REASONABLE INQUIRIES, ACCEPTS RESPONSIBILITY FOR, AND CONFIRMS THAT THIS DRAFT PROSPECTUS CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, THAT THE INFORMATION CONTAINED IN THIS DRAFT PROSPECTUS 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 DRAFT PROSPECTUS AS A WHOLE OR ANY OF SUCH INFORMATION OR THE EXPRESSION OF ANY SUCH OPINIONS OR INTENTIONS MISLEADING IN ANY MATERIAL RESPECT.

THE ISSUER HAS NO SIDE LETTER WITH ANY DEBT SECURITIES HOLDER EXCEPT THE ONE(S) DISCLOSED IN THIS DRAFT PROSPECTUS. ANY COVENANTS LATER ADDED SHALL BE DISCLOSED ON THE STOCK EXCHANGES WEBSITES WHERE THE DEBT IS LISTED.

Disclaimer statement from the Lead Manager

THE LEAD MANAGER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS DRAFT PROSPECTUS OR IN ANY ADVERTISEMENT 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

THE ISSUE IS BEING MADE IN INDIA, TO INVESTORS FROM CATEGORY I, CATEGORY II, CATEGORY III AND CATEGORY IV. THIS DRAFT PROSPECTUS AND THE PROSPECTUS WILL NOT, HOWEVER CONSTITUTE AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR THE NCDS OFFERED HEREBY IN ANY JURISDICTION OTHER THAN INDIA TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR INVITATION IN SUCH JURISDICTION. ANY PERSON INTO WHOSE POSSESSION THIS DRAFT PROSPECTUS AND THE PROSPECTUS COMES IS REQUIRED TO INFORM HIMSELF OR HERSELF ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

Disclaimer clause of CRISIL

CRISIL Ratings Limited (CRISIL Ratings) has taken due care and caution in preparing the Material based on the information provided by its client and / or obtained by CRISIL Ratings from sources which it considers reliable (Information). A rating by CRISIL Ratings reflects its current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL Ratings. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. The Rating is not a recommendation to invest / disinvest in any entity covered in the Material and no part of the Material should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL Ratings especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of the Material. Without limiting the generality of the foregoing, nothing in the Material is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary permission and/or registration to carry out its business activities in this regard. Navi Finserv Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Material or part thereof outside India. Current rating status and CRISIL Ratings' rating criteria are available without charge to the public on the website, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please contact Customer Service Helpdesk at 1800-267-1301.

Disclosures in accordance with the SEBI Master Circular for Debenture Trustees

Appointment of Debenture Trustee

The Company has appointed the Debenture Trustee in accordance with the terms of the Debenture Trustee Agreement.

Separately, the Company and the Debenture Trustee have agreed the payment of an acceptance fee of ₹0.04 million plus applicable taxes and a service charge of ₹0.04 million on an annual basis, plus applicable taxes in terms of the letter dated January 10, 2024.

Debenture Trustee Agreement

Our Company has entered into a Debenture Trustee Agreement with the Debenture Trustee which provides for, inter alia, the following terms and conditions:

1. The Debenture Trustee, either through itself or its agents / advisors / consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Offer Documents and the applicable laws, has been obtained. For the purpose of carrying out the due diligence as required in terms of the applicable laws, the Debenture Trustee, either through itself or its agents/ advisors/ consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/ valuers/ consultants/ lawyers/ technical experts/ management consultants appointed by the Debenture Trustee;
2. Our Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, sub-registrar of assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be required, where the assets and/or prior encumbrances in relation to the assets proposed to secure the NCDs, whether owned by our Company or any other person, are registered / disclosed;
3. The Debenture Trustee shall have the power to either independently appoint, or direct our Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee and the Debenture Trustee shall subsequently form an independent assessment that the assets for creation of security are sufficient to discharge the outstanding amounts on NCDs at all times. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports / certificates / documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by our Company;
4. Our Company has undertaken to promptly furnish all and any information as may be required by the Debenture Trustee, including such information as required to be furnished in terms of the applicable laws and the Debenture Trust Deed on a regular basis;
5. The Debenture Trustee, *ipso facto* does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by investors for the NCDs.

Terms of carrying out due diligence

As per the SEBI Master Circular for Debenture Trustees, the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times.

Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our Company has consented to.

- (a) The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Prospectus and the Applicable Laws, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Applicable Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical-experts/management consultants appointed by the Debenture Trustee. It is clarified that, while the Debenture Trustee may avail services of agents /advisors/consultants or independent professionals, the responsibility shall rest with the Debenture Trustee.
- (b) The Company shall provide all assistance to the Debenture Trustee to enable verification from the registrar of companies, sub-registrar of assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be required, where the assets and/or prior encumbrances in relation to the assets proposed to secure the NCDs, whether owned by the Company or any other person, are registered / disclosed.

- (c) Further, in the event that existing charge holders or the concerned trustee on behalf of the existing charge holders, have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.
- (d) Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the NCDs, in accordance with the Applicable Laws.
- (e) All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.

Process of Due Diligence to be carried out by the Debenture Trustee

Due Diligence will be carried out as per SEBI (Debenture Trustees) Regulations, 1993, SEBI NCS Regulations, as amended and circulars issued by SEBI from time to time.

Other confirmations

The Debenture Trustee undertakes that the NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and Registrar of Companies or CERSAI or depository, etc., as applicable, or is independently verifiable by the Debenture Trustee.

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with applicable law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI Master Circular.

CATALYST TRUSTEESHIP LIMITED HAVE FURNISHED TO STOCK EXCHANGES A DUE DILIGENCE CERTIFICATE DATED JANUARY 25, 2024, AS PER THE FORMAT SPECIFIED IN ANNEX IIA OF SEBI MASTER CIRCULAR FOR DEBENTURE TRUSTEES AND SCHEDULE IV OF SEBI NCS REGULATIONS WHICH READS 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 PLACEMENT MEMORANDUM AND ALL DISCLOSURES MADE IN THE OFFER DOCUMENT OR PLACEMENT 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 / PLACEMENT MEMORANDUM AND GIVEN AN UNDERTAKING THAT DEBENTURE TRUST DEED WOULD BY EXECUTED BEFORE FILING OF LISTING APPLICATION.**

G. ALL DISCLOSURES MADE IN THE DRAFT OFFER DOCUMENT/ PLACEMENT 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.

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchange as per format specified in Annex IIA of the SEBI Master Circular for Debenture Trustees and SEBI NCS Regulations.

Our Company and the Debenture Trustee will execute a Debenture Trust Deed specifying, inter alia, the powers, authorities and obligations of the Debenture Trustee and the Company, as per SEBI NCS Regulations applicable for the proposed NCD Issue.

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following website:

Name of Lead Manager	Website
JM Financial Limited	www.jmfl.com

Listing

The NCDs proposed to be offered through this Issue are proposed to be listed on BSE and NSE. An Application will be made to the BSE and NSE for permission to deal in and for official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permission to deal in and for an official quotation of our NCDs is not granted by the Stock Exchanges, our Company will forthwith repay, without interest, all monies received from the applications in pursuance of the Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within five Working Days from the date of closure of this Issue.

The Issue shall be kept open for a minimum period of three Working Days and a maximum of ten working days in compliance with Regulation 33A of SEBI NCS Regulations.

For the avoidance of doubt, it is hereby clarified that in the event of under subscription, NCDs shall not be listed and in the event of zero subscription to any one or more of the series, such series of NCDs shall not be listed.

Our Company shall pay interest at 15% per annum if Allotment is not made and refund orders/allotment letters are not dispatched and/or demat credits are not made to investors within 5 Working Days of the Issue Closing Date or date of refusal of the Stock Exchange(s), whichever is earlier. In case listing permission is not granted by the Stock Exchange(s) to our Company and if such money is not repaid within the day our Company becomes liable to repay it on such account, our Company and every officer in default shall, on and from expiry of such date, be liable to repay the money with interest at the rate of 15% as prescribed under Rule 3 of Companies (Prospectus and Allotment of Securities) Rules, 2014 read with Section 26 of the 2013 Act, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the demat credit.

Consents

Consents in writing of: (a) our Directors, (b) Compliance Officer for the Issue and Company Secretary, (c) Chief Financial Officer, (d) Lead Manager, (e) the Registrar to the Issue, (f) the Debenture Trustee to the Issue, (g) Legal Advisor to the Issue, (h) Credit Rating Agencies, (i) Banker to our Company, (j) CareEDGE in relation to use of the contents of the industry report, (k) Consortium Member*, (l) Public Issue Account Bank, Refund Bank and Sponsor Bank*, and (m) lenders, to act in their respective capacities, have been obtained and will be filed along with a copy of the Draft Prospectus with the RoC as required under Section 26 of the Companies Act, 2013. Further, such consents have not been withdrawn up to the time of delivery of this Draft Prospectus with the Stock Exchanges.

* *The consents will be procured at the Prospectus stage*

The consent of the Statutory Auditors of our Company, Price Waterhouse LLP, Chartered Accountants, for (a) inclusion of their names as the Statutory Auditors and "experts" as defined under the Companies Act; (b) audited standalone and consolidated financial statements as at and for the years ended March 31, 2023 and March 31, 2022; and (c) Limited review report dated November 8, 2023 on Unaudited Standalone Interim Financial Results for the quarter ended September 30, 2023 in the form and context in which they appear in this Draft Prospectus, have been obtained and has not withdrawn such consent as on the date of this Draft Prospectus.

Our Company has received written consent dated January 25, 2024 from Walker Chandiook & Co LLP, to include their name as an “expert” for (a) inclusion of their names as the Previous Statutory Auditor and (b) audited standalone and consolidated financial statements as at and for the year ended March 31, 2021 and March 31, 2022, in the form and context in which they appear in this Draft Prospectus, and has not withdrawn such consent as on the date of this Draft Prospectus.

The consent from Manian and Rao, Chartered Accountants, for inclusion of: (a) their names as “experts” as defined under Section 2(38) of the Companies Act and (b) the Statement of Possible Tax Benefit Available to the Debenture Holders in the form and context in which they appear in this Draft Prospectus, have been obtained and has not withdrawn such consent and the same will be filed along with a copy of this Draft Prospectus.

Expert Opinion

Except for (i) the audited standalone and consolidated financial statements issued by our Statutory Auditors and Previous Statutory Auditor; (ii) the Unaudited Standalone Interim Financial Results by our current Statutory Auditor; and (iii) the statement of possible tax benefits issued by Manian and Rao, Chartered Accountants dated January 25, 2024, our Company has not obtained any other expert opinion with respect to this Draft Prospectus.

The above experts are not, and have not been, engaged or interested in the formation or promotion or management, of the Company and have given their written consent to the Company as stated in the paragraph above and has not withdrawn such consent before the filing of this Draft Prospectus with the Stock Exchanges.

Common form of Transfer

Our Company undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 applicable as on the date of this Draft Prospectus and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

Minimum Subscription

In terms of the SEBI NCS Regulations for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size being ₹2,250 million. If our Company does not receive the minimum subscription of 75% of the Base Issue Size being ₹2,250 million, prior to the Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Accounts of the Applicants within eight Working Days from the Issue Closing Date or such time as may be specified by SEBI. In the event there is delay in unblocking of funds/refunds, our Company shall be liable to repay the money, with interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Filing of this Draft Prospectus

The Draft Prospectus has been filed with the Stock Exchanges in terms of Regulation 27 of the SEBI NCS Regulations for dissemination on its website(s) prior to the opening of the Issue. The Draft Prospectus has also been displayed on the website of the Company and the Lead Manager. The Draft Prospectus has also been submitted with SEBI for record purpose.

Filing of the Prospectus with the RoC

The Prospectus shall be filed with the RoC in accordance with Section 26 of the Companies Act, 2013.

Debenture Redemption Reserve (“DRR”)

In accordance with the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules 2014, any non-banking financial company that intends to issue debentures to the public is not required to create a DRR for the purpose of redemption of debentures. The Government, in the union budget for the Financial Year 2019-20 had announced that NBFCs raising funds in public issues would be exempt from the requirement of creating a DRR.

Pursuant to the Companies (Share Capital and Debentures) Rules 2014, notified on August 16, 2019, and as on the date of filing of this Draft Prospectus, the Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with this Issue. The Company shall, as per the Companies (Share Capital and Debentures) Rules 2014 and

other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on March 31 of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at fifteen percent of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

1. in deposits with any scheduled bank, free from any charge or lien;
2. in unencumbered securities of the Central Government or any State Government;
3. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882; and
4. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882.

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Recovery Expense Fund

Our Company has created a recovery expense fund in the manner as specified by SEBI Master Circular for Debenture Trustees and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security. Kindly note, any default committed by the Company in terms of the NCDs proposed to be issued shall be reckoned at each respective International Securities Identification Number level assigned to the respective Option(s) of NCDs issued.

Issue related expenses

The expenses of this Issue include, *inter alia*, lead management fees and selling commission to the Lead Manager, Consortium Member, fees payable to the debenture trustee, the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company. The Issue related expenses shall be as provided in the Prospectus.

Underwriting

This Issue will not be underwritten.

Refusal of listing of any security of the issuer during last three years by any of the Stock Exchanges in India or abroad

There has been no refusal of listing of any security of our Company during the last three years prior to the date of this Draft Prospectus by any Stock Exchanges in India.

Reservation

No portion of this Issue has been reserved.

Previous Issues

Public / Rights Issues of Equity Shares in the last three years from this Draft Prospectus

Public Issue:

Our Company or Group Companies have not undertaken any public issue of Equity Shares in last three years.

Rights Issue:

Our Company has undertaken rights issue of equity shares in the last three years. For further details, see "*Capital Structure*" on page 53. Further, the proceeds from the previous rights issuances undertaken by the Company in the last three financial years and current financial year have been utilized for the purposes availed and as mentioned in the letter of offer for the respective rights issue.

Non - Convertible Debenture public issues:

Other than Public Issue I and Public Issue II by our Company, our Company or Group Companies have not made any previous public issues of non - convertible debentures.

Non – Convertible Debentures private placements:

Our Company have issued non-convertible debentures by way of various private placements. For further details of such non-convertible debentures, see "Disclosures on Existing Financial Indebtedness" and "Material Development" beginning on page 145 and 182, respectively.

Our Group Companies have not issued any non-convertible debentures by way of private placements.

Utilisation details of previous issues

Relevant public issue details	Issue opening date	Issue closing date	Date of allotment of securities	Particulars	Amount utilised (in Rs. Million)
Public Issue I	May 23, 2022	June 2, 2022	June 8, 2022	Onward lending and financing	4,957.21
				General Corporate Purposes	-
Public Issue II	July 10, 2023	July 13, 2023	July 18, 2023	Onward lending and financing	4,816.30
				General Corporate Purposes	-

The above funds have been utilised as per the objects of Public Issue I and Public Issue II.

Our Company has issued non-convertible debentures by way of various private placements, for which, our Company has utilised the proceeds from such issuances in accordance with the use of proceeds set out in the respective offer documents and/or information memorandums under which such non-convertible debentures were issued which include, among others, its various financing activities, to repay its existing loans and for its business operations and for general corporate purposes in accordance with the object clause of the Memorandum of Association of our Company. The proceeds from Public Issue I and Public Issue II, have been utilized for the purposes availed for the Public Issue I and Public Issue II. The proceeds from previous rights issues by our Company, or Group Companies, as applicable, have been utilized for the purposes availed for such rights issues.

Benefit/ interest accruing to Promoter/ Directors out of the Object of the Issue

Neither the Promoter nor the Directors of our Company are interested in the Objects of the Issue.

Details regarding the Company and other listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, which made any capital issue during the last three years

There are no public or rights or composite issue of capital by listed companies under the same management within the meaning of Section 370(1) (B) of the Companies Act, 2013 during the last three years.

Utilisation of proceeds by our Group Companies

No proceeds of the Issue will be paid to our Group Companies.

Details regarding lending out of issue proceeds of previous issues of debt securities (whether public issue or private placement)

Lending Policy

Please see "Our Business – Our Business Lines" on page 104 of this Draft Prospectus.

Loans given by our Company

The Company has not provided any loans/advances to associates, entities / persons related to the Board, key managerial personnel, senior management or our Promoter out of the proceeds of previous public issue and private placements of debentures.

Types of loans

Classification of loans/advances given

The detailed breakup of the types of loans given by the Company as on March 31, 2023 is as follows:

S. No.	Particulars	Gross AUM (In ₹million)	Gross AUM (%)
1.	Secured	6,272.43	9.24%
2.	Unsecured	61,637.64	90.76%
Total assets under management (AUM)		67,910.07	100.00%

Denomination of loans outstanding by LTV as on March 31, 2023:

LTV band	Outstanding amount (In ₹ millions)	%
Upto 40%	335.41	5.35%
Between 40-50%	265.50	4.23%
Between 50-60%	339.38	5.41%
Between 60-70%	691.06	11.02%
Between 70-80%	2,042.03	32.56%
Between 80-90%	2,490.91	39.71%
More than 90%	108.14	1.72%
Total	6,272.43	100%

Sectoral Exposure

The sectoral exposure of loans given by the Company as on March 31, 2023 is as follows:

S. No	Segment- wise breakup of AUM	% of AUM
	Retail	
A.	Mortgages (home loans and loans against property)	9.24
B.	Gold loans	Nil
C.	Vehicle Finance	Nil
D.	MFI (Agriculture and allied services)	Nil
E.	MSME	Nil
F.	Capital market funding (loans against shares, margin funding)	Nil
G.	Others (Services and unsecured personal loans)	90.76
	Wholesale	
A.	Infrastructure	Nil
B.	Real Estate (including builder loans) ¹	Nil
C.	Promoter Funding	Nil
D.	Others	Nil
Total		100.00%

Denomination of loans outstanding by ticket size as on March 31, 2023:

S. No.	Ticket Size (at the time of origination)	AUM (In ₹ million)	% of AUM
1.	Upto Rs. 2 lakh	32,423.77	47.75%
2.	Rs. 2- 5 lakh	18,271.94	26.91%
3.	Rs. 5 - 10 lakh	10,855.67	15.99%
4.	Rs. 10 - 25 lakh	389.98	0.57%
5.	Rs. 25 - 50 lakh	1,143.14	1.68%
6.	Rs. 50 lakh – 1 crore	2,941.93	4.33%
7.	Rs. 1– 5 crore	1,883.65	2.77%
8.	Rs. 5– 25 crore	-	0.00%
9.	Rs. 25– 100 crore	-	0.00%
10.	More than Rs. 100 crore	-	0.00%
Total		67,910.07	100%

Geographical classification of AUM as on March 31, 2023:

S. No.	Top Five States	% of AUM
1.	Karnataka	14.75%
2.	Maharashtra	14.49%
3.	Telangana	12.37%
4.	Tamil Nadu	7.79%
5.	Andhra Pradesh	6.26%
Total		55.66%

Aggregated exposure to top 20 borrowers with respect to concentration of advances as on March 31, 2023

	Amount
Total Advances to twenty largest borrowers (in ₹ million)*	509.83
Percentage of Advances to twenty largest borrowers to Total Advances (in %)	0.75%

* Includes loans and advances and interest accrued thereon.

Aggregate exposure to top 20 borrowers with respect to concentration of exposures as on March 31, 2023

	Amount
Total exposure to twenty largest borrowers / customers (in ₹ million)	555.90
Percentage of exposures to twenty largest borrowers / customers to total exposure on borrowers / customers (in %)	0.77

Details of loans overdue and classified as non – performing in accordance with the RBI guidelines as on March 31, 2023

Movement of gross NPAs	Amount (in ₹ million)
(a) Opening gross NPA	258.05
(b) Additions during the year	1,371.53
(c) Reductions during the year	(473.62)
(d) Closing balance of gross NPA	1,155.96

Movement of net NPA	Amount (in ₹ million)
(a) Opening balance	11.25
(b) Additions during the year	652.71
(c) Reductions during the year	(462.56)
(d) Closing balance of the Net NPA	201.40

Movement of provisions for NPAs	Amount (in ₹ million)
(a) Opening balance	246.80
(b) Provisions made during the year	718.82
(c) Write-off / write -back of excess provisions	(11.06)
(d) Closing balance	954.56

Segment-wise gross NPA as on March 31, 2023

S. No	Segment- wise breakup of gross NPAs	Gross NPA (%)*
1.	Retail	
A.	Mortgages (home loans and loans against property)	0.13
B.	Gold loans	-
C.	Vehicle Finance	-
D.	MFI (Agriculture & allied activities)	-
E.	MSME	-
F.	Capital market funding (loans against shares, margin funding)	-
G.	Others (Services and Unsecured personal loans)	99.87
2.	Wholesale	
A.	Infrastructure	-
B.	Real Estate (including builder loans) ¹	-
C.	Promoter Funding	-
D.	Any other sector (as applicable)	-
E.	Others	-
Total		100

*Segment wise Gross NPA as % of total Gross NPA

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

Particulars	Nature of Liability	As of March 31, 2023 (in ₹ million)
In respect of Income tax demands where the Company has filed appeal before the relevant authority.	Contingent	11
Total		11

Promoter Shareholding

Please see “Capital Structure” beginning on page 53 for details with respect to Promoter shareholding in our Company as on the date of this Draft Prospectus.

Residual maturity profile of assets and liabilities as on March 31, 2023 (in ₹ million)

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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Advances	4,172.92	3,793.38	3,460.92	8,698.03	10,494.12	19,918.46	5,420.46	7,736.92	63,695.19
Investments	6,129.87	0.00	0.00	0.00	0.00	0.00	0.00	3,758.55	9,888.41
Borrowings	6,322.57	4,474.22	2,724.09	10,053.39	18,950.38	14,222.01	879.66	0.00	57,626.32
Foreign Currency Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign currency liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

In case the issuer is a NBFC or HFC or PFI and the objects of the public issue entail loan to any entity which is a 'Group Company', then disclosures shall be made in the following format:

Sr No	Name of Borrower	Amount of Advance/ exposure to such borrower (Group Company) (₹ in million) (A)	Percentage of Exposure = (A/ Total AUM)
1	N.A.	N.A.	N.A.

The disclosure above is not applicable to our Company as the objects of the public issue do not entail loan to any entity which is a 'Group Company'.

Dividend

Our Company has no stated specific dividend policy. Our Company has not declared any dividend in the last three years.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

Commission or Brokerage on Previous Issues

An expense of ₹ 54.78 million was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹3,000 million with an option to retain oversubscription up to ₹ 3,000 million aggregating up to 60,00,000 NCDs for an amount up to ₹ 6,000 million pursuant to the prospectus dated May 12, 2022.

Further, an expense of ₹60.87 million was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹2,500 million with an option to retain oversubscription up to ₹ 2,500 million aggregating up to 50,00,000 NCDs for an amount up to ₹ 5,000 million pursuant to the prospectus dated June 30, 2023.

Revaluation of assets

Our Company has not revalued its assets in the last three years.

Mechanism for redressal of investor grievances

Link Intime India Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints.

Agreement dated January 25, 2024 between the Registrar to the Issue and our Company provides for settling of investor grievances in a timely manner and for retention of records with the Registrar to the Issue for a period of eight years from the last date of dispatch of the Allotment Advice, demat credit and refund through unblocking to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue and Compliance Officer for the Issue giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on Application and the details of Member of Syndicate or Trading Member of the Stock Exchanges where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned

Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Application Locations, giving full details such as name, address of Applicant, Application Form number, option applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchanges, which shall be responsible for addressing investor grievances arising from applications submitted online through the app based/ web interface platform of stock exchange or through their Trading Members. The Intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them. We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be three (3) Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible

Registrar to the Issue



Link Intime India Private Limited

Address: C-101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India

Tel: +91 810 811 4949

Facsimile: +91 22 4918 6195

Email: navifinserv.ncd2024@linkintime.co.in

Investor Grievance Email: navifinserv.ncd2024@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Shanti Gopalkrishnan

Compliance Officer: B N Ramakrishnan

SEBI Registration No.: INR000004058

CIN: U67190MH1999PTC118368

Compliance Officer for the Issue and Company Secretary of our Company

Thomas Joseph is the Compliance Officer for the Issue and Company Secretary of our Company for this Issue. The contact details of the Compliance Officer for the Issue and Company Secretary are as follows:

Second Floor, Vaishnavi Tech Square

Iballur Village, Begur Hobli

Bengaluru 560 102,

Karnataka, India

Tel: 080 4511 3400

Email: secretarial@navi.com

Investors may contact the Registrar to the Issue or the Compliance Officer for the Issue and Company Secretary in case of any pre-Issue or post-Issue related issues such as non-receipt of Allotment Advice, demat credit or refund orders.

Change in Auditors of our Company during the last three financial years and current financial year

Except as disclosed below, there has been no changes in the statutory auditors of our Company during the last three financial years and current financial year:

Name of the Auditor	Address	Date of Appointment	Date of cessation if applicable	Date of Resignation if applicable
Price Waterhouse LLP	5th Floor, Tower D, The Millenia, 1&2 Murphy Road, Ulsoor, Bengaluru 560008, Karnataka, India	September 30, 2022	-	-
Walker Chandiook & Co LLP	11th Floor, Tower II, One Financial Centre, S B Marg, Prabhadevi (W), Mumbai 400 013, Maharashtra, India	September 30, 2019	September 30, 2022*	-

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

Auditor's Remarks or Emphasis of Matter

Except as disclosed in "Risk Factors" and "Outstanding Litigations and Defaults" on pages 16 and 252, there are no reservations or qualifications or adverse remarks in the financial statements and financial position of our Company in the last three Fiscals immediately preceding this Draft Prospectus.

Pre-Issue Advertisement

Subject to Regulation Subject to Regulation 30(1) of SEBI NCS Regulations, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under Schedule V of the SEBI NCS Regulations in compliance with Section 30 of the Companies Act, 2013. Material updates, if any, between the date of filing of the Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement information as prescribed under SEBI NCS Regulations.

Trading

Debt securities issued by our Company, which are listed on BSE's and NSE's wholesale debt market are infrequently traded with limited or no volumes. Consequently, there has been no material fluctuation in prices or volumes of such listed debt securities.

Caution

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of securities to him, or any other person in a fictitious name shall be liable for action under section 447.”*

Disclaimer statement from our Company, our Directors and the Lead Manager

Our Company, our Directors and the Lead Manager accept no responsibility for statements made other than in this Draft Prospectus or in the advertisements or any other material issued by or at our Company's instance in connection with the Issue of the NCDs and anyone placing reliance on any other source of information including our Company's website, or any website of any affiliate of our Company would be doing so at their own risk. The Lead Manager accept no responsibility, save to the limited extent as provided in the Issue Agreement.

None among our Company or the Lead Manager or any Member of the Syndicate is liable for any failure in uploading the Application due to faults in any software/ hardware system or otherwise; the blocking of Application Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Investors who make an Application in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs and will not issue, sell, pledge, or transfer the NCDs to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the NCDs being offered in the Issue.

Latest ALM statement

The following table describes the standalone ALM of our Company as on December 31, 2023:

₹ Million

	Over 1 Month	Over 2 Months	Over 3 Months	Over 3-6 Months	Over 6-12 Months	Over 1-3 Years	Over 3-5 Years	Over 5 Years	Total
Liabilities									
Borrowings	3,829.30	5,396.33	6,350.60	11,394.50	13,491.59	21,799.99	919.41	-	63,181.72
Other Liabilities	3,428.60	270.71	2,127.01	461.86	2,621.16	2,761.49	3,393.60	58.31	15,122.74
Equity	-	-	-	-	-	-	-	30,453.92	30,453.92
Total	7,257.91	5,667.05	8,477.61	11,856.36	16,112.75	24,561.47	4,313.00	30,512.23	1,08,758.38
Assets									
Cash & Bank Balances	2,440.60	-	241.24	1,670.88	1,879.19	781.79	20.59	-	7,034.27
Investments	13,391.64	-	-	-	-	-	-	-	13,391.64
Loans & Advances	5,278.68	3,760.11	4,118.11	9,521.64	14,704.09	28,745.11	5,130.42	7,420.39	78,678.55
Fixed Assets	-	-	-	-	-	-	-	216.63	216.63
Other Assets	4,366.50	-	-	-	2,978.56	697.19	-	1,395.04	9,437.29

Note: Basis unaudited provisional return filed with RBI as on December 31, 2023.

REGULATIONS AND POLICIES

Given below is an indicative summary of certain sector specific and relevant laws and regulations in India, which are applicable to our Company. The information in this section has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner so as to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be a substitute for professional legal advice. The indicative summaries are based on the current provisions of applicable law, which are subject to change, modification, or amendment by subsequent legislative, regulatory, administrative, or judicial decisions.

Given below is a brief description of certain relevant legislations that are currently applicable to the business carried on by us.

I. Key Regulations applicable to our Company

The key laws applicable to our Company include:

Reserve Bank of India Act, 1934 (“RBI Act”)

The RBI is entrusted with the responsibility of regulating and supervising NBFCs by virtue of powers vested in Chapter IIIB of the RBI Act.

The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company and which is in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of institutions as the RBI may, with the previous approval of the Central Government, and by notification in the Official Gazette, specify. A company would be categorized as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and if its income from such financial assets is more than 50% of the gross income. Further, NBFCs are required to obtain a certificate of registration from the RBI prior to commencement of the business as a non-banking financial institution.

Pursuant to Section 45-IC of the RBI Act, 1934, every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Further, no appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdrawal.

Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“Scale Based Regulations”)

The RBI had issued the master directions dated October 19, 2023, as amended, which apply to all NBFCs categorised into NBFC-BL, NBFC-ML, NBFC-UL, and NBFC-TL. The following previously issued circulars have been consolidated in the Scale Based Regulations:

- a. Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans dated August 18, 2023;
- b. Fair Lending Practice - Penal Charges in Loan Accounts dated August 18, 2023;
- c. Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans dated September 13, 2023; and
- d. Display of information - Secured assets possessed under the SARFAESI Act, 2002 dated September 25, 2023.

References to NBFC-ND-SI (systemically important non - deposit taking NBFC) shall mean NBFC-ML or NBFC-UL, as applicable. Under the NBFC Scale Based Regulations, all regulations applicable to an NBFC-BL are also applicable to an NBFC-ML, unless specified otherwise. Further, from October 1, 2022, all references to NBFC-ND (i.e., non-systemically important non-deposit taking NBFC) shall mean NBFC-BL and all references to NBFC-D (i.e., deposit taking NBFC) and NBFC-ND-SI (systemically important non-deposit taking NBFC) shall mean NBFC-ML or NBFC-UL, as the case may be.

Corporate Governance

Constitution of Committees

All NBFC-ML are required to constitute the committees disclosed below:

- (i) Audit Committee: An NBFC is required to constitute an audit committee consisting of not less than three members of its board of directors. The audit committee constituted by an NBFC as required under Section 177 of the Companies Act, 2013 shall be the audit committee for the purposes of the NBFC Scale Based Regulations as well, and its powers and functions shall be as provided under Section 177 of the Companies Act, 2013.
- (ii) Nomination Committee: NBFCs are required to constitute a nomination committee to ensure 'fit and proper' status of proposed or existing directors, which shall have the same powers and functions as the nomination and remuneration committee required to be constituted under Section 178 of the Companies Act, 2013.
- (iii) Risk Management Committee: NBFCs are required to constitute a risk management committee for evaluating the overall risks faced by the NBFC including liquidity risk.
- (iv) Asset-Liability Management Committee: Non-deposit taking NBFCs with asset size more ₹10 million are required to constitute an asset liability management committee. The asset liability management committee is required to be headed by the chief executive officer/ managing director or the executive director of such NBFC, as prescribed under the Guidelines on Liquidity Risk Management Framework in the NBFC Scale Based Regulations.

Fit and proper criteria: Applicable NBFCs are required to (a) maintain a policy approved by the board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis, in line with the guidelines prescribed under the NBFC Scale Based Regulations; (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the NBFC Scale Based Regulations; (c) obtain a deed of covenant signed by directors, in the format prescribed under the NBFC Scale Based Regulations; and (d) furnish to the RBI a quarterly statement on change of directors and a certificate from the managing director of the Applicable NBFCs that fit and proper criteria in selection of the directors has been followed. The statement must be submitted to the Regional Office of the Department of Non-Banking Supervision of the RBI where the Applicable NBFC is registered, within 15 days of the close of the respective quarter. The statement submitted for the quarter ending March 31, is required to be certified by the auditors.

Disclosure and Transparency: Applicable NBFCs are required to place before the board of directors, at regular intervals, as may be prescribed by their respective boards of directors, the following: (i) progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the concerned Applicable NBFC; and (ii) conformity with corporate governance standards including composition of committees, their roles and functions, periodicity of the meetings and compliance with coverage and review functions and so on.

NBFC-ML are required to disclose *inter alia* the following in their annual financial statements:

- (i) registration/licence/authorisation obtained from other financial sector regulators;
- (ii) ratings assigned by credit rating agencies and migration of ratings during the year;
- (iii) penalties, if any, levied by any regulator;
- (iv) information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries; and
- (v) asset-liability profile, extent of financing of parent company products, non-performing assets and movement of non-performing assets, details of all off-balance sheet exposures, structured products issued by them as also securitization/ assignment transactions and other disclosures, as prescribed under the NBFC Scale Based Regulations.

NBFCs are also required to disclose their Capital to Risk Assets Ratio Exposure to real estate sector (direct and indirect) and maturity pattern of assets and liabilities in their balance sheet. Further, NBFCs shall frame their internal guidelines on corporate governance with the approval of the board of directors which shall be published on their respective websites.

Acquisition or Transfer of Control

Applicable NBFCs are required to obtain prior written permission of RBI for (a) any takeover or acquisition of control, which may or may not result in change in management, (b) any change in the shareholding, including progressive increases over time, which would result in acquisition or transfer of shareholding of 26% or more of the paid-up equity capital (no prior approval is required if the shareholding going beyond 26% is due to buy-back of shares or reduction in capital where it has approval of a competent court but must be reported to the RBI within one month of the occurrence), and (c) any change in the management of the Applicable NBFCs, which results in change in more than 30% of the directors, excluding independent directors, provided that no prior approval shall be required in case of directors who get re-elected on retirement by rotation. NBFCs are required to continue informing the RBI regarding any change in their directors or management regardless of their application for prior written permissions.

Prudential Norms

All NBFCs are required to maintain capital adequacy ratio consisting of Tier – I and Tier – II capital which shall not be less than 15% of the NBFC's aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The Tier – I capital in respect of Applicable NBFCs, at any point of time, shall not be less than 10%.

NBFCs risk exposure to a single party or a single group of parties is also kept under control through ceiling limits on NBFCs investment and lending capacity to single party or a single group of parties. NBFCs are not to invest more than 25% of their Tier 1 capital to a single party and more than 40% of their Tier 1 capital to a single group of parties. The NBFCs are also mandated to formulate a policy for managing the exposure risk to single party/ single group of parties.

Besides, such NBFCs are required to obtain prior approval of the RBI to open branches exceeding 1000. while NBFCs which already have more than 1000 branches are required to approach the RBI for prior approval for any further branch expansion.

Liquidity Risk Management Framework and Liquidity Coverage Ratio

Liquidity Risk Management Framework

Non-deposit taking NBFCs with an asset size of ₹ 1,000 million and above and all deposit taking NBFCs are required to adhere to the liquidity risk management framework prescribed under the NBFC Scale Based Regulations. The guidelines, inter alia, require the board of directors of the Applicable NBFC to formulate a liquidity risk management framework detailing entity-level liquidity risk tolerance, funding strategies, prudential limits, framework for stress testing, liquidity planning under alternative scenarios, nature and frequency of management reporting, and periodical review of assumptions used in liquidity projections.

Liquidity Coverage Ratio

All non-deposit taking NBFCs with an asset size of more than ₹ 50,000 million and all deposit taking NBFCs irrespective of their asset size are required to adhere to the Guidelines on Liquidity Coverage Ratio under the NBFC Scale Based Regulations. All non-deposit taking NBFCs with asset size of ₹ 100 billion and above, and all deposit taking NBFCs irrespective of their asset size, are required to maintain a liquidity buffer in terms of liquidity coverage ratio which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient high quality liquid asset to survive any acute liquidity stress scenario lasting for 30 days. The stock of high quality liquid asset to be maintained by the NBFCs is required to be a minimum of 100% of total net cash outflows over the next 30 calendar days. The liquidity coverage ratio requirement is binding on NBFCs from December 1, 2020 with the minimum high quality liquid assets to be held being 50% of the liquidity coverage ratio, progressively reaching up to the required level of 100% by December 1, 2024, in accordance with the timeline prescribed below:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum Liquidity Coverage Ratio	50%	60%	70%	85%	100%

All non-deposit taking NBFCs with asset size of ₹50 billion and above but less than ₹100 billion are required to also maintain the required level of liquidity coverage ratio in accordance with the timeline given below:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum Liquidity Coverage Ratio	30%	50%	60%	85%	100%

Asset Classification and Provisioning Norms

All NBFCs are required to adopt the asset classification and provisioning norms as set forth below:

Asset Classification

- (i) a “standard asset” means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.

- (ii) a “sub-standard asset” means (a) an asset which has been classified as non-performing asset for a period not exceeding 18 months; (b) an asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms. However, the classification of infrastructure loans as sub-standard assets is subject to the conditions stipulated in the NBFC Scale Based Direction.
- (iii) a “doubtful asset” means (a) a term loan, or (b) a lease asset, or (c) a hire purchase asset, or (d) any other asset, which remains a sub-standard asset for a period exceeding 18 months.
- (iv) a “loss asset” means (a) an asset which has been identified as loss asset by an Applicable NBFC or its internal or external auditor or by the RBI during the inspection of the Applicable NBFC, to the extent it is not written off by the Applicable NBFC; and (b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.
- (v) a “non-performing asset” means: (a) an asset for which interest has remained overdue for a period of more than 90 days; (b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of more than 90 days or on which interest amount remained overdue for a period of more than 90 days; (c) a demand or call loan, which remained overdue for a period of three months or more from the date of demand or call or on which interest amount remained overdue for a period of more than 90 days; (d) a bill which remains overdue for a period of 90 days or more; (e) the interest in respect of a debt or the income on receivables under the head ‘other current assets’ in the nature of short term loans/advances, which facility remained overdue for a period of more than 90 days; (f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of more than 90 days; (g) the lease rental and hire purchase instalment, which has become overdue for a period of more than 90 days; (h) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset. Provided that in the case of lease and hire purchase transactions, an Applicable NBFC is required to classify each such account on the basis of its record of recovery

Standard Asset Provisioning

All NBFC-BLs are required to make provisions for standard assets of 0.25%, which shall not be reckoned for arriving at the net NPAs. NBFC-MLs are required to make provisions for standard assets of 0.40%, which shall not be reckoned for arriving at the net NPAs. The provision towards standard assets shall not be netted from gross advances but are required to be shown separately as ‘Contingent Provisions against Standard Assets’ in the balance sheet of the Applicable NBFCs.

Balance Sheet Disclosures

- (i) Applicable NBFCs are required to separately disclose in their financial statements the provisions made, as prescribed under the NBFC Scale Based Regulations, without netting them from income or against the value of assets.
- (ii) The provisions are to be distinctly indicated under separate heads of account as: a. Provisions for bad and doubtful debts; and b. Provisions for depreciation in investments.
- (iii) Such provisions shall not be appropriated from the general provisions and loss reserves held, if any, by the Applicable NBFC.
- (iv) Such provisions for each year are required to be debited to the profit and loss account. The excess of provisions, if any, held under the heads general provisions and loss reserves are required to be written back without making adjustment against them.
- (v) Additionally, Applicable NBFCs are required to disclose: (a) Capital to risk assets ratio; (b) exposure to real estate sector, both direct and indirect; and (iii) maturity pattern of assets and liabilities.

Regulation of Excessive Interest Charged by NBFCs

- (i) The board of directors of each Applicable NBFC is required to adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest, the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers are required to be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- (ii) The rates of interest and the approach for gradation of risks are also required to be made available on the website of the Applicable NBFCs or published in the relevant newspapers. The information

published in the website or otherwise published is required to be updated whenever there is a change in the rates of interest. 235

- (iii) The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Although rates of interest charged by NBFCs are not regulated by the RBI, rates of interest beyond a certain level may be seen to be excessive. The board of directors of Applicable NBFCs are required to layout appropriate internal principles and procedures in determining interest rates and processing and other charges.

Accounting Standards

Accounting Standards and guidance notes issued by the Institute of Chartered Accountants of India are required to be followed by NBFCs insofar as they are not inconsistent with any of the provisions of the NBFC Scale Based Regulations.

Fair Practices Code

All Applicable NBFCs having customer interface are required to adopt a fair practices code in line with the guidelines prescribed under the NBFC Scale Based Regulations. The NBFC Scale Based Regulations stipulate that such fair practices code should cover, inter alia, the form and manner of processing of loan applications; loan appraisal and terms and conditions thereof; and disbursement of loans and changes in terms and conditions of loans. The NBFC Scale Based Regulations also prescribe general conditions to be observed by Applicable NBFCs in respect of loans and requires the board of directors of Applicable NBFCs to lay down a grievance redressal mechanism. Such fair practices code should preferably be in vernacular language or language understood by borrowers of the Applicable NBFCs.

Penal Charges in Loan Accounts

Penalties for non-compliance with material terms and conditions of a loan contract by a borrower shall be treated as 'penal charges' and shall not be levied as a 'penal interest' that is added to the rate of interest charged on advances. No further interest shall be computed on such penal charges. 236 The NBFC Scale Based Regulations prohibit regulated entities, which include NBFCs, from introducing any additional component to the rate of interest and stipulate that all NBFCs shall formulate a Board approved policy on penal charges or similar charges on loans. The quantum of penal charges shall be reasonable without being discriminatory within a particular loan or product category. In addition to being displayed on the NBFCs' website, the reasons for penal charges shall be clearly disclosed by the NBFCs to the customers in the loan agreement and the key fact statement.

Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans

At the time of sanction of EMI based floating rate personal loans, regulated entities (including NBFCs) are required to take into account the repayment capacity of borrowers to ensure that adequate headroom is available for elongating the tenor or increasing the EMI. In order to address consumer grievances related to elongation of loan tenor or increases in the EMI amount, the notification requires NBFCs to put in place appropriate policy frameworks to meet the following requirements:

- (i) at the time of sanction, clearly communicating to the borrowers about the possible impact of change in interest rate on the loan that can lead to changes in the EMI and/or the tenor;
- (ii) at the time of the reset of interest rates, providing the option to the borrowers to switch over to a fixed rate as per their Board approved policy;
- (iii) all applicable charges for switching of loan from floating to fixed rate and any other service charges or administrative costs shall be transparently disclosed in the sanction letter;
- (iv) ensuring that the elongation of tenor for floating rate loans do not result in negative amortization;
- (v) sharing a statement at the end of each quarter that enumerates the principal and interest recovered till date, the EMI amount, the number of EMIs left and the annualized rate of interest/ Annual Percentage Rate for the entire tenor of the loan. The notification requires the instructions enumerated therein to be extended to existing and new loans suitably by December 31, 2023, and for existing borrowers to be sent a communication through appropriate channels, intimating the options available to them.

Declaration of Dividend

The NBFC Scale Based Regulations intend to infuse greater transparency and uniformity in practice of distribution of dividends by setting eligibility criteria and disclosure requirements for NBFCs for distribution of dividends. According

to the NBFC Scale Based Regulations, NBFCs must comply with four minimum prudential criteria to be considered eligible to declare dividends: (i) prescribed levels of capital adequacy; (ii) prescribed levels of Net NPA; (iii) compliance with provisions of Section 45IC of the RBI Act; and (iv) continuous general compliance with RBI regulations and guidelines concerning NBFCs. The NBFC Scale Based Regulations also prescribe to the board of directors of the NBFCs to consider the decision to roll out dividends in light of certain definite factors. NBFCs, other than NBFC-BL, that declare dividend have to report dividend declared during the financial year in the format prescribed under the NBFC Scale Based Regulations.

Instructions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs

The NBFC Scale Based Regulations specify the activities that cannot be outsourced and also provide the basis for deciding materiality of outsourcing. It mandates the regulatory and supervisory requirements and risk management practices to be complied with by every NBFC before outsourcing its activities. Further, an NBFC intending to outsource any of the permitted activities under the NBFC Scale Based Regulations is required to formulate an outsourcing policy which is to be approved by its board of directors.

Scale based regulation (SBR)- Revised Regulatory Framework for NBFCs by the RBI, 2021, dated October 22, 2021, as amended ("SBR Framework") read with RBI notification - Compliance Function and Role of Chief Compliance Officer (CCO) - NBFCs dated April 11, 2022, as amended ("Notification")

On October 22, 2021, the RBI issued a Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ("**SBR Framework**"), whereby NBFCs have been categorised into following four layers based on their size, activity, and perceived riskiness by the RBI:

- a. **Base Layer:** The Base Layer comprises of (a) non-deposit taking NBFCs below the asset size of ₹1000 crore and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface. NBFC-BLs largely continue to be subject to regulations earlier applicable to non-deposit taking NBFCs. The Regulation introduces a few changes for better governance of NBFC-BLs viz. requirement for Board policy on loans to directors, senior officers and relatives; constitution of a Risk Management Committee; and disclosure of types of exposure, related party transactions, loans to Directors/ Senior Officers and customer complaints.
- b. **Middle Layer:** The Middle Layer consists of (a) all deposit taking NBFCs (NBFC-Ds), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹1000 crore and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs).

Certain measures under the regulatory framework in relation to NBFC-MLs include: (a) aligning credit concentration norms for NBFCs with those applicable to banks, by merging the currently applicable lending and investment concentration limits into a single exposure limit of 25% for single borrower and 40% for group of borrowers anchored to the NBFC's Tier - I capital; (b) introducing a requirement for NBFCs to have a policy approved by their respective boards of directors on internal capital adequacy assessment process; (c) prescribing limit on initial public offer financing of ₹ 10 million per individual; (d) regulatory restrictions on lending by NBFCs; (e) detailed disclosures of certain items in annual financial statements; (f) limits on exposure to commercial real estate and capital market sector; and (g) mandatory requirement for appointment of a functionally independent chief compliance officer and independent director.

- c. **Upper Layer:** The Upper Layer shall comprise of those NBFCs which are specifically identified by the Reserve Bank as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.
- d. **Top Layer:** The Top Layer will ideally remain empty. This layer can get populated if the Reserve Bank is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFCs in the Upper Layer.

Pursuant to the SBR Framework the criteria of asset size of non-deposit NBFCs for classification as non-systemically important for the purpose of regulatory structure of NBFCs have been increased from ₹ 50,000 lakh to ₹ 1,00,000 lakh ("**NBFC-ND**"). Therefore, non-deposit NBFCs with asset size of over ₹ 1,00,000 lakh will be considered as systemically Important by the RBI ("**NBFC-ND-SI**"). The SBR Framework provides that from October 1, 2022 references to NBFC-ND shall mean NBFC-BL and all references to NBFC-D and NBFC-ND-SI shall mean NBFC-ML or NBFC-UL, as the case may be. SBR Framework clarified that existing NBFC-ND-SIs having asset size of ₹ 50000 lakh

and above but below ₹ 1,00,000 lakh (except those necessarily featuring in NBFC-Middle Layer) will be known as NBFC-BL.

Further, under the Notification, the NBFC-UL and NBFC-ML is required to institute an independent Compliance Function and a Chief Compliance Officer (CCO) latest by April 1, 2023 and October 1, 2023, respectively. The Board/Audit Committee (Board committee) is required to ensure that an appropriate Compliance Policy is put in place and implemented. The Senior Management shall carry out an exercise, at least once a year, to identify and assess the major compliance risks facing the NBFC and formulate plans to manage it.

The Revised Regulatory Framework for NBFCs also prescribes specific regulatory changes for each of the different layers in the regulatory structure, that is, capital guidelines, prudential guidelines, governance guidelines and the transition path, as elucidated on above.

Reserve Bank of India's Guidelines on Digital Lending dated September 2, 2022 ("Digital Lending Guidelines")

The RBI released the Digital Lending Guidelines requiring regulated entities to adhere to the customer protection and conduct requirements, technology and data requirements along with the prescribed regulatory framework.

