NAVI FINSERV LIMITED

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. For details regarding changes to our Registered Office, see "*History and Certain Corporate Matters*" beginning on page 147.

Corporate Identity Number: U65923KA2012PLC062537 **PAN:** AAECC7456R
Registered Office: Ground Floor, Salarpuria Business Center No 93, Koramangala Industrial Layout, Bengaluru 560 095, Karnataka, India
Corporate Office: Prestige RMZ Startech, 7th floor, Wing B, No. 139, 2, Hosur Road, Koramangala Industrial Layout, S.G Palya, Bengaluru 560 095, Karnataka, India
Tel: +91 89519 04682; **Website**: www.navifinserv.com; **Email**: corporate_finserv@navi.com
Company Secretary and Compliance Officer: Puneet Bhatia; **Tel**: +91 8951 904682; **Email**: secretarial@navi.com
Chief Financial Officer: Divyesh Jain **Tel**: +91 8951 904682; **Email**: divyesh.jain@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 OPERATIONAL 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 170.

GENERAL RISKS

Investment in debt securities involve a degree of risk 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 page 18 and 188 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 read together with 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 read together with Prospectus, is true and correct in all material respects 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 IND A/ Stable by India Ratings & Research Pvt Ltd for an amount of up to ₹ 6,000 million by way of its letter bearing dated April 12, 2022. 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 India Ratings & Research Pvt Ltd 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. For the rationale and press release for these ratings, see "*General Information*" and "*Annexure B*" of this Draft Prospectus, beginning on page 53 and 320 respectively.

PUBLIC COMMENTS

This Draft Prospectus dated April 18, 2022 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 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 Puneet Bhatia, Company Secretary and Compliance Officer at the following address: Prestige RMZ Startech 7th Floor, Wing B, No. 139, 2, Hosur Road, Koramangala Industrial Layout, S.G Palya, Bengaluru 560 095 Karnataka, India, Tel: +91 8951 904682; 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 Designated Stock Exchange. 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, RDEMPTION 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 189. For details relating to eligible investors, see "*Issue Structure*" beginning on page 205. The Issue is not underwritten.

LEAD MANAGERS TO THE ISSUE		REGISTRAR TO THE ISSUE
A. K. Capital Services Limited 603, 6th Floor, Windsor, Off CST Road, Kalina, Santacruz East, Mumbai 400 098 **Tel:** +91 22 6754 6500 **Facsimile:** +91 22 6610 0594 **Email:** nfl.ncd2022@akgroup.co.in **Investor Grievance Email:** investor.grievance@akgroup.co.in **Website:** www.akgroup.co.in **Contact Person:** Aanchal Wagle/ Milan Soni **Compliance Officer:** Tejas Davda **SEBI Registration No.:** INM000010411 **CIN:** L74899MH1993PLC274881	**JM Financial Limited** 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 **Tel:** +91 22 6630 3030 **Facsimile:** +91 22 6630 3330 **Email:** nfl.ncdissue2022@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	**Link Intime India Private Limited** C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083 **Tel:** +91 22 4918 6200 **Facsimile:** (91 22) 4918 6195 **Email:** navifinserv.ncd@linkintime.co.in **Investor Grievance Email:** navifinserv.ncd@linkintime.co.in **Website:** www.linkintime.co.in **Contact Person:** Sumeet Deshpande **Compliance Officer:** B N Ramakrishnan **SEBI Registration No.:** INR000004058 **CIN:** U67190MH1999PTC118368
CREDIT RATING AGENCY	**DEBENTURE TRUSTEE****	**STATUTORY AUDITOR**
India Ratings & Research Pvt Ltd Wockhardt Towers, 4th floor, Bandra Kurla Complex Bandra East, Mumbai 400 051 **Tel:** +91 22 4000 1700 **Facsimile:** +91 22 4000 1701 **Email:** infogrp@indiaratings.co.in **Website:** www.indiaratings.co.in **Contact Person:** Bhavik Mehta **Compliance Officer:** Arunima Basu **SEBI Registration No.:** IN/CRA/002/1999 **CIN:** U67100MH1995FTC140049	**Catalyst Trusteeship Services Limited**** GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune 411 038 **Tel:** +91 22 4922 0555 **Facsimile:** + 91 22 4922 0555 **Email:** ComplianceCTL-Mumbai@ctltrustee.com **Investor Grievance Email:** grievance@ctltrustee.com **Website:** www.catalysttrustee.com **Contact Person:** Umesh Salvi **Compliance Officer:** Rakhi Kulkarni **SEBI Registration No.:** IND000000034 **CIN:** U74999PN1997PLC110262	**Walker Chandiok & Co LLP** 11th Floor, Tower II, One Financial Centre, S B Marg, Prabhadevi (W), Mumbai, Maharashtra - 400013 **Tel:** +91 22 6626 2699 **Firm registration no.:** 001076N/N500013 **Email:** manish.gujral@walkerchandiok.in **Peer review certificate no.:** 011707 **Contact Person:** Manish Gujral

ISSUE PROGRAMME*

ISSUE OPENS ON: [●]	ISSUE CLOSES ON: [●]

** This Issue shall remain open for subscription on Working Days from 10 a.m. to 5 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 period of maximum of 30 days from the date of Prospectus) as may be decided by the Board of Directors of our Company or a duly authorised committee thereof. 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 and advertisement for opening or closure of this Issue have been given on or before such earlier or initial date of Issue closure. 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 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 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 189 of this Draft Prospectus.*

***Catalyst Trusteeship Services Limited pursuant to Regulation 8 of the SEBI NCS Regulations and by way of letter dated April 11, 2022 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 Benefit Available to the Debenture Holders" and "Provisions of Articles of Association" beginning on pages 18, 122, 98, 268, 77 and 284, 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 98 and 268, 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 Ground Floor, Salarpuria Business Center No 93, Koramangala Industrial Layout, Bangalore 560 095, 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
Audit Committee	Audit committee of Board of Directors of our Company, constituted in accordance with applicable laws
Board / Board of Directors	Board of directors of our Company and includes any committee constituted thereof
Borrowings	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 Office	Corporate office of our Company located at Prestige RMZ Startech, 7th floor, Wing B, No. 139, 2, Hosur Rd, Koramangala industrial Layout, S.G Palya, Bangalore 560 095, Karnataka, India
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
Company Secretary and Compliance Officer	The company secretary and compliance officer 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
Equity Shares	Equity shares of face value ₹ 10 each of our Company

Term	Description
Executive Chairman	The executive chairman of our Board of Directors
Financial Statements / Reformatted Financial Statements	Reformatted IGAAP Standalone Financial Information, Reformatted IGAAP Consolidated Financial Information, Reformatted Ind AS Standalone Financial Information, Reformatted Ind AS Consolidated Financial Information and Reformatted Ind AS Subsidiary Financial Information
Group Companies	Navi General Insurance Limited and Navi AMC Limited
Independent Directors(s)	Independent director(s) of our Company, as disclosed under "*Our Management*", beginning on page 152.
Key Managerial Personnel(s) / KMP(s)	Key managerial personnel(s) of our Company as disclosed under "*Our Management*", beginning on page 152 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 152.
Outsourcing Agreement	Amended and restated service outsourcing agreement with our Promoter dated December 1, 2021 for, *inter alia*, information technology based services (including integration with the Navi App). This agreement amendment 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
Reformatted IGAAP Standalone Financial Information	The reformatted IGAAP standalone statement of assets and liabilities of our Company as at March 31, 2019, the reformatted IGAAP standalone statement of profit and loss (including other comprehensive income) for the financial year ended March 31, 2019, reformatted IGAAP standalone statement of changes in equity and the reformatted IGAAP standalone cash flow statement for the financial year ended March 31, 2019 and the related summary statement of significant accounting policies, as examined by our Statutory Auditor. Our audited standalone financial statements as at and for the financial years ended March 31, 2019, prepared under IGAAP, form the basis for such Reformatted IGAAP Standalone Financial Information.
Reformatted IGAAP Consolidated Financial Information	The reformatted IGAAP consolidated statement of assets and liabilities of our Company as at March 31, 2019, the reformatted IGAAP consolidated statement of profit and loss (including other comprehensive income) for the financial year ended March 31, 2019, the reformatted IGAAP consolidated statement of changes in equity for the financial year ended March 31, 2019, the reformatted IGAAP consolidated cash flow statement for the financial year ended March 31, 2019 and the related summary statement of significant accounting policies, as examined by our Statutory Auditor. Our audited standalone financial statements as at and for the financial year ended March 31, 2019, prepared under IGAAP, form the basis for such Reformatted IGAAP Consolidated Financial Information.
Reformatted Ind AS Standalone Financial Information	The reformatted Ind AS standalone statement of assets and liabilities of our Company as at December 31, 2021, March 31, 2021 and March 31, 2020, the reformatted Ind AS standalone statement of profit and loss (including other comprehensive income) for the nine months period ended December 31, 2021 and the financial years ended March 31, 2021 and March 31, 2020, the reformatted standalone statement of changes in equity for the nine months period ended December 31, 2021 and the financial years ended March 31, 2021 and March 31, 2020, the reformatted Ind AS standalone cash flow statement for the nine months period ended December 31, 2021 and the financial years ended March 31, 2021 and March 31, 2020 and the related summary statement of significant accounting policies as examined by our Statutory Auditor.

Term	Description
	Our audited standalone financial statements as at and for the nine months period ended December 31, 2021 and the financial years ended March 31, 2021 and March 31, 2020, prepared under Ind AS form the basis for such Reformatted Ind AS Standalone Financial Information.
Reformatted Ind AS Consolidated Financial Information	The reformatted Ind AS consolidated statement of assets and liabilities of our Company as at December 31, 2021, and March 31, 2021, the reformatted Ind AS consolidated statement of profit and loss (including other comprehensive income) for the nine months period ended December 31, 2021 and the financial year ended March 31, 2021, the reformatted Ind AS consolidated statement of changes in equity for the nine months period ended December 31, 2021 and the financial year ended March 31, 2021, the reformatted Ind AS consolidated cash flow statement for the nine months period ended December 31, 2021 and the financial year ended March 31, 2021 and the related summary statement of significant accounting policies, as examined by our Statutory Auditor. Our audited special purpose interim consolidated Ind AS financial statements as at and for the nine months period ended December 31, 2021 and audited consolidated financial statements for the financial year ended March 31, 2021, prepared under Ind AS, form the basis for such Reformatted Ind AS Consolidated Financial Information.
Reformatted Ind AS Subsidiary Financial Information	The reformatted Ind AS standalone statement of assets and liabilities of our Subsidiary as at March 31, 2020, the reformatted Ind AS standalone statement of profit and loss (including other comprehensive income) for the financial year ended March 31, 2020, the reformatted Ind AS standalone statement of changes in equity for the financial year ended March 31, 2020, the reformatted Ind AS standalone cash flow statement for the financial year ended March 31, 2020, and the related summary statement of significant accounting policies, as examined by our Statutory Auditor. Our Subsidiary's audited standalone financial statements as at and for the financial year ended March 31, 2020, prepared under Ind AS, form the basis for such Reformatted Ind AS Subsidiary Financial Information.
Registered Office	Registered office of our Company located at Ground Floor, Salarpuria Business Center No 93, Koramangala Industrial Layout, Bangalore 560 095, Karnataka, India
Registrar of Companies / RoC	Registrar of Companies, Karnataka at Bangalore
Shareholders	Equity Shareholders of our Company from time to time
Statutory Auditor/ Auditor	Walker Chandiok & Co LLP
Subsidiary/ CIFCPL	Chaitanya India Fin Credit Private Limited

Issue related terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of the Prospectus
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
A. K. Capital	A. K. Capital Services Limited
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 authorising 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

Term	Description
	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	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 authorising 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 "*Issue Procedure – Basis of Allotment*" on page 211.
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 Exchange 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
Category I Investor	• 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 and having a net-worth of more than ₹ 5,000 million 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	• 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;

Term	Description
	• 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 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 (being ₹ 200,000 to be increased to ₹ 500,000 for issue of debt securities which open for subscription on or after May 1, 2022)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 Operational 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 Managers and Consortium Members to the Issue.
Consortium Members	As specified in the Prospectus.
Consortium / Members of the Consortium / Members of Syndicate (each individually, a Member of the Consortium)	The Lead Managers and the Consortium Members
Coupon/ Interest Rate	As specified in the Prospectus. For further details, see "*Issue Structure*" on page 205
Credit Rating Agency/ India Ratings	India Ratings & Research Pvt Ltd
CRISIL	CRISIL Limited
CRISIL Report	The report titled "Industry Report on Microfinance" released in India dated March 10, 2022 by CRISIL
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 110% security cover for the 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

Term	Description
Debenture Trustee Agreement	Agreement dated April 11, 2022 entered into between our Company and the Debenture Trustee
Debenture Trustee / Trustee	Trustees for the NCD holders in this case being Catalyst Trusteeship Services Limited
Deemed Date of Allotment	The date on which our Board of Directors or a committee approved by the Board of Directors approves the Allotment of the NCDs for the Issue. 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 (as specified for the Issue by way of the prospectus) 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. for printing on refund or used for refunding through electronic mode as applicable.
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 http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html or https://www.sebi.gov.i n/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 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	The members of the Consortium, Sub-Consortium/agents, Trading Members, agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Designated RTA Locations	Such centres of the RTAs 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 April 18, 2022 filed with the Stock Exchange for receiving public comments and with SEBI in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations
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 the ₹ 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 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 Operational Circular.
Issue Agreement	Agreement dated April 13, 2022 entered into by our Company and the Lead Managers
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
Lead Managers	A. K. Capital Services Limited and JM Financial Limited

Term	Description
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)	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
Prospectus	The Prospectus to be filed with the RoC in accordance with the SEBI NCS Regulations, containing *inter alia* the coupon rate for the NCDs and other such information.
Public Issue Account	Account(s) 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 Managers for the appointment of the Sponsor Bank in accordance with the UPI Mechanism 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) Working 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 Exchange is having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange, will be deemed as the Record Date
Recovery Expense Fund	A fund which would be deposited by our Company with the Designated Stock Exchange for an amount equal to 0.01% of the issue size, subject to a maximum of deposit of ₹2,500,000 at the time of making the application for listing of NCDs
Redemption Amount	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
RedSeer	RedSeer Management Consulting Private Limited
RedSeer Report	The report titled "*Indian Fintech Landscape focussed on Digital Lending*" released in India on April 6, 2022 by RedSeer
Refund Account(s)	The account(s) 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 and as specified in the Prospectus.
Refund Bank	The Banker(s) to the Issue with whom the Refund Account will be opened and as specified in the Prospectus.
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 April 12, 2022 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

Term	Description
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
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 110% of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the Maturity Date. The NCDs proposed to be issued 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.
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	A 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 UPI Mechanism 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	Transaction 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, "*Material Contracts and Documents for Inspection*" on page 314.
Tripartite Agreements	Tripartite Agreement dated June 19, 2020 entered into between our Company, NSDL Database Management Limited and NSDL and Tripartite Agreement dated January 15, 2021 entered into between our Company, NSDL Database Management Limited and CDSL for offering demat option to the NCD Holders. Our Company undertakes to execute tripartite agreements with the Depositories and the Registrar to the Issue prior to the Issue Opening Date.
UPI ID	Identification created on the UPI for single-window mobile payment system developed by the National Payments Corporation of India
UPI Application Limit	Maximum limit to utilize the UPI mechanism to block the funds for application value up to ₹ 2,00,000 which will be increased to application value up to ₹ 500,000 for issues of debt securities which open on or after May 1, 2022 pursuant to SEBI circular

Term	Description
	SEBI/HO/DDHS/P/CIR/2022/0028 dated March 8, 2022 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 authorise 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 Operational 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)(lll) 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 Exchange, working day shall mean all trading days of the Stock Exchange 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
BC	Business correspondent
BFSI	Banking, financial services and insurance
CAR	Capital adequacy ratio
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
CRIF	CRIF High Mark Credit Information Services Private Limited
CSR	Corporate social responsibility
DPD	Days past due
ECL	Expected credit loss
EMI	Equated monthly instalment
Expense ratio	Ratio of operating expenses related to insurance business to net written premiums earned
FBSM	Funds beyond solvency margin
GDP	Gross domestic product
Gross NPA (%)	Represents the closing balance of the gross NPA to gross AUM for the relevant business as of the last day of the relevant period
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

Term	Description
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	Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, 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
NBFC-ND-SI	Systemically important non-deposit taking non-banking financial company
Net NPA (%)	Represents the closing balance of the net NPA to net advances for the relevant business as of the last day of the relevant period.
NPA	Non-performing asset
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
SFB	Small finance bank
STT	Securities transaction tax
TAT	Turnaround time
TER	Total expense ratio
TPA	Third-party administrator

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
BSE	BSE Limited
CAGR	Compounded annual growth rate
CARE	CARE Ratings Limited
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
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

Term	Description
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
ICRA	ICRA Limited
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
NBFC-ND-SI Directions	Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
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
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

Term	Description
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 Operational Circular	Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 issued by SEBI
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 and microfinance 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 or our Subsidiary in their repayment obligations.

e. The inability of our Company or our Subsidiary to meet their obligations, including financial and other covenants under our financing arrangements.

f. Effect of the COVID-19 pandemic on regular business operations.

g. Regulatory changes pertaining to the NBFC and microfinance industry.

For further discussion of factors that could cause our actual results to differ, see "*Risk Factors*" on page 18.

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 98, 122 and 244 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 Managers 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, our Company and the Lead Managers 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 "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 Reformatted Financial Statements in this Draft Prospectus consist of Reformatted IGAAP Standalone Financial Information, Reformatted IGAAP Consolidated Financial Information, Reformatted Ind AS Standalone Financial Information, Reformatted Ind AS Consolidated Financial Information and Reformatted Ind AS Subsidiary Financial Information, and have been prepared in accordance with Ind AS or Indian GAAP, 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.

The Reformatted Financial Statements are included in this Draft Prospectus. The relevant examination reports on the Reformatted Financial Statements, as issued by the Statutory Auditors of our Company, are included in this Draft Prospectus in "*Financial Information*", beginning on page 172.

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				
	March 31, 2022	December 31, 2021	March 31, 2021	March 31, 2020	March 31, 2019
1 USD	75.81	74.30	73.50	75.39	69.17

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

In case March 31/ December 31 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 "*Indian Fintech Landscape focussed on Digital Lending*" released in India on April 6, 2022 by RedSeer (the "**RedSeer Report**"), and (b) the report titled "*Industry Report on Microfinance*" released in India on March 10, 2022 by CRISIL (the "**CRISIL Report**"), which have been paid for and commissioned by our Company for an agreed fee. RedSeer and CRISIL have 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 RedSeer

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

"*The market information in RedSeer Management Consulting Private Limited's report titled "Indian Fintech Landscape focussed on Digital Lending" (the "***Report***") is arrived at by employing an integrated research methodology which includes secondary and primary research. RedSeer's primary research work includes surveys and in-depth interviews of consumers, customers and other relevant ecosystem participants, and consultations with market participants and experts. In addition to the primary research, quantitative market information is also derived based on data from trusted portals and industry publications. Therefore, the information is subject to limitations of, among others, secondary statistics and primary research, and accordingly the findings do not purport to be exhaustive. RedSeer's estimates and assumptions are based on varying levels of quantitative and qualitative analyses from various sources, including industry journals, company reports and information in the public domain. RedSeer's research has been conducted with a broad perspective on the industry and will not necessarily reflect the performance of individual companies in the industry. RedSeer shall not be liable for any loss suffered by any person on account of reliance on the information contained in the Report.*

While RedSeer has taken due care and caution in preparing the Report based on information obtained from sources generally believed to be reliable, its accuracy, completeness and underlying assumptions are subject *to limitations like interpretations of market scenarios across sources, and data availability, amongst others. Therefore, RedSeer does not guarantee the accuracy or completeness of the underlying data or the Report.*

Forecasts, estimates and other forward-looking statements contained in the Report are inherently uncertain and could fluctuate due to changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Additionally, the COVID-19 coronavirus pandemic has significantly affected economic activity in general and it is yet to be fully abated. The forecasts, estimates and other forward-looking statements in the Report depend on factors like the recovery of the economy, evolution of consumer sentiments, the competitive environment, amongst others, leading to significant uncertainty, all of which cannot be reasonably and accurately accounted for. Actual results and future events could differ materially from such forecasts, estimates, or such statements.

The Report is not a recommendation to invest/disinvest in any entity covered in the Report and the Report should not be construed as investment advice within the meaning of any law or regulation.

Without limiting the generality of the foregoing, nothing in the Report should be construed as RedSeer providing or intending to provide any services in jurisdictions where it does not have the necessary permission and/or registration to carry out its business activities in this regard. No part of the Report shall be reproduced or extracted or published in any form without RedSeer's prior written approval."

Disclaimer of CRISIL

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

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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 18. 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 122 of this Draft Prospectus, section titled "Financial Information" at page 172 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 '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, risk management, ALM, taxation and tax reporting and accounting. Any references to "the App" in this section are to be read as references to the Navi App which is being utilized by our Company pursuant to the Outsourcing Agreement.*

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 together with our Subsidiary.

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.

To the extent applicable financial information used in this section is derived from the Financial Statements.

INTERNAL RISKS

1. The lending business of our Company and the microfinance business operations of our Subsidiary 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 and the microfinance business of our Subsidiary 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 and microfinance businesses depend and will continue to depend on our ability to access a variety of sources of capital. For the nine months ended December 31, 2021 and the Financial Years 2021 and 2020, the capital adequacy ratio of our Company was 32.14%, 38.04% and 20.80%, respectively. For the nine months ended December 31, 2021, and the Financial Years 2021 and 2020, the capital adequacy ratio of our Subsidiary, CIFCPL, was 20.04%, 26.39% and 38.21%, respectively. We may require additional capital for our business operations. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes, including any changes to RBI's monetary policies which are applicable to us or unforeseen delays in developing our products. To the extent our capital requirements exceed our available resources, we will be required to seek additional debt or equity capital. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements.

Our ability to obtain financing on favourable terms, if at all, will depend on a number of factors, including our profitability and cash flows, asset quality, market interest rates, vintage of our business and the prevailing macroeconomic and other conditions. For instance, our Promoter, NTL, proposes to infuse funds into our Company out of the proceeds of a proposed initial public offer, which is contingent on various factors including receipt of requisite regulatory approvals and market conditions. For further details, see "*Our Business*" on page 122. 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. Our Subsidiary, CIFCPL's debt is rated IND A (Stable), CRISIL A- (Stable) and A – (Stable) by India Ratings, CRISIL and ICRA Limited, respectively. 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.

The carrying amount of our fixed interest-bearing financial assets (loan assets) in our Company was ₹15,948.70 million and ₹6,240.07 million for the nine months ended December 31, 2021 and the Financial Year 2021, respectively and the carrying amount of our floating interest-bearing financial assets (loan assets) in our Company was ₹1,755.68 million and ₹33.06 million for the nine months ended December 31, 2021 and the Financial Year 2021, respectively. The carrying amount of our fixed interest-bearing financial assets (loan assets) in our Subsidiary, CIFCPL was ₹18,121.95 million, ₹12,003.73 million and ₹8,465.52 million for the nine months ended December 31, 2021 and the Financial Years 2021 and 2020, respectively.

Our Company's exposure to floating interest-bearing liabilities (excluding CCIL Repo) for the nine months ended December 31, 2021 and the Financial Year 2021 was ₹ 8,377.43 million and ₹ 3,661.22 million. Our exposure to floating interest-bearing liabilities in our Subsidiary, CIFCPL for the nine months ended December 31, 2021 and the Financial Year 2021 and Financial year 2020 was ₹9,929.39 million, ₹4,593.04 million and ₹ 2,756.08 million, respectively.

Our total interest income for the nine months ended December 31, 2021 and the Financial Years 2021 and 2020 was ₹1,829.66 million, ₹1,947.24 million and ₹743.34 million, respectively.

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 RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. 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. Our Company's exposure to fixed interest-bearing liabilities (excluding CCIL repo) for the nine months ended December 31, 2021 and the Financial Years 2021 and 2020 was ₹ 3,700.00 million, ₹100.00 million, ₹2,472.30 million, respectively. Our exposure to fixed interest-bearing liabilities in our Subsidiary, CIFCPL for the nine months ended December 31, 2021 and the Financial Year 2021 and Financial Year 2020 was ₹ 4,675.41 million, ₹5,569.10 million and ₹3,914.03 million, respectively.

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 recently obtained approval from the Board of Directors of our Company to enter into overnight interest rate swaps. Our inability to effectively and efficiently manage interest rate variations and our failure to pass on increased interest rates on our borrowings to our customers, may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, financial condition, results of operations and cash flows.

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

We have experienced significant growth in recent periods. Our Company's total income (excluding other income) has grown to ₹3,164.53 million for the nine months ended December 31, 2021, ₹3,366.83 million in the Financial Year 2021 from ₹ 752.21 million in the Financial Year 2020, representing a CAGR of 347.59%. As part of our growth strategy, we plan to build on the wallet shares of our existing customer base of digitally savvy customers by launching adjacent lending products. Sustained growth will require significant investments in technology and digital marketing by us and our Promoter, NTL, and will also put pressure on our ability to effectively manage and control historical and emerging risks. Such further expansion will increase the size of our business and the scope and complexity of our operations, and this could put a strain on our internal control framework and processes. We may not be able to effectively manage this growth or achieve the desired profitability in the expected timeframe or at all and may not be able to reflect improvement in other indicators of financial performance from the expansion.

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

Growth through geographical expansion

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

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

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

- obtaining necessary governmental approvals in relation to entering new geographies or new lines of business, or launching new products which are regulated;

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

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

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

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

As of December 31, 2021 and March 31, 2021, ₹4,044.41 million or 25.33% and ₹1,299.14 million or 26.32% of the AUM of our Company, respectively, were from customers who belonged to the low-income group, who are estimated to be earning not more than ₹25,000 per month. For the customers of our Company belonging to this group, during the nine months ended December 31, 2021 and the Financial Year 2021, ₹32.22 million or 0.20% and ₹75.47 million or 1.53%, respectively, of our Company's total AUM attributable to such customers, experienced default in repayment obligations (i.e., were in the 90+ DPD category).

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 (i.e. loans that are 90+ DPD or as regulatorily required), is a key driver of our results of operations. Our Company's personal loan portfolio has grown during the nine months ended December 31, 2021 and the Financial Year ended March 31, 2021, and we continue to pursue our expansion strategy. As of December 31, 2021, and March 31, 2021, our Company's Stage 3 Assets were ₹189.96 million and ₹279.26 million, respectively, while our Company's Stage 3 Assets to AUM (for personal loans) was 1.12% and 4.96%, respectively. For our Company's loans portfolio, as of December 31, 2021 and March 31, 2021, our Stage 3 Assets (net) were ₹13.29 million and ₹23.74 million, respectively, while our Company's Stage 3 Assets (net) to AUM (net) was 0.08% and 0.45%, 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 and our Subsidiary 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. The exact impact of the November 12 Circular on the way we report the credit quality of our loans is not ascertainable at this stage, and we cannot assure you that it 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 December 31, 2021 and March 31, 2021, our Company's gross NPA to total AUM ratio for our personal loans business was 1.12% and 4.96%, respectively, and our Company's Net NPA to net AUM was 0.08% and 0.45%, respectively. For the nine months ended December 31, 2021 and the Financial Year 2021, our Company's provisions for standard assets amounted to ₹879.55 million and ₹676.68 million, respectively, in our personal loans business. For the same periods, our Company's provision for non-performing assets amounted to ₹154.43 million and ₹232.66 million, respectively, in such business.

As of December 31, 2021 and March 31, 2021, our Company's gross NPA to total AUM ratio for our home loans business was 0.00% and 0.00%. For the nine months ended December 31, 2021, our Company's provisions for standard assets amounted to ₹8.78 million in our home loans business. As of March 31, 2021, our Company's provisions for standard assets amounted to ₹0.13 million for our home loans business.

As of December 31, 2021, March 31, 2021 and March 31, 2020, our Subsidiary's gross NPA to total AUM ratio for our Subsidiary's microfinance business was 3.83%, 4.10% and 0.81%, respectively, and our Subsidiary's net NPA to net AUM ratio was 1.03%, 0.95% and 0.40%, respectively. For the nine months ended December 31, 2021 and the Financial Years 2021 and 2020, our Subsidiary's provisions for standard assets amounted to ₹267.76 million, ₹282.77 million and ₹171.19 million, respectively, in its microfinance business. For the same periods, our Subsidiary's provision for non-performing assets amounted to ₹515.16 million, ₹384.17 million and ₹36.27 million, respectively, in such business.

In particular, all of the microfinance loans we provide are extended on an unsecured basis and rely on mutual guarantee mechanisms rather than any tangible assets or collateral. Our microfinance lending model involves a joint liability mechanism whereby borrowers form an informal joint liability group and provide joint and several guarantees for loans obtained by each member of the group. We cannot assure you that such joint liability arrangements will ensure repayment by the other members of the joint liability group in the event of default by any one of them. Such joint liability arrangements are likely to fail if there is no meaningful personal relationship or bond among members of such group, if members do not participate regularly in group meetings, if inadequate risk management procedures have been employed to verify the group members and their ability to repay such loans, or as a result of adverse external factors such as natural calamities or forced migration. Further, while we have our own due diligence and credit analysis procedures, we cannot assure you that we will be able to ensure low delinquency rates.

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 March 31, 2022, our Company had secured borrowings of ₹ 20,421.88 million and unsecured borrowings of ₹ 7,327.88 million. For further details, see "*Disclosures on Existing Financial Indebtedness*" on page 172.

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 March 31, 2022, our outstanding borrowings on a standalone basis aggregated to ₹27,749.76 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 172. 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 172. 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 172.

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.

The negative covenants as mentioned in this risk factor and in the section "*Disclosures on Existing Financial Indebtedness*" on page 172, 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. ***The COVID-19 pandemic has affected our regular business operations and may continue to do so, depending on the severity and duration of the COVID-19 pandemic.***

The spread of the COVID-19 pandemic and related lockdowns and movement restrictions during 2020 and 2021 adversely impacted our business and financial condition. There remains significant uncertainty regarding the duration and long-term impact of the COVID-19 pandemic, as well as possible future actions by the Government (for example, as a result of new variants of the virus such as Omicron), which makes it very difficult for us to predict with certainty the impact that COVID-19 will have on our business, financial condition, results of operations (including collections in particular) and cash flows in the future. Further, one or more states where we have operations may impose additional regional or local lockdowns in the event of a further outbreak of the COVID-19 pandemic. Our Business Continuity Plan enabled us to perform key obligations such as repayment to lenders, payment of salaries to employees and payment of administrative expenses. The COVID-19 pandemic has affected and may continue to affect our business, financial condition, results of operations and cash flows in a number of ways such as:

- the Business Continuity Plans of our Company and our Subsidiary, CIFCPL, were implemented upon the Government's announcement of lockdown restrictions;

- it caused a decline in general economic and business activity, including loss of jobs and livelihood, depletion of savings, increase of household debt, reduced cash flows and liquidity, uncertainty and conservative market sentiments, which resulted in a decrease in disbursals of our loan products, an increase in restructuring of loans and a decrease in collection efficiency; for example, with the onset of the second wave of COVID-19 during the first quarter of Financial Year 2022, our Company's disbursals decreased by 61.90% for our Company's personal loans business and by 76.91% for our Subsidiary's microfinance loans business for the first quarter of the Financial Year 2022 from the fourth quarter of the Financial Year 2021; in addition, during the first two quarters of the Financial Year 2022, 21,704 loan accounts amounting to ₹470.18 million representing 2.60% of our total assets under management as of December 31, 2021 relating to our Subsidiary's microfinance loans business and 41 loan accounts amounting to ₹2.32 million representing 0.02% of our total assets under management as on December 31, 2021 relating to our Company's personal loans business were granted restructuring under the Resolution Framework 2.0;

- our customer base comprises of primarily retail borrowers who may default on their repayment obligations as a result of challenges with job security or other factors;

- it led to a closure of our corporate office for 41 days from March 25, 2020 to May 31, 2020 during the first COVID-19 wave in India and for 43 days from April 4, 2021 to June 15, 2021 during the second COVID-19 wave in India, and we moved to a work-from-home model for those months; following such closures, we resumed operations at our corporate office in a staggered manner by September 2020 and August 2021, respectively, in compliance with the lockdown restrictions and central and state government guidelines; inherent challenges to productivity, connectivity and oversight due to an increase in number of individuals working from home; further imposition of such orders as a result of the resurgence of COVID-19;

- the RBI, pursuant to its circulars dated March 27, 2020, April 17, 2020 and May 23, 2020 announced certain regulatory measures, including, among others, measures to mitigate the burden of debt servicing brought about by disruptions on account of the COVID-19 pandemic and to ensure the continuity of viable businesses; in furtherance of these circulars and in line with our Board approved policy, we offered a five-month moratorium to all customers who were less than or equal to 90 days-past-due ("**DPD**") as of March 31, 2020, in respect of instalments falling due between April 1, 2020 and August 31, 2020; the RBI also clarified that for all standard accounts as on February 29, 2020, moratorium period will be excluded from DPD calculation for the purpose of asset classification under the Income Recognition and Asset Classification norms; the moratorium was granted by us to eligible loans in line with RBI's defined criteria with a principal outstanding as of March 31, 2020 of ₹251.11 million for our Company's personal and home loans and ₹8,409.36 million for our Subsidiary's microfinance loans;

- our ability to service our debt obligations and comply with the covenants in our financing facilities and other agreements could result in events of default and the acceleration of indebtedness, which could adversely affect our results of operations and financial condition and our ability to make additional borrowings;

- our inability to access debt and equity capital on acceptable terms, or at all, and a further disruption and instability in the global financial markets or deterioration in credit and financing conditions or downgrade of our or India's credit rating may affect our access to financing and other sources of financing necessary to fund our operations or address maturing liabilities on a timely basis;

- increased vulnerability to information-security threats and potential breaches, including phishing attacks, malware and impersonation tactics, resulting from the increase in numbers of individuals working from home;

- potential negative impact on the health and safety of our personnel, particularly because a number of them were and could in the future be afflicted by COVID-19, which could result in a deterioration in our ability to ensure business continuity during this disruption; and

- our Statutory Auditors have included an emphasis of matter in their examination report on the Financial Statements for the nine months ended December 31, 2021 and the Financial Years ended March 31, 2021 and March 31, 2020 in this regard. For further details refer "*Outstanding Litigations and Defaults - Summary of reservations, qualifications or adverse remarks of auditors in the last five Fiscals*" on page 244.

For the nine months ended December 31, 2021 and the Financial Years 2021 and 2020, our Company's trade receivables were nil, nil and ₹45.12 million, respectively. Despite the COVID-19 pandemic, our Company's total income (excluding other income) has grown to ₹3,366.83 million in the Financial Year 2021 from ₹752.21 million in the Financial Year 2020, representing a CAGR of 347.59%. The full extent to which the COVID-19 pandemic, including its mutations, or any future pandemic or widespread public health emergency impacts our business, financial condition and results of operations will depend on numerous evolving factors that we may not be able to accurately predict or estimate, including the spread, severity and duration of the pandemic; economic and social impact of the pandemic; actions taken by governments, businesses and individuals in response to the pandemic; the effect on customer demand for our products, and customers' ability to repay the principal amount or interest; disruptions or restrictions on our employees' ability to work, travel and/or fulfil their obligations to us; volatility in foreign exchange rates, interest rates and availability of adequate liquidity in the financial system; and disruptions to our ability to establish and implement business development plans. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely impact our business, financial condition, results of operations and cash flows. Further, COVID-19 may also have the effect of exacerbating many of the other risks described in this "*Risk Factors*" section.

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

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

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

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

Further, our Company qualified as a 'high value debt listed entity' as per the thresholds set out under the SEBI Listing Regulations in November, 2021. As a 'high value debt listed entity', Chapter IV of the SEBI Listing Regulations will be applicable to our Company six months from the date of it being categorised as such, on a 'comply or explain' basis until March 31, 2023 and thereafter on a mandatory basis. Accordingly, the required compliance with Chapter IV of the SEBI Listing Regulations may cause additional compliance and legal costs for our Company and any non-compliance in relation to this may attract penalties, which may affect our financials adversely. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. These laws and regulations can be amended, supplemented or changed at any time such that we may be required to redesign our activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business and our financial performance. For details, see "*Regulations and Policies*" on page 268.

Further, as of December 31, 2021, we employed 3,990 employees (on a consolidated basis), 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.

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 268.

8. *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 268.

For the nine months ended December 31, 2021 and the Financial Years 2021 and 2020, the capital adequacy ratio of our Company was 32.14%, 38.04% and 20.80%, respectively. For the nine months ended December 31, 2021 and the Financial Years 2021 and 2020, the capital adequacy ratio of our Subsidiary, CIFCPL was 20.04%, 26.39% and 38.21%, 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.

9. Non-compliance with RBI inspections, or other regulatory compliance requirements by us may have an adverse effect on our business, financial condition or results of operation. Any adverse observations from such regulators could have an adverse effect on our business, financial condition, results of operation and cash flows.

We are subject to periodic inspections by the RBI under the Banking Regulation Act and the RBI Act, pursuant to which the RBI issues observations, directions and monitorable action plans, on issues related to various operational risks and regulatory non-compliances.

In its inspection report for the Financial Year ended March 31, 2021, RBI has made certain observation regarding the business and operations of our Company, in relation to, but not limited to: , (i) limited performance review of investment portfolio of company, (ii) involvement of the holding company in areas related to technology operations, (iii) certain gaps in Board oversight on key operations, (iv) no detailed Board review of customer grievance redressal provided by Company, (iv) frequent changes in the composition of the Board, committees and KMPs during the past three Financial Years without discussion in the Board or Nomination and Remuneration Committee meetings, (v) certain gaps in regulatory guidelines on KYC, (vi) certain gaps in adherence to regulatory guidelines on direct assignment transactions, and (vii) instance of a breach of single borrower limit. We are currently in the process of finalising responses to such RBI observations within the timeline stipulated by RBI.

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

Similarly, in its inspection report for the Financial Year ended March 31, 2020, RBI has made certain observations regarding the business and operations of our Subsidiary, CIFCPL in relation to, but not limited to: (i) not framing the requisite fraud risk management policy; (ii) certain instances of delay in detection and reporting of frauds; (iii) deficiencies in information technology systems and controls; (iv) non-satisfaction of the requisite committee composition requirements for audit and nomination and remuneration committee; (v) certain instances of failure in ensuring compliance of qualifying asset criteria, adequacy of provisions in respect of insurance receivables and deficiencies in calculation of capital adequacy; and (vi) certain observations in relation to the asset quality of our Subsidiary, CIFCPL.

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

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

10. *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 inly 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.

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

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

12. *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.

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

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

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

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

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

14. We may face information security threats attempting to exploit our network to disrupt our services and support services to customers and/ or theft of sensitive confidential company information,

which may cause damage to our reputation and adversely affect our business and financial performance.

We interact with and offer our products and services to our customers through a range of digital channels including the Navi App, which is our core front-end platform for our personal loans and home loans businesses. Our business collects, processes, and stores personal data of our customers pursuant to their consent. This includes contact information, spending patterns, mobile application usage and behaviour, geolocation, demographic data and device data. Consequently, we face various risks in handling and protecting such large volumes of data, including risks associated with attacks on our systems by third parties or fraudulent misappropriation of data by our employees; as well as risks associated with privacy concerns, and with the transmission, sharing and other security measures relating to such data. Therefore, we are exposed to various information security threats including (i) phishing, vishing and trojans targeting our customers, wherein fraudsters through unsolicited mails/calls to our customers, attempt to defraud by, *inter alia*, impersonating Navi representatives; (ii) hacking, wherein attackers seek to hack into our website and system with the primary intention of causing reputational damage to us by disrupting services; and (iii) data theft or ransomware, wherein cyber criminals may attempt to enter our network with the intention of stealing our data or information or encrypting some or all of our data and then demand a ransom for its restoration. We have in the past received phishing emails, for which we have implemented systems to intercept and block such phishing attempts.

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

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

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

15. Our Subsidiary, CIFCPL, has applied for a universal banking license with the RBI, and we cannot assure you that such license shall be issued by the RBI. Further, the receipt of a license by our Subsidiary, CIFCPL may require us to undertake such changes to our business, group holding structure and operations as may be required under applicable laws or as specified by the RBI.

Our Subsidiary, CIFCPL, is one of the applicants for a universal banking license under the RBI Guidelines for 'on tap' Licensing of Universal Banks in the Private Sector dated August 1, 2016 ("**On Tap Licensing Guidelines**"). As of the date of this Draft Prospectus, we are yet to receive an in-principle approval from the RBI in terms of the On Tap Licensing Guidelines, and we cannot assure you that such in-principle approval or subsequently, the final license, will be issued to us any time soon, or at all.

If we receive an in-principle approval, such approval may be accompanied with various conditionalities and restrictions at the discretion of the RBI, and we cannot assure you that we will be able to comply with all such conditionalities within the prescribed timelines, or in a manner satisfactory to the RBI. Further, the final license may also be issued with similar licensing conditions, and we cannot assure you that the compliance with such conditions will not require us to deploy additional management time and resources.

Further, in the event we receive the in-principle approval and the final licence, we may have to undertake, subject to regulatory and other necessary approvals and other external factors, merger, amalgamation or restructuring activities as part of the application made to RBI and to comply with requirements under applicable law. In addition, once we receive the final license, the universal bank will be required to comply with various statutory and financial ratios, such as CRR, SLR and CRAR, as prescribed under the relevant rules and regulations of RBI from time to time. The universal bank will also be required to implement such other business activities as may be required by a universal bank in terms of the extant regulations as and when the bank is operational, including introduction of new products and creation of additional physical infrastructure.

The On Tap Licensing Guidelines also prescribe detailed criteria in relation to universal banks, including in relation to the composition of the promoter and promoter group, the corporate holding structure, shareholding restrictions, requirements in relation to demarcation of financial and other activities within a group, as well as corporate governance, prudential and exposure norms. For instance, the On Tap Licensing Guidelines require us to incorporate an entity which will be carrying out the universal banking operations, and also to set up a NOFHC as part of the overall holding structure. The regulatory framework also provides a timeframe for dilution of promoters' equity in the NOFHC over 10 to 15 years. The regulatory framework applicable to private sector banks and universal banks, including the Banking Regulation Act, the RBI Act, the On Tap Licensing Guidelines or any other guidelines as may be issued by the RBI from time to time also prescribes or may prescribe requirements in relation to group holding structure and business operations.

We cannot assure you that we will be able to undertake changes to our current holding structure, business activities, shareholding pattern or management composition in order to comply with such requirements, or the licensing and approval conditions under the in-principle approval or final banking license, within the timelines prescribed thereunder, or at all. Further, setting up a universal bank within the group is likely to result in increased compliance requirements on the other entities forming part of the group. In the event that we are required to undertake any one or more changes to our business, group holding structure or operations in the manner set out above, or if we are unable to meet the regulatory timelines prescribed for implementing such changes, it may impact our ability obtain or maintain the banking license, and may also impact our business, financial condition and results of operations.

16. 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, MFIs, HFCs and other NBFCs. Competition across our business lines depends on, among other things, the ongoing evolution of government policies, the entry of new participants and the extent to which there is consolidation among banks and financial institutions in India.

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

For our microfinance business, we face competition from traditional commercial banks, SFBs as well as regional and cooperative banks which may continue to increase their participation in microfinance, such as by financing the loan programs of self-help groups often in partnership with non-governmental organisations, or through certain state-sponsored social programs. Further, some commercial banks are also beginning to directly compete with for-profit MFIs, including through the business correspondent operating model, for lower income segment customers in certain geographies. In addition, as competition amongst microfinance players increases, customers may take more than one loan from different microfinance players, which may adversely affect their ability to repay and thus, our asset quality or the asset quality of the industry as a whole. Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. We cannot assure you that we will be able to react effectively to market developments or compete effectively with new and existing players in the industries in which we operate. Increasing competition may adversely affect our net interest margins, income and market share.

17. 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 December 31, 2021, we employed 3,990 employees (on a consolidated basis), including 2,362 relationship officers for our microfinance business.

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

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

18. 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.

In the past, our Subsidiary, CIFCPL has been subject to fraudulent activities, including arising out of misappropriation and criminal breach of trust, fraudulent encashment through fictitious accounts and conversion of property, robbery and theft. As of December 31, 2021, the outstanding cases of employee frauds of our Subsidiary, CIFCPL amounted to ₹19.36 million.

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.

19. 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..

20. 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.

21. 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 30.

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.

Our Subsidiary, CIFCPL, is dependent on certain third-party banking correspondents and other vendors for several functions which are critical to its business, such as cash collection points. Any termination or disruption of these third-party arrangements may have an adverse impact on the ability of our Subsidiary, CIFCPL to continue its business in the manner as presently undertaken. Further, total liability of third-party service providers, except in case of, *inter alia*, fraud and gross negligence is typically limited to the fees paid to them over a particular period. If such liability is also not covered under the insurance policies obtained by us, we will not have any recourse and will incur losses in case a third-party service provider defaults. In certain cases, third-party vendors also do not guarantee the provision of uninterrupted, timely or error free services, and accordingly, we cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from our third-party service providers. Any disruption or inefficiency in the services provided by our third-party service providers could affect our business and reputation.

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.

22. ***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.

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

In the ordinary course of business, we, our Promoter, our Directors, our Group Companies and our Subsidiary 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 244. Brief details of material outstanding litigation that have been initiated by and against us, our Promoter, our Directors, our Group Companies and Subsidiary is set forth below:

(in ₹ million, unless otherwise specified)

Nature of cases	Number of cases	Total amount involved^
Litigation involving our Company		
Against our Company		
Tax proceedings	4	56.19
Other non-material proceedings	1	Not quantifiable

Nature of cases	Number of cases	Total amount involved^
By our Company		
Criminal cases	46	1.68
Litigation involving our Directors		
Against our Directors		
Material civil cases	1	Not quantifiable
Action taken by statutory and regulatory authorities	2	Not quantifiable
Tax proceedings	3	5.31
Other non-material proceedings	7	Not quantifiable
By our Directors		
Material civil cases	2	Not quantifiable
Action taken by statutory and regulatory authorities	-	-
Litigation involving our Promoter		
Tax proceedings	1	1.60
Litigation involving our Subsidiary		
Against our Subsidiary		
Tax proceedings	4	13.43
By our Subsidiary		
Material civil cases	1	10.62
Criminal cases	232	23.23
Litigation involving our Group Companies		
Against our Group Companies		
Action taken by statutory and regulatory authorities	1	-
Civil cases	592	431.58
Tax proceedings	11	2.79
Other non-material proceedings	7	Not quantifiable

* *To the extent ascertainable and quantifiable*

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

24. 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 268.

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 and our Subsidiary 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.

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

Our non-convertible debentures are listed on the debt segment of BSE. We are required to comply with various applicable rules and regulations, including the applicable SEBI regulations and applicable provisions of the Listing Regulations, in terms of our listed non-convertible debentures. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, including, without limitation, restrictions on the further issuance of securities and the freezing of transfers of securities, which may have an adverse effect on our business, results of operations, financial condition and cash flows. For details of such listed non-convertible debentures, see "*Disclosures on Existing Financial Indebtedness*" on page 172.

26. ***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 268.

27. ***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 nine months ended December 31, 2021 and the Financial Year 2021, our Company's revenue derived from interest on personal loans was ₹1,239.74 million and ₹575.21 million, representing 38.88%, and 17.08% 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.

28. 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 53.

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

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

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

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

b. Our Subsidiary, CIFCPL, has filed a *suo moto* application dated December 3, 2021 under Section 454 of the Companies Act for contravention of Section 161 of the Companies Act, where such matter is currently pending. For details, see "*Outstanding Litigations and Defaults*" on page 244.

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.

30. ***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.

31. ***We may face difficulties and incur additional expenses in operating in rural and semi-urban markets, where infrastructure may be limited.***

In our Subsidiary's microfinance business, we extend credit to low-income women in rural and semi-urban areas across India, where, infrastructure may be limited, particularly for transportation, electricity and internet bandwidth. As of December 31, 2021, we had 411 branches spread across 118 districts in 10 states in India for our Subsidiary's microfinance business. At some of the branch offices of our Subsidiary, CIFCPL, in remote markets, we may face difficulties in conducting operations, such as arranging centre meetings in the villages, accessing power facilities, and implementing technology measures. We may also face increased costs in conducting our business and operations and implementing security measures. We cannot assure you that such costs will not increase in the future as we grow our distribution network in rural and semi urban markets, which could adversely affect our profitability.

32. ***The microfinance industry in India faces unique risks due to the category of customers that it services, which are generally not associated with other forms of lending.***

The focus customer segment for our Subsidiary's microfinance business is low-income families in rural and semi-urban areas across India with an annual household income of up to ₹0.13 million and ₹0.20 million, respectively. Our customers generally have limited sources of income, savings and credit histories. In addition, although we are generally able to obtain credit reports from credit bureaus on our customers, to the extent that there is limited financial information available for our focus customer segment and customers do not have any credit history supported by tax returns, bank or credit card statements, statements of previous loan exposures or other related documents, it may be difficult to carry out credit risk analyses on them. As a result, such customers may pose a higher risk of default than customers with greater financial resources and more established credit histories and customers living in urban areas with better access to education, employment opportunities and social services.

Collections for our Subsidiary's microfinance business are primarily in cash, exposing us to certain operational risks. Such cash collections expose us to the risk of theft, fraud, misappropriation or unauthorised transactions by employees responsible for dealing with such cash collections. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically dispersed nature of our network. While we have taken insurance policies, including coverage for cash in safes and in transit, and undertaken measures to detect and prevent unauthorised transactions, fraud or misappropriation, this may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorised transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. We may also be party to criminal proceedings and civil litigation related to our cash collections. Although we have introduced collection points at banks and with third-party fintech vendors, key safety lockers, accompanying personnel such as senior loan officer and assistant branch manager for physical transportation of cash and conducted period audits, we may be unable to avoid all operational risks. This may adversely affect our business, results of operations and cash flows.

In addition, political and social risks, such as the negative publicity surrounding the growth and profitability of the microfinance industry, public criticism of the microfinance industry, or religious beliefs and convictions regarding the extension of credit and repayment of interest may deter our customers from fulfilling their obligations to us. In addition, the microfinance sector may be susceptible to election cycles. For example, political pressure by incumbents to write off loans or the announcements of debt-waiver schemes by state governments ahead of general elections may result in an accretion of NPAs across the microfinance industry. Due to the precarious circumstances of our customers and our non-traditional lending practices, we may, in the future, experience increased levels of NPAs and related provisions and write-offs that may adversely affect our business, financial condition and results of operations. We cannot assure you that our monitoring and risk management procedures will effectively predict and/or prevent such losses or that loan loss reserves will be sufficient to cover actual losses.

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

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

As of March 31, 2022, we had availed unsecured loans from banks amounting to ₹99.48 million. Existing unsecured loans from banks or any unsecured loans availed in the future, including working capital loans, may be recalled at any time at the option of the lender on the occurrence of an event in terms of the relevant lender agreements. There can be no assurance that the lenders will not recall such borrowings or if we will be able to repay loans advanced to us in a timely manner or at all. In the event that any lender seeks a repayment of any such loan, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. As a result, if such unsecured loans are recalled at any time, it may adversely affect our financial condition and results of operations.

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

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

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

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

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

As of December 31, 2021, all of our offices (including our Registered Office and Corporate Office) and branches, and other key properties to our business are located on leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, or if they terminate the agreement we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business, financial condition, results of operations and cash flows.

39. 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 December 31, 2021:

(₹ in millions)

Contingent liabilities	As of December 31, 2021
In respect of Income tax demands where the Company has filed appeal before the relevan authority.	56.17
In respect of GST where the Company has filed submission to Assistant Commissioner (State Tax-Karnataka)	3.06
Total	**59.23**

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 172.

40. 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 152. 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.

41. 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 74. 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 74. 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.

42. 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 74 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.

43. 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 "Indian Fintech Landscape focussed on Digital Lending" dated April 6, 2022 prepared by an independent third-party research agency, RedSeer Management Consulting Private Limited and the report entitled "Industry Report on Microfinance" dated March 10, 2022 prepared by an independent third-party research agency, CRISIL Limited .These reports have been commissioned and paid for by us for the purposes of confirming our understanding of our industry in connection with the Issue. The reports use 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 due 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.

44. 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, 2021. Our Promoter exercise significant control over us, including being able to control the composition of our Board and determine matters requiring shareholder approval or approval of our Board. Our Promoter may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our Promoter could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us which may not favour our best interest.

45. ***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:

	For the Nine Months Ended December 31,	**For the Financial Year Ended March 31,**		
	2021	**2021**	**2020**	**2019**
	(₹ in millions)			
Net cash generated from (used in) operating activities	(3,730.52)	6,173.64	(4,336.22)	105.58
Net cash generated from/(used in) investing activities	(2.12)	(1.75)	(0.96)	(80.86)
Net cash generated from/ (used in) financing activities	5,210.22	(5,336.33)	4,499.63	0

For further details, see "*Financial Information*" on page 172.

46. ***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*, EBITDA, Net Worth and Return on Net Worth, AUM, Total Debts to total assets, Debt Service Coverage ratios, interest service coverage ratios, Bad debts to Account receivable ratio, Gross NPA (%), Net NPA (%), Tier I CAR (%) and Tier II CAR (%), 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

47. ***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.

48. 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.

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

The NCDs proposed to be issued under the Issue have been rated "IND A/ Stable" by India Ratings vide its letter dated April 11, 2022. Credit rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed here, and other factors that may affect the value of the NCDs.

The rating provided by India Ratings may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to page 320 of this Draft Prospectus for rating letters and rationale for the above rating.

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

Substantially all of our Company's current assets represented by the receivables are being used to secure our Company's debt. As of March 31, 2022, our Company's secured debt was ₹20,421.88 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.

51. 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.

52. *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.

53. *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.

54. *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.

55. *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.

56. *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

57. *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.

58. 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 has notified the Finance Act, 2021 (“**Finance Act**”) which has introduced various amendments to taxation laws in India. There is no certainty on the impact that the Finance Act may have on our business and operations or the industry in which we operate. In addition, unfavourable changes in or interpretation of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or 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 enactment of Personal Data Protection Bill, 2019 (“**Data Protection Bill**”) for implementing organisational and technical measures in processing personal data, laying down norms for cross-border transfer of personal data and ensuring accountability of entities processing personal data. The enactment of the Data Protection Bill may introduce stricter data protection norms for a company such as us and may impact our processes. On December 16, 2021, the Joint Parliamentary Committee submitted its report to the Indian Parliament after two years of deliberations on the Data Protection Bill. The scope of the Data Protection Bill has undergone an expansion and will now cover both personal and non-personal data. The bill has been renamed from “Personal Data Protection Bill” to “Data Protection Bill (Bill).”

- 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.

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.

59. ***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.

60. 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.

61. 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.

62. Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which may affect investors' assessments of our financial condition.

Our Financial Statements for and as of the nine months ended December 31, 2021 and the Financial Years 2021 and 2020 are presented and in conformity as per Ind AS and 2019 are presented and in conformity with Indian GAAP in each case, included in this Draft Prospectus are presented in conformity with Ind AS, in each case reformatted in accordance with the SEBI NCS Regulations and the Guidance

Note on "Reports in Company Prospectuses (Revised 2019)" issued by the ICAI. Ind AS differs in certain significant respects from Indian GAAP, IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. For further details, please see "*Summary of Significant Differences Between Indian GAAP and Ind AS*" on page 281.

We have not attempted to explain in a qualitative manner the impact of the IFRS or U.S. GAAP on the financial information included in this Draft Prospectus, nor do we provide a reconciliation of our financial information to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP, which may differ from accounting principles with which prospective investors may be familiar in other countries. Accordingly, the degree to which the financial information included in this Draft Prospectus, which are reformatted as per the SEBI NCS Regulations, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Ind AS, and the Companies Act. Any reliance by persons not familiar with Indian accounting practices, Ind AS and the Companies Act, on the financial disclosures presented in this Draft Prospectus should accordingly be limited.

63. *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.

64. *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. For details regarding changes to our Registered Office, see "*History and Certain Corporate Matters*" beginning on page 147.

Registered Office

Navi Finserv Limited
Ground Floor, Salarpuria Business Center, No 93
Koramangala Industrial Layout, Bengaluru, 560 095
Karnataka, India
Contact Number: +91 89519 04682
Facsimile: N/A
Email: corporate_finserv@navi.com
Website: www.navifinserv.com

For further details regarding changes to our Registered Office, see "*History and Certain Corporate Matters*" on page 147.

Corporate Office

Navi Finserv Limited

Prestige RMZ Startech,
7th Floor, Wing B, No. 139, 2, Hosur Rd,
Koramangala Industrial Layout,
S.G Palya, Bengaluru 560 095
Karnataka, India
Contact Number: +91 89519 04682
Facsimile: N/A
Email: corporate_finserv@navi.com
Website: www.navifinserv.com

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.

Permanent Account Number: AAECC7456R

Legal Entity Identifier: 335800S5TPKIBASK5P24

Liability of the members of the Company

Limited by shares

Chief Financial Officer

Divyesh Jain
Prestige RMZ Startech,
7th Floor, Wing B, No. 139, 2, Hosur Rd,
Koramangala Industrial Layout,
S.G Palya, Bengaluru 560 095
Karnataka, India
Tel: +91 8951 904682
Facsimile: N/A
Email: divyesh.jain@navi.com

Company Secretary and Compliance Officer

Puneet Bhatia
Prestige RMZ Startech,
7th Floor, Wing B, No. 139, 2, Hosur Rd,
Koramangala Industrial Layout,
S.G Palya, Bengaluru 560 095
Karnataka, India
Contact Number: +91 8951 904682
Facsimile: N/A
Email: secretarial@navi.com

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer 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 Managers

A. K. Capital Services Limited

603, 6th Floor, Windsor, Off CST Road, Kalina
Santacruz East, Mumbai 400 098
Maharashtra, India
Tel: +91 22 6754 6500
Facsimile: +91 22 6610 0594
Email: nfl.ncd2022@akgroup.co.in
Investor Grievance Email: investor.grievance@akgroup.co.in
Website: www.akgroup.co.in
Contact Person: Aanchal Wagle/ Milan Soni
Compliance Officer: Tejas Davda
SEBI registration no.: INM000010411
CIN: L74899MH1993PLC274881

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: nfl.ncdissue2022@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 0555
Email: ComplianceCTL-Mumbai@ctltrustee.com
Investor Grievance Email: grievance@ctltrustee.com
Website: www.catalysttrustee.com
Contact Person: Umesh Salvi
Compliance Officer: Rakhi Kulkarni
SEBI Registration No.: IND000000034
CIN: U74999PN1997PLC110262

Catalyst Trusteeship Limited has, pursuant to Regulation 8 of SEBI NCS Regulations, by its letter dated April 11, 2022 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 C" 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 189.

Registrar to the Issue

LINK Intime

Link Intime India Private Limited
C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083
Tel: +91 22 4918 6200
Facsimile: (91 22) 4918 6195
Email: navifinserv.ncd@linkintime.co.in
Investor Grievance Email: navifinserv.ncd@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sumeet Deshpande
Compliance Officer: B N Ramakrishnan
SEBI Registration No.: INR000004058
CIN: U67190MH1999PTC118368

Link Intime India Private Limited has by its letter dated April 11, 2022 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 Company Secretary and Compliance Officer 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

Walker Chandiok & Co LLP
11th Floor, Tower II
One Financial Centre, S B Marg
Prabhadevi (W)
Mumbai Maharashtra 400 013, India
Tel: +91 22 6626 2699
Firm Registration No.: 001076N/N500013
Email: manish.gujral@walkerchandiok.in
Peer Review Certificate No.: 011707

Contact Person: Manish Gujral

Walker Chandiok & Co. LLP has been the Statutory Auditors of our Company since September 30, 2019.

Change in Statutory Auditors since last three years

Name of the Auditor	Address	Date of Appointment	Date of cessation if applicable	Date of Resignation if applicable
Walker Chandiok & Co LLP	11th Floor, Tower II, One Financial Centre, S B Marg, Prabhadevi (W), Mumbai, Maharashtra - 400013	September 30, 2019	-	-
Ramesh Ashwin and Karanth	Unit No. 102, 1st Floor, Premier Residency, 35/17, Langford Road, Bengaluru 560 025, Karnataka, India	September 30, 2014	-	September 30, 2019*

* *End of term as the first auditor of our Company at the seventh AGM*

Credit Rating Agency

India Ratings & Research
A Fitch Group Company

India Ratings & Research Pvt Ltd
Wockhardt Towers, 4th floor
Bandra Kurla Complex,
Bandra East, Mumbai 400 051
Tel: +91 22 4000 1700
Facsimile: + 91 22 4000 1701
Email: infogrp@indiaratings.co.in
Website: www.indiaratings.co.in
Contact Person: Bhavik Mehta
Compliance Officer: Arunima Basu
SEBI Registration No.: IN/CRA/002/1999
CIN: U67100MH1995FTC140049

Credit Rating and Rationale

The NCDs proposed to be issued pursuant to this Issue have been rated IND A/ Stable by India Ratings for an amount of up to ₹6,000 million by way of its letter dated April 12, 2022. The ratings provided by the Credit Rating Agency 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. For details regarding rating letters and rationale for the aforementioned rating, see "*Annexure B*" beginning on page 320.

Disclaimer clause of India Ratings & Research Pvt Ltd

All credit ratings assigned by India Ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: https://www.indiaratings.co.in/rating-definitions . In addition, rating definitions and the terms of use of such ratings are available on the agency's public website www.indiaratings.co.in . Published ratings, criteria, and methodologies are available from this site at all times. India ratings' code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the code of conduct section of this site. (https://www.indiaratings.co.in/rating-definitions) (https://www.indiaratings.co.in).

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

Banker(s) to our Company

HDFC Bank Limited
FIG- OPS Department- Lodha, I Think Techno Campus O-3
Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East), Mumbai – 400042
Maharashtra, India
Contact Person: Tushar Gavankar Siddharth Jadhav, Prasanna Uchil, Neerav Desai
Tel: +91 22 30752927 , +91 22 30752928 , +91 22 30752914
Email: tushar.gavankar@hdfcbank.com, siddharth.jadhav@hdfcbank.com, prasanna.uchil@hdfcbank.com and neerav.desai@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 Members

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."

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, prior to the Issue Closing Date, the entire. Application amount shall be unblocked in the ASBA Accounts of the Applicants within six Working Days from the Issue Closing Date. In the event 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 Accounts(s) of the Applicants within six Working Days from the Issue Closing Date. 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 Operational 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 circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 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.

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 and CIR/CFD/POLICYCELL /11/2015 dated November 10, 2015 and the ASBA 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.

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 211.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds, see "*Objects of the Issue*" on page 74.

Issue Programme

ISSUE OPENS ON	**[•]**
ISSUE CLOSES ON	**[•]**
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 a committee thereof approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Operations Committee 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 NCD Holders from the Deemed Date of Allotment.

Note: This Issue shall remain open for subscription on Working Days from 10 a.m. to 5 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 period of maximum of 30 days from the date of Prospectus) as may be decided by the Board of Directors of our Company or a duly authorised committee thereof. 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 and advertisement for opening or closure of this Issue have been given on or before such earlier or initial date of Issue closure. 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 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 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 189 of this Draft Prospectus.*

Applications 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 Exchange. It is clarified that the Applications not uploaded in the Stock Exchange 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 Managers 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 on the day of oversubscription, 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 Managers, 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 on the day of oversubscription, if any, where the Allotment will be proportionate.

Inter-se Allocation of Responsibilities among the Lead Managers:

The following table sets forth the distribution of responsibility and coordination for various activities amongst the Lead Managers.

S. No.	Activities	Responsibility	Coordinator
1.	Due diligence of Issuer's operations/ management/ business plans/ legal etc. and drafting the Draft Prospectus, Prospectus (together "Offer Documents")	A. K. Capital and JM Financial	A. K. Capital
2.	Co-ordination with Auditors on Comfort Letter and co-ordination with lawyers for legal opinion.	A. K. Capital and JM Financial	A. K. Capital
3.	Structuring of various issuance options with relative components and formalities etc.	A. K. Capital and JM Financial	A. K. Capital
4.	Appointment of other intermediaries viz., Registrar(s), Printers, Debenture Trustee, Consortium Members, Advertising Agency and Bankers to the Issue	A. K. Capital and JM Financial	A. K. Capital
5.	Drafting and design of the statutory advertisement	A. K. Capital and JM Financial	A. K. Capital
6.	Preparation and finalisation of application form	A. K. Capital and JM Financial	A. K. Capital
7.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (5) above including corporate advertisement, brochure, etc.	A. K. Capital and JM Financial	JM Financial
8.	Preparation of road show presentation, FAQs	A. K. Capital and JM Financial	JM Financial
9.	Individual / HUF marketing strategy which will cover, inter alia: • Finalize collection centers • Follow-up on distribution of publicity and Issue material including form, Prospectus and deciding on the quantum of the Issue material	A. K. Capital and JM Financial	JM Financial

S. No.	Activities	Responsibility	Coordinator
10.	Institutional and Non-institutional marketing strategy which will cover, *inter alia*: • 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.	A. K. Capital and JM Financial	A. K. Capital / JM Financial
11.	Coordination with the stock exchange for the bidding software	A. K. Capital and JM Financial	A. K. Capital
12.	Coordination for security creation by way of execution of Debenture Trust Deed/ Deed of Hypothecation	A. K. Capital and JM Financial	JM Financial
13.	Post-issue activities including - • Co-ordination with Bankers to the Issue for management of 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.	A. K. Capital and JM Financial	JM Financial
14.	Co-ordination with the Registrar for dispatch of allotment and refund advices, dispatch of debenture certificates and credit of bonds.	A. K. Capital and JM Financial	JM Financial
15.	Finalization of draft of other stationery items like refund order, allotment & refund advice, bond certificate, LoA etc.	A. K. Capital and JM Financial	JM Financial
16.	Coordination for generation of ISINs and Corporate action for dematerialized credit /delivery of securities;	A. K. Capital and JM Financial	JM Financial
17.	Coordination with Registrar & Stock Exchanges for completion of listing and trading.	A. K. Capital and JM Financial	JM Financial
18.	Redressal of investor grievances in relation to post issue activities	A. K. Capital and JM Financial	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 March 31, 2022:

(In ₹, except for share data)

Particulars	Amount in (₹)
AUTHORISED SHARE CAPITAL	
205,000,000 Equity Shares of face value of ₹10 each	2,050,000,000
TOTAL	**2,050,000,000**
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
178,573,686 Equity Shares of face value of ₹ 10 each	1,785,736,860
TOTAL	1,785,736,860
Securities Premium Account	9,640,885,618

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 as on March 31, 2022, for last three years:**

S. No.	Date of Change (AGM/EGM)	Particulars
1.	June 14, 2019 (EGM)	Increase in authorized share capital from ₹ 300,000,000 divided into 30,000,000 Equity Shares of ₹ 10 each to ₹ 1,150,000,000 divided into 115,000,000 Equity Shares of ₹ 10 each
2.	February 27, 2020 (EGM)	Increase in authorized share capital from ₹ 1,150,000,000 divided into 115,000,000 Equity Shares of ₹ 10 each to ₹ 1,750,000,000 divided into 175,000,000 Equity Shares of ₹ 10 each
3.	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. **Share capital history of our Company for the last three years**

   a. *Details of Equity Share Capital*

The history of the paid-up Equity Share capital of our Company as on March 31, 2022, for the last three years 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 ₹)
October 24, 2019	28,041,415	10	69.54	Cash	Private Placement(1)	54,930,808	549,308,080	2,144,659,455
October 31, 2019	512,668	10	69.54	Cash	Private Placement(2)	113,170,670	1,131,706,700	5,612,260,839
	57,727,194			Other than cash	Private Placement(3)			
March 13, 2020	43,141,631	10	69.54	Other than cash	Rights Issue(4)	156,312,301	1,563,123,010	8,180,913,549
March 26, 2020	(4,405,281)	10	69.54	Cash	Buy-back(5)	151,907,020	1,519,070,200	7,874,570,328*
March 26, 2021	13,333,333	10	75	Cash	Rights Issue(6)	165,240,353	1,652,403,530	8,774,218,973***
November 30, 2021	13,333,333	10	75	Cash	Rights Issue(7)	178,573,686	1,785,736,860	9,640,885,618***

1. *28,041,415 Equity Shares were allotted to Sachin Bansal.*
2. *512,668 Equity Shares were allotted to Sachin Bansal.*
3. *57,727,194 Equity Shares were allotted to Sachin Bansal pursuant to a share subscription agreement dated October 25, 2019.*
4. *43,141,631 Equity Shares were allotted to Sachin Bansal pursuant to a share subscription agreement dated March 11, 2020.*
5. *Pursuant to the Board and Shareholders' resolution dated March 21, 2020, our Company approved a buy-back of Equity Shares at a price of ₹69.54 per Equity Share. Pursuant to the buy-back, Equity Shares were bought back and extinguished and consequently, the paid-up Equity Share capital of our Company reduced to 151,907,020 Equity Shares aggregating to 1,519,070,200. 3,343,286 equity shares were bought back from Samit Shankar Shetty, 5,65,794 equity shares were bought back from Anand Rao, 333,137 equity shares were bought back from U Raghurama Rao, 13,397 equity shares were bought back from*

Smitha Rao, and 149,667 equity shares were bought back from Shashikala Rao.

6. *13,333,333 Equity Shares were allotted to Navi Technologies Limited.*
7. *13,333,333 Equity Shares were allotted to Navi Technologies Limited*

**Our Company has bought back Equity Shares leading to transfer to capital redemption reserve account amounting to ₹44,052,790 (Financial Year 2020)*
*** 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*

b. Details of Preference Share Capital

The Company has not allotted any preference shares as on March 31, 2022, for the last three years.

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

The table below presents the shareholding pattern of our Company as on March 31, 2022.

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: Class: Equity Shares	Number of Voting Rights: Total	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 X	Class Y	Total						
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)	
(A)	Promoter and Promoter Group	1	17,85,73,680	-	-	17,85,73,680	100	17,85,73,680	17,85,73,680	100.00	-	-	-	-	17,85,73,680	100
(B)	Public*	6	6	-	-	6	Negligible	6	6	Negligible	-	-	-	-	6	Negligible
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-		-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-		-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-		-
	Total (A+B+C)	**7**	**17,85,73,686**	**-**	**-**	**17,85,73,686**	**100%**	**17,85,73,686**	**17,85,73,686**	**100%**	**-**	**-**	**-**	**-**	**17,85,73,686**	**100%**

* *Sachin Bansal, Ankit Agarwal, Saurabh Subhash Jain, 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	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	**Indian**																		
(a)	Individuals/Hindu undivided Family																		
(b)	Central Government/State Government(s)																		
(c)	Financial Institutions/Banks																		
(d)	**Any Other**	AAICB1598F	1	17,85,73,680	-	-	17,85,73,680	100.00	-	-	-	-	-	-	-	-	-	-	17,85,73,680
	Navi Technologies Limited*	AAICB1598F	1	17,85,73,680	-	-	17,85,73,680	100.00	-	-	-	-	-	-	-	-	-	-	17,85,73,680
	Sub-Total (A)(1)	-	1	17,85,73,680	-	-	17,85,73,680	100.00	-	-	-	-	-	-	-	-	-	-	17,85,73,680
(2)	**Foreign**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	Individuals (Non-Resident Individuals/Foreign Individuals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	**Any Other**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Shareholding of	-	**1**	**17,85,73,68**	**-**	**-**	**17,85,73,68**	**100.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**17,85,73,6**

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	
	Promoter and Promoter Group (A)=(A)(1)+(A)(2)			**0**			**0**												**80**

* *Sachin Bansal, Ankit Agarwal, Saurabh Subhash Jain, 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	Total								
	(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**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3)	**Non-Institutions**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	i.Individual shareholders holding nominal share	-	6	6	-		6	Negligible	-	-	-	-	-	-	-	-	-	-	6

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)
	capital up to Rs.2 lakhs*																		
	ii.Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	**NBFCs Registered with RBI**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	**Employee Trusts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(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)	-	**6**	6	-	-	-	**Negligible**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6**
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)	-	**6**	**6**	**-**	**--**	**-**	**Negligible**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6**

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 (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 March 31, 2022**

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*	178,573,686	178,573,686	100.00
	Total	**178,573,686**	**178,573,686**	**100.00**

* *Sachin Bansal, Ankit Agarwal, Saurabh Subhash Jain, 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 as on beneficiary position data of our Company as on March 31, 2022 (on cumulative basis)**

(₹ in million)

Sr. No	Name	Amount outstanding	% of total non-convertible securities outstanding
1.	Navi Technologies Limited	6,500.56	34.18
2.	Sporta Technologies Private Limited	1,000.00	5.26
3.	Northern Arc Money Market Alpha Trust	766.00	4.03
4.	S K Finance Limited	677.00	3.56
5.	OFB Tech Private Limited	621.00	3.27
6.	MAS Financial Services Limited	485.00	2.55
7.	Vivriti Short Term Bond Fund	350.00	1.84
8.	AU Small Finance Bank Limited	300.00	1.58
9.	The South Indian Bank Limited	300.00	1.58
10.	Hinduja Leyland Finance Limited	270.00	1.42
	Total	**11,269.56**	**59.25**

9. **Shareholding of the Promoter and Promoter Group in our Company as on March 31, 2022:**

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*	178,573,686	178,573,686	100.00

* *Sachin Bansal, Ankit Agarwal, Saurabh Subhash Jain, Abhishek Dwivedi, Shobhit Agarwal and Apurv Anand hold one Equity Share each of our Company as nominee of our Promoter*

10. **Details of the Directors' shareholding in our Company, as on March 31, 2022:**

As on March 31, 2022, 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
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 and our Subsidiary 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.**

Except for Sachin Bansal and Ankit Agarwal who hold one Equity Share each as nominees of our Promoter, none of the members of the Promoter Group or the directors of the Company and their relatives or Promoter of the Company have purchased or sold any securities of the Company and our Subsidiary within six months immediately preceding the date of filing this Draft Prospectus.

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

(₹ in million)

Particulars	Pre – Issue (as at December 31, 2021)	Post - Issue*
	(A)	(B)
Total borrowings (i)	**39,610.24**	**45,610.24**
Current borrowings -	27,807.31	27,807.31
Non-Current borrowings -	11,802.93	17,802.93
Total Equity (ii)	**12,392.49**	**12,392.49**
Equity Share Capital	1,785.73	1,785.73
Other Equity	10,606.76	10,606.76
Ratio: Total borrowings / Total equity **(i) / (ii)**	3.20	3.68

Notes:

The pre-Issue amounts disclosed above are based on the Reformatted IND AS Consolidated Financial Information for the nine months period ended 31 December 2021.

**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 (the entire proceeds of which is considered as non-current borrowing for computation purposes).*

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

(₹ in million)

Particulars	Pre – Issue (as at 31 December 2021)	Post - Issue*
	(A)	(B)
Total borrowings (i)	**25,059.16**	**31,059.16**
Current borrowings -	19,354.30	19,354.30
Non-Current borrowings -	5,704.86	11,704.86
Total Equity (ii)	**11,895.72**	**11895.72**
Equity Share Capital	1,785.73	1,785.73
Other Equity	10,109.99	10,109.99
Ratio: Total borrowings / Total equity **(i) / (ii)**	2.11	2.61

Notes:

The pre-Issue amounts disclosed above are based on the Reformatted IND AS Standalone Financial Information for the nine months period ended 31 December 2021.

** 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 (the entire proceeds of which is considered as non-current borrowing for computation purposes).*

For details regarding total outstanding debt of our Company, see "*Disclosures on Existing Financial Indebtedness*" on page 172.

13. **Details of Promoter's shareholding in our Company's Subsidiaries**

Our Promoter does not hold any equity shares in our Subsidiary.

14. **Debt securities issued at a premium or a discount**

Except as set out in "*Disclosures on Existing Financial Indebtedness*" on page 172 of this Draft Prospectus, our Company has not issued debt securities at a premium or discount.

15. **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.

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

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

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

Except for Ankit Agarwal who holds one Equity Share in our Subsidiary as nominee of our Company, none of our Directors hold any equity share in our Subsidiary. Further, our Company does not have any other subsidiaries, associates and joint ventures as of the date of this Draft Prospectus.

18. **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%.

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

20. 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 and financing	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 Managers, Consortium Members and intermediaries as provided for in the SEBI Operational 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 Rs. million)	As a percentage of the Issue proceeds (in %)	As a percentage of the total expenses of the Issue (in %)
Fee payable to intermediaries including Registrar to the Issue and Debenture Trustees	[•]	[•]	[•]
Lead Managers Fee, Selling and Brokerage Commission, SCSB Processing Fee	[•]	[•]	[•]
Advertising and marketing, printing and stationery costs	[•]	[•]	[•]
Other miscellaneous expenses	[•]	[•]	[•]
Grand Total	**[•]**	**[•]**	**[•]**

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

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 2023, 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 Exchange. Our Company shall within forty-five days from the end of every quarter submit to the stock exchange, 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 of our Company 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 Exchange and on receipt of the minimum subscription of 75% of the Base Issue.

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 AVAILABLE TO THE DEBENTURE HOLDERS

To,
The Board of Directors
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Ground Floor, Salarpuria Business Center,
93, 5th A Block, Koramangala Industrial Layout,
Koramangala, Bengaluru, Karnataka 560095

Statement of Possible Special Tax Benefits available to the debenture holders of the Company under the applicable direct tax laws in India

Proposed Issue of non-convertible debentures ("Issue") in India by Navi Finserv Limited *(formerly known as Navi Finserv Private Limited)* **(the "Issuer"/" Company")**

1. This report is issued in accordance with the terms of our engagement letter dated 28 March 2022.

2. The accompanying Statement of Possible Special Tax Benefits in Annexure 1 available to the debenture holders of the Company (hereinafter referred to as the "Statement") under the Income Tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2022 (hereinafter referred to as the "Income Tax Regulations") has been prepared by the management of the Company in connection with the proposed Issue. The Statement is attached to this certificate.

Management's Responsibility

3. The preparation of this Statement as of the date of our report which is to be included in the Draft Prospectus is the responsibility of the management of the Company and has been approved by the Board of Directors of the Company at its meeting held on 11 April 2022 for the purpose set out in paragraph 9 below. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Auditor's Responsibility

4. Our work has been carried out in accordance with Standards on Auditing, the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.

5. Pursuant to the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021, as amended (the "SEBI Debt Regulations") and the Companies Act 2013 ("Act"), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible special tax benefits available as of 13 April 2022 to the debenture holders of the Company, in accordance with the Income Tax Regulations as at the date of our report.

6. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the Regulations in connection with the Issue and for inclusion in the draft prospectus in connection with the proposed issue.

Inherent Limitations

7. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

   Several of the benefits mentioned in the accompanying statement are dependent on the Company and its debenture holders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its debenture holders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive.

The Statement is only intended 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 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.

Further, we give no assurance that the Revenue Authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Opinion

8. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special tax benefits available as of 13 April 2022, to the debenture holders of the Company, in accordance with the Income Tax Regulations as at the date of our report.

   Considering the matter referred to in paragraph 7 above, we are unable to express any opinion or provide any assurance as to whether:

   (i) The debenture holders will continue to obtain the benefits per the Statement in future; or
   (ii) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

Restriction on Use

9. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Draft Prospectus, prepared in connection with the Issue to be filed by the Company with the Securities and Exchange Board of India, the Registrar of Companies, Karnataka at Bangalore and the concerned stock exchanges.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Huned Contractor
Partner

Membership No.: 41456
UDIN: 22041456AHAKPE1062

Date: Mumbai
Place: 13 April 2022

Annexure 1

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO DEBENTURE HOLDERS OF NAVI FINSERV LIMITED (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, 2022 (FA 2022).

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

1. Taxability under various heads of Income

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

The returns from the investment in the form of interest would generally be subject to tax under the head "Income from Other Sources". Under certain circumstances depending upon the facts and circumstances of the taxpayer, the interest income may be subject to tax under the head "Profits and Gains from Business".

The gains from the sale of the instrument or security may be characterized either as "Profits and Gains from Business" or as "Capital Gains".

This is discussed in the following paragraph.

"Profit and Gains from Business" versus "Capital Gains"

Gains from the transfer of securities/instruments of the investee companies may be characterized as "Capital Gains" or as "Profits and Gains from Business" in the hands of an investor, depending upon whether the investments in the NCD is held as an 'investments' or as 'stock in trade'. This can vary based on the facts of each investor's case (taking into account factors such as the magnitude of purchases and sales, ratio between purchases and sales, the period of holding, whether there exists an intention to earn a profit from sale or to earn interest, etc.)

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

2. *Taxation of Interest, Profits from Business and Capital Gains*

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).

Further, in case of certain specific fixed income securities and certain debt instruments, purchased and held as investments and transferred prior to maturity, the gain from the transfer may also possibly be characterized as "capital gains" (treatment separately discussed below).

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

Taxation of Profits and gains from business

As discussed above, depending on the particular facts of each case, the investments 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 investments 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.

Taxation of Capital Gains

As discussed above, based on the particular facts of each case, the investments may, in certain cases, be regarded to be in the nature of capital assets and hence the gains from the transfer/ sale of such investments would be considered to be in the nature of "capital gains".

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.

(i) Period of holding – long-term & short-term capital assets

Taxability of investments primarily depends on nature of Capital Asset and Period of Holding.

A security (other than a unit) listed on a recognized stock exchange in India, or unit of equity oriented mutual fund or zero-coupon bond (as defined in Note 5 below) held for a period of more than 12 months is considered long-term capital asset.

The above assets, where held for a period of not more than 12 months, will be treated as short-term capital assets.

The gains arising from the transfer of long-term capital assets are termed as long-term capital gains.

The gains arising from the transfer of short-term capital assets are termed as short-term capital gains.

(ii) Computation of capital gains

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.

(iii) 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.

(iv) 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.

(v) 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 and cannot be set off against short-term capital gains arising in that year. 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.

Unabsorbed short-term and long-term capital loss of prior years can be separately carried forward for not more than eight assessment years immediately succeeding the assessment year for which the first loss was computed, provided the Return of Income (ROI) is filed within the original due date. Unabsorbed short-term capital loss shall be eligible for set off against short-term capital gains as well as long-term capital gains. However, unabsorbed long-term capital loss shall be eligible to be set off only against long-term capital gains.

(vi) 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, where the individual or HUF exercises the option to be assessed to tax as per provisions of section 115BAC of the Act introduced by the Finance Act 2020, such individual or HUF shall not be entitled to deduction specified, *inter alia*, under section 80C of the Act.

Further, the option to be assessed to tax in accordance with the provisions of section 115BAC of the Act once exercised by an individual or HUF carrying on business or profession for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, such individual or HUF 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 individual or HUF 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.

(vii) 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.

(viii) 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.

Tax 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.

(ix) 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.

(x) 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.

(xi) Widening of taxability of Capital Gains

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.

(xii) 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	• 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: 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 • Further, no tax is required to be deducted on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder.
2	Withholding tax rate on interest on NCD issued to Foreign Portfolio Investor (FPI)	• Interest on NCD issued to FPI may be eligible for concessional withholding tax rate of 5 per cent under 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.

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<tr><td>3</td><td>Withholding tax rate on interest on NCD issued to non-residents other than FPIs</td><td>

- 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.
- 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.

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<tr><td>4</td><td>Withholding tax rate on purchase of 'goods'</td><td>

- 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:
  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:

  (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

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		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'	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. 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. 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; 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.

(xiii) 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. On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.

b. 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.

c. 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.

d. (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.

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	5 per cent of excess over Rs. 250,000

Rs. 500,000**	
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 exercises the option to be assessed to tax under the provisions of section 115BAC of the Act, the following shall be the rate of tax applicable:

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. 750,000	10 per cent of excess over Rs. 500,000 + Rs. 12,500
More than Rs. 750,000 but up to Rs. 1,000,000	15 per cent of excess over Rs. 750,000 + Rs. 37,500
More than Rs. 1,000,000 but up to Rs. 1,250,000	20 per cent of excess over Rs. 1,000,000 + Rs. 75,000
More than Rs. 1,250,000 but up to Rs. 1,500,000	25 per cent of excess over Rs. 1,250,000 + Rs. 1,25,000
More than Rs. 1,500,000	30 per cent of excess over Rs. 1,500,000 + Rs. 1,87,500

* 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."

(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 2019-20	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 2023, 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 assessees 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

a. 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.

b. 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.

(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	– 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	– 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 assessees other than those covered above

Particulars	Rate of surcharge applicable
Non-corporate taxpayers being firms and co-operative societies	• 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)	• 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	• 10 per cent (irrespective of taxable income)
Foreign Companies (including corporate FPIs)	• 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.

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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).

c. *Note 5: Relevant definitions under the Act*

(a) "Securities" shall have the same meaning as assigned in section 2(h) of the Securities and Contracts (Regulation) Act, 1956, which, *inter alia*, includes:

- shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate.
- derivative.
- units or any other such instrument issued to the investors under any mutual fund scheme; and
- rights or interest in securities.

For the purpose of section 112 of the Act:

- "*Listed securities*" means the securities which are listed on any recognized stock exchange in India.
- "*Unlisted securities*" means securities other than listed securities.

(b) "Zero coupon bond" means a bond –

- issued by any infrastructure capital company or infrastructure capital fund or public sector company [or scheduled bank] on or after 1 June 2005;
- in respect of which no payment and benefit is received or receivable before maturity or redemption from infrastructure capital company or infrastructure capital fund or public sector company [or scheduled bank]; and
- which the Central Government may, by notification in the Official Gazette, specify in this behalf.

d. *Note 6: Amendments in the withholding tax provisions*

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

Section 139A(6A) of the Act requires every person entering into specified transactions, as may be prescribed, to quote his PAN or Aadhaar number, in the documents pertaining to such transactions and also authenticate such PAN or Aadhaar number, in the manner prescribed.

Section 206AA of the Act requires every person entitled to receive any sum, on which tax is deductible

under Chapter XVIIB ('deductee') to furnish his PAN to the deductor, failing which tax shall be deducted at the highest of the following rates:
(i) at the rate specified in the relevant provision of the Act; or
(ii) at the rate or rates in force; or
(iii) at the rate of twenty per cent.

Section 206AA of the 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 introduced Rule 37BC of the Rules which provided 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, dividend and payment on transfer of capital assets provided the nonresidents 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.

The Finance Act, 2021 has inserted a section 206AB for punitive withholding tax rate for non-filers of return of income.

As per section 206AB of the 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 are applicable, taxes shall be deducted at higher of the rate prescribed under both the sections.

For the purpose of section 206AB, specified person means any person –

- Who has not filed an income-tax return for the AY relevant to the previous year immediately prior to the financial year in which the tax is required to be deducted and the prescribed time limit to file the income-tax return has expired
- The aggregate amount of TDS exceeds INR 50,000 or more in the said previous year
- Other than a non-resident who does not have a permanent establishment in India.

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 2023-24 pursuant to the financial year 2022-23.

- 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).

SECTION IV: ABOUT THE ISSUER AND INDUSTRY OVERVIEW

INDUSTRY OVERVIEW

*The information contained in this section is derived from the (a) Indian Fintech Landscape focussed on Digital Lending Report dated April 6, 2022 (the "***RedSeer 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 RedSeer Management Consulting, and (b) the Industry Report on Microfinance dated March 10, 2022 (the "***CRISIL 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 CRISIL Limited.*

We officially engaged RedSeer Management Consulting Private Limited, in connection with the preparation of the RedSeer Report in relation to the financial services (excluding microfinance) industry pursuant to an engagement letter dated April 6, 2022.

We officially engaged CRISIL Limited, in connection with the preparation of the CRISIL Report in relation to microfinance industry pursuant to an engagement letter dated April 7, 2022.

The data included in this section includes excerpts from (a) the RedSeer Report and (b) the CRISIL 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.

INDIAN FINTECH LANDSCAPE FOCUSSED ON DIGITAL LENDING *(Source: RedSeer Report)*

1. <u>**Macroeconomic Attractiveness and Digitization Trends**</u>

India is the world's sixth-largest economy in terms of GDP and is estimated to grow faster than other large economies.

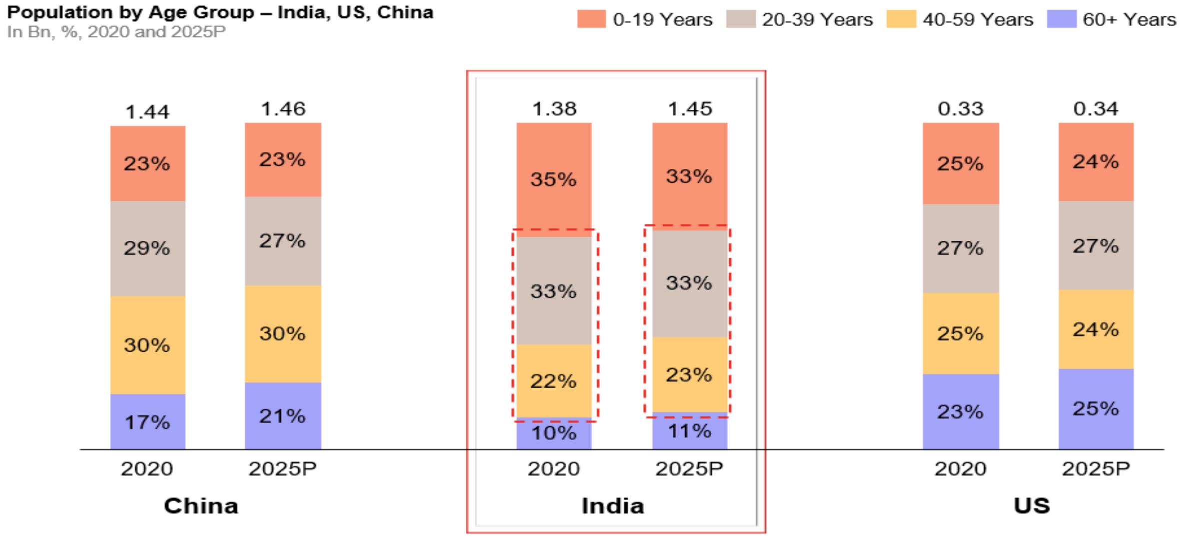
India's gross domestic product was approximately US$ 2.7 trillion in 2020 and is estimated to become a US$ 4.1 trillion economy by 2025. As per the revised estimates by RBI, the Indian GDP is estimated to grow at 7.8% for the financial year 2022-23, aided by an increase in public investment and incentives to boost manufacturing. The acceleration in vaccination has also lent comfort to a more sustained recovery.

This growth is aided by rising urbanization supported by Government led policies to improve infrastructure

As per a report published by World Bank, 35% of India's population stay in urban areas. This is very low as compared to the USA and China wherein 83% and 61% of the population stay in urban areas respectively. In the financial year 2021, the urban population in India was 35% and is estimated to become 38% of the total population by the financial year 2026.

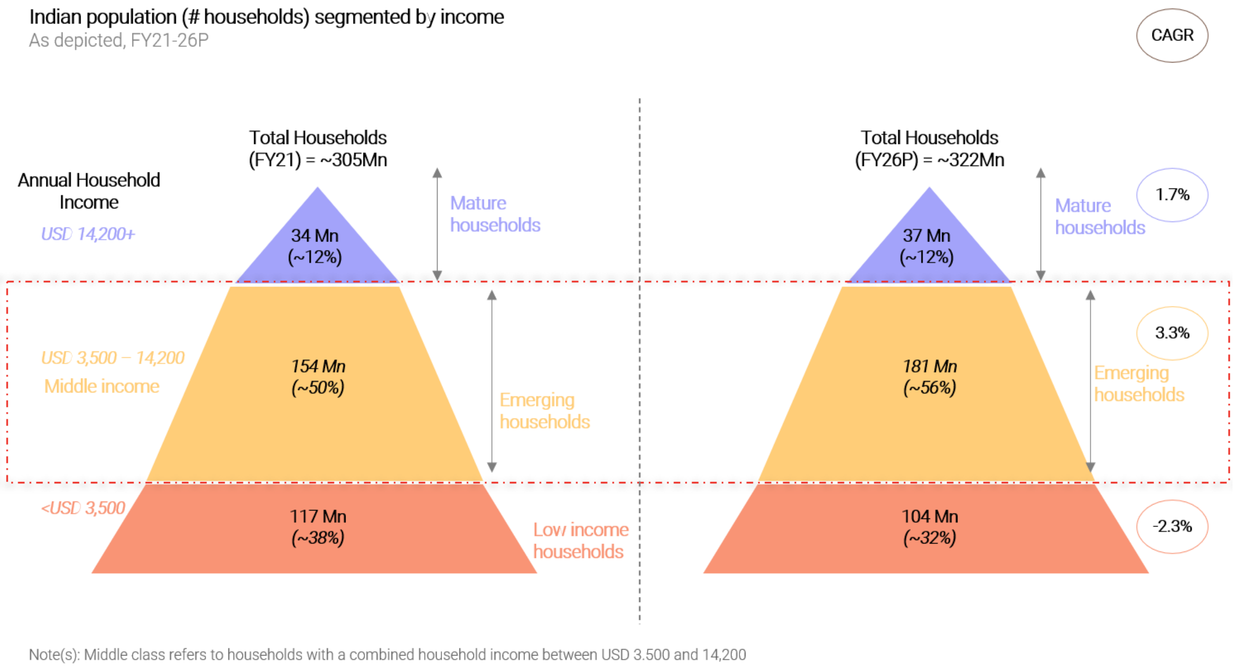
Another factor adding to the growth is the sizable young and working population in India

68% of India's population is young and 55% of its population is in the age group of 20-59 (working population) in the year 2020 and is estimated to reach 56% of the total population by 2025. As of 2020, India has 600 million people from "generation Z" (those born after the mid-1990s) and "millennials" (i.e., those born in the 1980s and early 1990s) who are driving the digital adoption and consumption growth in India. The population in the age group of 0-19 will gradually join the young, working demographic shortly. This group will primarily be digital natives.