- a. **Customer Protection and Conduct:** The regulated entities are required to ensure that all loan servicing, repayment and related services are executed directly by the borrower without the involvement of a third-party pool account. Further, all collection of fees and charges shall be paid directly by such regulated entity. Further, all penal interest and charges levied shall be calculated on the outstanding amount of the loan and shall be disclosed upfront on an annualized basis. All regulated entities shall provide the borrower with a standardized Key Fact Statement as prescribed in the Digital Lending Guidelines, populated with the prescribed details. In addition to the above, regulated entities shall appoint a suitable grievance redressal officer to address issues raised by borrowers including digital lending and fin tech-related complaints. Each borrower's creditworthiness is required to be ascertained in an auditable way, ahead of extending any loan.
- b. **Technology and Data Requirement:** All information collated by the regulated entities shall be on a need-based principle with prior and explicit consent of the borrower. No personal data of any of the borrowers shall be stored except as required for the purpose of carrying out their operations, as necessary. To this effect, regulated entities shall also formulate guidelines to govern data storage, privacy and usage in line with the Digital Lending Guidelines.
- c. **Regulatory Framework:** Regulated entities are required to comply with reporting requirements to credit information companies along with other prescribed rules and regulations as laid down in the Digital Lending Guidelines.

Reserve Bank of India's Guidelines on Default Loss Guarantee in Digital Lending dated June 8, 2023 ("DLG in Digital Lending Guidelines")

The RBI released the Guidelines on Default Loss Guarantee (DLG) which are applicable to DLG arrangements in digital lending operations undertaken by the regulated entities including Non-Banking Financial Companies. The guidelines lays down the eligibility conditions for DLG provider and provide for the structure of DLG arrangements. Further, the guidelines provides for the due diligence requirements in respect of the DLG provider. The guidelines further clarifies that the customer protection measures and grievance redressal issues pertaining to DLG arrangements shall be guided by RBI's instructions contained in 'Guidelines on Digital Lending' dated September 02, 2022, along with other applicable norms.

Reserve Bank of India's Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016, updated as on January 4, 2024 ("KYC Directions")

KYC Directions are applicable to every entity regulated by RBI specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. The KYC Directions also prescribe detailed instructions in relation to, inter alia, the due diligence of customers, record management and reporting requirements (such as the details of the person designated by the board of directors as a designated director etc.) to Financial Intelligence Unit – India. It also inserted directions for Regulated entities to assess 'Money Laundering' and 'Terrorist Financing' risk for clients, transactions or delivery channels, products, services etc. and take measures to mitigate the same on a risk-based approach.

The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were updated on April 20, 2018 to enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002 and in accordance with the Prevention of Money-Laundering Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and the final judgment of the Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Another v. Union of India (Writ Petition (Civil) 494/2012). The Directions were updated to accommodate authentication as per the AADHAR (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and use of an Indian resident's Aadhar number as a document for the purposes of fulfilling KYC requirement. The RBI KYC Directions were further updated on January 9, 2020 with a view to leveraging the digital channels for customer identification process by regulated entities, whereby the RBI has decided to permit video based customer identification process as a consent based alternate method of establishing the customer's identity, for customer onboarding.

Reserve Bank of India (Outsourcing of Information Technology Services) Directions, 2023 ("2023 Outsourcing Directions")

The RBI has, pursuant to its master direction dated April 10, 2023 bearing reference number DoS.CO.CSITTEG/SEC.1/31.01.015/2023-24 issued regulatory guidelines on outsourcing of IT services. These directions are scheduled to come into effect from October 1, 2023. The 2023 Outsourcing Directions provide regulatory, compliance and supervisory requirements in relation to outsourcing activities and places the ultimate responsibility on the regulated entity for any outsourcing activity. In addition to this, it also provides for obligations that regulated entities are required to adhere to including but not limited to (i) appointment of outsourcing entities, (ii) comprehensive assessment of need for outsourcing and attendant risks and (iii) a prescribed grievance redressal mechanism. Every regulated entity intending to outsource any of its IT activities is required to formulate a comprehensive IT outsourcing policy approved by its Board along with a risk management framework, business continuity plan and disaster recovery plan. In line with this, the 2023 Outsourcing Directions prescribe roles for the senior management and the Board of each regulated entity. All outsourcing arrangements shall be effectuated by entering into a legally binding agreement with clearly defined rights and obligations of all parties thereto. The directions also regulate outsourcing within a group or conglomerate and cross-border outsourcing.

Reserve Bank of India notification on Regulatory measures towards consumer credit and bank credit to NBFCs dated November 16, 2023

The RBI through its notification dated November 16, 2023 has attempted to strengthen the internal surveillance mechanisms, address the build-up of risks, if any, and institute suitable safeguards of banks and NBFCs. Through this notification the RBI has increased the risk weight of the credit exposure of NBFCs by 25 percentage points in each category. Hence, consumer credit exposure and credit card receivables of NBFCs shall attract a risk weight of 125% from 100%. Further, the RBI has mandated Regulated Entities ("REs") to review their sectoral exposure limits and put Board approved limits in place in respect of various consumer credit as may be necessary, particularly for all unsecured consumer credit exposure.

Reserve Bank of India notification on Investments in Alternative Investment Funds dated December 19, 2023

The RBI through its notification dated December 19, 2023 has set limits on the Alternative Investment Funds that Regulated Entities ("REs") can invest in. The REs shall not make investments in any scheme of AIFs which has downstream investments either directly or indirectly in a debtor company of the RE. Further, if an AIF scheme in which an RE is already an investor makes a downstream investment in such a debtor company then the RE must liquidate their investment within 30 days of such downstream investment. In case the REs are not able to liquidate their investments within the above-prescribed time limit, they shall make 100 percent provision on such investments.

Prevention of Money Laundering Act, 2002 ("PMLA")

The PMLA was enacted to prevent money laundering and to provide for confiscation of property derived from, or involved, in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA inter alia casts certain obligations on reporting entities (as defined under the PMLA) in relation to preservation of records and reporting of transactions. Further, the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 prescribe the maintenance of records of nature and value of transactions, the procedure and manner of maintaining and the time for furnishing of information and verification of records of the identity of customers of financial institutions. The aforesaid rules were amended by the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2023 notified on September 4, 2023.

In addition to the above, the following directions and circulars issued by the RBI are also relevant to our business:

- a. Master Direction (Know Your Customer) Directions, 2016 dated February 25, 2016, as amended
- b. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016
- c. Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016, dated September 29, 2016
- d. Master Direction - Information Technology Framework for the NBFC Sector Directions, dated June 8, 2017
- e. Master Direction - Non- Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 dated September 29, 2016
- f. Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017 dated November 9, 2017
- g. Circular dated June 24, 2021 on Declaration of Dividends by NBFCs
- h. RBI's Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications dated November 12, 2021
- i. RBI's Prompt Corrective Action Framework for NBFCs dated December 14, 2021
- j. RBI's Master Circular - Bank Finance to Non-Banking Financial Companies dated January 5, 2022
- k. Master Direction - Reserve Bank of India (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investments, Classification, Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023 dated September 21, 2023
- l. Circular dated October 26, 2023 on Framework for compensation to customers for delayed updation/rectification of credit information
- m. Circular dated October 26, 2023 on Strengthening of customer service rendered by Credit Information Companies and Credit Institutions
- n. Master Direction - Information Technology Governance, Risk, Controls and Assurance Practices dated November 7, 2023
- o. Circular dated November 16, 2023 on Regulatory measures towards consumer credit and bank credit to NBFCs.
- p. Circular dated December 19, 2023 on Investments in Alternative Investment Funds (AIFs)
- q. Reserve Bank of India (Government Securities Lending) Directions, 2023 dated December 27, 2023
- r. Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023 dated December 29, 2023
- s. Master Direction - Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024 dated January 3, 2024

Aadhar (Targeted Delivery of Financial and other Subsidies, Benefits and Services) Act (the "Aadhaar Act"), 2016 and the rules and regulations made thereunder

The Aadhaar Act, aims to provide for, as good governance, efficient, transparent and targeted delivery of subsidies, benefits and services, the expenditure for which is incurred from the Consolidated Fund of India, to individuals residing in India, through assigning of unique identity numbers to such individuals and for matters connected herewith. The Aadhaar Act establishes Unique Identification Authority of India ("UIDAI"), which is responsible for authentication and enrolment of individuals under the Aadhaar programme. The Aadhaar Act also provides for the appointment of Enrolling Agency, which would be responsible for the enrolment of individuals. The Aadhaar Act, to authenticate the Aadhaar Numbers, appoints a requesting entity, that would submit the Aadhaar Number along with demographic information or biometric information to the Central Identities Data Repository. Lastly, the Aadhaar Act also provides for the protection and confidentiality of identity information and authentication records of individuals.

The Aadhaar (Data Security) Regulations, 2016 ("Data Security Regulations") provides for measures to ensure that the information of individuals is secured. Data Security Regulations also enumerates the obligation of service providers to keep the information secure and confidential.

The Aadhaar (Sharing of Information) Regulations, 2016 (“**SI Regulations**”) provides for restriction on sharing of biometric information by UIDAI. SI Regulations also restricts the sharing, circulating, or publishing of the aadhar number.

The Aadhaar (Authentication) Regulations, 2016 (“**Authentication Regulations**”) provides an Aadhaar Authentication Framework, which has two kinds and four modes of authentication. Authentication Regulations also makes it mandatory for the requesting entity to obtain the consent of the aadhar number holder. Authentication Regulations list provisions and the entire process for the appointment of Requesting Entities and Authentication Service Agencies along with their roles and responsibilities and code of conduct.

Information Technology Act, 2000 and the rules made thereunder (“IT Act”)

The IT Act has been enacted with the intention of providing legal recognition to transactions that are undertaken electronically. The IT Act facilitates electronic commerce by recognizing contracts concluded through electronic means, protects intermediaries in respect of third-party information made available to or hosted by them and creates liability for failure to protect sensitive personal data. The IT Act has created a mechanism for authenticating electronic documentation by means of digital signatures and provides for civil and criminal liability including fines and imprisonment for various offences. By means of an amendment in 2008, the IT Act legalized the validity of contracts formed through electronic means. The IT Act prescribes various offences, including those offences relating to unauthorized access of computer systems, unauthorized disclosure of confidential information and frauds emanating from computer applications. The IT Act also empowers the Government of India to intercept, monitor or decrypt any information in the furtherance of sovereignty, integrity, defence and security of India. The IT Act empowers the Government of India to formulate rules with respect to electronic signatures, reasonable security practices and procedures and sensitive personal data.

In exercise of this power, the Department of Electronics and Information Technology under the Ministry of Communications & Information Technology, Government of India, promulgated the Use of Electronic Records and Digital Signatures Rules, 2004, Digital Signature (End Entity) Rules, 2015, and Information Technology (Certifying Authorities) Rules, 2000. These rules govern the issuance and creation of digital and electronic signatures, their verification, and issuance of license to issue digital signature certificates.

The Digital Personal Data Protection Act, 2023 (the “DPDP Act” or the “Act”)

The DPDP Act was notified on August 11, 2023 and is yet to come into effect. The DPDP Act, once notified, will replace the existing data protection provision, as contained in Section 43A of the IT Act. The Act seeks to balance the rights of individuals to protect their personal data with the need to process personal data for lawful and other incidental purposes. The DPDP Act provides for the processing of digital personal data in a manner that recognises both the rights of individuals to protect their personal data and the need to process personal data for lawful purposes and matters incidental thereto. The DPDP Act provides that personal data may be processed only for a lawful purpose after obtaining the consent of the data principal to whom the personal data relates, or for certain legitimate uses. A notice must be given before seeking consent. It further imposes certain obligations on data fiduciaries including (i) ensuring the accuracy, consistency and completeness of personal data processed, (ii) building reasonable security safeguards to prevent a data breach, (iii) informing the Data Protection Board of India (the “DPB”) and affected persons in the event of a breach, and (iv) erasing personal data upon the data principal withdrawing consent or as soon as the purpose has been met and retention is not necessary for legal purposes (storage limitation). In case of government entities, storage limitation and the right of the data principal to erasure will not apply. The Central Government will establish the DPB. Key functions of the DPB include: (i) monitoring compliance and imposing penalties, (ii) directing data fiduciaries to take necessary measures in the event of a data breach, and (iii) hearing grievances made by data principals. The DPB members will be appointed for two years and will be eligible for re-appointment. The Central Government will prescribe details such as the number of members of the DPB and the selection process.

II. Foreign Exchange Laws

Foreign investment in India is governed by the provisions of Foreign Exchange Management Act, 1999, as amended, along with the rules, regulations and notifications made by the Reserve Bank of India thereunder, and the consolidated FDI Policy, effective from October 15, 2020, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time.

As per the sector specific guidelines of the Government of India, 100 per cent FDI/ Non-Resident Indian (“**NRI**”) investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

III. Laws Relating to Taxation

In addition to the aforementioned material legislations which are applicable to our Company, some of the tax legislations that may be applicable to the operations of our Company include:

- a. Central Goods and Service Tax Act, 2017 and various state-wise legislations made thereunder;
- b. Integrated Goods and Services Tax Act, 2017;
- c. Income Tax Act 1961, as amended by the Finance Act in respective years; and
- d. State-wise legislations in relation to professional tax.

IV. Other Regulations

In addition to the above, our Company are required to comply with the provisions of the Companies Act, various SEBI regulations, intellectual property laws, labour laws, shops and establishment legislations in various states, and other applicable statutes for its day-to-day operations.

PROVISIONS OF ARTICLES OF ASSOCIATION

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.

PRELIMINARY

1. The regulations for the management of the Company and for observance by the Company and Shareholders thereof and their representatives shall, subject to the repeal or alterations or addition to its regulations by a special resolution as prescribed by the Companies Act, 2013 (18 of 2013), be such as are contained in the Articles set out herein below. The regulations contained in Table F in the First Schedule to the Companies Act, 2013 as are applicable to Private Company shall not apply to this Company except in respect of such matters for which no provisions exist in these Articles.

2. DEFINITONS AND INTERPRETATION

2.1 Definitions

In the interpretation of these Articles, the following words and expressions shall have the meaning set forth below or assigned under the Companies Act, 2013, whichever is applicable, unless repugnant to the subject or content thereof.

- a) **“Act”** means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable.;
- b) **“Adjourned Meeting”** has the meaning ascribed to such term in Article 7.4;
- c) **“Affiliate”** means with respect to any Person other than a natural individual, any other Person which is a holding company, or a Subsidiary of such Person, or any Person which, directly or indirectly: (i) Controls such Person; (ii) is Controlled by such Person; (iii) is Controlled by the same Person who, directly or indirectly, Controls such Person; or (iv) is a Subsidiary of the same Person of which such Person is a Subsidiary; and in case of a Person being a natural person, shall in addition, also include a ‘relative’ (as defined in the Act) of such Person;
- d) **“Alternate Director”** has the meaning ascribed to such term in Article 4.4(a);
- e) **“Annual General Meeting”** means the annual general meeting of the Company convened and held in accordance with the Act.
- f) **“Anti-Bribery/ Anti-Money Laundering Laws”** means the Prevention of Corruption Act, 1988, the Prevention of Money Laundering Act, 2002, or any other applicable anti-money laundering laws and applicable financial reporting requirements and rules, regulations and guidelines made thereunder, as amended from time to time;
- g) **“Applicable Law(s)”** or **“Law(s)”** means all applicable statutes, enactments, laws, ordinances, bye-laws, rules, regulations, guidelines, notifications, notices, policies, directives and/ or judgments, decrees, injunctions, writs, rulings, or orders of any Governmental Authority (including applicable international treaties and regulations) in any jurisdiction as may be in force and in effect;
- h) **“Articles”** means the articles of association of the Company, as amended from time to time and registered with the RoC;
- i) **“Board”** or **“Board of Directors”** means the board of directors of the Company;
- j) **“Business Day”** means any day (excluding Saturdays, Sundays and public holidays) on which banking institution are open for business in Bengaluru, India;
- k) **“Chairman”** means the chairman of the Board of the Company;
- l) **“CIFCPL”** means Chaitanya India Fin Credit Private Limited;
- m) **“Company”** means Navi Finserv Limited;

- n) **“Consents”** means any approval, permit, consent, ratification, waiver, notice, filings, or other authorization of, or from, or to, any Person (including any Governmental Authority);
- o) **“Control”** in relation to a specified Person, means the possession by another Person or a group of Persons, acting in concert, of the power, direct or indirect, to direct or cause the direction of the management and policies of such specified Person, whether by contract or otherwise and in any event, includes ownership, directly or indirectly, whether by itself or through Affiliates, in excess of 50% (fifty percent) of the voting securities of such specified Person or the ability to appoint the majority of the directors of such specified Person. The words **“Controlled”**, **“Controlling”** and **“under common Control”** shall have a correlative meaning;
- p) **“Debenture”** means a debenture within the meaning of sub-section (30) of section 2 of the Companies Act, 2013;
- q) **“Debenture Trustee”** means a trustee appointed in respect of any issue of debentures of the Company;
- r) **“Designated Email Address”** means the email address of the Promoter, as may be communicated and designated in writing by the Promoter from time to time;
- s) **“Director”** means a director on the Board of the Company;
- t) **“Effective Date”** means August 31, 2020;
- u) **“Encumbrance”** means any encumbrance including without limitation any claim, charge (fixed or floating), mortgage, pledge, hypothecation, lien, deposit by way of security, bill of sale, option or right of pre-emption, right to acquire, right of first refusal, right of first offer or similar right, assignment by way of security or trust arrangement for the purpose of providing security or other security interest of any kind (including any retention arrangement), beneficial ownership (including usufruct and similar entitlements), public right, common right, wayleave, easement, any provisional or executorial attachment or any other direct interest held by any third party, or any agreement to create any of the foregoing and the term **“Encumber”** shall be construed accordingly;
- v) **“Equity Securities”** in respect of a Person, means equity shares, preference shares, debentures, bonds, warrants, options or other similar instruments or securities which are convertible into or exercisable or exchangeable for ordinary equity shares; or which carry any right to purchase or subscribe to ordinary equity shares of such Person, or any instrument by their terms convertible into or exchangeable for ordinary equity shares of such Person;
- w) **“Equity Shares”** means ordinary equity shares of face value ₹ 10 (Indian Rupees Ten Only) each in the Company;
- x) **“Fully Diluted Basis”** means the total of all classes of shares outstanding on a particular date, combined with all options (whether exercised or not), warrants (whether exercised or not), convertible securities of all kinds, any other arrangements relating to the Company’s equity and the effect of any anti-dilution protection regarding previous financings, all on an “as if converted” basis where “as if converted” basis means as if such instrument, option or security had been converted into Equity Shares;
- y) **“Governmental Authority”** means any national, local or regional government or governmental, statutory, administrative, fiscal, regulatory, department, authority, agency or entity, commission, board, government owned body or central bank (or any Person whether or not government owned and howsoever constituted or called, that exercises the functions of a central bank) or any court, tribunal or judicial, quasi-judicial or arbitral body, or any other entity or agency authorized to make laws, rules or regulations or pass directions having or purporting to have jurisdiction pursuant to the Applicable Laws (including at local, municipal, regional, urban, governmental, state, federal level);
- z) **“Independent Directors”** has the meaning ascribed to such term in the Act;
- aa) **“INR”**, **“Indian Rupees”** or **“Rupees”** means the lawful currency of India;
- bb) **“Memorandum”** means the memorandum of association of the Company, as amended from time to time and registered with the RoC;
- cc) **“Person”** means any individual, joint venture, company, corporation, body corporate, partnership (whether limited or unlimited), proprietorship, trust or any other enterprise (whether incorporated or not), Hindu undivided family, union, association, or any agency, department, authority or subdivision thereof and shall

include their respective successors and in case of an individual shall include his/her legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees for the time being;

- dd) **“Postponed Board Meeting”** has the meaning ascribed to such term in Article 5.3;
- ee) **“Promoter Shares”** means the Shares of the Company held by the Promoter from time to time;
- ff) **“Promoter Nominee Directors”** has the meaning ascribed to such term in Article 4.2(b)(ii);
- gg) **“Promoter Shares”** means the Equity Shares of the Company held by the Promoter from time to time;
- hh) **“Promoter”** means Navi Technologies Limited;
- ii) **“RBI Regulations”** means the RBI Act, 1934 and any applicable rules, regulations, directions, notifications, circulars and orders issued by the RBI from time to time, including, without limitation, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, Master Directions – Non-Banking Financial Company Returns (Reserve Bank) Directions, Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, Master Direction – Know Your Customer (KYC) Direction and Master Direction – Information Technology Framework for the NBFC Sector, each as amended from time to time
- jj) **“Requisition”** has the meaning ascribed to such term in Article 7.2;
- kk) **“RoC”** means the relevant jurisdictional Registrar of Companies;
- ll) **“Scheduled Board Meeting”** has the meaning ascribed to such term in Article 5.3;
- mm) **“Share Capital”** means the aggregate issued and paid up equity share capital of the Company;
- nn) **“Shareholders’ Meeting”** has the meaning ascribed to such term in Article 7.1;
- oo) **“Shareholders”** means the holders of the Equity Shares of the Company and any Person to whom Equity Shares are transferred or issued from time to time and **“Shareholder”** means any of them;
- pp) **“Shares”** shall mean shares in the Share Capital, whether equity or preference;
- qq) **“Subsidiary”** has the meaning ascribed to such term ‘subsidiary company’ as set forth in Section 2(87) of the Act;
- rr) **“Transfer”** including the terms **“Transferred by”** and **“Transferability”** means to transfer, sell, assign, pledge, hypothecate, create a security interest in or lien on, place in trust (voting or otherwise), exchange, gift or transfer by operation of Law or in any other way subject to any Encumbrance or dispose of, whether or not voluntarily;

2.2 Interpretation

- a) Reference to any statute or statutory provisions includes:
 - i. all subordinate legislation made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated); and
 - ii. such provision as may from time to time be amended, modified, re-enacted or consolidated (whether before or after the Effective Date) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to these Articles (and to the extent liability thereunder may exist or can arise) includes any past statutory provision (as from time to time amended, modified, re-enacted or consolidated) which the provision referred to has directly or indirectly replaced.
- b) Words denoting the singular include the plural and words denoting any gender include all genders and vice-versa.
- c) The bold typeface, headings, subheadings, titles, subtitles to Articles and paragraphs are for information only and do not form part of the operative provisions of the Articles and shall be ignored in construing or interpreting the same.

- d) Reference to a person as 'it / he / she' shall refer to the relevant person, as the case may be.
- e) Unless otherwise specified, references to days, months and years are to calendar days, calendar months and calendar years, respectively.
- f) The words "include" and "including" are to be construed without limitation unless the context otherwise requires or unless otherwise specified.
- g) Where a wider construction is possible, the words "other" and "otherwise" shall not be construed *ejusdem generis* with any foregoing words.
- h) The terms "hereof", "herein", "hereby", "hereto", "hereunder" and derivative or similar words refer to the Articles, as the case may be.
- i) Unless otherwise specified, when any number of days is prescribed in any document, it shall be calculated by excluding the day on which the period commences and including the day on which the period ends, unless the last day does not fall on a Business Day, in which case the last day shall be the next succeeding day that is a Business Day.
- j) Any word or phrase defined as opposed to being defined in Article 2 above shall have the meaning ascribed to such term in such definition throughout, unless the contrary is expressly stated or the contrary clearly appears from the context.
- k) All notices, demands or other communication required or permitted to be given or made under the Articles, shall be in writing. "Writing", "written" and comparable terms refer to printing, typing, transmissions by email and other means of reproducing words in visible form but shall exclude text messages or instant messages from mobile phones or any web application.
- l) Any reference to face value, number of Shares or price paid for any Shares shall be adjusted for share splits, subdivisions, consolidations, bonus issues, reclassifications, share dividends or other similar events.

SHARE CAPITAL AND VARIATION OF RIGHTS

3. AUTHORISED SHARE CAPITAL

The authorised share capital of the Company shall be such amount, divided into such class(es), denomination(s) and number of shares in the Company as stated in Clause V of the Memorandum of Association, with power to increase or reduce such capital from time to time and power to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the Articles of the Company, subject to the provisions of applicable law for the time being in force.

4. NEW CAPITAL PART OF THE EXISTING CAPITAL

Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

5. KINDS OF SHARE CAPITAL

The Company may issue the following kinds of shares in accordance with these Articles, the Act and other applicable laws:

- (a) Equity share capital:
 - (i) with voting rights; and/or
 - (ii) with differential rights as to dividend, voting or otherwise in accordance with the Act; and
- (b) Preference share capital (as defined in Section 43 of the Act).

6. SHARES AT THE DISPOSAL OF THE DIRECTORS

Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of all or any of such shares to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with Section 52 and 53 and other provisions of the Act) and at such time as they may from time to time think fit and with the sanction of the Company in General Meeting give to any person the option or right to call for any shares either at par or at a premium during such time and for such consideration as the Board of Directors think fit.

7. CONSIDERATION FOR ALLOTMENT

The Board of Directors may issue and allot shares of the Company as payment in full or in part, for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in the acquisition and/or in the conduct of its business; and any shares which may be so allotted may be issued as fully paid up shares and if so issued shall be deemed as fully paid up shares. Provided that, the option or right to call for shares shall not be given to any person or persons without the sanction of the Company in a General Meeting. As regards all allotments, from time to time made, the Board shall duly comply with Sections 23 and 39 of the Act, as the case may be.

8. SUB-DIVISION, CONSOLIDATION AND CANCELLATION OF SHARE CERTIFICATE

Subject to the provisions of the Act and these Articles, the Company in its General Meetings may, by an Ordinary Resolution, from time to time:

- (a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;
- (b) divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference or special advantage in relation to dividend, capital or otherwise as compared with the others;
- (c) cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;
- (d) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; provided that any consolidation and division which results in changes in the voting percentage of Members shall require applicable approvals under the Act; and
- (e) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination.

9. FURTHER ISSUE OF SHARES

(1) Where at any time the Board or the Company, as the case may be, propose to increase the subscribed capital by the issue of further shares then such shares shall be offered, subject to the provisions of section 42 and section 62 of the Act, and the rules made thereunder:

- (i) to the persons who at the date of the offer are holders of the Equity Shares of the Company, in proportion as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the conditions mentioned in (ii) to (iv) below;
- (ii) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days or such lesser number of days as may be prescribed and not exceeding thirty days from the date of the offer, within which the offer if not accepted, shall be deemed to have been declined.

Provided that the notice shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue;

- (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (ii) shall contain a statement of this right;
- (iv) After the expiry of time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that the person declines to accept the shares offered, the

Board of Directors may dispose of them in such manner which is not disadvantageous to the Members and the Company;

- (A) to employees under any scheme of employees' stock option subject to Special Resolution passed by the Company and subject to the rules and such other conditions, as may be prescribed under applicable law; or
- (B) to any person(s), if it is authorised by a Special Resolution, whether or not those persons include the persons referred to in clause (A) or clause (B) above either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to compliance with the applicable conditions of Chapter III of the Act and any other conditions as may be prescribed under the Act and the rules made thereunder;

(2) Nothing in sub-clause (iii) of Clause (1)(A) shall be deemed:

- (i) To extend the time within which the offer should be accepted; or
- (ii) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares compromised in the renunciation.

(3) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares in the Company or to subscribe for shares of the Company:

Provided that the terms of issue of such debentures or loans containing such an option have been approved before the issue of such debentures or the raising of such loans by a Special Resolution passed by the Company in a General Meeting.

(4) Notwithstanding anything contained in Article 11(3) hereof, where any debentures have been issued, or loan has been obtained from any government by the Company, and if that government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion:

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to National Company Law Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.

A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the rules made thereunder.

10. ALLOTMENT ON APPLICATION TO BE ACCEPTANCE OF SHARES

Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members, shall, for the purpose of these Articles, be a Member.

11. RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT

The Board shall observe the restrictions as regards allotment of shares to the public contained in the Act, and as regards return on allotments, the Directors shall comply with applicable provisions of the Act.

12. MONEY DUE ON SHARES TO BE A DEBT TO THE COMPANY

The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of allottee in the Register as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

13. INSTALLMENTS ON SHARES

If, by the conditions of allotment of any shares, whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

14. **MEMBERS OR HEIRS TO PAY UNPAID AMOUNTS**

Every Member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with these Articles require or fix for the payment thereof.

15. **VARIATION OF SHAREHOLDERS' RIGHTS**

- (a) If at any time the share capital of the Company is divided into different classes of shares, the rights attached to the shares of any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to provisions of the Section 48 of the Act, as the case may be, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourth of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class, as prescribed by the Act.
- (b) Subject to the provisions of the Act, to every such separate meeting, the provisions of these Articles relating to meeting shall *mutatis mutandis* apply.
- (c) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

16. **PREFERENCE SHARES**

(a) **Redeemable Preference Shares**

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have the power to issue on a cumulative or non-cumulative basis, preference shares liable to be redeemed in any manner permissible under the Act, and the Directors may, subject to the applicable provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such shares on such terms including the right to redeem at a premium or otherwise as they deem fit.

(b) **Convertible Redeemable Preference Shares**

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have power to issue on a cumulative or non-cumulative basis convertible redeemable preference shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the applicable provisions of the Act, exercise such power as they deem fit and provide for redemption at a premium or otherwise and/or conversion of such shares into such securities on such terms as they may deem fit.

Provided that the term "**Preference Shares**" in this Article has the same meaning as defined in explanation (ii) to section 43 of the Act

17. **PAYMENTS OF INTEREST OUT OF CAPITAL**

The Company shall have the power to pay interest out of its capital on so much of the shares which have been issued for the purpose of raising money to defray the expenses of the construction of any work or building for the Company in accordance with the Act.

18. **AMALGAMATION**

Subject to provisions of these Articles, the Company shall have the power to make compromise or make arrangements with creditors and Members, consolidate, demerge, amalgamate or merge with other company or companies subject to the provisions of the Act and any other applicable law.

19. **SHARE CERTIFICATES**

- a) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall provide—

- i. one certificate for all his shares without payment of any charges; or
 - ii. several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
- b) Every certificate shall be signed by two directors duly authorized by the Board of Directors of the Company for the purpose or the committee of the Board, if so authorized by the Board and by the Company secretary, wherever the Company has appointed a Company Secretary or any person authorized by the Board for the purpose and shall specify the shares to which it relates and the amount paid-up thereon.
- i. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
 - ii. The certificate of share registered in the name of two or more persons shall be delivered to the persons first named in the register in respect thereof unless such joint holders otherwise direct in writing.
 - iii. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
 - iv. The provisions of this Article 3.4 shall *mutatis mutandis* apply to debentures of the Company.
 - v. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
 - vi. Every certificate shall specify the shares to which it relates and the amount paid-up thereon and shall be signed by two Directors or by a Director and the company secretary, wherever the Company has appointed a company secretary.

20. PAYMENT OF COMMISSION

- a) The Company may exercise the powers of paying commissions conferred by sub-section (6) of Section 40 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that Section and rules made there under.
- b) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of Section 40 of the Act.
- c) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

21. ALTERATION OF CAPITAL

- a) The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
- b) Subject to the provisions of Section 61 of the Act, the Company may, by ordinary resolution:
 - (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (ii) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
 - (iii) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person; or

- (iv) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum.

22. Where shares are converted into stock,—

- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.

23. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—

- (a) its share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account.

VOTE OF MEMBERS

24. VOTING RIGHTS OF MEMBERS

Subject to any rights or restrictions for the time being attached to any class or classes of shares:

- (a) On a show of hands every Member holding Equity Shares and present in person shall have one vote.
- (b) On a poll, every Member holding Equity Shares therein shall have voting rights in proportion to his share in the paid-up equity share capital.
- (c) A Member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.

25. VOTING BY JOINT-HOLDERS

In case of joint holders the vote of first named of such joint holders in the Register of Members who tenders a vote whether in person or by proxy shall be accepted, to the exclusion of the votes of other joint holders.

26. VOTING BY MEMBER OF UNSOUND MIND

A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or legal guardian may, on a poll, vote by proxy.

27. NO RIGHT TO VOTE UNLESS CALLS ARE PAID

No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

28. PROXY

Any Member entitled to attend and vote at a General Meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting. The proxy shall not be entitled to vote except on a poll.

29. **INSTRUMENT OF PROXY**

An instrument appointing a proxy shall be in the form as prescribed under the Act for this purpose. The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a body corporate either under its common seal or under the hand of its officer or attorney duly authorized in writing by it. Any person whether or not he is a Member of the Company may be appointed as a proxy.

The instrument appointing a proxy and power of attorney or other authority (if any) under which it is signed or a notarized copy of that power or authority must be deposited at the Office of the Company not less than forty eight (48) hours prior to the time fixed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

30. **VALIDITY OF PROXY**

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

31. **CORPORATE MEMBERS**

Any corporation which is a Member of the Company may, by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual Member of the Company (including the right to vote by proxy).

BOARD OF DIRECTORS

32. **Board of Directors**

The affairs of the Company, including its business shall be managed and supervised by the Board which may exercise all the powers of the Company and do all such acts and things as the Company is authorised to do, save as otherwise provided in these Articles and under Applicable Law. The Board shall be responsible for determining the overall policies, objectives and activities of the Company, in compliance with the terms of Applicable Law and the Articles.

33. **Composition of the Board:**

- a) The Board shall be composed of Promoter Nominee Directors and Independent Directors appointed in accordance with the terms and conditions set out in this Article 4.2.
- b) Unless otherwise agreed to by the Promoter, on and from the Effective Date, the Board shall consist of up to 5 (five) Directors, of which:
 - i. 2 (two) Directors shall be Independent Directors appointed in accordance with Article 4.2 (d) below;
 - ii. Promoter shall have the right to nominate all other Directors on the Board ("**Promoter Nominee Directors**").
- c) The Chairman shall be appointed in each meeting by the attendees to the said Meeting.
- d) A minimum of 2 (two) Directors on the Board (or such other higher number as may be required under the Applicable Law) shall comprise of Independent Directors. The Independent Directors on the Board shall be such persons approved by the Shareholders, in accordance with the Applicable Law.
- e) In the event pursuant to a change in Applicable Law, a higher number of Independent Directors are required to be appointed on the Board, then the Board size shall be suitably modified so as to ensure that the Promoter Nominee Directors continue to constitute majority of the Board at all times.
- f) Notwithstanding anything contained herein, the size of the Board may be increased, from time to time, with the consent of the Promoter, from 5 (five) Directors to a maximum of 15 (fifteen) Directors in accordance with the Applicable Law.

- g) Subject to the provisions of the Act, an individual may be appointed or re-appointed as the chairperson of the Company as well as the managing director or chief executive officer of the Company at the same time.
- h) Notwithstanding anything to the contrary contained in these Articles, pursuant to Regulation 23(6) read along with Regulation 2(1)(r) of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("NCS Regulations"), a debenture trustee has the right to nominate any person to be appointed on the Board of the Company in terms of clause (e) of sub-regulation (1) of regulation 15 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 and such nominated person shall be appointed as a Director on the Board of Directors of the Company, at the earliest and not later than one month from the date of receipt of nomination from the debenture trustee(s).

34. Removal and Replacement of Directors

- a) The Promoter shall have the right to require the removal or replacement of the Promoter Nominee Directors and may nominate another Person(s) as its respective Promoter Nominee Directors in place of the Promoter Nominee Director(s) so removed/replaced by providing a written notification to this effect to the Shareholders and the Company.
- b) In the event of resignation, retirement or vacation of office of the Promoter Nominee Directors, the Promoter shall be entitled to nominate another Person as his Promoter Nominee Director in place of its outgoing Promoter Nominee Director.
- c) No person other than the Promoter shall be permitted to remove or replace at any time and for any reason any Promoter Nominee Director.
- d) The Shareholders shall ensure, to the fullest extent of all rights and powers available to them, the prompt removal and appointment of the Promoter Nominee Directors on the Board including by exercise of their voting rights in relation to the Equity Shares held by them to adopt the necessary resolutions for the removal/ replacement of such Promoter Nominee Director and the appointment of such other Promoter Nominee Director as may be notified by the relevant Shareholder in accordance with the terms hereof.

ROTATION AND RETIREMENT OF DIRECTOR

35. One-third of Directors to retire every year

At the Annual General Meeting of the Company to be held every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the Director nominated by Debenture Trustee under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one-third shall retire from office under this Article.

36. Retiring directors eligible for re-election

A retiring Director shall be eligible for re-election and the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid, may fill up the vacated office by electing a person thereto.

37. Which director to retire

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots.

38. Power to remove Director by ordinary resolution

Subject to the provisions of the Act, the Company may by an Ordinary Resolution in General Meeting, remove any Director before the expiration of his period of office and may, by an Ordinary Resolution, appoint another person instead.

Provided that an independent director re-appointed for second term under the provisions of the Act shall be removed by the company only by passing a Special Resolution and after giving him a reasonable opportunity of being heard.

39. Directors not liable for retirement

The Company in General Meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

40. Director for companies promoted by the company

Directors of the Company may be or become a director of any company promoted by the Company or in which it may be interested as vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as a director or member of such company subject to compliance with applicable provisions of the Act.

41. Alternate Directors

- a) Each of the Promoter Nominee Directors shall be entitled to nominate an alternate at any time to act as a Director on his/her behalf ("Alternate Director"). Each of the persons so nominated shall be appointed by the Board as Alternate Directors to act as Directors, during the absence of the relevant Promoter Nominee Directors (as the case may be) for a period of not less than 3 (three) months from India. Such Alternate Director shall however, not hold office for a period longer than that is permissible to the original Director in whose place he/she has been appointed.
- b) Upon appointment, the Alternate Director shall be entitled to receive notice of all meetings of the Board, to attend and vote at any such meeting at which the Director appointing him is not personally present, be included for the determination of quorum at the meeting and to exercise and discharge all the functions, powers and duties of his appointer as a Director including voting, issuing consents and signing written resolutions in place of the original Director for whom he/she is an alternate.
- c) An Alternate Director shall automatically vacate his office as an Alternate Director if the Director who appointed him ceases to be a Director.

42. Share qualification not necessary

Any person whether a Member of the Company or not may be appointed as Director and no qualification by way of holding shares shall be required of any Director.

43. Additional Directors

Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.

44. Appointment of Director to fill a casual vacancy

If the office of any Director appointed by the Company in General Meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board which shall be subsequently approved by members in the immediate next general meeting. The director so appointed shall hold office only up to the date which the director in whose place he is appointed would have held office if it had not been vacated.

45. Remuneration of Directors

- (a) A Director (other than a managing Director or whole-time Director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any committee thereof attended by him. The remuneration of Directors including managing Director and/or whole-time Director may be paid in accordance with the applicable provisions of the Act.
- (b) The Board of Directors may allow and pay or reimburse any Director who is not a bona fide resident of the place where a meeting of the Board or of any committee is held and who shall come to such place for the purpose of attending such meeting or for attending its business at the request of the Company, such sum as the Board may consider fair compensation for travelling, and out-of-pocket expenses and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business he shall be entitled to be reimbursed any travelling or other expenses incurred in connection with the business of the Company.

- (c) The managing Directors/ whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

46. Remuneration for extra services

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions (which expression shall include work done by Director as a Member of any committee formed by the Directors) in going or residing away from the town in which the Office of the Company may be situated for any purposes of the Company or in giving any special attention to the business of the Company or as member of the Board, then subject to the provisions of the Act, the Board may remunerate the Director so doing either by a fixed sum, or by a percentage of profits or otherwise and such remuneration, may be either in addition to or in substitution for any other remuneration to which he may be entitled.

47. Continuing Director may act

The continuing Directors may act notwithstanding any vacancy in the Board, but if the number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a General Meeting of the Company, but for no other purpose.

48. Vacation of office of Director

The office of a Director shall be deemed to have been vacated under the circumstances enumerated under Act.

49. Chairman

If on a resolution at a Board meeting, the number of votes casted in favour of that resolution and the number of votes casted against that resolution are equal, then the Chairman shall have a casting vote in addition to any votes to which he may be entitled as a Director.

50. Costs and Expenses

The Company shall reimburse the Promoter Nominee Directors for expenses incurred by them in connection with the performance of their duties as Directors of the Company including: (i) costs incurred by them in attending meetings of the Board or any committee thereof or any other meeting which the Director is requested to attend in his capacity as a Director of the Company (including the costs of travel and attendance); and (ii) all costs that may reasonably be incurred by the Promoter Nominee Directors in obtaining independent legal or professional advice in furtherance of his or her duties as a Director.

51. Insurance and Indemnification of Directors

- a) The Company shall obtain and at all times maintain a directors and officers liability insurance policy for such amounts and on such terms and conditions as acceptable to the Promoter.
- b) The Company shall indemnify each of the Promoter Nominee Directors to the maximum extent permitted under Applicable Law against any liabilities (including any costs and expenses incurred in connection thereto) incurred by each such Promoter Nominee Director in the course of, or in any way related to, his or her activities or his or her position as a Director of the Company.

52. Powers of Directors

- (a) The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act or any other applicable law, or by the Memorandum or by the Articles required to be exercised by the Company in a General Meeting, subject nevertheless to these Articles, to the provisions of the Act or any other applicable law and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in a General Meeting; but no regulation made by the Company in a General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
- (b) All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case maybe, by such person and in such manner as the Board shall from time to time by resolution determine.

53. **Delegation of powers**

- (a) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such members of its body as it thinks fit.
- (b) Any committee so formed shall, in the exercise of the power so delegated conform to any regulations that may be imposed on it by the Board.

54. **Register of directors etc.**

The Company shall keep at its Office, a Register containing the particulars of its Directors, Managing Directors, Company Secretary, the Chief Executive Officer and the Chief Financial Officer and other Persons mentioned in Section 170 of the Act and shall otherwise comply with the provisions of the said Section in all respects.

BOARD PROCEEDINGS

55. **Frequency**

The Board shall meet at least 4 (four) times per year (or at such higher frequency as may be prescribed under Applicable Law) wherein the period between any 2 (two) meetings of the Board shall not exceed 120 (one hundred and twenty) days (or such shorter time period as may be prescribed under Applicable Law).

56. **Notice**

At least 7 (seven) Business Days advance written notice of each Board meeting shall be given to each Director; provided that subject to the Applicable Law, where, the Board is required to make a decision in circumstances in which the foregoing notice requirements cannot be observed, such notice requirements may be waived in accordance with the provisions of the Act. Notice of a meeting under this Article 5.2 shall be sent via hand delivery or by post or by electronic means to the address notified from time to time by the Directors in accordance with Applicable Law. The notice shall be accompanied by an agenda of all the business to be transacted at the meeting with all necessary information and copies of all supporting documents to enable the Directors to make a fully informed decision on the issue in question at such Board meeting. The Board shall not at any Board meeting adopt any resolution covering any such matter that is not specified on the agenda for such Board meeting unless a majority of the Directors present (which shall include the Promoter) vote in favour of such resolution.

57. **Quorum**

The quorum at the meetings of the Board shall be in accordance with the Act, provided however that, presence of at least one Promoter Nominee Director shall be required to constitute a valid quorum for any such meeting. Any resolution passed at a Board meeting in the absence of a valid quorum shall be invalid. If any meeting of the Board duly convened in accordance with these Articles cannot be held due to lack of quorum (“**Scheduled Board Meeting**”), such Scheduled Board Meeting shall be adjourned to the same place and time on a day that is 7 (seven) Business Days from the Scheduled Board Meeting, provided that, if such day is not a Business Day, then, to the next subsequent Business Day (“**Postponed Board Meeting**”) and the above mentioned quorum requirements shall apply to each Postponed Board Meeting as well. It being clarified that the Postponed Board Meeting shall continue to be rescheduled in the manner set out above till such time that the quorum requirements are met.

58. **Video Conferencing Participation**

The Board meetings may be attended by the Directors by way of video conference or other audio visual means and the Company shall ensure that video conference and such other audio visual means facilities are extended for all Board meetings in accordance with Applicable Law.

59. **Voting**

Subject to Article 4.5 above, each Director shall be entitled to exercise 1 (one) vote. All the decisions of the Board shall be taken by a simple majority of the Directors present and voting unless otherwise required by the Act.

60. In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

The continuing Directors may act notwithstanding any vacancy in the Board; but, if and so

long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or director may act for the purpose of increasing the number of Directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

61. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be Chairperson of the meeting.
62. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

63. **Circular Resolution**

A written resolution circulated to all Directors, and signed by at least the majority of the total number of Directors (which shall include the Promoter Nominee Directors) as approved, shall (subject to compliance with the relevant requirements of the Act) be as valid and effective as a resolution duly passed at a meeting of the Board called and held in accordance with these Articles and Applicable Law, provided that such written resolution in draft form was circulated together with all relevant background information and relevant documents required to make a fully-informed decision with respect to such resolution to all the Directors and the Directors had at least 7 (seven) Business Days, or a shorter period if agreed in writing by, majority of the Directors (which shall include the Promoter), to approve/reject the circular resolution. For the purposes of this Article 5.6, the approval of a Director or Alternate Director may be given by letter or email.

64. The Board meetings shall be conducted in English.

COMMITTEES

65. The Board may constitute committees and/or sub-committees as per the Applicable Law and the Promoter shall be entitled to approve all members on each of the committees and/or sub-committees of the Board. The Board shall appoint all members on each of the committees and/or sub-committees of the Company with the prior approval of the Promoter.
66. The Promoter can appoint an observer on any committees and/or sub-committees of the Company, who can attend meetings of the said Committees from time to time.
- (a) All provisions contained in Article 4 and Article 5 relating to the Board and its meetings, including provisions on notice, agenda, quorum, proceedings and voting shall *mutatis- mutandis* apply to all committees and/or sub-committees of the Board and of the Company established from time to time and on which the Promoter has nominated its representative(s).
- (b) The Board and the Company shall constitute and maintain all committees required to be constituted under Applicable Law in compliance thereof. In addition, the Board and the Company shall be empowered to constitute and maintain any other committees as it deems fit.

GENERAL MEETINGS

67. All general meetings other than annual general meeting shall be called extraordinary general meeting.
68. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- (ii) If at any time Directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
69. **Proceedings at general meetings**
- (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
70. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.

71. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the Directors present shall elect one of their members to be Chairperson of the meeting.
72. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.
73. **Adjournment of meeting**
- (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
 - (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
 - (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
 - (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
74. **Voting rights**
- Subject to any rights or restrictions for the time being attached to any class or classes of shares, —
- (a) on a show of hands, every member present in person shall have one vote; and
 - (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
75. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
- (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
 - (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
76. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
77. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
78. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
79. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.
- Proxy**
80. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
81. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

82. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

TRANSFERS OF SHARES

83. General

- a) No Shareholder shall Transfer the Equity Securities held by it in the Company other than in accordance with the provisions of these Articles. If any Transfer of Equity Securities of the Company is made in violation of the provisions of these Articles, such Transfer shall be null and void and shall not be binding on the Company and/or the Shareholders.
- b) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.
- c) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
- d) The Board may, in addition to the provisions of these Articles, and subject to the right of appeal conferred by Section 58 of the Act, decline to register:
 - i. the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
 - ii. any transfer of shares on which the Company has a lien.
- e) The Board may decline to recognise any instrument of transfer unless—
 - i. the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
 - ii. the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
 - iii. the instrument of transfer is in respect of only one class of shares.
- f) On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

RIGHTS ON TRANSMISSION

84. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.
- (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
85. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—
- (a) to be registered himself as holder of the share; or
 - (b) to make such transfer of the share as the deceased or insolvent member could have made.
- (ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

86. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
- (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
87. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

ARTICLE IX – MISCELLANEOUS

88. **Miscellaneous**

- (a) The Company shall conduct its business at all times in compliance with all Applicable Laws in all material respects (including the RBI Regulations and Anti-Bribery/ Anti-Money Laundering Laws).

89. **Call on Shares**

- (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

- (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.
- (iii) A call may be revoked or postponed at the discretion of the Board.
- (iv) A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.
- (v) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- (vi) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent, per annum or at such lower rate, if any, as the Board may determine.
- (vii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
- (viii) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (ix) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
- (x) The Board:

- A. may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him, as contemplated in Section 50 of the Act; and
- B. upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

90. Lien

- (i) The Company shall have a first and paramount lien:
 - a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
 - b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company:

Provided that the Board of Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

- (ii) The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
- (iii) The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made:

 - a) unless a sum in respect of which the lien exists is presently payable; or
 - b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

- (iv) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (v) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (vi) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
- (vii) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (viii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

91. Forfeiture of Shares

- (i) If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
- (ii) The notice aforesaid shall:
 - a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
 - b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

- (iii) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
- a) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
 - b) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
 - c) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.
 - d) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.
 - e) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
 - f) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
 - g) The transferee shall thereupon be registered as the holder of the share.
 - h) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
- (iv) The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

92. **Transmission of Shares**

- (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.
- (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

93. Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

- (a) to be registered himself as holder of the share; or
- (b) to make such transfer of the share as the deceased or insolvent member could have made.