Source(s): United Nations, RedSeer Analysis

A key driver of India's growth in this decade, emerging households which is approximately 50% of total households in the financial year 2021 and is estimated to become 56% of total households by the financial year 2026. RedSeer expects that this growth will be driven by the rapid upward mobility of the lower-income households, which will witness growth in incomes through urbanization, increasing democratized access to information, and employment opportunities, which will subsequently drive consumer spending.



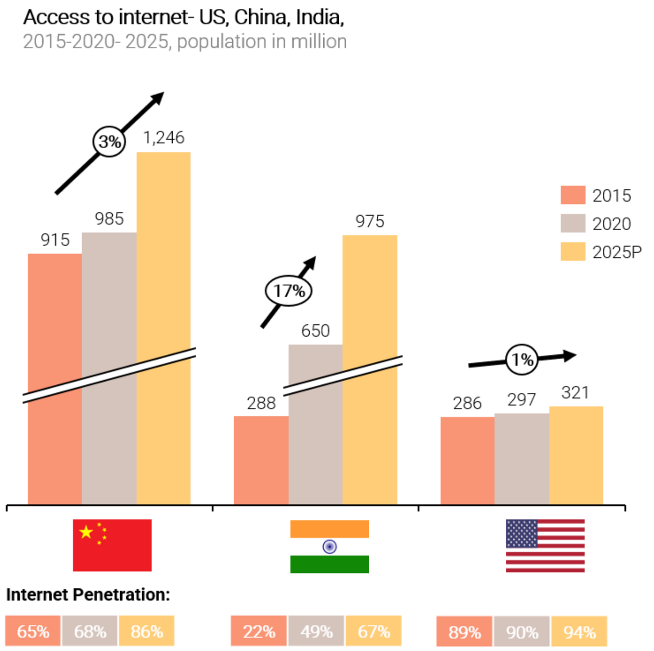
Source(s): RedSeer Analysis and Estimates

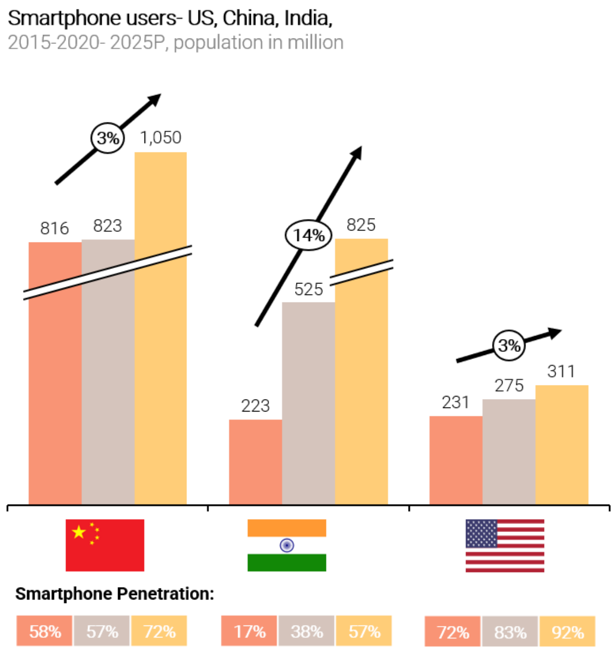
India is going to have approximately 1 billion internet users by the financial year 2026 at the backdrop of higher affordability of smartphones, cheaper data plans and digital India push

Over the last decade, India added more than 500 million new smartphone users. With higher affordability, declining smartphone costs and the availability of a greater variety of value smartphones, the number of smartphone users is estimated to reach 800-850 million in the financial year 2026, representing more than 55% of India's total population and approximately 80% of total internet users. In the financial year 2021, 660 to 690 million Indians had access to the internet. According to RedSeer, this number is estimated to increase to approximately 950-1,000 million by the financial year 2026, representing more than 70% of the total population. This growth will primarily be driven by consumers or users in non-metro cities (referred to as the "next billion users" or "Bharat shoppers"), which will grow at a faster pace compared to consumers/users in metro cities

India is one of the largest and fastest-growing markets for digital consumers, with approximately 650 million internet subscribers in 2020, second only to China. And such growth is seen due to the following reasons:

- **E – KYC** - online upload of KYC documents is enabling financial services companies in faster processing, reduce frauds, improve accuracy & low transaction costs
- **Digital infrastructure** - The 2025 $1 trillion digital India vision aims to create a digital infrastructure for all citizens like digital identity, mobile banking & bank accounts for all & easy access to a common service centre
- **Aadhar and Digi locker** - Close to 95% of the Indian population is on Aadhar & over 98 million registered users are on Digi locker
- **Digital Empowerment** - The Digital India vision aiming to provide access to universally acceptable digital resources available in multiple Indian languages, will further increase the digital consumer penetration in the financial services
- **Data Centralization**: Under the Digital India initiative, the centralization of entire documentation, licensing, and permits to a single online portal will enable more start-ups and SMEs to do business in India easily

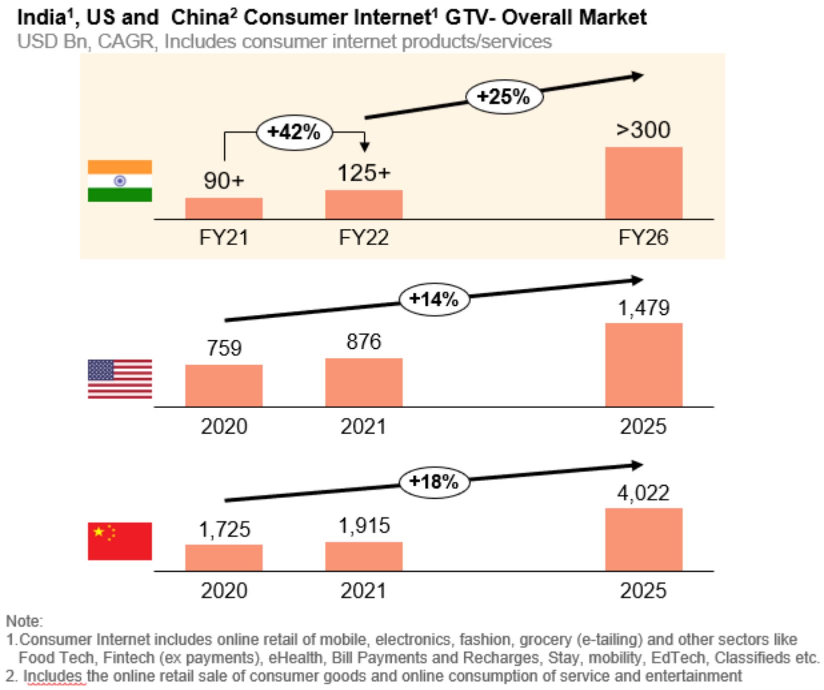




Note(s): The timelines here are in CY and not FY

Source(s) RedSeer Analysis and Estimates

The Indian consumer internet market is estimated to grow to more than US$ 300 billion by the financial year 2026 from US$ 90 billion as of the financial year 2021. Much of the growth for the industry has been triggered by an increase in internet and smartphone penetration. The number of first-time online users has witnessed an increase across segments, along with an increase in online activity from tier 2 and tier 3 cities, which indicates a strong opportunity for enterprises and start-ups to cater to these cohorts digitally as the new normal.



Source(s): RedSeer Analysis and Estimates

The gross transaction values across sectors are as follows:

Growth by the major consumer internet sectors – India

Market Size, USD Bn, Consumer Internet penetration, In %, FY16-FY21-FY26P

X% Consumer Internet player* penetration in the respective sectors

	GTV FY16	GTV FY21	GTV FY26P	CAGR FY21-FY26P
Online Retail	15 2%	42 5%	140-160 14%	28-31%
eGrocery	<0.5 ~0%	3.7 1%	22-27 3%	43-49%
Food Delivery	<0.5 ~0%	2.7-3 7%	13-14 14%	~36%
E-Health	<0.1 ~0%	1.5 0.5%	12-16 2%	50-60%
Digital Retail Lending[1]	<2 <2%	15-17 8%-10%	95-100 25%-30%	41-46%

Note:
1.Includes digital loan disbursals in the year in personal , home, auto, consumer durables and credit card categories

Source(s): RedSeer Analysis and Estimates

Key growth drivers of digital financial services in India

- **Favourable income and age demographics of India–** India's population between the ages of 25 to 35 is approximately 225 million as of 2021 and is a prime target segment for availing financial services like credit. According to RedSeer, this segment is rapidly growing and is slated to reach approximately 240 million by 2025.

- **Rising financial awareness and inclination towards online investments in financial markets** –The influence of mass media via investment-related content heightened commercial awareness and financial literacy of important investment-related issues leading to increased participation in investments.

- **Alternative credit models to accelerate lending among segments with credit under-penetration –** By leveraging AI-powered technology, lending platforms have disrupted the lending process by using financial and behavioural-based alternate credit risk models to issue loans to the under-served and under-banked segments.

- **Government Initiatives –** Initiatives like Jan Dhan Yojana, Digital India, Unified Payments interface, trade receivable discounting systems have enabled the fintech ecosystem to grow exponentially especially after the 2016 demonetization.

- **Digital Banking –** Digital-only banks in India have no physical branches and offer many sought-after services compared to challenger and traditional banks. They leverage technology to win over customers. Digital banks provide easier, faster, and more efficient access to financial services.

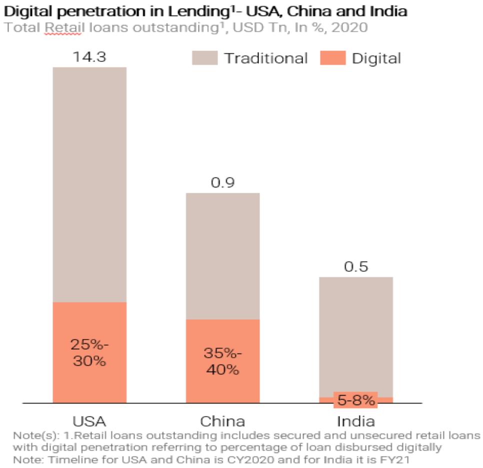
2. <u>Overview of technology enablement in BFSI</u>

Globally, BFSI has seen increased digitization in both the USA and China. According to RedSeer, USA and China have seen significantly higher digital penetration in the banking, financial services, and insurance (BFSI) sector when compared to India.

Digital retail lending

The retail loans outstanding (retail lending AUM) market size in the USA was approximately US$ 14 trillion in 2020 with approximately 25-30% of the retail loans (including both secured loans and unsecured personal loans) disbursals happening digitally. Full-stack digital lenders in the USA leverage AI/ML-enabled alternate credit models to offer loans at attractive interest rates with a large share of the collections happening fully digitally. One of the key success factors for digital personal lenders in the USA has been venturing into multiple financial service offerings like wealth tech and home loans which allowed them to cross-sell. China's retail lending AUM with a size of approximately US$ 900 billion saw 35-40% of the retail loans disbursed digitally. Both USA and China have digital lenders leveraging technology to study multiple behavioural and financial variables (typically analysing 1000+ variables) in their AI-based credit risk and fraud check algorithms.

Compared to USA and China, India has a smaller credit penetration, and its retail lending AUM stands at approximately US$ 500 billion with less than 10% of the retail loans being disbursed digitally. Looking at USA and China, the Indian retail lending space has significant room to grow both digitally and traditionally. The use of ML based underwriting, rising adoption of small-ticket personal loans and cross-selling loans within the consumer internet ecosystem will help digital lending grow in India. There is also a large, secured lending space (home loan, LAP, etc) that is underpenetrated by digital players. Indian digital lenders can solve the customer pain points in unsecured lending through better user experience, faster loan processing and disbursing loans using alternate risk underwriting models.



Source: RedSeer Analysis and Estimates

According to RedSeer, the financial services space in India is highly underpenetrated (across segments including lending) which presents a big opportunity for a technology-first company to capture a large market share.

Following global trends, India Fintech has also witnessed a rapid rise in funding with 2021 seeing an all-time high. The increase indicates growing investor confidence in the Indian fintech space which has been supported by several growth drivers.

- **The rapid adoption of digital payments**: The pandemic accelerated the adoption of digital payments on a large scale and led to a shift in consumer behaviour towards the use of digital financial services like digital lending.

- **Government financial inclusion initiatives**: Government initiatives like Pradhan Mantri Jan Dhan Yojana (PMJDY), Direct Benefit Transfer and Atal Pension Yojana have enabled rural India to gain access to digital financial services.

- **Rise of digital consumer lending**: Close to 120 million low-income households in India have no access to formal credit because of the low or no credit history. Fintech players can use alternate credit models with AI/ML algorithms to disburse small ticket personal unsecured loans to low-income households at low interest rates compared to traditionally available informal sources of credit.

- **Open architecture or India stack**: Access to open architecture and integration with government digital platforms like AADHAAR, UPI, GSTN, Bharat Bill Payments have enabled fintech players to develop user-friendly apps and create robust data analytical models. Through these API integrations, fintech players can offer fast loan processing, KYC, and faster customer onboarding in case of lending.

- **Presence of niche business models**: The Indian fintech space has plenty of space for start-ups to play in niche segments using differentiated business models. For example, within lending, there is marketplace versus full-stack lenders and within digital payments, there are collection platforms and evolved BNPL players.

3. Understanding opportunity within BFSI services for retail credit/lending In India

Historically, India's bank retail lending AUM has grown at a CAGR of 15% between financial years 2016 and 2021 with housing loans being the largest, and personal loans and credit cards growing the fastest

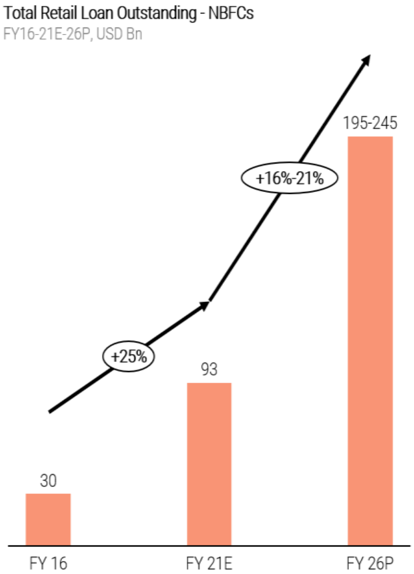
The total size of the Indian retail loan outstanding (retail lending AUM) for banks stood at US$ 407 billion in the financial year 2021, which has more than doubled since financial year 2016. Personal loans have shown the highest CAGR of 22% in the last five years. For the same period, the home loan portfolio observed a CAGR of 14%

This growth was driven by a shift in India's demography, a burgeoning affluent middle class ramping up private consumption, as well as growth in rural population. Fintech firms have transformed the lending landscape to cater to the financial needs of consumers.

The NBFC retail lending AUM in India has grown at a CAGR of 25% during financial years 2016 to 2021 to reach approximately US$ 100 Billion

One of the major contributors to this growth was the personal loans portfolio showing a CAGR of approximately 27%. For the same period, the home loan portfolio grew at a CAGR of 25%.

Improving macro-economic conditions, higher credit penetrations, consumption themes and disruptive digital trends have influenced NBFC credit growth.



Note(s): (1) Others include auto, gold and consumer durable loans

Total Retail loan market split
USD Bn

	Market Size (USD Bn)			
Category	FY16	FY21E	FY26P	CAGR (FY16-21E)
Housing Loans	1	3	8	25%
Personal Loans	7.5	25	60-70	27%
Others[1]	21.5	65	127-167	25%

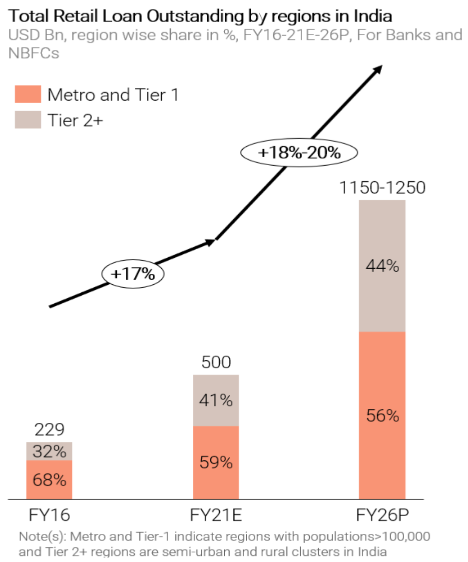
Source(s): RedSeer Estimates, RBI

The retail lending market in India is skewed towards Metro and Tier-1 cities as compared to Tier 2+ cities due to a lack of capability and reach of traditional lenders in these regions

In India, the retail lending AUM is majorly concentrated in Metro and Tier-1 cities as compared to other cities due to lack of capability and reach, which provides a significant market opportunity for digital lenders in India. In the financial year 2021 out of a total market of approximately US$ 500 billion, 59% of the business came from tier 1 and metro cities. Semi-urban and rural areas are highly under-penetrated in terms of credit, as 65% population in India is based in these regions and accounts for only about 40% of loan outstanding implying a large credit supply gap in rural areas due to lack of reach.

However, increasing penetration was observed in Tier2+ areas because of the following reasons:

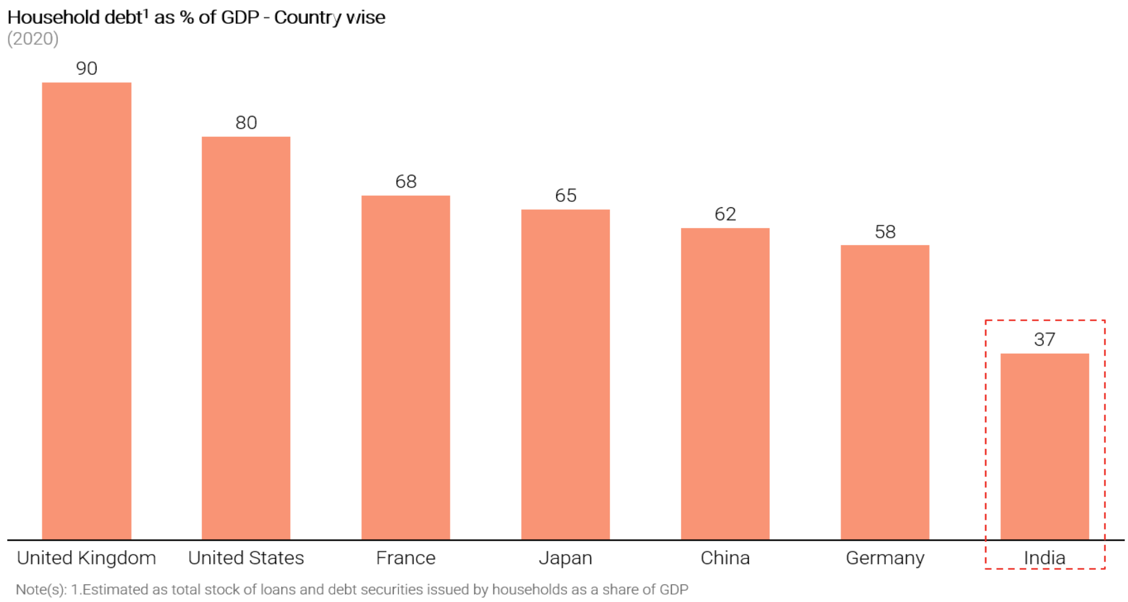
- **Financial inclusion programs -** Financial inclusion initiatives and availability of small-ticket consumer loans and alternative credit models.
- **Local ecosystem partnerships to drive growth** - Retail lenders can partner with platforms such as India post, payment apps, self-help groups, small farmers; agriculture business consortiums namely farmer producer organizations (Agri-FPOs) and ration shops to increase reach.
- **Digital lenders can capture Tier 2+ market opportunity** - With asset-light models, digital distribution, API integrations, AI/ML-based alternative credit models, digital lenders can fulfil the credit needs of Tier 2+ cities.



Source: RBI, RedSeer Estimates

Despite posting strong growth, India's Formal Retail Credit Penetration remains significantly lower than global peers indicating a large headroom and potential for growth

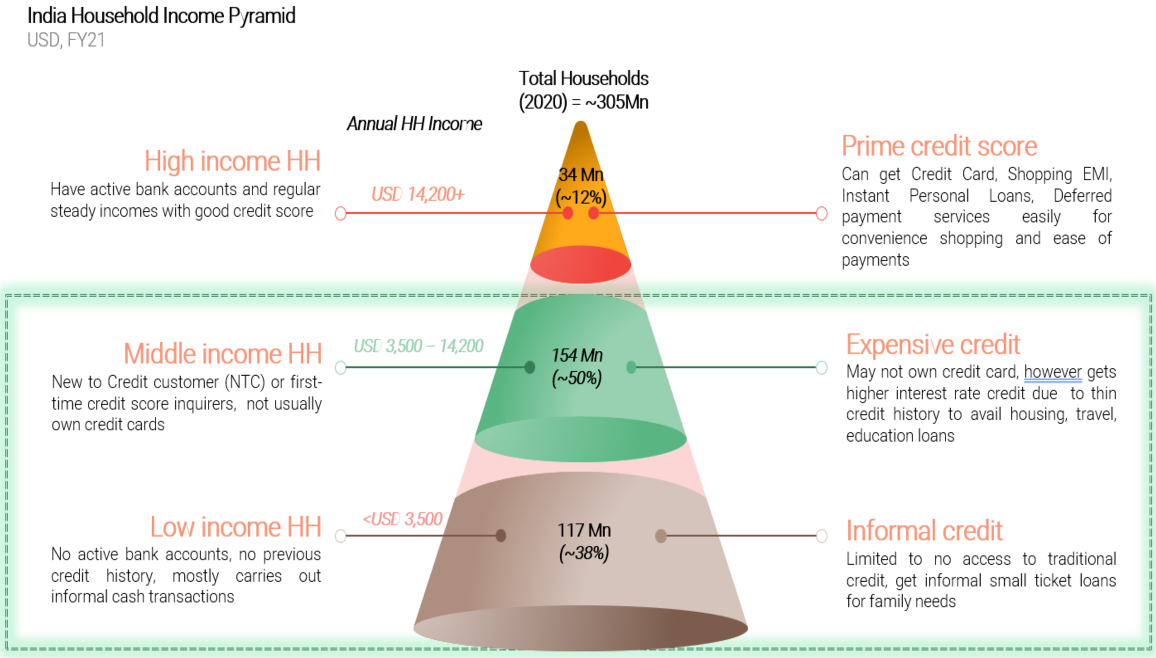
Indian market remains underpenetrated because traditional financial institutions require active bank accounts, extensive documentation, and a robust credit score to sanction credit, however, a rising millennial population demands easier access to credit with minimal documentation in lesser time, pushing the importance of end-to-end full stack digital lenders in this space.



Source(s): IMF

One of the factors causing low retail credit penetration is due to credit supply gap for low-income households which are restrained by income qualification criteria - creating an opportunity for lending services to fill the gap

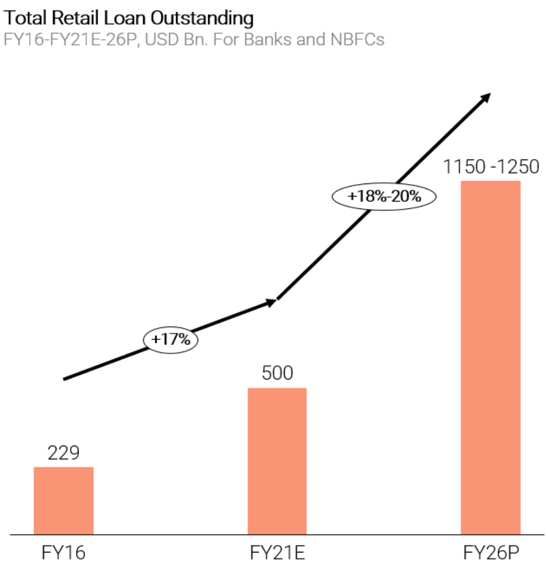
The Indian population can be classified by annual income levels in three households.



Source(s): RedSeer Analysis and Estimates

RedSeer expects that this growth will be driven by the rapid upward mobility of the lower-income households, which will witness growth in incomes through urbanization, increasing democratized access to information, and employment opportunities, which will subsequently drive consumer spending.

In this context, the retail lending AUM (from banks and NBFCs) is estimated to grow by more than twice the current size in the next five years driven by a rise in private consumption, government's policies, alternate lending models, large untapped market borrowing from informal sources and penetration in Tier 2+ cities



Source: RBI and RedSeer Analysis

Along with under-penetration in Tier 2+ cities, traditional lending is also plagued by several customer pain points which can be solved by digital lending solutions that bring customized credit models, automated processes and less paperwork

Fintech companies are changing the brick-and-mortar landscape of lending by utilizing data and technology. Here are how fintech players have addressed the issues with the traditional lending model

- **Automation to address manual handling of lending process in the traditional model**

  The traditional lending saw issues of excessive paperwork, manual evaluation which was tedious and time-consuming. However, fintech lenders disrupted this segment by utilizing data analytic tools to pull data from several different alternative sources. The data is collected and analysed within seconds to create a snapshot of the consumer's creditworthiness and risk. The information can include utility, rent. auto payments, among other sources. To keep up, financial institutions have begun to implement alternative credit data to get a more comprehensive picture of a consumer, instead of relying solely upon the traditional credit score.

- **Customized products to address the customer experience**

  The traditional lending had issues such as high rejection rate, dearth of tailored credit offerings and limited capability in terms of time for processing enormous loan applications volume with limited staffing which in turn affects the customer experience. Fintech lenders offer customized credit assessment models, which employ behavioural data to identify typical attributes for charging interest rates.

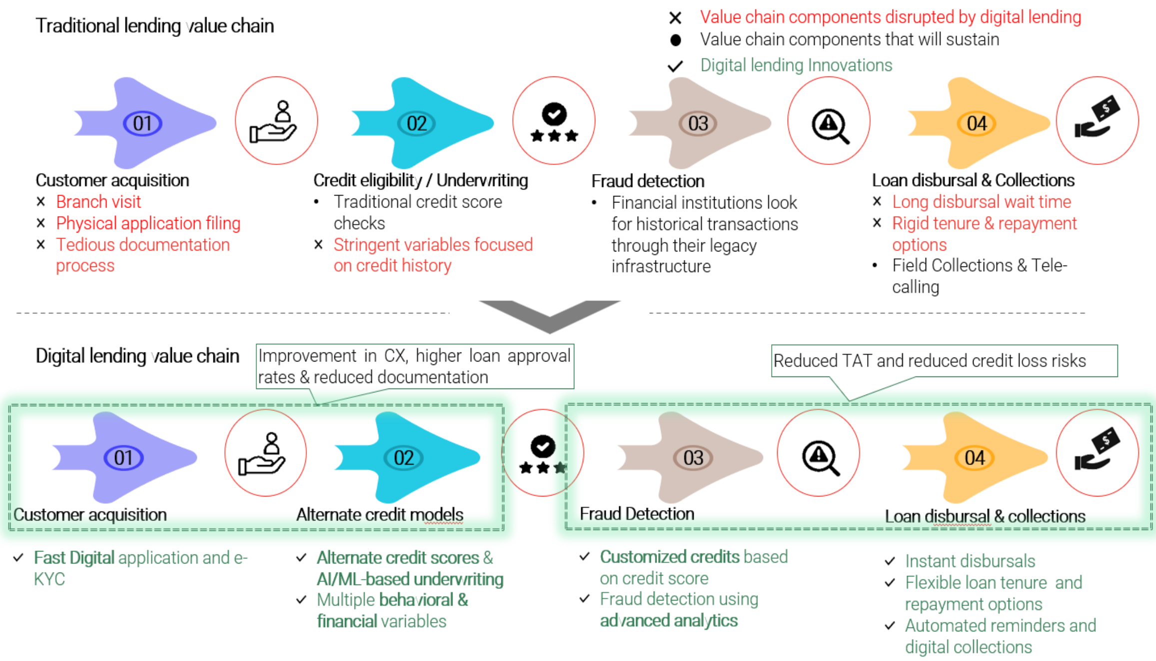
- **The high turnaround time to process a loan was addressed by fast approvals**

  Fintech lenders in contrast to traditional lenders who could take up to a few weeks to approve a loan, have the capability to approve and fund loans in less than 24 hours. Also, alternative credit decisioning (ACD) models enable model efficiency by removing dependency on physical documentation, thus crunching turn-around time.

- **Risk profiling and recovery improved due to AI/ML solutions**

  Traditional lending businesses observed delays in getting updates/red flags/warning signs and problematic client updates on time. Fintech offers advanced analytics and AI/ML solutions for comprehensive portfolio monitoring which can provide based on probabilities, early warning signals.

Full-stack digital lenders are leveraging technology to disrupt the traditional value chain to offer a better customer experience, reduced turnaround times and faster loan disbursals

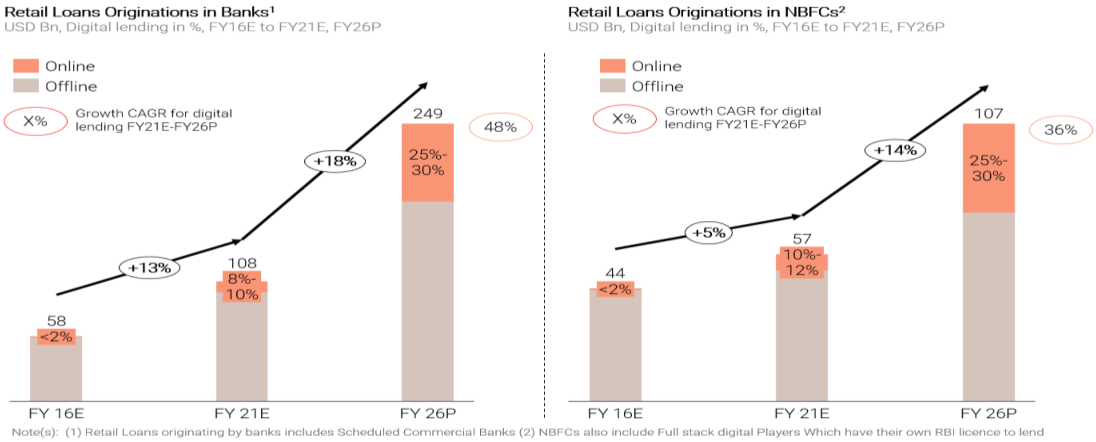


Source: Redseer Analysis

Digital disbursal of retail loans in both banks and NBFCs has witnessed rapid growth with NBFCs seeing a higher share of loans originating digitally.

The digital platform adoption will be rapid since more fintech companies partnering with banks and NBFCs will facilitate a quick embrace of technology. This has led to the birth or evolution of the physical or hybrid model and along with it a new concept of Neo Banks, the online-only financial service.

Full stack players who have control over the complete lending value chain, have technological expertise to optimize their product offerings, reduce time taken for loan disbursal, and offer direct-digital customer experience.



Source(s): RedSeer Analysis and Estimates

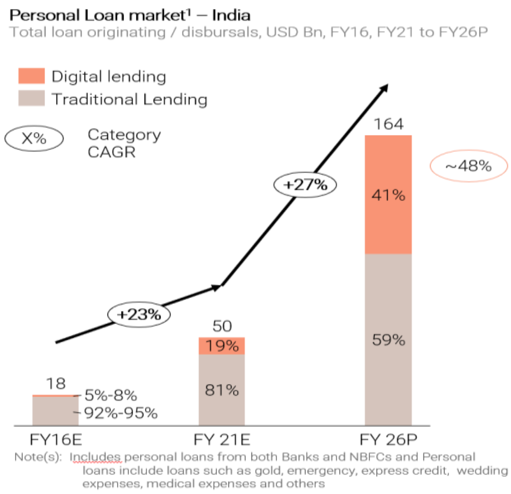
Among the retail lending categories, personal loan has grown the fastest and is estimated to grow at a CAGR of 27% over the next five years

The new loan disbursals/originations for the personal loan category are estimated to increase at CAGR of 27% from US$ 50 billion in the financial year 2021 to US$ 164 billion in the financial year 2026. In the same period, overall digital lending is estimated to increase from 19% to 41% of the total personal loan disbursals.

The high pace of growth in the digital personal loan disbursals indicated an expansion of the consumer-driven economy, and the rise in demand for personal loans during the pandemic.

The key growth drivers for the growth of the **digital personal lending space** are as follows:

- **Full Stack Digital Play**: Full-stack digital lenders can increase reach to larger masses by negating the need for physical branches and issuing loans digitally.
- **Asset light model**: Using automation, AI/ML-based underwriting models and operating digitally will help improve the financial performance of digital banks by reducing capex and employee costs.
- **Affordable pricing**: The use of alternate credit models, low customer acquisition cost, customized products by fintech will bridge the funding gap and allow for effective credit risk profiling and pricing of loans.
- **Wider funnel**: Fintech companies use AI/ML to gather a prolific amount of customer micro-data to target, acquire & onboard customers from Tier 2+ cities of India and lend to new to credit customers with thin credit history.
- **Flexible ticket size**: Digital lenders provide credit by optimizing costs across the value chain and can provide small ticket size loans addressing the needs of an underserved market. they are also able to provide flexible payment terms by incentivizing quicker payments and charging low carry-forward fees.



Source(s): RedSeer Analysis and Estimates

A large opportunity for digital lenders also exists in the secured lending space - housing loans and loans against property (LAP)

The outstanding loan portfolio (AUM) of home loans and LAP was estimated to be approximately US$ 282 billion in financial year 2021 of which 75% pertains to housing loans and the remaining 25% pertains to LAP. This portfolio is estimated to grow at a CAGR of 10% to become a US$ 460 billion market in the financial year 2026 with the housing loan share of 78% and the remaining 22% of the LAP.

The key growth drivers for the growth of the housing loan and LAP are as follows:

- **Increasing disposable incomes** - Rising per capita incomes and an increase in middle-class households can lead to greater purchases of homes by middle-class households.
- **Urbanization -** As per World Bank, in the financial year 2021, the urban population in India was 35% and is estimated to become 38% of the total population. Such growth is aided by population growth, migration, and the expansion of towns and cities.
- **Growth in real estate** – Covid-19 saw a decline in construction and real estate activity in the country. Due to this, a large pent-up demand was created amongst the Indian households looking to buy new homes. The real estate sales volume in the top seven cities in India doubled in the third quarter of 2021 compared to the second quarter of 2021 (post second Covid wave).
- **Affordable housing** – Favourable government policies such as income tax benefits on home loan interests, Maharashtra government implementing a zero-stamp duty, EMI moratorium for home loans and reduction in interest rates by the central bank has helped the middle-income households to opt for home loans at affordable pricing.
- **MSME credit boost** - A driver for the growth in LAP is the stimulus from the government for the MSME sector in the ECLGS 3.0 scheme that promises to infuse over US$ 40 billion. MSMEs' requirement of credit to scale themselves, survive the market and economic fluctuations require them to take credit and with govt. initiatives to support MSMEs will enable them to consume more credit.
- **Process improvements in LAP** – At present, India's formal credit lending models require extensive documentation, active bank accounts and a steady source of income, with decent credit history at the very least for the MSMEs. Due to this, only a fraction of MSMEs can meet all the criteria to avail credit from traditional financial institutions. The rise of digital lending solutions that provide quicker TAT, lower interest rates for longer tenures than retail loans and increasing digitization of documentation have led to a rise in LAP borrowers.

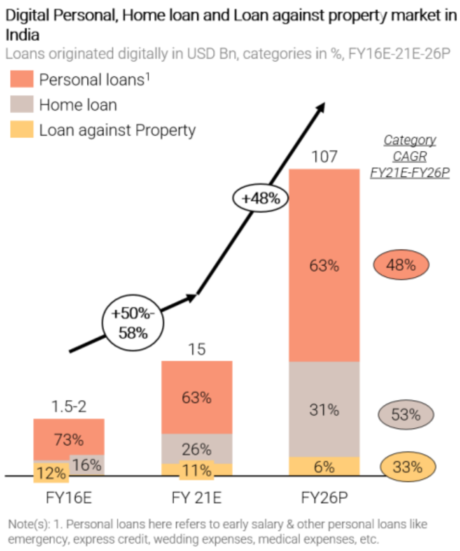
Home loan customers in India currently face various pain-points such as longer turnaround times, extensive manual application process, and lack of clarity regarding loan approvals. There is huge opportunity for end-to-end integrated full stack fintech players to solve these issues using technology.

With increasing digitization, the disbursement of personal loans, home loans and loans against property have also increased

During the pandemic, the need for accessibility shaped various aspects of the industry. It led to a shift in customer preferences, pushing lenders to focus on digital sources of acquisition.

RedSeer estimates that the digital lending market in the personal loan, home loan and LAP categories will grow at a CAGR of 48% to become a market of US$ 107 billion in the financial year 2026 with personal loans carrying the highest share of 63% in the digital lending market followed by a 31% digital disbursal share of home loans and 6% for LAP.

Personal loans are leading because of alternate credit models and increasing penetration due to rising consumption. Small ticket personal loans have the greatest potential for digital adoption. Also, due to rising internet and smartphone penetration in the Tier2+ regions of India and increasing consumption trends in these regions, digital retail lending players are leveraging the underpenetrated market.



Source: RedSeer Estimates

The digital home loan and LAP market has significant room to grow by solving existing customer pain points

- **Underwriting process and manual handling** resulted in longer TAT (usually 3-4 weeks) as it requires verification before reporting, paperwork, and manual evaluation. There also exists uncertainty and lack of transparency in the loan disbursals processes.

  While, digital home lending and LAP provide solutions that use of third-party data that processes the underwriting assessment through digital processing platform to identify typical attributes. Third-party data are also used to identify eligibility criteria. The verification is also done online since all the data are synced with the system.

- **Branch led model** has been used by many traditional lenders as it operates on fixed cost and income as a percentage of the loan amount. Hence, large chunk of middle-income markets remains untapped due to its reach. The branch led model also includes multiple touchpoints (like credit, legal, etc) for approvals leading to delays in disbursal. While Digital home lending and LAP solutions with their physical approach are utilizing SEO and technology that brings middle-income customers to the bank.

- **Overvaluation of collateral in the case of LAP** across the banking and finance industry was a major issue faced by traditional lending institutions. It has been difficult to get a real-time update of LAP on an already mortgaged property. While, digitization of processes uses advanced mechanisms and monitoring systems as well as robust collection systems to help these HFCs to maintain good asset quality.

- **Delay In Project Approvals and Construction** have some drawbacks where cash flows are largely dependent on the timely completion of projects in which customers have units. If the project is delayed, the borrower may start defaulting on loans. New-age home lenders can solve this problem by partnering with builders and developers at early stage of the project ensuring compliance and approvals are taken care of and then finance loans for customers for these pre-approved projects.

4. Navi Group (Navi): A case study

RedSeer conducted a case study on one of the leading full-stack non-payments financial services players in the Indian financial services market – Navi Technologies

Founded in 2018, Navi Group started with consumer-centric and technology-driven businesses in the BFSI space. Today the group offers digital personal loans, digital home loans and loans against property in the lending space, digital direct to consumer health insurance, and digital asset management with a passive fund focus. Several operational factors attribute to Navi Finserv Limited's positioning as a digital lender.

End to end retail lending solution

Navi Finserv Limited leverages technology support of its holding company - Navi Technology Ltd for its AI/ML-based underwriting and digital-only D2C approach. With this it has been able to exercise control over its lending products from sourcing, underwriting to the collection and offer a smooth experience to customers. Through the technology and full-stack approach of its holding company, it has been able to offer personal loans of varying sizes (often not catered to by traditional financial institutions), ensure instant loan disbursals, offer digital home loans at low-interest rates, leverage technology to manage fraud and credit default risks, use data analytics to train its lending algorithms to offer attractive pricing and better loan account management and exercising both digital and field collections to its advantage.

According to RedSeer's research, most digital lenders can disburse personal loans within a few hours of loan inquiry provided the applicant's documents are in order. Incumbents with little digital lending presence on the other hand took an average of 1-3 days from application to disbursal. Navi Finserv Limited with the support of its holding company is a full-stack end-to-end digital lending player, and is capable of having one of the lowest turnaround times amongst lenders in India, in the personal loan category.

According to RedSeer's research, Navi Finserv Limited offers one of the lowest starting interest rates (6.46%) for home loans as compared to the top five banks and NBFCs in India (*as per publicly displayed home loan rates on company websites as of Feb 8th, 2022).

100% control with full-stack financial services

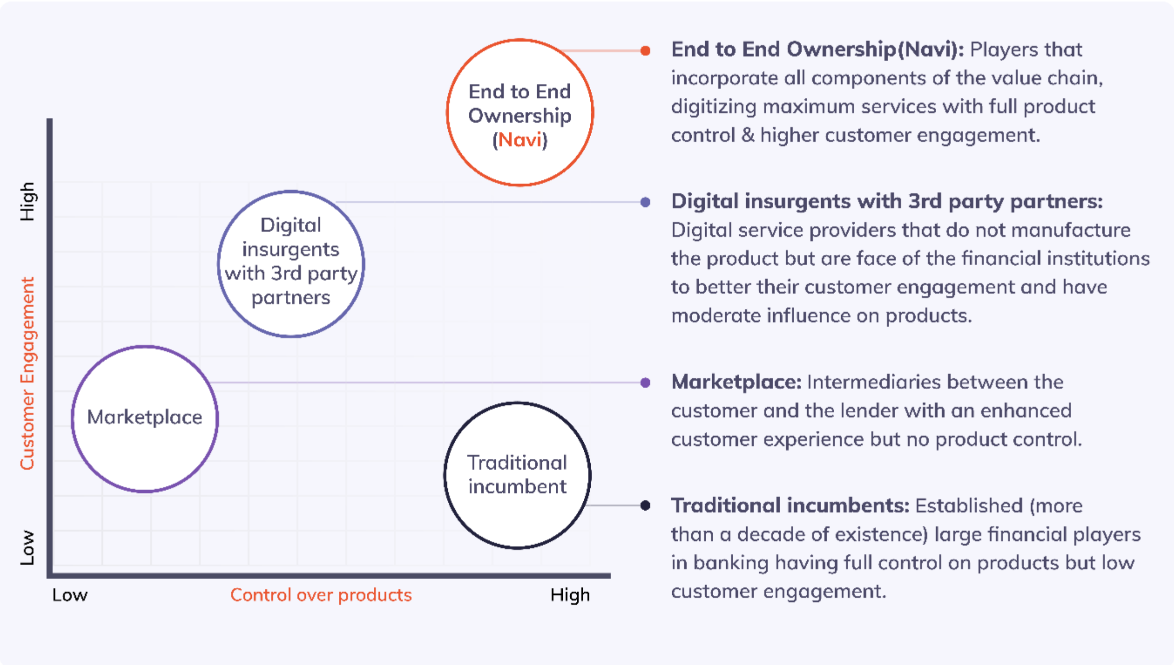
The BFSI landscape in India can be broadly classified into four types of players: Traditional or Legacy incumbents, Marketplaces, Digital Insurgents with third-party partnerships and End to end digital ownership (full stack). These are further explained below.

- **Incumbents:** These include established (more than a decade of existence) large financial players in banking with little digital presence. They use legacy infrastructure to provide end-to-end services to the customers but encounter systemic delays in processing times, higher costs, and have intermediaries to cover a large customer base. Though traditional incumbents exercise full control over their products and offerings, they exhibit a lower customer engagement due to legacy infrastructure. However, these players are making significant investments in technology to lift their customer engagement.

- **Marketplaces**: These players are intermediaries that act as a bridge between the customer and the lender. They facilitate easy comparison options of loans, provided by different financial institutions enhancing the customer experience but lacking in product control.

- **Digital insurgents with third-party partnerships:** These companies are seeking to help the large financial institutions digitize and modernize their technology stacks. They partner with regulator-registered financial institutions to get to the market faster and use data analytics and AI to enable a better customer experience. Due to the use of a data-backed approach, these players also help in underwriting and collections and may influence the product offering. However, they do not have any in-house manufacturing or product sourcing capabilities.

- **End-to-end digital ownership:** These players incorporate all the services in the value chain and digitize maximum services enabling end-to-end ownership both in terms of product offering and technology integration. They control client acquisition, service, and delivery. They are a step ahead of "digital insurgents with third-party partners" because of their flexibility to offer new products and pivot into new services, rather than being dependent on third party financial services partners. Technology enables them to improve processing speeds and deliver a better customer experience. Navi Finserv is positioned as an end-to-end digital ecosystem player in India.



Source: RedSeer analysis

5. Appendix: BFSI peers – India and Global[1]

India Peers:

<table>
<tr><th>Company Name</th><th colspan="6">Company Snapshot*</th></tr>
<tr><td rowspan="4">Bajaj Finance Limited</td><td colspan="6">Business Information (as per company)[1]: Bajaj Finance Ltd. (BFL) is a deposit-taking Non-Banking Financial Company (NBFC-D) registered with the Reserve Bank of India (RBI). It is classified as an NBFC-Investment and Credit Company (NBFC-ICC) with the RBI. It is a subsidiary of Bajaj Finserv Ltd. (which was founded in 2007) and is engaged in the business of lending, and acceptance of deposits. The Company has a diversified lending portfolio across retail, SMEs and commercial customers with significant presence in urban and rural India.</td></tr>
<tr><td>Financials</td><td>Revenue[2] (INR crores)</td><td>Revenue growth y-o-y</td><td>Net Profit[3] (INR crores)</td><td>Net Profit growth y-o-y</td><td>Adj. revenue[4] (INR crores)</td></tr>
<tr><td>FY19</td><td>18485</td><td>45%</td><td>3995</td><td>60%</td><td>10360</td></tr>
<tr><td>FY20</td><td>26374</td><td>43%</td><td>5264</td><td>32%</td><td>12972</td></tr>
</table>

[1] Select peer set having common business segment(s) and/or tech capabilities with Navi

Company Name	Company Snapshot*					
	FY21	26668	1%	4420	-16%	11285
HDFC Limited	**Business Information (as per company)[1]:** Founded in 1977, HDFC Ltd is a leading provider of Housing Finance in India. With its customized solutions, the company has financed over 9 million housing units since inception. The company also has several subsidiaries like HDFC Bank, HDFC Life, HDFC Ergo, HDFC Mutual Fund etc. It serves salaried customers, self-employed and professionals, affordable housing customers (EWS, LIG, and MIG). As of FY21, HDFC Ltd has financed over 9 million housing units of which 230,000 home loan customers have availed loans under the CLSS scheme. The company offers products like home loans, plot loans, LAP, Top-up loans, Rural housing loans, affordable housing loans, home renovation & extension loans, commercial property, plot loans, etc.					
	Financials	Revenue[2] (INR crores)	Revenue growth y-o-y	Net Profit[3] (INR crores)	Net Profit growth y-o-y	Adj. revenue[4] (INR crores)
	FY19	95694	20%	16232	35%	10465
	FY20	101726	6%	21435	32%	5733
	FY21	139034	37%	18740	-13%	11207

Sources: Company websites, MCA filings, and company annual reports

Notes:

* *Company snapshot is illustrative and non-exhaustive. 1 crore(s) = 10 million RedSeer has not independently verified the datasets and product offerings mentioned in the above profiles and it is entirely as per the company released information*

1. *Business Information consists of key business features, customer segments, product offerings, and a few technology applications but does not cover an exhaustive list of features or capabilities of the company*
2. *Revenue refers to consolidated revenue from operating activities alone and does not include "Other Income".*
3. *Net Profit is the Consolidated Profits after taxes that are attributed to the owners / shareholders of the company.*
4. *Adj. revenue or adjusted revenue is the standalone revenue coming from lending operations only less the finance costs and credit losses (Impairment on financial instruments)*

Global Peers:

Company Name	Company Snapshot*					
Lufax Holding Ltd.	**Business Information (as per company)[1]:** Founded in 2005, Lufax is a technology-empowered personal financial services platform in China. The company has 2 businesses: retail credit facilitation business and wealth management business. The company targets small business owners and to a lesser extent salaried workers in China who have a residential property, financial assets, or some access to commercial bank credit and yet are underserved by traditional financial institutions; For wealth management, the company targets the Chinese middle class and affluent investors who have a massive demand for wealth management services but are currently underserved by traditional financial institutions. According to the company reports, the company serves 14.5 million cumulative borrowers on retail credit platform as of Dec 2020; 46.2 million (y-o-y growth of 4.9%) registered users on wealth management platform & 14.9 million (y-o-y growth of 19%), active investors, as of Dec 2020. Company reports mention that the company offers unsecured loans (small business loans with an average ticket size of US$ 27,970, personal consumption loans with an average ticket size of US$ 21,366), and secured loans for small business owners with an average ticket size of US$ 59,842; wealth management platform includes asset management plans, bank products, mutual fund products, private investment fund products, and trust products. As per the company annual reports, the loan application process is entirely online and paperless. The company acquires borrowers offline but enables them to submit their loan applications online through a mobile application. Since 2019, all the transactions have occurred on the mobile application. As of December 31, 2020, the company's total balance of retail credit facilitated reached US$ 83.5 billion, and the total client assets generated through its online wealth management platform reached US$ 65.4 billion.					
	Financials	Revenue[2] (USD Mn)	Revenue growth y-o-y	Net Profit[3] (USD Mn)	Net Profit change y-o-y	Adj. revenue[4] (USD Mn)
	2018	6399	48%	2172	125%	649

Company Name	Company Snapshot*					
	2019	7513	17%	2131	-2%	84
	2020	8085	8%	1964	-8%	296

Company Name	Company Snapshot*
Nu Pagamentos S.A. (Nu Bank)	**Business Information (as per company)[1]:** Founded in 2015, Nu is a digital banking platform and a technology company with 48.1 million customers across Brazil, Mexico, and Colombia as of September 30, 2021, providing consumer and SME solutions across all five financial use-cases: spending, saving, investing, borrowing and protection. The company annual report state that it serves 48.1 million customers as of 3Q 2021 and 2.1 million new customers per month on average in Q3'21. It also targets SMEs in Latin America. According to annual report of the company, its product offerings are: credit and debit cards, QR code-based and PIX instant payment arrangements, WhatsApp Pay and traditional wire transfers; Nu personal and business accounts; direct-to-consumer. NuInvest digital investment platform; personal loans; and insurance solutions & marketplace partnerships to offer services like mobile phone top-ups, foreign remittances and secured loan products. According to company data, it uses advanced proprietary technologies built from the ground up and uses the utilization and optimization of data science and powerful proprietary models that support every aspect of our business. The company annual reports show that it provided 5.1+ million people their first credit card or bank account

Financials	Revenue[2] (USD Mn)	Revenue growth y-o-y	Net Profit[3] (USD Mn)	Net Profit change y-o-y	Adj. revenue[4] (USD Mn)
2018	319	NA	-29	NA	-2
2019	612	92%	-93	-223%	53
2020	737	20%	-172	-85%	100

Sources: Company websites and company annual reports

Notes:

* *Company snapshot is illustrative and non-exhaustive (a conversion of 1RMB = 0.16 USD has been used for financials) RedSeer has not independently verified the datasets and product offerings mentioned in the above profiles and it is entirely as per the company released information*

1. *Business Information consists of key business features, customer segments, product offerings, and a few technology applications but does not cover an exhaustive list of features or capabilities of the company*
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INDUSTRY REPORT ON MICROFINANCE *(Source: CRISIL Report)*

Financial Inclusion

Current Scenario and Key developments

Financial exclusion is widely prevalent in countries, such as India, due to poverty and low income, financial illiteracy, high transaction costs, and lack of infrastructure (primarily information technology). Consequently, a significant proportion of the population still lacks access to formal banking facilities. According to NABARD, All India Rural Financial Inclusion Survey 2016-17, 40% loans were reported as taken from non-institutions or informal channels like relative and friends, money lenders and local landlords.

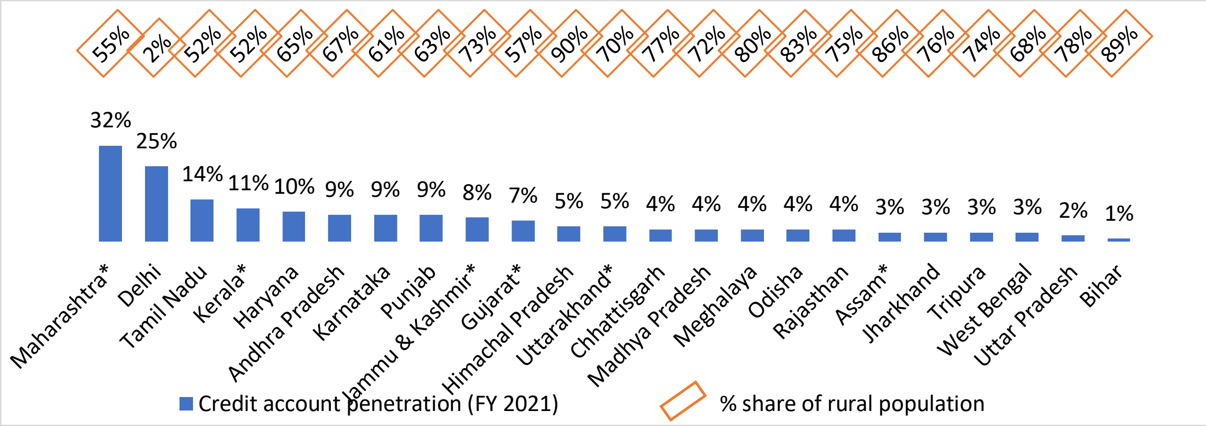
Key initiatives launched by the Government to promote financial inclusion include the Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and the Pradhan Mantri Suraksha Bima Yojana (PMSBY).

Rural areas account for half of GDP, but less than 10% of banking credit

Despite its larger contribution to GDP of 47%, the rural segment's share in credit remains fairly low at 10% of the overall credit outstanding. This provides a huge market opportunity for MFI players present in the segment. On the other hand, urban accounts for nearly 53% of GDP and forms 90% of overall credit outstanding. Top states including Bihar, Assam, Orisha and Uttar Pradesh have over 75% of population in rural region and possess more market opportunities as compare to other states in India.

Large variations in availability of credit across states and districts

There is a wide variation across states and within various districts in the same state as well in terms of credit, which indicates latent opportunity for providing banking services to unserved or underserved customers. Several states like Uttar Pradesh, Bihar and West Bengal accounting for 16%, 9% and 7% respectively of overall population in India have among lowest credit account penetration at 2%, 1% and 3% respectively indicating potential for higher credit growth as compared to other states.



Notes:

1. (*) – As of FY 2019, (^) – As of FY 2020
2. Credit account penetration is calculated as total number of retail bank credit accounts/population of the state
3. Andhra Pradesh and Telangana have been considered as one state

Source: RBI, MOSPI, CRISIL Research

The Government of India and RBI have undertaken several initiatives over the past 5-7 years to bring unbanked individuals into the formal banking system including Pradhan Mantri Jan Dhan Yojana, priority sector lending targets for banks in India aimed at facilitating financial inclusion, licensing of Small Finance Banks.

<u>Global Microfinance Industry</u>

Gross loan portfolio (GLP) and number of borrowers of Indian MFIs highest in the world

As of the Financial Year 2017, globally, there were 120 million MFI borrowers with an overall GLP of US$112 billion. Total number of active borrowers and GLP have increased 9.8% and 14.3% respectively on year in Financial Year 2017. The aggregate GLP of India's MFIs is the highest as compared to other countries in the world in Financial Year 2017. India also had the highest number of active borrowers (at 37.89 million as of the Financial Year 2017), it was followed by Bangladesh (which had 26.92 million as of the Financial Year 2017).

The global microfinance industry reported healthy growth of 10% CAGR over 2016-2020 while India reported stronger growth of 24% during the same period. India's share in microfinance industry has increased to 15% in 2020 from 9% in 2016.

India had the best asset quality

India had healthy profitability (RoA) despite lending at much lower interest rates due to the superior asset quality and relatively lower operating cost.

	Yield on advances	Operating expenses	PAR > 90 days	RoA (%)
India	13.8%	7.7%	2.3%	1.7%
Africa	20.0%	14.5%	6.6%	1.5%
EAP	15.3%	7.0%	3.3%	1.8%
ECA	20.8%	9.4%	14.5%	0.3%
LAC	21.0%	12.3%	4.6%	2.1%
MENA	26.2%	15.6%	3.7%	4.4%
South Asia	18.3%	9.0%	2.9%	2.8%
Total	**19.2%**	**10.6%**	**4.7%**	**2.0%**

Source: *Global Outreach & Financial Performance Benchmark Report – 2017-18 MIX Market (www.themix.org), CRISIL Research*

Indian Microfinance Industry

Historical Growth of the Indian Microfinance Industry and Future Outlook

India MFI industry's GLP surged at 27% CAGR since Financial Year 2017 to Financial Year 2021. Between Financial Years 2021 and 2024, CRISIL Research expects the MFI loan portfolio to clock 14-16% CAGR. CRISIL Research expects NBFC-MFIs to grow at a much faster rate of 20-22% over the same period vis-a-vis MFI industry. Key drivers behind superior growth outlook of the MFI industry include faster growth in rural segment, expansion in average ticket size, Support systems like Credit Bureaus etc. The presence of self-regulatory organisations (SRO) like MFIN and Sa-Dhan is also expected to support sustainable growth of the industry going forward. Microfinance sector in India regulated by the Reserve Bank of India (RBI).

Key enablers behind superior growth outlook of the MFI industry

Digitalisation to bring down costs, improve collection efficiency and profitability for MFIs. CRISIL Research expects that the lower cost of servicing customers, better productivity and lower credit costs through the use of technology will help MFIs improve their profitability.

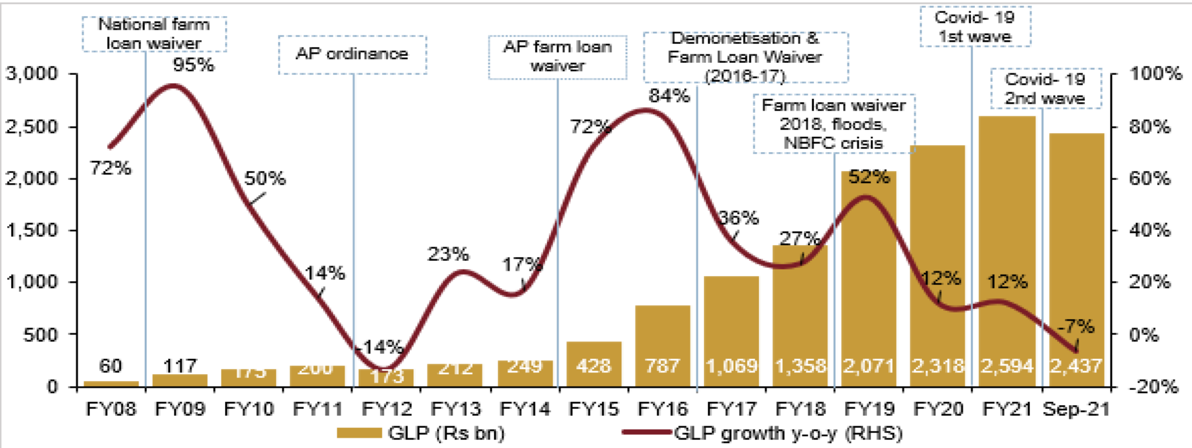
MFIs have built a large distribution network in urban and rural India. Now these MFIs are leveraging this network to distribute financial and non-financial products including insurance and product financing of other institutions to members at a cost lower than competition.

MFI industry resilient despite major setbacks and changing landscape over the past decade

The industry's growth has been strong regardless various headwinds in the past – national farm loan waivers (2008), the Andhra Pradesh crisis (2010), Andhra Pradesh farm loan waiver (2014), Demonetisation (2016), NBFC liquidity crisis (2018), Floods in Kerala and Odisha (2018-20), Assam's bill on microfinance (2021), COVID-19 pandemic (2020-21) among others. Of these events, the Andhra Pradesh crisis (2010) and COVID-19 pandemic (2020-21) had a lasting impact on the industry.

The microfinance industry's GLP grew at 25% CAGR over Financial Years 2017 to 2021, despite various setbacks. CRISIL Research expects the industry to grow at healthy pace over the next few years as well, given the low penetration of credit amongst the target population.

MFI industry has shown resilience over the past decade



Note: Data includes data for Banks lending through joint liability group (JLG), SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for Banks lending through SHG. The amounts are as at the end of Financial Year

Source: MFIN, CRISIL Research

Impact of COVID-19 pandemic on the microfinance industry

The extended nationwide lockdown to contain the spread of COVID-19 affected the income-generation ability and the savings of borrowers accessing MFIs. This had an adverse impact on MFIs as their operations are field-intensive. While disbursements came to a standstill in the first quarter of Financial Year 2021, they picked up subsequently. Disbursements reached to the pre- COVID-19 levels for NBFC-MFI in the third and fourth quarter of Financial Year 2021.

With the surge in the number of COVID-19 cases since April 2021, several states had imposed lockdowns or lockdown like strict conditions again. Post that, overall collection efficiencies improved on a q-o-q basis due to higher focus on recoveries by most of the MFIs. In Financial Year 2022, MFIs have started focusing on both growth as well as collections.

Key reforms proposed by the government for microfinance to counter COVID-19 crisis reducing debt servicing burden through moratorium, resolution framework for COVID-19 related stress, refinance support from RBI, loan interest subvention scheme, Special Long Term Repo Operations (SLTRO) programme by the RBI among others.

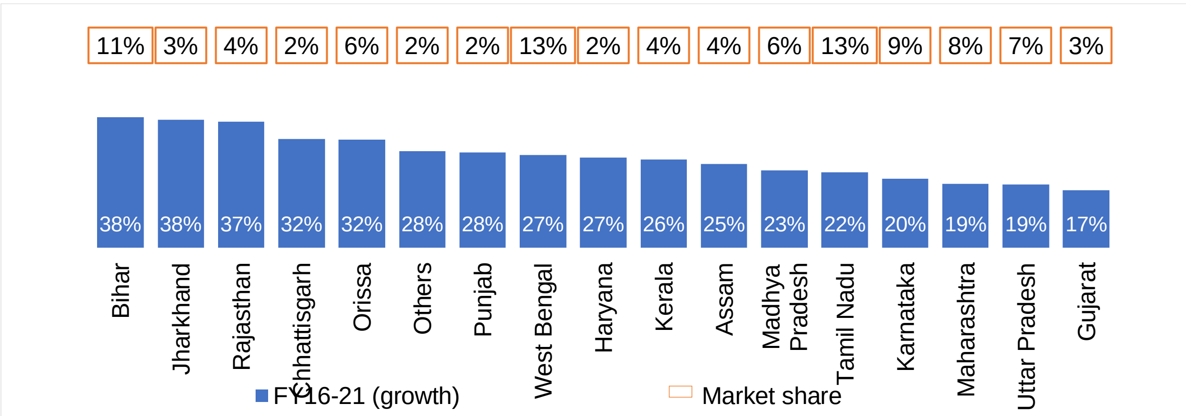
Disbursement have reached to the pre-COVID-19 level in the second quarter of Financial Year 2022. CRISIL Research expects industry growth to be moderately impacted in Financial Year 2022 due to the second and third wave (since there have been no stringent lockdowns and lenders are better prepared).

Key Trends in India Microfinance Industry

Top 10 states contribute approximately 79% of MFI loans and several states grew at 35% during FY16-21

Approximately 79% of the gross loan portfolio of MFIs is concentrated in the top 10 states with West Bengal (13%), Tamil Nadu (13%), and Bihar (11%) recording the highest shares as of September 2021.

Bihar, Jharkhand and Rajasthan have reported over 35% GLP growth during Financial Year 2016 and Financial Year 2021



Note: Data includes data for, Bank JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs.
Source: CRIF Highmark, CRISIL Research

Eastern region reported the fastest growth and best asset quality

	GLP (H1FY22) (₹ in billions)	Market share (H1FY21)	CAGR (FY16-21)	Average PAR 90+ (FY16-H1FY22)	States included*
East	819	34%	32%	4.6%	Andaman and Nicobar Islands, Bihar, Jharkhand, Odisha, Orissa, Sikkim and West Bengal
South	616	26%	22%	5.4%	Andhra Pradesh, Karnataka, Kerala, Lakshadweep, Pondicherry, Tamil Nadu and Telangana
Central	392	16%	21%	7.7%	Chhattisgarh, Madhya Pradesh, Uttar Pradesh and Uttarakhand
West	261	11%	18%	12.0%	Dadra and Nagar Haveli, Daman and Diu, Goa, Gujarat Maharashtra
North	200	8%	31%	5.0%	Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Ladakh, Punjab, Rajasthan

	GLP (H1FY22) (₹ in billions)	Market share (H1FY21)	CAGR (FY16-21)	Average PAR 90+ (FY16-H1FY22)	States included*
North east	124	5%	26%	7.8%	Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura
Industry	**2,411**	**100%**	**25%**	**6.3%**	

* *Based on RBI classification*

Source: CRIF Highmark, CRISIL Research

MFI players continue to attract PE investments

Over the years, MFIs have proven their resilience and attractiveness of the business model which has resulted in significant interest from Private Equity players in the sector.

Private Equity investments in MFI focused players

Name of MFI	Investors*
Bandhan bank	General Insurance Corporation of India (GIC), International Finance Corporation (IFC) and Caladium Investment Pte
ESAF SFB	PNB MetLife, Bajaj Allianz Life and PI Ventures
Fincare SFB	Amethyst Inclusion, Vistra ITCL, Wagner Limited, True North Fund, Indium IV, Omega TC Holdings
Jana SFB	TPG Capital, HarbourVest group, Amansa Capital, Morgan Stanley and Hero Ventures
CreditAccess	Olympus Capital Asia
Spandana	Kedaara Capital
Arohan Microfinance	Tano Capital, MAJ Invest, MSDF, TR Capital and AG II
Fusion Microfinance	Warburg Pincus, Creation Investments

* *Includes investors from standalone, parent and group company*

Source: Company Reports, CRISIL Research

Asset quality

In Financial Year 2021, the asset quality of the industry deteriorated quite sharply, reflecting the adverse impact of COVID-19 on the industry. The PAR 30+ and PAR 90+ for the industry shot up to 14.1% and 8.8% respectively as of March 2021. In the first half of Financial Year 2022, PAR 30+ and PAR 90+ for the industry further deteriorated to 18.8% and 11.6% respectively, mainly due to fall in collection efficiencies experienced in months of May and June 2021 in the aftermath of the second COVID-19 wave. NBFC-MFI asset quality is relatively better compare to Banks, SFB and NBFC during the pandemic period. The collections started to improve from July 2021 onwards owing to relaxations in COVID-19 restrictions across the country. Nevertheless, in Financial Year 2022, CRISIL Research expects MFI asset quality to remain under some pressure, on account of strain on MFI borrowers' earning capabilities and the impact of COVID-19 third wave.

An analysis of roll rate for the industry post 2nd wave indicates a significant proportion of loans rolled forward from 1-30 days and 31-60 days overdue buckets to 31-60 days and 61-90 days, respectively, in May and June 2021; however, since then, roll forward rates have come down steadily, indicating an improvement in the asset quality scenario.

Roll rate for the industry post COVID-19 2nd wave

	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Roll Forward								
Current to 1-30 dpd	15.80%	14.06%	3.81%	4.43%	3.24%	2.31%	2.58%	1.46%
1-30 to 31-60 dpd	39.85%	34.69%	22.96%	12.79%	21.65%	24.23%	17.32%	15.40%
31-60 to 61-90 dpd	42.61%	31.72%	38.89%	27.49%	20.85%	36.81%	32.57%	24.09%
61-90 to 90+ dpd	67.29%	42.91%	44.72%	50.89%	33.45%	35.86%	50.83%	41.16%
Roll Back								
90+ to 61-90 dpd	0.16%	0.16%	0.33%	0.36%	0.34%	0.73%	0.35%	0.35%
90+ to 31-60 dpd	0.11%	0.08%	0.12%	0.13%	0.51%	0.15%	0.05%	0.10%
90+ to 1-30 dpd	0.50%	0.56%	0.27%	0.37%	0.61%	3.15%	1.04%	0.12%

	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
90+ to current	0.55%	6.77%	2.42%	2.10%	8.12%	2.21%	0.27%	0.51%
61-90 to 31-60 dpd	1.11%	1.18%	4.10%	2.60%	6.12%	4.90%	3.48%	7.09%
61-90 to 1-30 dpd	5.06%	3.18%	2.11%	7.15%	3.03%	6.32%	0.98%	1.32%
61-90 to current	2.73%	21.16%	11.50%	7.89%	27.97%	13.39%	1.18%	2.56%
31-60 to 1-30	4.48%	4.53%	5.13%	12.45%	7.74%	4.37%	7.17%	6.96%
31-60 to current	3.52%	7.87%	8.62%	9.24%	9.05%	5.62%	2.38%	6.11%
1-30 to current	6.99%	10.39%	16.96%	18.57%	14.47%	15.30%	8.79%	16.54%

Source: CRIF Highmark, CRISIL Research

Profitability outlook of MFIs in the medium term

In Financial Year 2020, profitability of MFIs shrunk by a marginal 50-60 bps, based on rising credit costs, largely due to floods in several states during the year and COVID-19 induced disruptions. Considering the potential challenges of COVID-19, few of the NBFC-MFIs, in addition to standard provisioning, made special COVID-19 provisioning in Financial Year 2020. In Financial Year 2021, profitability declined sharply to 0.7% from 3.5% in Financial Year 2020 due to lower NIMs, decreased other income and higher credit costs.

The profitability is expected to increase to 3.4% in Financial Year 2024 on the back of expected gradual recovery in economic growth and assuming no disruption in next two financial years due to COVID-19.

Profitability (RoA) of microfinance industry to improve in Financial Year 2022

RoA tree	FY18	FY19	FY20	FY21	FY22E	FY23P	FY24P
Interest income	17.7%	19.1%	18.4%	17.5%	17.3%	18.0%	18.3%
Interest expense	8.6%	8.4%	7.7%	7.7%	8.1%	8.3%	8.5%
Net interest income	9.1%	10.6%	10.7%	9.8%	9.2%	9.7%	9.8%
Opex	5.3%	5.5%	5.4%	5.1%	5.3%	5.4%	5.5%
Other income	1.2%	2.0%	2.5%	1.2%	2.5%	2.5%	2.5%
PPOP	5.0%	7.1%	7.8%	5.9%	6.4%	6.8%	6.8%
Credit cost	1.5%	1.0%	2.7%	5.0%	4.2%	3.5%	2.3%
Tax	1.2%	2.1%	1.6%	0.2%	0.7%	0.8%	1.1%
RoA	2.3%	4.1%	3.5%	0.7%	1.5%	2.5%	3.4%

Notes:
1. Figures include data of NBFC-MFIs with market share of approximately 68% in total NBFC-MFI portfolio
2. Numbers are based on Ind-AS
E: Estimated; P: Projected
Source: CRISIL Research

Competitive dynamics

Loans in the microfinance sector are provided by banks, SFBs, NBFC-MFIs, other NBFCs, and non-profit organisations. Banks disburse microfinance loans directly or through Business Correspondents (BCs) to meet their priority-sector lending targets.

CRISIL Research expects NBFC-MFIs to grow at a much faster rate vis-v-a-vis SFBs, on account of increasing focus of SFBs towards other product suite beyond the MFI loan portfolio, and improving liquidity for NBFCs in the system.

Comparison of different participants in microfinance lending business

	Small Finance Bank	MFI
Priority sector lending		
Targeted lending to sectors	75% for priority sector lending of their Adjusted Net Bank Credit (ANBC) 18% of ANBC to Agriculture 7.5% of ANBC to micro-enterprises 10% of ANBC to weaker sections At least 50 per cent of loan portfolio should constitute loans and advances of up to ₹2.5 million	85% of loans should be qualifying micro-finance assets Income generation loans > 50% of total loans Maximum 2 MFIs can lend to a single customer
Prudential norms		

	Small Finance Bank	MFI
Capital adequacy framework	Minimum Tier 1 capital: 7.5% Minimum capital adequacy ratio: 15%	Tier 1 capital > Tier 2 capital Minimum capital adequacy ratio: 15%
Margin cap	No Margin Cap	Maximum of 10% for MFIs with loan portfolio above ₹1 billion
CRR / SLR	Maintenance of CRR/SLR ratio mandatory	No such requirement
Leverage ratio	Minimum leverage ratio of 4%	No such requirement
LCR (liquidity coverage ratio)/ NSFR (net stable funding ratio)	Minimum liquidity coverage ratio of 100%	No such requirement
Products		
Products offered	Can offer savings and investment products apart from credit products / loans Can act as Corporate Agent to offer insurance products Cannot act as Business Correspondent to other banks	Can act as Business Correspondent to another bank and offer savings, deposits, credit and investment products Can act as Corporate Agent to offer insurance products

Source: RBI, CRISIL Research

In Feb 2021, the RBI has come out with a proposal to harmonise regulations for MFI lending. The move is expected to provide a level playing field for all players active in MFI lending (NBFC-MFIs, SFBs, Scheduled Commercial Banks etc) and is expected to be beneficial for NBFC-MFIs.

Peer Comparison

In this chapter, CRISIL Research has analysed operational performance and key financial indicators of top 10 NBFC-MFIs with Chaitanya India Fin Credit Private Limited (Chaitanya) (ranked 15th). Players are arranged in the descending order of GLP as of September 2021.

Chaitanya is one of the fastest growing NBFC-MFI during pandemic among the compared peers

Chaitanya has witnessed one of the fastest to bounce back after the COVID first and second wave. Chaitanya reported the 2nd fastest growth of 56% among the compared peers over Financial Year 2019 to 2021.

Comparison of top 10 NBFC-MFIs in the microfinance industry

NBFC-MFIs	GLP (₹ in billions) H1FY22	GLP CAGR (FY19-FY21)	Clients (in million) H1FY22	No. of states FY21	No. of districts FY21
CreditAccess Grameen Ltd.	111.8	25.9%	2.80	14	247
Spandana Sphoorty Financial Ltd.	75.5	36.4%	2.61	18	282
Asirvad Microfinance Ltd.	71.6	24.8%	2.60	24	326
Satin Creditcare Network Ltd.	63.2	6.8%	2.50	23	372
Fusion Microfinance Pvt. Ltd.	52.1	32.5%	2.20	18	323
Annapurna Finance Pvt. Ltd.	51.3	26.2%	2.00	18	320
Muthoot Microfin Ltd.	47.9	6.9%	1.80	16	249
IIFL Samasta Microfinance Ltd.	46.1	44.8%	1.60	17	252
Arohan Financial Service Ltd.	44.2	7.2%	0.00	16*	230*
Svatantra Microfin Pvt. Ltd.	40.0	70.1%	1.40	17	247
Chaitanya India Fin Credit Pvt. Ltd.	15.3	55.6%	0.56	8	68
Industry (NBFC-MFI)	**827.5**	**9.6%**	**827.5**		

* *As of FY20*

Source: MFIN, Company reports, CRISIL Research

Chaitanya's fast growth was driven by both volume and value

Chaitanya's average ticket size has increased one of the fastest 20% in Financial Year 2021 among the compared peers. Its client base increased at 19% over the same period which is the 2nd best among the compared peers. It indicates that Chaitanya is not only adding more client but it is able to increase the ticket size to support the growth. Its average ticket size based on disbursement is 3rd lowest in first half of Financial Year 2022 among the compared peers which indicates more headroom for expansion.

Operational performance of top 10 NBFC-MFIs in the microfinance industry

Productivity metrics	Clients growth (%)	Average ticket size growth (%)	Average ticket size based on disbursements (₹)	GLP per branch (₹ in millions)	Client per loan officer	GLP per loan officer (₹in millions)
	FY21	FY21	H1FY22	H1FY22	H1FY22	H1FY22
CreditAccess Grameen Ltd.	(1.17)%	79.69%	35,352	103.46	350	14.00
Spandana Sphoorty Financial Ltd.	(4.86)%	32.09%	45,318	67.08	371	10.74
Asirvad Microfinance Ltd.	1.69%	29.34%	36,810	53.69	467	12.86
Satin Creditcare Network Ltd.	(13.64)%	5.17%	44,955	61.43	379	9.58
Fusion Microfinance Pvt. Ltd.	14.20%	7.76%	35,127	68.82	536	12.69
Annapurna Finance Pvt. Ltd.	5.71%	6.45%	39,930	54.28	421	10.80
Muthoot Microfin Ltd.	(1.06)%	2.08%	36,553	59.68	395	10.50
IIFL Samasta Microfinance Ltd.	5.19%	24.27%	36,295	62.64	300	8.64
Arohan Financial Service Ltd.	(10.82)%	38.66%	29,635	NM	NM	NM
Svatantra Microfin Pvt. Ltd.	27.72%	0.73%	37,002	57.91	433	12.36
Chaitanya India Fin Credit Pvt. Ltd.	18.60%	19.99%	36,148	46.14	336	9.23

* *As of FY21; NM – Not meaningful*

Source: MFIN, Company reports, CRISIL Research

Chaitanya has the 2nd lowest credit cost in the first half of Financial Year 2022 among the compared peers

Despite posting the fastest growth in the first half of Financial Year 2022, its credit cost is the 2nd lowest among the compared peers. Chaitanya's interest rate is the 2nd lowest among the compared peers in the first half of Financial Year 2022. Chaitanya's NIM is the 4th highest in first half of Financial Year 2022. Chaitanya also has the 2nd lowest net NPA ratio and 4th lowest gross NPA in first half of Financial Year 2022 among the compared peers. Chaitanya's RoA and RoE were the highest among the compared peers in first half of Financial Year 2022.

Financial performance of top 10 NBFC-MFIs in the microfinance industry

Financial parameters (H1FY22)	Interest rate*	Yields on advances	Cost of borrowing	NIM	Opex ratio	RoA	RoE	GNPA	NNPA
CreditAccess Grameen Ltd.	19.38%	20.17%	9.10%	9.64%	4.40%	1.09%	4.17%	5.98%	2.97%
Spandana Sphoorty Financial Ltd.	21.15%^	22.74%	11.14%	10.91%	3.41%	0.10%	0.29%	6.09%	3.15%
Asirvad Microfinance Ltd.	20.74%	20.95%	9.54%	8.71%	5.32%	0.59%	3.75%	1.08%	0.01%
Satin Creditcare Network Ltd.	21.69%	22.91%	11.00%	7.68%	5.48%	1.56%	8.21%	8.71%	2.03%
Fusion Microfinance Pvt. Ltd.	21.28%	21.14%	11.41%	8.17%	4.96%	0.26%	1.19%	NA	NA
Annapurna Finance Pvt. Ltd.	21.40%	22.11%	10.48%	6.50%	5.55%	0.55%	4.21%	7.22%	3.09%
Muthoot Microfin Ltd.	21.05%	20.02%	10.02%	8.33%	7.03%	0.36%	1.72%	8.84%	1.92%
IIFL Samasta Microfinance Ltd.	21.34%	22.66%	9.60%	11.58%	5.95%	0.80%	4.98%	2.34%	NA
Arohan Financial Service Ltd.	20.48%^	22.64%	10.68%	8.38%	5.52%	1.16%	6.17%	11.91%	3.14%
Svatantra Microfin Pvt. Ltd.	20.75%	34.37%	19.79%	12.72%	11.28%	0.29%	1.79%	3.3%	NA
Chaitanya India Fin Credit Pvt. Ltd.	19.85%	21.88%	10.17%	10.73%	7.48%	2.00%	8.43%	4.51%	1.08%

*Note: Numbers are annualised; *Weighted average rate of interest for qualifying portfolio (Sept 2021); ^Data for interest rates is as of March 2021*

Source: MFIN, Company reports, CRISIL Research

List of formulae

SN	Parameters	Formula
1	RoA	Profit after tax / average of total assets on book
2	RoE	Profit after tax / average net worth
3	NIM	(Interest income – interest paid) / average of total assets on book
4	Yield on advances	Interest earned on loans and advances / average of advances on book
5	Cost to income	Operating expenses / (net interest income + other income)
6	Cost of borrowing	Interest paid / (average of deposits and borrowings)
7	Non-interest income	(Total income – interest income)/ average of total assets on book
8	Opex ratio	Operating expenses (Employee benefit expenses+ Depreciation expenses + Other expenses) / Average total assets

OUR BUSINESS

*The information contained in this section is derived from the (a) Indian Fintech Landscape focussed on Digital Lending Report dated April 6, 2022 (the "***RedSeer 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 RedSeer Management Consulting, and (b) the Industry Report on Microfinance dated March 10, 2022 (the "***CRISIL 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 CRISIL Limited.*

We officially engaged RedSeer Management Consulting Private Limited, in connection with the preparation of the RedSeer Report in relation to the financial services (excluding microfinance) industry pursuant to an engagement letter dated April 6, 2022.

We officially engaged CRISIL Limited, in connection with the preparation of the CRISIL Report in relation to microfinance industry pursuant to an engagement letter dated April 7, 2022.

The data included in this section includes excerpts from (a) the RedSeer Report and (b) the CRISIL 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 '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, risk management, ALM, taxation and tax reporting and accounting. Any references to "the App" in this section are to be read as references to the Navi App 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 14 for a discussion of the risks and uncertainties related to such statements and also "Risk Factors" on page 18 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.

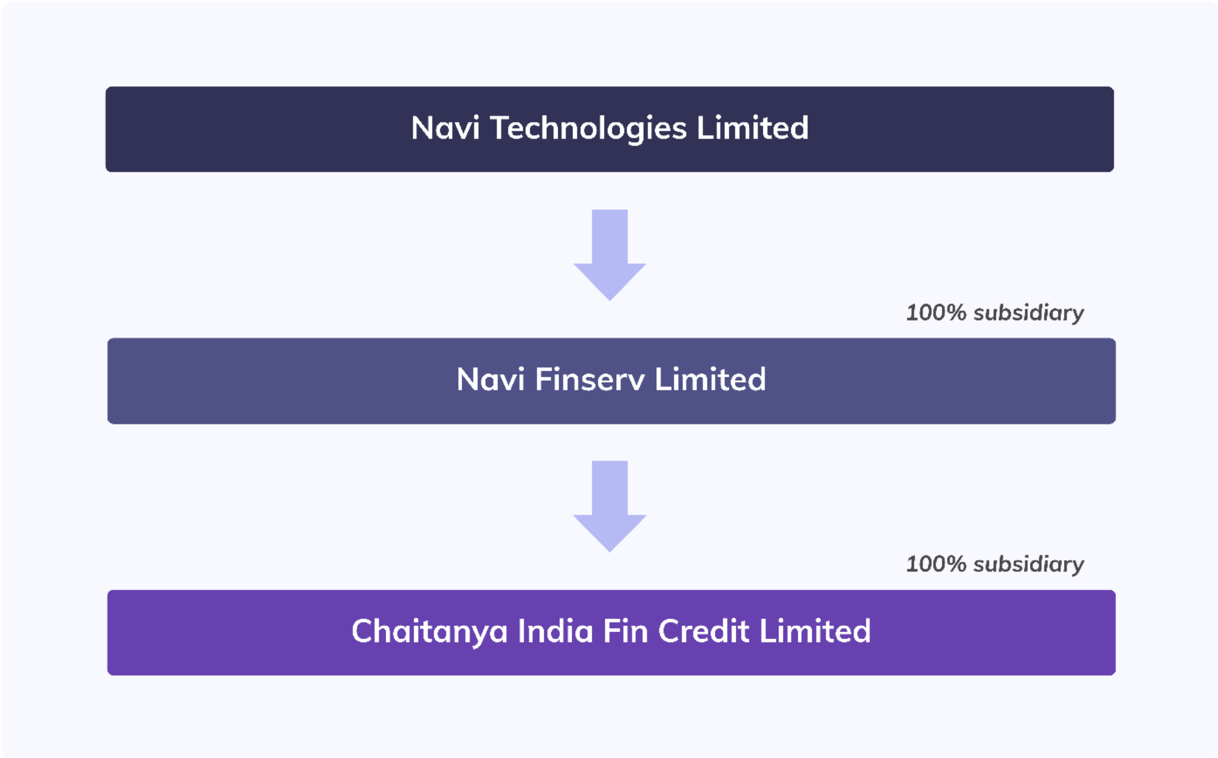
Unless otherwise mentioned the financial and operation information in this section are on standalone basis for our Company and our Subsidiary, respectively.

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 offer lending products like personal loans and home loans under the "**Navi**" brand. We also offer microfinance loans, under the "**Chaitanya**" brand through our Subsidiary, CIFCPL.

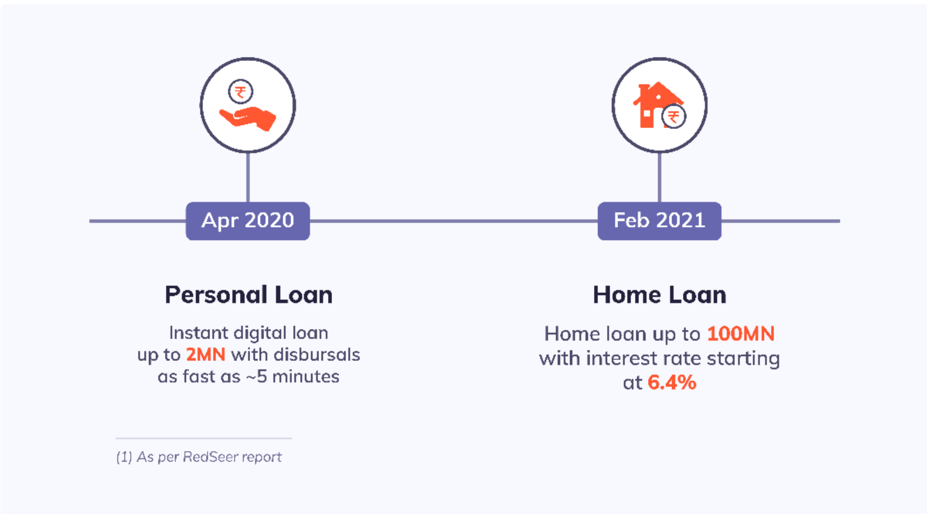
Our Company was originally incorporated as Chaitanya Rural Intermediation Development Services Private Limited as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, Karnataka at Bangalore ("**RoC**") on February 14,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

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, risk management, ALM, taxation and tax reporting and accounting. Pursuant to the Outsourcing Agreement, our products are exclusively distributed through the Navi App, the digital platform provided by our Promoter.

Navi App provides an easy to use and engaging experience to our personal loan and home loan customers while minimising manual intervention and paperwork.



We launched our personal loans product under the "Navi" brand in April 2020. Under this business, we extend instant personal loans up to ₹2.0 million with tenors of up to 84 months through an entirely digital Navi App-only process. Since our launch and up to December 31, 2021, we have disbursed 481,121 personal loans amounting to ₹22,463.12 million. During the nine months ended December 31, 2021, we disbursed 308,383 personal loans amounting to ₹15,724.41 million, with an average ticket size of ₹50,990. The collection efficiency for our personal loans disbursed subsequent to April 1, 2021 was 96.63% till December 31, 2021 (constituting 70.00% of disbursals). Within 21 months of launch, we have approved personal loans to customers across over 84% of all Indian pin codes. As of December 31, 2021, our Company's personal loans business had an AUM of ₹14,186.92 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 December 31, 2021, our Company had disbursed home loans across 8 cities in India. Our Company offers loans up to ₹100 million with a tenor of up to 30 years. As of December 31, 2021, our Company had an AUM of ₹1,777.09 million and since launch we have disbursed 604 loans with an average ticket size of ₹3.86 million.

Our microfinance loans business is carried out through our Subsidiary, CIFCPL, to extend credit to low-income women in rural and semi-rural areas across India. Our Subsidiary's microfinance loans business runs on a joint liability group-lending model, wherein a small number of women form a group (typically four to seven) and guarantee one another's loans. As of December 31, 2021, our Subsidiary's microfinance business had a closing AUM of ₹18,088.54 million. Our microfinance loans are not offered through the Navi App and this business is operated separately from our other technology-based business lines described above.

As on December 31, 2021, we had CRAR of 32.14% and 20.04% in our Company and our Subsidiary, CIFCPL, respectively 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. Our Subsidiary, CIFCPL's debt is rated IND A (Stable), CRISIL A- (Stable) and A – (Stable) by India Ratings, CRISIL and ICRA Limited, respectively. For further details in relation to the credit rating of our Company's debt and the debt of our Subsidiary, CIFCPL, see " – *CREDIT RATINGS*" on page 138.

Our Company's borrowings (debt securities and borrowings other than debt securities and subordinated liabilities) on a standalone basis, as at December 31, 2021 and March 31, 2021 amounted to ₹ 25,059.16 million and ₹ 20,831.99 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**") of loan receivables to various banks or NBFCs.

Our Company's total income for the nine months ended December 31, 2021 and the Financial Year 2021, on a standalone basis amounted to ₹ 3,188.92 million and ₹ 3,367.36 million respectively. For the same period, our Company's net profit/(loss) for the period/year amounted to ₹ (625.89) million and ₹ 975.42 million respectively.

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 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 one of the lowest turnaround times amongst lenders in India, in the personal loans category, according to the RedSeer Report.

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 4.5 minutes.

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. Within 21 months of launch, we have approved personal loans to customers across 84% of all Indian pin codes and as on December 31, 2021, we had disbursed home loans across 8 cities in India.

Sourcing of housing loan customers is done through multiple channels, including via 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. During the nine month ended December 31, 2021, 71.69% of all home loans customers were from our personal loan Interested User Base.

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. This provides us a significant advantage over traditional lenders who, according to the RedSeer Report, are largely dependent on excessive paperwork and manual evaluation which can be tedious and time-consuming.

According to the RedSeer Report, a large portion of the Indian population have no access to the formal credit system because of low or no credit history. The artificial intelligence and machine learning capabilities developed by our Promoter help us go beyond using only credit scores as a method of underwriting. The models incorporate more than 400 variables and learn from a rapidly growing training dataset. The information used for underwriting includes data provided by the user (such as name, date of birth, KYC documents, pin code, employment details), data directly collected with the consent of the user (geolocation, device details, contacts and transaction history), and data sourced from other sources (such as credit bureaus, analytics providers and business partners). This is vital in making credit accessible to a larger customer base. This creates a big data and machine learning flywheel which enables higher approval, and risk-priced interest rates.

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.

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.

The collection efficiency for our Company's personal loans disbursed subsequent to April 1, 2021 was 96.63% till December 31, 2021 (constituting 70.00% of disbursals).

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 21 term loan/ working capital lenders as of March 31, 2022 as compared to 2 term loan lenders as of December 31, 2020. We continuously seek to diversify our sources of funding to facilitate flexibility in meeting our funding requirements.

The treasury departments of our Company and our Subsidiary, are 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 borrowings (debt securities and borrowings other than debt securities and subordinated liabilities) on a standalone basis, as at December 31, 2021 and March 31, 2021 amounted to ₹25,059.16 million and ₹20,831.99 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 and also CEO of our Subsidiary, CIFCPL. 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. They are supported by other senior management members in our Company who are responsible for various functions:

Shobhit Agarwal, Head – Lending

Bhaskar, Head – Credit

Anand Rao, Joint MD (CIFCPL)

Vinod Raghavan, Chief Compliance Officer

Our Company has strong corporate governance standards with an independent director led Board who are veterans in the banking and financial services industry.

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

Currently we provide home loans to customers across 8 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 84% of all India pin codes using the digital-first distribution and we plan to further deepen our reach through marketing channels.

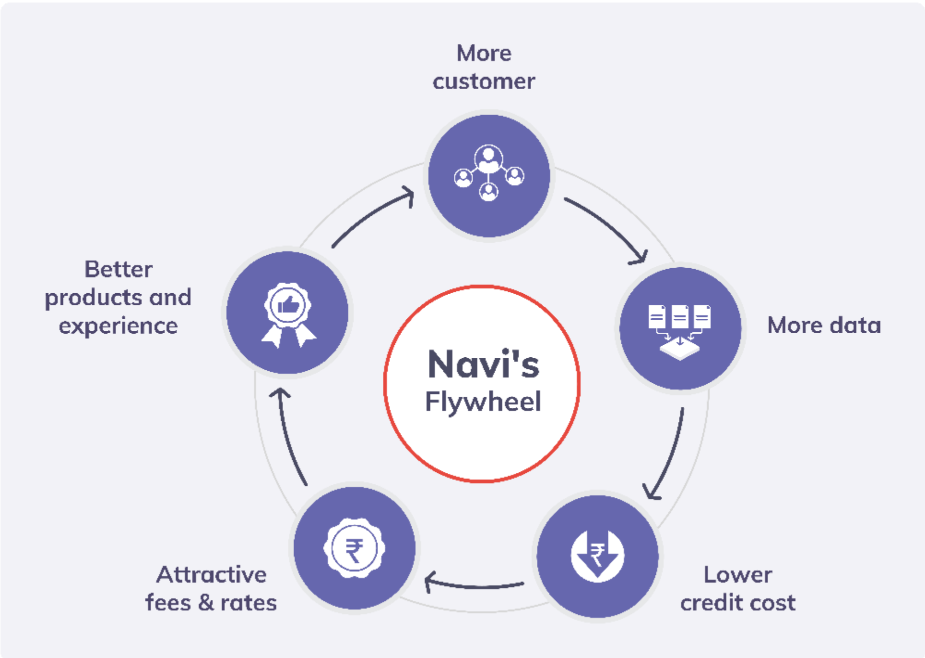
Foray into new product lines

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. We have also applied for a universal banking license with the RBI through our Subsidiary, CIFCPL, which will enable us to offer a wider range of financial products and services.