The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

94. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
- (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the

death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

95. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

96. **Issue / Redemption of Preference Shares**

The Company, subject to the provisions of Section 55 of the Act and subject to approval of the Shareholder by way of a special resolution shall have the power to issue preference shares which are liable to be redeemed, converted, partly converted, partly redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of issue, redemption and conversion of shares.

97. **Employees Stock Option**

The Company, subject to the provisions of Section 62 of the Act and subject to approval of the Shareholders by way of a special resolution shall have the power to issue shares under a scheme of employees' stock option formulated by the Company.

98. **Bank Accounts**

The Board of Directors or any committee to which the Board of Directors may delegate such power to, shall have the power to open bank accounts, to sign cheques on behalf of the Company, and to receive payments, make endorsements, draw and accept negotiable instruments, hundies and bills. The Board of Directors by way of resolutions shall authorize any other person or persons to open bank accounts, sign cheques and receive payments and carry out all financial transactions on behalf of the Company.

99. **Signing Agreements**

- a) The Board of Directors by way of resolutions shall authorize any Person to sign loan agreements and other agreements on behalf of the Company.
- b) A document or proceeding requiring authentication by a company or contracts made by or on behalf of a company may be signed by any Key Managerial Personnel (as defined in the Act) or an officer of the Company duly authorized by the Board in this behalf.

100. **Dematerialisation of Securities**

- a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its shares, debentures and other securities and to offer such securities in a dematerialised form pursuant to the Depositories Act, 1996.
- b) Notwithstanding anything contained in these Articles, and subject to the Applicable Law, the Company shall on a request made by a beneficial owner, re-materialize the shares, debentures and other securities, which are in dematerialised form.
- c) Every person subscribing to the shares, debentures and other securities offered by the Company shall have the option to receive shares/debenture certificates or to hold such securities with a depository. Such a person who is the beneficial owner of the shares, debentures and other securities can at any time opt out of a depository, if permitted by the Applicable Law, in respect of any such securities in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificate.
- d) If a person opts to hold his shares, debentures and other securities with a depository, the Company shall intimate such depository the details of allotment of such securities and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the securities.

- e) All shares, debentures and other securities held by a depository shall be dematerialised and shall be in a fungible form.
 - i. Notwithstanding anything contained in these Articles as amended from time to time, a depository shall be deemed to be the registered owner for the purposes of effecting any Transfer of ownership of shares on behalf of the beneficial owner.
 - ii. Save as otherwise provided in (a) above, the depository as the registered owner of the shares shall not have any voting rights or any other rights in respect of shares held by it.
 - iii. Every person holding shares, debentures and other securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be the owner of such shares and shall also be deemed to be a Shareholder of the Company. The beneficial owner of the shares shall be entitled to all the liabilities in respect of his shares which are held by a depository.
- f) Notwithstanding anything contained in these Articles, shares, debentures and other securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or disks or any other mode as prescribed by law from time to time.
- g) Notwithstanding anything in these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- h) Nothing contained in these Articles regarding the necessity to have distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

101. Chief Executive Officer, Manager, Company Secretary, Whole Time Director, Chief Financial Officer

Subject to the provisions of the Act,

- a) a chief executive officer, manager, company secretary, whole time director, or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
- b) A Director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
- c) A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

CAPITALISATION OF PROFITS

102. (i) The Company in General Meeting, may, on recommendation of the Board resolve:
- a. that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and
 - b. that such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportion.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in sub-clause (c) below, either in or towards:
- a) paying up any amounts for the time being unpaid on shares held by such Members respectively;
 - b) paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such Members in the proportions aforesaid; or
 - c) partly in the way specified in sub-clause (i) and partly that specified in sub-clause (ii).

- d) A securities premium account and a capital redemption reserve account or any other permissible reserve account may be applied as permitted under the Act in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.
 - e) The Board shall give effect to the resolution passed by the Company in pursuance of these Articles.
103. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
 - (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
 - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid- up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (iii) Any agreement made under such authority shall be effective and binding on such members.

104. **Power to Appoint Attorneys**

The Board of Directors may at any time, and from time to time by power of attorney, appoint any Person/s to be the attorney or attorneys of the Company for such purpose and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Director may from time to time think fit and if any such appointment (if the Directors think fit) is made in favour of any company or the members, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Directors, such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Directors may think fit, and may contain powers enabling any such delegates or attorney as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

105. **Borrowing Powers**

- a) The Board may from time to time, at its discretion, subject to the provisions of the Act raise or borrow money either from the Directors or from elsewhere and secure the payments of any sums of money for the purposes of the Company.
- b) Subject to the provisions of Section 179 of the Act, the Board of Directors shall be entitled and are hereby empowered at their discretion to borrow or raise money to any extent in such manner as they may deem fit and in particular by the issue of debentures or debenture stock, perpetual or otherwise, including debenture, or debenture stock convertible into shares of this or any other company and by way of security of any such money so borrowed, raised or received to mortgage, pledge or charge the whole or any part of the properties, assets or revenue of the Company, present or future, including its uncalled capital for the time being.

106. **Accounts**

- (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being Directors.
- (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

107. **Statutory Registers**

The Company shall keep and maintain at its registered office or at such other place as the Directors think fit, all statutory registers including, register of charges, register of annual return, register of loans, guarantees, security and

acquisitions, register of investments not held in its own name and register of contracts and arrangements for such duration as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act.

108. **Audit**

The auditors of the Company shall be appointed and their remuneration shall be fixed, their rights, duties and liabilities shall be regulated and their qualifications and disqualifications shall be in accordance with the provisions of Section 139 to Section 148, both inclusive of the Act.

109. **Dividends and Reserves**

- a. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
- b. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
- c.
 - (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.
 - (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
- d.
 - (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
 - (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
 - (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
- e. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the Company.
- f.
 - (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
 - (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- g. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
- h. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
- i. No dividend shall bear interest against the company.

110. **Financial and Accounting Practices**

- a) The Company shall ensure that its annual financial statements and reports, including the balance sheet and statements of income, retained earnings and changes in financial position, together with all supporting

schedules and notes, are prepared on a consolidated basis in accordance with the accounting principles, and shall be audited by the auditors.

- b) The Company shall maintain accurate and complete books and records of all transactions, receipts, expenses, assets and liabilities of the Company in accordance with the accounting principles, consistently applied as approved and adopted by the Board of Directors.

111. Other Reports and Information

Upon reasonable advance notice, the Company shall provide any non-economic or non-financial information regarding the Company or the Subsidiary reasonably requested by a Shareholder which is in the Company's possession at the time of such request, for the purpose of permitting such Shareholder and its designated legal counsel to determine whether the holding by such Shareholder of shares would be illegal, prohibited or is otherwise deemed inappropriate by statute, regulation, governmental order or ministerial guidance applicable to such Shareholder.

112. General Clause

- a) Wherever it has been provided in the Act, that any company shall have any right, privilege or authority or that any company cannot carry out any transactions unless it is so authorised by its Article, then and in that case, these Articles hereby authorise and empower this Company to have such right privilege or authority and carry out such transactions as have been permitted by the Act, without there being any other specific article in that behalf herein provided.
- b) Subject to the provisions of the Act but without prejudice to any indemnity to which they may be entitled, the Directors (including Promoter Nominee Directors), Alternate Directors, Secretary, Managers and other officers of the Company shall be indemnified out of the Company's assets against all liability incurred by them as such in defending any proceedings, whether civil or criminal, in respect of alleged negligence, default, breach of duty or breach of trust, in which they are acquitted or in connection with any application under the Act in which relief is granted to them by the court or the Tribunal.
- c) The Shareholders agree and undertake to execute and perform all such deeds, documents, assurances, acts and things and to exercise all powers and rights available to them, including the convening of all meetings and the giving of all waivers and consents and passing of all resolutions reasonably required to give effect to the terms of this Articles. Each Shareholder agrees to extend reasonable cooperation to enable the other Shareholders to exercise their rights under this Articles including obtaining any Consent as may be required.
- d) The Shareholders undertake that they shall, at all times, exercise all their voting and other rights, available with each of them, with respect to the Company and under this Articles, in such manner as to comply with all its obligations, undertakings and covenants under this Articles. The Company undertakes that it shall, at all times, exercise all its voting and other rights, available with it, with respect to CIFCPL, in such manner as to procure or ensure or cause CIFCPL to comply with all its obligations, undertakings and covenants under the Articles.

113. Buy-back of shares

Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

114. Restructuring

- a) In the event that any Governmental Authority or any Law requires the internal or external restructuring of the Company and/or its Affiliates and/or their businesses (including without limitation by way of Transfer, infusion of funds and/ or setting aside/ ring-fencing of funds to infuse in a subsidiary, setting up of subsidiaries or holding companies, conversion, merger, amalgamation, swap, hiving off, conversion into a regulated entity such as a NBFC or any other process) on account of commencing any new business in the financial services sector approved by the Board, the Promoter and the Company may undertake such restructuring at such time and in such manner as may be determined by the Board, after due consultation with professional advisers in this regard, and the Shareholders shall do all actions as may be required to give effect to such restructuring, including execution of requisite documentation, and co-operating with any requests of information or other requirements from any Governmental Authority.
- b) No Shareholder will be permitted to utilize any veto or other rights to block such restructuring.

115. **Covenants**

The provisions of, and the rights and obligations under the Shareholders Agreement and the articles of association of the Promoter shall apply to the Company and its Subsidiaries, to the extent relevant and applicable, and the Company and the Subsidiaries shall act in accordance with the Shareholders Agreement and the articles of association of the Promoter.

116. **Dispute Resolution**

- a) The Company and Shareholders shall negotiate in good faith to resolve any and all disputes and claims arising out of or relating to or in connection with these Articles or the breach, termination or invalidity thereof (“**Dispute**”). If the Company and Shareholders are unable to resolve the Dispute as aforesaid, the Dispute shall be submitted to final and binding arbitration at the request of any of the disputing parties upon a written notice to that effect to the other disputing party.
- b) The arbitration shall be conducted in accordance with the Arbitration Rules of the Singapore International Arbitration Centre (“**SIAC Rules**”), which SIAC Rules are deemed to be incorporated by reference into this Article.
- c) All proceedings of such arbitration shall be in the English language. The seat and venue of the arbitration shall be in Bengaluru, India.
- d) The arbitration shall be conducted by a sole arbitrator or a panel of arbitrators appointed in accordance with the SIAC Rules.
- e) The existence of a Dispute, or the commencement or continuation of arbitration proceedings shall not, in any manner, prevent or postpone the performance of those obligations of the disputing parties under these Articles which are not in dispute.
- f) Nothing shall preclude a disputing party from seeking interim equitable or injunctive relief, or both, from any court having jurisdiction to grant the same. The pursuit of equitable or injunctive relief shall not be a waiver of the right of the disputing parties to pursue any remedy through arbitration under this Article.
- g) Each disputing party shall bear the fees, disbursements and other charges of its counsel and the arbitrator nominated by it, except as may be otherwise determined by the panel of arbitrators. The fee of the presiding arbitrator shall be borne equally by the disputing parties.

117. **Winding up**

Subject to the provisions of Chapter XX of the Act and rules made thereunder —

- a) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) on any Working Day from the date of filing of this Draft Prospectus until the Issue Closing Date.

A. *Material Contracts*

1. Issue Agreement dated January 25, 2024 executed between our Company and the Lead Manager.
2. Registrar Agreement dated January 25, 2024 executed between our Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated January 25, 2024 executed between our Company and the Debenture Trustee.
4. Agreed form of Debenture Trust Deed to be executed between our Company and the Debenture Trustee.
5. Tripartite Agreement dated April 25, 2022 entered into between our Company, Registrar to the Issue and NSDL.
6. Tripartite Agreement dated April 27, 2022 entered into between our Company, Registrar to the Issue and CDSL.

B. *Material Documents*

1. Memorandum of Association and Articles of our Company, as amended to date
2. Certificate of incorporation dated February 14, 2012 issued to our Company, under the name 'Chaitanya Rural Intermediation Development Services Private Limited' by the Registrar of Companies, Karnataka at Bangalore.
3. Fresh certificate of incorporation dated April 22, 2020 pursuant to change of name of our Company from 'Chaitanya Rural Intermediation Development Services Private Limited' to 'Navi Finserv Private Limited' issued by the RoC.
4. Fresh certificate of incorporation dated April 5, 2022 issued to our Company, under the name 'Navi Finserv Limited' by the RoC, pursuant to conversion to a public company.
5. The certificate of registration bearing number N-02.00270 dated May 15, 2020 issued by the RBI pursuant to name change of our Company to commence or carry on the business of non-banking financial institution without accepting public deposits.
6. Fresh certificate of registration bearing number N- 02.00270 dated May 18, 2022 issued by the RBI pursuant to conversion of our Company from a private limited company to a public limited company to commence or carry on the business of non-banking financial institution without accepting public deposits under Section 451A of the RBI Act, 1934.
7. Credit rating letter and credit rating rationale dated January 15, 2024 from CRISIL assigning a rating of "CRISIL A/Stable" to the NCDs.
8. Copy of the resolutions passed at the meetings of our Board of Directors held on January 19, 2024, authorising this Issue for an amount aggregating up to ₹6,000 million.
9. Copy of the resolution passed by our Shareholders, pursuant to Section 180 (1)(c) of the Companies Act, 2013, at the AGM held on September 30, 2022 approving the overall borrowing limit and security creation limits of our Company.
10. Copy of the resolution passed by our Board approving the overall borrowing limit and security creation limits at the meeting held on August 10, 2022.
11. Copy of the resolution of our Debenture Committee dated January 25, 2024 for approval of this Draft Prospectus.
12. Copy of the resolution designating our Company Secretary as our Compliance Officer for the Issue passed by our Debenture Committee at its meeting dated January 22, 2024.
13. Consents of our Directors, Lead Manager to the Issue, Chief Financial Officer, Compliance Officer for the Issue and the Company Secretary, Debenture Trustee for the NCDs, Credit Rating Agencies for this Issue, Legal Advisor to the Issue, bankers to the Company, the Registrar to the Issue, CareEdge in relation to use of the contents of the industry report, to include their names in this Draft Prospectus in their respective capacity.
14. The consent dated January 25, 2024 from the Statutory Auditors of our Company, namely Price Waterhouse LLP, for inclusion of: (a) their names as the Statutory Auditors and as "experts" as defined under Section 2(38) of the Companies Act; (b) audited standalone and consolidated financial statements as at and for the year ended March 31, 2023 and (c) unaudited interim standalone financial statements as at and for the six months period ended September 30, 2023.
15. The consent dated January 25, 2024 from the Previous Statutory Auditor of our Company, namely Walker Chandiok & Co LLP for inclusion of: (a) their names in Draft Prospectus as previous statutory auditor and as "experts" as defined under Section 2(38) of the Companies Act, and (b) audited standalone and consolidated financial statements as at and for the year ended March 31, 2021 and March 31, 2022.
16. The consent dated January 25, 2024 from Manian and Rao Chartered Accountants, for inclusion of: (a) their names as "experts" as defined under Section 2(38) of the Companies Act and (b) the Statement of Possible Tax Benefit Available to the Debenture Holders in the form and context in which they appear in this Draft Prospectus.
17. Consent letter from CareEdge dated January 23, 2024 in respect of permission to use and disclose the contents (along with the extracts of the content) of the industry report titled 'Research Report on Retail and Housing Finance Industry' for the section on 'Industry Overview' in this Draft Prospectus.
18. Statement of possible tax benefits dated January 25, 2024 issued by Manian and Rao, Chartered Accountants.
19. Annual reports of our Company for the last three Financial Years.
20. Due diligence certificate dated January 25, 2024 filed by the Debenture Trustee to the Issue.
21. Due diligence certificate dated [●] filed by the Lead Manager with SEBI.
22. In-principle approval dated [●] for the Issue issued by BSE.
23. In-principle approval dated [●] for the Issue issued by NSE.

DECLARATION

I, the Director of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including the all relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, National Housing Bank and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. I hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

I, further certify that all the disclosures and statements made in this Draft Prospectus are true, correct and complete in all material respects, are in conformity with Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, the Securities Contracts (Regulation) Act, 1956, as amended and rules made thereunder including the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Prospectus does not contain any misstatements. Furthermore, all the monies received under this Issue shall be used only for the purposes and objects indicated in this Draft Prospectus. No information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Draft Prospectus is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association.

Signed by the Directors of our Company

Sachin Bansal
CEO & Executive Chairman
DIN: 02356346

Date: January 25, 2024

Place: Bengaluru

DECLARATION

I, the Director of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including the all relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, National Housing Bank and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. I hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

I, further certify that all the disclosures and statements made in this Draft Prospectus are true, correct and complete in all material respects, are in conformity with Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, the Securities Contracts (Regulation) Act, 1956, as amended and rules made thereunder including the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Prospectus does not contain any misstatements. Furthermore, all the monies received under this Issue shall be used only for the purposes and objects indicated in this Draft Prospectus. No information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Draft Prospectus is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association.

Signed by the Director of our Company

Ankit Agarwal
Managing Director
DIN: 08299808

Date: January 25, 2024
Place: Colombo, Sri Lanka

DECLARATION

I, the Director of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including the all relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, National Housing Bank and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. I hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

I, further certify that all the disclosures and statements made in this Draft Prospectus are true, correct and complete in all material respects, are in conformity with Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, the Securities Contracts (Regulation) Act, 1956, as amended and rules made thereunder including the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Prospectus does not contain any misstatements. Furthermore, all the monies received under this Issue shall be used only for the purposes and objects indicated in this Draft Prospectus. No information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Draft Prospectus is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association.

Signed by the Directors of our Company

Ranganathan Sridharan

Independent Director

DIN: 00868787

Date: January 25, 2024

Place: Chennai

DECLARATION

I, the Director of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including the all relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, National Housing Bank and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. I hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

I, further certify that all the disclosures and statements made in this Draft Prospectus are true, correct and complete in all material respects, are in conformity with Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, the Securities Contracts (Regulation) Act, 1956, as amended and rules made thereunder including the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Prospectus does not contain any misstatements. Furthermore, all the monies received under this Issue shall be used only for the purposes and objects indicated in this Draft Prospectus. No information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Draft Prospectus is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association.

Signed by the Director of our Company

Arindam Haraprasad Ghosh

Independent Director

DIN: 01423589

Date: January 25, 2024

Place: Pune

DECLARATION

I, the Director of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including the all relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, National Housing Bank and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. I hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

I, further certify that all the disclosures and statements made in this Draft Prospectus are true, correct and complete in all material respects, are in conformity with Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, the Securities Contracts (Regulation) Act, 1956, as amended and rules made thereunder including the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Prospectus does not contain any misstatements. Furthermore, all the monies received under this Issue shall be used only for the purposes and objects indicated in this Draft Prospectus. No information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Draft Prospectus is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association.

Signed by the Director of our Company

Usha A Narayanan
Independent Director
DIN: 06939539

Date: January 25, 2024
Place: San Francisco, USA

ANNEXURE A

FINANCIAL INFORMATION

Financial Statements
Unaudited Standalone Interim Financial Results as of and for the quarter and six months ended September 30, 2023
Audited Standalone Financial Statements as at and for the year ended March 31, 2023
Audited Consolidated Financial Statements as at and for the year ended March 31, 2023
Audited Standalone Financial Statements as at and for the year ended March 31, 2022
Audited Consolidated Financial Statements as at and for the year ended March 31, 2022
Audited Standalone Financial Statements as at and for the year ended March 31, 2021
Audited Consolidated Financial Statements as at and for the year ended March 31, 2021

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

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 301112F)



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	As at
		30.09.2023	31.03.2023
		(Unaudited)	(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
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

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 disbursement 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 Svatantira 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 millions.
- 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 millions.
- 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)

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

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

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.

How our audit addressed the key audit matter

The audit procedure performed by us to assess appropriateness of impairment allowance based on ECL on loans included the following:

- We understood and evaluated the design and tested the operating effectiveness of the key controls put in place by the management over:
 - the assumptions used in the calculation of ECL and its various aspects such as determination of Staging of Loans, Exposure At Default, Probability of Default, Loss Given Default etc.;
 - the completeness and accuracy of source data used by the Management in the ECL computation; and
 - ECL computations
- We assessed the Company's accounting policy in respect of loans and related ECL provisioning.
- With the assistance of the auditor's expert, we verified the appropriateness of the methodology and models used by the Company and reasonableness of the assumptions used within the computation process to estimate the impairment allowance.
- We test-checked the completeness and accuracy of source data used.
- We recomputed the impairment allowance for a sample of loans across the loan portfolio to verify the arithmetical accuracy.
- We evaluated the reasonableness of the assumptions and judgement involved in management overlays that form part of the impairment allowance, and the related approvals.
- We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the standalone financial statements.

Based on the above audit procedures, we consider that the management's assessment of the ECL against loans are reasonable.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report (Financial Highlights, Directors' Report, Management Discussion and Analysis Report and Corporate Governance Report for FY 2022-23), but does not include the standalone financial statements and auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

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

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Standalone financial statements

8. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we

are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Other Matter

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

Our opinion is not modified in respect of above matter.

Report on other legal and regulatory requirements

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Standalone Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in paragraph 15(b) above that the back-up of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements –

Refer Note 45 to the standalone financial statements;

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

For **Price Waterhouse LLP**

Firm Registration Number: 301112E / E300264

Chartered Accountants

A.J.Shaikh

Partner

Membership Number: 203637

UDIN: 23203637BGXOZS7152

Place : Bangalore

Date : May 26, 2023

Annexure A to Independent Auditor's Report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable

assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statement

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

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Price Waterhouse LLP**

Firm Registration Number: 301112E / E300264

Chartered Accountants

A.J.Shaikh

Partner

Place : Bangalore

Date: May 26, 2023

Membership Number : 203637

UDIN : 23203637BGXOZS7152

Annexure B to Independent Auditor's Report

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

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

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

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

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

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

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

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

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

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

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

- xx. As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Price Waterhouse LLP

Firm Registration Number: 301112E / E300264
Chartered Accountants

A. J. Shaikh

Partner

Bangalore
May 26, 2023

Membership Number 203637
UDIN : 23203637BGXOZS7152

Standalone Balance Sheet

(All amount in ₹ Millions, unless otherwise stated)

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

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

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

For **Price Waterhouse LLP**

Chartered Accountants

Firm's Registration No.: 301112E/E300264

A J Shaikh

Partner

Membership No. 203637

Place: Bengaluru

Date : 26 May, 2023

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Bengaluru

Date : 26 May, 2023

Ankit Surana

Chief Financial Officer

Place: Bengaluru

Date : 26 May, 2023

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date : 26 May, 2023

Thomas Joseph

Company Secretary

M.No. A53322

Place: Bengaluru

Date : 26 May, 2023

Standalone Statement of Profit and Loss

(All amount in ₹ Millions, unless otherwise stated)

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

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

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

For **Price Waterhouse LLP**

Chartered Accountants

Firm's Registration No.: 301112E/E300264

A J Shaikh

Partner

Membership No. 203637

Place: Bengaluru

Date : 26 May, 2023

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Bengaluru

Date : 26 May, 2023

Ankit Surana

Chief Financial Officer

Place: Bengaluru

Date : 26 May, 2023

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date : 26 May, 2023

Thomas Joseph

Company Secretary

M.No. A53322

Place: Bengaluru

Date : 26 May, 2023

Standalone Statement of Cash Flow

(All amount in ₹ Millions, unless otherwise stated)

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

Standalone Statement of Cash Flow

(All amount in ₹ Millions, unless otherwise stated)

Components of cash and cash equivalents

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

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

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

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

A J Shaikh
Partner
Membership No. 203637

Place: Bengaluru
Date : 26 May, 2023

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

Ankit Surana
Chief Financial Officer

Place: Bengaluru
Date : 26 May, 2023

Ankit Agarwal
Managing Director
(DIN: 08299808)

Place: Bengaluru
Date : 26 May, 2023

Thomas Joseph
Company Secretary
M.No. A53322

Place: Bengaluru
Date : 26 May, 2023

Standalone Statement of Changes in Equity

(All amount in ₹ Millions, unless otherwise stated)

A Equity share capital

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

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

B Other equity

For the year ended 31 March 2023

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

Standalone Statement of Changes in Equity

(All amount in ₹ Millions, unless otherwise stated)

For the year ended 31 March 2022

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

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

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

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

A J Shaikh
Partner
Membership No. 203637

Place: Bengaluru
Date : 26 May, 2023

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

Ankit Surana
Chief Financial Officer

Place: Bengaluru
Date : 26 May, 2023

Ankit Agarwal
Managing Director
(DIN: 08299808)

Place: Bengaluru
Date : 26 May, 2023

Thomas Joseph
Company Secretary
M.No. A53322

Place: Bengaluru
Date : 26 May, 2023

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

1. Corporate Information

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

2. During the year ended 31 March 2020, controlling stake in the Company was initially acquired by Mr. Sachin Bansal w.e.f. 24 October 2019 and was subsequently transferred to Navi Technologies Limited (formerly known as Navi Technologies Private Limited) ('the Holding Company') w.e.f. 30 March 2020. The Company is a holding company of Chaitanya India Fin Credit Private Limited ('the Subsidiary Company') since 12 November 2014. The Company has received Certificate of registration from Reserve Bank of India dated 11 March 2016, to carry on the business of Non-Banking Financial Institution without accepting deposits.

3. Basis of preparation

These standalone financial statements ('the financial statements') of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act'), Companies (Indian Accounting Standards) Rules 2015 and presentation requirements of Division III of Schedule III to the Companies Act, 2013, applicable to NBFCs, as notified by the MCA, and applicable provisions of the Companies Act, 2013 and other relevant provision of the Act.

4. Significant accounting policies

4.1. Basis of preparation and measurement

(i) Going concern and basis of measurement

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

convention on accrual basis except for certain financial instruments which are measured at fair value.

(ii) Use of estimates and judgements

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods. An overview of the areas that involve some degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed have been disclosed below.

- Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principle and Interest ('SPPI') and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market

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

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

- Provisions and other contingent liabilities

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

- Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses

and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

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

- Effective Interest Rate (EIR) method

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

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

- Leases

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

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

- b. Estimating the incremental borrowing rate

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

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

4.2. Revenue recognition

i. Recognition of interest income

Interest income is recognized by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at fair value through profit or loss ('FVTPL').

The EIR in case of a financial asset is computed.

- a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- b. By considering all the contractual terms of the financial instrument in estimating the cash flows.
- c. Including all fees received/ paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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

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

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

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

ii. Fee and commission income

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

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

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

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

iv. Dividend income

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

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

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

vi. Net gain/loss on fair value changes

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

vii. Other income

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

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

4.3. Finance costs

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

The EIR in case of a financial liability is computed

- As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- By considering all the contractual terms of the financial instrument in estimating the cash flows.
- Including all fees paid/ received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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

4.4. Property, Plant and Equipment

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

Depreciation

Depreciation on property, plant and equipment has been provided on the written down value method as prescribed in Schedule II of Companies Act 2013 or the rates determined by the management as per estimated useful life of the assets, whichever is higher. All individual assets (other than furniture and fixtures and office

equipment) valued less than ₹ 5,000 are depreciated in full in the year of acquisition. The useful life of the assets is as follows:

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

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

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

De-recognition

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

4.5. Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company

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

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

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

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

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

4.6. Fair value measurement

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

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

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

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

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset

or liability and the level of the fair value hierarchy as explained above.

4.7. Financial instruments

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

Financial assets:

Initial recognition and measurement

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

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

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

Classification subsequent measurement of financial assets

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

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

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

Financial assets measured at fair value through profit or loss

Items at fair value through profit or loss comprise:

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

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

Modification and Derecognition of Financial Assets

(a) Modification of financial assets

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

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

(b) Derecognition of financial assets

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

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

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

Or

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

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

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

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

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

A transfer only qualifies for derecognition if either:

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

Or

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

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

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

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

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

Servicing of Assets /Liabilities

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

Derivative Financial Instruments

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

Financial liabilities and Equity classification

Classification as debt or equity –

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

Equity instruments –

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

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

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

Financial liabilities –

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

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

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

Convertible Instruments

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

4.8. Impairment of financial assets

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

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

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

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

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

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

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

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

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company classifies all loans /investments up to 30 days by due (other than ever 90 cases) under this category. Stage 1 financial instruments also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit

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

impaired are classified under this stage. The Company classifies all loans over 30 Days Past Due (other than over 90 cases) is considered as significant increase in credit risk.

Stage 3

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument. The Company classifies all financial assets over 90 Days Past Due as credit impaired assets. The Company considers life time ECL for those assets.

The Company also considers loan accounts which has moved to 90 + Days Past Due during the year or in previous years and has not fully repaid the interest and principal as credit impaired or Stage 3 assets.

4.8.2. Estimation of Expected Credit loss

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

- Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognized and is still in the portfolio.
- Exposure at Default (EAD) -The Exposure at Default is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise. In case of Stage 3 loans EAD represents gross exposure as on the reporting date.
- Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and the market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic

trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Collateral valuation

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

Collateral repossessed

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

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect

of recovery. The Company reduces the gross carrying amount of a financial asset. However financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognized in the statement of profit and loss.

4.9. Employee benefits:

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

Employee benefits include Provident Fund, Gratuity and Bonus.

Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The Company

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

has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognized as an expense in the year in which the related employee services are received.

Defined benefit plans

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

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

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of Other Comprehensive Income (OCI) in the year in which such gains or losses are determined.

Short-term employee benefits

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

4.10. Leases

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

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

Identification of Lease:

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

Recognition of lease payments:

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

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

Short-term leases and leases of low-value assets

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

4.11. Taxes

Current tax and Deferred tax

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

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

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

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

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

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

Deferred tax is recognised using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

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

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

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

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

4.12. Share based payments

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

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

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

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

b) The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity

4.13. Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

4.14. Impairment of non-financial assets

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

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

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

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

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

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

4.15. Cash and cash equivalents

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

4.16. Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholder's meeting and the Board of Directors respectively

4.17. Foreign currency

Functional and presentation currency

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

Transactions and balances

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

4.18. Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost less accumulated impairment, if any

4.19. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company.

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

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

4.20. Trade and Other Payable

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

4.21. Rounding off amount

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

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

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

Proceeds before intended use of property, plant and equipment

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

Carve out from IAS 16, Property, plant equipment:

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

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

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

Onerous Contracts – Cost of fulfilling a contract

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

(iii) Ind AS 109, Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes forming part of the Standalone Financial Statements

5. Cash and cash equivalents

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

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

(ii) The cash and cash equivalents for cash flow statement is same as cash and cash equivalents.

6. Bank balances other than cash and cash equivalents

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

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

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

7. Loans*

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

Notes forming part of the Standalone Financial Statements

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

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

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

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

8. Investments

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

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

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

Notes forming part of the Standalone Financial Statements

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

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

9. Other financial assets

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

Notes forming part of the Standalone Financial Statements

11. Deferred tax asset (net)

(in Rupees)

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

Movement in deferred tax liabilities

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

Movement in deferred tax assets

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

Notes forming part of the Standalone Financial Statements

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

Movement in deferred tax liabilities

Particulars	As at 31 March 2021	Charged/ (credited) to statement of profit and loss	Charged/ (credited) to other comprehensive income	As at 31 March 2022
Tax effect of items constituting Deferred Tax				
Liabilities:				
Financial liabilities measured at amortised cost	6.69	33.17	-	39.86
Financial assets measured at amortised cost	-	122.35	-	122.35
Financial assets measured at fair value through profit and loss	26.17	(26.17)	-	-
Interest on non-performing loans	0.30	(0.18)	-	0.12
Deferred tax liabilities (total)	33.16	129.17	-	162.33

Movement in deferred tax assets

Particulars	As at 31 March 2021	Charged/ (credited) to statement of profit and loss	Charged/ (credited) to other comprehensive income	As at 31 March 2022
Tax effect of items constituting Deferred Tax				
Assets:				
Impairment allowance for loans	216.16	181.08	-	397.24
Financial assets measured at amortised cost	18.67	130.87	-	149.54
Impairment allowance for Investments	43.46	(2.14)	-	41.32
Provision for employee benefits	5.46	7.26	1.45	14.17
Lease accounting under Ind AS 116	0.19	2.51	-	2.70
Financial assets measured at fair value through profit and loss	-	3.28	-	3.28
Difference in written down value as per Companies Act and Income Tax Act	0.74	0.14	-	0.88
Others	-	23.44	-	23.44
Deferred tax assets Total	284.68	346.44	1.45	632.57
Total Deferred tax Asset /(liabilities) (net)	251.52	217.27	1.45	470.24

Notes forming part of the Standalone Financial Statements

12. Property, plant and equipment

Particulars	Furniture and fixtures	Office equipments	Leasehold Improvement	Electrical equipment	Total
Gross block					
Gross Carrying Value					
Balance as at 31 March 2021	5.48	1.35	0.60	0.89	8.32
Additions	0.17	1.44	1.33	-	2.94
Disposal of assets	-	-	-	-	-
Balance as at 31 March 2022	5.65	2.79	1.93	0.89	11.26
Additions	-	0.35	98.68	0.32	99.35
Disposal of assets	-	-	-	-	-
Balance as at 31 March 2023	5.65	3.14	100.61	1.21	110.61
Accumulated depreciation					
Balance as at 31 March 2021	3.48	0.71	0.20	0.19	4.58
Charge for the year	0.55	0.57	0.53	0.04	1.69
Disposal of assets	-	-	-	-	-
Balance as at 31 March 2022	4.03	1.28	0.73	0.23	6.27
Charge for the year	0.38	0.69	35.32	0.02	36.41
Disposal of assets	-	-	-	-	-
Balance as at 31 March 2023	4.41	1.97	36.03	0.25	42.66
Net block					
Balance as at 31 March 2022	1.62	1.51	1.20	0.66	4.99
Balance as at 31 March 2023	1.24	1.17	64.58	0.96	67.95

13. Intangible assets

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

Notes forming part of the Standalone Financial Statements

14. Non financial assets

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

15. Trade payables*

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

Refer note 41 for detailed disclosure

*Includes Related Party Payable. Refer note 43.

16. Debt securities

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

*Refer note 16.2 for terms of debt securities.

16.1 Reconciliation of liabilities from financing activities

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

Notes forming part of the Standalone Financial Statements

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

16.2 Terms of Securities

Terms of debentures	Number of debentures		Face value per instrument (in ₹)	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Market Linked Debentures					
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 30 January 2026. Redemption premium is 8.37%	450	-	10,00,000	428.74	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 31 May 2025. Redemption premium is 9.9%	300	300	10,00,000	300.00	300.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 31 July 2024. Redemption premium is 9.25%"	500	500	10,00,000	500.00	500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 30 May 2024. Redemption premium is 9.00%	1,000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 27 March 2024. Redemption premium is 9.00%	1,000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 15 March 2024. Redemption premium is 8.60%	1,500	1,500	10,00,000	1,500.00	1,500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 28 Feb 2024. Redemption premium is 8.65%	1,000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 23 February 2024. Redemption premium is 8.60%	1,000	1,000	10,00,000	1,000.00	1,000.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 24 May 2023. Redemption premium is 8.60%	2,000	2,000	10,00,000	2,000.00	2,000.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 21 March 2023. Redemption premium is 8.75%	-	650	10,00,000	-	650.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 17 June 2022. Redemption premium is 9.25%	-	1,500	10,00,000	-	1,500.00

Notes forming part of the Standalone Financial Statements

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

Notes forming part of the Standalone Financial Statements

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

*Represents Non convertible debentures issued to public.

Terms of debentures	Redemption Value		Face value per instrument	Carrying value	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Unsecured Rated Redeemable Commercial Paper. Maturity date is 28 March 2022. Discount rate is 8.32%	-	-	95.03	-	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 13 January 2022. Discount rate is 7.75%	-	-	99.58	-	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 5 May 2022. Discount rate is 7.30%	-	250.00	98.23	-	245.58
Unsecured Rated Redeemable Commercial Paper. Maturity date is 25 July 2022. Discount rate is 8.27%	-	210.00	97.39	-	204.53
Unsecured Rated Redeemable Commercial Paper. Maturity date is 25 July 2022. Discount rate is 8.10%	-	285.00	98.04	-	277.73
Unsecured Rated Redeemable Commercial Paper. Maturity date is 28 April 2023. Discount rate is 8.65%	155.50	-	97.32	151.33	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 5 April 2023. Discount rate is 8.40%	60.00	-	97.97	58.78	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 6 April 2023. Discount rate is 8.55%	200.00	-	97.94	195.87	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 10 April 2023. Discount rate is 8.40%	87.50	-	97.97	85.72	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 25 April 2023. Discount rate is 9.00%	60.00	-	97.69	58.61	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 26 April 2023. Discount rate is 9.00%	100.00	-	97.50	97.50	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 27 April 2023. Discount rate is 9.00%	120.00	-	97.45	116.94	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 01 June 2023. Discount rate is 9.00%	100.00	-	97.50	97.50	-

Notes forming part of the Standalone Financial Statements

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

A. Nature of security

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

B. Other information

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

17. Borrowings (other than debt securities)

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

Notes forming part of the Standalone Financial Statements

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

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

Nature of security

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

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

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

Nature of security

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

Terms of repayment of liability against securitised assets

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

Notes forming part of the Standalone Financial Statements

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

(i) Nature of security

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

(ii) Other Information

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

18. Subordinated liabilities

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

*Refer note 18.1 for terms of Subordinate liabilities..

18.1 Terms of repayment of subordinated liabilities

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

*For residual maturity refer note 44

19. Lease liability

Particulars	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)

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

22. Provisions

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

23. Other non financial liabilities

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

Notes forming part of the Standalone Financial Statements

24. Equity share capital

Particulars	As at	
	31 March 2023	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 2022
Securities premium		
Opening balance	9,640.89	8,774.22
Add : Securities premium credited on share issue	6,933.33	866.67
Add : Transfer from ESOP reserve	-	-
Less : Share issue expenses	(3.98)	-
Less:		
a) Buy back of shares	-	-
b) Transfer to Capital Redemption Reserve	-	-
Closing balance	16,570.24	9,640.89
Reserve fund u/s 45-IC of RBI Act 1934		
Opening balance	223.39	223.39
Add: Transfer from retained earnings	343.97	-
Closing balance	567.36	223.39
Employee stock options outstanding		
Opening balance	-	-
Amount relating to stock options granted	75.64	-
Transfer to parent company	(75.64)	-
Closing balance	-	-
Retained earnings		
Opening balance	158.56	831.95
Add: Transferred from statement of profit and loss for the year	1,719.86	(669.08)
Add: Remeasurement of the net defined benefit plans, net of tax	(4.75)	(4.30)
Add: Net change in fair value of loans measured at fair value through other comprehensive income, net of tax	5.67	-
Less: Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	(343.97)	-
Closing Balance	1,535.37	158.56

Notes forming part of the Standalone Financial Statements

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

Nature and purpose of reserves

Securities premium

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

Statutory reserve

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

Retained earnings

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

Capital Redemption Reserve

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

Equity Component of Compulsory convertible Debentures (CCD)

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

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

Notes forming part of the Standalone Financial Statements

26. Interest income

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

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

27. Fees and commission income

Particulars	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

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

Notes forming part of the Standalone Financial Statements

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

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

30. Other income

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

*Refer Note 43 (Related Party Disclosure)

31. Finance costs

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

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

32. Fees and commission expenses

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

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

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

Notes forming part of the Standalone Financial Statements

34. Impairment on financial instruments

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

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

35. Employee benefits expenses

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

36. Depreciation and amortisation expense

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

37. Other expenses

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

Notes forming part of the Standalone Financial Statements

37A Auditor fees and expenses comprises of:

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

38. Corporate social responsibility expenses

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

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

39. Tax expense

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

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

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

Notes forming part of the Standalone Financial Statements

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

40. Earnings per equity share (basic and diluted)

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

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

	For the year ended 31 March 2023	For the year ended 31 March 2022
The principal amount due thereon remaining unpaid to any supplier as at the year end.	11.18	0.70
The interest amount due thereon remaining unpaid to any supplier as at the year end.	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at year end.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

42. Retirement benefit plan

(i) Defined Contribution Plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 22.70 millions (31 March 2022: ₹ 10.6 millions) for Provident Fund contributions and ₹ 0.3 millions (31 March 2022: ₹ 0.03 millions) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

Notes forming part of the Standalone Financial Statements

Defined Benefit Plan

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

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

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

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

Gratuity

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

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

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

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

Description	As at 31 March 2023	As at 31 March 2022
Fair value of plan assets as at beginning of the year	-	-
Expected return on plan assets	-	-
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gain/(loss)	-	-
Fair value of plan assets at the end of the year	-	-

Notes forming part of the Standalone Financial Statements

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

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

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

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

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

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

Notes to actuarial assumptions:

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

(vii) Sensitivity analysis for gratuity liability

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

Notes forming part of the Standalone Financial Statements

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

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

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

(viii) Maturity profile of defined benefit obligation:

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

(ix) Expected future payouts(Discounted):

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

Plan characteristics and associated risks

1. Salary inflation risk

Higher than expected increases in salary will increase the defined benefit obligation

2. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligation depend upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawal rate because the cost of retirement benefit of an employee serving a shorter tenor will be less compared to long service employees.

3. Actuarial risk

It is the risk that the benefits will cost more than expected. This can be due to one of the following reasons

- 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

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

43. Related parties disclosures

Names of related parties

Table 1 (As per Ind AS)

Nature of relationship	Name of the related party
Holding Company	Navi Technologies Limited ("NTL") (formerly known as Navi Technologies Private Limited)
Subsidiary Company	Chaitanya India Fin Credit Private Limited ("CIFCPL")
Entities under common control	Navi AMC Limited ("Navi AMC") Navi General Insurance Limited ("Navi GI") Navi Mutual Fund
"Entities in which Directors are able to exercise control or have significant influence"	Flipkart Online Services Private Limited
Name of key managerial personnel	Designation
Mr. Sachin Bansal (Ultimate Controlling Party)	Executive Chairman and Chief Executive Officer (appointed w.e.f 11 February 2022)
Mr. Ankit Agarwal	Managing Director (appointed w.e.f 11 February 2022)
Ms. Riya Bhattacharya	CEO (resigned w.e.f 11 February 2022)
Mr. Ankit Surana	CFO (appointed w.e.f 25 April 2023)
Mr. Divyesh Jain	CFO (w.e.f 12 November 2021 to 24 April 2023)
Mr. L N Gurumoorthy	CFO (resigned w.e.f 12 November 2021)
Mr. Samit Shankar Shetty	Non- Executive Director (resigned w.e.f 30 August 2021)

Notes forming part of the Standalone Financial Statements

Transactions with related parties

Name of related party	Nature of transaction	*For the year ended 31 March 2023	*For the year ended 31 March 2022
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	Redemption of Non convertible debentures	3,500.00	7,520.00
	Face value of equity shares allotted	1,066.67	133.33
	Securities premium received on allotment of shares	6,933.33	866.67
	Issue of Compulsory convertible debenture	1,500.00	-
	Software support charges	1,636.65	406.17
	Loan sourcing fee	2,555.06	607.04
	Outsourcing services fees	87.97	31.38
	Sale of Trade Mark	349.50	-
	Sale of investment in debenture	-	996.94
	Interest paid on Compulsory convertible debenture	12.49	-
	Interest paid on non convertible debenture	40.61	-
	Sale of equity investment in CIFCPL	1,814.58	-
	Sale of Pass through certificates	1,055.70	-
	Lease rental	25.00	21.36
	Maintenance charges	-	1.03
	Insurance cross charge by NTL	-	0.90
	Reimbursement expenses cross charge to NTL	15.98	99.81
	Security deposit paid	-	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 advances paid for issuance of policies	8.19	1.58
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	Outstanding (payable)	(675.77)	(610.24)
	Trade Payable	(403.44)	-
	Other Payable	(272.33)	-

Notes forming part of the Standalone Financial Statements

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

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

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

Table 1 (As per Ind AS)

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

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

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

Notes forming part of the Standalone Financial Statements

44. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

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

Notes forming part of the Standalone Financial Statements

45. Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

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

- 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 securities			6,069.09	2,293.22
Investments in mutual funds			60.77	338.02
Derivative financial instruments			-	1.47
Total			6,129.86	2,632.71
Level 3 (Based on unobservable Inputs)				
Loans (Fair value through OCI)			8,241.02	-
Total			8,241.02	-

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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	-

4.7.3 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

4.7.4 Valuation methodologies of financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields

The fair value of investments are estimated using a cash flow model based on contractual cash flows using actual maturities.

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields

Short term financial assets and liabilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

48. Risk management

The Company is a Systemically Important-Non Deposit Taking-Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India. On account of its business activities it is exposed to various financial risks associated with financial products such as credit or default risk, liquidity risk, market risk and interest rate risk. The Company has a robust financial risk management policy and framework in place to identify, evaluate, manage and mitigate various risks associated with its financial assets and financial liabilities to ensure that desired financial objectives are met. The Company's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Company, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess changes to the risk profile. Any change in the Company's risk management objectives and policies need prior approval of its Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages these risks and the related impact on financials.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, Field credit assessment, diversification of asset base, borrower indebtedness limits, credit limits and collaterals taken for assets, wherever applicable
Liquidity risk	Financial liabilities	Cash flow forecasts	Raising money from primary secondary debt instruments, other credit facilities and sale of loan assets (whenever required)
Market risk - interest rate	Investments, borrowings, debt securities, Derivative Financial Instrument and subordinated liabilities carrying variable interest rates	Sensitivity analysis	Review of fair valuation of investments and review of cost of funds and pricing of disbursements.
Market risk - security price	Investments	Sensitivity analysis	Diversification of portfolio with focus on strategic investments.

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48.1 Credit risk

A. Loans

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's primary strategy is focused on lending to retail customers and therefore credit risk is the principal risk associated with the business.

The risk management framework of the Company seeks to have following controls objective and key metrics that allows risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

B. Investments

This risk is common to all investors who invest in bonds and debt instruments and it refers to a situation where a particular bond issuer is unable to make the expected principal payments, interest rate payments, or both. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

48.1.1 Risk identification

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

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

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

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

- Adverse economic environment / regulatory changes impacting the credit / liquidity profile of underlying issuers
- Financial stress due to internal factors (such as over-leveraging by underlying issuers) resulting in lower demand for the security in the secondary market or leading to an impact on the issuer's ability to service debt obligations
- Any financial stress in the group entities of the underlying issuer impacting its refinancing ability
- Deterioration in the value of underlying collateral
- Aggressive growth / policies affecting the asset quality and in turn profitability and refinancing options
- Material frauds by promoters / key management personnel / employees
- Breach of any covenants triggering cross-default / liquidity shocks

48.1.2 Risk assessment and measurement

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

48.1.3 Risk monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Company.

Investments - Risk concentration is minimized by investing in highly rated, investment grade bonds and debt instruments which have a very low risk of default. These investments are reviewed by the Finance Committee on a regular basis.

Loans - Borrower risk categorization is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. The Company regularly monitors borrower repayments. Key performance indicators are continuously generated through monitoring alerts in the loan origination flow and post disbursement flow to highlight areas requiring

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attention and action. Monitoring includes diagnostic studies of problem areas in collections performance and proactively taking actions.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle

- Loan origination - profile/income selection, document verification process, KYC checks, creditworthiness checks based on CIBIL, fraud database checks, device data, regular updates to loan origination application based on security gaps and technical glitches identified etc
- Loan underwriting - Risk rating scoring, credit assessment, independent assessment of legal validity and value of property by experts etc.
- Loan pre and post disbursement - disbursement in the bank account only
- Loan collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework
- Appropriate policy-driven loan origination and collection process.

48.1.4 Risk mitigation

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

Loans

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

- loan origination - profile/income selection, document verification process, KYC checks, creditworthiness checks based on CIBIL, fraud database checks, device data
- loan underwriting - risk rating scoring, credit assessment, independent assessment of legal validity and value of property by experts etc.
- loan pre and post disbursement - disbursement in the bank account only
- loan collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework
- Appropriate policy-driven loan origination and collection process.

Investments

With respect to investments, the Company maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities.

48.1.5 Impairment assessment

Investments

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

Loans

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

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies Note 4.8.1 (Overview of the Expected Credit Loss).

Definition of default

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument upgradation from stage 3 when when the entire arrears of interest and principal has been paid for all facilities availed.

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

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

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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 sensitivity analysis given below.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact of rate change in borrowings, as follows:

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

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds etc. The Company is exposed to price risk arising mainly from investments carried at fair value through profit and loss which are valued using quoted prices in active markets (level 1 investments). A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

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

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

49. Segment reporting

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

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

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

- 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 taken.