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. For example, 46.66% of all personal loans customers that had fully repaid their loans as of December 31, 2021 have taken another personal loan from us before December 31, 2021. We also witness significant cross-sell traction on the Navi App from customers visiting the Navi App for buying other products. During the nine month ended December 31, 2021, 71.69% of all home loans customers were from our personal loan Interested User Base.

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 and the debt of our Subsidiary, CIFCPL, see " – *CREDIT RATINGS*" on page 138.

Our Promoter, NTL has filed Draft Red Herring Prospectus dated March 10, 2022 for an initial public offering with SEBI to raise up to ₹ 33,500 million. In the event of a successful completion of the offering, our Promoter proposes to infuse up to ₹ 23,700 million into our Company which will further fund our growth. For further details, please see "Risk Factor" on page 18.

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 stringent risk management norms.

OUR BUSINESS LINES

PERSONAL LOANS

We launched our personal loans business under the "Navi" brand in April 2020. Under this business, we extend instant personal loans up to ₹2.0 million with tenors of up to 84 months through an entirely digital Navi App-only process. The annual interest rates we charge on the loans disbursed during the nine months ended December 31, 2021 were between 9.9% and 36.0%.

Since our launch and up to December 31, 2021, we have disbursed 481,121 personal loans amounting to ₹22,463.12 million. As of December 31, 2021, our Company's personal loans business had an AUM of ₹14,186.92 million. During the nine months ended December 31, 2021, our Company disbursed 308,383 personal loans amounting to ₹15,724.41 million, with an average ticket size of ₹50,990. The collection efficiency for our Company's personal loans disbursed subsequent to April 1, 2021 was 96.63% till December 31, 2021 (constituting 70.00% of disbursals).

We believe the digital lending process is one of the key differentiators driving business growth. Our customers have experienced downloading the Navi App, completing the entire loan application and receiving the approval and the proceeds of the loan in their bank account in under 5 minutes. According to the RedSeer Report, most digital lenders can disburse personal loans within a few hours of loan inquiry. Incumbents with little digital lending presence on the other hand generally take on an average of 1-3 days from application to disbursal. According to the RedSeer Report, our Company with the support of our Promoter is a full stack end-to-end digital lending player and is capable of having one of the lowest turnaround times amongst lenders in India, in the personal loans category.

To ensure our growth is sustainable and profitable, we place strong focus on both credit quality and pricing.

Our target segment is the young, digitally connected, middle-class population in India. With our extensive range of ticket sizes and tenors, we are able to address a large number of use cases such as: (a) planned personal expenses, e.g., home renovation, travel, high ticket purchases and weddings, (b) emergency medical expenses, and (c) short-term business needs.

Our Company utilises artificial intelligence based underwriting models developed by our Promoter, NTL to learn from a rapidly growing training dataset that contained 2.64 million repayment events as of December 31, 2021, with an average of 0.28 million repayment events added every month during the quarter ended December 31, 2021. As of December 31, 2021, over 85% of our personal loan customers had CIBIL credit scores of above 725.

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.

According to the RedSeer Report, retail lending AUM in India is majorly concentrated in metro and tier-1 cities as compared to other cities due to lack of capability and reach, which provides a significant market opportunity for digital lenders in India. In the Financial Year 2021, 59% of the retail lending AUM with a total market of approximately US$500 billion was from metro and tier-1 cities. According to the RedSeer Report, the digital lending market in the personal loan, home loan and loans against property categories is expected to grow at a CAGR of 48% to become a market of US$107 billion in the Financial Year 2026 with personal loans carrying the highest share of 63% in the digital lending market followed by a 31% digital disbursal share of home loans and 6% for loans against property.

We launched our personal loans business to fulfil the needs of the underserved Indian population. According to the RedSeer Report, Indian market remains underpenetrated because traditional banks require active bank accounts, extensive documentation, and a robust credit score to sanction credit, however, a rising millennial population demands easier access to credit with minimal documentation in lesser time, pushing the importance of full-stack digital lenders in this space. Hence, our digital personal loan offering is well-suited to address the needs of the growing digitally connected Indians.

According to the RedSeer Report, among the retail lending categories, the personal loans category has grown the fastest and is expected to grow at a CAGR of approximately 27% between the Financial Years 2021 and 2026. Over the same period, the contribution of digital lending to total personal loan disbursals is estimated to increase from 19% to 41%.

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:

	Quarter Ended						
Key Metrics	**Jun 30, 2020**	**Sep 30, 2020**	**Dec 31, 2020**	**Mar 31, 2021**	**Jun 30, 2021**	**Sep 30, 2021**	**Dec 31, 2021**
Personal loans:							
Closing AUM (₹ *in millions*)(1)	345.12	2,649.58	4,263.91	4,903.23	4,533.46	6,410.32	14,186.92
Loans disbursed (*number*)(2)	11,410	62,769	50,952	47,606	15,641	74,170	2,18,572
Amount disbursed (₹ *in millions*)(3)	343.99	2,418.80	2,174.06	1,801.86	686.43	3,942.30	11,095.68
Annualised yield (%)(4)	20.80%	23.81%	23.58%	24.26%	23.51%	21.81%	26.24%
Gross NPA (%)(5)	0.00%	0.08%	3.79%	4.96%	12.36%	6.19%	1.12%
Net NPA (%)(6)	0.00%	0.02%	1.05%	0.22%	0.99%	0.00%	0.03%
Provisions as a percentage of AUM (%)(7)	5.39%	9.45%	11.98%	18.55%	24.68%	13.64%	7.29%

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 February 28, 2022, we have disbursed a total of 668,666 personal loans. 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 months indicated:

Personal Loans	April'21	May'21	Jun'21	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan' 2022	Feb' 2022
Logins (millions)[(1)]	0.31	0.24	0.36	0.61	0.89	1.21	1.41	1.36	1.34	1.45	1.22
Loans disbursed (number in thousands)[(2)]	6.46	4.36	4.82	10.57	20.31	43.29	59.02	75.37	84.18	91.08	96.47

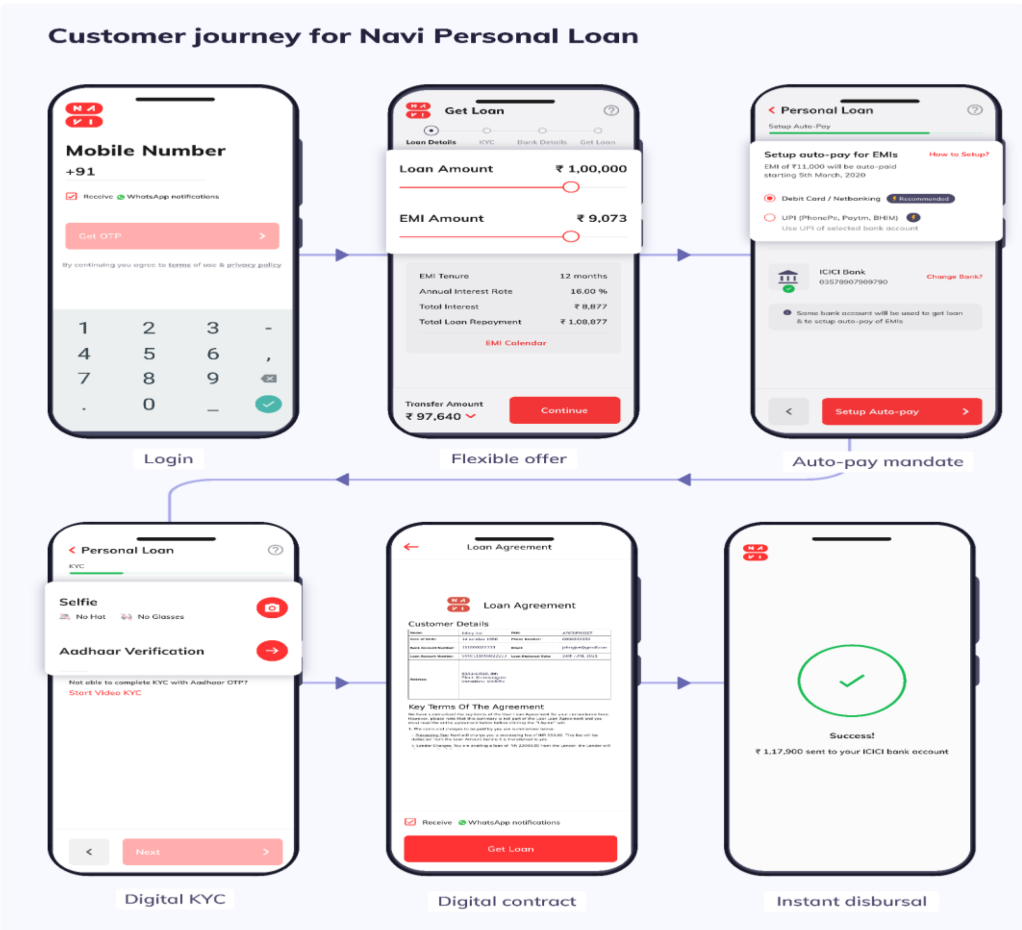
Notes:
1) Count of people who have installed the Navi App and have done mobile number verification via OTP; Count of people who had installed the personal loan from the Navi App and done mobile number verification via OTP prior to launch of unified Navi App.
2) Represents the total number of loans disbursed 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. As of December 31, 2021, 28.93% of our Company's customers were first time personal loan borrowers. In addition, 4.55% of our Company's personal loan customers acquired during the calendar year 2021 were new to credit. Additionally, 46.66% of our Company's personal loans customers that had fully repaid their loans as of December 31, 2021 have taken another personal loan from us before December 31, 2021.

Customer journey

We extend unsecured personal loans to individuals through a completely digital process on the Navi App. The entire customer journey for our personal loans business, including the application, disbursal and collections process is paperless. To avail a loan on the Navi App, the customer will electronically input 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 customer will provide their bank account details for disbursal of the loan along with other details required for KYC verification (such as proof of address, a selfie photo and contact details), and then set up auto-payment for the EMIs.



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 and learn from a rapidly growing training dataset that contained 2.64 million repayment events as of December 31, 2021, with an average of 0.28 million repayment events added every month during the quarter ended December 31, 2021, allowing our systems to identify unique users, track their journeys, record their behaviours and report on the Navi App's performance.

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 disbursals up to December 31, 2021, over 50% of our personal loan customers had CIBIL scores greater than 750 and over 85% 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 127 in-house tele-callers (as of December 31, 2021) 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 100+ in-house tele-callers Field support on non-contactable cases Customer-wise default probability prediction algorithms
Bucket 2: PAR 30 to 89	Predominantly 'field' driven On-roll managers work with 70+ 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

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 33.

(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 December 31, 2021, we had disbursed home loans across eight cities in India. We offer loans up to ₹100 million with a tenor of up to 30 years. As of December 31, 2021, we had an AUM of ₹1,777.09 million and since launch we have disbursed 604 loans with an average ticket size of ₹3.86 million. The annual interest rate we charge for our home loans starts at 6.40%.

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 disbursal turnaround time for pre-approved projects to one to two days.

According to the RedSeer Report, home loans are the largest lending product and second largest digital lending product and the amount of digital home loan disbursals in India is expected to grow at a CAGR of approximately 53% between the Financial Years 2021 and 2026. 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:

	Quarter Ended						
Key Metrics	**Jun 30, 2020**	**Sep 30, 2020**	**Dec 31, 2020**	**Mar 31, 2021**	**Jun 30, 2021**	**Sep 30, 2021**	**Dec 31, 2021**
Home loans:							
Closing AUM (*₹ in millions*)[1]	NA	NA	NA	33.16	190.46	804.47	1,777.09
Loans disbursed (*number*)[2]	NA	NA	NA	17	95	244	248
Amount disbursed (*₹ in millions*)[3]	NA	NA	NA	33.07	154.16	626.77	949.49
Annualised yield (%)[4]	NA	NA	NA	NA	5.90%	6.93%	7.06%

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

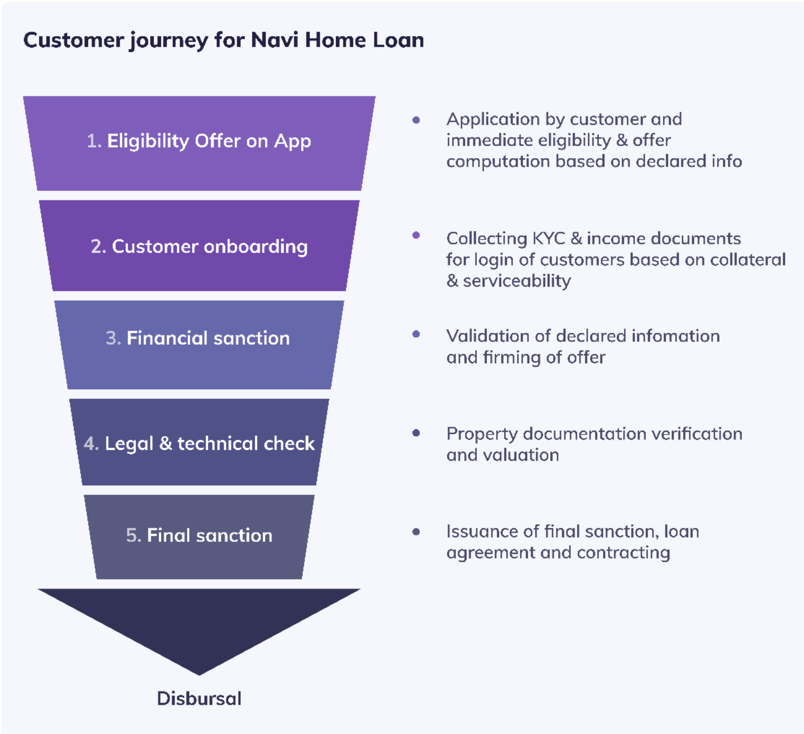
Sourcing of customers for our home loans business line is through multiple channels such as pre-approved residential projects and referrals from existing customers and employees. We also source customers through organic methods including by cross-selling our home loans and loans against property to our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

Our Promoter's in-depth data analytics capabilities, which helps us anticipate customer behaviour and profiles, has enabled us to generate insights for cross-selling our home loans to our personal loans customers within the network. As of December 31, 2021, 71.69% of our home loan customers were from our Personal Loan Interested User Base.

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 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 are establishing an in-house collateral team to streamline the credit approval process by using standardized processes, and to work with the third-party lawyers and valuation experts to ensure that external property valuers provide us with fair turnaround time and realistic valuations. As of December 31, 2021, the average origination loan-to-value (LTV) of our home loans portfolio was 57.89%.

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 December 31, 2021, we had no outstanding home loans that were more than 30 days past due.

(C) MICROFINANCE LOANS

We also provide microfinance loans through our Subsidiary, CIFCPL. Under our microfinance loans business, we extend credit to low-income women in rural and semi-rural areas across India. Our microfinance loans business runs on a joint liability group-lending model, wherein a small number of women form a group (typically four to seven) and guarantee one another's loans. As of December 31, 2021, our microfinance business had a closing AUM of ₹18,088.54 million. Our microfinance loans are not offered through the Navi App and this business is operated separately from our other technology-based business lines described above.

Business model and product characteristics

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

We grant microfinance loans that are principally utilised for livelihood and productivity enhancing purposes. We grant microfinance loans for amounts up to ₹100,000 with tenors of up to 36 months, with principal and interest payments due on a fortnightly or monthly basis. The average annual interest rate of the microfinance loans disbursed during the quarter ended December 31, 2021 was 20.65%.

Lending process

- ***Area selection***

  One of the most important steps in our lending process is selecting the right area when entering into a new state or, in the case of states where we already have operations, establishing a new branch or expanding into a new village. When selecting a new area, we use our data analytics capabilities to review various key parameters such as demand for credit in the area, income levels and literacy rates of the local population, competition and market potential, economic status of the region including road access and connectivity to important locations such as banks, schools and hospitals, as well as political, socio-economic, regulatory and other risks.

- ***Customer due diligence***

  After the formation of the group, the relationship officer collects the know-your-customer (KYC) documents and basic information on the customer. The decision to give a loan is assessed on multiple parameters such as borrower profile and repayment capacity, borrower's other financial commitments, past repayment track record, occupation and stability of income, geographic location of the borrower and end-use of the loan.

- ***Loan approval***

  Following the submission of the loan application and receipt of the required KYC documents and acceptable credit history, the relationship officer will proceed to submit the loan sanctioning proposal for approval. Our loan approval process involves checking the adequacy and accuracy of all aforementioned data acquired from the customer at the branch level in line with our established policies and customer selection criteria. We will also validate the bank details provided by the customer for the transfer of the loan funds electronically to the customer. Once the branch manager confirms the entries, a quality check team does the basic check on document and system entry and bank validations for each application. For disbursals, the funds are electronically transferred to each customer's respective bank account.

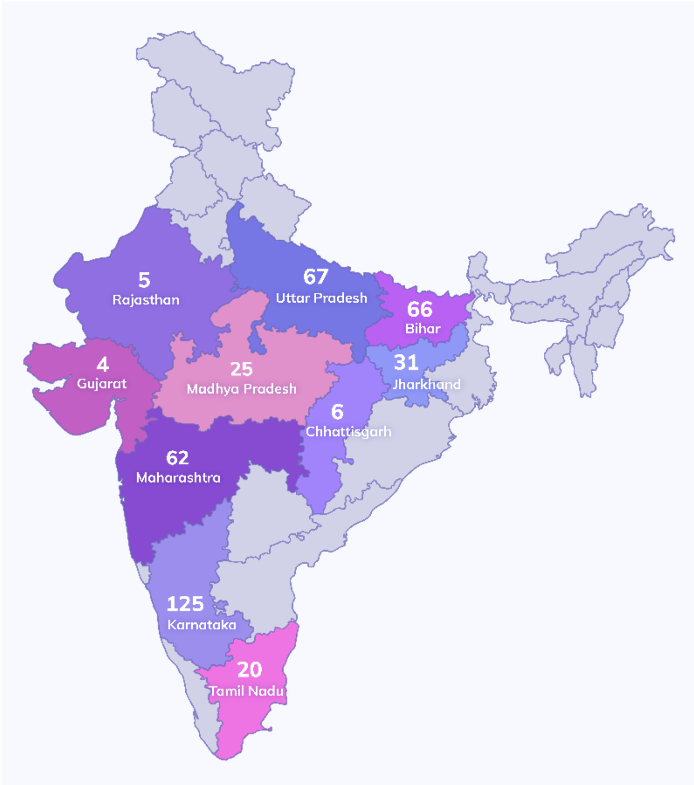
- ***Collections***

  Our relationship officers use regular centre meetings for the collection of repayments from our customers. Centre meetings are a critical part of managing our customers and loan life cycles. Consistent contact through these meetings allows us to manage our loan portfolio efficiently by regularly collecting repayments on outstanding loans or disbursing new loans, reinforcing group stability, addressing community issues and eliminating the travel and time constraints that members may otherwise face. We also rely on third-party service providers for our microfinance collections processes.

The meetings are compulsory for all group members, with attendance closely monitored and recorded. In some cases, irregular attendance may serve as a critical early warning sign of a customer's failure to make timely repayment. In the event of overdue payments, the relationship officer will increase his level of engagement with the customer by conducting more frequent field visits in order to discuss the situation with the customer and the group/centre and come up with resolutions that work in the best interest of both the customer and our Company. We may also deploy additional manpower for collection when required, and undertake to strengthen our collections infrastructure based on regular reviews and feedback.

Distribution network

As of December 31, 2021, we had 411 branches and 3,698 employees (of which, 2,362 are relationship officers) spread across 118 districts in 10 states in India for our microfinance loans business. The following map illustrates the spread of our branches across India for our microfinance loans business, as of December 31, 2021:



Operational performance

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

Key Metrics	Quarter Ended						
	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021
Microfinance loans:							
Closing AUM (₹ *in millions*)[1]	8,014.87	8,385.09	9,568.61	11,986.34	11,177.48	13,953.40	18,088.54
Customers (number)[2]	415,110	420,823	459,100	511,437	496,993	558,749	675,315
Amount disbursed (₹ in *millions)*[3]	25.28	2,405.71	4,220.82	6,239.18	1,440.75	5,945.98	8,418.99
Annualised yield (%)[4]	24.73%	24.02%	22.86%	20.45%	21.73%	21.26%	20.38%
Gross NPA (%)[5]	0.71%	0.89%	4.06%	4.10%	5.45%	4.51%	3.83%

Net NPA (%)[6]	0.31%	0.44%	0.71%	0.89%	1.38%	1.04%	0.98%
Collection efficiency[7] (%)	32.82%	84.63%	92.79%	94.93%	88.93%	94.49%	96.68%

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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) Number of customers who had outstanding microfinance loans as of the last day of 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 gross advances for the relevant business as of the last day of the relevant period.

(7) Collection efficiency represents the current collections (excluding past arrears) during the relevant period divided by current dues during such period.

TREASURY OPERATIONS

Our treasury department is responsible for managing our funding requirements and deployment of short-term surpluses. The treasury departments of our Company and our Subsidiary, 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 and our Subsidiary, 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 December 31, 2021, we had cash and cash equivalents of ₹ 2,507.59 million, bank balances other than cash and cash equivalents of ₹ 872.77 million, current borrowings of ₹ 19,354.30 million and non-current borrowings of ₹ 5,704.86 million.

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, Risk Management Committee (for our Company and our Subsidiary, CIFCPL) and Business Continuity Planning Committee.

Audit Committee

Audit Committee is responsible for dealing with all material questions concerning the auditing and accounting policies of our Company and our subsidiary 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 and our Subsidiary, CIFCPL 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 and desired maturity profile of our assets and liabilities and also the mix of our incremental assets and liabilities.

QUANTITATIVE AND QUALITATIVE ANALYSIS OF MARKET RISKS

We are exposed to various types of market risks during the normal course of business. The market risks we face are principally related to credit risk, liquidity risk, interest rate risk and foreign currency risk. 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. We continuously monitor defaults of customers and other counterparties and incorporate this information into our credit risk controls. 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. We assign the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets:

- low credit risk on financial reporting date;
- moderate credit risk; and
- high credit risk.

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, such as a borrower declaring bankruptcy or a litigation decided against us. 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. 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 and our Subsidiary, CIFCPL are 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 268.

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 December 31,	As of March 31,	
	2021	2021	2020
	(₹ in millions, except percentages)		
Total assets	37,959.66	33,210.75	36,852.35
Tier I capital	9,227.36	9,021.21	7,039.64
Tier II capital	410.26	365.40	80.00
Total capital	9,637.62	9,386.60	7,119.64
Risk weighted assets	29,990.97	24,676.15	34,225.46
CRAR	32.14%	38.04%	20.80%
CRAR – Tier I capital	30.77%	36.56%	20.57%
CRAR – Tier II capital	1.37%	1.48%	0.23%

The following table sets forth certain details of the CRAR for our Subsidiary, CIFCPL as of the dates indicated:

Particulars	As of December 31,	As of March 31,	
	2021	2021	2020
	(₹ in millions, except percentages)		
Total assets	19,035.13	14,329.24	9,144.02
Tier I capital	3,354.34	3,263.93	2,031.30
Tier II capital	287.14	256.78	1,344.87
Total capital	3,641.48	3,520.71	3,376.17
Risk weighted assets	18,170.83	13,342.55	8,836.61
CRAR	20.04%	26.39%	38.21%
CRAR – Tier I capital	18.46%	24.46%	22.99%
CRAR – Tier II capital	1.58%	1.92%	15.22%

CREDIT RATINGS

The following table sets forth details on the credit ratings of our Company through which we operate our personal loans and home loans business lines, as of the dates indicated:

Rating Agency	Instrument	Credit Ratings	
		As of December 31, 2021	As of March 31, 2021
India Ratings	Long-term debt	A (Stable)	A (Stable)
India Ratings	Commercial papers	A1	–
CRISIL	Long-term debt	A- (Stable)	A- (Stable)

The following table sets forth details on the credit ratings of our Subsidiary, CIFCPL, our subsidiary through which we operate our microfinance loans business line, as of the dates indicated:

Rating Agency	Instrument	Credit Ratings	
		As of December 31, 2021	As of March 31, 2021
India Ratings	Non-convertible debentures	A Stable	–
India Ratings	Principal protected market linked debentures	IND PP-MLD Aemr/Stable	–
India Ratings	Commercial papers	A1	–
ICRA Limited	Bank facilities	A (-) Stable	A (-) Stable
ICRA Limited	Non-convertible debentures	A (-) Stable	A (-) Stable
ICRA Limited	Subordinated debt	A (-) Stable	A (-) Stable
ICRA Limited	Commercial papers	A1	A1
CRISIL	Bank facilities	A (-) Stable	A (-) Stable
CRISIL	Non-convertible debentures	A (-) Stable	A (-) Stable

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.

For our Subsidiary's microfinance loans business, we compete with other MFIs, banks and state-sponsored social programs in India. In addition, many of our potential customers in economically weaker segments do not have access to any form of organised institutional lending, and rely on loans from informal sources, especially moneylenders, landlords, local shopkeepers and traders, at much higher rates. Further, some banks participate in microfinance by financing the loan programs of self-help groups often in partnership with NGOs, and some commercial banks are beginning to directly compete with for-profit MFIs for lower income segment customers in certain geographies.

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 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 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 and group personal accident insurance. Our Subsidiary has also availed insurance policies that we believe are customary for their respective businesses.

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 December 31, 2021, we had 373 employees excluding the employees of our Subsidiary, CIFCPL, and 4,667 employees on an entity basis including the employees of our Subsidiary, CIFCPL. 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 Office is located at Ground Floor, Salarpuria Business Center No 93, Koramangala Industrial Layout, Bangalore 560 095, Karnataka, India and our Corporate Office is located at Prestige RMZ Startech, 7th floor, Wing B, No. 139, 2, Hosur Rd, Koramangala Industrial Layout, S.G Palya, Bangalore 560 095, Karnataka, India, both of which are located on lease premises. As of December 31, 2021, CIFCPL had 411 branches for its microfinance loans business, all of which are located 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. For further details, see, "*Risk Factors - Our inability to protect or use our intellectual property rights may adversely affect our business*." on page 41.

Further, the lending products of our Company (i.e. personal loans, home loans) are distributed only through 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 millions)

Standalone Basis			
	As of and for the nine months period ended December 31, 2021	**As of and for the FY ended March 31, 2021**	**As of and for the FY ended March 31, 2020**
Balance Sheet			
Net Fixed assets (Property, plant and equipment, other intangible assets, other intangible assets under work in progress and right to use asset)	63.94	18.80	4.11
Current assets	24,015.13	27,303.90	26,536.41
Non-current assets (excluding Net Fixed assets)	13,880.59	5,888.08	10,312.86
Total assets	37,959.66	33,210.77	36,852.38
Non-Current Liabilities (including maturities of long-term borrowings and short- term borrowings)			
Financial (borrowings, trade payables, and other financial liabilities)	5,704.86	3,117.13	2,409.33
Provisions	91.23	19.18	2.17
Deferred tax liabilities (net)	-	-	-
Other non-current liabilities	0.47	-	-
Current Liabilities (including maturities of long-term borrowings)			-
Financial (borrowings, trade payables, and other financial liabilities)	19,718.14	18,457.01	24,856.81
Provisions	409.66	68.17	3.49
Current tax liabilities (net)	-	-	52.94
Other current liabilities	139.58	23.27	7.13
Equity (equity and other equity)	11,895.72	11,526.00	9,520.51
Total equity and liabilities	37,959.66	33,210.77	36,852.38
Profit and Loss			-
Total revenue			
From operations	3,164.53	3,366.83	752.21
Other income	24.39	0.53	0.06
Total Expenses	4,020.05	2,053.48	597.82
Total Comprehensive Income	(630.28)	974.12	97.48
Profit / Loss (Before Tax)	(831.13)	1,313.88	154.45
Other Comprehensive income	(4.39)	(1.30)	0.32
Profit / Loss after tax	(625.89)	975.42	97.16
Earnings per share			-
i) basic	(3.78)	6.41	1.49
ii) diluted	(3.78)	6.41	1.48
Continuing operations	(625.89)	975.42	97.16
Discontinued operations	-	-	-
Total Continuing and Discontinued operations	(625.89)	975.42	97.16
Cash Flow			
Net cash (used in)/ generated from operating activities	(3,730.52)	6,173.64	(4,336.22)
Net cash (used in) / generated from investing activities	(2.12)	(1.75)	(0.96)
Net cash generated from/ (used in) financing activities	5,210.22	(5,336.33)	4,499.63
Cash and cash equivalents			-
Balance as per statement of cash flows	2,507.59	1,030.00	194.45
Additional Information			-
Net Worth (Equity Share Capital + Other Equity)	11,895.72	11,526.00	9,520.51
Cash and Cash Equivalents	2,507.59	1,030.00	194.45
Current Investments	8,487.80	21,272.60	25,534.43

Standalone Basis			
	As of and for the nine months period ended December 31, 2021	As of and for the FY ended March 31, 2021	As of and for the FY ended March 31, 2020
Assets Under Management	16,486.37	5,293.49	1,089.41
Off Balance Sheet Assets	-	-	-
Total Debts to Total assets	0.66	0.63	0.74
Debt Service Coverage Ratios	NA	NA	NA
Interest Income	1,829.66	1,947.24	743.34
Interest Expense	441.86	122.13	98.22
Interest service coverage ratio	NA	NA	NA
Provisioning & Write-offs	916.55	1,313.29	76.76
Bad debts to Account receivable ratio	NA	NA	NA
Gross NPA (%)	1.08	4.46	5.01
Net NPA (%)	0.08	0.45	3.15
Tier I Capital Adequacy Ratio (%)	30.77	36.56	20.57
Tier II Capital Adequacy Ratio (%)	1.37	1.48	0.23

(₹ in millions)

Consolidated Basis		
	As of and for the nine months period ended December 31, 2021	As of and for the FY ended March 31, 2021
Balance Sheet		
Net Fixed assets (Property, plant and equipment, other intangible assets, other intangible assets under work in progress and right to use asset)	147.64	71.54
Current assets	36,321.70	37,011.84
Non-current assets (excluding Net Fixed assets)	17,122.77	6,998.87
Total assets	53,444.47	44,010.71
Non-Current Liabilities (including maturities of long-term borrowings and short- term borrowings)		
Financial (borrowings, trade payables, and other financial liabilities)	11,802.93	8,861.61
Provisions	158.81	78.65
Deferred tax liabilities (net)	-	-
Other non-current liabilities	2.02	3.67
Current Liabilities (including maturities of long-term borrowings)		
Financial (borrowings, trade payables, and other financial liabilities)	28,395.12	23,082.31
Provisions	507.93	136.96
Current tax liabilities (net)	-	22.71
Other current liabilities	185.17	63.92
Equity (equity and other equity)	12,392.49	11,760.88
Total equity and liabilities	53,444.47	44,010.71
Profit and Loss		
Total revenue		
From operations	5,503.36	5,650.99
Other income	24.41	1.37
Total Expenses	5,992.43	4,086.89
Total Comprehensive Income	(368.39)	1,202.71
Profit / Loss (Before tax)	(464.66)	1,565.47
Other Comprehensive income	(24.08)	21.05
Profit / Loss after tax	(344.31)	1,181.66
Earnings per share		
i) basic	(2.06)	7.76
ii) diluted	(2.06)	7.76
Continuing operations	(344.31)	1,181.66

Consolidated Basis		
	As of and for the nine months period ended December 31, 2021	**As of and for the FY ended March 31, 2021**
Discontinued operations	-	-
Total Continuing and Discontinued operations	(344.31)	1,181.66
Cash Flow		
Net cash (used in)/ generated from operating activities	(8476.66)	2156.86
Net cash (used in) / generated from investing activities	(50.24)	(23.25)
Net cash generated from/ (used in) financing activities	9652.29	(718.53)
Cash and cash equivalents	2793.37	1667.98
Balance as per statement of cash flows	2793.37	1667.98
Additional Information		
Net Worth (Equity Share Capital + Other Equity)	12,392.49	11,760.88
Cash and Cash Equivalents	2793.37	1667.98
Current Investments	9226.83	23081.6
Assets Under Management	33791.98	16612.90
Off Balance Sheet Assets	2293.39	1,959.71
Total Debts to Total assets	0.74	0.70
Debt Service Coverage Ratios	NA	NA
Interest Income	4007.39	4015.46
Interest Expense	1341.19	871.50
Interest service coverage ratio	NA	NA
Provisioning & Write-offs	1059.35	1836.14
Bad debts to Account receivable ratio	NA	NA
Gross NPA (%)		
Holding	1.08	4.46
Subsidiary	3.83	4.1
Net NPA (%)		
Holding	0.08	0.45
Subsidiary	1.03	0.93
Tier I Capital Adequacy Ratio (%)		
Holding	30.77	36.56
Subsidiary	18.46	24.46
Tier II Capital Adequacy Ratio (%)		
Holding	1.37	1.48
Subsidiary	1.58	1.92

The following tables set forth certain information relating to the financial performance of our Company for Financial Year 2019 prepared in accordance with Indian GAAP:

(₹ in millions)

Standalone Basis	
	As of and for the FY ended March 31, 2019
Balance Sheet	
Net Fixed assets (Property, plant and equipment, other intangible assets, other intangible assets under work in progress and right to use asset)	4.50
Current assets	400.62
Non-current assets (excluding Net Fixed assets)	854.74
Total assets	1,259.86
Non-Current Liabilities (including maturities of long-term borrowings and short- term borrowings)	
Financial (borrowings, trade payables, and other financial liabilities)	233.19
Provisions	-
Deferred tax liabilities (net)	
Other non-current liabilities	

Standalone Basis	
	As of and for the FY ended March 31, 2019
Current Liabilities (including maturities of long-term borrowings)	
Financial (borrowings, trade payables, and other financial liabilities)	2.07
Provisions	15.14
Current tax liabilities (net)	
Other current liabilities	209.72
Equity (equity and other equity)	799.74
Total equity and liabilities	1,259.86
Profit and Loss	
Total revenue	
From operations	154.15
Other income	2.23
Total Expenses	152.34
Total Comprehensive Income	-
Profit / Loss	4.04
Other Comprehensive income	-
Profit / Loss after tax	3.03
Earnings per share (in ₹)	
i) basic	0.11
ii) diluted	0.11
Continuing operations	3.03
Discontinued operations	-
Total Continuing and Discontinued operations	3.03
Cash Flow	
Net cash generated from operating activities	105.58
Net cash used in / generated from investing activities	(80.86)
Net cash used in financing activities	-
Cash and cash equivalents	
Balance as per statement of cash flows	32.94
Additional Information	
Net Worth (Equity Share Capital + Other Equity)	799.73
Cash and Cash Equivalents	32.94
Current Investments	-
Assets Under Management	553.65
Off Balance Sheet Assets	-
Total Debts to Total assets	0.19
Debt Service Coverage Ratios	NA
Interest Income	148.43
Interest Expense	54.56
Interest service coverage ratio	NA
Provisioning & Write-offs	6.31
Bad debts to Account receivable ratio	NA
Gross NPA (%)	5.8%
Net NPA (%)	3.89%
Tier I Capital Adequacy Ratio (%)	35.75
Tier II Capital Adequacy Ratio (%)	15.06

(₹ in millions)

Consolidated Basis	As of and for the FY ended March 31, 2019
Balance Sheet	
Net Fixed assets (Property, plant and equipment, other intangible assets, other intangible assets under work in progress and right to use asset)	44.50
Current assets	5,009.75

Consolidated Basis	As of and for the FY ended March 31, 2019
Non-current assets (excluding Net Fixed assets)	853.76
Total assets	5,908.01
Non-Current Liabilities (including maturities of long-term borrowings and short- term borrowings)	
Financial (borrowings, trade payables, and other financial liabilities)	3,043.05
Provisions	-
Deferred tax liabilities (net)	-
Other non-current liabilities	-
Current Liabilities (including maturities of long-term borrowings)	
Financial (borrowings, trade payables, and other financial liabilities)	6.13
Provisions	234.25
Current tax liabilities (net)	-
Other current liabilities	1,654.74
Equity (equity and other equity)	969.84
Total equity and liabilities	5,908.01
Profit and Loss	
Total revenue	
From operations	1,196.34
Other income	32.50
Total Expenses	1,125.98
Total Comprehensive Income	-
Profit / Loss	102.86
Other Comprehensive income	-
Profit / Loss after tax	75.52
Earnings per share (₹)	
i) basic	2.81
ii) diluted	2.81
Continuing operations	75.52
Discontinued operations	-
Total Continuing and Discontinued operations	75.52
Cash Flow	
Net cash generated from operating activities	485.24
Net cash used in / generated from investing activities	(4.93)
Net cash used in financing activities	148.47
Cash and cash equivalents	
Balance as per statement of cash flows	848.80
Additional Information	
Net Worth (Equity Share Capital + Other Equity)	969.84
Cash and Cash Equivalents	848.80
Current Investments	-
Assets Under Management	4,554.08
Off Balance Sheet Assets	1,697.91
Total Debts to Total assets	0.52

Consolidated Basis	As of and for the FY ended March 31, 2019
Debt Service Coverage Ratios	NA
Interest Income	1,140.29
Interest Expense	564.30
Interest service coverage ratio	NA
Provisioning & Write-offs	(33.59)
Bad debts to Account receivable ratio	NA
Gross NPA (%)	
Holding - (PL)	-
Subsidiary	2.60
Net NPA (%)	
Holding (PL)	-
Subsidiary	0.00
Tier I Capital Adequacy Ratio (%)	
Holding	35.75
Subsidiary	13.40
Tier II Capital Adequacy Ratio (%)	
Holding	15.06
Subsidiary	10.03

Total borrowings to total equity ratio of the Issuer

	Standalone	Consolidated
Before the Issue (as of December 31, 2021)	2.11	3.20
After the Issue*	2.61	3.68

** 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 (the entire proceeds of which is considered as non-current borrowing for computation purposes).*

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.

Registered Office and changes to Registered Office

Our Registered Office is located at Ground Floor, Salarpuria Business Center No 93, Koramangala Industrial Layout, Bengaluru 560 095, 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, 18th Main, 32nd Cross, 4th Block, Jayanagar, Bangalore 560 041, Karnataka, India to No. 312, 14-P, Skyline Surabhi Apartments, Vidyapeeta Main Road, BSK 3rd Stage, Katriguppe, Bangalore, Karnataka 506 085	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 3rd Stage, Katriguppe, Bangalore, Karnataka 506 085 to No. 145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bengaluru, Karnataka 560 018	Administrative convenience
June 24, 2021	Change in the address of the registered office of our Company from No. 145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bengaluru, Karnataka 560 018 to Ground Floor, Salarpuria Business Center No 93, Koramangala Industrial Layout, Bengaluru, Karnataka, 560 095.	Administrative convenience

Corporate Office

Our Corporate Office is located at Prestige RMZ Startech, 7th floor, Wing B, No. 139, 2, Hosur Rd, Koramangala industrial Layout, S.G Palya, Bangalore 560 095, Karnataka, India.

Main objects of our Company

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

1. *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	• Receipt of 'Non-Banking Financial Company' license from Reserve Bank of India • Shore cap II Limited infuses equity capital pursuant to which it held 35% of our Company.
2019	• Sachin Bansal acquires our Company and our wholly owned subsidiary CIFCPL. • Our Company is classified as a systemically important NBFC on a standalone basis.
2020	• NTL acquires our Company and our wholly owned subsidiary CIFCPL. • Change of name of our Company from Chaitanya Rural Intermediation Services Private Limited to Navi Finserv Private Limited. • Launch of 'Digital personal loan product' on the Navi App. • Rated – 'A stable Fitch', 'A- stable Crisil'.
2021	• Launch of Digital housing loan product on the Navi App. • Disbursals crossed ₹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	Converted from a private limited company to a public limited company

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 KishorBhat, 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 RamanarayananMahadevan, 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 ₹10each 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, information technology based services (including integration with the Navi App), cash management and loan distribution, operations, collections, risk management, ALM, taxation and tax reporting and accounting. Pursuant to the Outsourcing Agreement, our products are exclusively distributed through the Navi App, the digital platform provided by our Promoter.

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 holds 178,573,686 Equity Shares aggregating to 100.00% of the total shareholding of our Company. Sachin Bansal, Ankit Agarwal, Saurabh Subhash Jain, 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 has one Subsidiary i.e., Chaitanya India Fin Credit Private Limited.

Chaitanya India Fin Credit Private Limited ("CIFCPL")

Corporate Information

CIFCPL was incorporated as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the RoC on March 31, 2009. The CIN of CIFCPL is U67190KA2009PTC049494. The registered office of CIFCPL is located at No.145, 2nd Floor, NR Square, 1st Main Road Sirsi Circle, Chamrajpet, Bengaluru 560 018, Karnataka, India.

Nature of Business

CIFCPL is authorised to carry on in India or elsewhere the business of micro lending, lending to joint liability groups and lending to self-help groups, micro credit and micro finance, lending, instalment financing, bill discounting, providing working capital and term loan facilities to individuals, small family businesses, small and medium business enterprises including individual loans and group loans with or without all or any types of securities. CIFCPL is also an applicant for a universal banking license under the Reserve Bank of India Guidelines for 'on tap' Licensing of Universal Banks in the Private Sector dated August 1, 2016. The application is presently pending before the RBI.*

* *Certificate of registration bearing code no. N-02.00243 dated September 25, 2009 issued by the RBI to commence/ carry on the business of non-banking financial institution without accepting public deposits. Further, it was converted into a non-banking financial institution-microfinance institution on September 5, 2013 by the RBI.*

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

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	Whether Wilful Defaulter (Yes/No)
Sachin Bansal ***Designation:*** Executive Chairman and CEO **DIN:** 02356346	40	Indian	Athens 1, 903 Prestige Acropolis, Next to Forum Mall Koramangala, Bengaluru 560 095, Karnataka, India	February 11, 2022**	• BACQ Acquisitions Private Limited; • Chaitanya India Fin Credit Private Limited; • MavenHive Technologies Private Limited; • Navi General Insurance Limited; • Navi Investment Advisors Private Limited; and • Navi Technologies Limited	No
Ankit Agarwal **Designation:** Managing Director **DIN:** 08299808	39	Indian	Flat No. A 402, Mantri Classic Apartments, ST Bed Layout, Koramangala 4th Block, Bengaluru 560 034, Karnataka, India	February 11, 2022*	• Anmol Como Broking Private Limited; • BACQ Acquisitions Private Limited; • Chaitanya India Fin Credit Private Limited; • MavenHive Technologies Private Limited; • Navi AMC Limited; • Navi General Insurance Limited; • Navi Investment Advisors Private Limited; • Navi Securities Private Limited; and • Navi Technologies Limited	No
Ranganathan Sridharan **Designation:** Independent Director **DIN:** 00868787	70	Indian	E 1702, Crown Tower, Peninsula Heights, 46/1, 17th Main Road, Behind Central Mall, JP Nagar, 2nd Phase, Bangalore 560 078, Karnataka,	August 31, 2020***	Chaitanya India Fin Credit Private Limited	No

Name, Designation and DIN	Age	Nationality	Address	Date of Appointment	Details of other Directorship	Whether Wilful Defaulter (Yes/No)
			India			
Usha A Narayanan **Designation:** Independent Director **DIN:** 06939539	62	Indian	1006, 17th Main, BTM Layout, 1st Phase, Bengaluru 560 079, Karnataka, India	July 6, 2020****	• Chaitanya India Fin Credit Private Limited; • Margo Bio Controls Private Limited; • Navi Technologies Limited; • Navi General Insurance Limited; • PJ Margo Private Limited; and • Sub-K Impact Solutions Limited	No
Arindam Haraprasad Ghosh **Designation:** Independent Director **DIN:** 01423589	57	Indian	Beuna Vista B-5, Baner Pashan Link Road, Baner, Pune 411 045, Maharashtra, India	April 1, 2022*****	• Alphaniti Fintech Private Limited; • Brainstormerz Research and Dataanalytics Private Limited; and • Navi AMC Limited	No

* *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 been previously associated the CCIL, where his last held position was the managing director. He has also served as managing director of Clearcorp Dealing Systems India Ltd. and he has also been associated with Legal Entity Identifier India Ltd where his last held position was director. He has also been associated with State Bank Capital Market Limited where his last held position was managing director and chief executive officer. He has 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, SBICap 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 an associate member of the Institute of Chartered Accountants of India. She has passed the professional program examination held by Indian Institute of Company Secretaries of India. She has more than two decades of audit experience with Lovelock & Lewes Chartered Accountants LLP, a member firm of 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 subject to the terms and conditions as agreed upon in the appointment letter entered into with our Company on February 11, 2022 (the **"Appointment Letter"**). Pursuant to the Appointment Letter, Ankit Agarwal has been appointed for a period of five years and is not liable to retire by rotation. Pursuant to the Appointment Letter, 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 the Company subject to the terms and conditions as agreed upon in the Appointment Letter entered into our Company on February 11, 2022 (the **"Appointment Letter"**). Pursuant to the Appointment Letter, Sachin Bansal has been appointed for a period five years and is of not liable to retire by rotation. Pursuant to the Appointment Letter, he has not been paid a salary, any other benefit, entitlements or allowance since his appointment in our Company.