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

53.14 The Company has not revalued its Property, Plant and Equipment (including Right-of Use Assets) based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

53.15 The Company has not revalued its Intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

53.16 There are no loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

- (a) repayable on demand or
- (b) without specifying any terms or period of repayment

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

53.18 Previous year figures have been regrouped/ reclassified wherever applicable

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

54. Disclosure on ratios

Particulars	As at	
	31 March 2023	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/O3.10.119/2016-17 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	2,773.00	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	For the year ended
	31 March 2023	31 March 2022
A. Direct exposure		
i) Residential mortgages (Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;)	6,272.43	3,120.04
ii) Commercial real estate: (Lending secured by mortgages on commercial real estates office buildings, retails space, multipurpose commercial premises, multi-family residential buildings, multi - tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits)	Nil	Nil
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a) Residential	Nil	Nil
b) Commercial real estate	Nil	Nil

ii) Exposure to capital market

The Company does not have any exposure to capital market as at 31 March 2023 and 31 March 2022.

iii) Unhedged foreign currency exposure

The details of foreign currency exposures that are not hedged by derivative instrument or otherwise are as mentioned below:

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

58. Details of financing of parent company products

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

59. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company does not have single or group borrower exceeding the limits during the year ended 31 March 2023 and 31 March 2022.

60. Unsecured advances

The Company has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. The unsecured advances of ₹ 61,637.63 millions (31 March 2022: ₹ 26,372.62 millions.) disclosed in Note 7 are without any collateral or security.

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

61. Registration obtained from other financial sector regulators:

The Company is registered with following other financial sector regulators:

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

62. Draw down from reserves:-

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

63. Concentration of advances, exposures and NPAs:

63.1 Concentration of advances

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

63.2 Concentration of exposures

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

63.3 Concentration of NPAs

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

63.4 Sector-wise NPAs#:-

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

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

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

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

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

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	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	28,997.40	1,174.30	27,823.10	115.99	1,058.31
	Stage 2	237.21	157.15	80.06	0.95	156.20
Subtotal		29,234.61	1,331.45	27,903.16	116.94	1,214.51
Non-Performing Assets (NPA)						
Substandard	Stage 3	257.43	246.18	11.25	25.74	220.44
Doubtful - up to 1 year	Stage 3	0.62	0.62	-	0.62	-
- 1 to 3 years	Stage 3	-	-	-	-	-
- More than 3 years	Stage 3	-	-	-	-	-
Subtotal for NPA		258.05	246.80	11.25	26.36	220.44
Total	Stage 1	28,997.40	1,174.30	27,823.10	115.99	1,058.31
	Stage 2	237.21	157.15	80.06	0.95	156.20
	Stage 3	258.05	246.80	11.25	26.36	220.44
	Total	29,492.66	1,578.25	27,914.41	143.30	1,434.95

67.1 Provisions and contingencies

Break up of Provisions shown as expenditure in statement of profit and loss	As at 31 March 2023	As at 31 March 2022
Provision towards non performing assets	707.76	(4.67)
Provision towards standard assets	1,928.87	619.83
Provision made towards income tax	543.99	-
Provision for gratuity	8.94	3.62
Provision for compensated absences	(1.15)	10.93

68. Balance Sheet Breakup

Particulars	As at 31 March 2023 Amount outstanding	As at 31 March 2022 Amount outstanding
Liabilities side		
1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
a) Debentures		
Secured	20,171.56	12,879.95
Unsecured (other than falling within the meaning of public deposits)	4,105.27	6,500.56
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	-	-

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

Particulars	As at 31 March 2023 Amount outstanding	As at 31 March 2022 Amount outstanding
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
a) In the form of unsecured debentures	-	-
b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
c) Other public deposits	-	-
Assets side		
3 Breakup of loans and advances including bills receivables		
a) Secured	6,272.43	3,120.04
b) Unsecured	61,637.63	26,372.62
4 Breakup of leased assets and stock on hire and other assets counting towards AFC activities		
i Lease assets including lease rentals under sundry debtors		
a) Financial lease	-	-
b) Operating lease	-	-
ii Stock on hire including hire charges under sundry debtors		
a) Assets on hire	-	-
b) Repossessed assets	-	-
iii Other loans counting towards AFC activities		
a) Loans where assets have been repossessed	-	-
b) Loans other than (a) above	-	-
Breakup of investments		
Current investments		
I Quoted		
i Shares		
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	2,443.86	1,298.56
iii Units of mutual funds	60.77	338.02
iv Government securities	3,625.23	994.66
v Others	-	491.66
II Unquoted	-	-
i Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-

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

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

68.1 Borrower group - wise classification of assets financed

As at 31 March 2023

Particulars	Net of provisions			
	Secured	Unsecured	Provisions	Total
1 Related parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	6,272.43	61,637.63	(4,214.88)	63,695.19
Total	6,272.43	61,637.63	(4,214.88)	63,695.19

As at 31 March 2022

Particulars	Net of provisions			
	Secured	Unsecured	Provisions	Total
1 Related parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	3,120.04	26,372.62	(1,578.25)	27,914.41
Total	3,120.04	26,372.62	(1,578.25)	27,914.41

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

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	Market value / break up or fair value or NAV	Book value (Net of provision)	Market value / break up or fair value or NAV	Book value (Net of provision)
1 Related parties				
a) Subsidiaries	3,758.55	3,758.55	3,261.40	3,261.40
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	6,129.86	6,129.86	3,525.08	3,360.90
Total	9,888.41	9,888.41	6,786.48	6,622.30

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

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

69. Overseas assets

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

70. Off-balance sheet SPVs sponsored

The Company has not sponsored any off-balance sheet SPVs which are required to be consolidated as per accounting norms for the year ended 31 March 2023 and 31 March 2022.

71. Disclosure on Restructured Accounts.

Refer Note 48.1.6 for details.

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

72. Customer complaints

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

73. Top five grounds of customer complaints received by NBFCs

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

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

74. Related party transactions

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

75. Information on instances of fraud

Instances of fraud for the year ended 31 March 2023

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

Instances of fraud for the year ended 31 March 2022

Nature of fraud	No of cases	Amounts of fraud	Recovery	Amounts written off/ provided for
Fraud Committed by other than staff	195	48.08	4.04	22.46

76. Credit rating

Instruments	Credit rating agency	As at 31 March 2023	As at 31 March 2022
Bank facilities	CRISIL	CRISIL A/Stable	CRISIL A-/Stable
Non-convertible debentures	India Ratings	IND A/Stable	IND A/Stable
Principal protected market linked debentures	India Ratings	IND PP-MLD A emr/Stable	IND PP-MLD A emr/Stable
Commercial papers	India Ratings	IND A1	IND A1

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

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

78. Details of financial assets sold to securitisation

S. No.	Particulars	As at 31 March 2023	As at 31 March 2022
	No. of accounts	1,58,983	72,069
i)	Aggregate value (net of provision) of accounts sold	15,729.80	1,844.76
ii)	Aggregate Consideration	16,278.30	1,844.76
iii)	Additional Consideration (net of expenses) realized in respect of accounts transferred in earlier years	-	-
iv)	Aggregate gain/loss over net book value	-	-

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

79. Disclosure relating to securitisation

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

S. No.	Particulars	As at 31 March 2023	As at 31 March 2022
i)	No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	21	4
ii)	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	11,658.92	1,844.76
iii)	Total amount of exposures retained by the NBFC to comply with Minimum Retention Ratio (MRR) as on the date of balance sheet	-	-
a	Off-Balance Sheet exposures	-	-
	First loss	-	-
	Others	-	-
b	On-Balance Sheet exposures	-	-
	First loss(cash collateral)	2,437.80	211.11
	Others(MRR)	489.08	215.14
iv)	Amount of exposures to securitisation transactions other than MRR	-	-
a	Off-Balance Sheet exposures	-	-
	i) Exposure to own securitisations	-	-
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations	-	-
	First loss	-	-
	Others	-	-
b	On-Balance Sheet exposures	-	-
	i) Exposure to own securitisations	-	-
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations	-	-
	First loss	-	-
	Others	-	-
v)	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	21,369.80	1,844.76
vi)	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc. (first loss - FD balance)	2,307.91	211.11
vii)	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.	-	-
	(a) Amount paid	2,307.91	211.11
	(b) Repayment received	76.64	-
	(c) Outstanding amount	2,231.27	211.11
viii)	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	1.61%	-
ix)	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	-	-
	(a) Amount of Top Up	1.93	-
	(b) Count of Top Up	12.00	-
x)	Investor complaints (a) Directly/Indirectly received and; (b) Complaints outstanding	-	-

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

80. Detail of assignment transactions:-

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

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

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

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

81. Top 10 borrowings

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

82. Funding Concentration based on significant instrument/product

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

Note:

1. A significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs

83. Stock ratios:

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

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

b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets:- Nil

c) Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets:

As at 31 March 2023			As at 31 March 2022		
Total Public funds	Total Liabilities	Total Assets	Total Public funds	Total Liabilities	Total Assets
5.62%	5.18%	3.80%	Nil	57.28%	24.30%

Notes forming part of the Standalone Financial Statements

84. Institutional set-up for liquidity risk management

Board of Directors:

The Board has the overall responsibility for management of liquidity risk. The Board shall decide the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided by it.

Risk Management Committee:

The Risk Management Committee is responsible for evaluating the overall risks faced by the NBFC including liquidity risk.

Asset-Liability Management Committee (ALCO):

The ALCO ensures adherence to the risk tolerance/limits set by the Board as well as implements the liquidity risk management strategy of the NBFC.

The members of the ALCO are:

1. Mr. Ankit Agarwal
2. Mr. Ankit Surana
3. Mr. Shobhit Agarwal
4. Mr. Mahak Khabia

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

A J Shaikh
Partner
Membership No. 203637

Place: Bengaluru
Date : 26 May, 2023

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

Ankit Surana
Chief Financial Officer

Place: Bengaluru
Date : 26 May, 2023

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

Ankit Agarwal
Managing Director
(DIN: 08299808)

Place: Bengaluru
Date : 26 May, 2023

Thomas Joseph
Company Secretary
M.No. A53322
Place: Bengaluru
Date : 26 May, 2023

Notes forming part of the Standalone Financial Statements

Scale Based Disclosure - Loans to Directors, Senior Officers and relatives of Directors

Particulars	As on 31 March 2022		As on 31 March 2023	
	Sanctioned amount	Principal Outstanding amount	Sanctioned amount	Principal Outstanding amount
Directors and their relatives	-	-	0.60	0.19
Entities associated with directors and their relatives	-	-	-	-
Senior Officers and their relatives	38.00	33.80	38.00	33.03

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

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.

How our audit addressed the key audit matter

The audit procedure performed by us to assess appropriateness of impairment allowance based on ECL on loans included the following:

- We understood and evaluated the design and tested the operating effectiveness of the key controls put in place by the management over:
 - the assumptions used in the calculation of ECL and its various aspects such as determination of Staging of Loans, Exposure At Default, Probability of Default, Loss Given Default etc.;
 - the completeness and accuracy of source data used by the Management in the ECL computation; and
 - ECL computations
- We assessed the Company's accounting policy in respect of loans and related ECL provisioning.
- With the assistance of the auditor's expert, we verified the appropriateness of the methodology and models used by the Company and reasonableness of the assumptions used within the computation process to estimate the impairment allowance.
- We test-checked the completeness and accuracy of source data used.
- We recomputed the impairment allowance for a sample of loans across the loan portfolio to verify the arithmetical accuracy.
- We evaluated the reasonableness of the assumptions and judgement involved in management overlays that form part of the impairment allowance, and the related approvals.
- We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the standalone financial statements. Based on the above audit procedures, we consider that the management's assessment of the ECL against loans are reasonable.

5. The following Key Audit Matter was included in the audit report dated May 24, 2023, containing an unmodified audit opinion on the standalone financial statements of Chaitanya India Fin Credit Private Limited, the subsidiary company of the Holding Company issued by Varma & Varma an independent firm of Chartered Accountants reproduced by us as under:

Key audit matter**Expected credit losses on loan assets**

Refer note 3(v) of significant accounting policies and note 7 for the outstanding loan assets and note 45.1.5 of the Standalone Financial Statements for credit risk disclosures.

As at 31 March 2023, the Company has reported gross loan assets of Rs. 38,405.46 millions against which an impairment loss of Rs. 599.22 millions has been recorded. The Company recognised impairment provision for loan assets based on the expected credit loss approach laid down under 'Ind AS 109 – Financial Instruments'.

The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio.

Expected credit loss cannot be measured precisely but can only be estimated through use of statistics. The calculation of expected credit losses on loans is complex and is based on application of significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows:

- If the loan is not credit-impaired on initial recognition then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days and classified as Standard Assets as per IRAC Norms.
- If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days and classified as Standard Assets as per IRAC Norms.
- If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days and classified as Standard Assets as per IRAC Norms.
- If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days or classified as Non-Performing Assets as per IRAC Norms.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions involved in measuring ECL is required with respect to:

- determining the criteria for a significant increase in credit risk
- factoring in future economic assumptions
- techniques used to determine probability of default, loss given default and exposure at default.

These parameters are derived from the Company's internally developed statistical models, other historical data and trends observed during systemic and non-system scenarios.

How our audit addressed the key audit matter

Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following

- Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios;
- Considered the Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind-AS 109.
- Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals;
- Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically;
- Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable; and
- Assessed the appropriateness and adequacy of the related presentation and disclosures of note 45 "Risk Management" disclosed in the accompanying Standalone Financial Statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.

Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report (Financial Highlights, Directors' Report, Management Discussion and Analysis Report and Corporate Governance Report for FY 2022-23) but does not include the consolidated financial statements and our and other auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations

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

7. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to

fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. The consolidated financial statements of the Group for the year ended March 31, 2022, were audited by another firm of chartered accountants under the Act who, vide their report dated May 21, 2022 expressed an unmodified opinion on those consolidated financial statements.
16. We did not audit the financial statements of subsidiary whose financial statements reflect total assets of Rs. 43,893.97 millions and net assets of Rs. 7,212.37 millions as at March 31, 2023, total revenues of Rs. 7,632.93 millions, total net profit after tax of Rs. 1,483.53 millions, and other comprehensive income/ (loss) of Rs. (6.93) millions for the for the year ended March 31, 2023, and net cash inflow of Rs. 1,451.53 millions for the period from April 1, 2022 to March 31, 2023, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our Opinion is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

17. As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we report that there are no qualifications or adverse remarks included by the respective auditors in their CARO 2020 reports issued in respect of the standalone financial statements of the companies which are included in these consolidated financial statements.
18. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law have been kept by the Holding Company so far as it appears from our examination of those books, except that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind As specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015;
- (e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in paragraph 17(b) above that the back-up of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (g) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, – Refer Note 46 to the consolidated financial statements.
 - ii. The Group has made provision as at March 31, 2023, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 7. The Company did not have any derivative contracts as at March 31, 2023.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, incorporated in India during the year.
 - iv. (a) The respective Managements of the Company and its subsidiary company which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiary to or in any other person(s) or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or the subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer note 53.7 to consolidated financial statements)

- (b) The respective Managements of the Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiary from any person(s) or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or the subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer note 53.7 to consolidated financial statements)
- (c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiary which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- v. The Holding Company and its subsidiary, has not declared or paid any dividend during the year.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Group, is applicable to the Group, only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.
19. The Group, have paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse LLP**

Firm Registration Number: 301112E / E300264

Chartered Accountants

A.J.Shaikh

Partner

Membership Number: 203637

UDIN: 23203637BGXOZT1134

Place : Bangalore

Date : May 26, 2023

Annexure A to Independent Auditor's Report

Referred to in paragraph 18(g) of the Independent Auditor's Report of even date to the members of Navi Finserv Limited on the consolidated financial statements as at March 31, 2023

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to financial statements of Navi Finserv Limited (hereinafter referred to as "the Holding Company") and its subsidiary, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those

Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of

management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the subsidiary, which is incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India. Our opinion is not modified in respect of this matter.

For **Price Waterhouse LLP**

Chartered Accountants

Firm Registration Number: 301112E/E300264

A.J. Shaikh

Partner

Place: Bengaluru

Date: May 26, 2023

Membership Number 203637

UDIN: 23203637BGXOZT1134

Consolidated Balance Sheet

(All amount in ₹ Millions, unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
I. ASSETS			
(1) Financial assets			
Cash and cash equivalents	5	6,508.78	5,709.55
Bank balances other than cash and cash equivalents	6	3,844.84	1,357.58
Loans	7	1,01,501.42	50,014.09
Investments	8	7,350.30	3,639.76
Other financial assets	9	3,385.93	1,347.63
(2) Non Financial assets			
Current tax asset (net)	10	-	167.90
Deferred tax asset (net)	11	822.98	557.94
Property, plant and equipment	12	210.38	74.31
Other intangible assets	13	30.81	27.94
Right to use asset		867.66	122.95
Other non-financial assets	14	716.35	107.53
TOTAL ASSETS		1,25,239.45	63,127.18
II. LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
Payables			
A. Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	15	11.35	0.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		876.77	911.41
B. Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	16	28,206.67	22,466.49
Borrowings (other than debt securities)	17	61,911.51	25,660.05
Subordinated liabilities	18	2,133.29	499.94
Lease liability	19	912.59	133.91
Other financial liabilities	20	4,201.98	526.26
(2) Non Financial liabilities			
Current tax liabilities (net)	21	113.27	-
Provisions	22	394.44	193.20
Other non financial liabilities	23	311.27	144.34
Total liabilities		99,073.14	50,536.30
(3) Equity			
Equity share capital	24	2,852.40	1,785.73
Other equity	25	21,539.88	10,805.15
Equity attributable to owners of the Company		24,392.28	12,590.88
Non-controlling interests		1,774.03	-
Sub-total -Total equity		26,166.31	12,590.88
Total equity		26,166.31	12,590.88
TOTAL LIABILITIES & EQUITY		1,25,239.45	63,127.18

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

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

 For **Price Waterhouse LLP**

Chartered Accountants

Firm's Registration No.: 301112E/E300264

A J Shaikh

Partner

Membership No. 203637

Place: Bengaluru

Date : 26 May, 2023

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Bengaluru

Date : 26 May, 2023

Ankit Surana

Chief Financial Officer

Place: Bengaluru

Date : 26 May, 2023

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date : 26 May, 2023

Thomas Joseph

Company Secretary

M.No. A53322

Place: Bengaluru

Date : 26 May, 2023

Consolidated Statement of Profit and Loss

(All amount in ₹ Millions, unless otherwise stated)

Particulars	Notes	Year ended	
		31 March 2023	31 March 2022
Revenue from operations			
(i) Interest income	26	18,368.35	6,342.77
(ii) Fees and commission income	27	307.39	93.89
(iii) Net gain on fair value changes	28	304.95	1,372.34
(iv) Net gain on derecognition of financial instruments under amortised cost category	29	1,399.35	361.40
(iv) Other operating income	30	26.00	-
(I) Total revenue from operations		20,406.04	8,170.40
(II) Other income	31	379.41	28.47
(III) Total income (I+II)		20,785.45	8,198.87
Expenses			
(i) Finance costs	32	6,916.34	2,131.62
(ii) Fees and commission expenses	33	159.54	23.66
(iii) Net gain on derecognition of financial instruments under amortised cost category	34	-	1.64
(iv) Impairment on financial instruments	35	3,978.77	1,618.92
(v) Employee benefits expenses	36	2,579.58	1,398.97
(vi) Depreciation and amortisation expense	37	157.98	50.14
(vii) Other expenses	38	3,647.17	3,157.17
(IV) Total expenses		17,439.38	8,382.12
(V) Profit/(loss) before tax (III - IV)		3,346.07	(183.25)
(VI) Tax expense	40		
(1) Current tax		988.12	105.57
(2) Deferred tax credit		(262.97)	(142.23)
(3) Tax relating to earlier years		(20.69)	-
Total tax expense		704.46	(36.66)
(VII) Profit/(loss) for the year (V - VI)		2,641.61	(146.59)
(VIII) Profit/(Loss) attributable to:			
Owners of the company		2,641.61	(146.59)
Non-controlling interests		-	-
(IX) Profit/(Loss) for the year (VII - VIII)		2,641.61	(146.59)
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit (liability)/asset		(8.49)	(7.49)
(ii) Income tax relating to the above		2.14	1.88
(B) (i) Items that will be reclassified to profit or loss		0.45	(23.80)
(ii) Income tax relating to items that will be reclassified to profit or loss		(0.11)	5.99
(X) Total other comprehensive income/(loss) net of tax		(6.01)	(23.42)
(XI) Total comprehensive income/(loss) for the year (VII + VIII)		2,635.60	(170.01)
(XII) Total comprehensive income attributable to:			
Owners of the company		2,635.60	(170.01)
Non-controlling interests		-	-
(XIII) Earnings per equity share (face value ₹ 10)	40		
Basic (₹)		10.35	(0.86)
Diluted (₹)		10.30	(0.86)

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

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

For **Price Waterhouse LLP**

Chartered Accountants

Firm's Registration No.: 301112E/E300264

A J Shaikh

Partner

Membership No. 203637

Place: Bengaluru

Date : 26 May, 2023

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Bengaluru

Date : 26 May, 2023

Ankit Surana

Chief Financial Officer

Place: Bengaluru

Date : 26 May, 2023

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date : 26 May, 2023

Thomas Joseph

Company Secretary

M.No. A53322

Place: Bengaluru

Date : 26 May, 2023

Consolidated Statement of Cash Flow

(All amount in ₹ Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash flow from Operating activities		
Profit/(Loss) before tax	3,346.07	(183.25)
Depreciation and amortisation	104.83	28.90
Employees Stock Option expenses	109.40	68.01
Amortisation on right of use asset	53.15	21.24
Interest expense on lease liability	29.45	7.08
Interest income earned on loans	(17,467.90)	(5,412.94)
Impairment allowance on loans	2,759.55	424.53
Loan written off	1,253.61	1,182.27
Impairment allowance on investments	(164.19)	(8.51)
Investment written off	138.32	-
Income on lease modification	(4.44)	-
(Profit)/Loss on sale of fixed assets (net)	0.09	-
Impairment on other assets	-	20.63
Profit on sale of Trade mark	(349.51)	-
Net gain on derecognition of financial instruments under amortised cost category	(1,399.35)	(361.40)
Finance Costs	6,886.89	2,124.54
Net (Gain)/Loss on fair value changes on derivative financial instrument	-	(1.47)
Net (Gain)/Loss on fair value changes on investment	(304.95)	(1,370.87)
Operating profit before working capital changes	(5,008.98)	(3,461.24)
Movements in working capital:		
(Increase)/Decrease in Loans*	(36,633.23)	(29,257.46)
(Increase)/Decrease in Investments	(3,379.71)	15,420.64
Decrease in Receivables	-	0.49
(Increase)/Decrease in Other financial assets	(2,038.30)	(1,173.93)
(Increase)/Decrease in Other non-financial assets	(608.82)	(58.80)
(Decrease)/Increase in Payables	(23.99)	771.89
Increase/(Decrease) in Other financial liabilities	3,675.72	(182.83)
Increase/(Decrease) in Non-financial liabilities	166.93	76.75
Increase/(Decrease) in Provisions	91.84	(37.68)
Interest payments	(6,826.49)	(1,642.40)
Cash (used in)/generated from operating activities	(50,585.03)	(19,544.56)
Direct taxes paid (net of refunds)	686.27	296.20
Net cash flows (used in)/generated from operating activities (A)	(51,271.30)	(19,840.76)
B. Cash flow from Investing activities		
(Increase) in bank deposits with original maturity greater than 3 months	(2,487.27)	(548.82)
Proceeds from sale of investment to non controlling interest	1,814.58	-
Purchase of property, plant and equipment and intangible assets	(223.01)	(76.07)
Proceeds from sale of property, plant and equipment and intangible assets	349.51	0.20
Net cash flows (used in) investing activities (B)	(546.19)	(624.69)

Consolidated Statement of Cash Flow

(All amount in ₹ Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
C. Cash flow from financing activities		
Proceeds from issue of equity shares	7,996.11	1,000.00
Proceeds from issue of compulsory convertible debenture	1,129.22	-
Proceeds from issue of debt securities	25,872.46	11,993.81
Repayment of debt securities	(20,502.82)	(3,288.54)
Proceeds from borrowings (other than debt securities) availed	1,14,149.36	93,137.90
Repayment of borrowings (other than debt securities)	(77,733.11)	(78,318.43)
Proceeds from subordinated debt	2,026.92	-
Repayment of subordinated debt	(276.92)	-
Lease payments	(44.50)	(17.72)
Net cash flows generated from/(used in) financing activities (C)	52,616.72	24,507.02
Net increase in cash and cash equivalents (A+B+C)	799.23	4,041.57
Cash and cash equivalents at the beginning of the year	5,709.55	1,667.98
Cash and cash equivalents at the end of the year	6,508.78	5,709.55

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	For the year ended 31 March 2023	For the year ended 31 March 2022
Cash on hand	2.09	3.19
Balances with banks (of the nature of cash and cash equivalents)	6,506.69	5,706.36
Total	6,508.78	5,709.55

* Net off interest on loans

The above Consolidated Statement of Cash Flow should be read in conjunction with accounting notes.

This is the Consolidated Statement of Cash Flow referred to in our report of even date.

For **Price Waterhouse LLP**

Chartered Accountants

Firm's Registration No.: 301112E/E300264

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

A J Shaikh

Partner

Membership No. 203637

Place: Bengaluru

Date : 26 May, 2023

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Bengaluru

Date : 26 May, 2023

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date : 26 May, 2023

Ankit Surana

Chief Financial Officer

Place: Bengaluru

Date : 26 May, 2023

Thomas Joseph

Company Secretary

M.No. A53322

Place: Bengaluru

Date : 26 May, 2023

Consolidated Statement of Changes in Equity

(All amount in ₹ Millions, unless otherwise stated)

A Equity share capital

For the year ended 31 March 2023

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

For the year ended 31 March 2022

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

Consolidated Statement of Changes in Equity

(All amount in ₹ Millions, unless otherwise stated)

B Other equity

Particulars	Reserves and surplus										Total	Non-controlling interest
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital redemption reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income - retirement benefits	Debtenture 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	-	-	-	(296.71)	-	-	-	-	6,933.33	-	
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	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.: 30112E/E300264

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

A J Shaikh
Partner
Membership No. 203637
Place: Bengaluru
Date : 26 May, 2023

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

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

- As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- By considering all the contractual terms of the financial instrument in estimating the cash flows.

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

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

4.4. Property, Plant and Equipment:

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

Depreciation

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

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

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

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

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

De-recognition

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

4.5. Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group

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

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

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

Amortization

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

4.6. Fair value measurement

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

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

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

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

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

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

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

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

4.7. Financial instruments

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

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

Financial assets:

Initial recognition and measurement

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

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

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

Classification subsequent measurement of financial assets

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

- b) The contractual terms of the financial asset meet the SPPI test.

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

Financial assets measured at fair value through profit or loss

Items at fair value through profit or loss comprise:

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

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

Modification and Derecognition of Financial Assets

(a) Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. Modification of loan terms is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the

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

cash flows of the loan (principal and interest repayment). When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy, a modification results in derecognition when it gives rise to substantially different terms. Where a modification does not lead to derecognition, the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification and accounts for the same in the Statement of Profit and Loss

(b) Derecognition of financial assets

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

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

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

Or

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

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

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients

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

A transfer only qualifies for derecognition if either:

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

Or

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

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

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

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

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

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

and loss and re-assessed at the end of every reporting period.

Servicing of Assets /Liabilities

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

Derivative Financial Instruments

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

Financial liabilities and Equity classification

Classification as debt or equity –

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

Equity instruments –

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Group are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities –

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

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

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

Convertible Instruments

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

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

4.8. Impairment of financial assets

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

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

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

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

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

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

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

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

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all loans /investments up to 30 days by due (other than ever 90 cases) under this category. Stage 1 financial instruments also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit

impaired are classified under this stage. The Group classifies all loans over 30 Days Past Due (other than over 90 cases) is considered as significant increase in credit risk.

Stage 3

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument. The Group classifies all financial assets over 90 Days Past Due as credit impaired assets. The Group considers life time ECL for those assets.

The Group also considers loan accounts which has moved to 90 + Days Past Due during the year or in previous years and has not fully repaid the interest and principal as credit impaired or Stage 3 assets.

4.8.2. Estimation of Expected Credit loss

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

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

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

- Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise. In case of Stage 3 loans EAD represents gross exposure as on the reporting date.
- Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Forward looking information

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

Collateral valuation

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

Collateral repossessed

In its normal course of business whenever default occurs, the Group may take possession of properties in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal

repossession processes are not recorded on the balance sheet.

Write-offs

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

4.9. Employee benefits:

The Group provides employment benefits through various defined contribution and defined benefit plans. Employee benefits include Provident Fund, Gratuity and Bonus.

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of Other Comprehensive Income (OCI) in the year in which such gains or losses are determined.

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

Short-term employee benefits

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

4.10. Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate as on the date of lease commencement date.

Identification of lease:

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

Recognition of lease payments:

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

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

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Group

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

4.11. Taxes

Current tax and Deferred tax

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

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

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

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

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

Deferred tax is recognised using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient

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

taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

4.12. Share based payments

- a) The fair value of options granted under the Employee Option Plan (provided by the Holding Group) is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:
 - a. including any market performance conditions
 - b. excluding the impact of any service and non-market performance vesting conditions
 - c. including the impact of any non-vesting conditions

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

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

- b) The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its

estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

4.13. Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

4.14. Impairment of non-financial assets

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied

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

to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

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

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

4.15. Cash and cash equivalents

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

4.16. Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholder's meeting and the Board of Directors respectively.

4.17. Foreign currency

Functional and presentation currency

Items included in the financial statement of the Group are measured using the currency of the

primary economic environment in which the entity operates. The financial statements have been prepared and presented in Indian Rupees, which is the Group's functional and presentation currency.

Transactions and balances

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

4.18. Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost less accumulated impairment, if any

4.19. Segment reporting

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

4.20. Trade and Other Payable

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

4.21. Rounding off amount

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

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

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

Proceeds before intended use of property, plant and equipment

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

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

Carve out from IAS 16, Property, plant 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, Government securities trade and overdraft facilities*	3,844.84	1,357.58
Total	3,844.84	1,357.58

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

	As at 31 March 2023	As at 31 March 2022
Term loans **	168.90	233.90
Margin money against Government Securities Trade **	500.00	500.00
Overdraft facilities **	645.49	388.58
Margin money against derivatives trade **	70.45	30.00
Securitisation liabilities **	2,376.59	184.38
Total	3,761.43	1,336.86

**Lien in relation to above are only on the principal outstanding on fixed deposits.

7. Loans*

Particulars	As at 31 March 2023	As at 31 March 2022
A) Loans (at amortised cost)		
Secured		
Term loans	2,939.89	3,177.80
Less : Impairment loss allowance	(119.84)	(39.82)
	2,820.04	3,137.98
Unsecured		
Term loans#	93,104.58	47,659.66
Less : Impairment loss allowance	(4,693.67)	(2,013.98)
Total (A) - Gross	96,044.47	50,837.46
Less : Impairment loss allowance	(4,813.51)	(2,053.80)
Total (A) - Net	91,230.96	48,783.66
Loans (at fair value through OCI)		
Secured		
Term loans	3,362.05	-
Unsecured		
Term loans ^	6,904.49	1,224.27
Total (B) - Gross	10,266.54	1,224.27
Less : Impairment loss allowance	-	-
Total (B) - Net	10,266.54	1,224.27

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
B) Others (Loan to employees)		
Unsecured	4.52	6.91
Total (C) - Gross	4.52	6.91
Less : Impairment loss allowance	(0.60)	(0.75)
Total (C) - Net	3.92	6.16
Total (A+B+C) - Net	1,01,501.42	50,014.09
C) Loans in India		
i) Public sector	-	-
ii) Others		
Amortised Cost	96,048.99	50,844.37
Fair value through OCI	10,266.54	1,224.27
Total (gross)	1,06,315.53	52,068.64
Less : Impairment loss allowance	(4,814.11)	(2,054.55)
Total (net)	1,01,501.42	50,014.09

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

(ii) Includes loans secured by way of hypothecation of residential property.

For the year ended 31 March 2023, term loan includes ₹ 36,284.82 millions of Joint liability loans (31 March 2022 : ₹ 21,247.88 millions.)

^ For the year ended 31 March 2023, term loan includes ₹ 2,025.52 millions of Joint liability loans (31 March 2022 : ₹ 1,224.27 millions)

##The Company has not granted loans and advances in the nature of loans to Promoters, Directors, Key Managerial Personnel or related parties u/s 2(76) either repayable on demand or without specifying terms/period. Refer related party disclosure (Note 44).

8. Investments

Particulars	As at 31 March 2023	As at 31 March 2022
At fair value through profit and loss account ('FVTPL')		
(i) Mutual funds *	60.77	391.61
(ii) Pass through certificates	-	225.27
(iii) Bonds and debentures	3,664.30	1,298.56
(iv) Government securities	3,625.23	994.66
At amortised cost		
(i) Bonds and debentures	-	164.09
(ii) Pass through certificates	-	238.09
(iii) Repo lending	-	491.66
Total gross (A)	7,350.30	3,803.94
Investments outside India		
Investments in India	7,350.30	3,803.94
Total gross (B)	7,350.30	3,803.94
Less: Impairment loss allowance (C)	-	(164.18)
Total net - (A) + (B) - (C)	7,350.30	3,639.76

There are no investments measured at fair value through Other Comprehensive Income.

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

9. Other financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
Security deposits	91.30	53.59
Excess interest spread receivable	938.69	266.55
Insurance recoverables	42.81	35.48
Other receivables # ^	961.03	324.19

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Receivable towards investments settlement *	1,379.84	704.94
Impairment loss allowance	(27.74)	(37.12)
Total	3,385.93	1,347.63

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

Includes related party receivables (refer note 44)

^ Includes receivable from payment aggregators.

10. Current tax assets (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Income tax	-	167.90
Total	-	167.90

11. Deferred tax asset (net)

Particulars	As at 31 March 2023	As at 31 March 2022
(in Rupees)		
Tax effect of items constituting deferred tax liabilities:		
Financial liabilities measured at amortised cost	110.52	67.28
Financial assets measured at amortised cost	295.55	122.35
Deferment of upfront EIS and servicing obligation recorded for assignment	212.41	61.82
Fair value charge of loans through other comprehensive income	1.20	1.09
Others	13.31	0.60
Deferred tax liabilities (total) - A	632.99	253.14
Tax effect of items constituting deferred tax assets:		
Impairment allowance for loans	1,158.49	498.88
Provision for employee benefits	51.02	32.59
Difference in written down value as per Companies Act and Income Tax Act	14.13	4.79
Financial assets measured at amortised cost	201.99	194.60
Lease accounting under Ind AS 116	20.59	2.70
Impairment allowance for investments	-	41.32
Financial assets measured at fair value through profit and loss	2.62	3.28
Impairment allowance for other receivables	7.13	9.49
Others	-	23.43
Deferred tax assets (total) - B	1,455.97	811.08
Total Deferred tax Asset /(liabilities) (net) - (B-A)	822.98	557.94

Movement in deferred tax assets/liabilities

Particulars	As at 31 March 2022	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2023
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	67.28	43.24	-	110.52
Financial assets measured at amortised cost	122.35	173.20	-	295.55
Deferment of upfront EIS and servicing obligation recorded for assignment	61.82	150.59	-	212.41
Fair value charge of loans through other comprehensive income	1.09	-	0.11	1.20
Others	0.60	12.71	-	13.31
Total deferred tax liabilities	253.14	379.74	0.11	632.99

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Movement in deferred tax assets

Particulars	As at 31 March 2022	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2023
Tax effect of items constituting Deferred Tax				
Assets:				
Impairment allowance for loans	498.88	659.61	-	1,158.49
Provision for employee benefits	32.59	16.28	2.14	51.02
Difference in written down value as per Companies Act and Income Tax Act	4.79	9.34	-	14.13
Impairment allowance for investments	41.32	(41.32)	-	-
Financial assets measured at amortised cost	194.60	7.39	-	201.99
Financial assets measured at fair value through profit and loss	3.28	(0.66)	-	2.62
Impairment allowance for other receivables	9.49	(2.36)	-	7.13
Lease accounting under Ind AS 116	2.70	17.89	-	20.59
Others	23.43	(23.43)	-	-
Total deferred tax assets	811.08	642.74	2.14	1,455.97
Total Deferred tax Asset /(liabilities) (net)	557.94	263.00	2.03	822.98

Movement in deferred tax assets/liabilities

Particulars	As at 31 March 2021	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2022
Tax effect of items constituting Deferred Tax				
Liabilities:				
Financial liabilities measured at amortised cost	17.91	49.37	-	67.28
Deferment of upfront EIS and servicing obligation recorded for assignment	31.71	30.11	-	61.82
Financial assets measured at amortised cost	-	122.35	-	122.35
Interest on non-performing loans	0.30	(0.18)	-	0.12
Financial assets measured at fair value through profit and loss	26.17	(26.17)	-	-
Fair value charge of loans through other comprehensive income	7.08	-	(5.99)	1.09
Others	-	0.48	-	0.48
Total deferred tax liabilities	83.17	175.96	(5.99)	253.14

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Movement in deferred tax assets/liabilities

Particulars	As at 31 March 2021	Charged/ (credited) to statement of profit and loss	Charged/ (credited) to other comprehensive income	As at 31 March 2022
Tax effect of items constituting Deferred Tax				
Assets:				
Impairment allowance for loans	376.46	122.42	-	498.88
Provision for employee benefits	19.75	10.96	1.88	32.59
Difference in written down value as per Companies Act and Income Tax Act	4.39	0.40	-	4.79
Impairment allowance for investments	43.46	(2.14)	-	41.32
Lease accounting under Ind AS 116	0.19	2.51	-	2.70
Financial assets measured at amortised cost	41.72	152.88	-	194.60
Financial assets measured at fair value through profit and loss	-	3.28	-	3.28
Impairment allowance for other receivables	4.36	5.13	-	9.49
Accumulated losses		23.41		23.41
Others	0.68	(0.66)	-	0.02
Total deferred tax assets	491.01	318.20	1.88	811.08
Total Deferred tax Asset /(liabilities) (net)	407.84	142.23	7.87	557.94

12. Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Office equipment's	Vehicles	Leasehold Improvement	Electrical equipment	Total
Gross block							
Gross Carrying Value							
Balance as at 31 March 2021	43.95	27.49	19.37	0.15	0.60	1.05	92.61
Additions during the period	40.09	15.90	3.85	-	1.33	4.68	65.85
Disposal of assets	0.67	-	0.02	0.06	-	0.18	0.93
As at 31 March 2022	83.37	43.39	23.20	0.09	1.93	5.55	157.53
Additions during the period	53.60	53.31	18.47	-	98.68	10.44	234.50
Disposal of assets	9.38	0.85	-	-	-	1.26	11.49
As at 31 March 2023	127.59	95.85	41.67	0.09	100.61	14.73	380.54
Accumulated depreciation							
Balance as at 31 March 2021	33.77	15.86	9.79	0.13	0.20	0.26	60.01
Charge for the period	14.98	5.36	1.82	0.01	0.53	1.33	24.03
Disposal of assets	0.60	-	0.02	0.05	-	0.15	0.82
As at 31 March 2022	48.15	21.22	11.59	0.09	0.73	1.44	83.22
Charge for the period	38.70	14.18	6.11	-	35.33	3.26	97.58
Disposal of assets	9.01	0.51	-	-	-	1.13	10.65
As at 31 March 2023	77.84	34.90	17.70	0.09	36.06	3.57	170.16
Net block							
Balance as at 31 March 2021	35.22	22.17	11.61	-	1.20	4.11	74.31
Balance as at 31 March 2023	49.75	60.95	23.97	-	64.55	11.16	210.38

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

13. Intangible assets

Particulars	Application software	Trade mark	Computer Software	Goodwill	Total
Gross block					
Balance as at 31 March 2021	0.13	0.02	11.12	13.95	25.22
Additions during the period	-	-	10.22	-	10.22
Disposal of assets	-	-	0.02	-	0.02
As at 31 March 2022	0.13	0.02	21.32	13.95	35.42
Additions during the period	-	-	10.08	-	10.08
Disposal of assets	-	0.02	-	-	0.02
As at 31 March 2023	0.13	-	31.40	13.95	45.48
Accumulated depreciation					
Balance as at 31 March 2021	0.06	0.02	2.53	-	2.61
Charge for the period	0.04	-	4.83	-	4.87
Disposal of assets	-	-	0.01	-	0.01
As at 31 March 2022	0.10	0.02	7.35	-	7.47
Charge for the period	-	-	7.22	-	7.22
Disposal of assets	-	0.02	-	-	0.02
As at 31 March 2023	0.10	-	14.57	-	14.67
Net block					
Balance as at 31 March 2022	0.03	-	13.96	13.95	27.94
Balance as at 31 March 2023	0.03	-	16.83	13.95	30.81

Note : The intangible assets do not include internally generated assets

14. Other non-financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
Advances to suppliers and others	111.56	58.21
Capital advances	237.24	-
Advances with staff	3.21	0.02
Balance with government authorities	171.03	18.74
Income tax paid under dispute	4.67	4.67
Prepaid expenses	188.30	25.32
Others	0.34	0.57
Total	716.35	107.53

15. Trade payables*

Particulars	As at 31 March 2023	As at 31 March 2022
Trade Payable		
(i) total outstanding dues of micro enterprises and small enterprises (refer note 42) *	11.35	0.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises ^	876.77	911.41
Total	888.12	912.11

* Refer note 52 for detailed ageing schedule

^ Includes Related Party Payable (refer note 44)

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

16. Debt securities

Particulars	As at 31 March 2023	As at 31 March 2022
Secured (at amortised cost)		
Redeemable non-convertible debentures *	21,159.28	15,185.17
Unsecured (at amortised cost)		
Redeemable non-convertible debentures *	4,604.91	6,550.57
Commercial Papers *	2,442.48	730.75
Total	28,206.67	22,466.49
Borrowings in India	28,206.67	22,466.49
Borrowings outside India	-	-
Total	28,206.67	22,466.49

* Refer note 16.1 for interest rates, repayment terms and nature of security of debt securities.

16.1 Terms of debentures (at amortised cost)

Terms of debentures	Number of debentures		Face value per instrument (in ₹)	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Market Linked Debentures	450	-	10,00,000	428.74	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 30 January 2026. Redemption premium is 8.37%"	300	300	10,00,000	300.00	300.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 31 May 2025. Redemption premium is 9.9%"	500	500	10,00,000	500.00	500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 31 July 2024. Redemption premium is 9.25%"	1000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 30 May 2024. Redemption premium is 9.00%"	1000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 27 March 2024. Redemption premium is 9.00%"	1500	1,500	10,00,000	1,500.00	1,500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 15 March 2024. Redemption premium is 8.60%"	1000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 28 Feb 2024. Redemption premium is 8.65%"	1000	1,000	10,00,000	1,000.00	1,000.00
"Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 23 February 2024. Redemption premium is 8.60%"	2,000	2,000	10,00,000	2,000.00	2,000.00
"Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 24 May 2023. Redemption premium is 8.60%"	-	3,100	1,00,000	-	310.00
10.00% Senior, Secured, Rated, Listed, Redeemable, Transferable, Principal Protected Market Linked Non-Convertible dated 01 February 2021	-	650	10,00,000	-	650.00

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Terms of debentures	Number of debentures		Face value per instrument (in ₹)	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 21 March 2023. Redemption premium is 8.75%"	-	1,500	10,00,000	-	1,500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 17 June 2022. Redemption premium is 9.25%"	-	469	10,00,000	-	469.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 16 June 2022. Redemption premium is 10%"	-	750	10,00,000	-	750.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 26 May 2022. Redemption premium is 10%"	8,750	11,769		8,728.74	8,979.00
Total(A)					
Non- Convertible Debentures					
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 December 2024. Redemption premium is 9.50%	233	350	10,00,000	233.33	350.00
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 September 2024. Redemption premium is 9.50%	270	-	10,00,000	270.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 08 September 2024. Interest rate is 9.75%	252512	-	1,000	252.51	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 08 September 2024. Interest rate is 9.4%	376288	-	1,000	376.29	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 05 January 2024. Redemption premium is 9.90%	500	-	1,00,000	500.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 05 January 2024. Redemption premium is 9.90%	1000	-	1,00,000	1,000.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 08 December 2023. Interest rate is 9.5%	868115	-	1,000	868.12	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 08 December 2023. Interest rate is 9.2%	3460294	-	1,000	3,460.29	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 August 2023. Redemption premium is 9.15%	800	800	10,00,000	800.00	800.00
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 25 August 2023. Redemption premium is 9.6%	300	-	10,00,000	300.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 04 July 2023. Redemption premium is 9.50%	250	-	10,00,000	250.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 10 May 2023. Redemption premium is 9.15%	1400	1400	10,00,000	1,400.00	1,400.00
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 05 April 2023. Redemption premium is 9.18%	1000	1000	10,00,000	1,000.00	1,000.00

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Terms of debentures	Number of debentures		Face value per instrument (in ₹)	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
"12.40% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 22 June 2017 with Call / Put option with exercise date on 29 June 2021. Redeemable on maturity if option not exercised or communication for roll-over received from lender."	-	250	10,00,000	-	250.00
9.32% Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Transferable, non-convertible debentures dated 30 March 2021	500	500	9,10,000	440.00	470.00
9.35% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 15 December 2020	-	2,500	1,00,000	-	57.70
10.25% Secured, Rated, Listed, Redeemable non-convertible debentures dated 19 November 2020	-	500	10,00,000	-	500.00
11.04% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 01 July 2020	500	500	10,00,000	500.00	500.00
11.80% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 08 June 2020	150	150	10,00,000	150.00	150.00
Total (B)	49,64,112	7,950		11,800.54	5,477.70
Unsecured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 July 2025. Redemption premium is 10.50%	3500	-	10,00,000	350.00	-
Unsecured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 15 November 2023. Redemption premium is 9.50%	400	-	10,00,000	400.00	-
12.40% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 21 Feb 2023	12,500	-	1,00,000	1,250.00	-
12.40% Subordinated, Rated, Unlisted, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 17 November 2022	750	-	5,00,000	375.00	-
12.40% Subordinated, Rated, Unlisted, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 17 November 2022	750	-	5,00,000	375.00	-
12.83% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 18 July 2022	500	-	10,00,000	500.00	-
14.50% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 29 December 2016	-	15,00,00,000	1	-	150.00
14.50% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	-	50	10,00,000	-	50.00
17.00% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	-	50	10,00,000	-	50.00
Total (C)	18,400	15,00,00,100		3,250.00	250.00
9.5% unsecured, unrated, Compulsorily Convertible Debentures dated 27 February 2023. Maturity date is 27 February 2026 (Issued to parent company)	15,00,000	-	1,000	361.46	-
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 30 March 2020 with call / put option. Maturity date is 31 December 2024 (Issued to parent company)	30,00,558	65,00,557	1,000	3,000.56	6,500.56
Total (D)	45,00,558	65,00,557		3,362.02	6,500.56
Unsecured Rated Redeemable Commercial Paper. Maturity date is 31 July 2023. Discount rate is 9.00%	100.00	-	95.73	95.73	-

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Terms of debentures	Number of debentures		Face value per instrument (in ₹)	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Unsecured Rated Redeemable Commercial Paper. Maturity date is 13 July 2023. Discount rate is 8.50%	300.00	-	92.17	276.50	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 10 July 2023. Discount rate is 9.00%	250.00	-	97.06	242.64	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 30 June 2023. Discount rate is 8.50%	150.00	-	97.70	146.55	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 28 June 2023. Discount rate is 9.00%	200.00	-	96.48	192.96	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 26 June 2023. Discount rate is 8.50%	100.00	-	97.79	97.79	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 20 June 2023. Discount rate is 9.00%	100.00	-	97.20	97.20	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 8 June 2023. Discount rate is 9.00%	250.00	-	97.81	244.51	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 7 June 2023. Discount rate is 9.10%	150.00	-	97.83	146.74	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 01 June 2023. Discount rate is 9.00%	100.00	-	97.50	97.50	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 28 April 2023. Discount rate is 8.65%	155.50	-	97.32	151.33	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 27 April 2023. Discount rate is 9.00%	120.00	-	97.45	116.94	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 26 April 2023. Discount rate is 9.00%	100.00	-	97.50	97.50	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 25 April 2023. Discount rate is 9.00%	60.00	-	97.69	58.61	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 10 April 2023. Discount rate is 8.40%	87.50	-	97.97	85.72	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 6 April 2023. Discount rate is 8.55%	200.00	-	97.94	195.87	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 5 April 2023. Discount rate is 8.40%	60.00	-	97.97	58.78	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 25 July 2022. Discount rate is 8.10%	-	285.00	98.04	-	277.73
Unsecured Rated Redeemable Commercial Paper. Maturity date is 25 July 2022. Discount rate is 8.27%	-	210.00	97.39	-	204.53
Unsecured Rated Redeemable Commercial Paper. Maturity date is 5 May 2022. Discount rate is 7.30%	-	250.00	98.23	-	245.58
Total (E)	2,483	745		2,402.87	727.84
Total (A+B+C+D+E)				29,544.17	21,935.10
EIR Adjustment				(1,337.50)	531.39
Total after EIR Adjustment				28,206.67	22,466.49

*Represents Non convertible debentures issued to public.

A. Nature of security

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

B. Other information

(i) The Company has not defaulted in the repayment of dues to its lenders.

(ii) The Company has utilised the borrowings for the purpose for which it was obtained

(iii) Market Linked Debentures are carrying variable interest rate which is linked to performance of specified indices over the tenure of the debentures. The embedded value of the derivative is negligible and is likely to remain negligible throughout the tenure of debentures. Therefore the market linked debentures have been classified at amortised cost. Few debentures have exercisable call/put option.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

17. Borrowings (other than debt securities)

Particulars	As at 31 March 2023	As at 31 March 2022
Borrowings carried at amortised cost		
Term loans (Secured)		
- From banks*	38,645.95	18,159.74
- From financial institutions*	10,941.53	5,660.32
- Liability against securitised assets*	12,324.03	1,839.99
	61,911.51	25,660.05
Borrowings in India	61,911.51	25,660.05
Borrowings outside India	-	-
Total	61,911.51	25,660.05

* Refer note 17.1 for interest rates repayment terms and nature of security of borrowings.

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

Original Maturity of loan	Interest rate	Original maturity period*	As at 31 March 2023	As at 31 March 2022
Monthly repayment schedule	Below 8%	Upto 2 years	-	130.00
	8%-10%	Upto 2 years	18,754.37	11,800.07
	8%-10%	2 to 4 years	1,929.25	3,161.66
	8%-10%	4 to 6 years	217.59	-
	10%-12%	Upto 2 years	7,165.83	822.40
	10%-12%	2 to 4 years	1,427.08	1,000.00
	12%-15%	Upto 2 years	-	73.30
Quarterly repayment schedule	Below 8%	Upto 2 years	333.33	-
	8%-10%	Upto 2 years	1,001.25	262.50
	8%-10%	2 to 4 years	2,500.00	-
	10%-12%	Upto 2 years	2,526.70	-
	10%-12%	2 to 4 years	1,155.01	-
At the end of tenure / On demand	8%-10%	Upto 2 years	400.00	1,000.00
	10%-12%	Upto 2 years	1,400.00	-
Total			38,810.41	18,249.93
EIR Adjustment			(164.46)	(90.19)
Total after EIR Adjustment			38,645.95	18,159.74

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

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Original Maturity of loan	Interest rate	Original maturity period*	As at 31 March 2023	As at 31 March 2022
Monthly repayment schedule	Below 8%	Upto 2 years	959.24	-
	8%-10%	Upto 2 years	2,579.99	3,013.19
	8%-10%	2 to 4 years	-	380.49
	10%-12%	Upto 2 years	4,543.34	310.20
	10%-12%	2 to 4 years	1,113.86	18.70
Quarterly repayment schedule	8%-10%	Upto 2 years	233.33	233.30
	8%-10%	2 to 4 years	-	133.34
	10%-12%	Upto 2 years	350.00	-
	10%-12%	2 to 4 years	200.00	-
Half yearly repayment schedule	Below 8%	Upto 2 years	-	-
	8%-10%	Upto 2 years	432.00	650.50
	8%-10%	2 to 4 years	96.00	252.00
	8%-10%	4 to 6 years	-	24.00
	10%-12%	Upto 2 years	36.00	85.50
	10%-12%	2 to 4 years	-	27.00
Yearly repayment schedule	Below 8%	Upto 2 years	-	550.00
Total			10,543.76	5,678.22
EIR Adjustment			397.77	(17.90)
Total after EIR Adjustment			10,941.53	5,660.32

Terms of repayment of liability against securitised assets

Original Maturity of loan	Interest rate	Original maturity period*	As at 31 March 2023	As at 31 March 2022
Monthly repayment schedule	8%-10%	Upto 2 years	9,012.41	1,844.76
	8%-10%	2 to 4 years	3,299.35	-
Total			12,311.75	1,844.76
EIR Adjustment			12.28	(4.77)
Total after EIR Adjustment			12,324.03	1,839.99

*For residual maturity refer note 49.2

^The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

(i) Nature of security

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

(ii) Other Information

- (i) The Group has not defaulted in the repayment of dues to its lenders
- (ii) The Group has utilised the borrowings for the purpose for which it was obtained
- (iii) Secured term loans from banks and financial institution are secured by way of specific / pari passu charge on loan assets of the group.
- (iv) Liability against securitised assets represents the net outstanding value (Net of Investment in Pass-through Certificates) of the proceeds received by the Group from securitisation trust in respect of loan assets transferred by the Group pursuant to Deed of Assignment. The Group has provided Credit enhancement to the trust by way of cash collateral.
- (v) The quarterly statements or returns of current assets filed by the group with banks are in agreement with books of account.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

18. Subordinated liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
At amortised cost		
Unsecured term loan		
- Term loan from bank/financial institutions *	252.46	300.38
- Debentures *	1,880.83	199.56
	2,133.29	499.94
Subordinated liabilities in India	2,133.29	499.94
Subordinated liabilities outside India		
Total	2,133.29	499.94

* Refer note 18.1 for interest rates repayment terms and nature of security of borrowings.

18.1 Terms of repayment of subordinated liabilities

Original Maturity of loan	Interest rate	Original maturity period*	As at March 2023	As at March 2022
At the end of tenure / On demand	12%-15%	Upto 2 years	-	150.00
	12%-15%	More than 6 years	2,000.00	-
	12%-15%	More than 6 years	100.00	100.00
	above 15%	Upto 2 years	150.00	100.00
	above 15%	2 to 4 years	-	150.00
Total			2,250.00	500.00
EIR Adjustment			(116.71)	(0.06)
Total after EIR Adjustment			2,133.29	499.94

18.2 Reconciliation of liabilities from financing activities

Particulars	Cash flow					As at 31 March 2023
	As at 31 March 2022	Additions	Payment	Others	Consideration received in the form of investments for NCDs issued	
Debt securities	22,466.49	25,872.46	(20,502.82)	370.54	-	28,206.67
Borrowings (other than debt securities)	25,660.05	1,14,149.36	(77,733.11)	(164.79)	-	61,911.51
Subordinated liabilities	499.94	2,026.92	(276.92)	(116.65)	-	2,133.29
Total	48,626.48	1,42,048.74	(98,512.85)	89.10	-	92,251.47

Particulars	Cash flow					As at 31 March 2022
	As at 31 March 2021	Additions	Payment	Others	Consideration received in the form of investments for NCDs issued	
Debt securities	19,855.09	11,993.81	(3,288.54)	424.70	(6,518.57)	22,466.49
Borrowings (other than debt securities)	10,783.53	93,137.90	(78,318.43)	57.05	-	25,660.05
Subordinated liabilities	498.40	-	-	1.54	-	499.94
Total	31,137.02	1,05,131.71	(81,606.97)	483.29	(6,518.57)	48,626.48

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

19. Lease liability

	As at 31 March 2023	As at 31 March 2022
Lease liability*	912.59	133.91
Total	912.59	133.91

* Refer note 46D for detailed disclosure

20. Other financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Payables towards assignment transactions	2,187.20	318.53
Insurance payables	0.78	0.65
Payable to employees	18.31	13.45
Advance received from customers	1,745.39	176.12
Retention money payable	1.85	-
Other Payables*	248.45	17.51
Total	4,201.98	526.26

* Includes Related Party Payable (refer note 44)

21. Current tax liabilities (net)

	As at 31 March 2023	As at 31 March 2022
Tax payable	113.27	-
Total	113.27	-

22. Provisions

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits	238.08	98.84
Provision for gratuity (refer note 43)	86.35	45.10
Provisions for compensated absences	69.43	48.68
Other losses	0.58	0.58
Total	394.44	193.20

23. Other non financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory dues payable	123.17	102.39
Contract liability	179.22	-
Other payable	8.88	41.95
Total	311.27	144.34

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

24. Equity share capital

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

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

The Company has equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and agreements entered with shareholders from time to time. The company has issued 100,868,825 equity shares for consideration other than cash and bought back 4,405,281 equity shares during the last 5 years

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

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

(iii) Shares held by the holding company

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

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

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

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

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

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

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

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

25. Other equity

Particulars	As at 31 March 2023	As at 31 March 2022
Securities premium		
Opening Balance	9,611.58	874.91
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

Particulars	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

Particulars	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:

Particulars	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

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(All amounts in ₹ millions unless otherwise stated)

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

	For the year ended 31 March 2023	For the year ended 31 March 2022
i) The principal amount due thereon remaining unpaid to any supplier as at the end of each reporting year.	11.35	0.70
ii) The interest amount due thereon remaining unpaid to any supplier as at the end of each reporting year.	-	-
iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each reporting year.	-	-
iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the reporting period) but without adding the interest specified under the MSMED Act, 2006.	-	-
v) The amount of interest accrued and remaining unpaid at the end of each reporting year.	-	-
vi) The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

43. Retirement benefit plan

1. Defined Contribution Plan

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Group has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The Group makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹ 124.35 millions (31 March 2022: ₹ 65.92 millions) for Provident Fund contributions and ₹ 19.21 millions (31 March 2022: ₹ 5.25 millions) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the Schemes.

2. Defined Benefit Plan

Disclosure for gratuity

- (i) The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The liability of Gratuity is recognised on the basis of actuarial valuation. The Defined Benefit Plan of company is unfunded

Employee benefit obligations:

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current service cost	33.80	16.18
Interest cost (net)	3.22	1.97
Transfer from Group entities	(4.62)	0.89
Total	32.40	19.04

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(All amounts in ₹ millions unless otherwise stated)

(iii) Actuarial loss/(gain) recognised during the year

Description	For the year ended 31 March 2023	For the year ended 31 March 2022
Gratuity	8.49	0.24

(iv) Balance recognised in the balance sheet is as under:

Description	For the year ended 31 March 2023	For the year ended 31 March 2022
Gratuity	86.35	45.10

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Present value of defined benefit obligation as at 31 March 2023 and 31 March 2022	45.10	31.63
Current service cost	33.80	16.89
Interest cost	3.22	1.97
Past service cost	-	-
Transfer out	-	(0.69)
Benefits paid	(4.26)	(4.92)
Actuarial (gain)/ loss	8.49	0.24
Present value of defined benefit obligation as at the end of the year	86.35	45.10

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Employer direct benefits payments	-	-
Benefits paid	-	-
Benefits paid from the fund	-	-
Return on plan assets excluding interest income	-	-
Fair value of plan assets end of the year	-	-

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

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of funded obligation as at the end of the year	86.35	45.10
Fair value of plan assets as at the end of the year funded status	-	-

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(All amounts in ₹ millions unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
(Unfunded)/funded net liability recognized in balance sheet	(86.35)	(45.10)

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Actuarial loss/ (gain) on assets		
Actuarial (gain) / loss on liabilities:		
Actuarial (gain) from change in demographic assumption		
Actuarial loss from change in financial assumption	(0.54)	(1.03)
Actuarial loss from experience adjustment	9.03	1.27
Total actuarial (gain)/loss	(8.49)	(0.24)

(ix) Principal assumptions used in determining gratuity liability are shown below:

Description	As at 31 March 2023	As at 31 March 2022
Rate of discounting	7.34% - 7.46%	7.08% - 7.55%
Expected rate of salary increase	7% - 10%	7% - 10%
Rate of employee turnover	5% - 23%	5% - 23%
Retirement age (years)	60	60

(x) Notes to actuarial assumptions:

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

(xi) Sensitivity analysis for gratuity liability

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Impact of change in discount rate		
Present value of obligation at the end of the year		
Discount rate +100 basis points	(7.79)	(3.54)
Discount rate -100 basis points	9.34	4.18
Impact of change in salary increase		
Present value of obligation at the end of the year		
Salary growth+ 100 basis points	7.39	3.48
Salary growth- 100 basis points	(6.51)	(3.10)
Impact of change in attrition rate		
Present value of obligation at the end of the year		
Attrition rate + 100 basis points	(1.92)	(0.78)
Attrition rate - 100 basis points	2.08	0.84

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(All amounts in ₹ millions unless otherwise stated)

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

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

Description	As at 31 March 2023	As at 31 March 2022
Within next 12 months	6.70	4.03
Between 1-5 years	14.07	41.07
Beyond 5 years	65.58	-

(xiii) Expected future payouts (discounted):

	As at 31 March 2023	As at 31 March 2022
Year I	6.70	4.03
Year II	5.06	3.13
Year III	3.85	2.36
Year IV	2.93	1.79
Year V	2.24	1.37
Year 6-10	7.95	4.40
Above 10 years	57.63	28.02

Plan characteristics and associated risks

1. Salary inflation risk

Higher than expected increases in salary will increase the defined benefit obligation

2. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligation depend upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawal rate because the cost of retirement benefit of an employee serving a shorter tenor will be less compared to long service employees.

3. Actuarial risk

It is the risk that the benefits will cost more than expected. This can be due to one of the following reasons

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

4. Market risk

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

5. Legislative/Regulatory risk

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

6. Liquidity risk

The Company is making provisions for the entire gratuity liability as per actuarial valuation and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore, there is a liquidity risk involved that they may run out of cash

Disclosure for Leave encashment

Amount recognised in the balance sheet

Description	As at 31 March 2023	As at 31 March 2022
Defined benefit plans		
Leave encashment	69.43	48.68

44. Related parties disclosures

A Names of related parties

Nature of relationship	Name of the related party
Holding Company	Navi Technologies Limited ("NTL") (formerly known as Navi Technologies Private Limited)
Entities under common control	Navi General Insurance Limited ("Navi GI") Navi AMC Limited ("Navi AMC") Navi Mutual Fund
Ultimate Controlling Party	Sachin Bansal
Entities in which Directors are able to exercise control or have significant influence	Flipkart Online Services Private Limited
Name of key managerial personnel	Designation
Mr. Sachin Bansal	Executive Chairman and Chief Executive Officer
Mr. Ankit Agarwal	Managing Director
Mr. Samit S Shetty	Non- Executive Director (resigned w.e.f 30 August 2021)
Ms. Riya Bhattacharya	CEO (resigned w.e.f 11 February 2022)
Mr. Ankit Surana	CFO (appointed w.e.f 25 April 2023)
Mr. Divyesh Jain	CFO (appointed w.e.f 12 November 2021 and resigned w.e.f 25 April 2023)
Mr. L N Gurumoorthy	CFO (resigned w.e.f 12 November 2021)

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

B Transactions with related parties

Name of related party	Nature of transaction	Year ended 31 March 2023*	Year ended 31 March 2022*
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	Redemption of non-convertible debentures	3,500.00	7,520.00
	Face value of equity shares allotted	1,066.67	133.33
	Securities premium received	6,933.33	866.67
	Issue of Compulsory convertible debenture	1,500.00	-
	Sale of equity shares	1,814.58	-
	Sale of Trade Mark	349.51	-
	Sale of Pass through certificates	1,055.70	-
	Reimbursement of expenditure incurred from related party	42.94	3.40
	Interest paid on Compulsory convertible debenture	12.49	-
	Interest paid on non convertible debenture	40.61	-
	Loan sourcing fee	2,555.06	607.04
	Software support charges	1,636.65	406.17
	Outsourcing services fees	87.97	31.38
	Expense cross charged	15.98	-
	Royalty fees	39.53	-
	Sale of investment in debenture	-	996.94
	Lease rental	25.00	21.36
	Security deposit to be paid	-	1740
	Employee cost (net) cross charged to NTL for transferred employees	14.86	34.49
	Navi General Insurance Limited	Share based payments to employees	124.32
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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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	Outstanding (payable)	(676.83)	(610.24)
	Outstanding receivable	41.61	-
Technologies Private Limited)	Non-convertible debentures	(3,000.56)	(6,500.56)
	Equity component of compulsory convertible debenture	1,129.22	-
	Debt component of compulsory convertible debenture	361.46	-
	Provision for employee benefits (ESOP expense)	(107.40)	(24.46)
Navi General Insurance Limited	CD Balance	8.19	1.41
	Outstanding receivable	0.30	1.58
Navi AMC Limited	Outstanding receivable	0.13	-
	Outstanding payable	(2.45)	-
Navi Mutual Fund	Mutual fund holdings	-	285.00

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(All amounts in ₹ millions unless otherwise stated)

45. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

Particulars	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	6,508.78	-	6,508.78	5,709.55	-	5,709.55
Bank balances other than cash and cash equivalents	1,982.39	1,862.45	3,844.84	1,113.95	243.63	1,357.58
Loans	53,608.75	47,892.67	1,01,501.42	29,938.41	20,075.68	50,014.09
Investment	7,350.30	-	7,350.30	3,529.61	110.15	3,639.76
Other financial assets	3,241.66	144.27	3,385.93	1,267.35	80.28	1,347.63
Non-financial assets						
Current tax assets (net)	-	-	-	6.36	161.54	167.90
Deferred tax asset (net)	-	822.98	822.98	-	557.94	557.94
Property, plant and equipment	-	210.38	210.38	2.29	72.02	74.31
Right to use asset	111.88	755.78	867.66	0.20	122.75	122.95
Other intangible assets	-	30.81	30.81	-	27.94	27.94
Other non-financial assets	380.64	335.71	716.35	102.84	4.69	107.53
Total	73,184.40	52,055.06	1,25,239.46	41,670.56	21,456.62	63,127.18
Liabilities						
Financial liabilities						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	11.35	-	11.35	0.70	-	0.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	876.77	-	876.77	911.41	-	911.41
Borrowings	58,357.68	33,893.79	92,251.47	26,923.20	21,703.28	48,626.48
Lease liabilities	57.88	854.71	912.59	30.04	103.88	133.92
Other financial liabilities	4,201.98	-	4,201.98	526.26	-	526.26
Non financial liabilities						
Current tax liabilities (net)	113.27	-	113.27	-	-	-
Provisions	254.58	139.86	394.44	93.76	99.44	193.20
Other non financial liabilities	298.85	12.42	311.27	138.12	6.22	144.34
Total	64,172.36	34,900.78	99,073.14	28,623.49	21,912.82	50,536.30

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(All amounts in ₹ millions unless otherwise stated)

46. Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

	As at 31 March 2023	As at 31 March 2022
a. In respect of Income tax demands where the Group has filed appeal before the relevant authority..	28.63	70.61
b. Others	1.16	-
Total	29.79	70.61

- 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	As at 31 March 2023	As at 31 March 2022
Housing loans sanctioned pending disbursement	4,411.09	122.60
Estimated amount of contracts remaining to be executed on capital account, net of advances	5.70	1.13

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

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

(D) Lease disclosures

Particulars	As at 31 March 2023	As at 31 March 2022
Opening lease liabilities	133.91	16.65
Addition to lease liabilities during the period	841.81	127.90
Lease termination	(43.64)	-
Gain on lease modification	(4.45)	-
Interest expense on lease liabilities	29.45	7.08
Cash outflow for leases	(44.49)	(17.72)
Closing lease liabilities	912.59	133.91

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(All amounts in ₹ millions unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening value of right of use assets	122.95	16.29
Addition to lease assets during the period	841.81	127.90
Lease termination	(43.95)	-
Less: Depreciation charge for the period	(53.15)	(21.24)
Closing right to use assets	867.66	122.95

Amounts recognised in statement of profit or loss

Particulars	As at 31 March 2023	As at 31 March 2022
Depreciation charge on right of use assets	53.15	21.24
Interest on lease liabilities	29.45	7.08
Total	82.60	28.32

Amounts recognised in the statement of cash flows

Particulars	As at 31 March 2023	As at 31 March 2022
Interest paid on lease liabilities	29.45	7.08
Payment towards lease liabilities	(44.50)	(17.72)
Total	(15.05)	(10.64)

Maturity analysis of lease liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Within one year	57.88	30.03
After one year but not more than five years	328.17	103.88
More than five years	526.54	-
Total	912.59	133.91

Particulars	As at 31 March 2023	As at 31 March 2022
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	9	10
Range of remaining term	15-113 Months	21-58 Months
Average remaining lease term	48 months	34 months
Subsidiary		
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	2	3
Range of remaining term	8 months to 52 months	5 months to 20 months
Average remaining lease term	30.03 Months	11.45 months
Restrictions or covenants imposed by leases	None	None
Sale and leaseback transactions	None	None

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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..

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48. Fair value measurement

Financial assets and liabilities

The financial instruments by category are as follows:

Particulars	Note	Level	As at 31 March 2023	As at 31 March 2022
Financial assets measured at fair value through P&L				
Investments	8	Level 1	7,350.30	2,684.83
Financial assets measured at fair value through OCI				
Investments in Pass through certificates	8	Level 2	-	225.27
Financial assets measured at amortised cost				
Loans	7	Level 3	10,266.54	1,224.27
Loans	7	Level 3	96,048.99	48,789.82
Investments	8	Level 3	-	729.66
Total			1,13,665.83	53,653.85

Particulars	Note	Level	As at 31 March 2023	As at 31 March 2022
Financial liabilities measured at Fair Value				
Derivative financial instruments	15	Level 2	-	-
Financial liabilities measured at amortised cost				
Debt securities	16	Level 2	28,206.67	22,466.49
Borrowings (other than debt securities)	17	Level 2	61,911.51	25,660.05
Subordinated liabilities	18	Level 2	2,133.29	499.94
Total			92,251.47	48,626.48

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. Hence not considered in the above disclosure.

48.1 Fair value hierarchy of assets and liabilities

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation sale. Methods and assumptions used to estimate the fair values are consistent in all the years. Fair value of financial instruments referred to in note (a) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable entity specific inputs.

The categories used are as follows:

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

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The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	As at 31 March 2023	As at 31 March 2022
Level 1 (Quoted prices in active market)		
Financial assets measured at FVTPL		
Investments in mutual funds	60.77	391.61
Investments in bonds and debentures	7,289.53	2,293.22
Investment in futures	-	-
Level 2 (Directly or indirectly observable market inputs other than Level 1 inputs)		
Financial assets measured at FVTPL		
Investments in Pass through certificates	-	225.27
Level 3		
Financial assets measured at FVTOCI		
Loans	10,266.54	1,224.27
	17,616.84	4,134.37

Particulars	Basis of Valuation	As at 31 March 2023	As at 31 March 2022
Fair Value Level 3 assets	Based on the discounted cashflow.	10,266.54	1,224.27

48.2 Fair value of financial instruments measured at amortised cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group financial instruments measured at amortised cost.

Particulars	As at 31 March 2023		As at 31 March 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Loans	96,048.99	97,961.84	48,789.82	42,467.81
Investments	-	-	729.66	729.66
Total financial assets	96,048.99	97,961.84	49,519.48	43,197.47
Financial liabilities:				
Borrowings (includes debt securities and subordinated liabilities)	92,251.47	90,781.09	48,626.48	45,225.95
Total financial liabilities	92,251.47	90,781.09	48,626.48	45,225.95

48.3 Valuation methodologies of financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

The fair value of investments are estimated using a cash flow model based on contractual cash flows using actual maturities.

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Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and liabilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Group's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

49. Risk management

Risk is an integral part of the Group's business and sound risk management is critical for the success. On account of its business activities, the Group is exposed to various financial risks associated with financial products such as credit or default risk, market risk, interest rate risk, liquidity risk and inflationary risk. However, the Group has a robust financial risk management system in place to identify, evaluate, manage and mitigate various risks associated with its financial products to ensure that desired financial objectives are met. The Group's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Group, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess risk management performance. Any change in Group's risk management objectives and policies needs prior approval of its Board of Directors.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, Field credit assessment, diversification of asset base, Group guarantee (joint liability Group loans), borrower indebtedness limits, diversification of asset base, credit limits and collaterals taken for assets, wherever applicable.
Liquidity risk	Financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required).
Market risk - interest rate	Investments, borrowings, debt securities and subordinated liabilities carrying variable interest rates	Sensitivity analysis	Review of fair valuation of investments and review of cost of funds and pricing of disbursements.
Market risk - security price	Investments	Sensitivity analysis	Diversification of portfolio with focus on strategic investments.

The Group has a risk management policy which covers all the risk associated with its assets and liabilities. The Group has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in tandem with internal metamorphosis and changing external environment. The process of continuous evaluation of risk also includes taking stock of the risk landscape on an event-driven basis

The Group has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Group's treasury is responsible for managing its assets and liabilities, liquidity position, and the overall financial structure. It is also primarily responsible for the funding and interest rate risks of the Group.

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49.1 Credit risk

A. Loans

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's substantial income is generated from lending to retail customers and therefore credit risk is the principal risk associated with the business.

The credit risk management policy of the Group seeks to have following controls and key metrics that allows risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

B. Investments

This risk is common to all investors who invest in bonds and debt instruments and it refers to a situation where a particular bond issuer is unable to make the expected principal payments, interest rate payments, or both. Similarly, a lender bears the risk that the borrower may default in the payment of contractual interest or principal on its debt obligations, or both. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

49.1.1 Risk identification

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

- Adverse selection of target market for undertaking lending activity
- Gap in credit assessment of borrower's credit worthiness
- Security gaps or temporary technical glitches in the loan origination application of the Group leading to loans being sanctioned to ineligible individual

- Undue influence of Animator/Representative on customers (political influence / middlemen influencing decisions of customers)
- Over-borrowing by customers
- Upper cap on loan ticket size
- Improper use of loan amount than the designated activity
- Over-concentration in any geography/branch/zone etc.
- Inability to accurately map the underlying credit risk to the parameters of the sanctioned loan

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

- Adverse economic environment / regulatory changes impacting the credit / liquidity profile of underlying issuers
- Financial stress due to internal factors (such as over-leveraging by underlying issuers) resulting in lower demand for the security in these secondary market or leading to an impact on the issuer's ability to service debt obligations
- Any financial stress in the entities of the underlying issuer impacting its refinancing ability
- Deterioration in the value of underlying collateral
- Aggressive growth / policies affecting the asset quality and in turn profitability and refinancing options
- Material frauds by promoters / key management personnel / employees
- Breach of any covenants triggering cross-default / liquidity shocks

49.1.2 Risk assessment and measurement

The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- (i) Low credit risk
- (ii) Moderate credit risk
- (iii) High credit risk

The Group provides for expected credit loss based on the following:

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(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 unlikelihood 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..

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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):

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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.

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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.

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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.

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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

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52. Trade payables aging schedule

As at 31 March 2023*

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	11.35	-	-	-	11.35
(iv) Disputed dues - Others	876.42	0.22	0.13	-	876.77

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	0.70	-	-	-	0.70
(iv) Disputed dues - Others	911.41	-	-	-	911.41

52A Transferred financial assets that are not derecognised in their entirety

- i) During the period, the Group has securitisation with various parties. Under such arrangements, the group has transferred a pool of loans, which does not fulfil the derecognition criteria specified under IndAS 109 as the group has concluded that risk and rewards with respect to these assets are not substantially transferred.

Following such transfer, the Group's involvement in these assets as follows:

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

The value of Financial assets and liabilities as on :

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Carrying amount of transferred assets measured at amortised cost	14,224.34	1,841.06	-
Carrying amount of Associated liabilities	12,322.94	1,839.99	-
Fair value of assets	12,679.23	1,841.06	-
Fair value of associated liabilities	13,533.66	1,839.99	-

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

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Carrying amount of de-recognised financial asset	-	-
Carrying amount of Retained Assets at amortised cost	2,211.39	494.92
Gain on sale of the de-recognised financial asset	1,399.35	133.07

52B Disclosure on ratios

Holding Company

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

Subsidiary Company

Particulars	As at 31 March 2023	As at 31 March 2022
CRAR (%)	22.34%	17.38%
CRAR – Tier I capital (%)	16.01%	15.87%
CRAR – Tier II capital (%)	6.33%	1.52%

53. Additional Regulatory Information

53.1 Details of benami property held

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

53.2 Borrowing secured against current assets

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

53.3 Wilful defaulter

None of the entities in the group have been declared wilful defaulter by any bank or financial institution or other lender.

53.4 Relationship with struck off companies

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

53.5 Compliance with number of layers of companies

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

53.6 Compliance with approved scheme(s) of arrangements

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

53.7 Utilisation of borrowed funds and share premium

The group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- 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 taken.

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

53.14 The Company has not revalued its Property, Plant and Equipment (including Right-of Use Assets) based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

53.15 The Company has not revalued its Intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

53.16 There are no loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

- (a) repayable on demand or
- (b) without specifying any terms or period of repayment

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

53.18 Previous year figures have been regrouped/ reclassified wherever applicable

Notes forming part of the Consolidated Financial Statements

54 Disclosure of additional information pertaining to the Parent Company, and its subsidiary per Schedule III of Companies Act, 2013-

Name of the entity in the Group	As at 31 March 2023		Share in profit or loss		Year ended 31 March 2023			
	Net Assets i.e., total assets minus total liabilities		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	72.44%	18,953.98	43.84%	1,158.11	-15.12%	0.91	43.98%	1,159.02
Subsidiary Companies (Indian): Chaitanya India Fin Credit Private Limited	27.56%	7,212.34	56.16%	1,483.51	115.12%	(6.93)	56.02%	1,476.58
Name of the entity in the Group	As at 31 March 2022		Share in profit or loss		Year ended 31 March 2022			
	Net Assets i.e., total assets minus total liabilities		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 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

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

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

- 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.
- 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

- 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

- 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.

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

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

Key audit matter

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

How our audit addressed the key audit matter

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

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

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

Key audit matter

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.

How our audit addressed the key audit matter

- 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

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.

How our audit addressed the key audit matter

Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through 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
<p>Implementation of COVID-19 related measures</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> • 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. <p>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.</p>

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

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

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

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

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

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

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

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

financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure II, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in note 42 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022.
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022.
- iv.
- a. The management has represented that, to the best of its knowledge and belief, on 21 May 2022, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, on 21 May 2022, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended 31 March 2022.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Place: Mumbai

Date: 21 May 2022

Membership No.: 105117

UDIN:22105117AJSVV6706

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:22105117AJSVV6706

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.
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.

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.

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

Place: Mumbai
Date: 21 May 2022

Manish Gujral
Partner
Membership No.: 105117
UDIN:22105117AJSVV6706

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 Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Sweden

Date: 21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

Standalone Statement of Profit and Loss

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

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

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

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

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 21 May 2022

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

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

Place: Sweden
Date: 21 May 2022

Divyesh Jain
Chief Financial Officer

Place: Srinagar
Date: 21 May 2022

Ankit Agarwal
Managing Director
(DIN: 08299808)

Place: Bengaluru
Date: 21 May 2022

Puneet Bhatia
Company Secretary
Membership No:- A55096

Place: Bengaluru
Date: 21 May 2022

Standalone Statement of Cash Flow

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

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

Standalone Statement of Cash Flow

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Components of cash and cash equivalents

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

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

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

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

For Walker Chandiook & 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

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Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

Standalone Statement of Changes in Equity

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

A Equity share capital

For the period ended 31 March 2022

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

For the year ended 31 March 2021

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

B Other equity

For the period ended 31 March 2022

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

Standalone Statement of Changes in Equity

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

B Other equity (Contd..)

For the year ended 31 March 2021

Particulars	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 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 Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Sweden

Date: 21 May 2022

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Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

1. Corporate Information

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

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

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

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

2. Statement of Compliance

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

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

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

3. Impact of COVID-19

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

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

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

4. Significant accounting policies

4.1. Basis of preparation and measurement

(i) Going concern and basis of measurement

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

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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
Vehicle - Motor car	8 years
UPS	10 years

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

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

De-recognition

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

4.5. Intangible assets

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

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

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

4.6. Fair value measurement

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

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

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

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

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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, Government securities trade and overdraft facilities*	1,102.96	621.33
Total	1,123.48	637.56

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

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

7 Loans

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

7 Loans (Contd..)

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

8 Investments

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

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

8 Investments (Contd..)

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

9 Other financial assets

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

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

10 Current tax assets (net)

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

11 Deferred tax asset (net)

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

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

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

Movement in deferred tax liabilities

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

Movement in deferred tax assets

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

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

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

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

12 Property, plant and equipment

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

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

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(All amount in ₹ millions unless otherwise stated)

12 Property, plant and equipment (Contd..)

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

13 Intangible assets

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

14 Other non-financial assets

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

15 Other payables

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

*Refer note 49 for ageing schedule

16 Debt securities

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

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

16.1 Reconciliation of liabilities from financing activities

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

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

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

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(All amount in ₹ millions unless otherwise stated)

16 Debt securities (Contd..)

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

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

16.2 Debt securities

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

16 Debt securities (Contd..)

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

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

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

16 Debt securities (Contd..)

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

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

17 Borrowings (other than debt securities)

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

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

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

Borrowings (other than debt securities)

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

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

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(All amount in ₹ millions unless otherwise stated)

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

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

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

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(All amount in ₹ millions unless otherwise stated)

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

SI no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security	As at 31 March 2022	As at 31 March 2021
19	Monthly	24	Jan-22	9.25%	First, exclusive and Continuing charge on identified loan receivable. Throughout the period security coverage of 110% of the amount outstanding shall be required to be maintained.	131.25	-
20	Bullet repayment	2	Apr-22	7.35%	50% FD shall be provided by the borrower and shall be lien marked in favour of Yes Bank limited.Exclusive charge on all specific identified receivables to the extent 1.15x on the exposure net off FD amount i.e., on INR 75 MM	130.00	-
21	Monthly	20	Apr-22	8.90%	Exclusive Charge on standard receivables,both present and future, with a minimum asset cover of 1.2 times. Stage 3 assets to be excluded.	300.00	-
22	Monthly	54	Sep-22	8.30%	Exclusive charge over the loan assets (Standard Assets) to be maintained at a minimum of 110% of loan value i.e 10% margin on receivables on a continuous basis during tenor of term loan	250.00	-
23	Monthly	24	Apr-22	9.40%	Exclusive charge on identified Personal loan assets created out of HSBC loan with asset cover of 1.2x and on identified home loan assets with 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

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(All amount in ₹ millions unless otherwise stated)

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

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

Note: Lease liability not included

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

18 Subordinated liabilities

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

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

18 Subordinated liabilities (Contd..)

18.1 Details of terms and conditions of Subordinate liabilities#

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

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

19 Other financial liabilities

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

20 Provisions

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

21 Other non financial liabilities

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

22 Equity share capital

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

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

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

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

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

(iii) Shares held by the holding company

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

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

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

22 Equity share capital (Contd..)

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

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

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

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

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

23 Other equity

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

23 Other equity (Contd..)

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

Nature and purpose of reserves

Securities premium

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

Statutory reserve

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

Other comprehensive income

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

Employee stock options outstanding

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

Retained earnings

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

Capital Redemption Reserve

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

24 Interest income

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

24 Interest income (Contd..)

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

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

25 Fees and commission income

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

26 Net gain on fair value changes

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

27 Other income

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

28 Finance costs

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

29 Fees and commission expenses

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

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

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

31 Impairment on financial instruments

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

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

32 Employee benefits expenses

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

33 Depreciation and amortisation expense

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

34 Other expenses

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

34 Other expenses (Contd..)

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

35 Corporate social responsibility expenses

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

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

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

36 Tax expense

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

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

36 Tax expense (Contd..)

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

37 Earnings per equity share (basic and diluted)

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

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

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

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

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(All amount in ₹ millions unless otherwise stated)

39 Retirement benefit plan

(i) Defined Contribution Plan

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

Defined Benefit Plan

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

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

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

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

Amount recognised in the balance sheet is as under:

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

Gratuity

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

39 Retirement benefit plan (Contd..)

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

Description	31 March 2022	31 March 2021
Present value of defined benefit obligation as at the beginning of the year	5.20	1.07
Current service cost (Includes cost perating 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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(All amount in ₹ millions unless otherwise stated)

39 Retirement benefit plan (Contd..)

Notes to actuarial assumptions:

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

(vii) Sensitivity analysis for gratuity liability

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

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

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

(viii) Maturity profile of defined benefit obligation

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

39 Retirement benefit plan (Contd..)

(ix) Expected future payouts(Discounted)

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

Disclosure for Compensated absences

(i) Amount recognised in the balance sheet

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

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

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

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

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

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

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

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

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(All amount in ₹ millions unless otherwise stated)

39 Retirement benefit plan (Contd..)

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

Description	31 March 2022	31 March 2021
Present value of funded obligation as at the end of the year	14.10	6.31
Fair value of plan assets as at the end of the year funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	(14.10)	(6.31)

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

Description	31 March 2022	31 March 2021
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	-	-
Actuarial loss from experience adjustment	7.51	2.01
Total actuarial (gain) / loss on liabilities	7.51	2.01
Total actuarial (gain)/loss	7.51	2.01

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

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

Notes to actuarial assumptions:

(viii) Sensitivity analysis for Leave Encashment

Description	31 March 2022	31 March 2021
Impact of change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(1.96)	0.74
- Impact due to increase of -100 basis points	2.46	0.91
Impact of change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	2.28	0.86
- Impact due to increase of -100 basis points	(1.86)	0.71
Impact of change in attrition rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(0.54)	0.08
- Impact due to increase of -100 basis points	0.66	0.10

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

39 Retirement benefit plan (Contd..)

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

(viii) Maturity profile of defined benefit obligation

Description	31 March 2022	31 March 2021
Within next 12 months	1.45	0.37
Beyond 1 yr	12.65	5.94

Plan characteristics and associated risks

1. Salary inflation risk

Higher than expected increases in salary will increase the defined benefit obligation

2. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligation depend upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawal rate because the cost of retirement benefit of an employee serving a shorter tenor will be less compared to long service employees.

3. Actuarial risk

It is the risk that the benefits will cost more than expected. This can be due to one of the following reasons

- Adverse salary growth
- Variability in mortality rates
- 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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(All amount in ₹ millions unless otherwise stated)

40 Related parties disclosures

Names of related parties

Nature of relationship	Name of the related party
Holding Company	Navi Technologies Limited (NTL) (formerly known as Navi Technologies Private Limited)
Subsidiary Company	Chaitanya India Fin Credit Private Limited (CIFCPL)
Entities in which Directors are able to exercise control or have significant influence	Navi AMC Limited Navi General Insurance Limited Flipkart Online Services Private Limited
Name of key managerial personnel	Designation
Mr. Sachin Bansal	Executive Chairman and Chief Executive Officer (appointed w.e.f 11 February 2022)
Mr. Ankit Agarwal	Managing Director (appointed w.e.f 11 February 2022)
Mr. Samit S Shetty	Non- Executive Director (resigned w.e.f 30 August 2021)
Ms. Riya Bhattacharya	CEO (resigned w.e.f. 11 February 2022)
Mr. Divyesh Jain	CFO (appointed w.e.f 12 November 2021)
Mr. L N Gurumoorthy	CFO (resigned w.e.f 12 November 2021)
Mr. Puneet Bhatia	Company Secretary (w.e.f 30 March 2022)
Ms. Dimple J Shah	Company Secretary (resigned w.e.f 7 January 2022)
Name of Directors	Designation
Usha A Narayanan	Independent Director
Arindam Haraprasad Ghosh	Independent Director
Ranganathan Sridharan	Independent Director

Transactions with related parties

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
Navi Technologies Limited	Redemption of Non convertible debentures	7,520.00	10,716.14
(formerly known as Navi Technologies Private Limited)	Face value of equity shares allotted	133.33	133.33
	Securities premium received on allotment of shares	866.67	866.67
	Software support charges	406.17	120.05
	Loan sourcing fee	607.04	-
	Payment of LPF collected on behalf of group company	-	84.20
	Platform management fee	-	0.38
	Digital marketing expense	-	16.90
	Professional fees	-	2.47
	Outsourcing services fees	31.38	-
	Sale of fixed assets	-	1.40
	Purchase of debentures	-	999.09

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

40 Related parties disclosures (Contd..)

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
	Sale of investment in debenture	996.94	-
	Lease rental	21.36	1.18
	Maintenance charges	1.03	-
	Insurance cross charge by NTL	0.90	-
	Advertisement expenses cross charge to NTL	99.81	-
	Security deposit paid	17.40	-
	Employee cost (net) cross charged by NTL for transferred employees	21.69	-
	ESOP funding scheme	11.48	-
	ESOP expense	57.54	5.30
Navi General Insurance Limited	Advance money paid for customer insurance policies	44.54	5.60
	Premium for issuance of customer insurance policies	43.93	5.28
	Advertisement expenses cross charged to Navi GI	21.29	-
	Employee cost cross charged to Navi GI for transferred employees	4.31	-
Navi AMC Limited	Advertisement expenses cross charged to Navi AMC	14.46	-
Navi Mutual Fund Limited	Purchase of Mutual funds	879.96	-
	Sale of Mutual funds	769.30	-
Mr. Samit Shankar Shetty	Remuneration	-	6.39
Ms. Riya Bhattacharya	Remuneration	15.40	1.60
Mr. Divyesh Jain	Remuneration	4.04	-
Mr. L N Gurumoorthy	Remuneration	7.05	0.25
Mr. Puneet Bhatia	Remuneration	0.23	-
Ms. Dimple J Shah	Remuneration	1.21	0.16
Mr. K Subramanyam Ravi	Sitting fees	-	0.68
Mr. R Sridharan	Sitting fees	2.62	1.42
Mr. Rachamadugu Nandakumar	Sitting fees	-	0.68
Ms. Usha A Narayanan	Sitting fees	2.40	1.06
Chaitanya India Fin Credit Private Limited	Investment in equity shares	-	1,140.00
	Purchase consideration for buyout of loan portfolio	1,674.13	1,883.64
	Consideration received on sale of portfolio	-	77.03
	Service fee paid	-	23.27
	Sale of fixed assets	-	0.34
	Inter Corporate loan given	550.00	100.00
	Inter Corporate loan repaid	550.00	100.00
	Sale of investment in Non convertible debenture	-	150.48

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

40 Related parties disclosures (Contd..)

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
	Sale of investment in pass through certificates	67.69	-
	Interest received on Non convertible debenture	-	16.34
	Interest received on inter company loan	0.35	0.66
	Interest received on compulsorily convertible debentures	-	14.09

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

Outstanding balances with related parties:

Name of related party	Nature of balance	As at 31 March 2022	As at 31 March 2021
Chaitanya India Fin Credit Private Limited	Outstanding (payable)/receivable - net	-1.63	5.38
	Outstanding Receivable -financial activity	167.81	219.02
	Investment in CIFCPL	3,261.40	3,261.40
Navi Mutual Fund Limited	Mutual fund holdings	231.41	-
Navi General Insurance Limited	Outstanding receivable	1.41	-
	CD balance	1.58	0.32
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	Outstanding (payable)- net	(610.24)	(35.76)
	Non-convertible debentures	(6,500.56)	(14,020.56)
	Provision for employee benefits (ESOP expense)	(18.95)	(5.30)

41 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	3,744.88	-	3,744.88	1,030.00	-	1,030.00
Bank balances other than cash and cash equivalents	992.67	130.81	1,123.48	637.56	-	637.56
Loans	15,994.12	11,920.29	27,914.41	4,037.33	1,256.16	5,293.49
Investment	3,250.75	3,371.55	6,622.30	21,272.60	4,377.92	25,650.52
Other financial assets	1,135.15	32.20	1,167.35	283.71	0.29	284.00

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

41 Maturity analysis of assets and liabilities (Contd..)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current tax assets (net)	-	161.54	161.54	14.04	-	14.04
Deferred tax asset (net)	-	470.24	470.24	-	251.52	251.52
Property, plant and equipment	-	4.99	4.99	-	3.74	3.74
Right to use asset	-	122.46	122.46	-	14.97	14.97
Other intangible assets	-	0.03	0.03	-	0.08	0.08
Other non-financial assets	69.56	2.06	71.62	28.67	2.18	30.85
Total	25,187.13	16,216.17	41,403.30	27,303.91	5,906.86	33,210.77
Liabilities						
Financial liabilities						
Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.70	-	0.70	1.16	-	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6.24	-	6.24	77.96	-	77.96
Debt securities	10,058.54	9,578.03	19,636.57	14,020.56	2,697.52	16,718.08
Borrowings (other than debt securities)	5,237.49	2,906.23	8,143.72	3,694.30	320.27	4,014.57
Subordinated liabilities	-	99.47	99.47	-	99.34	99.34
Other financial liabilities	1,354.32	-	1,354.32	723.26	-	723.26
Non financial liabilities						
Provisions	7.49	39.04	46.53	7.95	19.18	27.13
Other non financial liabilities	263.13	-	263.13	23.27	-	23.27
Total	16,927.91	12,622.77	29,550.68	18,548.46	3,136.31	21,684.77
Net	8,259.22	3,593.40	11,852.62	8,755.45	2,770.55	11,526.00

42 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
a. In respect of Income tax demands where the Company has filed appeal before the relevant authority.	57.18	11.00
b. In respect of GST where the Company has filed submission to Assistant Commissioner (State Tax-Karnataka)	-	3.06
Total	57.18	14.06

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

42 Contingent liabilities, commitments and leasing arrangements (Contd..)

(B) Commitments not provided for

Particulars	As at 31 March 2022	As at 31 March 2021
Housing loans sanctioned pending disbursement	122.60	-

(C) Usage of funds borrowed from Banks and Financial Institutions

The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

(D) Lease disclosures

Particulars	As at 31 March 2022	As at 31 March 2021
Opening lease liabilities	15.13	0.36
Addition to lease liabilities during the year	127.90	16.31
Interest expense on Lease liabilities	7.00	0.39
Cash outflow for leases	(16.79)	(1.93)
Closing lease liabilities	133.24	15.13

Particulars	As at 31 March 2022	As at 31 March 2021
Opening value of right of use assets	14.97	0.31
Addition to lease assets during the year	127.90	16.31
Less: Depreciation charge for the year	(20.41)	(1.65)
Closing lease Assets	122.46	14.97

Amounts recognised in statement of profit or loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation charge on right of use assets	20.41	1.65
Interest on lease liabilities	7.00	0.39
Total	27.41	2.04

Amounts recognised in statement of cash flow

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Amortisation on right of use assets	20.41	1.66
Interest paid on lease liabilities	7.00	0.39
Payment towards lease liabilities	(16.79)	(1.93)
Total	10.62	0.12

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

42 Contingent liabilities, commitments and leasing arrangements (Contd..)

Maturity analysis of lease liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Within one year	29.77	3.79
After one year but not more than five years	103.47	11.34
More than five years	-	-
Total	133.24	15.13

Particulars	As at 31 March 2022	As at 31 March 2021
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	10	4
Range of remaining term	21-58 Months	33-44 Months
Average remaining lease term	34 months	36 months
Future cash flows to which lessee is potentially exposed to		
Variable lease payments	-	-
Extension and termination options	-	-
Residual value guarantees	-	-
Leases not yet commenced to which the lessee is committed	-	-
Total	-	-
Restrictions or covenants imposed by leases	None	None
Sale and leaseback transactions	None	None

43 Share based payments

ESOP Plan 2019

Under the Employee Share-option Plan (ESOP), introduced on 17 October 2019 by Navi Technologies Limited (herein referred to as the "Holding Company"), at its discretion, may grant share options of the Holding Company to any of the employees including employees of its wholly owned subsidiaries.

The Holding Company introduced the Plan for the benefit of the employees of all companies under the Group. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Board/Compensation Committee at its sole discretion.

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

Scheme	Vesting Conditions	Exercise Period	Exercise Price / Ratio	Other conditions
Employee Share-option Plan (ESOP), 2019	Vested in a graded manner over a period of 4 years.	Employees must remain in service for a period of 3 years from the date of grant.	₹ 100/-Options : Shares = 1:1	Options are exercisable in one or more tranches within a period of 10 years from the date of vesting, failing which the options shall lapse.