Remuneration of the Non-Executive and Independent 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 2019 to the date of this Draft Prospectus to our Directors:

Name of Director	Type of Remuneration Received/ Payable
Financial Year 2019	
Nil	
Financial Year 2020	
Ravi Kattemalalavadi Subramanyam	Sitting fee of ₹5.05 lakh
Nandakumar Rachamadugu	Sitting fee of ₹5.05 lakh
Financial Year 2021	
Ravi Kattemalalavadi Subramanyam*	Sitting fee of ₹6.76 lakh
Nandakumar Rachamadugu*	Sitting fee of ₹6.76 lakh
Usha A Narayanan**	Sitting fee of ₹10.63 lakh
Sridharan Ranganathan***	Sitting fee of ₹14.17 lakh
Samit S Shetty#	Sitting fee of ₹63.85 lakh
Financial Year 2022	
Usha A Narayanan	Sitting fee of ₹2.18 lakh

Name of Director	Type of Remuneration Received/ Payable
Sridharan Ranganathan	Sitting fee of ₹1.96 lakh
Financial Year 2023 (From April 1, 2022 till date)$	
Nil	

* Resigned with effect from August 31, 2020

**Appointed on July 6. 2020

***Appointed on August 31, 2020

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

$ Directors are yet to be paid sitting fees for Financial Year 2023. 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.

Remuneration payable or paid to Directors by Subsidiaries and associate company of our Company

The following table sets forth the remuneration (including sitting fees, commission and perquisites) paid by our Subsidiary from Financial Year 2019 to the date of this Draft Prospectus to our Directors. We do not have an associate company.

Name of Director	Type of Remuneration Received/ Payable
Financial Year 2019	
Nil	
Financial Year 2020	
Nil	
Financial Year 2021	
Ranganathan Sridharan	Sitting fee of ₹10.00 lakh
Usha A Narayanan	Sitting fee of ₹7.75 lakh
Financial Year 2022	
Ranganathan Sridharan	Sitting fee of ₹25.00 lakh
Usha A Narayanan	Sitting fee of ₹21.00 lakh
Financial Year 2023 (From April 1, 2022 till date)	
Ranganathan Sridharan	Sitting fees of ₹2.00 lakhs
Usha A Narayanan	Sitting fee of ₹1.00 lakhs

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.

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 Exchange at the time of filing the Draft Prospectus.

Borrowing powers of our Board of Directors

Pursuant to a resolution passed by our Board dated February 11, 2022 and Shareholders at the EGM held on March 5, 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 ₹ 80,000 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 paid 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*" segment of "*Financial Information*" beginning on page 152, 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 172 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 18 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.

Our Directors have not taken any loan from our Company. Further, our Company has not availed any loans from the Directors which are currently outstanding. Our Directors may also 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
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 Director, Ankit Agarwal holds one equity share in our Subsidiary as nominee of our Company. Our Company does not have an 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 years

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

[*The remainder of this page has been intentionally left blank*]

Name, Designation and DIN	Date of Appointment/re-appointment	Date if Cessation, if applicable	Date of Resignation, if applicable	Remarks
Samit Shankar Shetty **Designation**: Director **DIN:** 02573018	February 14, 2012	-	October 21, 2019	Resignation
Anand Rao **Designation:** Executive Director **DIN:** 01713987	February 14, 2012	-	October 21, 2019	Resignation
Ramesh Sundaresan **Designation:** Non-Executive Director **DIN:** 02993980	January 9, 2015	-	October 21, 2019	Resignation
Lisa Gayle Thomas **Designation:** Non-Executive Director **DIN:** 07905512	August 26, 2017	-	October 21, 2019	Resignation
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
Ankit Agarwal **Designation:** Non- Executive Director **DIN:** 08299808	October 23, 2019	-	-	Appointment
Sachin Bansal **Designation**: Director **DIN:** 02356346	October 23, 2019	-	-	Appointment
Usha Narayanan **Designation:** Independent Director **DIN:** 06939539	July 6, 2020	-	-	Appointment
Ranganathan Sridharan **Designation:** Independent Director **DIN:** 00868787	August 31, 2020	-	-	Appointment
Samit Shankar Shetty **Designation:** Executive Director **DIN:** 02573018	November 4, 2020	-	-	Appointment
Samit Shankar Shetty **Designation:** Non-Executive Director **DIN:** 02573018	March 1, 2021	-	-	Change in designation from Executive Director to Non-Executive Director
Samit Shankar Shetty **Designation:** Non-Executive Director **DIN:** 02573018	March 1, 2021	-	August 31, 2021	Resignation
Ankit Agarwal **Designation:** Managing Director **DIN:** 08299808	February 11, 2022	-	-	Re-Appointment
Sachin Bansal **Designation**: Executive Chairman and CEO **DIN:** 02356346	February 11, 2022	-	-	Re-Appointment
Arindam Haraprasad Ghosh **Designation:** Independent Director **DIN:** 01423589	April 1, 2022	-	-	Appointment

Appointment of any relatives of Directors to an Office or place of profit

None of our Directors' relatives have been appointed to an office or place of profit of our Company.

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) Divyesh Jain (*Chief Financial Officer*)

(d) Puneet Bhatia (*Company Secretary*)

Relationship with other Key Managerial Personnel

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

Interests of Key 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, the Key Managerial Personnel of the Company do not have any interest in the Company.

Payment or Benefit to Officers of our Company

Nil

Shareholding of our Company's Key Managerial Personnel

Ankit Agarwal and Sachin Bansal hold 1 Equity Share each of our Company as nominee of Navi Technologies Limited. None of our other Key Managerial Personnel's 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 under "*Accounting Standard 18 – Related Party Transactions*" specified under the Companies Act, refer to the chapter "*Financial Information*" beginning on page 172.

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. 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 repot of monitoring agency, if applicable, submitted to stock exchanges(s) in terms of the Listing Regulations; and

   (b) annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of Listing Regulations.

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;

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

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Sachin Bansal	Member	Executive Chairman
Ankit Agarwal	Member	Managing Director
Ranganathan Sridharan	Member	Independent Director

The Stakeholders' Relationship Committee was constituted by the Board of Directors at their meeting held on March 30, 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
Ankit Agarwal	Member	Managing 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 September 6, 2021.

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
Bhaskar	Member	Head – Credit

The Risk Management Committee was constituted by the Board of Directors at their meeting held on March 25, 2019 was last reconstituted on February 11, 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) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee.

    (b) Measures for risk mitigation including systems and processes for internal control of identified risks.

    (c) Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken; and

6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

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

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
Divyesh Jain	Member	Chief Financial Officer
Shobhit Agarwal	Member	Head of Lending
Mahak Khabia	Member	Head of Investment

The ALCO was constituted by the Board of Directors at their meeting held on December 03, 2018 and was reconstituted on February 11, 2022. The terms and reference of the ALCO include the following:

1. for ensuring adherence to the risk tolerance/limits set by the Board; and

2. for decisions related to desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity position.

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
Anchit Jain	Member	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 February 11, 2022. 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
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:

a. 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;

b. 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;

c. negotiate and finalise fees payable to the Debenture Trustee, and all other persons providing services or otherwise associated with the issue of the NCDs;

d. 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;

e. seeking the listing of the NCDs on any Indian stock exchange, 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;

f. 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;

g. 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;

h. register the Transaction Documents and the Ancillary Documents with any authority, as may be required under Applicable Law;

i. 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

j. 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 members/ 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;

k. 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;

l. approving/ adopting the financial statements (including reformatted financial statements) of the Company for the purpose of incorporating in the Offering Documents;

m. approving the materiality policy for the litigations to be disclosed in the Offering Documents;

n. 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;

o. 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;

p. 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;

q. authorization of the maintenance of a register of holders of the NCDs;

r. 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;

s. acceptance and appropriation of the proceeds of the Issue;

t. 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;

u. acceptance and appropriation of the proceeds of the Issue; and

v. 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;

w. 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: 3rd Floor, Salarpuria Business Center, 93, 5th A Block, Koramangala Industrial Layout, Bengaluru 560 095, Karnataka, India

Date of Incorporation: December 10, 2018

Corporate Identity Number: U72900KA2018PLC119297

PAN: AAICB1598F

As of March 31, 2022, our Promoter holds 178,573,686 Equity Shares equivalent to 100.00% of the Equity Share capital of our Company. Sachin Bansal, Ankit Agarwal, Saurabh Subhash Jain, 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 also offers microfinance loans and general insurance business through its subsidiaries Chaitanya India Fin Credit Private Limited and Navi General Insurance Limited, respectively. The Company also operates the asset management business through its subsidiary, Navi AMC Limited.

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	Additional- Independent Director

Interest of Promoter in our Company

Except as a shareholder of our Company and as stated under "*Capital Structure*", beginning on page 63 and as disclosed under "*Related Party Transactions*" segment of "*Financial Information*" beginning on page 172, and as the holder of 6,500,557 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 "*Our Management - Related Party Transactions*" on page 152.

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 Exchange 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 244.

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 years

Other than as disclosed under "*Our Management - Related Party Transactions*" segment of "*Financial Information*" beginning on page 152 and 172, respectively,, our Company has not made payment of any benefit to our Promoter during the last three years preceding the date of this Draft Prospectus.

Common pursuits of our Promoters

Our Promoter is not engaged in businesses similar to ours.

Details of Equity Shares allotted to our Promoter during the last three Fiscal Years

Except as disclosed under "*Capital Structure*", our Promoter has not been allotted any Equity Shares of our Company during the last three Fiscal Years.

SECTION V: FINANCIAL INFORMATION

DISCLOSURES ON EXISTING FINANCIAL INDEBTEDNESS

The outstanding borrowings of our Company as on March 31, 2022 are as follows:

Sr. No.	Nature of borrowings	Amount (in INR) million
1.	Secured borrowings*	20,421.88
2.	Unsecured borrowings	7,327.88
Total		**27,749.76**

**The secured borrowings include the securitisation outstanding amount of INR 1,838.39 million as on March 31, 2022*

DETAILS OF BORROWINGS OF THE COMPANY, AS ON THE LATEST QUARTER ENDED, I.E., MARCH 31, 2022:

(a) Details of Outstanding Secured Term Loan Facilities as on last quarter end date (March 31, 2022):-

Our Company's outstanding secured term loans/facility from banks as on March 31, 2022 amount to INR 6,045.32 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 (as on March 31, 2022) (in mn.)	Repayment Date / Schedule	Security
1.	Federal Bank Limited (Term Loan 1) Date of sanction: March 30, 2021	Term Loan	INR 100.00	INR 19.99	Principal repayment will be made in 15 equal monthly principal instalments starting from the following month from the date of disbursement. Interest to be serviced on a monthly basis.	First and exclusive charge on specific loan receivables of the company arising out of on lending. Security cover of 1.20x to be maintained.
2.	Federal Bank Limited (Term Loan 2) Date of sanction: December 28, 2021	Term Loan	INR 150.00	INR 130.70	Tenor: 24 months Principal repayment will be made in 24 equal principal instalments starting from the date of disbursement.	First and exclusive charge on specific receivables of the Company arising out of on- lending. Security cover of 1.10x to be maintained.

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Amount outstanding (as on March 31, 2022) (in mn.)	Repayment Date / Schedule	Security
3.	HDFC Bank Date of sanction: March 30, 2021	Term Loan	INR 200.00	INR 88.65	Tenor: 18 months Principal repayment will be made in 18 principal instalments starting from the following month from the date of disbursement. Interest to be serviced on a monthly basis.	First and exclusive charge on book debts, receivables and current assets, both future and present (inclusive of loan receivables). Asset cover of 1.20x times to be maintained.
4.	HDFC Bank Date of sanction: February 22, 2022	Term Loan	INR 800.00	INR 286.58	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 1.100x times and should be on POS basis and less than 30 days past due date)
5.	Aditya Birla Finance Private Limited Date of sanction: April 27, 2021	Term Loan	INR 200.00	INR 91.30	Tenor: 18 months Principal repayment will be made in 18 equal principal instalments payable on the last working day of each month starting from the date of disbursement. Interest to be serviced on a monthly basis.	First and exclusive floating charge on specified book debts to the extent of 1.20x with PAR (less than 30 days) to be less than 5% of facility amount.
6.	Utkarsh Small Finance Bank Limited Date of sanction: August 27, 2021	Term Loan	INR 200.00	INR 132.94	Tenor: 21 months Principal repayment will be made in 21 principal instalments starting from the following month from the date of disbursement. Interest to be serviced on a monthly basis.	First and exclusive charge on book debts/loan assets of the Company to the extent of 120% of the exposure created out of the loan.
7.	AU Small Finance Bank Limited Date of sanction:	Term Loan	INR 250.00	INR 166.13	Tenor: 18 months Principal repayment will be made in 18 principal instalments	First and exclusive hypothecation of present & future loan receivables (Net of Financial Charges, NPA, other charges,

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Amount outstanding (as on March 31, 2022) (in mn.)	Repayment Date / Schedule	Security
	August 23, 2021				starting from the following month from the date of full disbursement. Interest to be serviced on a monthly basis.	etc.). Security cover of 1.20x for the loan principal outstanding to be maintained during the currency of the loan.
8.	AU Small Finance Bank Limited Date of sanction: December 30, 2020	Term Loan	INR 250.00	INR 55.53	Tenor: 18 months Principal repayment will be made in 18 principal instalments starting from the following month from the date of full disbursement. Interest to be serviced on a monthly basis.	First and exclusive hypothecation of present & future loan receivables (Net of Financial Charges, NPA, other charges, etc.). Security cover of 1.20x for the loan principal outstanding to be maintained during the currency of the loan.
9.	Axis Bank Limited Date of sanction: June 29, 2021	Term Loan	INR 150.00	INR 149.40	Tenor: 24 months Principal repayment will be made in 18 equal principal instalments starting post a moratorium period of 6 months from the date of first disbursement. Interest to be serviced on a monthly basis.	First and exclusive charge on receivables of standard asset portfolio and all current assets, present and future. Minimum security cover of 1.20x to be maintained (receivables with DPD of more than 90 days to not be considered for asset cover). An undated cheque for the facility amount has also been provided.
10.	Hero FinCorp Limited Date of sanction: September 24, 2021	Term Loan	INR 500.00	INR 392.01	Tenor: 24 months Principal repayment will be made in 24 principal instalments starting from the date of disbursement.	First and exclusive charge by the way of Hypothecation on book debts. Security cover of 1.10x to be maintained. Two post-dated cheques of INR 250,000,000 have also been provided.
11.	ICICI Bank Limited Date of sanction: September 16, 2021	Term Loan	INR 100.00	INR 66.31	Tenor: 18 months Principal repayment will be made in 18 structured principal instalments starting from the date of disbursement of each tranche. Interest: Payments to be made on monthly basis, on the last working	First and exclusive charge by the way of Hypothecation of book debts arising out of the Facility (excluding book debts overdue beyond 30 days). Security cover of 1.25x to be maintained.

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Amount outstanding (as on March 31, 2022) (in mn.)	Repayment Date / Schedule	Security
					day of every month. Repayment shall start from last working day of the next month of disbursement.	
12.	Kotak Mahindra Bank Date of sanction: February 22, 2021	Term Loan	INR 250.00	INR 49.95	Tenor: 15 months Principal repayment will be made in 15 equal monthly principal instalments starting from the following month from the date of first disbursement. Interest to be serviced on a monthly basis.	First and exclusive charge on the standard receivables of the Company. Minimum security cover of 1.20x to be maintained.
13.	Tata Capital Financial Services Limited (Term Loan-1) Date of sanction: March 10, 2021	Term Loan	INR 300.00[2]	INR 149.61	Tenor: 24 months Principal repayment will be made in 24 equal principal instalments. Interest to be serviced on a monthly basis.	First and exclusive charge on book debts to the extent of 1.20x with PAR (less than 30 days) of loan limit.
14.	Tata Capital Financial Services Limited (Term Loan-2) Date of sanction: December 29, 2021	Term Loan	INR 400.00[3]	INR 173.52	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.

[2] *Total exposure of Tata Capital Financial Services Limited to the Company under Term Loan 1 and Term Loan 2 to be restricted to INR 400.00 million at any point of time.*

[3] *Total exposure of Tata Capital Financial Services Limited to the Company under Term Loan 1 and Term Loan 2 to be restricted to INR 400.00 million at any point of time. Further, while the sanctioned amount was INR 400.00 Mn the Company has drawn/availed only INR 200.00 Mn under this facility.*

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Amount outstanding (as on March 31, 2022) (in mn.)	Repayment Date / Schedule	Security
15.	CSB Bank Limited Date of sanction: March 20, 2021	Term Loan	INR 250.00	INR 83.23	Tenor: 18 months Principal repayment will be made in 18 equal principal instalments. Interest to be serviced on a monthly basis.	First and exclusive charge on specific loan receivables, excluding accounts overdue for more than 3 months. Minimum asset cover of 1.20x to be maintained.
16.	IDFC First Bank Limited Date of sanction: November 26, 2021	Term Loan	INR 1,000.00	INR 993.58	Tenor: 36 months Principal repayment will be made in 30 monthly 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.	First and exclusive charge by the way of hypothecation on standard book debts and receivables (maximum DPD of 60 days). Minimum security cover of 1.10x to be maintained.
17.	Canara Bank Date of sanction: December 30, 2021	Term Loan	INR 500.00	INR 452.92	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.
18.	Ujjivan Small Finance Bank Limited Date of sanction: December 20, 2021	Term Loan	INR 150.00	INR 130.70	Tenor: 24 months Principal repayment will be made in 24 equal monthly principal instalments starting from the following month from the date of	First and exclusive charge over identified loan receivables under the portfolio, (which are not having overdues more than 89 days), both present and future.

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Amount outstanding (as on March 31, 2022) (in mn.)	Repayment Date / Schedule	Security
					disbursement. Interest to be serviced on a monthly basis.	Security cover of atleast 1.10x to be maintained. 3 (three) undated cheques each drawn for an amount not exceeding INR 5,00,00,000 /-, aggregating INR 15,00,00,000 as a collateral security.
19.	State Bank of India Date of sanction: January 17, 2022	Term Loan	INR 300.00	INR 296.91	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.
20.	Indian Overseas Bank Date of sanction: March 29, 2022	Term Loan	INR 250.00	INR 243.75	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.
21.	JM Financial Products Limited Date of sanction: March 30, 2022.	Term Loan	INR 750.00	INR 746.96	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 pool of standard loan assets/ book debts (excluding DPD of above 90 days). Minimum security cover of 1.10x to be maintained.
22.	MAS Financial Services Limited (Term Loan 6, 7, 8, 9 and 10)	Term Loan	INR 350.00	INR 349.30	Tenor: 18 months Principal repayment will be made in 18 monthly principal instalments	First and exclusive hypothecation charge over specific pool of receivables from loan assets. Asset coverage ratio

Sr. No.	Name of lender	Type of Facility	Amount Sanctioned (in mn.)	Principal Amount outstanding (as on March 31, 2022) (in mn.)	Repayment Date / Schedule	Security
	Date of sanction: March 22, 2022				starting from the date of disbursement. Interest to be serviced on a monthly basis.	of minimum of 1.10x to be maintained. Undated cheques for each of the term loans have been provided.
23.	RBL Bank Limited Date of sanction: March 22, 2022	Term Loan	INR 300.00	INR 298.77	Tenor: 20 months Principal repayment will be made in 20 monthly principal instalments starting 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 (Stage 3 assets to be excluded). Security cover of 1.20x to be maintained. Three undated cheques of INR 80,000,000 and one undated cheque for INR 60,000,000 has also been provided.
24.	The Hongkong Shanghai Banking Corporation Limited Date of sanction: March 25, 2022	Term Loan	INR 500.00	INR 496.55	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.
Total			**INR 7,900.00**	**INR 6,045.32**		

**Note: this table only captures details relating to scheduled payments. Under the financing documents other amounts such as default, penal or additional interest or premium may be payable on the occurrence of (or absence of) certain events, such prepayment, as also other costs, fees, and indemnity payments and reimbursements. The prepayment premium, where payable, is typically in the range of up to 2.0% of the prepaid amount.*

(b) Details of cash credit, working capital demand loans and overdraft facilities;-

Our Company's outstanding Cash Credit, working capital demand loans and overdraft facilities as on March 31, 2022 amounts to INR 130.00 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	Repayment Date / Schedule	Security

				(as on March 31, 2022) (in mn.)		
1.	Federal Bank Limited (Term Loan 1) Date of sanction: March 30, 2021	Overdraft	INR 0.10	Nil	On demand repayment. Interest to be serviced monthly as and when due	Nil
2.	Federal Bank Limited (Term Loan 2) Date of sanction: December 28, 2021	Overdraft	INR 0.10	Nil	Tenor: 12 months Repayment on demand	Nil
3.	HDFC Bank Date of sanction: March 30, 2021	Overdraft against Fixed Deposit	INR 250.00	Nil	Repayable on demand	Fixed Deposit in respect of Overdraft facility and MM-PSR Facility.
		MM-PSR	INR 500 .00	Nil	Maximum of 2 (two) days from the date of availment.	
4.	Yes Bank Limited Date of sanction: March 09, 2021	Overdraft / working capital demand loan (sublimit of overdraft loan)[4]	INR 150.00	INR 130.00	Tenor: For Overdraft: upto 12 months For working capital demand loan: 180 days Repayment on demand	First and exclusive charge on all specific identified receivables and current assets (excluding receivables overdue beyond 30 days) to the extent 1.15x on the exposure net off fixed deposit i.e. on INR 7,50,00,000. Fixed deposit for 50% of loan amount lien marked in favour of the bank
5.	Axis Bank Limited Date of sanction: June 29, 2021	Cash Credit / WCDL	INR 50.00	Nil	Repayable on demand	First and exclusive charge on receivables of standard asset portfolio and all current assets, present and future. Minimum security cover of 1.20x to be maintained (receivables with DPD of more than 90 days to not be considered for asset cover). An undated cheque for the facility amount has also been provided.
6.	IDFC First Bank Limited Date of sanction: November 26, 2021	Cash Credit/Overdraft	INR 10.00	Nil	On demand	First and exclusive charge on the standard book debts and receivables (maximum DPD of 60 days). Security cover of 1.0x to be maintained.

[4] *This facility has been availed in the form of a working capital demand loan*

7.	RBL Bank Limited Date of sanction: March 22, 2022	Overdraft	INR 10.00	Nil[5]	Tenor: 12 months Repayment: On demand	Fixed deposit to the extent of 105% of the total facility amount lien marked in favour of the bank.
8.	Kotak Mahindra Bank Date of sanction: April 01, 2021	Overdraft against Fixed Deposit	INR 1.00	Nil[6]	Repayable on demand. Interest shall be payable at monthly basis.	Fixed deposit to the extent of 100% of the total facility amount lien marked in favour of the bank.
9.	HDFC Bank Date of sanction: February 15, 2021	Overdraft against Fixed Deposit	INR 0.50	Nil[7]	Repayable on demand. Interest shall be payable at monthly rests.	Fixed deposit to the extent of 100% of the total facility amount lien marked in favour of the bank.
10.	ICICI Bank Limited Date of sanction: November 30, 2021	Overdraft against Fixed Deposit	INR 266.68	Nil[8]	Repayable on demand Interest shall be computed from the date of disbursement of the facility and shall be payable monthly in each year on the first day of each calendar month.	Fixed deposit to the extent of 100% of the total facility amount lien marked in favour of the bank.

(c) Details of Outstanding Unsecured Loan Facilities:-

Our Company's outstanding unsecured loans/facility as on March 31, 2022 amounts to INR 99.48 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 (as on March 31, 2022) (in mn.)	Repayment Date / Schedule
1.	IDFC First Bank (erstwhile Capital First Limited) Date of sanction: December 16, 2017	Subordinated Unsecured Term Loan	INR 100.00	INR 99.48	Tenor: 84 months; Principal shall be payable at the end of 84 months from first disbursement.

(d) Details of Outstanding Non-Convertible Securities as of last quarter end date (March 31, 2022)-
The total principal amount of outstanding non-convertible securities issued by our Company as on March 31, 2022 is INR 31,280.05 million and the total outstanding amount as on March 31, 2022 is INR 18,908.73 million, the details of which are set forth below:

[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.*

Sr. No.	Series of NCS/ISIN	Tenor/ Period of Maturity	Coupon	Amount (in mn.)	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured / unsecured	Security
1.	INE34T07056	24 months from the deemed date of allotment	9.60% p.a	INR 300.00 Outstanding (as on March 31, 2022): INR 298.12	August 25, 2021	August 25, 2023	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.	INE342T07064	18 months from the deemed date of allotment	8.75% p.a[9]	INR 650.00 Outstanding (as on March 31, 2022): 644.48	September 21, 2021	March 21, 2023	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.
3.	INE342T07080	24 months from the deemed date of allotment	9.15% p.a	INR 800.00 Outstanding (as on March 31, 2022): 791.60	September 30, 2021	September 30, 2023	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

[9] *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.*

									security cover of 1.10x to be maintained.
4.	INE342T08013	58 months from the deemed date of allotment	0%	INR 18,761.05 Outstanding (as on March 31, 2022): INR 6500.56	March 30, 2020	December 31, 2024	-	Unsecured	-
5.	INE342T07015	18 months from the deemed date of allotment	10.00% p.a[10]	INR 750.00 and additional green shoe option of INR 250.00 Outstanding (as on March 31, 2022): 749.17	November 26, 2020	May 26, 2022	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 30 days. Further, the aggregate number of loans which are overdue beyond 1 (one) day shall not comprise more than 5% (five per cent) of the total loans whose receivables form part of the identified receivables). Minimum security cover of 1.20x to be maintained.
6.	INE342T07023	18 months from the deemed	10.00% p.a[11]	INR 300.00 and additional green	December 17, 2020	June 16, 2022	IND PP-MLD Aemr/ Stable	Secured	First ranking and exclusive charge by way of

[10] *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.*
[11] *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.*

		date of allotment		shoe option of INR 200.00 Outstanding (as on March 31, 2022): 468.47					hypothecation over the identified receivables (excluding loans overdue by more than 30 days. Further, the aggregate number of loans which are overdue beyond 1 (one) day shall not comprise more than 5% (five per cent) of the total loans whose receivables form part of the identified receivables). Minimum security cover of 1.20x to be maintained.
7.	INE342T07031	15 months from the deemed date of allotment	9.25% p.a[12]	INR 1,000.00 and additional green shoe option of INR 500.00 Outstanding (as on March 31, 2022): 1,497.87	March 17, 2021	June 17, 2022	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 30 days. Further, The aggregate number of loans which are overdue beyond 1 (one) day shall not comprise more than 5% (five per cent) of the total loans whose

[12] *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.*

									receivables form part of the identified receivables). Minimum security cover of 1.20x to be maintained.
8.	INE342T07098	18 months from the deemed date of allotment	8.60% p.a[13]	INR 2,000.00 Outstanding (as on March 31, 2022): 1,986.47	November 24, 2021	May 24, 2023	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.
9.	INE342T07106	15 Months from the deemed date of allotment	9.1792 % p.a	INR 1,000.00 Outstanding (as on March 31, 2022): 987.51	January 5, 2022	April 5, 2023	IND A/ 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.
10.	INE342T07114	35 months 14 days from the deemed date of allotment	9.5% p.a.	INR 350.00 Outstanding (as on March 31, 2022): 343.88	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.

[13] *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.*

11.	INE342T07122	30 Months from the deemed date of allotment	9.25% p.a[14]	INR. 500.00 Outstanding (as on January 31, 2022): 492.66	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 of 1.10x to be maintained.
12.	INE342T07130	15 months from the deemed date of allotment	9.15% p.a	INR 1,000.00 and additional green shoe option of INR 400.00 Outstanding (as on March 31, 2022): INR 1,391.45	February 10, 2022	May 10, 2023	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.
13.	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 March 31, 2022): INR 982.91	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.

[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.*

[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.*

14	INE342T07163	38 months from the deemed date of allotment	9.9% [16]	INR 300.00 Outstanding (as on March 31, 2022): INR 299.40	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.
15	INE342T07155	24 months from the deemed date of allotment	8.60% [17]	INR 1,000.00 and additional green shoe option of INR 500.00 Outstanding (as on March 31, 2022): INR 1,474.19	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.

(e) List of Top 10 holders of non-convertible securities in terms of value (in cumulative basis) as on last quarter end date (March 31, 2022)

S. No	Name of holder of Non-convertible Securities	Amount (in mn.)	% of total non- convertible securities outstanding
1	Navi Technologies Limited	6,500.56	34.18
2	Sporta Technologies Private Limited	1,000.00	5.26
3	Northern Arc Money Market Alpha Trust	766.00	4.03
4	S K Finance Limited	677.00	3.56
5	OFB Tech Private Limited	621.00	3.27
6	Mas Financial Services Ltd	485.00	2.55
7	Vivriti Short Term Bond Fund	350.00	1.84
8	Au Small Finance Bank Limited	300.00	1.58
9	The South Indian Bank Ltd	300.00	1.58
10	Hinduja Leyland Finance Limited	270.00	1.42
Total		**11,269.56**	**59.25**

(f) Details of Outstanding Commercial Paper as at the end of the last quarter in the following format:-

[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.*

Sr. No.	ISIN of Commercial Paper	Maturity Date	Amount Outstanding as on March 31, 2022
1.	INE342T14045	May 05, 2022	INR 245.58
2.	INE342T14052	July 25, 2022	INR 482.26

(g) Restrictive Covenants: The loans availed by our Company contain certain restrictive covenants, including:

- Change in capital structure of our Company without the prior approval of/intimation to the lender;
- Change in management control of our Company without the prior approval of/intimation to the lender;
- Change in the constitutional documents of our Company which are adverse to interest of lenders, without the prior approval of/intimation to 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.

This is an indicative list and there may be such other additional terms under the various borrowing arrangements entered into by our Company and certain of our Subsidiaries.

For the purpose of the Issue, our Company has obtained the necessary consent from our lender, as required under the relevant borrowing arrangements for undertaking activities relating to the Issue.

(h) The amount of corporate guarantee issued by the Issuer along with details of the counterparty (viz. name and nature of the counterparty, subsidiary, Joint Venture entity, group company etc) on behalf of whom it has been issued.

As on March 31, 2022, no corporate guarantees have been issued by the Issuer.

(i) Details of inter corporate loans

As of March 31, 2022, our Company has no outstanding inter-corporate deposits.

(j) Details of the rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares):-

As of March 31, 2022, our Company has no outstanding amounts in relation to hybrid debt like FCCB, optionally convertible debenture/ preference shares.

(k) As on the date of this Draft Prospectus, there has been no default in payment of principal or interest on any existing term loan, debt security issued by the Issuer and other financial indebtedness including corporate guarantee issued by the Company, in the past 3 (three) years.

As of March 31, 2022, our Company has not defaulted in payment of principal or interest on any existing term loan, debt security and other financial indebtedness including corporate guarantee issued by our Company, in the past 3 (three) years.

(l) As on the date of this Draft Prospectus, there has been no default and non-payment of statutory dues, except:

As of March 31, 2022, there are no subsisting instances of non-payment or defaults in the payment of statutory dues by our Company.

(m) 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 March 31, 2022, our Company has no outstanding borrowings taken / debt securities issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option.

MATERIAL DEVELOPMENTS

Except as disclosed in this Draft Prospectus, since December 31, 2021 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.

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 April 11, 2022, the Board of Directors approved the issuance of NCDs of the face value ₹ 1,000 each, for an amount up to ₹ 6,000 million. Further, the present borrowing is within the borrowing limits of ₹80,000 million under Section 180(1)(c) of the Companies Act, 2013 duly approved by the members of our Company on March 5, 2022. The NCDs pursuant to this Issue will be issued on terms and conditions as set out in the 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, 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 Stock Exchanges, and 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 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.

In terms of SEBI Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020, 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.

Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18 of the SEBI NCS Regulations 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.

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%, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed. The security is estimated to 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

Pursuant to the SEBI Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020, 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 this Draft 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 value ensuring the minimum security cover is maintained till the Maturity Date of the NCDs.

Debenture Redemption Reserve

In accordance with the recent amendments to 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 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 non-banking finance companies raising funds in public issues would be exempt from the requirement of creating a DRR.

Pursuant to the amendment 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 3lst 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, 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, confer upon the NCD Holders thereof any rights or privileges available to our members including the right to receive notices, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, 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 and copy of the Debenture Trust Deed on a specific request made to us.

2. Subject to applicable statutory/ regulatory requirements, 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. 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, 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. 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 Services Limited to act as the Debenture Trustees for the NCD Holders in terms of Regulation 8 of the SEBI NCS Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. The Debenture Trustee and we 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 Holders 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 Holders. Any payment made by us to the Debenture Trustee on behalf of the NCD Holders shall discharge us *pro tanto* to the NCD Holders.

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

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, give notice to our Company specifying that the 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 (and is not cured within the permissible cure period(s) set out under the Debenture Trust Deed, except in relation to (i), (ii) and (iii) below). The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed:

(i) Default is committed in payment of the principal amount of the NCDs on the due date(s); and

(ii) Default is committed in payment of any interest on the NCDs on the due date(s);

(iii) Default is committed in payment of any other amounts outstanding on the NCDs;

(iv) 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 or, if in the reasonable opinion of the Debenture Trustee is capable of remedy, is not remedied within 30 (thirty) days of written notice of such default being provided to the Company by the Debenture Trustee;

(v) If the Company creates any additional charge on the Secured Assets or any part thereof without the prior approval of the Debenture Trustee;

(vi) If in the opinion of the Debenture Trustee, the Security is in jeopardy;

(vii) 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;

(viii) 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;

(ix) 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;

(x) The Company without the consent of Debenture Trustee ceases to carry on its business or gives notice of its intention to do so;

(xi) If it becomes unlawful for the company to perform any of its obligations under any transaction document; and

(xii) 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.

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 Secured NCDs at any point of time, as set out in the Debenture Trust Deed.

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.

Any other event described as an Event of Default in the Disclosure Documents/ Prospectus and the Transaction Documents. In accordance with the circular (SEBI/HO/MIRSD/CRADT/CIR/P/2020/203) dated October 13, 2020 issued by SEBI on "Standardisation of procedure to be followed by Debenture Trustee(s) 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.

Regulation 51 read with the Explanation to Clause A (11) in Part B of Schedule III 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 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 abovementioned circular (SEBI/HO/MIRSD/CRADT/CIR/P/2020/203) dated October 13, 2020 issued by SEBI

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. If our Company does not receive the minimum subscription of 75% of the Base Issue within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount shall be refunded to the Applicants within the timelines prescribed under Applicable Law. In the event, there is a delay, by our Company in making the aforesaid refund within the prescribed time limit, our Company will pay 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 including its circular HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

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 multiples of one NCD. For further details of Allotment, see the "*Issue Procedure*" beginning on page 211.

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 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. A person, being a nominee, becoming entitled to the NCDs by reason of the death of the NCD Holder(s), shall be entitled to the same rights to which he would be entitled if he were the registered holder of the NCD. Where the nominee is a minor, the NCD Holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the NCDs, in the event of his death, during the minority. A nomination shall stand rescinded upon sale 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 or the transfer agent.

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 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.

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.

Further, our Board 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 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.

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.

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 held in dematerialized form 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 205, 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.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 ("**SEBI LODR IV Amendment**"), NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition. Any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialized form only.

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

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.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to this Issue. Pursuant to the SEBI LODR IV Amendment, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from December 4, 2018. 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	[●]
ISSUE CLOSING DATE	[●]
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 a committee thereof approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Operations Committee 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 NCD Holders from the Deemed Date of Allotment.

The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated in the Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or Securities Issuance Committee thereof subject to receipt of necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national and a daily regional newspaper with wide circulation at the place where the registered office of the Company is situated on or before such earlier or extended date of Issue closure. 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 p.m. or such extended time as may be permitted by BSE and NSE. Further, pending mandate requests for bids placed on the last day of\ bidding will be validated by 5 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 Managers 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 Operational Circular. However, in the event of oversubscription, on such date, the allotments would be made to the applicants on proportionate basis.

Taxation

As per clause (ix) of Section 193 of the IT Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the SCRA and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

However in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor, if such interest does not exceed ₹ 5,000 in any Fiscal. If interest exceeds the prescribed limit of ₹ 5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. 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. The aforesaid documents, as may be applicable, should be submitted at the office of the Registrar to the Issue quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, at least seven days prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. 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.

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 the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Payment of Interest

Amount of interest payable shall be rounded off to the nearest Rupee. If the date of interest payment falls on Sundays or holidays of commercial banks in Mumbai, then interest as due and payable on such day, would be paid on the preceding 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 would be subject to the deduction as prescribed in the IT Act or any statutory modification or re-enactment thereof for the time being in force.

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 "*General Terms of the Issue - Manner of Payment of Interest / Refund / Redemption*" beginning on page 189.

Maturity and Redemption

As specified in the Prospectus.

Put / Call Option

As specified in the Prospectus.

Deemed Date of Allotment

The date on which our Board of Directors or the committee thereof approves the Allotment of the NCDs for the Issue. 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 (as specified in the prospectus) 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, 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 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.

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 Managers, 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-materialization of NCDs*" on page 189.

The Registrar to the Issue will issue requisite instructions to the relevant SCSBs 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.

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.

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.

Procedure for Redemption by NCD holders

The procedure for redemption is set out below:

NCDs held in physical form on account of rematerialisation

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. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us 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 of NCDs. In such case, the Secured NCD certificates would be deemed to have been cancelled. Also see the para "*Payment on Redemption*" given below.

Secured 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 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 may, at its discretion, note a lien on pledge of NCDs if such pledge of NCD is accepted by any third party bank/institution or any other person for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding, subject to 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 Circular No. CIR/IMD/DF/18/2013 October 29, 2013 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 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 211.

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.

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.

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 Section 30 of the Companies Act, 2013, 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 the Regulation 30(1) of SEBI NCS Regulations. 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

Pre-closure

Our Company, in consultation with the Lead Managers 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 and advertisement for opening or closure of the issue have been given.

Recovery Expense Fund

Our Company has created a recovery expense fund in the manner as specified by SEBI in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 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.

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 189.

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 Managers	A. K. Capital Services Limited and JM Financial Limited
Debenture Trustee	Catalyst Trusteeship Services Limited
Registrar to the Issue	Link Intime India Private Limited
Type of Instrument	Secured, Redeemable, Non-Convertible Debentures
Nature of Instrument	Secured, 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	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, Redeemable, Non-convertible Debentures of Face value of ₹ 1000 each for an amount up to ₹ 3,000 million ("Base Issue Size") with green shoe option of ₹ 3,000 million 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)	₹ 3,000 million
Minimum Subscription	Minimum subscription is 75% of the Base Issue Size, i.e. ₹ 2,250 million
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 "*Other Regulatory and Statutory Disclosures*" on page 253
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 110% of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the Maturity 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 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.

Particulars	Terms and Conditions
	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 "Terms of the Issue – Security" on page 189 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 • 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 and having a net-worth of more than ₹ 5,000 million 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 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 Investors 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 Investors 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 ₹ 200,000 to be increased to ₹ 500,000 for issue of debt securities which open for subscription on or after May 1, 2022) in any of the bidding options in the Issue (including Hindu Undivided Families applying through

Particulars	Terms and Conditions
	their Karta and does not include NRIs) through UPI Mechanism
Credit Rating for the Issue / Rating of the Instrument	IND A/ Stable
Pay-in date	Application Date. The entire Application Amount is payable on Application
Mode of payment	Please see "*Issue Procedure*" on page 211
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 this Draft 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 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.)	As specified in the Prospectus and the Debenture Trust Deed. Any covenants later added shall be disclosed on the websites of the Stock Exchanges, where the NCDs are proposed to be listed.
Issue Schedule	The Issue shall be open from [●] to [●] with an option to close earlier as may be determined by a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the earlier closer date/date of closure.
Objects of the Issue / Purpose for which there is requirement of funds	Please refer to the chapter titled "Objects of the Issue" on page 74
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 74
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 Maturity 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,	As specified in the Prospectus

Particulars	Terms and Conditions
if any	
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 or the Debenture Committee 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 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 (as specified in the Prospectus) shall be available to NCD 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 Managers and/or other intermediaries for the purpose of the Issue including but not limited to the Issue Agreement, 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, "*Material Contracts and Document for Inspection*" on page 314.
Conditions precedent and 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 precedent and conditions subsequent to the Issue.
Events of default (including manner of voting/ conditions of joining Inter Creditor Agreement)	Please refer to the chapter titled "*Terms of the Issue – Events of Default*" on page 189.
Creation of recovery expense fund	Our Company has created a recovery expense fund in the manner as specified by SEBI in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 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 "*Terms of the Issue - Events of default*" on page 189 of the Draft Prospectus
Provisions related to Cross Default	As per the Debenture Trust Deed to be executed in accordance with applicable

Particulars	Terms and Conditions
Clause	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, Companies Act, the simplified listing agreement(s), and the Debenture Trust Deed, each as amended from time to time. Please see section titled "*Terms of the Issue -Trustees for the NCD Holders*" on page 189.
Risk factors pertaining to the Issue	Please see section titled "*Risk Factors*" on page 18 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.
Covenants	Financial Covenants: 1. Standalone Net worth – Minimum of INR 950 crores 2. NNPA less than 4% 3. Minimum Capital Adequacy Ratio as prescribed by RBI + 2% 4. External standalone debt-equity ratio – less than 5x 5. Sachin Bansal to hold minimum stake of 51% in the Issuer company directly or indirectly. 6. Where the Issuer 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 Issuer 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. For other covenants please refer to the Debenture Trust Deed

Notes:

(a) This Issue shall remain open for subscription on Working Days from 10 a.m. to 5 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 period of maximum of 30 days from the date of Prospectus) as may be decided by the Board of Directors of our Company or a duly authorised committee thereof. 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 and advertisement for opening or closure of this Issue have been given on or before such earlier or initial date of Issue closure. 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 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 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date For further details please see "Issue Related Information" on page 189

(b) In terms of Regulation 7 of the SEBI NCS Regulations, our Company will undertake this Issue of NCDs in dematerialized form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the NCDs post allotment in physical form, will fulfil such request through the process of dematerialization, if the NCDs were originally issued in dematerialized form.

(c) While the NCDs are secured to the tune of 110% of the principal and interest thereon in favour of Debenture Trustee, it is it 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 211 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 211.

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

The entire face value per NCDs is payable on Application. The entire amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. 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 189.

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.

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 211.

ISSUE PROCEDURE

This section applies to all Applicants. Pursuant to the SEBI Operational Circular, all Applicants are required to apply for in the Issue through the ASBA process. 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 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 Circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, as amended from time to time (the "**SEBI Operational Circular**") and other related circulars. 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 ₹ 2,00,000 to be increased to ₹ 5,00,000 for public issue of debt securities open on or after May 1, 2022 as per SEBI circular SEBI/HO/DDHS/P/CIR/2022/0028 dated March 8, 2022, or any other investment limit, as applicable and prescribed by SEBI from time to time) submitted through the app/web interface of the Stock Exchange 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 Lead Manager or Members of the Syndicate or Registered Brokers at the Broker Centres or CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form ASBA Applicants should note that they may submit their ASBA Applications to the Designated Intermediaries. 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 Operational 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.

Specific attention is drawn to the SEBI Operational 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

PLEASE NOTE THAT ALL TRADING MEMBERS OF THE STOCK EXCHANGE(S) WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE(S) AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE. 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 MANAGERS, THE CONSORTIUM MEMBERS AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF SUCH DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGE.

Please note that for the purposes of this section, the term "Working Day" 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 or Bengaluru are open for business. Further, in respect of the time period between the bid/ issue closing date and the listing of the non-convertible securities on the stock

exchanges, working day shall mean all trading days of the stock exchanges for non-convertible securities, 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

- 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 and having a net-worth of more than ₹ 5,000 million 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

- 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 UPI Application Limit (being ₹ 200,000 to be increased to ₹ 500,000 for issue of debt securities which open for subscription on or after May 1, 2022)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.

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 Managers, Members of Consortium and their respective associates and affiliates are permitted to subscribe in this Issue.

Who are not eligible to apply for the NCDs?

(a) 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: 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);

(b) 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;

(c) Persons resident outside India and other foreign entities;

(d) Foreign Institutional Investors;

(e) Foreign Portfolio Investors;

(f) Non Resident Indians;

(g) Qualified Foreign Investors;

(h) Overseas Corporate Bodies**;

(i) Foreign Venture Capital Funds; and

(j) 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.*

How to apply?

Availability of this Draft Prospectus, the Prospectus, Abridged Prospectus and Application Forms.

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.

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 Managers, 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, 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 Managers at www.akgroup.co.in and 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 Managers, 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

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

Method of Application

In terms of SEBI Operational 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 Operational 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 Operational Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the SEBI Operational Circular and the Direct Online Application Mechanism infrastructure for the implementation of the

SEBI Operational 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 Operational 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 with whom the relevant ASBA Accounts are maintained.

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 Exchange 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 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.

Our Company, our Directors, affiliates, associates and their respective directors and officers, Lead Managers 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 Operational 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 Exchange 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 Exchange 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.2 lac or less. The intermediary shall upload the bid on the

Stock Exchange 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 Exchange (or any other permitted methods) wherein the bid is automatically uploaded onto the Stock Exchange 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. 2 Lac. 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://www.nseindiaipo.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.zipFurther, 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 investor application submitted with UPI as mode of payment*" on page 216.

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.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 1, 2019 ("**SEBI Circular 2019**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 20 % of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector not exceeding 10 % of net assets value of scheme shall be allowed only by way of increase in exposure to HFCs. However the overall exposure in HFCs shall not exceed the sector exposure limit of 20 % of the net assets of the scheme. Further, the group level limits for debt schemes and the ceiling be fixed at 10 % of net assets value extendable to 15 % of net assets value after prior approval of the board of trustees.

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; and (ii) 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 Operational 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 (ii) 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.

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 Managers may deem fit.

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 non-banking financial companies

Non-banking financial companies can apply in this Issue based on their own investment limits and approvals. Applications made by non-banking financial companies registered with the RBI and under other applicable laws in India must be accompanied by certified true copies of: (i) board resolution authorising investments; and (ii) 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 DEMATERIALISED FORM

Submission of Applications

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. 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 Members, 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.

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 Exchange. 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 Exchange. 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 Exchange. 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 (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat), 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 Exchange, 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 (other than Trading Members of the Stock Exchanges) 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 this Draft 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, 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 205 of this Draft Prospectus.

c. 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

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges.

In the event the Direct Online Application facility is 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.

As per the SEBI Operational Circular, the availability of the Direct Online Applications facility is subject to the Stock Exchanges putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification, modification deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI.

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 Exchange 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 Exchange, 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 6 (six) 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 Application involving an Application by an RIB through UPI Mechanism, an Applicant may submit the Application Form with a SCSB or the Designated 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 Exchange 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 Exchange 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 six 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.

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.

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 and Section 31 of the Companies Act, 2013.