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

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(All amount in ₹ millions unless otherwise stated)

43 Share based payments (Contd..)

Details of ESOP plan

Pursuant to the plan, the Holding Company has granted 7,93,270 to the employees of the Company during the year ended 31 March 2022. Outstanding options as on 31 March 2022 are 10,56,537. The Stock compensation cost is computed under the fair value method and has been recognised on a straight line basis over the vesting period up to 31 March 2022.

For the year ended 31 March 2022 the Company has recorded stock compensation expenses of ₹ 57.54 millions (31 March 2021 ₹ 5.30 millions) which has been transferred by Holding Company.

Particulars	No. of options 31 March 2022	No. of options 31 March 2021
Options outstanding at the beginning	7,44,029	-
Granted during the year	7,93,270	7,44,029
Lapsed during the year	(61,058)	-
Transfer (to)/in during the year ended (net)	(4,19,704)	
Options outstanding at the end	10,56,537	7,44,029

The fair value of share options granted is estimated at the date of grant using a Black Scholes Merton model, taking into account the terms and conditions upon which the share options were granted.

The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations. The contractual term of the share options is ten years and there are no cash settlement alternatives for the employees. The holding Company does not have a practice of cash settlement for these awards.

Particulars	1 October 2021 - 31 March 2022	1 April 2021 - 30 September 2021	31 March 2021
Fair value of the equity share as on grant date	₹ 382.00	₹ 143.40	₹ 143.40
Weighted average fair values at the measurement date	5.00	7.50	7.50
Expected volatility (%)	29.6%	27.6%	27.5%
Dividend yield (%)	0.0%	0.0%	0.0%
Risk-free interest rate (%)	5.9%	6.6%	6.3%
Weighted average share price (INR)	₹ 100	₹ 100	₹ 100
Model used	Black Scholes Merton	Black Scholes Merton	Black Scholes Merton

Expected volatility during the expected life of the option can be estimated using historical volatility of the underlying asset observed during the year equivalent to the expected life of the option.

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

for the year ended 31 March 2022

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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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(All amount in ₹ millions unless otherwise stated)

44 Fair value measurement (Contd..)

44.3 Fair value of financial instruments measured at amortised cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments measured at amortised cost.

Particulars	As at 31 March 2022		As at 31 March 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	3,744.88	3,744.88	1,030.00	1,030.00
Bank balance other than cash and cash equivalents	1,123.48	1,123.48	637.56	637.56
Loans	27,914.41	27,914.41	5,293.49	5,293.49
Investments	3,991.06	3,991.06	8,048.99	8,048.99
Other financial assets	1,167.35	1,167.35	284.00	284.00
Total financial assets	37,941.18	37,941.18	15,294.04	15,294.04
Financial liabilities:				
Other Payables	6.94	6.94	79.12	79.12
Debt securities	19,636.57	19,636.57	16,718.08	16,718.08
Borrowings (other than debt securities)	8,143.72	8,143.72	4,014.57	4,014.57
Subordinated liabilities	99.47	99.47	99.34	99.34
Other financial liabilities	1,354.32	1,354.32	663.02	663.02
Total financial liabilities	29,241.01	29,241.01	21,574.12	21,574.12

44.4 Valuation methodologies of financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

The fair value of investments are estimated using a cash flow model based on contractual cash flows using actual maturities.

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and liabilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

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

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45 Risk management

The Company is a Systemically Important-Non Deposit Taking-Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India. On account of its business activities it is exposed to various financial risks associated with financial products such as credit or default risk, market risk, interest rate risk, liquidity risk and inflationary risk. However, the Company has a robust financial risk management system in place to identify, evaluate, manage and mitigate various risks associated with its financial products to ensure that desired financial objectives are met. The Company's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Company, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess risk management performance. Any change in Company's risk management objectives and policies needs prior approval of its Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, Field credit assessment, diversification of asset base, Group guarantee (joint liability Group loans), borrower indebtedness limits, diversification of asset base, credit limits and collaterals taken for assets, wherever applicable
Liquidity risk	Financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required)
Market risk - interest rate	Investments, borrowings, debt securities and subordinated liabilities carrying variable interest rates	Sensitivity analysis	Review of fair valuation of investments and review of cost of funds and pricing of disbursements.
Market risk - security price	Investments	Sensitivity analysis	Diversification of portfolio with focus on strategic investments

The Company has a risk management policy which covers all the risk associated with its assets and liabilities. The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in tandem with internal metamorphosis and changing external environment. The process of continuous evaluation of risk also includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's treasury is responsible for managing its assets and liabilities, liquidity position, and the overall financial structure. It is also primarily responsible for the funding and interest rate risks of the Company.

45.1 Credit risk

A. Investments

This risk is common to all investors who invest in bonds and debt instruments and it refers to a situation where a particular bond issuer is unable to make the expected principal payments, interest rate payments, or both. Similarly, a lender bears the risk that the borrower may default in the payment of contractual interest or principal on its debt obligations, or both. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

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

for the year ended 31 March 2022

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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 disbursement flow to highlight areas requiring attention and action. Monitoring includes diagnostic studies of problem areas in collections performance and proactively taking actions.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud
- Credit monitoring -
 - a. Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans with staging more than 90 Days past due);
 - b. Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
 - c. Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

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

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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

for the year ended 31 March 2022

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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.

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

Each item is defined as follows: -

ECL - Expected credit loss

Present value of difference between contractual cash flows and actual cash flows expected to be received over a given time horizon.

PD - Probability of default

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

LGD - Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

EAD- Exposure at default

Cash flows that are at risk of default over a given time horizon, The Exposure at Default is an estimate of the exposure at a future default date.

i) Expected credit losses for financial assets other than loans

As at 31 March 2022	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	3,744.88	-	3,744.88
Bank balance other than cash and cash equivalents	1,123.48	-	1,123.48
Investments	6,786.48	164.18	6,622.30
Other financial assets	1,167.35	-	1,167.35
As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,030.00	-	1,030.00
Bank balance other than cash and cash equivalents	637.56	-	637.56
Investments	25,823.21	172.69	25,650.52
Other financial assets	284.00	-	284.00

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

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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

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

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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 sensitivity analysis given below.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact of rate change in borrowings, as follows:

Particulars	Effect on Statement of Profit and loss for the year ended 31 March 2022	Effect on Statement of Profit and loss for the year ended 31 March 2021
0.50% increase	106.90	34.06
0.50% decrease	(106.90)	(34.06)

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds etc. The Company is exposed to price risk arising mainly from investments carried at fair value through profit and loss which are valued using quoted prices in active markets (level 1 investments). A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

Particulars	As at 31 March 2022	As at 31 March 2021
Investments carried at FVTPL valued using quoted prices in active market	2,631.24	17,601.53

Particulars	Effect on Statement of profit and loss for the year ended 31 March 2022	Effect on Statement of profit and loss for the year ended 31 March 2021
1% increase	26.31	176.02
1% decrease	(26.31)	(176.02)

46 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of giving loans and making investments. The entire revenues are billable within India and there is only one geographical segment (secondary segment).

47 Transferred financial assets that are not derecognised in their entirety

There are no transferred financial assets that are not derecognized in its entirety for the year ended 31 March 2022 and year ended 31 March 2021.

48 Expenditure in foreign currency

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Advertisement expenses	6.98	2.31
Travel expenses reimbursement	-	-

49 Trade payables aging schedule

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	0.70	-	-	-	0.70
Others	6.24	-	-	-	6.24

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

49 Trade payables aging schedule (Contd..)

Particulars	Outstanding for following periods from due date				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1.16	-	-	-	1.16
Others	77.96	-	-	-	77.96

50 Disclosure on ratios

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR (%)	30.73%	38.04%
CRAR – Tier I capital (%)	29.73%	36.56%
CRAR – Tier II capital (%)	1.00%	1.48%

51 The Company has filed quarterly statements of current assets with banks and financial institutions and the same are in agreement with the books of accounts.

52 The Company has filed all the registration of charges with ROC within the statutory period.

53 Investments

Particulars	As at 31 March 2022	As at 31 March 2021
(1) Value of investments		
(i) Gross value of investments	6,786.48	25,823.21
(a) In India	6,786.48	25,823.21
(b) Outside India	-	-
(ii) Impairment provisions on investments	(164.18)	(172.69)
(a) In India	(164.18)	(172.69)
(b) Outside India	-	-
(iii) Net value of investments	6,622.30	25,650.52
(a) In India	6,622.30	25,650.52
(b) Outside India	-	-
(2) Movement of impairment provisions on investments		
(i) Opening balance	172.69	26.40
(ii) Add : Provisions made during the year	(6.43)	171.92
(iii) Less : Write-off/write-back of excess provisions during the year	(2.08)	(25.64)
(iv) Closing balance	164.18	172.69

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

54 Derivatives

Exchange Traded Interest Rate (IR) Derivatives

Particulars	As at 31 March 2022	As at 31 March 2021
i) Notional principal amount of exchange traded IR derivatives undertaken during the year		
Scrip names		
a) 645GS2029	-	24,397.77
b) 726GS2029	-	-
c) 577GS2030	2,768.84	18,900.38
d) 579GS2030	-	1,618.88
e) 585GS2030	5,739.40	7,551.26
f) 610GS2031	19,396.51	-
ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31 March 2022 and 31 March 2021		
Scrip names		
a) Scrip no. 577GS2030	-	823.72
b) Scrip no. 585GS2030	-	97.45
b) Scrip no. 610GS2031	38.99	-

Exchange Traded Interest Rate (IR) Derivatives

Particulars	As at 31 March 2022	As at 31 March 2021
iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	NA	NA
iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	NA	NA

55 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006

55.1 Details of financial assets sold to securitisation

S. No.	Particulars	As at 31 March 2022	As at 31 March 2021
	No. of accounts	72,069	-
i)	Aggregate value (net of provision) of accounts sold	1,844.76	-
ii)	Aggregate Consideration	1,844.76	-
iii)	Additional Consideration (net of expenses) realized in respect of accounts transferred in earlier years	-	-
iv)	Aggregate gain/loss over net book value	-	-

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

55 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006 (Contd..)

55.2 Disclosure relating to securitisation

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

S. No.	Particulars	As at 31 March 2022	As at 31 March 2021
i)	No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	4	-
ii)	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	1,844.76	-
iii)	Total amount of exposures retained by the NBFC to comply with Minimum Retention Ration (MRR) as on the date of balance sheet	-	-
a	Off-Balance Sheet exposures	-	-
	First loss	-	-
	Others	-	-
b	On-Balance Sheet exposures	-	-
	First loss(cash collateral)	211.11	-
	Others(MRR)	215.14	-
iv)	Amount of exposures to securitisation transactions other than MRR		
a	Off-Balance Sheet exposures	-	-
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
b	On-Balance Sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

55.2 Details of financial assets sold to securitisation/reconstruction company for asset reconstruction:

The Company has not sold any financial assets to Securitisation/Reconstruction company for asset reconstruction during the year ended 31 March 2022 and 31 March 2021.

55.3 Detail of assignment transactions:-

Particulars	As at 31 March 2022	As at 31 March 2021
No. of accounts	-	-
Aggregate Value (net of provisions) of accounts sold	-	-
Aggregate consideration	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

55 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006 (Contd..)

55.4 Details of non-performing financial assets sold

Particulars	As at 31 March 2022	As at 31 March 2021
No. of accounts	-	2,320
Aggregate Value (net of provisions) of accounts sold	-	53.94
Aggregate consideration	-	55.76
Aggregate gain/loss over net book value	-	1.81

The Company has not purchased non-performing financial assets during the year ended 31 March 2022 and 31 March 2021.

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

As at 31 March 2022

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 months	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Liabilities											
Borrowings	143.36	12.66	340.35	1,942.91	8,503.25	1,890.10	2,463.40	12,131.39	452.34	-	27,879.76
Assets											
Loans	473.45	174.21	848.70	1,781.50	2,011.47	4,529.89	6,174.90	8,263.17	1,170.85	2,486.27	27,914.41
Investments	2,234.83	-	17.19	9.23	897.52	29.30	62.68	110.15	-	3,261.40	6,622.30

As at 31 March 2021

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 months	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Liabilities											
Borrowings	2,065.80	1,012.50	35.87	52.58	52.80	14,178.52	316.80	3,015.16	101.97	-	20,831.99
Assets											
Loans	136.71	35.26	59.17	442.09	411.14	1,186.82	1,766.13	1,209.27	21.58	25.32	5,293.49
Investments	15,508.23	1,676.50	48.00	71.41	3,143.14	310.31	515.01	832.13	283.18	3,262.61	25,650.52

Notes:

Above mentioned portfolio (own) does not include undrawn facilities, since there are no sanctioned disbursement schedule.

57 Exposures

(i) Exposure to Real Estate Sector:-

Particulars	As at 31 March 2022	As at 31 March 2021
A. Direct exposure		
i) Residential mortgages (Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;)	3,120.04	52.19

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

57 Exposures (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
ii) Commercial real estate: (Lending secured by mortgages on commercial real estates office buildings, retails space, multipurpose commercial premises, multi-family residential buildings, multi - tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits)	Nil	Nil
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a) Residential	Nil	Nil
b) Commercial real estate	Nil	Nil

ii) Exposure to capital market

The Company does not have any exposure to capital market as at 31 March 2022 and 31 March 2021.

iii) Unhedged foreign currency exposure

The details of foreign currency exposures that are not hedged by derivative instrument or otherwise are as mentioned below:

Particulars	As at 31 March 2022		As at 31 March 2021	
	In original currency	In ₹	In original currency	In ₹
Trade payables				
USD	-	-	4,860	3,53,730

58 Details of financing of parent company products

The Company has not financed parent company products during the year ended 31st March 2022 and 31 March 2021.

59 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company does not have single or group borrower exceeding the limits during the year ended 31 March 2022 and 31 March 2021.

60 Unsecured advances

The Company has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. The unsecured advances of ₹ 26,372.62 millions (31 March 2021: ₹ 6,198.44 millions.) disclosed in Note 7 are without any collateral or security.

61 Registration obtained from other financial sector regulators:-

The Company is registered with following other financial sector regulators:

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

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

62 Related party transactions

Please refer to Note no 40 for related party transactions and related disclosures.

63 Provisions and contingencies

As at 31 March 2022

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	28,997.40	1,174.30	27,823.10	115.99	1,058.31
	Stage 2	237.21	157.15	80.06	0.95	156.20
Subtotal		29,234.61	1,331.45	27,903.16	116.94	1,214.51
Non-Performing Assets (NPA)						
Substandard	Stage 3	257.43	246.18	11.25	25.74	220.44
Doubtful - up to 1 year	Stage 3	0.62	0.62	-	0.62	-
- 1 to 3 years	Stage 3	-	-	-	-	-
- More than 3 years	Stage 3	-	-	-	-	-
Subtotal for NPA		258.05	246.80	11.25	26.36	220.44
Total	Stage 1	28,997.40	1,174.30	27,823.10	115.99	1,058.31
	Stage 2	237.21	157.15	80.06	0.95	156.20
	Stage 3	258.05	246.80	11.25	26.36	220.44
	Total	29,492.66	1,578.25	27,914.41	143.30	1,434.95

As at 31 March 2021

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	5,674.55	522.00	5,152.55	22.70	499.31
	Stage 2	306.82	189.62	117.20	1.23	188.39
Subtotal		5,981.37	711.62	5,269.75	23.93	687.70
Non-Performing Assets (NPA)						
Substandard	Stage 3	258.57	236.82	21.75	25.90	210.92
Doubtful - up to 1 year	Stage 3	3.25	3.10	0.14	2.10	1.00
- 1 to 3 years	Stage 3	8.83	7.90	0.93	2.69	5.21

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

63 Provisions and contingencies (Contd..)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
- More than 3 years	Stage 3	8.61	7.70	0.92	4.31	3.39
Subtotal for NPA		279.26	255.52	23.74	34.99	220.52
Total	Stage 1	5,674.55	522.00	5,152.55	22.70	499.31
	Stage 2	306.82	189.62	117.20	1.23	188.39
	Stage 3	279.26	255.52	23.74	34.99	220.52
	Total	6,260.63	967.14	5,293.49	58.91	908.22

Break up of Provisions shown as expenditure in statement of profit and loss	For the year ended 31 March 2022	For the year ended 31 March 2021
Provision towards non performing assets *	(4.67)	255.39
Provision towards standard assets *	619.83	692.18
Provision made towards income tax	-	517.36
Provision for gratuity**	3.62	4.26
Provision for compensated absences**	10.93	5.27

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

* During the financial year 2020-21 the company has sold two wheeler and housing portfolio having an impairment allowance of ₹ 47.87 millions as on the date of transfer. The same has been considered for arriving at the net gain on derecognition of financial instruments under ammortised category in Note no.30.

** Includes actuarial gain/(loss) classified under other comprehensive income.

64 Draw down from reserves:-

There has been no draw down from reserve during the year ended 31 March 2022 and 31 March 2021.

65 Concentration of advances, exposures and NPAs:-

65.1 Concentration of advances

Particulars	As at 31 March 2022	As at 31 March 2021
Concentration of advances		
Total advances to twenty largest borrowers	530.78	44.21
Percentage of Advances to twenty largest borrowers to total advances of the NBFC	1.80%	0.71%

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

65 Concentration of advances, exposures and NPAs:- (Contd..)

65.2 Concentration of exposures

Particulars	As at 31 March 2022	As at 31 March 2021
Concentration of exposures		
Total exposure to twenty largest borrowers / customers	530.78	44.21
Percentage of exposures to twenty largest borrowers/customers to total exposure	1.80%	0.71%

65.3 Concentration of NPAs

Particulars	As at 31 March 2022	As at 31 March 2021
Concentration of NPAs		
Total exposure to top four NPA accounts**	1.70	1.06

** NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

65.4 Sector-wise NPAs #-

Particulars	As at 31 March 2022	As at 31 March 2021
Sector		
	Percentage of NPAs to total advance to that sector	
1. Agriculture & allied activities	2.77%	0.20%
2. MSME	0.00%	0.00%
3. Corporate borrowers	0.00%	0.00%
4. Services	1.83%	0.03%
5. Unsecured personal loans	0.91%	4.77%
6. Other personal loans	0.00%	36.55%

NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 days past due is considered as default for classifying a financial instrument as credit impaired.

66 Movement of NPAs

Particulars	As at 31 March 2022	As at 31 March 2021
i) Net NPAs to net advances (%)	0.04%	0.45%
ii) Movement of NPAs (Gross)		
Opening balance	279.26	57.99
Additions during the year	370.67	263.04
Reductions during the year	(391.88)	(41.77)
Closing balance	258.05	279.26
iii) Movement of Net NPAs		
Opening balance	23.74	34.31
Additions during the year	228.44	28.40
Reductions during the year	(240.93)	(38.97)
Closing balance	11.25	23.74

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

66 Movement of NPAs (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	255.52	23.68
Provisions made during the year	142.23	234.65
Write-off/write-back of excess provisions	(150.95)	(2.81)
Closing balance	246.80	255.52

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under:

Particulars	As at 31 March 2022	As at 31 March 2021
	Amount outstanding	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 (other than falling within the meaning of public deposits)	6,500.56	14,020.56
b) Deferred credits	-	-
c) Term loans including accrued interest but not paid	8,014.41	4,018.26
d) Inter-corporate loans and borrowings	-	-
e) Commercial paper	730.76	-
f) Other loans:		
Other unsecured loans against assets of the Company	99.47	99.34
Secured loans against assets of the Company	-	-
Overdraft facility	-	-
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
a) In the form of unsecured debentures	-	-
b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
c) Other public deposits	-	-
Assets side		
3 Breakup of loans and advances including bills receivables		
a) Secured	3,120.04	62.19
b) Unsecured	26,372.62	6,198.44

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
	Amount outstanding	Amount outstanding
4 Breakup of leased assets and stock on hire and other assets counting towards AFC activities		
i Lease assets including lease rentals under sundry debtors		
a) Financial lease	-	-
b) Operating lease	-	-
ii Stock on hire including hire charges under sundry debtors		
a) Assets on hire	-	-
b) Repossessed assets	-	-
iii Other loans counting towards AFC activities		
a) Loans where assets have been repossessed	-	-
b) Loans other than (a) above	-	-
4 Breakup of investments		
Current investments		
I Quoted		
i Shares		
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	1,298.56	12,165.89
iii Units of mutual funds	338.02	692.73
iv Government securities	994.66	4,679.41
v Others	491.66	2,681.94
II Unquoted	-	-
i Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-
Long term investments		
1 Quoted		
i Shares		
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
	Amount outstanding	Amount outstanding
2 Unquoted		
i Shares		
a) Equity	3,261.40	3,262.61
b) Preference	-	-
ii Debentures and bonds	164.09	105.15
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	238.09	2,062.80

67.1 Borrower group - wise classification of assets financed

As at 31 March 2022

Category	Net of provisions			Total
	Secured	Unsecured	Provisions	
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			Total
	Secured	Unsecured	Provisions	
1 Related parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	62.19	6,198.44	(967.14)	5,293.49
Total	62.19	6,198.44	(967.14)	5,293.49

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

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

Category	As at 31 March 2022		As at 31 March 2021	
	Market value / break up or fair value or NAV	Book value (Net of provision)	Market value / break up or fair value or NAV	Book value (Net of provision)
1 Related parties				
a) Subsidiaries	3,261.40	3,261.40	3,261.40	3,261.40
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	3,525.08	3,360.90	22,561.81	22,389.12
Total	6,786.48	6,622.30	25,823.21	25,650.52

67.3 Other information

Particulars	As at 31 March 2022	As at 31 March 2021
i Gross non-performing assets		
a) Related parties	-	-
b) Other than related parties	258.05	279.26
ii Net non-performing assets		
a) Related parties	-	-
b) Other than related parties	11.25	23.74
iii Assets acquired in satisfaction of debt	-	-

68 Overseas assets

The Company does not have any joint venture or subsidiary abroad as on 31 March 2022 and 31 March 2021.

69 Off-balance sheet SPVs sponsored

The Company has not sponsored any off-balance sheet SPVs which are required to be consolidated as per accounting norms for the year ended 31 March 2022 and 31 March 2021.

70 Customer complaints

Particulars	As at 31 March 2022	As at 31 March 2021
a) Number of complaints pending at the beginning of the year (Nos)	7	1
b) Number of complaints received during the year (Nos)	1,190	884
c) Number of complaints redressed during the year (Nos)	1,190	878
d) Number of complaints pending at the end of the year (Nos)	7	7

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

71 Information on instances of fraud

Instances of fraud for the year ended 31 March 2022

Nature of fraud	No of cases	Amounts of fraud	Recovery	Amounts written off/ provided for
Fraud Committed by other than staff *	195	48.08	4.04	22.46

*These 195 instances of fraud cover 662 loan accounts. These frauds are committed by the customers or third parties and not by the staff of the Company. As identified by the management, such frauds were mostly in the nature of fabrication of documents submitted by some customers with respect to digital loans sanctioned. The Company is in the process of continuously identifying the frauds and improvising the credit underwriting mechanisms and digital algorithms. Further, the Company has developed a collection process to ensure recovery of these amounts to the extent possible. The unrecovered amount of ₹ 44.04 million has been charged to Statement of Profit and Loss during the year.

Instances of fraud for the year ended 31 March 2021

Nature of fraud	No of cases	Amounts of fraud	Recovery	Amounts written off/ provided for
Fraud Committed by other than staff *	134	10.22	0.02	10.09

*These 10 instances of fraud cover 134 loan accounts.

72 Credit rating

Instruments	Credit rating agency	As on 31 March 2022	As at 31 March 2021
Bank facilities	CRISIL	CRISIL A-/Stable	CRISIL A-/Stable
Non-convertible debentures	India Ratings	IND A/Stable	IND A/Stable
Principal protected market linked debentures	India Ratings	IND PP-MLD A emr/Stable	IND PP-MLD A emr/Stable
Commercial papers	India Ratings	IND A1	-

73 Disclosure of penalties imposed by the RBI and other regulators

No penalty has been imposed by the RBI and other regulators during the year ended 31 March 2022 and 31 March 2021.

74 Funding concentration based on significant counterparty (borrowings)

As at 31 March 2022			As at 31 March 2021		
Number of Significant Counterparties	Amount	% of Total borrowings	Number of Significant Counterparties	Amount	% of Total borrowings
26	25,046.24	84.76%	5	20,796.96	99.83%

Note

1. A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-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:

- Accrued interest on borrowings not considered.
- Total borrowing has been computed as gross total debt basis extant regulatory ALM guidelines.

76 Funding Concentration based on significant instrument/product

Name of the instrument/product	As at 31 March 2022		As at 31 March 2021	
	Amount	% of Total borrowings	Amount	% of Total borrowings
Non-Convertible Debentures	18,908.33	63.99%	16,718.07	77.10%
Term Loan	6,042.10	20.45%	3,061.44	14.12%
Commercial Papers	727.84	2.46%	-	-
Liability against securitised assets	1,838.39	6.22%	938.00	4.33%

Note:

- A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs

Total liabilities has been computed as Total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.

- Accrued interest on borrowings not considered.

77 Stock ratios:

- 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		

- Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets:- Nil

- Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets:

As at 31 March 2022			As at 31 March 2021		
Total Public funds	Total Liabilities	Total Assets	Total Public funds	Total Liabilities	Total Assets
Nil	57.28%	24.30%	Nil	85.54%	55.85%

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

78 Institutional set-up for liquidity risk management

Board of Directors:

The Board has the overall responsibility for management of liquidity risk. The Board shall decide the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided by it.

Risk Management Committee:

The Risk Management Committee is responsible for evaluating the overall risks faced by the NBFC including liquidity risk.

Asset-Liability Management Committee (ALCO):

The ALCO ensures adherence to the risk tolerance/limits set by the Board as well as implements the liquidity risk management strategy of the NBFC.

The members of the ALCO are: -

1. Mr. Ankit Agarwal
2. Mr. Divyesh Jain
3. Mr. Shobhit Agarwal
4. Mr. Mahak Khabia

79 Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020

Particulars	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3 of the circular (as on 29 Feb 2020)	-	251.11	251.11
Of the above, respective amounts where the asset classification benefit is extended at year ended	-	5.14	234.14
Provision made in terms of Paragraph 5 of the Covid-19 regulatory package*			
In Q4 FY 2020		-	-
In Q4 FY 2021		-	-
Provision adjusted against slippages during the year in terms of paragraph 6 of the COVID-19 Regulatory Package*		-	-
Residual provision held at the year ended*		-	-

*Pursuant to paragraph 4 of RBI notification DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020, NBFCs which are required to comply with Indian Accounting Standards (IndAS) shall continue to be guided by the guidelines duly approved by their Boards and as per ICAI Advisories for recognition of the impairments. Hence the provisioning requirements as mentioned in paragraph 5 and 6 is not applicable to the Company.

80 Disclosure as required by the RBI notification dated 07 April 2021

In accordance with the RBI notification dated 07 April 2021, the Company is required to refund / adjust any amount in the nature of "Interest on Interest" including penal interest charged to the borrowers during the moratorium period i.e., 01 March 2020 to 31 August 2020. The Company has assessed that no interest on interest, penal interest etc. was charged to the borrowers during the moratorium period and hence no liability has been created towards interest relief as on 31 March 2021.

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

81 Additional Regulatory Information

- 81.1** There is no such immovable property whose title deeds are not held in the name of the Company.
- 81.2** There are no investment properties as on 31 March, 2022.
- 81.3** The Company has not revalued its Property, Plant and Equipment (including Right-of Use Assets) based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.
- 81.4** The Company has not revalued its Intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.
- 81.5** There are no loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:
- (a) repayable on demand or
 - (b) without specifying any terms or period of repayment
- 81.6** No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- 81.7** The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.
- 81.8** The Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956:
- 81.9** The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- 81.10** No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013. NA
- 81.11** Utilisation of Borrowed funds and share premium
- (a) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:-
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
 - (b) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall :-
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

81 Additional Regulatory Information (Contd..)

- 81.12** There are no such transaction or undisclosed income that need to be disclosed in accordance with this provision of Companies Act, 2013.
- 81.13** The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 81.14** With respect to filing of quarterly statements of current assets with bank and financial statements by the Company, refer Note 51 of the financial statements.
- 81.15** With respect to filing of registration of charges with ROC by the Company, refer Note 52 of the financial statements.

82 Previous year figures have been regrouped/ reclassified wherever applicable

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Manish Gujral

Partner

Membership No. 105117

Sachin Bansal

Executive Chairman and
Chief Executive Officer

(DIN: 02356346)

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Mumbai

Date: 21 May 2022

Place: Sweden

21 May 2022

Place: Bengaluru

Date: 21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

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**

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.

How our audit addressed the key audit matter

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

- Obtained an understanding of the 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

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.

How our audit addressed the key audit matter

Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures:

- Evaluated the Group's accounting policies for estimation of expected credit loss on loans in accordance with Ind AS 109.
- Obtained an understanding of the modelling techniques adopted by the Group including the key inputs and assumptions for existing and new loan products. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios;

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

Key audit matter

- If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 89 days.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement in measuring ECL is required with respect to:

- determining the criteria for SICR
- factoring in future macro-economic assumptions
- techniques used to determine probability of default and loss given default. The ECL for the respective stages has been derived basis the Group's internally developed statistical models including that developed for new loan products launched during the year, historical data, collections trends post reporting date and industrywide stress.

Implementation of COVID-19 related measures

During the current year, the RBI has announced various relief measures for the borrowers which were implemented by the Group such as "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the RBI on 27 March 2020, 17 April 2020 and 23 May 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021 (collectively referred to as 'the RBI circulars'), which has been collectively considered by the management in identification and provisioning of NPAs.

On the basis of an estimate made by the management, an additional provision amounting to ₹ 114.37 million has been recognised by the Group as at 31 March 2022 on account of increase in default risk due to the impact of COVID-19 on recoverability of loans of the Group. The basis of estimates and assumptions involved in arriving at the additional provisions are monitored by the Group periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI.

Considering the significance of the above matter to the overall consolidated financial statements, additional complexities involved in the current year on account of ongoing impact of COVID-19, launch of new loan product and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter for current year audit.

We also draw attention to Note 3 of the accompanying consolidated financial statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the above mentioned loan assets as on 31 March 2022, as the same is fundamental to the understanding of the users of consolidated financial statements.

How our audit addressed the key audit matter

- Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals;
 - Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the RBI circular and ensured whether such policy was in accordance with the RBI circular.
 - With respect to the management's assessment for the requirement of additional provisions to be made or not to be made on account of the impact of the COVID-19 pandemic, we understood and challenged evaluated the underlying assumptions used by the Group for such estimate by considering our understanding of the risk profiles of the customers of the Group.
 - Evaluated the appropriateness of the Group's determination of significant increase in credit risk ('SICR') in accordance with the applicable accounting standard considering impact of COVID-19 and moratorium announced in the RBI circular and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Group's categorization across various stages;
 - Assessed the critical assumptions and inputs used in the model which amongst others included testing the collection trends of the portfolio and ensuring consistency of assumptions with other relevant publicly available macro-economic factors pertaining to impact of COVID-19. For forward looking assumptions used by the management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information.
 - Performed a critical assessment of assumptions including management's assessment of the impact of COVID-19 on these assumptions, moratorium facility availed by the customers and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD);
 - Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically;
 - Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable.
 - Assessed the appropriateness and adequacy of the related presentation and disclosures of note 49 "Financial risk management" disclosed in the consolidated financial statements in accordance with the applicable accounting standards.
-

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.
9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
10. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

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

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
12. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

16. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets

of ₹ 25,154.71 million and net assets of ₹ 3,985.77 million as at 31 March 2022, total revenues of ₹ 3,612.63 million and net cash inflows amounting to ₹ 1,326.68 million for the year ended on that date, as considered in the consolidated financial statements, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiary, we report that the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 19 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
19. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiary incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under

section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

- e) The matters described in paragraph 4, of the Emphasis of Matter, in our opinion, may have an adverse effect on the functioning of the Holding Company and Chaitanya India Fin Credit Private Limited a subsidiary of the Holding Company;
- f) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company, and taken on record by the Board of Directors of the Holding Company and its subsidiary company, and the reports of the statutory auditors of its subsidiary company, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiary incorporated in India whose financial statements have been audited under the Act:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 46 to the consolidated financial statements;
- ii. The Holding Company and its subsidiary company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company covered under the Act, during the year ended 31 March 2022;
- iv. a. The respective managements of the Holding Company and its subsidiary company, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that,
- to the best of their knowledge and belief, on the date of this audit report, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The respective managements of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary that, to the best of their knowledge and belief, on the date of this audit report, no funds have been received by the Holding Company or its subsidiary company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiary, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement
- v. The Holding Company and its subsidiary company have not declared or paid any dividend during the year ended 31 March 2022.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Place: Mumbai

Date: 21 May 2022

Membership No.: 105117

UDIN:22105117AJSZP3777

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 Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Place: Mumbai

Date: 21 May 2022

Membership No.: 105117

UDIN:22105117AJJSZP3777

Consolidated Balance Sheet

as at 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
I ASSETS			
1 Financial assets			
Cash and cash equivalents	5	5,709.55	1,667.98
Bank balances other than cash and cash equivalents	6	1,357.58	808.76
Trade receivables	7	-	0.49
Loans	8	50,014.09	16,612.91
Investments	9	3,639.76	24,198.12
Other financial assets	10	1,347.63	194.34
2 Non-financial assets			
Current tax asset (net)	11	167.90	14.04
Deferred tax asset (net)	12	557.94	407.84
Property, plant and equipment	13	74.31	32.60
Other intangible assets	14	13.99	8.65
Goodwill		13.95	13.95
Right of use Asset	15	122.95	16.29
Other non-financial assets	16	107.53	44.97
Total assets		63,127.18	44,020.94
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Payables:	17		
- Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		4.62	3.03
- Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		0.70	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		6.24	56.27
Debt securities	18	21,917.65	19,683.94
Borrowings (other than debt securities)	19	25,757.66	10,767.79
Subordinated liabilities	20	498.63	497.70
Other financial liabilities	21	1,837.14	984.73
2 Non-financial liabilities			
Current tax liabilities (net)	22	-	36.76
Provisions	23	193.20	161.08
Other non financial liabilities	24	320.46	67.59
Total liabilities		50,536.30	32,260.05
3 Equity			
Equity share capital	25	1,785.73	1,652.40
Other equity	26	10,805.15	10,108.49
Total equity		12,590.88	11,760.89
Total liabilities and equity		63,127.18	44,020.94

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

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

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Sweden

Date: 21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

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 financial statements.

This is the Consolidated Statement of Profit and Loss as referred to in our report of even date

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 21 May 2022

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

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

Place: Sweden
Date: 21 May 2022

Divyesh Jain
Chief Financial Officer

Place: Srinagar
Date: 21 May 2022

Ankit Agarwal
Managing Director
(DIN: 08299808)

Place: Bengaluru
Date: 21 May 2022

Puneet Bhatia
Company Secretary
Membership No:- A55096

Place: Bengaluru
Date: 21 May 2022

Consolidated Statement of Cash Flow

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flow from operating activities		
(Loss)/Profit before tax	(214.54)	1,563.74
Depreciation and amortisation	28.90	18.10
Depreciation on right of use asset	21.24	-
Contribution to employee stock option scheme	-	9.41
Interest expense on lease liability	7.08	0.62
Impairment allowance on loans	424.53	1,393.85
Portfolio written off	1,182.27	219.43
Impairment allowance on investments	(8.51)	146.29
(Profit) on sale of fixed assets (net)	(0.08)	(0.66)
(Gain) on sale of mutual funds and securities	-	(42.92)
Effective interest rate adjustment for financial instruments	(454.43)	6.85
Loss on sale of portfolio	1.64	0.02
Impairment on other assets	20.63	7.62
Gain on sale of loan portfolio through assignment	(361.40)	(180.93)
Net change in fair value of loans measured at fair value through other comprehensive income	(23.80)	28.12
Net loss/(Gain) on fair value changes on investment	115.82	(321.79)
Operating profit before working capital changes	739.35	2,847.75
Movements in working capital:		
(Increase) / decrease in assets		
(Increase) in loans	(34,068.90)	(8,753.63)
Decrease in receivables	0.49	44.63
(Increase) in bank deposits	(548.82)	(665.49)
Decrease in investments	13,932.47	8,680.53
(Increase) in other financial assets	(1,173.92)	(435.59)
(Increase) in other non-financial assets	(62.56)	(25.08)
Increase / (decrease) in liabilities		
(Decrease)/Increase in payables	(48.90)	46.51
Increase in other financial liabilities	32.80	900.67
Increase in non-financial liabilities	1,072.48	69.32
Increase in provisions	32.12	115.31
Cash (used in)/generated from operating activities	(20,093.39)	2,824.93
Income taxes paid (net of refunds)	296.19	667.29
Net cash flows (used in)/generated from operating activities (A)	(20,389.58)	2,157.64
B. Cash flow from Investing activities		
Purchase of property, plant and equipment and intangible assets	(76.07)	(29.32)
Proceeds from sale of property, plant and equipment and intangible assets	0.20	6.04
Net cash flows (used in) investing activities (B)	(75.87)	(23.28)

Consolidated Statement of Cash Flow

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C. Cash flow from financing activities		
Issue of equity shares	1,000.00	1,031.37
Proceeds from issue of debt securities	11,993.81	5,229.00
Repayment of debt securities	(3,288.54)	(11,521.89)
Proceeds from borrowings (other than debt securities) availed*	93,137.90	32,976.19
Repayment of borrowings (other than debt securities)*	(78,318.43)	(28,430.04)
Lease payments	(17.72)	(3.91)
Net cash flows generated from/(used in) financing activities (C)	24,507.02	(719.27)
Net increase in cash and cash equivalents (A+B+C)	4,041.57	1,415.08
Cash and cash equivalents at the beginning of the year	1,667.98	252.90
Cash and cash equivalents at the end of the year	5,709.55	1,667.98

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash on hand	3.19	12.26
Balances with banks (of the nature of cash and cash equivalents)	5,706.36	1,655.72
Total	5,709.55	1,667.98

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

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

For Walker Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Sweden

Date: 21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

A Equity share capital

For the year ended 31 March 2022

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

For the year ended 31 March 2021

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

B Other equity

Particulars	Reserves and surplus							Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital redemption reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income	Debt redemption reserve	
Balance as at 31 March 2020	7,873.04	59.27	44.05	14.78	60.42	(2.88)	-	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	-	-	-	(240.55)	-	-	882.85
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	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 Debt Redemption Premium	-	-	-	-	(10.00)	-	10.00	-
Premium utilised	(27.78)	-	-	-	-	-	-	(27.78)
Net interest paid on CCDs	-	-	-	-	-	-	-	27.78

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	Reserves and surplus							Equity component of compound financial instruments	Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital redemption reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income	Debt redemption reserve		
CCD converted to equity	-	-	-	-	-	-	-	(1,064.66)	(1,064.66)
Balance as at 31 March 2021	8,744.91	299.82	44.05	-	991.53	18.18	10.00	-	10,108.49
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting year	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	(170.01)	-	-	-	(170.01)
Issue of equity shares	866.67	-	-	-	-	-	-	-	866.67
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	100.69	-	-	(100.69)	-	-	-	-
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	23.42	(23.42)	-	-	-
Balance as at 31 March 2022	9,611.58	400.51	44.05	-	744.25	(5.24)	10.00	-	10,805.15

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

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

For Walker Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076/N/500013

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Sweden

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Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

1. Corporate Information

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

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

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

The Company is treated as a Systemically Important Non-Deposit taking Non-Banking Financial Company as the assets size of the group (consolidated assets size of the Company and its Subsidiary Company together) exceeded ₹ 500 crores in the month of September 2018 (by virtue of RBI Master direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 01 September 2016).

2. Statement of Compliance

These consolidated financial statements ("the financial statements") of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') and

presentation requirements of Division III of Schedule III to the Companies Act, 2013, applicable to NBFCs, as notified by the MCA, and applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines.

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

3. Impact of COVID-19

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

While the number of COVID-19 cases have reduced significantly and the Government of India has withdrawn most of the COVID-19 related restrictions, the Group continues to closely monitor any anticipated material changes to future economic conditions.

The Holding Company is in the business of lending personal loans whereas the subsidiary company, Chaitanya India Fin Credit Private Limited is in the business of lending loans which are in the nature of micro-finance loans. Accordingly, the subsidiary company has recognized provisions as on 31 March 2022, towards its loan assets to the extent of ₹ 476.31 million which includes an additional provision of ₹ 21.77 million for the impact of COVID-19 pandemic, based on the information available at this point of time including economic forecasts in accordance with the expected credit loss method and believes that the extent to which the pandemic will impact the subsidiary company's performance will depend on ongoing as well as future developments which are highly uncertain.

The Group has recognized provisions as on 31 March 2022, towards its loan assets to the extent of ₹ 2,054.55 million which includes an additional provision of ₹ 114.37 million towards the future potential impact of COVID-19 based on the information available at this point of time including the economic forecasts, in accordance with the expected credit loss method. The Group believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial statements.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

4. Significant accounting policies

4.1. Basis of preparation and measurement

(i) Going concern and basis of measurement

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

(ii) Use of estimates and judgements

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

Estimate and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.

- Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principle and Interest ('SPPI') and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance

measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

- Provisions and other contingent liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Summary of significant accounting policies and other explanatory information

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(All amounts in ₹ millions unless otherwise stated)

- Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- Impairment of loans and investment portfolio

The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

- Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

The EIR in case of a financial asset is computed

- 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.

4.2. Revenue recognition

i. Recognition of interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

4.3. Finance costs

Finance costs represents interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities.

Summary of significant accounting policies and other explanatory information

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(All amounts in ₹ millions unless otherwise stated)

The EIR in case of a financial liability is computed

- As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- By considering all the contractual terms of the financial instrument in estimating the cash flows.
- Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Borrowing cost consists of interest and other cost that the Company incurred in connection with the borrowing of funds. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

4.4. Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/ capitalised with the related assets. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Depreciation

Depreciation on property, plant and equipment has been provided on the written down value method as prescribed in Schedule II of Companies Act 2013 or the rates determined by the management as per estimated useful life of the assets, whichever is higher. All individual assets (other than furniture and fixtures and office equipments) valued less than ₹ 5,000 are depreciated in full in the year of acquisition. The useful life of the assets is as follows:

Asset class	Useful life adopted by the Company
Electrical Installations and Equipment	5 years
Computers and accessories	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicle - Motor car	8 years
UPS	10

Depreciation is calculated on a pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed off.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognized.

4.5. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Any gain or loss on disposal of an item of intangible assets is recognised in statement of profit or loss.

Amortization For amortization of intangibles, the amortization amount is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 3 years.

4.6. Fair value measurement

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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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

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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.

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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.

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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

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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.

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5 Cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Cash in hand	3.19	12.26
Balances with banks and financial institutions		
- Balances with banks in current account	5,696.10	1,255.72
- Bank deposit with original maturity less than 3 months	10.26	400.00
Total	5,709.55	1,667.98

- (i) There are no repatriation restrictions with respect to Cash and cash equivalents as at the end of the year and prior year.
- (ii) The cash and cash equivalents for cash flow statement is same as cash and cash equivalents.

6 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Term deposits with bank	20.72	16.23
Balance with banks and financial institutions to the extent held as margin money deposits against term loans, Government securities trade and overdraft facilities	1,336.86	792.53
Total	1,357.58	808.76

The term deposits with banks (excluding the interest accrued on term deposits) have been placed under lien for the following purposes:

Particulars	As at 31 March 2022	As at 31 March 2021
Term loans	233.90	171.20
Margin money against Government Securities Trade	500.00	498.60
Margin money against derivatives trade	30.00	-
Working capital loans/overdraft facilities	388.58	122.73
Securitisation liabilities	184.38	-
Total	1,336.86	792.53

7 Trade receivables*

Particulars	As at 31 March 2022	As at 31 March 2021
Receivable from related parties	-	0.49
Total	-	0.49

* The Group does not have any receivables which are either credit impaired or where there is significant increase in credit risk.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

8 Loans

Particulars	As at 31 March 2022	As at 31 March 2021
A) Loans		
At amortised cost		
Secured		
Term loans	3,120.04	62.19
Mortgage housing loans	46.80	80.62
Small Business Loans(SBL)	2.94	6.22
Livestock Loan	8.03	15.14
Unsecured		
Term loans	26,411.77	6,198.44
Joint liability loans	21,247.88	9,787.38
At fair value through OCI		
Unsecured		
Joint liability loans	1,224.27	2,092.32
Total (A) - Gross	52,061.73	18,242.31
Less : Impairment loss allowance	(2,053.80)	(1,633.91)
Total (A) - Net	50,007.93	16,608.40
B) Others (Loan to employees)		
Unsecured	6.91	4.67
Total (B) - Gross	6.91	4.67
Less : Impairment loss allowance	(0.75)	(0.16)
Total (B) - Net	6.16	4.51
Total (A+B) - Net	50,014.09	16,612.91
C) Loans in India		
i) Public sector	-	-
ii) Individuals	52,068.64	18,236.98
iii) Corporates	-	10.00
Total - Gross	52,068.64	18,246.98
Less : Impairment loss allowance	(2,054.55)	(1,634.07)
Total - Net	50,014.09	16,612.91

9 Investments

Particulars	As at 31 March 2022	As at 31 March 2021
At fair value through profit and loss account ('FVTPL')		
Mutual funds (quoted)	391.61	1,592.77
Bonds and debentures (unquoted)	-	151.73
Commercial Paper	-	100.91
Pass through certificates (unquoted)	225.27	656.32
Bonds and debentures (quoted)	1,298.56	12,165.89
Government securities (quoted)	994.66	4,679.41
Futures (quoted)	-	63.50

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

9 Investments (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Bonds and debentures (unquoted)	164.09	277.46
Pass through certificates (unquoted)	238.09	2,063.17
Others (quoted)	491.66	2,618.43
Equity instruments:		
- Others (unquoted)	-	1.22
Total gross (A)	3,803.94	24,370.81
Investments outside India	-	-
Investments in India	3,803.94	24,370.81
Total gross (B)	3,803.94	24,370.81
Less: Impairment loss allowance (C)	(164.18)	(172.69)
Total net - (A) + (B) - (C)	3,639.76	24,198.12

10 Other financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Security deposits (unsecured, considered good)	53.59	9.19
EIS receivable on assignment	266.55	126.21
Insurance recoverables	35.48	23.72
Less: Impairment on insurance recoverable	(22.27)	(7.97)
Other receivables	324.19	51.81
Less: Impairment loss allowance on Other recoverables	(14.85)	(8.62)
Receivable towards investments settlement*	704.94	-
Total	1,347.63	194.34

* Represents investments redemptions of securities pending for settlement as on 31 March 2022 which are subsequently settled on 4 April 2022

11 Current tax assets (net)

Particulars	As at 31 March 2022	As at 31 March 2021
TDS Receivable and Advance tax paid	167.90	14.04
Total	167.90	14.04

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

12 Deferred tax asset (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Tax effect of items constituting deferred tax liabilities:		
Financial liabilities measured at amortised cost	67.28	17.91
Deferment of upfront EIS and servicing obligation recorded for assignment	61.82	31.71
Interest on non-performing loans	0.12	0.30
Financial assets measured at fair value through profit and loss	-	26.17
Fair value charge of loans through other comprehensive income	1.09	7.08
Others	0.49	-
Deferred tax liabilities (total) - A	130.80	83.17
Tax effect of items constituting deferred tax assets:		
Impairment allowance for loans	498.88	376.46
Provision for employee benefits	32.59	19.75
Difference in written down value as per Companies Act and Income Tax Act	4.79	4.39
Financial assets measured at amortised cost	72.25	41.72
Lease accounting under Ind AS 116	2.70	0.19
Impairment allowance for investments	41.32	43.46
Financial assets measured at fair value through profit and loss	3.28	-
Impairment allowance for other receivables	9.49	4.36
Accumulated losses	23.42	-
Others	0.02	0.68
Deferred tax assets (total) - B	688.74	491.01
Net deferred tax asset (B-A)	557.94	407.84

Note:

Movement in deferred tax assets/liabilities

Particulars	As at 31 March 2021	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2022
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	17.91	49.37	-	67.28
Deferment of upfront EIS and servicing obligation recorded for assignment	31.71	30.11	-	61.82
Interest on non-performing loans	0.30	(0.18)	-	0.12
Financial assets measured at fair value through profit and loss	26.17	(26.17)	-	-
Fair value charge of loans through other comprehensive income	7.08	-	(5.99)	1.09
Others	-	0.49	-	0.49
Total deferred tax liabilities	83.17	53.62	(5.99)	130.80

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

12 Deferred tax asset (net) (Contd..)

Particulars	As at 31 March 2021	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2022
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	376.46	122.42	-	498.88
Provision for employee benefits	19.75	10.96	1.88	32.59
Difference in written down value as per Companies Act and Income Tax Act	4.39	0.40	-	4.79
Impairment allowance for investments	43.46	(2.14)	-	41.32
Lease accounting under Ind AS 116	0.19	2.51	-	2.70
Financial assets measured at amortised cost	41.72	30.53	-	72.25
Financial assets measured at fair value through profit and loss	-	3.28	-	3.28
Impairment allowance for other receivables	4.36	5.13	-	9.49
Accumulated losses	-	23.42	-	23.42
Others	0.68	(0.66)	-	0.02
Total deferred tax assets	491.01	195.85	1.88	688.74
Total deferred tax asset (net)	407.84	142.23	7.87	557.94

Particulars	As at 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2021
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	6.73	11.18	-	17.91
Deferment of upfront EIS and servicing obligation recorded for assignment	1.96	29.75	-	31.71
Interest on non-performing loans	2.99	(2.69)	-	0.30
Financial assets measured at fair value through profit and loss	-	26.17	-	26.17
Fair value charge of loans through other comprehensive income	-	-	7.08	7.08
Others	0.13	(0.13)	-	-
Total deferred tax liabilities	11.81	64.28	7.08	83.17
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	66.44	310.02	-	376.46
Impairment allowance for Investments	-	43.46	-	43.46
Provision for employee benefits	24.74	(4.99)	-	19.75
Difference in written down value as per Companies Act and Income Tax Act	4.11	0.28	-	4.39

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

12 Deferred tax asset (net) (Contd..)

Particulars	As at 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2021
Financial assets measured at amortised cost	19.76	21.96	-	41.72
Financial assets measured at fair value through profit and loss	54.63	(54.63)	-	-
Impairment allowance for other receivables	2.70	1.66	-	4.36
Employee stock option scheme expense	1.13	(1.13)	-	-
Others	0.02	0.85	-	0.87
Total deferred tax assets	173.53	317.48	-	491.01
Total deferred tax asset (net)	161.72	253.20	(7.08)	407.84

13 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Office equipment's	Vehicles	Leasehold Improvement	Electrical equipment	Total
Gross block							
Gross Carrying Value							
Balance as at 31 March 2020	36.71	24.22	14.14	15.26	-	0.46	90.79
Additions during the year	10.04	3.27	5.23	-	0.60	0.59	19.73
Reversal on disposal of assets	(2.80)	-	-	(15.11)	-	-	(17.91)
Balance as at 31 March 2021	43.95	27.49	19.37	0.15	0.60	1.05	92.61
Additions during the year	40.09	15.90	3.85	-	1.33	4.68	65.85
Adjustments/ regrouping							
Reversal on disposal of assets	(0.67)	-	(0.02)	(0.06)	-	(0.18)	(0.93)
As at 31 March 2022	83.37	43.39	23.20	0.09	1.93	5.55	157.53
Accumulated depreciation							
Balance as at 31 March 2020	28.48	12.66	6.86	10.63	-	0.20	58.83
Charge for the year	6.70	3.20	2.93	0.59	0.20	0.06	13.68
Reversal on disposal of assets	(1.41)	-	-	(11.09)	-	-	(12.50)
Balance as at 31 March 2021	33.77	15.86	9.79	0.13	0.20	0.26	60.01
Charge for the year	14.98	5.36	1.82	0.01	0.53	1.33	24.03
Reversal on disposal of assets	(0.60)	-	(0.02)	(0.05)	-	(0.15)	(0.82)
As at 31 March 2022	48.15	21.22	11.59	0.09	0.73	1.44	83.22
Net block							
Balance as at 31 March 2020	8.23	11.56	7.28	4.63	-	0.26	31.96
Balance as at 31 March 2021	10.18	11.63	9.58	0.02	0.40	0.79	32.60
Balance as at 31 March 2022	35.22	22.17	11.61	-	1.20	4.11	74.31

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

14 Other intangible assets#

Particulars	Computer and accessories	Furniture and fixtures	Electrical equipment	Total
Gross block				
Balance as at 31 March 2020	0.13	0.02	6.40	6.55
Additions during the year	-	-	8.60	8.60
Reversal on disposal of assets	-	-	(3.88)	(3.88)
Balance as at 31 March 2021	0.13	0.02	11.12	11.27
Additions during the period	-	-	10.22	10.22
Reversal on disposal of assets	-	-	(0.02)	(0.02)
As at 31 March 2022	0.13	0.02	21.32	21.47
Accumulated depreciation				
Balance as at 31 March 2020	0.02	0.01	5.58	5.61
Charge for the year	0.04	0.01	0.84	0.89
Reversal on disposal of assets	-	-	(3.88)	(3.88)
Balance as at 31 March 2021	0.06	0.02	2.54	2.62
Charge for the period	0.04	-	4.83	4.87
Reversal on disposal of assets	-	-	(0.01)	(0.01)
As at 31 March 2022	0.10	0.02	7.36	7.48
Net block				
Balance as at 31 March 2020	0.11	0.01	0.82	0.94
Balance as at 31 March 2021	0.07	-	8.58	8.65
Balance as at 31 March 2022	0.03	-	13.96	13.99

#Other than internally generated

15 Right of use Asset

Particulars	As at 31 March 2022	As at 31 March 2021
Opening value of right of use assets	16.29	2.54
Addition to lease assets during the year	127.90	17.28
Less: Depreciation charge for the year	(21.24)	(3.53)
Closing value of right of use assets	122.95	16.29

16 Other non-financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good		
Advances to suppliers and others	58.21	10.70
Advances to staff	0.02	1.23
Balance with government authorities	18.74	16.56
Income tax paid under dispute	4.67	4.67
Prepaid expenses	25.32	11.81
Others	0.57	-
Total	107.53	44.97

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

17 Payables

Particulars	As at 31 March 2022	As at 31 March 2021
I. Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4.62	3.03
Total	4.62	3.03
II. Other payables		
i) Dues to micro enterprises and small enterprises	0.70	1.16
ii) Dues to creditors other than micro enterprises and small enterprises	6.24	56.27
Total	6.94	57.43
Total(I+II)	11.56	60.46

18 Debt securities

Particulars	As at 31 March 2022	As at 31 March 2021
Secured (at amortised cost)		
Listed redeemable non-convertible debentures	14,173.17	4,919.07
Unlisted redeemable non-convertible debentures	466.08	494.61
Unsecured (at amortised cost)		
Unlisted redeemable non-convertible debentures	6,550.56	14,270.26
Commercial Papers	727.84	-
Total	21,917.65	19,683.94
Borrowings in India	21,917.65	19,683.94
Borrowings outside India	-	-
Total	21,917.65	19,683.94

(i) Refer note 18.1 for interest rates, repayment terms and nature of security of debt securities.

18.1 Terms of debentures (secured) (at amortised cost)

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
12.40% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 22 June 2017 with Call / Put option with exercise date on 29 June 2021. Redeemable on maturity if option not exercised or communication for roll-over received from lender.	250	250	10,00,000	250.00	250.00
14.50% Rated, Senior, Unsecured, Unlisted, Redeemable, Transferable, Principal Protected Market linked Non-Convertible Debentures dated 10 May 2018	-	2,000	1,00,000	-	200.00
14.50% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	50	50	10,00,000	50.00	50.00
17.00% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	50	50	10,00,000	50.00	50.00

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

18.1 Terms of debentures (secured) (at amortised cost) (Contd..)

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
14.50% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 29 December 2016	15,00,00,000	15,00,00,000	1	150.00	150.00
11.80% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 08 June 2020	150	150	10,00,000	150.00	150.00
11.04% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 01 July 2020	500	500	10,00,000	500.00	500.00
9.90% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 30 September 2020	-	300	9,23,000	-	276.90
10.25% Secured, Rated, Listed, Redeemable non-convertible debentures dated 19 November 2020	500	500	10,00,000	500.00	500.00
9.35% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 15 December 2020	2,500	2,500	23,080	57.70	250.00
10.00% Senior, Secured, Rated, Listed, Redeemable, Transferable, Principal Protected Market Linked Non-Convertible dated 01 February 2021	3,100	3,100	1,00,000	310.00	310.00
9.32% Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Transferable, non-convertible debentures dated 30 March 2021	500	500	9,40,000	470.00	500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. 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 February 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. Maturity date is 28 March 2022. Discount rate is 8.32%	250.00	-	98.23	245.58	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 13 January 2022. Discount rate is 7.75%	210.00	-	97.39	204.53	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 18 March 2022. Discount rate is 7.75%	285.00	-	98.04	277.73	-
Total	745.00	-		727.84	-

19 Borrowings (other than debt securities)

Particulars	As at 31 March 2022	As at 31 March 2021
Borrowings carried at amortised cost		
Term loans		
- From banks:		
Secured	18,133.46	4,723.57
- From financial institutions:		
Secured	5,651.90	6,027.57
- Securitisation liabilities	1,838.39	-
Lease liability	133.91	16.65
Total	25,757.66	10,767.79
Borrowings in India	25,757.66	10,767.79
Borrowings outside India	-	-
Total	25,757.66	10,767.79

* The term loans of subsidiary company are covered by unsecured microfinance JLG loans to the extent of minimum 100%-110% of outstanding. The Company assigns the book debts as per the sanction terms. Further in respect of term loans drawn during quarter 4 of FY 2021-22 aggregating to ₹ 6873.40 million, the Company will assign the book debts in due course as per the sanction terms. The borrowings have not been guaranteed by directors or others.

(i) Refer note 19.1 for interest rates repayment terms and nature of security of borrowings.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

19.1 Details of terms and conditions of Borrowings

Borrowings (other than debt securities)						As at	As at
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	31 March 2022	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 minimum asset cover of 1.2 times. Receivables with DPD of more than 90 days not to be considered for asset cover. UDC for the facility amount.	150.00	-
10	Monthly	18	Jun-21	9.70%	First and exclusive charge on book debts to the extent of 1.2X with PAR (less than 30 Days) to be less than 5% of facility amount.	91.50	-
11	Monthly	18	Nov-21	9.60%	Exclusive hypothecation of present and future loan receivables (net of financial charges, NPA, other charges, etc.). Security margin is 120% for the loan principal outstanding during the currency of loan.	166.67	-
12	Monthly	18	May-21	8.80%	Primary security is current assets both future and present (inclusive of loan receivable). Proportionate charge on current assets at 1.2X times for term loan facility.	88.89	-
13	Monthly	24	Nov-21	9.80%	Exclusive first charge by the way of hypothecation of 110% on book debts. Two SPDC of Rs. 25 Cr each.	393.86	-
14	Monthly	18	Oct-21	8.90%	Exclusive charge by way of hypothecation of book debts arising out of the facility. The hypothecated assets must cover at least 1.25 times of the amount outstanding under the facility. The book debts not to include the amount overdue beyond 30 days.	66.67	-
15	Monthly	21	Sept-21	9.75%	First and exclusive charge on book debts/loan assets to the extent of 120% of the exposure created out of the bank's funding.	133.33	-
16	Monthly	36	Jan-22	8.25%	Exclusive charge by way of hypothecation of specific standard receivables with security cover of 110% of the loan amount during entire tenure of the loan.	458.30	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

19.1 Details of terms and conditions of Borrowings (Contd..)

Borrowings (other than debt securities)						As at	As at
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	31 March 2022	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 minimum asset cover of 1.2 times. Stage 3 assets to be excluded.	300.00	-
22	Monthly	54	Sept-22	8.30%	Exclusive charge over the loan assets (Standard Assets) to be maintained at a minimum of 110% of loan value i.e 10% margin on receivables on a continuous basis during tenor of term loan	250.00	-
23	Monthly	24	Apr-22	9.40%	Exclusive charge on identified Personal loan assets created out of HSBC loan with asset cover of 1.2x and on identified home loan assets with assets cover of 1.05x.	500.00	-
24	Monthly	18	May-22	9.50%	Primary: First and exclusive charge over the standard loan assets / book debts Only standard pool of assets to be hypothecated to JMFPL, any substandard asset shall be replaced by the standard asset on immediate basis. Minimum 1.1 times of the Outstanding Facility Amount	750.00	-
25	Monthly	24	Mar-22	8.70%	Exclusive charge to be created on current assets at 1.1x times of the total loan amount.	287.50	-
26	Monthly	18	Apr-22	9.85%	Exclusive charge on portfolio of 1.1x times	350.00	-
27	Monthly	24 Months after initial moratorium of 6 Months	Aug-22	8.95%	Exclusive Hypothecation charge over specific 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)						As at	As at
SI no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	31 March 2022	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)						As at	As at
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	31 March 2022	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	As at
	31 March 2022	31 March 2021
At amortised cost		
Unsecured term loan		
- Term loan from bank/financial institutions	299.07	298.81
- Debentures	199.56	198.89
	498.63	497.70
Subordinated liabilities in India	498.63	497.70
Subordinated liabilities outside India	-	-
Total	498.63	497.70

- (i) Refer note 20.1 for interest rates repayment terms and nature of security of borrowings.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

20.1 Details of terms and conditions of subordinated liabilities

Subordinated liabilities						As at 31 March 2022	As at 31 March 2021
SI no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security		
1	Principal: Bullet Repayment. Interest: Monthly	84	Feb-18	15.00%	Unsecured	100.00	100.00
2	At the end of tenure / On demand	Upto 2 years	-	12%- 15%	Unsecured	150.00	-
3	At the end of tenure / On demand	More than 6 years	-	12%- 15%	Unsecured	-	150.00
4	At the end of tenure / On demand	Upto 2 years	-	above 15%	Unsecured	100.00	-
5	At the end of tenure / On demand	2 to 4 years	-	above 15%	Unsecured	150.00	-
6	At the end of tenure / On demand	4 to 6 years	-	above 15%	Unsecured	-	50.00
7	At the end of tenure / On demand	More than 6 years	-	above 15%	Unsecured	-	200.00
Total						500.00	500.00

(a) The above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

21 Other financial liabilities *

Particulars	As at 31 March 2022	As at 31 March 2021
Interest accrued on borrowings	586.46	204.19
Payables towards assignment transactions	318.53	80.02
Insurance payables	0.65	0.65
Provision for expenses	900.54	80.93
Payable to employees	13.45	5.28
Payable towards investments settlement **	-	602.55
Other Payables	17.51	11.11
Total	1,837.14	984.73

* Refer note 21.1 for movement in financial liabilities

** Represents investments/ (redemptions) in securities which are pending for settlement as on 31 March 2021 which were subsequently settled on 6 April 2021.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022
(All amounts in ₹ millions unless otherwise stated)

21.1 Reconciliation of liabilities from financing activities

Particulars	Cash flow			Non-cash			As at 31 March 2022	
	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	19,683.94	11,993.81	(3,288.54)	-	-	47.01	(6,518.57)	-
Borrowings (other than debt securities)	10,767.79	93,137.90	(78,318.43)	(17.72)	127.90	60.22	-	-
Subordinated liabilities	497.70	-	-	-	-	0.93	-	-
Total	30,949.43	1,05,131.71	(81,606.97)	(17.72)	127.90	108.16	(6,518.57)	-
								48,173.94

Particulars	Cash flow			Non-cash			As at 31 March 2021	
	As at 31 March 2021	Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation		Consideration received in the form of investments for NCDs issued
Debt securities	26,090.52	5,229.00	(11,509.24)	-	-	(38.35)	-	(87.99)
Borrowings (other than debt securities)	6,216.05	32,976.19	(28,432.96)	(3.91)	17.28	(4.86)	-	-
Subordinated liabilities	496.96	-	-	-	-	0.74	-	-
Total	32,803.53	38,205.19	(39,942.20)	(3.91)	17.28	(42.47)	-	(87.99)
								30,949.43

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

22 Current tax liabilities (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Tax payable	-	36.76
Total	-	36.76

23 Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits	98.84	92.08
Provision for gratuity	45.10	31.63
Provisions for compensated absences	48.68	36.69
Other losses	0.58	0.68
Total	193.20	161.08

24 Other non-financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory dues payable	102.39	37.19
Deferred revenue	41.26	27.79
Advance received from customers	176.12	-
Other payable	0.69	2.61
Total	320.46	67.59

25 Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised share capital		
205,000,000 Equity shares of ₹ 10 each (31 March 2021: 175,000,000 equity shares of ₹ 10 each)	2,050.00	1,750.00
Total authorised capital	2,050.00	1,750.00
Issued, subscribed and fully paid up share capital		
178,573,686 Equity shares of ₹ 10 each (31 March 2021: 165,240,353 equity shares of ₹ 10 each)	1,785.73	1,652.40
Total equity share capital	1,785.73	1,652.40

(i) Rights, preferences and restrictions attached to equity shares:

The holding company has equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The holding company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

25 Equity share capital (Contd..)

(ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Amount	No. of shares	Amount
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year	16,52,40,353	1,652.40	15,13,29,020	1,513.29
Add: Issued during the year	1,33,33,333	133.33	1,33,33,333	133.33
Add: ESOP exercised during the year	-	-	5,78,000	5.78
Less: Buy back of shares	-	-	-	-
Balance at the end of the year	17,85,73,686	1,785.73	16,52,40,353	1,652.40

During the year ended 31 March 2022, the holding company allotted 13,333,333 equity shares ((31 March 2021: 133,33,333 equity shares) of ₹ 10 each at an issue price of ₹ 75 per share including premium of ₹ 65 per share to Navi Technologies Limited (formerly known as Navi Technologies Private Limited) ('the Parent Company).

(iii) Shares held by the holding company

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	% holding	No. of shares	% holding
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	17,85,73,686	100%	16,52,40,353	100%

(iv) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	% holding	No. of shares	% holding
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	17,85,73,686	100%	16,52,40,353	100%

(v) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

Promoter name	No of shares	% of Total Shares	% Change during the period
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	17,85,73,685	100.00%	-

(vi) During the year ended 31 March 2020, the group exercised a buyback of 44,05,281 equity shares of ₹ 10 each including a premium of ₹ 59.54 per share. Also the Company has not allotted shares by way of bonus during 5 years immediately preceding 31 March 2022.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

26 Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Securities premium		
Opening Balance	8,744.91	7,873.04
Add : Securities premium credited on share issue	866.67	882.85
Add : Transfer from ESOP reserve	-	16.80
Less: Premium utilised	-	(27.78)
Closing balance	9,611.58	8,744.91
Reserve fund u/s 45-IC of the Reserve Bank of India Act 1934		
Opening balance	299.82	59.27
Add: Transfer from retained earnings	100.69	240.55
Closing balance	400.51	299.82
Capital Redemption Reserve		
Opening balance	44.05	44.05
Add: Created on buy back of equity shares	-	-
Closing balance	44.05	44.05
Employee stock options outstanding reserve		
Opening balance	-	14.78
Add: Stock option reserve created	-	18.82
Less: Transferred to securities premium	-	(33.60)
Closing balance	-	-
Retained earnings		
Opening balance	991.53	60.42
Add: Transferred from statement of profit and loss	(170.01)	1,202.72
Less: Appropriations/transfers:		
- Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	(100.69)	(240.55)
- Transfer to other comprehensive income (net of deferred tax)	23.42	(21.06)
- Transfer to debenture redemption reserve	-	(10.00)
Closing Balance	744.25	991.53
Other comprehensive income		
Opening balance	18.18	(2.88)
Add: Transfer from retained earnings (net of deferred tax)	(23.42)	21.06
Closing balance	(5.24)	18.18
Debenture redemption reserve		
Opening	10.00	-
Add: Transfer from retained earnings	-	10.00
Closing balance	10.00	10.00
Equity component of compound financial instruments		
Opening Balance	-	1,036.88
Add : Net Interest Paid on CCDs	-	27.78
Less : Closing amount of CCDs converted to equity	-	(1,064.66)
Closing balance	-	-
Total	10,805.15	10,108.49

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

26 Other equity (Contd..)

Notes:

Nature and purpose of reserves:

Securities premium

Securities premium account: The amount received in excess of face value of the equity shares is recognised in Securities Premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

Every year the Group transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

Other comprehensive income

Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses.

Employee stock options outstanding

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to statutory reserve and dividend distributions paid to shareholders.

Capital Redemption Reserve

Capital Redemption Reserve has been created in accordance with Section 69 of the Companies Act, 2013, being the nominal value of the shares brought back by the Company during the year.

27 Interest income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial assets measured at amortised cost		
Interest on loans *	5,412.94	2,670.35
Interest on investments	193.92	854.16
Interest income - others	71.21	35.57
Sub-total	5,678.07	3,560.08
On financial assets measured classified at fair value through profit or loss		
Interest on investments	423.85	292.35
Sub-total	423.85	292.35
On financial assets measured at FVOCI		
Interest on loans	240.85	163.03
Sub-total	240.85	163.03
Total	6,342.77	4,015.46

* Loan origination income of the holding company included in interest income is disclosed net of direct incremental costs of ₹ 140.52 million for the year ended 31 March 2022 (31 March 2021: Nil) associated with origination of the underlying loans.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

28 Fees and commission income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fee received on collections	93.89	36.21
Total	93.89	36.21

29 Net gain on fair value changes

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio:		
Debt securities	790.06	1,245.93
Mutual fund	53.39	177.82
Future trading	358.67	(172.74)
Interest rate swaps	1.47	
(ii) on financial instruments designated at FVTPL:		
Debt securities	-	22.63
Equity instruments	139.55	110.14
(B) Net gain on financial instruments at amortised cost		
Debt securities	-	6.19
Pass through certificate	29.20	19.53
Total	1,372.34	1,409.50
Fair value changes		
- Realised	1,488.17	1,087.71
- Unrealised	(115.83)	321.79
Total	1,372.34	1,409.50

30 Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gain on sale of loan portfolio through assignment	361.40	180.93
Gain on sale of loan portfolio	-	8.89
Total	361.40	189.82

31 Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit on sale of property, plant and equipment	0.08	0.66
Miscellaneous income	28.39	0.71
Total	28.47	1.37

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

32 Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial liabilities measured at amortised cost:		
Interest on borrowings (other than debt securities)	1,258.10	488.50
Interest on debt securities	754.57	232.79
Interest on security deposits	-	0.21
Interest on subordinated liabilities	74.72	78.18
Interest on lease liability	7.08	0.62
Interest on income tax	4.98	9.20
Others	32.17	62.23
Total	2,131.62	871.73

33 Fees and commission expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fee paid to business correspondents	17.89	10.33
Others	5.77	4.02
Total	23.66	14.35

34 Net loss on derecognition of financial instruments under amortised cost category

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Loss on sale of portfolio	1.64	-
Total	1.64	-

35 Impairment on financial instruments

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Portfolio loans written off	1,182.27	288.38
Impairment allowance on portfolio loans	424.53	1,393.85
Impairment allowance on investments	(8.51)	146.30
Impairment loss allowance on other receivable	20.63	7.62
Total	1,618.92	1,836.15

During the year ended 31 March 2022, the Company has sold the digital loan portfolio sourced through business correspondents, which had an impairment allowance of ₹ 4.05 millions as on the date of transfer. The same has been considered for arriving at the net loss on derecognition of financial instruments under amortised cost category in Note no. 34.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

36 Employee benefits expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and wages	1,178.18	641.09
Contribution to provident and other funds	71.17	39.25
Gratuity expense (refer note 43)	19.04	13.81
Compensated absences (refer note 43)	13.18	11.54
Staff welfare expenses	49.39	20.74
Share based payments to employees (refer note 47)	68.01	18.26
Total	1,398.97	744.69

37 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on tangible assets (refer note 13)	24.03	13.68
Amortisation on intangible assets (refer note 14)	4.87	0.89
Amortisation on right of use assets (refer note 15)	21.24	3.53
Total	50.14	18.10

38 Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Advertisement expenses	1,771.94	200.46
Software support charges	412.48	126.40
Traveling and conveyance	165.59	72.22
Customer onboarding and verification	287.47	42.27
Business Support Services	31.38	-
Legal and professional charges	255.48	48.88
Rent and electricity charges	77.92	36.16
Office and general expenses	31.04	14.10
Rates and taxes	9.83	14.95
Printing and stationery	19.08	7.82
Miscellaneous expenses	4.30	0.34
Director's sitting fees	10.79	6.91
Auditors' remuneration *	9.30	3.63
Corporate social responsibility expenses (refer note 39)	11.97	3.17
Membership fee and subscription	5.07	2.69
Insurance	2.86	1.98
Repairs and maintenance - others	19.73	3.99
Meeting and training Expenses	12.01	2.57
Communication costs	18.93	13.33
Total	3,157.17	601.87

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

38 Other expenses (Contd..)

*Auditor's fees and expenses comprises of:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
As Auditor:		
- Audit fees (including fees for limited review)	7.12	2.88
- Tax audit fees	0.49	0.44
- Special purpose audit	0.33	-
- Out of pocket expenses	0.04	0.10
- Out of pocket expenses to previous auditor	0.02	-
In any other manner:		
- Certification	1.30	0.21

39 Corporate social responsibility expenses

(a) Gross amount required to be spent by the Group during the year ended 31 March 2022 is ₹ 11.97 millions

(b) Amount approved by the Board to be spent during the period is ₹ 11.97 millions.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
c) Amount spent		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above		
In cash	8.31	7.02
Yet to be paid	-	-
d) excess amount to be spent :		
Opening balance	3.85	-
Amount spent during the year	8.31	7.02
Amount required to be spent during the year	11.97	3.17
Amount utilised towards CSR obligation for the year ended 31 March 2022	12.16	-
Closing balance	0.19	3.85

40 Tax expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax	105.57	637.01
Deferred tax	(142.23)	(253.20)
Total	(36.66)	383.81

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

40 Tax expense (Contd..)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax (III - IV)	(183.25)	1,565.47
Income tax rate	25.17%	25.17%
Estimated income tax expense	(46.12)	394.00
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Adjustment for tax pertaining to prior years	9.40	(6.50)
Tax impact of expenses which are non-deductible	4.27	2.40
Tax impact of deductions which are allowed under the Income Tax act, 1961	(21.17)	(11.88)
Others	16.96	5.79
Total income tax expense	(36.66)	383.81

41 Other comprehensive income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Items that will not be reclassified to profit and loss		
Actuarial gain/loss reclassified from gratuity expense to OCI	(7.76)	2.03
Actuarial gain/loss reclassified from Leave Encashment expense to OCI	0.27	(2.01)
	(7.49)	0.02
Income tax relating to above	1.88	-
Items that will be reclassified to profit and loss		
Net change in fair value of loans measured at fair value through other comprehensive income	(23.80)	28.12
Income tax relating to items that will be reclassified to profit or loss	5.99	(7.08)
Total	(23.42)	21.06

42 Earnings per share (basic and diluted)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net (loss)/profit for the year	(146.59)	1,181.66
Weighted-average number of equity shares for basic EPS (in millions)	169.70	152.21
Weighted-average number of potential equity shares for diluted EPS (in millions)	169.70	152.21
Par value per share	10.00	10.00
Earnings per equity share - Basic	(0.86)	7.76
Earnings per equity share - Diluted	(0.86)	7.76

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan

Defined contribution plan

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Group has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The Group makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹ 65.92 millions (31 March 2021: ₹ 37.72 millions) for Provident Fund contributions and ₹ 5.25 millions (31 March 2021: ₹ 1.53 millions) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the Schemes.

Employee benefit obligations:

Balance recognised in the balance sheet is as under:

Particulars	As at 31 March 2022	As at 31 March 2021
Gratuity	45.10	31.63

Expense recognised in Statement of Profit and Loss is as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	16.18	9.69
Interest cost (net)	1.97	1.65
Transfer from Group entities	0.89	2.47

Expense recognised through other comprehensive income is as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gratuity	0.24	(5.47)

Disclosure for gratuity

Description	For the year ended 31 March 2022	For the year ended 31 March 2021
Components of net gratuity cost charged to Statement of profit and loss		
Current service cost	16.18	9.69
Interest expense	1.97	1.65
Transfer from Group entities	0.89	2.47
Benefits paid	(4.92)	(2.61)
Actuarial gains	-	-
Total (A)	14.12	11.20
Components of remeasurement gains/losses in other comprehensive income		
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	(1.03)	(0.78)
Experience adjustments	1.27	(4.69)
Total (B)	0.24	(5.47)
Total (A+B)	14.36	5.73

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan (Contd..)

Changes in the present value of the defined benefit obligation are as follows:	For the year ended 31 March 2022	For the year ended 31 March 2021
Present value of defined benefit obligation at the beginning of the year	31.63	25.90
Current service cost	16.89	9.69
Interest cost	1.97	1.65
Past service cost	-	-
Transfer out	(0.71)	2.47
Benefits paid	(4.92)	(2.61)
Actuarial (gain)/ loss	0.24	(5.47)
Defined benefit obligation at the end of the year	45.10	31.63
Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Employer direct benefits payments	3.34	2.49
Benefits paid	(3.34)	(2.49)
Benefits paid from the fund	-	-
Return on plan assets excluding interest income	-	-
Fair value of plan assets end of the year	-	-

Reconciliation of present value of defined benefit obligation and the fair value of assets:

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of funded obligation as at the end of the year	45.10	31.63
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	(45.10)	(31.63)

Actuarial (gain)/loss recognised in other comprehensive income:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Actuarial loss/ (gain) on assets		
Actuarial (gain) / loss on liabilities:		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	(1.03)	(5.21)
Actuarial loss from experience adjustment	1.27	(0.26)
Total Actuarial (gain) / loss on liabilities	0.24	(5.47)
Total actuarial (gain)/loss	0.24	(5.47)

Principal assumptions used in determining gratuity liability are shown below:	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

- Adverse salary growth
- Variability in mortality rates
- Variability in withdrawal rates

4. Market risk

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

5. Legislative/Regulatory risk

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

6. Liquidity risk

The Company is making provisions for the entire gratuity liability as per actuarial valuation and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore, there is a liquidity risk involved that they may run out of cash.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

44 Related parties disclosures

(a) Names of related parties

Nature of relationship	Name of the related party
Holding Company	Navi Technologies Limited (formerly known as Navi Technologies Private Limited) (NTL)
Subsidiary Company	Chaitanya India Fin Credit Private Limited
Entities in which Directors are able to exercise control or have significant influence	Navi General Insurance Limited Navi AMC Limited Flipkart Online Services Private Limited
Name of key managerial personnel	Designation
Mr. Sachin Bansal	Executive Chairman and Chief Executive Officer (appointed w.e.f 11 February 2022)
Mr. Ankit Agarwal	Managing Director (appointed 11 w.e.f February 2022)
Mr. Samit S Shetty	Non- Executive Director (resigned w.e.f 30 August 2021)
Ms. Riya Bhattacharya	CEO (resigned w.e.f. 11 February 2022)
Mr. Divyesh Jain	CFO (appointed w.e.f 12 November 2021)
Mr. L N Gurumoorthy	CFO (resigned w.e.f 12 November 2021)
Mr. Puneet Bhatia	Company Secretary (w.e.f 30 March 2022)
Ms. Dimple J Shah	Company Secretary (resigned w.e.f 7 January 2022)
Name of Directors	Designation
Usha A Narayanan	Independent Director
Arindam Haraprasad Ghosh	Independent Director
Ranganathan Sridharan	Independent Director

(b) Transactions with related parties

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
Navi Technologies Limited	Redemption of non-convertible debentures	7,520.00	10,716.14
(formerly known as Navi Technologies Private Limited)	Face value of equity shares allotted	133.33	133.33
	Securities premium received	866.67	866.67
	Reimbursement of expenditure incurred from related party	3.40	7.77
	Loan sourcing fee	607.04	-
	Payment of LPF collected on behalf of group company	-	84.20
	Software support charges	406.17	120.05
	Outsourcing services fees	31.38	-
	Platform management fee	-	0.38
	Digital marketing expense	-	16.90
	Professional fees	-	2.47
	Sale of property, plant and equipments	-	1.40

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

44 Related parties disclosures (Contd.)

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
	Sale of investment in debenture	996.94	-
	Advertisement expenses cross charge to NTL	99.81	-
	Purchase of debentures	-	999.09
	Lease rental	21.36	1.18
	Maintenance charges	1.03	-
	Insurance cross charge by NTPL	0.90	-
	Security deposit to be paid	17.40	-
	Employee cost (net) cross charged to NTL for transferred employees	34.49	-
	Share based payments to employees	57.54	5.30
	Others	-	0.48
Navi General Insurance Limited	Advance money paid for customer insurance policies	44.54	5.60
	Premium for issuance of customer insurance policies	43.93	5.28
	Employee cost cross charged to Navi GI for transferred employees	4.31	-
	Advertisement expenses cross charged to Navi GI	21.29	-
	Payment for employee medical insurance	0.36	3.78
	Refund of Balance towards Payment for Employee Medical Insurance	(0.19)	-
Navi AMC Limited	Advertisement expenses cross charged to Navi AMC	14.46	-
Navi Mutual Fund Limited	Purchase of Mutual funds	1,179.96	-
	Sale of Mutual funds	1,021.64	-
Mr. Samit Shankar Shetty	Sitting fee/Remuneration	0.70	1.81
	Provident fund and others	-	6.39
Ms. Riya Bhattacharya	Remuneration	15.40	1.60
Mr.Divyesh Jain	Remuneration	4.04	-
Mr.L N Gurumoorthy	Remuneration	7.05	0.25
Mr.Puneet Bhatia	Remuneration	0.23	-
Ms. Dimple J Shah	Remuneration and incentives	1.21	0.42
Mr. K Subramanyam Ravi	Sitting fees	-	1.22
Mr. R Sridharan	Sitting fees	5.12	2.42
Mr. Rachamadugu Nandakumar	Sitting fees	-	1.18
Ms. Usha A Narayanan	Sitting fees	4.50	1.84

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

44 Related parties disclosures (Contd..)

(c) Outstanding balances with related parties in ordinary course of business:

Name of related party	Nature of balance	As at 31 March 2022	As at 31 March 2021
Navi Technologies Limited	Outstanding (payable)/ receivable	(610.24)	(36.24)
(formerly known as Navi Technologies Private Limited)	Non-convertible debentures	(6,500.56)	(14,020.56)
	Provision for employee benefits (ESOP expense)	(24.46)	(7.86)
Navi General Insurance Limited	CD Balance	1.41	0.00
	Outstanding receivable	1.58	0.61
Navi Mutual Fund Limited	Mutual fund holdings	285.00	0.00

45 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	5,709.55	-	5,709.55	1,667.98	-	1,667.98
Bank balances other than cash and cash equivalents	1,113.95	243.63	1,357.58	671.37	137.39	808.76
Trade receivables	-	-	-	0.49	-	0.49
Loans*	29,938.41	20,075.68	50,014.09	11,381.16	5,231.75	16,612.91
Investment	3,529.61	110.15	3,639.76	23,081.59	1,116.53	24,198.12
Other financial assets	1,267.35	80.28	1,347.63	168.52	25.82	194.34
Non-financial assets						
Current tax assets (net)	6.36	161.54	167.90	14.04	-	14.04
Deferred tax asset (net)	-	557.94	557.94	-	407.84	407.84
Property, plant and equipment	2.29	72.02	74.31	-	32.60	32.60
Other intangible assets	-	13.99	13.99	-	8.65	8.65
Goodwill	-	13.95	13.95	-	13.95	13.95
Right to use asset	0.20	122.75	122.95	-	16.29	16.29
Other non-financial assets	102.84	4.69	107.53	36.98	7.99	44.97
Total	41,670.56	21,456.62	63,127.18	37,022.13	6,998.81	44,020.94
Liabilities						
Financial liabilities						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4.62	-	4.62	3.03	-	3.03

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

45 Maturity analysis of assets and liabilities (Contd..)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Other payables				-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	0.70	-	0.70	1.16	-	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6.24	-	6.24	56.27	-	56.27
Borrowings	26,366.77	21,807.17	48,173.94	22,092.84	8,856.59	30,949.43
Other financial liabilities	1,837.14	-	1,837.14	979.72	5.01	984.73
Non financial liabilities						
Current tax liabilities (net)	-	-	-	36.76	-	36.76
Provisions	93.76	99.44	193.20	82.42	78.66	161.08
Other non financial liabilities	314.24	6.22	320.46	63.92	3.67	67.59
Total	28,623.47	21,912.83	50,536.30	23,316.12	8,943.93	32,260.05
Net	13,047.09	(456.21)	12,590.88	13,706.01	(1,945.12)	11,760.89

46 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
a. In respect of Income tax demands where the Company has filed appeal before the relevant authority.	70.61	24.07
b. In respect of GST where the Company has filed submission to Assistant Commissioner (State Tax-Karnataka)	-	3.06
Total	70.61	27.13

- i) Future cash outflows in respect of (a) and (b) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(B) Commitments not provided for

Particulars	As at 31 March 2022	As at 31 March 2021
Housing Loans sanctioned pending disbursement	122.60	-

Particulars	As at 31 March 2022	As at 31 March 2021
a. Estimated amount of contracts remaining to be executed on capital account, net of advances	1.13	-
b. For purchase / development of computer software	-	-
Total	1.13	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

46 Contingent liabilities, commitments and leasing arrangements (Contd..)

(C) Usage of funds borrowed from Banks and Financial Institutions

The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

(D) Lease disclosures

Adoption of Indian Accounting standard - 116 "Leases"

The Group has adopted Ind AS 116, Leases effective 01 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules 2019, using modified retrospective approach from 01 April 2018 and charged depreciation on a straight line method basis on the right of use asset created on the transition date.

Carrying value of lease liability at the end of the reporting period.

Particulars	As at 31 March 2022	As at 31 March 2021
Opening lease liabilities	16.65	2.89
Addition to lease liabilities during the period/year	127.90	17.28
Interest expense on lease liabilities	7.08	0.39
Cash outflow for leases	(17.72)	(3.91)
Closing lease liabilities	133.91	16.65

Particulars	As at 31 March 2022	As at 31 March 2021
Opening value of right of use assets	16.29	2.54
Addition to lease assets during the year	127.90	17.28
Less: Depreciation charge for the year	(21.24)	(3.53)
Closing right to use assets	122.95	16.29

Amounts recognised in statement of profit or loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation charge on right of use assets	21.24	3.53
Interest on lease liabilities	7.08	0.39
Total	28.32	3.92

Amounts recognised in the statement of cash flows

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Amortisation on right of use assets	21.24	3.53
Interest paid on lease liabilities	7.08	0.62
Payment towards lease liabilities	(17.72)	(3.91)
Total	10.60	0.24

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

46 Contingent liabilities, commitments and leasing arrangements (Contd..)

Maturity analysis of lease liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Within one year	30.03	4.03
After one year but not more than five years	103.88	12.62
More than five years	-	-
Total	133.91	16.65

Particulars	As at 31 March 2022	As at 31 March 2021
Holding		
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	10	4
Range of remaining term	21-58 Months	33-44 Months
Average remaining lease term	34	36
Subsidiary		
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	3	7
Range of remaining term	5 month to 20 months	5 month to 32 months
Average remaining lease term	11	15
Restrictions or covenants imposed by leases	None	None
Sale and leaseback transactions	None	None

(E) Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers and reconciliation to statement of profit and loss account:

Particulars	As at 31 March 2022	As at 31 March 2021
Type of service		
Income from business correspondent operations	-	20.79
Total	-	20.79
Geographical markets		
India	-	20.79
Outside India	-	-
Total	-	20.79
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	-	20.79
Total	-	20.79

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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.

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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.

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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).

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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

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48 Fair value measurement (Contd..)

48.3 Valuation methodologies of financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

The fair value of investments are estimated using a cash flow model based on contractual cash flows using actual maturities.

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and liabilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

49 Risk management

Risk is an integral part of the Group's business and sound risk management is critical for the success. On account of its business activities, the Group is exposed to various financial risks associated with financial products such as credit or default risk, market risk, interest rate risk, liquidity risk and inflationary risk. However, the Group has a robust financial risk management system in place to identify, evaluate, manage and mitigate various risks associated with its financial products to ensure that desired financial objectives are met. The Group's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Group, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess risk management performance. Any change in Group's risk management objectives and policies needs prior approval of its Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, Field credit assessment, diversification of asset base, Group guarantee (joint liability Group loans), borrower indebtedness limits, diversification of asset base, credit limits and collaterals taken for assets, wherever applicable.
Liquidity risk	Financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required).
Market risk - interest rate	Investments, borrowings, debt securities and subordinated liabilities carrying variable interest rates	Sensitivity analysis	Review of fair valuation of investments and review of cost of funds and pricing of disbursements.

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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)

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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.

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49 Risk management (Contd..)

Loans - Borrower risk categorization is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. The Group regularly monitors borrower repayments and borrowers are accordingly categorized in low risk and high risk.

The performance indicators are continuously generated through monitoring alerts in the loan origination flow and post disbursement flow to highlight areas requiring attention and action. Monitoring includes diagnostic studies of problem areas in collections performance and proactively taking actions.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud
- Credit monitoring -
- Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans staging more than 90 Days past due);
- Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
- Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

49.1.4 Risk mitigation

Risk Mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.

Investments

With respect to investments, the Group maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities.

Loans

The following risk mitigation measures have been suggested at each stage of loan life cycle:

- Loan origination - profile/income selection, document verification process, KYC checks, creditworthiness checks based on CIBIL, fraud database checks, device data, regular updates to loan origination application based on security gaps and technical glitches identified etc.
- Loan underwriting - Risk rating, credit assessment, independent assessment of legal validity and value of property by experts etc.
- Loan pre and post disbursement - disbursement in the bank account only, loan utilisation checks
- Loan collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework
- Appropriate policy-driven loan origination and collection process.

It is the Group's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Group is exposed to that they decide to take on. Continuous training and development emphasizes that employees are made aware of the Group's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Group's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

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49 Risk management (Contd..)

49.1.5 Impairment assessment

Investments

The Group has commenced the treasury operations in investments in the year ended 31 March 2020. The Group has assessed the impairment allowance on the basis of $EAD \times PD \times LGD$. The default rates for these investments are considered as reported by external credit rating agencies. Exposure at default (EAD) is the carrying value of the investments (net of credit enhancement).

Loans

The Group is also engaged in the business of providing loans and access to credit to the customers and joint liability group (JLG). The tenure of which is ranging from 3 month to 36 months for its personal loan product, 5 years to 25 years for its housing loan product and 12 months to 24 months for joint liability group (JLG).

The Group's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies Note 4.8.1 (Overview of the Expected Credit Loss).

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments except in case of Investments where above 60 days past due is considered as credit impaired.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikelihood 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.

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49 Risk management (Contd..)

Forward looking approach

ECL is based on history of financial asset and also includes forward-looking statement. Ind-AS does not mandate to forecast about the future conditions over the entire expected life of a financial asset, and ensures to extrapolate projections from available, detailed information. These include : -

- Internal historical credit loss experience
- Industry trend of credit loss of homogeneous assets
- Historical credit loss experience of other similar assets to homogeneous set of customers
- Changes in underwriting capacity, collection efficiency, and management strength
- Macroeconomic factors such as interest rates, industry policies, GDP growth, inflation, etc.
- Regulatory factors such as systemic risk events, policy changes, and statutory guidelines
- Systemic events such as COVID-19 pandemic, demonetization, Andhra Pradesh crisis, etc and special situations such as floods, cyclone, earthquake, etc.

Measurement of ECL

Expected Credit Loss or ECL is measured in the following manner. The Group calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

$$\text{ECL} = \text{PD} * \text{LGD} * \text{EAD}$$

Each item is defined as follows: -

ECL - Expected credit loss

Present value of difference between contractual cash flows and actual cash flows expected to be received over a given time horizon

PD - Probability of default

The Probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

LGD - Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the 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

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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.

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49 Risk management (Contd..)

Reconciliation of ECL balance on loans is given below:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	730.41	263.97	639.69	1,634.07	207.90	7.05	59.95	274.90
New assets originated	1,323.66	124.72	122.87	1,571.25	694.36	191.42	247.53	1,133.31
Movement between stages	-	-	-	-	-	-	-	-
Transfers to Stage 1	(56.68)	22.88	33.80	-	(20.78)	8.34	12.44	-
Transfers to Stage 2	5.71	(35.93)	30.22	-	0.35	(3.37)	3.02	-
Transfers to Stage 3	1.98	1.28	(3.26)	-	0.02	0.03	(0.05)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(616.94)	(162.50)	(371.33)	(1,150.77)	(151.44)	60.50	316.80	225.86
Impairment allowance - closing balance	1,388.14	214.42	451.99	2,054.55	730.41	263.97	639.69	1,634.07

Note - New assets originated is presented net of collections made.

(b) Investments

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing	-	-	-	-	-	-	-	-
Standard grade- DPD 0 to 30	238.03	-	-	238.03	2,113.19	-	-	2,113.19
Standard grade- DPD 31 to 60	-	-	-	-	-	-	-	-
Non-performing	-	-	-	-	-	-	-	-
Standard grade- DPD >61	-	-	164.15	164.15	-	-	227.44	227.44
	238.03	-	164.15	402.18	2,113.19	-	227.44	2,340.63

Note: Includes only Investments in unquoted bonds and debentures and pass through certificates.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to investments is, as follows:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	2,113.19	-	227.44	2,340.63	13,374.47	-	-	13,374.47
New assets originated *	-	-	-	-	50.00	-	-	50.00
Movement between stages	-	-	-	-	-	-	-	-
Transferring from Stage 1	-	-	-	-	(299.99)	-	299.99	-
Transferring from Stage 2	-	-	-	-	-	-	-	-
Transferring from Stage 3	-	-	-	-	-	-	-	-
Assets repaid, derecognized and written off	(1,875.16)	-	(63.29)	(1,938.45)	(11,011.29)	-	(72.55)	(11,083.84)
Gross carrying amount-closing balance	238.03	-	164.15	402.18	2,113.19	-	227.44	2,340.63

Note: New assets originated is presented net of repayments made.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Reconciliation of ECL balance on investments is given below:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	2.11	-	170.58	172.69	26.40	-	-	26.40
New assets originated	-	-	-	-	1.74	-	-	1.74
Movement between stages	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	(0.39)	-	0.39	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(2.08)	-	(6.43)	(8.51)	(25.64)	-	170.19	144.55
Impairment allowance - closing balance	0.03	-	164.15	164.18	2.11	-	170.58	172.69

Note: New assets originated is presented net of repayments made.

49.2 Liquidity risk and funding management

In assessing the Group's liquidity position, consideration shall be given to: (a) present and anticipated asset quality (b) present and future earnings capacity (c) historical funding requirements (d) current liquidity position (e) anticipated future funding needs, and (f) sources of funds. The Group maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities. The Group is currently having a mix of both short-term and long-term investments. The Group maintains a portfolio of other marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Group also enters into direct assignment transactions of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Group's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. Net liquid assets consist of cash, short-term bank deposits and investments in mutual funds and other investments in securities which are categorised as "held for sale" and are available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

49.2.1. Analysis of financial assets and liabilities by remaining contractual maturities

The tables below analyse the Group's financial assets and liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual cash flows:

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Maturity pattern of assets and liabilities as on 31 March 2022:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	5,709.55	-	-	-	5,709.55
Bank balance other than cash and cash equivalents	1,113.95	152.81	90.82	-	1,357.58
Loans	29,938.41	16,321.67	1,253.25	2,500.76	50,014.09
Investments	3,529.61	110.15	-	0.00	3,639.76
Other financial assets	1,267.35	44.19	31.02	5.07	1,347.63
Total financial assets	41,558.87	16,628.82	1,375.09	2,505.83	62,068.61
Financial liabilities					
Trade payables	4.62	-	-	-	4.62
Other Payables	6.94	-	-	-	6.94
Borrowings(includes debt securities and subordinated liabilities)	26,366.77	21,259.30	547.87	-	48,173.94
Other financial liabilities	1,837.14	-	-	-	1,837.14
Total financial liabilities	28,215.47	21,259.30	547.87	-	50,022.64
Net undiscounted financial assets/(liabilities)	13,343.40	(4,630.48)	827.22	2,505.83	12,045.97

Maturity pattern of assets and liabilities as on 31 March 2021:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	1,667.98	-	-	-	1,667.98
Bank balance other than cash and cash equivalents	671.37	122.37	15.02	-	808.76
Trade receivables	0.49	-	-	-	0.49
Loans	11,381.16	5,072.82	131.81	27.12	16,612.91
Investments	23,081.59	832.13	283.18	1.22	24,198.12
Other financial assets	168.52	25.82	-	-	194.34
Total financial assets	36,971.11	6,053.14	430.01	28.34	43,482.60
Financial liabilities					
Trade payables	3.03	-	-	-	3.03
Other Payables	57.43	-	-	-	57.43
Borrowings(includes debt securities and subordinated liabilities)	22,092.84	8,024.60	831.99	-	30,949.43
Other financial liabilities	979.72	5.01	-	-	984.73
Total financial liabilities	23,133.02	8,029.61	831.99	-	31,994.62
Net undiscounted financial assets/(liabilities)	13,838.09	(1,976.47)	(401.98)	28.34	11,487.98

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

49.3 Systemic Risk

Systemic risk refers to the risk of a breakdown of an entire system rather than simply the failure of individual parts. In a financial context, it denotes the risk of a cascading failure in the financial sector, caused by linkages within the financial system, resulting in a severe economic downturn.