Pre-Issue Advertisement

Our Company will issue a statutory advertisement in compliance with of SEBI NCS Regulations on or before the Issue Opening Date of this Issue. This advertisement will contain the information as prescribed under the SEBI NCS Regulations and Section 30 of the Companies Act, 2013. Material updates, if any, between the date of filing of the Draft Prospectus and the Prospectus with the ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

General Instructions for completing the Application Form

a. Applications must be made in prescribed Application Form only;

b. 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.

c. 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 at-least 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 http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/ Recognised-Intermediaries)

c. Application Forms must be completed in block letters in English, as per the instructions contained in the Draft Prospectus, the Prospectus, the Abridged Prospectus and the Application Form.

c. 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 dematerialised 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 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.

d. Applicants applying for Allotment in dematerialized form must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchanges by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs

e. Applications must be for a minimum of 10 (Ten) NCDs and in multiples of 1 NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 (Ten) NCDs, an Applicant may choose to apply for 10 (Ten) NCDs or more in a single Application Form.

f. 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.

g. Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.

h. Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;

i. No separate receipts will be issued for the money payable on the submission of the Application Form. However, the Members of Consortium, Trading Members of the Stock Exchanges or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Transaction Registration Slip ("TRS"). This TRS will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Lead Managers, Trading Member of the Stock Exchanges or the Designated Branch of the SCSBs, as the case may be.

j. The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be.

k. Every Applicant should hold a valid PAN and mention the same in the Application Form and submit the same. Applicant without PAN is liable to be rejected, irrespective of the amount

l. All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form.

m. Applicants 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 also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected

n. Applicants must provide details of valid and active DP ID, UPI ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, UPI ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchanges by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs. If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the Application Form. Not more than five Applications can be made from one single ASBA Account;

o. 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;

p. 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.

q. 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.

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.

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 and Client ID 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, the Registrar to the Issue will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. These Demographic Details would be used for giving Allotment Advice and refunds, 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.

These 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 Managers 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, UPI 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 Operational 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 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.** 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 Managers, 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 Members, 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 205 of this Draft Prospectus.

c. 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

d. 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

e. 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.

f. Applications can be rejected on the technical grounds listed on page 236 of this Draft Prospectus or if all required information is not provided or the Application Form is incomplete in any respect.

g. 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.

h. 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 investor application submitted with UPI as mode of payment

a. Before submission of the application with the intermediary, the investor would be required to have / create a UPI ID, with a maximum length of 45 characters including the handle (Example: InvestorID@bankname).

b. An 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 exchange 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 exchange bidding platform using appropriate protocols.

d. Once the bid has been entered in the bidding platform, the Stock Exchange 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 Exchange 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 Exchange 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 pm on the third working day from the day of bidding on the stock exchange 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 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 day till 1 PM.

n. The facility of re-initiation/ resending the UPI mandate shall be available only till 5 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 Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the intermediary.

q. The information received from Sponsor Bank, would be shared by stock exchange with RTA in the form of a file for the purpose of reconciliation.

r. Post closure of the offer, the Stock Exchange shall share the bid details with RTA. Further, the Stock Exchange 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 Operational Circular.

t. The RTA, based on information of bidding and blocking received from the Stock Exchange, 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 Exchange) 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 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 pm on the third working day from the day of bidding on the stock exchange 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 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 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 Exchange 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 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 205 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;

- 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 Exchange 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;

- All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form.

  In terms of SEBI Operational 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.

SEBI Operational 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 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;
- 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 236 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 211.

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 June 19, 2020 entered into between our Company, NSDL Database Management Limited and NSDL.

(ii) Tripartite Agreement dated January 15, 2021 entered into between our Company, NSDL Database Management Limited and CDSL.

(iii) Our Company undertakes to execute tripartite agreements with the Depositories and the Registrar to the Issue prior to the Issue Opening Date.

(iv) An Applicant must have at least one beneficiary account with any of the Depository Participants of NSDL or CDSL prior to making the Application.

(v) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

(vi) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

(vii) Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to this Issue.

(viii) 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.

(ix) 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.

(x) 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 387 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 DEMATERIALISED 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 211.

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 Company Secretary and Compliance Officer 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.

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 (in case of Category III) 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. Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchanges, as applicable;

xl. 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;

xli. 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;

xlii. 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;

xliii. Applications providing an inoperative demat account number;

xliv. 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;

xlv. Category not ticked;

xlvi. Forms not uploaded on the electronic software of the Stock Exchanges;

xlvii. In case of cancellation of one or more orders within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;

xlviii. Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and this Draft Prospectus and as per the instructions in the Application Form;

xlix. 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.

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

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchanges and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The registrar will aggregate the applications based on the applications received through an electronic book from the Stock Exchanges and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

For the purposes of the basis of allotment:

A. *Applications received from Category I Investors:* Applications received from Applicants belonging to Category I shall be grouped together, ("**Institutional Portion**");

B. *Applications received from Category II Investors:* Applications received from Applicants belonging to Category II, shall be grouped together, ("**Non-Institutional Portion**").

C. *Applications received from Category III Investors:* Applications received from Applicants belonging to Category III shall be grouped together, ("**High Net-worth Individual Category Portion**").

D. *Applications received from Category IV Applicants:* Applications received from Applicants belonging to Category IV shall be grouped together, ("**Retail Individual Category Portion**").

For removal of doubt, the terms "**Institutional Portion**", "**Non-Institutional Portion**", "**High Net-worth Individual Category Portion**" and "**Retail Individual Category Portion**" are individually referred to as "**Portion"** and collectively referred to as **"Portions"**.

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be allotted over and above the Base Issue, in case our Company opts to retain any oversubscription in the Issue up to the Issue Limit. The aggregate value of NCDs decided to be allotted over and above the Base Issue, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the "**Overall Issue Size**".

Information for Applicants

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).

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: Our Company, in consultation with the Lead Managers 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 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 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 has not been subscribed or received, as applicable, within the specified period, the application money received is to be unblocked/credited only to the bank account in/from which the subscription was blocked/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 the Registrar will follow the guidelines prescribed by SEBI in this regard.

Issuance of Allotment Advice

Our Company shall ensure dispatch/and/or mail the Allotment Advice within 6 (six) 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 6 (six) 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 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 Managers 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. 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.

If our Company does not receive the minimum subscription of 75% of Base Issue Size within the timelines prescribed under applicable laws, the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within eight Working Days from the Issue Closing Date of the Prospectus, or such time as may be specified by SEBI. In case of failure of the Issue due to reasons such as non-receipt of listing and trading approval from the Stock Exchanges wherein the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be unblocked in the Applicants ASBA Account within two Working Days from the scheduled listing date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum from the scheduled listing date till the date of actual payment.

Utilisation of Application Amounts

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds 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."

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 on receipt of the minimum subscription of 75% of the Base Issue and 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.

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 Auditor, 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 this Draft Prospectus;

h) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report;

i) We have created a recovery expense fund in the manner as specified by SEBI from time to time; and

j) 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 Subsidiary, 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 1% of our profit after tax on a standalone basis as on March 31, 2021, i.e. more than ₹ 9.75 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 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, Subsidiary, 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 years and the action taken by the Company;*

d. *default and non-payment of statutory dues by the Company;*

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 all of its subsidiaries; 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 prospectus for the Company and our Subsidiary.*

Litigation involving our Company

Litigation against our Company

Nil

Economic Offences

Nil

Litigation by our Company

Criminal Proceedings

Our Company has filed 46 cases before various judicial forums for alleged violation of section 138 of Negotiable Instruments Act, 1881, for recovery of amounts due to our Company for which cheques issued in favour of our Company by the concerned debtors have been dishonoured. The total monetary value involved in these matters is ₹1.68 million*.

*To the extent quantifiable

In addition to the above, our Company is also involved in the following matter in respect of which no summons, notices or correspondences have been received by our Company:

Our Company is involved in a legal proceeding with N Balamurugan in the City Civil Court Complex, Chennai.

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, Bangalore 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

Nil

Actions Taken by Regulatory and Statutory Authorities

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 noticees 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 noticees. 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 noticees are either related to or associated with our Company or our Subsidiary. 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 Bangalore 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 Bangalore 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.

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 writ petition bearing number WP 9332/2019 has been filed by Amar Kumar Chaudhary ("**Petitioner**") before the High Court of Karnataka against inter alia, *Sachin Bansal* due to his past association with Flipkart. The matter is currently pending.

2. 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.

3. 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.

4. Furthermore, a miscellaneous criminal case number (MCRC) 4586/2017 was filed by Flipkart Internet Private Limited against Hemant Kumar Narwariya in the High Court of Madhya Pradesh at Jabalpur where *Sachin Bansal* was impleaded as a petitioner due to his past association with Flipkart. The matter is currently pending.

5. 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.

6. 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.

7. 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 is currently pending.

Litigation involving our Promoter

Nil

Litigation involving our Subsidiary

Litigation against our Subsidiary

Compounding applications filed by our Subsidiary

Our Subsidiary has filed a *suo moto* application dated December 3, 2021 under Section 454 of the Companies Act for contravention of Section 161 of the Companies Act. CIFCPL had appointed Sachin Bansal as the managing director and chief executive officer of CIFCPL by way of its board resolution dated February 27, 2020 for a period of five years from March 6, 2020. However, the board of directors CIFCPL had not appointed him as an additional director before appointing him as managing director, as required under Section 161 of the Companies Act. Consequently, the approval for Sachin Bansal's appointment by CIFCPL's shareholders at the first general meeting held on August 18, 2020 was not obtained. Thereafter, at its board meeting held on October 19, 2021, CIFCPL took on record the cessation of the office of Sachin Bansal with effect from August 18, 2020 and subsequently filed e-form DIR 12 on November 8, 2021. The matter is currently pending.

Litigation by our Subsidiary

Material Civil Litigations

Our Subsidiary has filed a case against Pradip Anantrao Sardesai, Kiran Ashok Wadar, Yuvraj Prakash Patil and Ajit Maruti Chavan ("**Defendants**") before Civil Judge Senior Division, Malkapur – Shahuwadi, Maharashtra. The Defendants were working at Bambawade, Tal Shahuwadi, Kolhapur branch of CIFCPL. The Defendants approved the loans in the name of 556 women borrowers and embezzled money from CIFCPL. The Defendants defrauded CIFCPL of ₹17.66 million, out of which, the Defendants have deposited the amount of ₹7.23 million with CIFCPL. Subsequently, the Plaintiff filed a suit and prayed to direct the Defendants to pay a sum of ₹10.62 million. The matter is currently pending.

Criminal Proceedings

1. Our Subsidiary has filed 231 cases before various judicial forums under section 138 of Negotiable Instruments Act, 1881, for recovery of amounts due to CIFCPL for which cheques issued in favour of CIFCPL by the concerned debtors have been dishonoured. The total monetary value involved in these matters is ₹23.23 million*.

   * *To the extent quantifiable*

2. A first information report dated January 24, 2020 has been filed by CIFCPL at Shahuwadi, Kolhapur against Pradip Anandrao Sardesai, Kiran Ashok Wadar, Yuvraj Patil and Ajit Maruti Chavan ("**Accused**"), in relation to misappropriation of loan disbursal amounts by the Accused under sections 409, 420, 468 and 471 of the Indian Penal Code, 1860. The matter is currently pending.

Litigation involving Group Companies

Litigation against our Group Companies

Actions Taken by Regulatory and Statutory Authorities

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.

Civil Litigation

a. Our Group Company, NGIL, is involved in 567 proceedings before various judicial forums in relation to motor third-party insurance claims. The total monetary value involved in these matters is ₹416.31 million*.

  * *To the extent quantifiable*

b. Our Group Company, NGIL, is involved in 25 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 ₹15.27 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, Subsidiary, Directors and Promoter.

Nature of case	Number of cases	Amount involved (in ₹ million)*
Proceedings involving the Company		
Direct Tax	4	56.19
Indirect Tax	-	-
Proceedings involving the Subsidiary		
Direct Tax	4	13.43
Indirect Tax	-	-
Proceedings involving the Directors		
Direct Tax	3	5.31
Indirect Tax	-	-
Proceedings involving the Promoter		
Direct Tax	1	1.60
Indirect Tax	-	-
Group Companies		
Direct Tax	8	-
Indirect Tax	3	2.79

* *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 and its Subsidiary 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 and its Subsidiary in the last three years.

Except as disclosed in " – *Litigation involving our Subsidiary – Litigation against our Subsidiary – Compounding applications filed by our Subsidiary*" there are no inquiries, inspections or investigations initiated or conducted under securities laws, Companies Act, 1956 or the Companies Act, 2013 against our Company and its Subsidiary in the last three years.

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

Nil

Summary of reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of circulation of this offer letter 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
2019-2020	Emphasis of matter paragraph in the audit report dated June 30, 2020 in the standalone financial statements of the Company for the Financial year ended March 31, 2020 *"We draw attention to Note 3 of the accompanying 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 2020. Our opinion is not modified in respect of this matter"*	During the year, the Company has provided an impairment allowance of INR 767.63 lakhs which includes additional provisions of INR 351.18 lakhs on account of pandemic COVID-19.	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.
2019-2020	Emphasis of matter paragraph in the audit report dated June 29, 2020 in the standalone financial statements of the Subsidiary (Chaitanya India Fin Credit Private Limited) for the financial year ended March 31, 2020. *"We draw attention Note 3 of the accompanying financial statements, which describes the uncertainty relating to the effects of COVID-19 pandemic on the company's operations. Our opinion is not modified in respect of this matter"*	During the financial year the Company's revenue grew by 50% to INR 17,538.28 lakhs (previous year INR 11,713.68 lakhs) and the net income grew by 80% to INR 10,385.64 lakhs (previous year INR 5,778.95 lakhs). The total operating expenses grew by 49% to INR 7,633.96 lakhs (previous year INR 5,114.23 lakhs). Profit before tax grew by 34% to INR 713.33 lakhs (previous year INR 531.56 lakhs), Profit after tax grew by 20% to INR 506.85 lakhs (previous year INR 421.80 lakhs). Total comprehensive income grew by 3% to INR 454.59 lakhs (previous year INR 442.49 lakhs). During the year the Company	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.

Financial Year	Auditors Remark/ Qualifications	Impact on Financial Position	Corrective steps taken and proposed to be taken
		provided an impairment allowance of INR 2,038.35 (previous year INR 133.16 lakhs) which includes potential loss estimations of INR 1191.81 lakhs on account of pandemic COVID-19.	
2020-2021	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 *"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."*	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 on account of increase in default risk due to the impact of COVID-19 on recoverability of loans of the Company.	The Company is ensuring to provide a work environment to all the employees considering the current pandemic COVID-19 situation which is not only safe and harmonious but also enables employees to instill a sense of positivity. The Company has an Employee Assistance Program which employees of all levels can avail for mental health counselling in these trying times. The Company also conducted a vaccination drive in June 2021.
2020-2021	Emphasis of matter paragraph in the audit report dated June 18, 2021 in the standalone financial statements of the Subsidiary for the financial year ended March 31, 2021 *"We draw attention Note 2(B) of the accompanying financial statements, which describes the uncertainty relating to the effects of COVID-19 pandemic on the company's operations. Our opinion is not modified in respect of this matter."*	The Company has recognized provisions as on March 31, 2021, towards its loan assets to the extent of ₹ 6,669.39 Lakhs (as at 31 March 2020 ₹2,069.57 lakhs) which includes an additional provision of ₹1,522.80 Lakhs (as at March 31, 2020 ₹ 1,119.81 lakhs) for impact of COVID-19 second wave.	The Company is ensuring to provide a work environment to all the employees considering the current pandemic COVID-19 situation which is not only safe and harmonious but also enables employees to instill a sense of positivity. The Company has an Employee Assistance Program which employees of all levels can avail for mental health counselling in these trying times. The Company also conducted a vaccination drive in June 202.
December 31, 2021	Emphasis of matter paragraph in the Special Purpose Interim Consolidated Financial Statements for the period ended December 31, 2021 *"We draw attention to Note 3 of the accompanying Special Purpose Interim 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*	The Company has recognized provisions as on December 31, 2021, towards its loan assets to the extent of ₹ 1,098.30 million which includes an additional provision of ₹ 91.41 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 Company believes that it has considered all the possible impact	The Company is ensuring to provide a work environment to all the employees considering the current pandemic COVID-19 situation which is not only safe and harmonious but also enables employees to instill a sense of positivity. The Company has an Employee Assistance Program which employees of all levels can avail for mental health counselling in these trying

Financial Year	Auditors Remark/ Qualifications	Impact on Financial Position	Corrective steps taken and proposed to be taken
	recognized towards the loan assets and unquoted investments outstanding as at 31 December 2021. Our opinion is not modified in respect of this matter"	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.	times.

Details of acts of material frauds committed against the Company in the last three years, 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.	Financial Year 2019	3.00	The branch manager has withdrawn the amount from Company's bank account for personal use	2.03	0.97	Employee terminated
2.	Financial Year 2020	188.00	Cases where fraudster has created fake accounts in the name of the customers and misappropriated the loan amount Cases where the branch manager has defrauded customers and taken the money for personal use.	99.54	88.46	Employee terminated
3.	Financial Year 2021	22.54	The staff has collected the amounts and not issued receipts to the customers and also not passed entries in loan account. Cases where the fraudster has impersonated defrauded individuals and availed loans using the details from PAN Cards Cases where the fraudster created bank accounts	1.08	1.76	The Company has initiated and filed police complaints and has strengthened its system to prevent occurrence of such frauds.

S. No.	Year	Gross Amount (₹ in Lakh)	Modus Operandi	Recovery (₹ in Lakh)	Provisions (₹ in Lakh)	Action Taken by the Company
			opened with stolen / forged identification documents and the company has disbursed loans into these bank accounts.			
4.	Financial Year 2022	86.70	Cases where the fraudster has impersonated defrauded individuals and availed loans using the tampered identification documents. There are cases where Company noticed discrepancies in the live images of the customers available.	-	-	The Company has initiated and filed police complaints and has strengthened its system to prevent occurrence of such frauds.
5.	Financial Year 2023 (From April 1, 2022 till date)	-	-	-	-	-

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 in any material respect."

Authority for this Issue

At the meeting of the Board of Directors of our Company, held on April 11, 2022, the Directors approved the issue of NCDs to the public. Our Board of Directors, through its resolution dated April 11, 2022 have approved the issuance of NCDs to the public, up to an amount not exceeding ₹ 6,000 million.

The Shareholders by way of resolution passed under Section 180(1)(c) of the Companies Act, 2013 in its extraordinary general meeting held on March 5, 2022, approved the borrowing limits of up to ₹ 80,000 million. The Issue is within the borrowing limit approved by the shareholders.

Prohibition by SEBI

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.

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

Categorisation as wilful defaulter

Our Company or persons in control of our Company or any of our Directors or our Promoter have not been categorised as willful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful 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.

Declarations 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 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(S), 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 MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS, A. K. CAPITAL SERVICES LIMITED AND JM FINANCIAL LIMITED, CONFIRM THAT COMMENTS RECEIVED ON THE DRAFT PROSPECTUS WILL BE SUITABLY ADDRESSED BEFORE FILING THE PROSPECTUS, AND TO THIS EFFECT, HAVE 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:

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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.

Disclaimer statement from the Lead Managers

THE LEAD MANAGERS ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS DRAFT PROSPECTUS OR IN 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.

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Disclosures in accordance with the DT Circular

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 ₹600,000 plus applicable taxes and a service charge of ₹900,000 on an annual basis, plus applicable taxes.

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 Circular "SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020 titled "Creation of Security in issuance of listed debt securities and due diligence by debenture trustee(s)", 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.

(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 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 circulars titled (i) "Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)" dated November 3, 2020; and (ii) "Monitoring and Disclosures by Debenture Trustee(s)" dated November 12, 2020.

CATALYST TRUSTEESHIP LIMITED HAVE FURNISHED TO STOCK EXCHANGES A DUE DILIGENCE CERTIFICATE DATED APRIL 18, 2022, AS PER THE FORMAT SPECIFIED IN ANNEXURE A OF SEBI DUE DILIGENCE CIRCULAR 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.

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 ALSO 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 / PRIVATE PLACEMENT MEMORANDUM / INFORMATION MEMORANDUM AND ALL DISCLOSURES MADE IN THE OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM / INFORMATION MEMORANDUM WITH RESPECT TO CREATION OF SECURITY ARE IN CONFIRMATION WITH THE CLAUSES OF DEBENTURE TRUSTEE AGREEMENT.

E. **ISSUER HAS DISCLOSED ALL COVENANTS PROPOSED TO BE INCLUDED IN DEBENTURE TRUST DEED (INCLUDING ANY SIDE LETTER, ACCELERATED PAYMENT CLAUSE ETC.), OFFER DOCUMENT / PRIVATE PLACEMENT MEMORANDUM / INFORMATION MEMORANDUM.**

F. **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.**

G. **ALL DISCLOSURES MADE IN THE DRAFT OFFER DOCUMENT / PRIVATE PLACEMENT MEMORANDUM / INFORMATION MEMORANDUM WITH RESPECT TO THE DEBT SECURITIES ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE. WE HAVE SATISFIED OURSELVES ABOUT THE ABILITY OF THE ISSUER TO SERVICE THE DEBT SECURITIES.**

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchange as per format specified in Annexure A of the SEBI Due Diligence Circular.

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 Managers

The track record of past issues handled by the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following websites:

Name of lead manager	Website
A. K. Capital Services Limited	www.akgroup.co.in
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 in 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 six Working Days from the date of closure of this Issue.

For the avoidance of doubt, it is hereby clarified that in the event of under subscription, NCDs shall not be listed.

Our Company shall pay interest at 15% (fifteen) 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) Company Secretary and Compliance Officer, (c) Chief Financial Officer, (d) Lead Managers, (e) the Registrar to the Issue, (f) the Debenture Trustee to the Issue, (g) Legal Advisor to the Issue, (h) Credit Rating Agency, (i) Banker to our Company, (j) CRISIL Limited and RedSeer in relation to use of the contents of the industry report, (k) Consortium Members*;(l) Public Issue Account Bank, Refund Bank and Sponsor Bank*; (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 Exchange.

**The consents will be procured at the Prospectus stage*

The consent of the Statutory Auditors of our Company, Walker Chandiok & Co LLP, Chartered Accountants, for (a) inclusion of their names as the Statutory Auditors, and (b) examination reports on the Reformatted Financial Statements under Ind AS and Indian GAAP in the form and context in which they appear in this Draft Prospectus along with the statement of possible tax benefits, 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 reports on Reformatted Financial Statements dated April 11, 2022 (ii) the statement of possible tax benefits issued by our Statutory Auditors dated April 13, 2022, our Company has not obtained any other expert opinion with respect to this Draft Prospectus.

The above experts are not, and has 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 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 6 Working Days from the Issue Closing Date or such time as may be specified by SEBI 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 Accounts(s) of the Applicants within 6 Working Days from the Issue Closing Date, failing which our Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and 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 Operational 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 Managers.

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 housing finance companies raising funds in public issues would be exempt from the requirement of creating a DRR.

Pursuant to the amendment 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 the 3lst 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 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 in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 as amended from time to time and Regulation 11 of 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 Managers, Consortium Members, fees payable to debenture trustees, 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. For details of Issue related expenses, see "*Objects of the Issue*" on page 74.

Underwriting

This Issue will not be underwritten.

Revaluation of Assets

Our Company has not revalued its loan assets in the last three Fiscal Years

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, Subsidiary 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 63.

Previous Public Issues of Non - Convertible Debenture

Our Company, Subsidiary or Group Companies have not made any previous public issues of non - convertible debentures.

Utilisation details of previous issues

Our Company and Subsidiary have issued non-convertible debentures by way of various private placements, for which, our Company and Subsidiary have 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 and Subsidiary, respectively, for further details of such non-convertible debentures, see "*Disclosures on Existing Financial Indebtedness*" beginning on page 172.

Our Group Companies have not issued any non-convertible debentures by way of private placements.

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, 1956 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 122 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, senior management or our Promoter out of the proceeds of previous 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 December 31, 2021 is as follows:

S. No.	Ticket Size	AUM (In Rs. million)	AUM (%)
1.	Secured	1,755.60	9.92%
2.	Unsecured	15,948.70	90.08%
Total assets under management (AUM)		**17,704.42**	**100%**

Denomination of loans outstanding by LTV as on December 31, 2021:

LTV band	Outstanding amount (In Rs. millions)	%
Below 50%	409.41	23.32%
Between 50-60%	195.4	11.13%
Between 60-70%	188.55	10.74%
Between 70-80%	341.46	19.45%
More than 80%	620.78	35.36%
Total	1755.6	100.00%

Sectoral Exposure

The sectoral exposure of loans given by the Company as on December 31, 2020 is as follows:

S. No	Segment- wise breakup of AUM	Percentage of AUM
1.	**Retail**	
A.	Mortgages (home loans and loans against property)	9.92%
B.	Gold loans	0.00%
C.	Vehicle Finance	0.00%
D.	MFI (Agriculture and allied services)	9.16%
E.	MSME	0.00%
F.	Capital market funding (loans against shares, margin funding)	0.00%
G.	Others (Services and unsecured personal loans)	80.92%
2.	**Wholesale**	
A.	Infrastructure	0.00%
B.	Real Estate (including builder loans)1	0.00%
C.	Promoter Funding	0.00%
D.	Any other sector (as applicable)	0.00%
E.	Others	0.00%
Total		**100.00%**

Denomination of loans outstanding by ticket size as on December 31, 2021:

S. No.	Ticket Size	AUM (In Rs. million)	% of AUM
1.	Less than 20k	897.26	5.07%
2.	20k to 50k	4,003.01	22.61%
3.	50k to 100k	3,569.31	20.16%
4.	100k Above	7,613.69	43.00%
5.	Joint liability group book	1,621.15	9.16%
Total		**17,704.42**	**100.00%**

Geographical classification of AUM as on December 31, 2021:

S. No.	Top Five States	% of AUM
1.	Karnataka	18.13
2.	Maharashtra	12.46
3.	Telangana	10.72
4.	Tamil Nadu	7.27

S. No.	Top Five States	% of AUM
5.	Andhra Pradesh	6.16
Total		**54.74**

Aggregated exposure to top 20 borrowers with respect to concentration of advances as on December 31, 2021

	Amount
Total Advances to twenty largest borrowers (in ₹ million)*	316.63
Percentage of Advances to twenty largest borrowers to Total Advances (in %)	1.80%

* *Includes loans and advances and interest accrued thereon.*

Aggregated exposure to top 20 borrowers with respect to concentration of exposures as on December 31, 2021

	Amount
Total exposure to twenty largest borrowers / customers (in ₹ million)*	316.63
Percentage of exposures to twenty largest borrowers / customers to total exposure on borrowers / customers (in %)	1.80%

**Includes loans and advances, interest accrued thereon*

Details of loans overdue and classified as non – performing in accordance with the RBI guidelines as on December 31, 2021

Movement of gross NPAs	Amount (in ₹ million)
(a) Opening gross NPA	279.26
(b) Additions during the year	267.00
(c) Reductions during the year	(356.30)
(d) Closing balance of gross NPA	189.96

Movement of net NPA	Amount (in ₹ million)
(a) Opening balance	23.75
(b) Additions during the year	213.05
(c) Reductions during the year	(223.50)
(d) Closing balance of the Net NPA	13.30

Movement of provisions for NPAs	Amount (in ₹ million)
(a) Opening balance	255.52
(b) Provisions made during the year	53.95
(c) Write-off / write -back of excess provisions	(132.80)
(d) Closing balance	176.67

Segment–wise gross NPA as on December 31, 2021

S. No	Segment- wise breakup of gross NPAs	Gross NPA (%)
1.	**Retail**	
A.	Mortgages (home loans and loans against property)	0.00%
B.	Gold loans	0.00%
C.	Vehicle Finance	0.00%
D.	MFI (Agriculture & allied activities)	2.20%
E.	MSME	0.00%
F.	Capital market funding (loans against shares, margin funding)	0.00%
G.	Others (Services and Unsecured personal loans)	5.17%
2.	**Wholesale**	
A.	Infrastructure	0.00%
B.	Real Estate (including builder loans)1	0.00%
C.	Promoter Funding	0.00%
D.	Any other sector (as applicable)	0.00%
E.	Others	0.00%
Total		**7.37%**

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

S. No	Particulars	Nature of Liability	Amount as on December 31, 2021
1	In respect of Income tax demands where the Company has filed appeal before the relevant authority.	Contingent	56.17
2	In respect of GST where the Company has filed submission to Assistant Commissioner (State Tax-Karnataka)	Contingent	3.06

Promoter Shareholding

Please see "*Capital Structure*" beginning on page 63 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 December 31, 2021 (in Rs. 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	-	-	-	-	-	-	-	-	-
Advances	958.95	1,105.04	1,247.11	2,826.18	4,019.20	4,432.26	453.55	1,443.98	16,486.37
Investments	6637.81	24.91	25.39	742.98	1,056.72	3,522.38	134.63	3,261.40	15,406.21
Borrowings	626.72	187.86	14,292.80	3,250.95	995.97	5,675.79	29.07	-	25,059.16
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

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

This is the maiden public issue of NCDs by the Company. Hence no commission has been paid in relation to any public issue of the NCDs.

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 April 12, 2022 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 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 Exchange 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.

Additionally, all grievances related to 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 the Stock Exchange or through its Trading Members. Further, in accordance with the Debt UPI Circular, the Designated 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 22 4918 6200

Facsimile: +91 22 4918 6195

Email: navifinserv.ncd@linkintime.co.in

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

Website: www.linkintime.co.in

Contact Person: Sumeet Deshpande

Compliance Officer: B N Ramakrishnan

SEBI Registration No.: INR000004058

CIN: U67190MH1999PTC118368

Compliance Officer of our Company

Puneet Bhatia is the Company Secretary and Compliance Officer of our Company for this Issue. The contact details of the Compliance Officer are as follows:

Prestige RMZ Startech. 7th Floor, Wing B, No. 139

2, Hosur Road, Koramangala Industrial Layout

S.G Palya, Bengaluru 560 095 Karnataka, India

Tel: +91 89519 04682

Email: secretarial@navi.com

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer 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 years

Except as disclosed below, there has been no changes in the statutory auditor of our Company:

Name of the Auditor	Address	Date of Appointment	Date of cessation if applicable	Date of Resignation if applicable
Walker Chandiok & Co LLP	11th Floor, Tower II, One Financial Centre, S B Marg, Prabhadevi (W), Mumbai, Maharashtra - 400013	September 30, 2019	-	-
Ramesh Ashwin and Karanth	Unit No. 102, 1st Floor, Premier Residency, 35/17, Langford Road, Bengaluru 560 025, Karnataka, India	September 30, 2014	-	September 30, 2019*

* *End of term as the first auditor of our Company at the seventh AGM*

Auditor's Remarks

Except as disclosed in "*Outstanding Litigations and Defaults*", there are no reservations or qualifications or adverse remarks in the financial statements and financial position of our Company in the last three Fiscals and the nine month period ending December 31, 2021 immediately preceding this Draft Prospectus.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under SEBI NCS Regulations. 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.

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.

Disclaimer statement from our Company, our Directors and the Lead Manager

Our Company, our Directors and the Lead Manager accepts 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, 2021:

INR 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	628	187	1,272	16,270	994	5,635	-	-	24,986
Other Liabilities	120	192	506	168	496	369	220	4	2,075
Equity	-	-	-	-	-	-	-	11,971	11,971
Total	**748**	**379**	**1,777**	**16,438**	**1,490**	**6,003**	**220**	**11,975**	**39,032**
Assets									
Cash & Bank Balances	4,028	127	-	-	746	-	-	-	4,900
Investments	6,835	46	44	810	1,155	3,297	122	3,261	15,570
Loans & Advances	1,204	1,237	1,185	3,061	4,022	5,299	623	564	17,196
Fixed Assets	-	-	-	-	-	-	-	64	64
Other Assets	278	1	-	-	464	559	-	-	1,301
Total	**12,345**	**1,410**	**1,229**	**3,871**	**6,387**	**9,155**	**746**	**3,889**	**39,032**
Mismatch	11,597	1,031	(548)	(12,568)	4,897	3,152	525	(8,086)	-
Cumulative Mismatch	11,597	12,628	12,080	(488)	4,409	7,560	8,086	-	

Note: *Basis unaudited provision return filed with RBI as on December 31, 2021.*

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 and our Subsidiary. 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 and Subsidiary

The key laws applicable to our Company and Subsidiary 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 – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended (the "Master Directions")

Applicability

The Master Directions are applicable to the following categories of NBFCs ("**Applicable NBFCs**"):

a. Systemically Important Non-Deposit taking Non-Banking Financial Company ("**NBFC-ND-SIs**") registered with the RBI under the provisions of the RBI Act;

b. Non-Banking Finance Company – Micro Finance Institutions registered with the RBI under the provisions of the RBI Act and having an asset size of ₹5,000 million and above;

c. Deposit taking NBFCs registered with the RBI under the provisions of the RBI Act;

d. NBFC-Factors (as defined in the Master Directions) and registered under Section 3 of the Factoring Regulation Act, 2011, as amended, having an asset size of ₹5,000 million and above;

e. Infrastructure Debt Fund – Non-Banking Financial Company (as defined in the Master Directions) registered with the RBI under the provisions of RBI Act; and

f. NBFC – Infrastructure Finance Company (as defined in the Master Directions) registered with the RBI under the provisions of the RBI Act, having an asset size of ₹5,000 million and above.

An NBFC-ND-SI has been defined under the Master Directions to mean an NBFC not accepting or holding public deposits and having total assets of ₹5,000 million and above as shown in the last audited balance sheet and a minimum net owned fund of ₹20 million.

Corporate Governance

Constitution of Committees

All applicable NBFCs are required to constitute the committees disclosed below:

a. 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 Master Directions as well, and its powers and functions shall be as provided under Section 177 of the Companies Act.

b. 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.

c. Risk Management Committee: NBFCs are required to constitute a risk management committee to manage the integrated risk.

d. Asset Liability Management Committee: NBFCs 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 Master Directions.

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 Master Directions; (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the Master Directions; (c) obtain a deed of covenant signed by directors, in the format prescribed under the Master Directions; 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.

Disclosures 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:

a. progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the concerned Applicable NBFC; and

b. 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.

Applicable NBFCs are required to disclose the following in their annual financial statements:

a. registration/licence/authorization obtained from other financial sector regulators;

b. ratings assigned by credit rating agencies and migration of ratings during the year;

c. penalties, if any, levied by any regulator;

d. information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries and

e. 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 Master Directions

Applicable NBFCs shall rotate the partners of the chartered accountant firm conducting the audit, every three years so that the same partner shall not conduct audit of such NBFC continuously for more than three years. Further, such 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.

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 its 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%.

Liquidity Risk Management Framework and Liquidity Coverage Ratio

Liquidity Risk Management Framework

Applicable non-deposit taking NBFCs are required to adhere to the liquidity risk management guidelines prescribed under the Master Directions. 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

Pursuant to the RBI circular dated November 4, 2019, on 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies', 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 time-line prescribed below:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum Liquidity	50%	60%	70%	85%	100%

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Coverage Ratio					

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

a. 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; and

b. a "sub-standard asset" means (a) an asset which has been classified as non-performing asset for a period not exceeding 12 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 Master Direction.

c. 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 12 months.

d. 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.

e. a "non-performing asset" means (in accordance with Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated October 1, 2021): An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank. Anon performing asset (NPA) is a loan or an advance where; interest and/ or instalment of principal remains overdue for a period of more than 90 days in respect of a term loan, the account remains 'out of order', in respect of an Overdraft/Cash Credit (OD/CC), the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted, the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops, the instalment of principal or interest thereon remains overdue for one crop season for long duration crops, the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021. in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

Provisioning Norms

In addition to provisioning norms under applicable accounting standards, and under the Master Directions, all Applicable NBFCs are required to, after taking into account the time lag between an account becoming nonperforming, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets as provided hereunder:

<table>
<tr><th>S. No.</th><th colspan="3">Provisioning Requirement</th></tr>
<tr><td>1.</td><td colspan="3">Loans, advances and other credit facilities including bills purchased and discounted</td></tr>
<tr><td></td><td>(i)</td><td>Loss Assets</td><td>The entire asset is to be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding is to be provided for.</td></tr>
<tr><td></td><td>(ii)</td><td>Doubtful Assets</td><td>(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which the Applicable NBFC has a valid recourse is to be made. The realizable value is to be estimated on a realistic basis.

(b) In addition to (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e., estimated realizable value of the outstanding) is to be made on the following basis –

<table>
<tr><th>Period for which the asset has been considered as doubtful</th><th>Per cent of provision</th></tr>
<tr><td>Up to one year</td><td>20%</td></tr>
<tr><td>One to three years</td><td>30%</td></tr>
<tr><td>More than three years</td><td>50%</td></tr>
</table>
</td></tr>
<tr><td></td><td>(iii)</td><td>Sub-standard Assets</td><td>A general provision of 10% of total outstanding is to be made.</td></tr>
<tr><td>2.</td><td colspan="3">Lease and hire purchase assets -</td></tr>
<tr><td></td><td>(i)</td><td>Hire purchase Assets</td><td>I. In respect of hire purchase assets, the total dues (overdue and future instalments taken together) as reduced by -

(a) the finance charges not credited to the profit and loss account and carried forward as unmatured finance charges; and

(b) the depreciated value of the underlying asset, is to be provided for.

<u>Explanation:</u> (i) the depreciated value of the asset is to be notionally computed as the original cost of the asset to be reduced by depreciation at the rate of 20% per annum on a straight line method; and (ii) in the case of second hand asset, the original cost is to be the actual cost incurred for acquisition of such second hand asset.

II. Additional provision for hire purchase and leased assets:

<table>
<tr><td>Where hire charges or lease rentals are overdue up to 12 months</td><td>Nil</td></tr>
<tr><td>Where hire charges or lease rentals are overdue for more than 12 months up to 24 months</td><td>10% of the net book value</td></tr>
<tr><td>Where hire charges or lease rentals are overdue for more than 24 months but up to 36 months</td><td>40% of the net book value</td></tr>
<tr><td>Where hire charges or lease rentals are overdue for more than 36 months but up to 48 months</td><td>70% of the net book value</td></tr>
<tr><td>Where hire charges or lease rentals are overdue for more than 48 months</td><td>100% of the net book value</td></tr>
</table>

III. On expiry of a period of 12 months after the due date of the last instalment of hire purchase/leased asset, the entire net book value is to be fully provided for</td></tr>
</table>

Standard Asset Provisioning

All Applicable NBFCs are required to make provisions for standard assets at 0.40% of the outstanding, 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

a. Applicable NBFCs are required to separately disclose in their balance sheets the provisions made, as prescribed under the Master Directions, without netting them from income or against the value of assets.

b. The provisions are to be distinctly indicated under separate heads of account as:

   - Provisions for bad and doubtful debts; and
   - Provisions for depreciation in investments.

c. Such provisions shall not be appropriated from the general provisions and loss reserves held, if any, by the Applicable NBFC.

d. 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.

e. 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:

a. 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.

b. 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.

c. 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 Master Directions.

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 Master Directions. The Master Directions 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 Master Directions 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.

Further, all Applicable NBFCs are to frame internal guidelines on corporate governance, enhancing the scope of the guidelines without sacrificing the underlying spirit of the guidelines stipulated in the Master Directions. The guidelines framed are required to be published on the NBFC's website for the information of various stakeholders.

Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 dated March 14, 2022

Applicability

The master directions are applicable to the following entities:

i. All Commercial Banks (including Small Finance Banks, Local Area Banks, and Regional Rural Banks) excluding Payments Banks;

ii. All Primary (Urban) Co-operative Banks/ State Co-operative Banks/ District Central Co-operative Banks; and

iii. All Non-Banking Financial Companies (including Microfinance Institutions and Housing Finance Companies).

These directions shall be effective from April 1, 2022.

Definition of microfinance loan

A microfinance loan is defined as a collateral-free loan given to a household having annual household income up to ₹3,00,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children. *Further*, all collateral-free loans, irrespective of end use and mode of application/ processing/ disbursal (either through physical or digital channels), provided to low-income households, i.e., households having annual income up to ₹3,00,000, shall be considered as microfinance loans.

Price of a loan

According to the directions, each of the regulated entities must implement a board-approved policy on microfinance loan pricing, On microfinance loans, interest rates and other charges/fees should not be usurious and shall be subjected to the supervisory scrutiny of the Reserve Bank. Further according to the master directions. Each of the regulated entities shall also disclose pricing related information in a standardised format.

The master directions also lay down the guidelines on conduct towards microfinance borrowers.

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.

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

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 Aadhar Act establishes Unique Identification Authority of India ("**UIDAI**"), which is responsible for authentication and enrolment of individuals under the Aadhaar programme. The Aadhar Act also provides for the appointment of Enrolling Agency, which would be responsible for the enrolment of individuals. The Aadhar Act, to authenticate the Aadhar Numbers, appoints a requesting entity, that would submit the Aadhar Number along with demographic information or biometric information to the Central Identities Data Repository. Lastly, the Aadhar 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 provides 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.

Data Protection Bill, 2019 ("Bill")

The Bill, which proposes to supersede the Information Technology Act, 2000 deals with the provisions relating to compensation payable by companies for failure to protect personal data. The Bill also establishes a Data Protection Authority of India.

On December 16, 2021, the Joint Parliamentary Committee submitted its report to the Indian Parliament after two years of deliberations on the Bill. The scope of the Bill has undergone an expansion and will now cover both personal and non-personal data. The Bill has been renamed from "Personal Data Protection Bill" to "Data Protection Bill (Bill)."

II. COVID-19 Regulatory Framework

In view of the outbreak of the COVID-19 pandemic, the RBI issued various circulars and prescribed other regulatory frameworks and relaxations governing NBFCs to deal with the disruptions caused by the COVID-19 pandemic.

Circular dated March 16, 2020

Pursuant to its circular dated March 16, 2020 (Reference No. RBI/2019-20/172 DoS.CO.PPG.BC.01/1L0T005/2019-20), the RBI provided an indicative list of actions to be taken by NBFCs as part of their operations and business continuity plans. Among others, the actions included taking steps to share important instructions/strategy with the staff members at all levels and sensitizing the staff members about preventive measures/steps to be taken in suspected cases, based on the instructions received from health authorities from time-to-time, taking stock of critical processes and revisiting business continuity plan in the emerging situations/scenarios with the aim of continuity in critical interfaces and preventing any disruption of services, due to absenteeism either driven by the individual cases of infections or preventive measures.

Circulars dated March 27, 2020 and April 17, 2020

The RBI, pursuant to its circular dated March 27, 2020 (Reference No. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20), announced certain regulatory measures, including, inter alia, to mitigate the burden of debt servicing brought about by disruptions on account of the COVID-19 pandemic and to ensure the continuity of viable businesses. In furtherance of such circular, lending institutions were permitted to grant a moratorium of three months on payment of all instalments (including all (i) principal and/or interest components; (ii) bullet repayments; (iii) equated monthly instalments; and (iv) credit card dues) falling due between March 1, 2020 and May 31, 2020 in respect of all term loans (including agricultural term loans, retail and crop loans) ("**Moratorium Period**"). Additional relaxations were granted in relation to the calculation of 'drawing power' in respect of working capital facilities sanctioned in the form of cash credit/overdraft ("**CC/OD**") to borrowers. Under the circular, such measures were not to be treated as a concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower under paragraph 2 of the Annexure to the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 ("**Prudential Framework**") and availing of such measures, by itself, was not to result in asset classification downgrade. The rescheduling of payments, including interest, did not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies ("**CICs**") by the lending institutions. CICs were instructed to ensure that the actions taken by lending institutions pursuant to the above announcements do not adversely impact the credit history of the beneficiaries. The circular also stated that wherever the exposure of a lending institution to a borrower is ₹50 million or above as on March 1, 2020, the lending institution was required to develop an MIS on the reliefs provided to its borrowers which was required to, inter alia, include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted. Further, pursuant to its circular dated April 17, 2020 (Reference No. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20), the RBI provided detailed instructions in relation to (i) asset classification under the prudential norms on income recognition, asset classification and (ii) provisioning requirements.

Circular dated May 23, 2020

Pursuant to its circular dated May 23, 2020 (Reference No. RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20), the RBI further permitted lending institutions (including NBFCs) to extend the Moratorium Period on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans) by another three months, i.e., from June 1, 2020 to August 31, 2020. Such circular also permitted certain relaxations in respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions, subject to certain conditions.

The measures in relation to working capital facilities under the RBI circular dated May 23, 2020, were contingent on the lending institutions satisfying themselves that such measures are necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under this relaxation were subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19. Lending institutions, accordingly, could put in place a board approved policy to implement the above measures.

Special Liquidity Scheme for NBFCs/HFCs dated July 1, 2020 and the Partial Credit Guarantee Scheme

The Government of India approved the Special Liquidity Scheme for NBFCs and HFCs to improve the liquidity position of NBFCs through a special purpose vehicle to avoid potential systemic risks to the financial sector. In order to avail the scheme, NBFCs are required to, inter alia, (a) have made a net profit in one of the two preceding financial years; and (b) be rated investment grade by a SEBI registered rating agency. In accordance with the circular, the scheme is managed by a special purpose vehicle set up by a subsidiary of the State Bank of India, SBI Capital Markets Limited

The Partial Credit Guarantee Scheme ("**PCGS**") was introduced on December 11, 2019 to offer a sovereign guarantee for "first loss" to public sector banks for the purchase of pooled assets, from financially sound NBFCs, subject to certain conditions. Pursuant to a press release dated May 20, 2020, the PCGS was amended to increase the coverage offered by the scheme and the window under the PCGS was extended up to March 31, 2021.

Statement on Development and Regulatory Policies dated August 6, 2020

The RBI, through its 'Statement on Developmental and Regulatory Policies' dated August 6, 2020, stated that with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, provided a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as standard (as set out under the Prudential Framework) subject to specified conditions.

Resolution Framework for COVID-19-related Stress dated August 6, 2020

The RBI has also issued a notification on August 6, 2020 titled 'Resolution Framework for COVID-19-related Stress' ("**COVID-19 Resolution Framework**"), Reference No. RBI/2020-21/16

DOR.No.BP. BC/3/21.04.048/2020-21). Under the COVID-19 Resolution Framework, lending institutions were required to frame policies, as approved by their board of directors, for implementation of viable resolution plans for eligible borrowers pursuant to the COVID-19 Resolution Framework and ensure that the resolution plans under this facility were extended only to borrowers bearing stress on account of the COVID-19 pandemic. The resolution plan extended to eligible borrowers could be invoked anytime till December 31, 2020 and was to be implemented within 180 days from the date of invocation (within 90 days in case of personal loans.).

Resolution Framework for COVID-19-related Stress dated August 6, 2020

The RBI has also issued a notification on August 6, 2020 titled 'Resolution Framework for COVID-19-related Stress' ("COVID-19 Resolution Framework"), Reference No. RBI/2020-21/16DOR.No.BP. BC/3/21.04.048/2020-21). Under the COVID-19 Resolution Framework, lending institutions were required to frame policies, as approved by their board of directors, for implementation of viable resolution plans for eligible borrowers pursuant to the COVID-19 Resolution Framework and ensure that the resolution plans under this facility were extended only to borrowers bearing stress on account of the COVID-19 pandemic. The resolution plan extended to eligible borrowers could be invoked anytime till December 31, 2020 and was to be implemented within 180 days from the date of invocation (within 90 days in case of personal loans.).