The outbreak of the COVID-19, a systemic risk and global pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. India experienced a "second wave" of the COVID-19 pandemic in April-May 2021 following the discovery of mutant coronavirus variants, leading to the re-imposition of regional lockdowns. These were gradually lifted as the second wave subsided resulting in a gradual increase in economic activity. The world is now experiencing another outbreak of COVID-19 pandemic on account of new coronavirus variant and as a precautionary measure India has started to reimpose localised / regional restrictions. The impact of COVID-19 on Group result remain uncertain and will dependent on future developments, which are highly uncertain at this point in time.

The Group is continuously assessing the potential impact of the COVID-19 on it's operations. During such an uncertain period the focus of the management is to be financially well capitalised and maintain adequate liquidity to service its obligations, sustain its operations and also look at any appropriate investment/lending opportunities.

49.4 Market risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. It is a form of systematic risk associated with the day-to-day fluctuation in the market prices of shares and securities and such market risk affects all securities and investors in the same manner. These daily price fluctuations follows its own broad trends and cycles and are more news and transaction driven rather than fundamentals and many a times, it may affect the returns from an investment. Market risks majorly comprises of two types - interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risks include borrowings and investments.

49.5 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is a type of systematic risk that particularly affects fixed rate debt instruments like bonds and debentures. The value of the fixed-rate debt instruments generally decline due to rise in interest rates and vice versa. The rationale is that a bond is a promise of a future stream of payments; an investor will offer less for a bond that pays-out at a rate lower than the rates offered in the current market. A rising interest rate scenario also affects the Group's interest expenditure on borrowed funds.

The Asset Liability Committee shall manage its rate sensitivity position to ensure the long run earning power of the Group. In addressing this challenge, the ratios of rate sensitive assets (RSA) to rate sensitive liabilities (RSL) and gap (RSA minus RSL) to equity, as well as gap to total assets will be reviewed based on 30, 60, 90, 180, and 365-day, 1-2 year, and greater than 2 year definitions. More importantly, however, special emphasis is to be placed on the change in net interest income that will result from possible fluctuations in interest rates, changing account volumes, and time. The Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Group monitors the interest rate scenarios on a regular basis and accordingly takes investments decisions as whether to invest in fixed rate debt instruments, shares and securities at a particular point of time.

Management of interest margin

The spread or interest margin, otherwise known as "Gap", is the difference between the return on assets and the expenses paid on liabilities. Assets are classified as Rate Sensitive Assets and fixed Rate Assets. Liabilities are classified as Rate Sensitive Liabilities and fixed Rate Liabilities. An asset or liability is identified as sensitive if cash flows from the asset or liability change in the same direction and general magnitude as the change in short-term rates. The cash flows of insensitive (or non-sensitive) assets or liabilities do not change within the relevant time period.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held as at the Balance Sheet date.

The Group has Board approved Interest rate policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The Group's investments in debt instruments and pass through certificates are all fixed interest bearing instruments. Refer the price sensitivity analysis given below.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact of rate change in borrowings, as follows:

Particulars	Effect on Statement of Profit and loss For the year ended 31 March 2022	Effect on Statement of Profit and loss For the year ended 31 March 2021
0.50% increase	240.87	154.75
0.50% decrease	(240.87)	(154.75)

49.6 Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds etc. The Group is exposed to price risk arising mainly from investments carried at fair value through profit and loss which are valued using quoted prices in active markets (level 1 investments). A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

Particulars	As at 31 March 2022	As at 31 March 2021
Investments carried at FVTPL valued using quoted prices in active market	2,910.10	19,410.52

Particulars	Effect on Statement of profit and loss for the year ended 31 March 2022	Effect on Statement of profit and loss for the year ended 31 March 2021
1% increase	29.10	194.11
1% decrease	(29.10)	(194.11)

49.7 Prepayment risk

Prepayment risk is the risk that the group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall.

49.8 Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access management, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

50 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. The Group is in single business segment (primary segment) of giving loans and making investments. The entire revenues are billable within India and there is only one geographical segment (secondary segment).

51 Credit rating

The Group has obtained credit ratings from the following credit rating agencies during the year ended 31 March 2022.

Holding Company

Particulars	Credit rating agency	As at 31 March 2022	As at 31 March 2021
Bank facilities	CRISIL	CRISIL A-/Stable	CRISIL A-/Stable
Non-convertible debentures	India Ratings	IND A/Stable	IND A/Stable
Principal protected market linked debentures	India Ratings	IND PP-MLD A emr/ Stable	IND PP-MLD A emr/ Stable
Commercial papers	India Ratings	IND A1	-

Subsidiary Company

Particulars	Credit rating agency	As at 31 March 2022	As at 31 March 2021
Bank facilities	ICRA	A (-) Stable	A (-) Stable
Bank facilities	CRISIL	A (-) Stable	A (-) Stable
Bank facilities	Acuite	NA	NA
Bank facilities	BWR	NA	NA
Non-Convertible, Redeemable, Cumulative preference shares	BWR	NA	NA
Non Convertible debentures	ICRA	A (-) Stable	A (-) Stable
Non Convertible debentures	India Ratings	A Stable	NA
Non Convertible debentures	CRISIL	A (-) Stable	A (-) Stable
Principal protected market linked debentures	India Ratings	IND PP-MLD Aemr/ Stable	NA
Sub-Ordinated debt	ICRA	A (-) Stable	A (-) Stable
Commercial papers	India Ratings	A1	NA
Commercial papers	ICRA	A1	A1

52 Capital

The Group maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Group.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Group ensures to maintain a healthy CRAR at all the times.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

52 Capital (Contd.)

Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years.

Holding Company

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR (%)	30.73%	38.04%
CRAR – Tier I capital (%)	29.73%	36.56%
CRAR – Tier II capital (%)	1.00%	1.48%

Subsidiary Company

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR (%)	17.38%	26.39%
CRAR – Tier I capital (%)	15.87%	24.46%
CRAR – Tier II capital (%)	1.52%	1.92%

53 Expenditure in foreign currency

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Advertisement expenses	6.98	2.31

54 Trade receivables aging schedule

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Receivable from related parties	-	-	-	-	-

As at 31 March 2021

Particulars	Outstanding for following periods from due date				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Receivable from related parties	0.49	-	-	-	0.49

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

55 Trade payables aging schedule

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	0.70	-	-	-	0.70
Others	10.72	-	0.14	-	10.86

As at 31 March 2021

Particulars	Outstanding for following periods from due date				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1.16	-	-	-	1.16
Others	59.16	0.14	-	-	59.30

56 Additional Regulatory Information

56.1 There is no such immovable property whose title deeds are not held in the name of the Group.

56.2 There are no investment properties as on 31 March, 2022.

56.3 The Group has not revalued its Property, Plant and Equipment (including Right-of Use Assets) based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

56.4 The Group has not revalued its Intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

56.5 There are no loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

- (a) repayable on demand or
- (b) without specifying any terms or period of repayment

56.6 No proceeding has been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

56.7 The Group has not been declared wilful defaulter by any bank or financial Institution or other lender.

56.8 The Group has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956:

56.9 The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

56.10 No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

56 Additional Regulatory Information (Contd..)

56.11 Utilisation of Borrowed funds and share premium

- (a) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:-
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
- (b) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall :-
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

56.12 There are no such transaction or undisclosed income that need to be disclosed in accordance with this provision of Companies Act, 2013

56.13 The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

56.14 The Group has filed quarterly statements of current assets with banks and financial institutions and the same are in agreement with the books of accounts.

56.15 The Group has filed all the registration of charges with ROC within the statutory period.

57 Previous year figures have been regrouped/ reclassified wherever applicable.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022
(All amounts in ₹ millions unless otherwise stated)

58 Disclosure of additional information pertaining to the Parent Company, and its subsidiary per Schedule III of Companies Act, 2013

Name of the entity in the Group	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 Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/500013
For and on behalf of the Board of Directors of
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 21 May 2022

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: Sweden
Date: 21 May 2022

Divyesh Jain
Chief Financial Officer

Place: Srinagar
Date: 21 May 2022

Puneet Bhatia
Company Secretary
Membership No:- A55096

Place: Bengaluru
Date: 21 May 2022

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.	<p>We included auditor's experts as part of our audit team to perform audit procedures which included, but were not limited to the following:</p> <ul style="list-style-type: none"> • 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
<p>Modifications to IT environment</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> • 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 authentication 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: <ul style="list-style-type: none"> 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 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 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
<p>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:</p> <ul style="list-style-type: none"> • 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. <p>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:</p> <ul style="list-style-type: none"> • determining the criteria for SICR • factoring in future macro-economic assumptions • techniques used to determine probability of default and loss given default. <p>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.</p> <p>Implementation of COVID-19 related measures</p> <p>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.</p> <p>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.</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures:</p> <ul style="list-style-type: none"> • 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

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.

How our audit addressed the key audit matter

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.

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

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

Place: Mumbai

Date: 24 June 2021

Manish Gujral

Partner

Membership No.: 105117

UDIN: 21105117AAAAE9774

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 Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Development Services Private Limited)

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation

Manish Gujral
Partner
Membership No. 105117
Mumbai
24 June 2021

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			
Basic (₹)	40	6.41	1.49
Diluted (₹)		6.41	1.48

Statement of significant accounting policies and other explanatory notes form an integral part of these financial statements

This is the Statement of Profit and Loss as referred to in our report of even dateFor **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013
Development Services Private Limited)

For and on behalf of the Board of Directors of

Navi Finserv Private Limited

(formerly known as Chaitanya Rural Intermediation

Manish Gujral

Partner

Membership No. 105117

Mumbai

24 June 2021

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

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 financial 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

Development Services Private Limited)

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24 June 2021

Riya Bhattacharya

Chief Executive Officer

Bengaluru

24 June 2021

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 dateFor **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013
Development Services 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 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) 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

- As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- By considering all the contractual terms of the financial instrument in estimating the cash flows.
- Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

ii. Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

iii. Recoveries against written off assets and fees received on collections

The Company recognises 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

- As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- By considering all the contractual terms of the financial instrument in estimating the cash flows.
- Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Borrowing cost consists of interest and other cost that the Company incurred in connection with the borrowing of funds. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

4.4. Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically

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
Vehicle - Motor car	8 years
UPS	10

Depreciation is calculated on a pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed off.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognized.

4.5. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset

ready for its intended use and net of any trade discounts and rebates.

Any gain or loss on disposal of an item of intangible assets is recognised in statement of profit or loss.

Amortization For amortization of intangibles, the amortization amount is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 3 years.

4.6. Fair value measurement

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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:

- 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

Notes forming part of the Financial Statements

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.

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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

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	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 (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	-	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	As at
	31 March 2021	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	As at
	31 March 2021	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
Deferment 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 equipments	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 equipments	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

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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.

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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					As at 31 March 2021	As at 31 March 2020	
Sl no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security		
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)							As at 31 March 2021	As at 31 March 2020
SI no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security			
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, Units of Mutual Fund, Marketable Securities	-	11,500.00	
14	Semi annually	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

- 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).
- 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 outstanding 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:

- Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.
- These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.
- The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

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

- Adverse salary growth
- Variability in mortality rates
- 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 Bhattacharya	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 consultancy 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, 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)

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)

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 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

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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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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 liabilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

48 Risk management

The Company is a Systemically Important-Non Deposit Taking-Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India. On account of its business activities it is exposed to various financial risks associated with financial products such as credit or default risk, market risk, interest rate risk, liquidity risk and inflationary risk. However, the Company has a robust financial risk management system in place to identify, evaluate, manage and mitigate various risks associated with its financial products to ensure that desired financial objectives are met. The Company's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Company, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess risk management performance. Any change in Company's risk management objectives and policies needs prior approval of its Board of Directors.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, field credit assessment, diversification of asset base, 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

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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 disbursement flow to highlight areas requiring attention and action. Monitoring includes diagnostic studies of problem areas in collections performance and proactively taking actions.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud
- Credit monitoring -
- Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans 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
- Appropriate policy-driven loan origination and collection process.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to and that they decide to take on. Continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

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 $EAD \times PD \times LGD$. The default rates for these investments are considered as reported by external credit rating agencies. Exposure at default (EAD) is the carrying value of the investments (net of credit enhancement).

Loans

The 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 unlikelihood to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

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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.

$$\text{ECL} = \text{PD} * \text{LGD} * \text{EAD}$$

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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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.

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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 financially 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 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:

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 its 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	1481	833	3558	5927	5959	24753840	27288	2310365	98963	-	2,72,082.14
Assets											
Loans (refer note ii below)	2277	2277	5230	26864	31720	399277	284958	323816	12925	062	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:

- Above mentioned portfolio (own) does not include undrawn facilities, since there are no sanctioned disbursement schedule.
- 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

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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 performing 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	As at 31 March 2020
	Amount outstanding	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	As at
	31 March 2021	31 March 2020
	Amount outstanding	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 31 August 2020. The Company has assessed that no interest on interest, penal interest etc. was charged to the borrowers during the moratorium period and hence no liability has been created towards interest relief as on 31 March 2021.

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 Private Limited

(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Manish Gujral

Partner

Membership No. 105117

Mumbai

24 June 2021

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

- 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.

- We have determined the matters described below to be the key audit matters to be communicated in our report.

Information Technology (IT) environment and modifications to the IT environment affecting financial reporting process

Key audit matter

The 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.

Basis for Opinion

- 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

- 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

- 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.

How our audit addressed the key audit matter

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
<p>Modifications to IT environment</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>the management for such system implementation activity to ensure the implementation activity has been completed appropriately;</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> 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
<p>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:</p> <ul style="list-style-type: none"> • 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. <p>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:</p> <ul style="list-style-type: none"> • determining the criteria for SICR • factoring in future macro-economic assumptions • techniques used to determine probability of default and loss given default. <p>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.</p> <p>Implementation of COVID-19 related measures</p> <p>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.</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures:</p> <ul style="list-style-type: none"> • 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
<p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <ul style="list-style-type: none"> • 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

Place: Mumbai

Date: 24 June 2021

Membership No.: 105117

UDIN: 21105117AAAAEA9774

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.

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

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

Place: Mumbai

Date: 24 June 2021

Manish Gujral

Partner

Membership No.: 105117

UDIN: 21105117AAAAEA9774

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 Chandio & 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			
Basic (₹)	39	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 Chandio & 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 Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of

Navi Finserv Private Limited

(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 24 June 2021

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	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	-	-	-	-	(440.53)
Created on buy back of equity shares	-	-	-	-	-	-	-	440.53
Net interest paid on CCDs	-	-	-	-	-	-	-	-
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 Act 1934	Capital Redemption Reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income - retirement benefits	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 Chandiook & 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)

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DIN: 02573018
Place: Bengaluru
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Membership no.: ACS A36349
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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.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

- Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principle and Interest ('SPPPI') 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.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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.

Notes forming part of the Financial Statements

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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 are 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)						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		
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)							As at	As at
SI no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security		31 March 2021	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		-	1,111.11
22	Quarterly	33	Feb-18	12.00%	Hypothecation of book debts		-	333.33
23	Monthly	24	Mar-19	13.50%	Hypothecation of book debts		666.60	521.74
24	Quarterly	36	Apr-20	10.25%	Hypothecation of book debts		-	-
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	-

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)							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	1,500.00
47	Monthly	36	Oct-18	14.00%	Hypothecation of book debts	233.33	633.33	633.33
48	Monthly	21	Aug-19	14.00%	Hypothecation of book debts	238.10	809.52	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	2,500.00
54	Monthly	24	Mar-20	11.20%	Hypothecation of book debts	1,195.65	2,500.00	2,500.00
55	Monthly	24	Jan-20	11.15%	Hypothecation of book debts	1,666.67	3,666.67	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	184.79
58	Quarterly	36	Nov-17	14.00%	Hypothecation of book debts	-	375.00	375.00
59	Quarterly	36	Nov-18	13.75%	Hypothecation of book debts	-	1,458.50	1,458.50
60	Monthly	36	Nov-18	14.00%	Hypothecation of book debts	-	303.26	303.26
61	Monthly	24	Jan-19	14.00%	Hypothecation of book debts	-	145.83	145.83
62	Monthly	24	Jan-19	14.00%	Hypothecation of book debts	-	145.83	145.83
63	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33	83.33
64	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33	83.33
65	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33	83.33
66	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33	83.33
67	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33	83.33
68	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33	83.33
69	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	175.00	350.00	350.00
70	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	75.00	150.00	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)							As at	As at
SI no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security		31 March 2021	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.

Notes forming part of the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

18.1 Details of terms and conditions of subordinated liabilities

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			
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	
Debt securities	2,60,905.15	52,290.00	(1,15,091.98)	-	-	(383.47)	-	(879.94)	-
Borrowings (other than debt securities)	62,160.52	3,29,761.90	(2,84,329.60)	(41.43)	182.65	(56.20)	-	-	-
Subordinated liabilities	4,969.61	-	-	-	-	7.35	-	-	-
Total	3,28,035.28	3,82,051.90	(3,99,421.58)	(41.43)	182.65	(432.32)	-	(879.94)	-

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 rereasurement 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

- Adverse salary growth
- Variability in mortality rates
- 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 Bhattacharya	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

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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.

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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.

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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

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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

Notes forming part of the Financial Statements

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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 its business activities, the Group is exposed to various financial risks associated with financial products such as credit or default risk, market risk, interest rate risk, liquidity risk and inflationary risk. However, the Group has a robust financial risk management system in place to identify, evaluate, manage and mitigate various risks associated with its financial products to ensure that desired financial objectives are met. The Group's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Group, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess risk management performance. Any change in Group's risk management objectives and policies needs prior approval of its Board of Directors.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, Field credit assessment, diversification of asset base, Group guarantee (joint liability Group loans), borrower indebtedness limits, diversification of asset base, credit limits and collaterals taken for assets, wherever applicable
Liquidity risk	Financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required)

Notes forming part of the Financial Statements

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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 disbursement flow to highlight areas requiring attention and action. Monitoring includes diagnostic studies of problem areas in collections performance and proactively taking actions.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud
- Credit monitoring -
- Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans staging more than 90 Days past due);
- Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
- Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

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

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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 $EAD \times PD \times LGD$. The default rates for these investments are considered as reported by external credit rating agencies. Exposure at default (EAD) is the carrying value of the investments (net of credit enhancement).

Loans

The Group is also engaged in the business of providing loans and access to credit to the customers. 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 unlikelihood 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

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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.

$$\text{ECL} = \text{PD} * \text{LGD} * \text{EAD}$$

Each item is defined as follows: -

ECL - Expected credit loss

Present value of difference between contractual cash flows and actual cash flows expected to be received over a given time horizon

PD - Probability of default

The Probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

LGD - Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD

EAD- Exposure at default

Cash flows that are at risk of default over a given time horizon, The Exposure at Default is an estimate of the exposure at a future default date.

Notes forming part of the Financial Statements

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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

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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 Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Manish Gujral

Partner
Membership No. 105117
Place: Mumbai
Date: 24 June 2021

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

ANNEXURE B

CRISIL LETTER, RATING RATIONALE AND PRESS RELEASE

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RL/CRIDSP/335366/NCD/0124/77382/166915417

January 15, 2024

Mr. Ankit Agarwal
Managing Director
Navi Finserv Limited

2nd Floor, Vaishnavi Tech Square,
Iballur Village, Begur Hobli,
Bengaluru, 560102



Dear Mr. Ankit Agarwal,

Re: CRISIL Rating on the Rs. 600 Crore Non Convertible Debentures* of Navi Finserv Limited

We refer to your request for a rating for the captioned Debt instrument.

CRISIL Ratings has, after due consideration, assigned a CRISIL A/Stable (pronounced as CRISIL A rating with Stable outlook) rating to the captioned Debt instrument. Securities with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such securities carry low credit risk.

Further, in view of your decision to accept the CRISIL Ratings, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Malvika Bhotika
Director - CRISIL Ratings

Nivedita Shib
Associate Director - CRISIL Ratings

*&For public issuance*

Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1800-267-1301

CRISIL Ratings Limited

A subsidiary of CRISIL Limited, an S&P Global Company
Corporate Identity Number: U67100MH2019PLC326247

**Details of the Rs.600 Crore Non Convertible Debentures of
Navi Finserv Limited**

	<i>1st tranche</i>		<i>2nd tranche</i>		<i>3rd tranche</i>	
<i>Instrument Series:</i>						
<i>Amount Placed:</i>						
<i>Maturity Period:</i>						
<i>Put or Call Options (if any):</i>						
<i>Coupon Rate:</i>						
<i>Interest Payment Dates:</i>						
<i>Principal Repayment Details:</i>	Date	Amount	Date	Amount	Date	Amount
<i>Investors:</i>						
<i>Trustees:</i>						

In case there is an offer document for the captioned Debt issue, please send us a copy of it.

Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1800-267-1301

Rating Rationale

January 15, 2024 | Mumbai

Navi Finserv Limited

'CRISIL A/Stable' assigned to Non Convertible Debentures

Rating Action

Total Bank Loan Facilities Rated	Rs.2750 Crore
Long Term Rating	CRISIL A/Stable (Reaffirmed)
Short Term Rating	CRISIL A1 (Reaffirmed)

Rs.600 Crore Non Convertible Debentures ^{&}	CRISIL A/Stable (Assigned)
Rs.500 Crore Non Convertible Debentures ^{&}	CRISIL A/Stable (Reaffirmed)

[&]For public issuance

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its '**CRISIL A/Stable**' rating to the Rs.600 crore non-convertible debentures of Navi Finserv Limited (NFL) and has reaffirmed its 'CRISIL A/Stable/CRISIL A1' ratings on the existing non convertible debentures and bank facilities.

The rating on NFL continues to factors in healthy capital position of the company, which has further strengthened post the stake sale of Chaitanya India Fin Credit Private Limited (CIFCPL), stabilizing asset quality metrics with evolution in risk management systems and improving resource profile. These ratings strengths are partially offset by average, albeit, improving profitability, susceptibility of the unsecured retail portfolio to regulatory developments and adverse macroeconomic conditions and limited vintage in the portfolio.

On November 23, 2023, NFL announced on stock exchange the receipt of approval from Reserve Bank of India (RBI) for stake sale of its NBFC-MFI subsidiary, CIFCPL to Svatantira Microfin Private Limited (SMPL, another NBFC-MFI). Post this transaction, effective November 23, 2023, CIFCPL have ceased to be a material subsidiary of NFL. As part of the transaction, Navi Technologies Ltd (NTL; holding company of NFL) will also divest its 25% stake in CIFCPL. The purchase consideration for the transaction is Rs 1479 crore.

NFL's AUM has registered a robust growth over the last few quarters and had grown to Rs 9632 crore as on September 30, 2023 (Rs 7858 crore as on March 31, 2023) from Rs 3593 crore as on March 31, 2022. The growth has been primarily led by the digital personal loan portfolio which has grown to Rs 8707 crore as on September 30, 2023 (Rs 7,141 crore as on March 31, 2023) from Rs 2504 crore as on March 31, 2022.

Analytical Approach

For arriving at the ratings, CRISIL Ratings has considered the standalone business and financial risk profiles of NFL. Incrementally, commitment of funding, managerial and operational support from NTL and high financial flexibility with readily investible funds has also been factored into the rating.

Key Rating Drivers & Detailed Description

Strengths:

- **Healthy capitalization:** Driven by a cumulative capital infusion of Rs 1,950 crore by Mr. Sachin Bansal in fiscal 2020 through NTL, the capitalization of NFL had improved significantly. NFL's standalone network, which stood at Rs 80 crore as on March 31, 2019, increased to Rs 952 crore as of March 31, 2020, as a result of initial round of capital infusion. Thereafter, as the company received two more tranches of capital and NFL's reported network stood at Rs 2,306 crore as on September 30, 2023. Correspondingly, the company's gearing has also remained comfortable and was 2.8 times as on September 30, 2023. Additionally, with the stake sale of Chaitanya, the capitalization profile of the company is expected to further improve.

Mr. Bansal holds about 98% in NTL, which in turn holds 99.6% stake in NFL. NTL's network stood at Rs 3642.6 crore as of March 31, 2023 – and most of it has been infused into NFL as a combination of equity and convertible debt. As on September 30, 2023, Rs 300 crore was parked in NFL as debt from NTL which has been deployed in treasury investments by the former.

In line with CRISIL Ratings' earlier expectations, this line of debt is being replaced by external funding on NFL's balance sheet. Even after factoring in the existing and potential allocation of capital within the group, a substantial amount of liquidity will be maintained within the NTL group at all points in time and, it will be fungible across the group depending upon entity specific requirements.

In consideration of NTL's demonstrated track record of allocating and extending capital support, CRISIL Ratings expects NFL's capital position to remain strong in relation to its scale and nature of business.

Further, the recent circular by the Reserve Bank of India (RBI) pertaining to the investments made by regulated entities including non-banking financial companies (NBFCs) in Alternative Investment Funds (AIFs) is not expected to have any material impact, as NFL has nil exposure to AIFs.

- **Stabilizing asset quality with evolution in risk management systems:** Asset quality for NFL has improved over the last 2-4 quarters, overcoming the aftereffects of the pandemic. The risk management systems of the company have been evolving with scale – primarily in the form of increasing effectiveness of the Navi app and the underwriting, monitoring digital model used by the company. With expanding data base, the ML driven model used by NFL is becoming more stringent and accurate. While some of this improvement is a factor of exponential AUM growth, majority of the traction is accredited to right selection of borrowers through the ML model, stringent approval rates and tight monitoring and collections systems of NFL. New originations have also been performing well – evidenced by constant improvement 30 PAR (static) across loan tenure buckets. Stressed assets for NFL, after including cumulative write offs and restructured portfolio, were also relatively low at sub 3%. For the housing loan book, also housed in NFL, growth has been stable with slippages remaining negligible.

Even though the delinquencies from newer originations have been low, company's ability to maintain asset quality and profitability alongside scale will remain a key rating sensitivity factor especially given the limited vintage of loan portfolio and high growth

trajectory anticipations. Over the course of growth, the risk management systems at NFL are expected to evolve resulting in increased operational efficiency. NFL has been operating with a full-fledged digital underwriting engine and would continue to strengthen the same. For the housing loan book, which is being managed through a hybrid underwriting model (physical and digital), the ability of the company to achieve optimal efficiency and adequate risk management will be key.

- **Improving resource profile:** NFL's resource profile has been gradually improving in recent years. The lender base of the company has expanded with more banks coming on-board and cost of borrowing has also remained competitive on fresh borrowings post equity infusion in October 2019. While the funding base of NFL was skewed towards the debt from NTL until September 2021 however, its share has now declined significantly in favour of increasing term funding and capital market issuances. The quantum of debt from the parent – NTL – has steadily declined to Rs 300 crore as on September 30, 2023 from a peak of Rs 2,323 crore in May 2020. This intra-group debt is expected to be maintained at current levels in the long term – which would impart further diversity to the company's borrowing profile. During the first half of fiscal 2024, NFL has raised over Rs 2900 crore as compared to over Rs 5000 crore in fiscal 2023 as incremental funding. As a philosophy, the management intends to maintain at least 15% of external debt of NFL as on-tap liquidity for the company – at all points in time.

Weaknesses:

- **Average, albeit, improving profitability:** The early traction in profitability of NFL was disrupted by the outbreak of the pandemic. Apart from surge in credit costs, other reasons like sharp rise in marketing expenses for NFL, led to a moderation in earnings for fiscal 2022. However, there was marked improvement during fiscal 2023.

For NFL, which reported a net loss for fiscal 2022 due to high marketing expenditure for launch of its housing loan book and branding costs, earnings improved significantly in fiscal 2023 driven by a decline in marketing costs in general and ability to charge a higher premium for loans from repeat customers. For the full year ended March 31, 2023, NFL reported a PAT of Rs 172 crore which translates to a RoMA of 2.5%. CRISIL Ratings notes that this also includes the one-time income from the sale of the brand 'Chaitanya' to NTL for Rs 35 crores and stake sale of 25% of CIFCPL to NTL for Rs 56.2 crore.

However, the continuing high credit costs incurred by the company have resulted in lower profitability levels during the first half of fiscal 2024. Credit costs continued to remain high at 4.3% (annualized) as of September 30, 2023, as compared to 5.3% during fiscal 2023. Subsequently, the company reported a PAT of 37 crore with RoMA of 0.7% (annualized) during this period. While incremental credit costs are expected to be lower given the better performance of the disbursements done in the trailing 12 months, company's ability to maintain asset quality and limit their credit cost, while improving operational efficiencies will remain a key monitorable.

- **Portfolio quality remains susceptible to regulatory and macro factors:** For the target market for digital personal loans – that comprises the prime middle class, macro developments like mass lay-offs, loss of salary and alike factors would remain a risk. Apart from these, regulatory developments like the recent regulatory measures of RBI as well as circular on digital lending will also have a bearing on the portfolio of the company and will remain a monitorable.

CRISIL Ratings has taken note of the recent measures by RBI covering the Banking and NBFC sector. Firstly, on the asset side for NBFCs, there is an increase in risk weights for unsecured consumer loans (including credit card receivables), by 25 percentage points to 125% from 100% earlier. This regulation applies to all retail loans except housing loans, vehicle loans, educational loans, loans against gold and microfinance/SHG loans. The increase in risk-weighted assets will lead to a decrease in the capital adequacy ratios (CAR) materially since NFL is in the unsecured consumer loan business. Nevertheless, with the stake sale of CIFCPL, and the cash consideration received for the same, the overall impact of the RBI measure on CAR is not expected to be material for NFL. In any case, the CAR was well above regulatory requirements at 25.6% as on September 30, 2023.

Secondly, there is an increase in risk weights for Bank's exposure to NBFCs by 25 percentage points (over and above the risk weight associated with the given external rating) in all cases where the extant risk weight as per external rating of NBFCs is below 100%. Herein, loans to HFCs, and loans to NBFCs which are eligible for classification as priority sector are excluded. This development may potentially lead to an increase in cost of bank borrowings for NBFC sector. This could lead to diversification in the borrowings mix with higher share of capital market instruments and securitisation, amongst others. Ability of NBFCs to pass on the potentially higher borrowing costs will be monitored. CRISIL Ratings notes that NFL has already increased their lending rates by 50-75 bps to counter act this impact.

- **Limited vintage in the portfolio:** Driven by a sharp increase in monthly disbursements of digital personal loans, the digital personal loan portfolio has grown at a robust 409% rate over fiscal 2022 to reach Rs 2,504 crore as of March 31, 2022, and further to Rs 8,707 crore as of September 30, 2023. Considering the average tenure of this portfolio is about 24 months, majority of this book remains unseasoned. Housing loans, which are the second product offered by NFL, were launched in December 2020 and have grown at a comparable rate over fiscal 2022. The average tenure is about 20 years and therefore, this portfolio is also low on vintage. Considering the low seasoning and high growth trajectory anticipation for this book, even though the delinquencies from newer originations have been low, the company's ability to maintain asset quality and profitability alongside scale will remain a key rating sensitivity factor. Over the medium to long term, the company's ability to maintain above-average asset quality by tightening its ground level monitoring and risk management will also be essential.

Liquidity: Strong

NFL's liquidity position remains strong. As on December 31, 2023 - NFL had ~Rs 1,938 crore as liquidity available in the form of cash and liquid investments. Against this, it had ~Rs 3,068 crore of debt obligations to be met over the following 6 months. Additionally, NTL's consolidated networth of Rs 3,642.6 crore as on March 31, 2023, and its stance on extending needs-based support further substantiates the high financial flexibility of NFL to raise funds as and when needed.

The treasury control and monitoring by NTL along with the funding support received in the recent past and future commitment and plans, are expected to ensure maintenance of adequate liquidity cushion for NFL in the medium term.

Outlook: Stable

CRISIL Ratings believes NFL's capital position will remain strong in relation to the scale and nature of its operations, largely supported by NTL's demonstrated track record and future commitment of extending support.

Rating Sensitivity factors

Upward Factors:

- Profitable scale up in operations, alongside sustenance in asset quality with GNPA's remaining below 3% for the lending business.
- Sustained improvement in consolidated lending business profitability – with RoMA being maintained at above 4% on a steady state basis.

Downward factors:

- Any change in stance of support committed by NTL to NFL – potentially leading to capital position being weaker than that estimated; significant rise in gearing for NFL to beyond 3.5 times.
- Any deterioration in overall or standalone asset quality and profitability, constraining the internal accruals to networth

About the Company

NFL (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) was formed in 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, intermediation services for financial services agents and money transfer agents; credit linkage services; acting as a banking correspondent and generally carrying out all activities permissible to be carried out as an NBFC. It acquired its current brand name in

June 2020 after getting acquired by Mr. Sachin Bansal led – Navi Technologies Ltd in October 2019. Mr. Sachin Bansal presently holds about 98% stake in the company which, in turn, holds 99.6% stake in NFL which extends digital personal loans and housing loans.

Key Financial Indicators: NFL (standalone)

As on/ for the period ended		Sep-23	Mar-23	Mar-22	Mar-21
Total managed assets [^]	Rs crore	12355	9788	3593	3271
Total income#	Rs crore	862.3	1377.1	459.9	307.6
Profit after tax#	Rs crore	37.1	172.0	-66.9	97.5
Gearing (including debt from NTL)	Times	2.8	2.5	2.4	1.5
Gearing (excluding intra group debt)	Times	2.6	2.4	1.8	0.3
Return on managed assets (annualised) [^] #	%	0.7*	2.5	-1.8	2.8

#including treasury gains

*annualized

[^]including off book**Any other information:** Not Applicable**Note on complexity levels of the rated instrument:**

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

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Annexure - Details of Instrument(s)

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs.Crore)	Complexity Level	Rating assigned with outlook
NA	Non Convertible Debentures (for Public issuance) [^]	NA	NA	NA	600	Simple	CRISIL A/Stable
NA	Non Convertible Debentures (for Public issuance) [^]	NA	NA	NA	18.36	Simple	CRISIL A/Stable
INE342T07379	Non Convertible Debentures (for Public issuance)	18-Jul-23	10.25	18-Oct-25	97.25	Simple	CRISIL A/Stable
INE342T07387	Non Convertible Debentures (for Public issuance)	18-Jul-23	10.5	18-Jul-26	67.5	Simple	CRISIL A/Stable
INE342T07395	Non Convertible Debentures (for Public issuance)	18-Jul-23	10.75	18-Oct-25	73.18	Simple	CRISIL A/Stable
INE342T07403	Non Convertible Debentures (for Public issuance)	18-Jul-23	11.02	18-Jul-26	50.79	Simple	CRISIL A/Stable
INE342T07411	Non Convertible Debentures (for Public issuance)	18-Jul-23	9.75	18-Jan-25	192.92	Simple	CRISIL A/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	372.47	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	27-Jun-25	200	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	31-Mar-26	41.32	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	17-Mar-25	31.25	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	31-Mar-26	117.57	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	31-Jan-25	63.61	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	31-Mar-24	8.33	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	29-Nov-26	246.67	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	31-Oct-25	25	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	18-Jun-24	37	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	30-Nov-24	90.83	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	31-Mar-25	20.45	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	30-Sep-26	100	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	01-Sep-25	65.63	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	18-Oct-24	37.89	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	28-Feb-27	17.59	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	31-Aug-27	459.68	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	21-Aug-25	41.67	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	30-Sep-24	11.85	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	05-Jan-24	1.79	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	05-Sep-25	16.37	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	25-Dec-25	65	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	22-Aug-24	6.1	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	31-Aug-26	47.59	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	22-Sep-25	81.86	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	01-Dec-24	23.67	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	03-Oct-24	31.25	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	28-Jun-24	8.33	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	29-Jun-24	48.5	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	03-Jul-24	17.77	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	31-Jun-26	83.31	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	31-May-25	13.22	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	29-Dec-24	26.25	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	22-May-25	47.22	NA	CRISIL A/Stable
NA	Term Loan	NA	NA	31-Oct-25	207.96	NA	CRISIL A/Stable
NA	Working Capital Demand Loan	NA	NA	01-Sep-24	10	NA	CRISIL A1
NA	Working Capital Demand Loan	NA	NA	25-Jun-24	25	NA	CRISIL A1

[^]Yet to be issued**Annexure - Rating History for last 3 Years**

Instrument	Current			2024 (History)		2023		2022		2021		Start of 2021
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT/ST	2750.0	CRISIL A1 / CRISIL A/Stable		--	04-12-23	CRISIL A1 / CRISIL A/Stable	02-12-22	CRISIL A1 / CRISIL A/Stable	10-12-21	CRISIL A-/Stable	CRISIL A-/Stable
			--		--	13-10-23	CRISIL A1 / CRISIL A/Stable	30-09-22	CRISIL A-/Stable	09-06-21	CRISIL A-/Stable	--
			--		--	22-09-23	CRISIL A1 / CRISIL A/Stable	22-06-22	CRISIL A-/Stable		--	--
			--		--	16-08-23	CRISIL A1 / CRISIL A/Stable	23-02-22	CRISIL A-/Stable		--	--
			--		--	06-07-23	CRISIL A1 / CRISIL A/Stable	18-02-22	CRISIL A-/Stable		--	--
			--		--	09-06-23	CRISIL A1 / CRISIL A/Stable		--		--	--
			--		--	03-05-23	CRISIL A1 / CRISIL A/Stable		--		--	--
			--		--	30-03-23	CRISIL A1 / CRISIL A/Stable		--		--	--
			--		--	29-03-23	CRISIL A1 / CRISIL A/Stable		--		--	--
			--		--	13-01-23	CRISIL A1 / CRISIL A/Stable		--		--	--
Non Convertible Debentures	LT	1100.0	CRISIL A/Stable		--	04-12-23	CRISIL A/Stable		--		--	--
			--		--	13-10-23	CRISIL A/Stable		--		--	--
			--		--	22-09-23	CRISIL A/Stable		--		--	--
			--		--	16-08-23	CRISIL A/Stable		--		--	--
			--		--	06-07-23	CRISIL A/Stable		--		--	--
			--		--	09-06-23	CRISIL A/Stable		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Proposed Long Term Bank Loan Facility	372.47	Not Applicable	CRISIL A/Stable
Term Loan	200	JM Financial Products Limited	CRISIL A/Stable
Term Loan	41.32	Manappuram Finance Limited	CRISIL A/Stable
Term Loan	31.25	Piramal Enterprises Limited	CRISIL A/Stable
Term Loan	117.57	Axis Bank Limited	CRISIL A/Stable
Term Loan	63.61	MAS Financial Services Limited	CRISIL A/Stable
Term Loan	8.33	IndusInd Bank Limited	CRISIL A/Stable
Term Loan	246.67	IDFC FIRST Bank Limited	CRISIL A/Stable
Term Loan	25	Northern Arc Capital Limited	CRISIL A/Stable
Term Loan	37	AU Small Finance Bank Limited	CRISIL A/Stable
Term Loan	90.83	ICICI Bank Limited	CRISIL A/Stable
Term Loan	20.45	The Karur Vysya Bank Limited	CRISIL A/Stable
Term Loan	100	Bank of Maharashtra	CRISIL A/Stable
Term Loan	65.63	Bandhan Bank Limited	CRISIL A/Stable
Term Loan	37.89	Mahindra and Mahindra Financial Services Limited	CRISIL A/Stable
Term Loan	17.59	Indian Overseas Bank	CRISIL A/Stable
Term Loan	459.68	State Bank of India	CRISIL A/Stable
Term Loan	41.67	The Federal Bank Limited	CRISIL A/Stable
Term Loan	11.85	Aditya Birla Finance Limited	CRISIL A/Stable
Term Loan	1.79	Tata Capital Financial Services Limited	CRISIL A/Stable
Term Loan	16.37	Shriram Housing Finance Limited	CRISIL A/Stable
Term Loan	65	Kisetsu Saison Finance India Private Limited	CRISIL A/Stable
Term Loan	6.1	Cholamandalam Investment and Finance Company Limited	CRISIL A/Stable
Term Loan	47.59	Poonawalla Fincorp Limited	CRISIL A/Stable

Term Loan	81.86	Hinduja Leyland Finance Limited	CRISIL A/Stable
Term Loan	23.67	Utkarsh Small Finance Bank Limited	CRISIL A/Stable
Term Loan	31.25	Jana Small Finance Bank Limited	CRISIL A/Stable
Term Loan	8.33	Ujjivan Small Finance Bank Limited	CRISIL A/Stable
Term Loan	48.5	YES Bank Limited	CRISIL A/Stable
Term Loan	17.77	Hero FinCorp Limited	CRISIL A/Stable
Term Loan	83.31	Canara Bank	CRISIL A/Stable
Term Loan	13.22	CSB Bank Limited	CRISIL A/Stable
Term Loan	26.25	The Hongkong and Shanghai Banking Corporation Limited	CRISIL A/Stable
Term Loan	47.22	Kotak Mahindra Bank Limited	CRISIL A/Stable
Term Loan	207.96	HDFC Bank Limited	CRISIL A/Stable
Working Capital Demand Loan	10	Bandhan Bank Limited	CRISIL A1
Working Capital Demand Loan	25	IndusInd Bank Limited	CRISIL A1

Criteria Details

Links to related criteria

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating Criteria for Finance Companies](#)

[CRISILs Criteria for rating short term debt](#)

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ANNEXURE C

CONSENT OF THE DEBENTURE TRUSTEE

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Date: January 24, 2024

To,

**The Board of Directors
Navi Finserv Limited**

Second Floor, Vaishnavi Tech Square,
Iballur Village, Begur Hobli,
Bengaluru 560 102,
Karnataka, India

Sub: Proposed public issue by Navi Finserv Limited (the "Company") of secured, rated, listed, redeemable, non-convertible debentures of face value of Rs. 1,000/- each ("NCDs") aggregating upto Rs. 3000 million ("Base Issue Size") with an option to retain oversubscription up to Rs. 3000 million ("Green Shoe Option") aggregating up to 6 million NCDs for an amount up to Rs. 6000 million (the "Issue")

Dear Sirs,

We, the undersigned, do hereby consent to act as debenture trustee to the Issue and to our name being inserted as the debenture trustee to the Issue in (i) the draft prospectus ("**Draft Prospectus**") which the Company intends to file with the BSE Limited ("**BSE**"), the National Stock Exchange of India Limited ("**NSE**" together with BSE, the "**Stock Exchanges**") for the purpose of receiving public comments and submitted with the Securities and Exchange Board of India ("**SEBI**") for record purposes; (ii) the prospectus proposed to be filed with the Registrar of Companies, Karnataka at Bangalore (the "**RoC**") and submitted to SEBI and the Stock Exchanges in relation to the Issue ("**Prospectus**"); (iii) the abridged prospectus; and (iv) all related advertisements and the subsequent communications sent to the holders of NCDs pursuant to the Issue. The NCDs are proposed to be listed on the Stock Exchanges.

We also authorise you to deliver a copy of this letter of consent to the RoC pursuant to Section 26 of the Companies Act, 2013, as amended, the SEBI, the Stock Exchanges and any other regulatory authorities as may be required. The following details with respect to us may be disclosed:



CATALYST

Believe In Yourself... Trust Us!

CIN: U74999PN1997PLC110262

Logo:

Name: Catalyst Trusteeship Limited

Address: GDA House, Plot No. 85, Bhusari Colony (Right)

Paud Road, Pune - 411 038

Tel: +91 22 4922 0555

Fax: +91 22 4922 0505

Email: ComplianceCTL-Mumbai@ctltrustee.com

Investor Grievance Email: grievance@ctltrustee.com

Website: <https://catalysttrustee.com>

Contact Person: Ms. Deesha Trivedi

Compliance Officer: Ms. Kalyani Pandey

SEBI Registration No.: IND000000034

CIN: U74999PN1997PLC110262



We enclose a copy of our registration certificate and declaration regarding our registration with SEBI in the required format in **Annexure A**. We also certify that our registration is valid as on date and that we have not been prohibited

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



by SEBI or any other regulatory authority from acting as an intermediary in capital market issues. We also confirm that we have not been debarred from functioning as an intermediary by any regulatory authority, court or tribunal.


We confirm that we will immediately inform, in writing, the Company and the lead manager to the Issue ("LM") of any changes to the information stated in this letter till the date the NCDs commence trading on the Stock Exchanges pursuant to the Issue. In the absence of any such communication, the information stated in this letter should be taken as accurate and updated information until the NCDs commence trading on the Stock Exchanges pursuant to the Issue.

We further confirm that the information in relation to us in this certificate together with the annexures is true and correct.

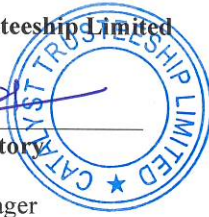
This letter may be relied upon by the Company, LM and the legal advisor appointed by the Company in respect of the Issue.

Yours faithfully,

For Catalyst Trusteeship Limited



Authorised Signatory
Name: Nidhi Todi
Designation: Manager



Cc:

Lead Manager

JM Financial Limited

7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi,
Mumbai 400 025

Legal Counsel to the Issue

Cyril Amarchand Mangaldas

3rd Floor, Prestige Falcon Towers
19, Brunton Road, Off M.G. Road
Bengaluru 560 025, India

Encl: As above

Date: January 24, 2024

TO WHOMSOEVER IT MAY CONCERN

Sub: Proposed public issue by Navi Finserv Limited (the “Company”) of secured, rated, listed, redeemable, non-convertible debentures of face value of Rs. 1,000/- each (“NCDs”) aggregating upto Rs. 3000 million (“Base Issue Size”) with an option to retain oversubscription up to Rs. 3000 million (“Green Shoe Option”) aggregating up to NCDs for an amount up to Rs. 6000 million (the “Issue”)

1. Registration number:	IND000000034
2. Date of registration / renewal of registration:	April 18, 2022
3. Date of expiry of registration:	Permanent Registration
4. If applied for renewal, date of application:	Not Applicable
5. Any communication from SEBI prohibiting Catalyst Trusteeship Limited from acting as debenture trustee to the offer:	No
6. Any enquiry/investigation being conducted by SEBI:	No
7. Period up to which registration/ renewal fees has been paid:	Not Applicable
8. Details of any penalty imposed	No

For Catalyst Trusteeship Limited



Authorised Signatory

Name: Nidhi Todi

Designation: Manager

डिबेंचर न्यासी	प्रारूप B FORM-B	DEBENTURE TRUSTEE
भारतीय प्रतिभूति और विनियम बोर्ड SECURITIES AND EXCHANGE BOARD OF INDIA (डिबेंचर न्यासी) विनियम, 1993 (DEBENTURE TRUSTEE) REGULATIONS, 1993 000 २५ २ (विनियम ८) (Regulation 8) रजिस्ट्रीकरण प्रमाणपत्र CERTIFICATE OF REGISTRATION		
<p>1) बोर्ड, भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ फॉर्म उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,</p> <p>1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to</p>		
<p>Catalyst Trusteeship Limited GDA House, First Floor, Plot No. 85, S. No. 94 & 95, Bhusari Colony (Right), Kothrud, Pune- 411038, Maharashtra</p>		
<p>को निम्न में, शर्तों के अधीन रखते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है। as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.</p>		
<p>2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।</p> <p>2) Registration Code for the debenture trustee is IND000000034</p>		
<p>3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विद्यमान है।</p> <p>3) Unless renewed, the certificate of registration is valid from to</p> <p style="text-align: center;">This Certificate of Registration shall be valid from 13/04/2022 for permanent, unless suspended or cancelled by the Board</p>		
<p>स्थान Place : Mumbai</p> <p>तारीख Date : April 18, 2022</p>		<p>आदेश से भारतीय प्रतिभूति और विनियम बोर्ड के लिए और उसकी ओर से By order For and on behalf of Securities and Exchange Board of India</p> <p> DINESH JOSHI प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory</p>



CATALYST TRUSTEESHIP LIMITED

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
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