Circular dated September 7, 2020 on resolution framework for COVID-19 related Stress - Financial Parameters

The RBI, pursuant to its circular dated September 7, 2020 (Reference No. RBI/2020-21/34 DOR.No.BP. BC/13/21.04.048/2020-21) on "Resolution Framework for COVID-19-related Stress - Financial Parameters", set out key ratios to be mandatorily considered while finalizing the resolution plans in respect of COVID-19 Resolution Framework. Further, it also prescribed sector specific thresholds to be considered by the lending institutions, intended as floors or ceilings. The resolution plans were required to take into account the pre- COVID-19 operating and financial performance of the borrower and impact of COVID-19 on its operating and financial performance at the time of finalizing the resolution plan, to assess the cash flows in subsequent years, while stipulating appropriate ratios in each case. Lending institutions were free to consider other financial parameters as well while finalizing the resolution assumptions in respect of eligible borrowers apart from the above mandatory key ratios and the sector-specific thresholds that have been prescribed.

TLTRO on Tap Scheme

The targeted long-term repo operations on tap scheme of the RBI ("**TLTRO on Tap Scheme**"), announced on October 9, 2020 focuses on liquidity measures and revival of activity in specific sectors and, allows banks to avail liquidity to be deployed in corporate bonds, commercial paper and non-convertible debentures issued by entities in such specified sectors. The liquidity availed by banks could also be used to extend bank loans and advances to these sectors. The RBI through its 'Statement on Developmental and Regulatory Policies' and its press release dated February 5, 2021 stated that NBFCs are well recognised conduits for reaching out last mile credit and act as a force multiplier in expanding credit to various sectors and accordingly, permitted funds from banks under the TLTRO on Tap Scheme to be provided to NBFCs for incremental lending to these sectors until March 31, 2021. The TLTRO on Tap Scheme has further been extended by a period of nine months i.e., up to December 31, 2021 with a view to increasing the focus of liquidity measures on revival of activity in specified sectors.

Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts

On October 23, 2020, the Ministry of Finance, Government of India announced a scheme for grant of ex-gratia payment of difference between compound interest and simple interest by way of reliefs for the six months period from March 1, 2020 to August 31, 2020, to borrowers in specified loan accounts ("**October 2020 Scheme**"), benefits of which would be routed through lending institutions. The October 2020 Scheme was applicable to all lending institutions, including, inter alia, banking companies, NBFCs and housing finance companies. Borrowers who had loan accounts with sanctioned limits and outstanding amounts not exceeding ₹20 million as on February 29, 2020 were eligible under the October 2020 Scheme, subject to certain conditions. Borrowers of the following classes of loans were eligible, namely (i) MSME loans; (ii) education loans; (iii) housing loans; (iv) consumer durable loans; (v) credit card dues; (vi) automobile loans; (vii) personal loans to professionals; and (viii) consumption loans.

Circular dated April 7, 2021 on Asset Classification and Income Recognition

The RBI, pursuant to the decision of the Supreme Court of India in Small Scale Industrial Manufactures Association v. Union of India, dated March 23, 2021, has issued a circular dated April 7, 2021 (the "**April 2021 Circular**", Reference No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22). The April 2021 Circular stipulates that all lending institutions (including NBFCs) are required to implement a board-approved policy to refund/adjust the "interest on interest" charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the above judgement. In order to ensure that the above judgement is implemented uniformly in letter and spirit by all lending institutions, the methodology for calculation of the amount to be refunded/adjusted for different facilities is required to be finalised by the Indian Banks Association in consultation with other industry participants/bodies, which shall be adopted by all lending institutions. The above reliefs shall be applicable to all borrowers, including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed, in terms of the circulars dated March 27, 2020 and May 23, 2020.

Further, in relation to asset classification, the April 2021 Circular stipulates that, (i) in respect of accounts which were not granted any moratorium in terms of the COVID-19 regulatory relief provided, asset classification is to be undertaken in terms of the criteria laid out in the Master Circular - Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1, 2015 (Reference No. RBI/2015-16/101 DBR.No.BP.BC.2/21.04.048/2015-16) or other relevant instructions as applicable to the specific categories of lending institutions; and (ii) in respect of accounts in relation to which a moratorium was granted in terms of the COVID-19 regulatory relief, the asset classification for the period from March 1, 2020 to August 31, 2020 shall be governed in terms of the circular dated April 17, 2020 (Reference No. RBI/2019-20/220

DOR.No.BP.BC.63/21.04.048/2019-20), read with circular dated May 23, 2020 (Reference No. RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20). For the period commencing September 1, 2020, asset classification for all such accounts shall be as per the applicable income recognition and asset classification norms.

Circular dated May 5, 2021 on Resolution Framework for Advances to Individuals and Small Businesses

Through its circular dated May 5, 2021 titled 'Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses' (Reference No. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021- 22), the RBI has permitted lending institutions to offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures while classifying such credit exposures as 'standard' upon implementation of the resolution plan, subject to certain conditions specified under the circular. The lending institutions are required to frame policies, approved by the board of directors, pertaining to the implementation of viable resolution plans for eligible borrowers ensuring that the resolution under this facility is provided only to the borrowers having stress on account of COVID-19. The last date for invocation of resolutions under the window provided was September 30, 2021. The resolution plans implemented under this window may, inter alia, include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, and granting of moratorium, based on income streams of the borrower. The moratorium period, if granted, may be for a maximum of two years, and shall come into force immediately upon implementation of the resolution plan. The extension of the residual tenor of the loan facilities may also be granted to borrowers, with or without payment moratorium. The overall cap on extension of residual tenor, inclusive of moratorium period if any permitted, shall be two years.

III. Revised Regulatory Framework for NBFCs

The RBI released a Discussion Paper dated January 22, 2021 on 'Revised Regulatory Framework for NBFCs - A Scale Based Approach' (the "**NBFC Discussion Paper**") and had requested public comments thereon. Based on the inputs received, RBI on October 22, 2021 put in place a revised regulatory framework for NBFCs. These guidelines will be effective from October 1, 2022. The Revised Regulatory Framework for NBFCs contemplates the following layers of NBFCs:

a. **Base Layer:** The Base Layer shall comprise 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.

b. **Middle Layer:** The Middle Layer shall consist 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).

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.

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.

IV. 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.

V. 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.

VI. Other Regulations

In addition to the above, our Company and our Subsidiary 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.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

Summary of significant differences among Indian GAAP and IND AS, does not present all differences between Indian GAAP and IND AS which are relevant to the Company. Consequently, there can be no assurance that those are the only differences in the accounting principles that could have a significant impact on the financial information included in this Draft Prospectus.

Sr. No.	Topic	Indian GAAP	Ind AS
1	Format for presentation of financial statements	Schedule III - Division I of the Companies Act 2013 provides all the components and a specific format for the presentation of financial statements.	Schedule III - Division II and III of the Companies Act 2013 provides all the components and a specific format for the presentation of financial statements for companies (other than NBFCs) and NBFC respectively.
2	Other Comprehensive income	As per Schedule III of the Companies Act 2013, there is no concept of OCI under Indian GAAP.	Ind AS introduces the concept of other comprehensive income, which requires all changes in equity (other than those attributable to transactions with owners) to be presented as part of the statement of profit or loss as a separate component titled 'Other comprehensive income'.
3	Statement of changes in equity	There is no requirement of presenting "Statement of changes in equity" under Indian GAAP.	Ind AS requires the statement of changes in equity to be presented as a separate statement.
4	Current / Non-current classification	Balance sheet items are required to be classified as Current / Non-current.	As per Schedule III - Division III, balance sheet items are not required to be classified as Current / Non-current for NBFCs.
5	Extraordinary items	Extraordinary items are required to be disclosed separately in the profit and loss account in a manner that their impact on current profit or loss.	Ind AS specifically prohibits presentation of any item of income or expense as an 'extraordinary' item.
6	Cash flow - presentation of bank overdrafts	Changes in bank overdraft is considered as part of financing activities.	Bank overdrafts is included in cash and cash equivalent if they form integral part of company's cash management.
7	Changes in accounting policies	A change in accounting policy does not require a restatement of the comparative amounts for previous periods. An adjustment is made to the opening reserves of the current period to reflect the cumulative effect of applying the new policies.	A company is required to retrospectively apply changes to accounting policies, by adjusting the opening balance of equity for the earliest period presented, and restating comparative amounts for each period presented, unless transitional provisions of an accounting standard require otherwise.
8	Prior period errors	Prior period errors are included in determination of profit or loss of the period in which the error is discovered and are separately disclosed in the statement of profit and loss.	Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented by restating the opening balance sheet.
9	Income taxes	Deferred taxes are recognised on timing differences based on what is known as the income statement approach.	Deferred taxes are recognised on temporary differences based on what is known as the balance sheet approach.
10	Deferred tax - inter company transactions	Deferred tax in the Consolidated financial statements are a simple aggregation of the deferred tax recognised by group entities.	Deferred tax should be recognised on temporary differences that arise from elimination of profits and losses resulting into intra-group transactions.
11	Deferred tax - business combinations	No specific guidance under Indian GAAP.	Deferred tax is recognised on differences between fair value and book value of net assets acquired.
12	Leases	Under Indian GAAP, leases from lessee perspective are required to be classify leases as finance lease and operating lease. Operating lease expenses are recognised on a straight-line basis over the lease term.	Under Ind AS, a single lessee accounting model is prescribed and requires a lessee to recognize assets and liabilities for all leases with a lease term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right of-use asset representing its right to use the underlying leased asset and a lease liability representing its

Sr. No.	Topic	Indian GAAP	Ind AS
			obligation to make lease payment. Right-of-use asset is depreciated in the statement of profit and loss over the lease term. Interest expenditure on lease liabilities is recorded using effective interest rate method.
13	Leases - interest free security deposits	Under Indian GAAP, security deposits are recorded at transaction value.	Under Ind AS, security deposits given to lessors for leased premises are fair valued and the difference between the fair value and the transaction value is presented as a part of right-of-use assets. Right-of-use assets are depreciated in the statement of profit and loss over the lease term. Interest income on security deposit is recorded using effective interest rate method.
14	Employee benefits - Post employment benefits	Under Indian GAAP, actuarial gains and losses and return on plan assets on post-employment defined benefit plans are recognised immediately in the statement of profit and loss.	Under Ind AS, remeasurements which comprise of actuarial gains and losses, return on plan assets and changes in the effect of asset ceiling, if any, with respect to post-employment defined benefit plans are recognised immediately in other comprehensive income (OCI). Further, remeasurements recognised in OCI are never reclassified to statement of profit and loss.
15	Effective interest rate - Transaction on borrowings	The transaction costs/incomes integral to sourcing of loans/borrowings are recognised upfront on an accrual basis.	The transaction costs/incomes related to sourcing of loans/borrowings are amortised using the EIR method and are recognised over the tenure of the loans/borrowings.
16	Impairment of financial assets	Under Indian GAAP, Non performing Assets ("NPA") provisioning was computed based on the RBI guidelines.	Under Ind AS, the impairment is computed based on Expected Credit Loss model.
17	Fair valuation of investments	Under Indian GAAP, investments in equity shares and mutual funds are classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments are carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value.	Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments are recognised subsequently in the Statement of Profit and Loss or Other Comprehensive Income (OCI) depending upon the subsequent measurement category for the investments.
18	Financial instruments - disclosures	Currently, there are no detailed disclosure requirements for financial instruments.	Extensive qualitative and quantitative disclosure of various risks impacting the company e.g. credit risk, liquidity risk, foreign currency risk including sensitivity analysis and interest rate risk.
19	Fair value measurement	No specific guidance under Indian GAAP.	Fair value is defined as price that would be received to sale an asset or paid to transfer liability when orderly transaction between market participants at the measurement date. Detailed guidance on classification, measurement and disclosures of fair value is stated in Ind AS.
20	Fair valuation of ESOPs	Equity settled share-based payment transactions can be accounted for either by the fair value method or the intrinsic value method.	Equity settled share-based payment transactions can be accounted using the grant date fair value method only.
21	Discounting of provisions	The provision amount should not be discounted to its present value.	Where the effect of the time value of money is material, the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation.
22	Operating segment	Indian GAAP requires to identify 2 sets of segments (business and geographical) using risks and rewards approach.	Operating segments are identified based on the financial information that is evaluated regularly by chief operating decision maker (CODM) in deciding how to allocate resources and in assessing information.

Sr. No.	Topic	Indian GAAP	Ind AS
23	Related Party Disclosures	Under Indian GAAP, non-executive directors are not considered as related parties.	Under Ind AS, directors including non-executive directors shall also be considered as related parties.
24	EPS - Compulsorily convertible instruments	Compulsorily convertible instruments are considered for calculating the dilutive EPS, but are not included in calculation of basic EPS.	Certain compulsorily convertible instruments are considered as equity instruments from inception and will accordingly be included in basic EPS even prior to issuance of the underlying equity shares on conversion.
25	Business combination	No comprehensive guidance dealing with all business combinations. Amalgamations are accounted for by applying either the purchase method or the pooling of interest method.	Applies to a transaction or other event in which an acquirer obtains a control of one or more businesses. Business combinations (other than common control business combination) should be accounted under acquisition method.
26	Consolidation - Definition of control	Currently, 'control' over a company is established (and the company is consolidated as a subsidiary) if the investor owns more than half of the voting power or the investor controls the composition of the Board of Directors.	Control over investee arises when an investor 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.

PROVISIONS OF ARTICLES OF ASSOCIATION

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) "**Anand**" means Mr. Anand Rao, a citizen of India, holding PAN AGUPR9425Q and having his domicile at India;

f) "**Annual General Meeting**" means the annual general meeting of the Company convened and held in accordance with the Act.

g) "**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;

h) "**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;

i) "**Articles**" means the articles of association of the Company, as amended from time to time and registered with the RoC;

j) "**Board**" or "**Board of Directors**" means the board of directors of the Company;

k) "**Business Day**" means any day (excluding Saturdays, Sundays and public holidays) on which banking institution are open for business in Bengaluru, India;

l) "**Chairman**" means the chairman of the Board of the Company;

m) “**CIFCPL**” means Chaitanya India Fin Credit Private Limited;

n) “**Company**” means Navi Finserv Limited;

o) “**Consents**” means any approval, permit, consent, ratification, waiver, notice, filings, or other authorization of, or from, or to, any Person (including any Governmental Authority);

p) “**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;

q) “**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;

r) “**Director**” means a director on the Board of the Company;

s) “**Effective Date**” means August 31, 2020;

t) “**Employment Agreement**” shall mean: (i) in respect of Anand, the employment agreement dated entered into between Anand and CIFCPL; and (ii) in respect of Samit, the employment agreement entered into between Samit and the Company;

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 executional 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 INR 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) “**Initial Company Promoters**” shall mean Samit and Anand and “**Initial Company Promoter**” shall mean any one of them;

bb) “**INR**”, “**Indian Rupees**” or “**Rupees**” means the lawful currency of India;

cc) “**Memorandum**” means the memorandum of association of the Company, as amended from time to time and registered with the RoC;

dd) “**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;

ee) “**Postponed Board Meeting**” has the meaning ascribed to such term in Article 5.3;

ff) “**Promoter Shares**” means the Shares of the Company held by the Promoter from time to time;

gg) “**Promoter Nominee Directors**” has the meaning ascribed to such term in Article 4.2(b)(ii);

hh) “**Promoter Shares**” means the Equity Shares of the Company held by the Promoter from time to time;

ii) “**Promoter**” means Navi Technologies Private Limited;

jj) “**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 mended from time to time

kk) “**Requisition**” has the meaning ascribed to such term in Article 7.2;

ll) “**RoC**” means the relevant jurisdictional Registrar of Companies;

mm) “**Samit**” means Mr. Samit Shankar Shetty, a citizen of India, holding PAN AZIPS3924Q and having his domicile at India;

nn) “**Scheduled Board Meeting**” has the meaning ascribed to such term in Article 5.3;

oo) “**Share Capital**” means the aggregate issued and paid up equity share capital of the Company;

pp) “**Shareholders’ Meeting**” has the meaning ascribed to such term in Article 7.1;

qq) “**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;

rr) “**Shares”** shall mean shares in the Share Capital, whether equity or preference;

ss) “**Subsidiary**” has the meaning ascribed to such term ‘subsidiary company’ as set forth in Section 2(87) of the Act;

tt) “**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, and the common seal shall be affixed in the presence of the persons required to sign the certificate.

Provided that in case the company has a common seal it shall be affixed in the presence of the persons required to sign the certificate.

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 convered 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.

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 managing Director appointed or whole-time Director(s) appointed or the Directors appointed as a debenture Director 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.

COMMON SEAL

67. **CUSTODY OF COMMON SEAL**

The Board shall provide for the safe custody of the common seal for the Company and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.

68. **SEAL HOW AFFIXED**

The Directors shall provide a common seal for the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Directors shall provide for the safe custody of the seal for the time being and the seal shall never be used except by or under the authority of the Directors or a committee of the Directors previously given, and in the presence of at least two Directors and of the company secretary or such other person duly authorised by the Directors or a committee of the Directors, who shall sign every instrument to which the seal is so affixed in his presence.

The Company may exercise the powers conferred by the Act with regard to having an official seal for use abroad and such powers shall accordingly be vested in the Directors or any other person duly authorized for the purpose.

GENERAL MEETINGS

69. All general meetings other than annual general meeting shall be called extraordinary general meeting.

70. (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.

71. **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.

72. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.

73. 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.

74. 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.

75. **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.

76. **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.

77. 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.

78. 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.

79. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

80. 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.

81. (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

82. 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.

83. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

84. 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

85. **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 this 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

86. (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.

87. (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.

88. (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.

89. 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

90. **Miscellaneous**

(a) The Company shall not, and the Promoter shall ensure that the Company does not, till such time that the Initial Company Promoters are in the employment as per the Employment Agreement, the Company shall not, and the Promoter shall ensure that the Company does not, make any amendments to their respective Employment Agreements without the consent of the respective Initial Company Promoter whose Employment Agreement is proposed to be amended;

(b) 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).

91. **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.

92. **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.

93. **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.

94. **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.

95. 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.

96. (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.

97. 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.

98. **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.

99. **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.

100. **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.

101. **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.

102. **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.

103. **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

104. (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.

105. (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.

106. **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.

107. **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.

108. **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.

109. **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.

110. **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.

111. **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, thinks 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.

112. **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.

113. **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.

114. **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.

115. **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.

116. **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.

117. **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.

118. **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.

119. **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. on any Working Day during which this Issue is open for public subscription under the Prospectus.

A. ***Material Contracts***

1. Issue Agreement dated April 13, 2022 executed between our Company and the Lead Managers.
2. Registrar Agreement dated April 12, 2022 executed between our Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated April 13, 2022 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 Agreements.

B. ***Material Documents***

1. 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.
2. 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.
3. 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.
4. Memorandum of Association and Articles of Association of our Company.
5. The certificate of registration bearing code no. N-02.00270 dated May 15, 2020 issued by the RBI to commence/ carry on the business of non-banking financial institution without accepting public deposits.
6. Credit rating letter dated April 12, 2022 and credit rating rationale dated April 12, 2022 from India Ratings assigning a rating of "IND A/ Stable" to the NCDs.
7. Copy of the resolution passed at a meeting of Board of Directors held on April 11, 2022 authorising this Issue for an amount aggregating up to Rs. 6,000 million.
8. Resolution passed by our Shareholders, pursuant to Section 180 (1)(c) of the Companies Act, 2013, at the EGM held March 5, 2022, approving the overall borrowing limit of our Company.
9. Resolution of our Debenture Committee dated April 18, 2022 for approval of this Draft Prospectus.
10. Consents of our Directors, Lead Managers to the Issue, Chief Financial Officer, Company Secretary and Compliance Officer, Debenture Trustee, Credit Rating Agency for this Issue, Legal Advisor to the Issue, bankers to the Company, the Registrar to the Issue, CRISIL and RedSeer in relation to use of the contents of the industry report, to include their names in this Draft Prospectus in their respective capacity.
11. The consent dated April 18, 2022 from the Statutory Auditors of our Company, namely Walker Chandiok & Co, 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) examination reports on Reformatted

Financial Statements; and (c) the statement of possible tax benefits available to the debenture holders in the form and context in which they appear in this Draft Prospectus.

12. Consent letter from CRISIL dated April 7, 2022 in respect of permission to use and disclose the contents (along with the extracts of the content) of the industry report titled 'Industry Report on Microfinance' for the section on '*Industry Overview*' in this Draft Prospectus.

13. Consent letter from RedSeer dated April 7, 2022 in respect of permission to use and disclose the contents (along with the extracts of the content) of the industry report titled '*Indian Fintech Landscape focussed on Digital Lending*' for the section on 'Industry Overview' in this Draft Prospectus.

14. Statement of possible tax benefits dated April 13, 2022 issued by our Statutory Auditors.

15. Annual reports of our Company for the financial years ended March 31, 2021, 2020 and 2019.

16. Audited special purpose interim standalone and consolidated Ind AS financial statements of the Company as at and for the nine month period ended December 31, 2021

17. Due diligence certificate dated [●] filed by the Lead Managers with SEBI.

18. Due diligence certificate dated April 18, 2022 from the Debenture Trustee to the Issue.

19. In-principle approval dated [●] for the Issue issued by BSE.

20. In-principle approval dated [●] for the Issue issued by NSE.

DECLARATION

We, the Directors 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. We 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.

We 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

______________________	______________________
Ankit Agarwal	***Sachin Bansal***
Managing Director	*Executive Chairman*
DIN: 08299808	*DIN: 02356346*

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Ranganathan Sridharan
Independent Director
DIN: 00868787

Date: April 18, 2022

Place: Bangalore

DECLARATION

We, the Directors 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. We 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.

We 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: April 18, 2022

Place: San Francisco

DECLARATION

We, the Directors 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. We 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.

We 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

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Arindam Haraprasad Ghosh
Independent Director
DIN: 01423589

Date: April 18, 2022

Place: Pune

ANNEXURE A

FINANCIAL INFORMATION

Financial Statements
Reformatted IGAAP Standalone Financial Information as at and for the year ended March 31, 2019
Reformatted IGAAP Consolidated Financial Information as at and for the year ended March 31, 2019
Reformatted Ind AS Standalone Financial Information as at and for the period ended December 31, 2021, March 31, 2021 and March 31, 2020
Reformatted Ind AS Consolidated Financial Information as at and for the period ended December 31, 2021, and March 31, 2021
Reformatted Ind AS Subsidiary Financial Information as at and for the year ended March 31, 2020

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON REFORMATTED IGAAP STANDALONE FINANCIAL INFORMATION

The Board of Directors
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Ground Floor, Salarpuria Business Center,
93, 5th A Block, Koramangala Industrial Layout,
Koramangala, Bengaluru, Karnataka 560095

Dear Sirs,

1. We have examined the attached Reformatted IGAAP Standalone Consolidated Financial Information of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) (the "Company" or the "Issuer") comprising the Reformatted IGAAP Standalone Statement of Assets and Liabilities as at March 31, 2019, the Reformatted IGAAP Standalone Statements of Profit and Loss (including other comprehensive income), the Reformatted IGAAP Standalone Statement of Changes in Equity, the Reformatted IGAAP Standalone Statement of Cash Flow for the year ended March 31, 2019, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Reformatted IGAAP Standalone Financial Information"), as approved by the Board of Directors of the Company at their meeting held on April 11, 2022 for the purpose of inclusion in the Draft Prospectus and Prospectus ("Issue Documents") prepared by the Company in connection with its proposed public issue of non-convertible debentures ("Issue") prepared in terms of the requirements of:

    a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

b. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Debentures) Regulations, 2021, as amended ("SEBI Debt Regulations"); and
c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Reformatted IGAAP Standalone Financial Information for the purpose of inclusion in the Issue Documents to be filed with Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") and Registrar of Companies, Karnataka at Bangalore in connection with the proposed Issue. The Reformatted IGAAP Standalone Financial Information have been prepared by the management of the Company on the basis of preparation stated in Annexure V, note 2 to the Reformatted IGAAP Standalone Financial Information. The Board of Directors of the Company responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted IGAAP Standalone Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, SEBI Debt Regulations and the Guidance Note.

3. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control of Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements issued by the ICAI.

4. We have examined such Reformatted IGAAP Standalone Financial Information taking into consideration:
    a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated March 28, 2022 in connection with the proposed public issue of non-convertible debentures of the Company;
    b. The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
    c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted IGAAP Standalone Financial Information; and
    d. The requirements of Section 26 of the Act and the SEBI Debt Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI Debt Regulations and the Guidance Note in connection with the Issue.

5. These Reformatted IGAAP Standalone Financial Information have been compiled by the management from:

    Audited Standalone IGAAP financial statements of the Company as at and for the year ended March 31, 2019 prepared in accordance with the accounting standards notified under the Section 133 of the Act ("Indian GAAP") and other accounting principles generally accepted in India. These standalone financial statements for the year ended March 31, 2019 were audited by the previous auditors, M/s Ramesh Ashwin & Karanth, Chartered Accountants (the "Previous Auditors") and was approved by the Board of directors at their meeting held on June 29, 2019.

6. For the purpose of our examination, we have relied on:

    a. Auditors' Report issued by the Previous Auditors dated June 29, 2019 on the standalone financial statements of the Company as at and for the year ended March 31, 2019, as referred in Paragraph 5 above.

    The audit for the financial year ended March 31, 2019 were conducted by the Company's previous auditors and accordingly reliance has been placed on the reformatted IGAAP standalone statement of assets and liabilities and the reformatted IGAAP standalone statements of profit and loss (including other comprehensive income), statements of changes in equity and statement of cash flow, the Summary Statement of Significant Accounting Policies, and other explanatory information and (collectively, the "2019 Reformatted IGAAP Standalone Financial Information") examined by them for the said year. The examination report included for the said year is based solely on the report submitted by the Previous Auditors. They have also confirmed that the 2019 Reformatted IGAAP Standalone Financial Information have been prepared by the Company by taking into consideration the requirement of Section 26 of Part I of Chapter III of the Act read with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (as amended), the SEBI Debt Regulations and the Guidance note.

7. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the Previous Auditors for the year ended March 31, 2019, we report that the Reformatted IGAAP Standalone Financial Information have been prepared by the Company by taking into consideration the requirement of Section 26 of Part I of Chapter III of the Act read with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (as amended), the SEBI Debt Regulations and the Guidance note.

8. The Reformatted IGAAP Standalone Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited standalone financial statements mentioned in paragraph 5 above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. At the request of the Company, we have also examined the following Standalone Financial Information of the Company as at and for the year ended March 31, 2019 which is based on the examination report submitted by the previous auditors for the year ended March 31, 2019 :

Statement of Dividend, enclosed as Annexure V

12. Our report is intended solely for use of the Board of Directors for inclusion in the Issue Documents to be filed with SEBI, BSE and NSE and Registrar of Companies, Karnataka at Bangalore in connection with the proposed Issue. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**
Chartered Accountants
[Firm Registration No: 001076N/N500013]

Sd/-
Manish Gujral
Partner
Membership No.: 105117
UDIN: **22105117AGVVRK2479**

Place: Mumbai
Date: 11 April 2022

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
CIN:U65923KA2012PTC062537

Annexure I - Reformatted IGAAP Standalone Statement of Assets and Liabilities

(In Millions)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
I. EQUITY AND LIABILITIES			
(1) Share holders fund			
(a) Share capital	**3**	268.89	268.89
(b) Reserves and surplus	**4**	530.85	527.82
		799.74	**796.71**
(2) Non-current Liabilities			
(a) Long term borrowings	**5**	233.19	236.71
		233.19	**236.71**
(3) Current Liablities			
(a) Trade Payables	**6**	2.07	1.51
(b) Other current liabilities	**7**	209.72	134.01
(c) Short-term provisions	**8**	15.14	8.99
		226.93	**144.51**
TOTAL		**1,259.86**	**1,177.93**
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property Plant & Equipment	**9**	4.38	3.88
(b) Intangible Assets (Net)	**10**	0.12	0.04
(c) Non Current Investments	**11**	637.27	557.27
(d) Deffered Tax Asset	**12**	3.23	1.25
(e) Long term loans and advances	**13**	1.18	0.80
(f) Loans and advances towards Financing Activities - [Long Term]	**14**	198.70	176.76
(g) Other Non Current Assets	**15**	14.36	7.95
		859.24	**747.95**
(2) CURRENT ASSETS			
(a) Cash and cash equivalents	**16**	32.94	8.19
(b) Short Term Loans and advances	**17**	6.56	15.60
(c) Loans and advances towards Financing Activities - [Short Term]	**18**	354.95	400.98
(d) Other Current Assets	**19**	6.17	5.21
		400.62	**429.98**
TOTAL		**1,259.86**	**1,177.93**
See accompanying notes to the Reformatted IGAAP Standalone Financial Information	**2**		
In terms of our report of even date attached			

RAMESH ASHWIN & KARANTH
CHARTERED ACCOUNTANTS
(REGN No.: 010680S)

For and on behalf of
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited

Sd/-
PRASHANTH KARANTH
Partner

Place: Bangalore
Date: 11 April 2022

Sd/-
Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Divyesh Jain
Chief Financial Officer
Place: Bengaluru
Date: 11 April 2022

Sd/-
Puneet Bhatia
Company Secretary
Place: Bengaluru
Date: 11 April 2022

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
CIN:U65923KA2012PTC062537

Annexure II - Reformatted IGAAP Standalone Statement of Profit and Loss

(In Millions)

	Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
I.	Revenue from Operations	**20**	154.15	118.86
II.	Other Income	**21**	2.23	2.69
II	**TOTAL REVENUE (I+II)**		**156.38**	**121.55**
III.	**Expenses**			
	(a) Finance Cost	**22**	54.56	38.18
	(b) Employee benefits expenses	**23**	23.99	6.72
	(c) Depreciation and amortisation expense	**9 & 10**	1.72	1.39
	(d) Other Administrative expense	**24**	65.28	42.31
	(e) Bad Debts Written Off		0.48	0.38
	(f) Provision for Receivables under Financing Activity		6.31	3.22
	TOTAL EXPENSES		**152.34**	**92.20**
IV.	**Profit / (loss) before exceptional and extraordinary items and tax (III-IV)**		4.04	29.35
V.	Exceptional items		-	-
VI.	**Profit / (loss) before extraordinary items and tax (V - VI)**		4.04	29.35
VII.	Extraordinary items		-	-
VIII.	**Profit / (loss) before tax (VII - VIII)**		**4.04**	**29.35**
IX.	**Provision for taxation:**			
	(a) Current tax		2.99	8.84
	(b) Deferred tax provision / (write back)	12	(1.98)	(0.15)
X.	**Profit / (loss) for the period from continuing Operations**		3.03	20.66
XI.	**Profit / (loss) for the period from discontinuing Operations**		-	-
XII.	**Tax expenses of discontinuing operations**		-	-
XIII	**Profit / (loss) for the period from discontinuing Operations (after tax)**		**-**	**-**
XIV	**Profit / (loss) for the period**		**3.03**	**20.66**
Earnings Per Share (in Rupees)				
Basic			0.11	0.78
Diluted			0.11	0.78
See accompanying notes to the Reformatted IGAAP Standalone Financial Information		**2**		
In terms of our report of even date attached				

RAMESH ASHWIN & KARANTH
CHARTERED ACCOUNTANTS
(REGN No.: 010680S)

Sd/-

PRASHANTH KARANTH
Partner
Membership No.: 214235
Place: Bangalore
Date: 11 April 2022

For and on behalf of
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited

Sd/-
Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-

Divyesh Jain
Chief Financial Officer
Place: Bengaluru
Date: 11 April 2022

Sd/-

Puneet Bhatia
Company Secretary
Place: Bengaluru
Date: 11 April 2022

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
CIN:U65923KA2012PTC062537

Annexure III - Reformatted IGAAP Standalone Statement of Cash Flow

(In Millions)

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		**4.04**		29.35
Adjustments for:				
Add: Depreciation	1.72		1.39	
Profit on sale of mutual fund investments	(1.46)		(2.16)	
Interest & Finance Charges Paid	54.56	54.82	34.80	34.03
Operating Profit before Working Capital Changes		**58.86**		**63.38**
Adjustments for:				
Decrease/ (Increase) in Non-current assets	(6.41)		(4.20)	
Decrease/(Increase) in Loans & Advances	32.75		(251.05)	
Decrease /(Increase) in Other Current Assets	(0.97)		(10.19)	
Increase/(Decrease) in Trade Payables	0.56		-	
Increase/(Decrease) in Other current liabilities	75.72		2.85	
Increase/(Decrease) in Short-term provisions	6.15		22.59	
(Decrease)/Increase in Borrowings	(3.52)		245.36	
Interest & Finance Charges Paid	(54.56)	49.71	(34.80)	(29.44)
Cash generated from operations		**108.57**		**33.94**
Income Tax paid		2.99		8.84
Net Cash flow from Operating activities		**105.58**		**25.10**
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(2.32)		(4.97)	
(Increase)/ Decrease in Current Investments	(80.00)		(100.00)	
Profit on sale of mutual fund investments	1.46		2.16	
Net Cash used in Investing activities		**(80.86)**		**(102.81)**
C CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Share Capital	-		5.78	
Increase in Share Premium	-		16.18	
Net Cash used in financing activities		**-**		**21.96**
Net increase in cash & Cash Equivalents		24.72		(55.75)
Cash and Cash equivalents Opening Balance		8.19		63.93
Cash and Cash equivalents Closing Balance		32.91		8.19

Cash & Cash Equivalents	**As on March 31, 2019**	**As on March 31, 2018**
Cash in Hand	0.02	0.01
Cash at Bank (Current Account)	32.92	8.18
Cash & Cash equivalents as stated	**32.94**	**8.19**

See accompanying notes to the Reformatted IGAAP Standalone Financial Information
In terms of our report of even date attached

RAMESH ASHWIN & KARANTH
CHARTERED ACCOUNTANTS
(REGN No.: 010680S)

Sd/-

Date: 11 April 2022
PRASHANTH KARANTH
Partner
Membership No.: 214235

Place: Bangalore
Date:

For and on behalf of
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited

Sd/-
Sachin Bansal
Director
(DIN: 02356346)
Place: Bengaluru
Date: 11 April 2022

Sd/-
Ankit Agarwal
Director
(DIN: 08299808)
Place: Bengaluru
Date: 11 April 2022

Sd/-
Divyesh Jain
Chief Financial Officer
Place: Bengaluru
Date: 11 April 2022

Sd/-
Puneet Bhatia
Company Secretary
Place: Bengaluru
Date: 11 April 2022

Annexure IV - Summary of significant accounting policies and other explanatory information to the Reformatted IGAAP Standalone Financial Information

1. CORPORATE INFORMATION

Navi Finserv Limited (formerly known as Navi Finserv Private Limited was formed on 14th February 2012 to carry on the business of rural credit and related services such as activities of NBFC, intermediation for financial services agent, money transfer agent, credit linkage services, banking correspondent required by communities in remote locations and who are in the lower economic strata of the society, more so to deal with NBFC activities in rural and remote areas.

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

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

The company has been upgraded from Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company to Non-Banking Financial Company – Systemically Important Non-Deposit taking Company as the assets size of the group (consolidated Assets size of Chaitanya India Fin Credit Private Limited and Chaitanya Rural Intermediation Development Services Private Limited put together) has exceeded Rs. 500 crores in the month September 2018 (by virtue of RBI Master direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 01st September 2016).

Statement of Compliance

Standalone Financial Statements comprises of the Balance sheet as at 31 March 2019, the Statement of Profit and Loss (including other comprehensive income) and the Statement of Cash Flows, for the period ended and a summary of Significant Accounting Policies and other select explanatory notes. These Financial Statements of the Company for the period ended 31 March 2019 have been prepared by the management solely for the limited purpose of preparation of the Reformatted IGAAP Standalone Financial Information which is prepared for the purpose of its inclusion in the Draft Shelf Prospectus, to be filed with the Securities Exchange Board of India, BSE Limited and National Stock Exchange of India Limited as per the requirements of Section 26 of Part I of Chapter III of the Act, read with the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, in connection with the proposed public issue of non-convertible debentures of the Company.
The Reformatted Standalone Financial Statements for the period ended 31 March 2019 were authorised and approved for issue by the Board of Directors on 11th April 2022.

2. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:</u>

a) Basis of Accounting

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous year.

The Company is a Non-Banking Finance Company. The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for Systemically Important Non-deposit taking Non-Banking Finance Companies (NBFC-ND-SI).

b) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i. Revenue from Interest on loans financed by the Company is recognized on accrual basis, except for loans outstanding for more than 90 days which are recognized only on receipt basis, considering the directions issued by the RBI from time to time.
ii. Revenues from loan processing charges are recognized as income on cash basis.
iii. Revenue from interest income on fixed deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
iv. Short term capital gains on sale of investment instruments i.e. liquid funds (treasury operations) are recognized on actual sale of instruments.

c) Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the results of operations at the end of reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively.

d) Cash and cash equivalents

Cash and cash equivalents 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.

e) Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

f) Property, Plant and Equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The Gains or losses arising from de recognition of Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the Assets and are recognised in the statement of profit and loss account when the asset is derecognised.

The cost of a tangible asset comprises its purchase price net of any trade discounts and rebates, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities) and any directly attributable expenditure on making the asset ready for its intended use.

g) Intangible Fixed 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 taxing authorities) and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred, unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

h) Depreciation and Amortization

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 valued less than Rs.5000/- are depreciated in full in the year of acquisition. The Useful life of the Tangible Assets is as follows:

Sl. No	Asset	Useful Life (In Years)
1	Furniture & Fixtures	10
2	Office Equipment	5
3	Computers	3
4	Motor Vehicles	8

The useful life of the Intangible Assets is as follows:

Sl. No	Asset	Useful Life (In Years)
1	Computer Software	3
2	Trade Mark	3

The company is charging depreciation on Intangible assets on Straight Line method as the company feels the same would result in a more appropriate presentation of Financial Statements.

i) Investments

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage and fees.

Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments".

Long-term investments (including current portion thereof) are carried at cost less any other-than temporary diminution in value, determined separately for each individual investment based on management's assessment of recovery and realisation.

Current investments are carried at the lower of cost and fair value.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

j) Employee Benefits

Employee benefits include provident fund, gratuity and ESI.

Defined contribution plan:

The Company's contribution to provident fund and ESI are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the actuarially determined rates at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of profit and loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of profit and loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employee is recognised in the Statement of profit and loss on a straight-line basis over the average period until the benefits become vested. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

Compensated absences:

The compensated absences given to the employees of the company are in the nature of Non-Accumulating and Non-vesting type. As such the company is not required to recognise any liability for unpaid compensated absences as on balance sheet date.

Short term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service.

k) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis.

l) Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made, Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date, these are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

All material known liabilities are provided for and liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

m) Taxes on Income

Tax expense comprises of current and deferred tax.

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in statement of profit and loss except that tax expense relating to items recognized directly in reserves is also recognized in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one year and are capable of reversal in one or more subsequent years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

n) Borrowing Costs

Borrowing costs include interest and ancillary costs that the Company incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss at the time of availment of the Loan.

o) Segment reporting

The company does not have a distinguishable and reportable business or geographical segment. As such disclosure requirements stated in Accountant Standard -17 (Segment reporting) are not applicable to the company.

p) Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

q) Impairment of Assets

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, as if no impairment loss had been recognised.

r) Classification and provisioning on receivables under financing activities

1. Receivables under financing activities are recognised on disbursement of loan to customers. The details of the policy are given below:

2. **Asset classification: -**
Receivables under financing activities are classified as standard, sub - standard and doubtful assets and provided for as per the Company's policy and Management's estimates, subject to the minimum classification and provisioning norms as per the Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (RBI Master Direction No. RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17, Dated 1st September 2016).

Asset Classification	Criteria
Standard assets	Not overdue or overdue for less than 90 days
Non-performing assets (NPA)	
Sub- standard assets	Overdue for 90 days and more but up to 12 months
Doubtful assets	Sub-standard for more than 12 months
Loss assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.

"Overdue" refers to interest and/or principal and/or instalment remaining unpaid from the day it became receivable.

3. **Provisioning norms for receivables under financing activities: -**

Asset Classification	Percentage of Provision (of Outstanding Portfolio)
Standard Assets	0.40%
Non-performing assets (NPA)	
Sub – Standard Assets	10%
Doubtful assets	20% - 50%
Loss assets	100%

3.1 SHARE CAPITAL **(in million)**

Particulars	As at March 31, 2019	As at March 31, 2018
Authorized capital		
3,00,00,000 equity shares of Rs. 10 each (Previous year 3,00,00,000 shares of Rs 10 each)	300.00	300.00
Issued, subscribed and paid up capital		
2,68,89,393 equity shares of Rs. 10 each fully paid-up (Previous year 2,68,89,393 shares of Rs 10 each)	268.89	268.89
	268.89	**268.89**

3.2 Reconciliation of shares outstanding at the beginning and at the end of the reporting period:

Particulars	Financial year 2018-19 (Units in Nos.)	Financial year 2018-19 (Amount in million)	Financial year 2017-18 (Units in Nos.)	Financial year 2017-18 (Amount in million)
Number of shares outstanding as at the beginning of the financial year (April 01)	2,68,89,393.00	268.89	2,63,11,393.00	263.11
Add: Increase in number of shares during the year				-
- Fresh issue of shares	-	-	5,78,000.00	5.78
Less: Reduction in number of shares during the year				
Number of shares outstanding as at the Close of the financial year (March 31)	**2,68,89,393.00**	**268.89**	**2,68,89,393.00**	**268.89**

3.3 Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Shore Cap II Limited	89,81,779.00	33.40	89,81,779.00	33.40
Samit S Shetty	44,57,714.00	16.58	44,57,714.00	16.58
Ramesh Sundaresan	16,93,665.00	6.30	16,93,665.00	6.30
Shekhar A	16,34,422.00	6.08	16,34,422.00	6.08

3.4 The Company has only one class of equity share having a par value of Rs.10 per share. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

In the event of liquidation of Companies, 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 share holders.

4.1 RESERVES AND SURPLUS **(In Millions)**

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Securities Premium		
Opening Balance	491.26	475.07
Add : Securities premium credited on Share issue	-	16.18
Closing Balance	**491.26**	**491.25**
(b) Stautory Reserve		
Opening balance	7.52	***3.39***
(+) Transfer from Reserves	0.61	***4.13***
Closing Balance	**8.13**	**7.52**
(c) Surplus		
Opening balance	**29.04**	***12.52***
(+) Net Profit/(Net Loss) For the current year	***3.03***	***20.66***
(-) Transfer to Statutory Reserve	(0.61)	***(4.13)***
Closing Balance	**31.46**	**29.05**
Total	**530.85**	**527.82**

4.2 As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of Rs. 6,06,181 /- (March 31, 2018 :- Rs. 41,31,003 /-), out of the profit after tax for the year ended March 31, 2019 to Statutory Reserve.

5.1 LONG TERM BORROWINGS

Particulars	As at March 31, 2019	As at March 31, 2018
Secured:		
From Financial Institutions [Refer sub-note A]	118.19	136.71
Unsecured:		
Sub-Debts [Refer sub-note B]	100.00	100.00
Term Loans from others [Refer sub-note C]	15.00	-
Total	**233.19**	**236.71**

5.2 The Company has created a specific charge on its receivables under financing activities for its secured borrowings.
5.3 During the year, the Company has not defaulted in the repayment of dues to its lenders.

6 TRADE PAYABLES

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables		
-dues to micro enterprises and small enterprises [Refer note 27]	-	-
-dues to other than micro enterprises and small enterprises	2.07	1.51
Total	**2.07**	**1.51**

7.1 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Current maturities of long-term borrowings [Refer sub-note A]	167.94	128.65
(b) Statutory Payables	1.91	1.87
(c)Insurance Premium Payable	0.57	1.01
(d) Provision for Interest Accrued but not due on borrowings	2.76	1.02
(e) Payables for financial activity	36.53	1.46
Total	**209.72**	**134.01**

7.2 The Company has created a specific charge on its receivables under financing activities for its secured borrowings.
7.3 During the year, the Company has not defaulted in the repayment of dues to its lenders.

8 SHORT TERM PROVISIONS

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Contingent provision for standard assets [Refer Note 36]	2.08	2.19
(b) Provision for non-performing assets [Refer Note 36]	10.89	4.47
(c) Provision for Gratuity	0.75	1.76
(d) Provision for Income Tax	1.42	0.57
	15.14	**8.99**

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(In Millions)

	Particulars	Gross Block				Accumulated Depreciation			Net Block	
		As at April 1, 2018	Additions During the Period	Disposals during the year	Balance as at March 31, 2019	As at April 1, 2018	For the year	Balance as at March 31, 2019	As at March 31, 2019	As at March 31, 2018
9	**PROPERTY, PLANT AND EQUIPMENT**									
	Computers	0.57	0.50	-	1.07	0.17	0.44	0.62	0.45	0.39
	UPS	0.26	0.04	-	0.30	0.06	0.06	0.12	0.17	0.20
	Furniture & Fixtures	4.38	0.62	-	5.00	1.12	0.95	2.06	2.94	3.26
	Office Equipments	0.04	0.20	-	0.24	0.02	0.05	0.07	0.17	0.03
	Motor Cars	-	0.86	-	0.86	-	0.21	0.21	0.65	-
	Total	**5.25**	**2.22**	**-**	**7.47**	**1.37**	**1.71**	**3.08**	**4.38**	**3.88**
10	**INTANGIBLE ASSTES**									
	Computer Software	0.05	0.06	-	0.10	0.02	0.01	0.03	0.07	0.03
	Application Software	-	0.04	-	0.04	-	0.00	0.00	0.04	-
	Trade Mark	0.01	-	-	0.01	0.00	0.00	0.01	0.01	0.01
		-	-			-	-			-
	Total	**0.06**	**0.10**	**-**	**0.15**	**0.02**	**0.01**	**0.04**	**0.12**	**0.04**
	Grand Total	**5.31**	**2.32**	**-**	**7.62**	**1.39**	**1.72**	**3.12**	**4.50**	**3.92**
	PY (March 31, 2018)									
	PROPERTY, PLANT & EQUIPMENT	0.34	4.91	-	5.25	0.00	1.37	1.37	3.88	-
	INTANGIBLE ASSETS	-	0.06	-	0.06	-	0.02	0.02	0.04	-
	Total	0.34	4.97	-	5.31	0.00	1.39	1.39	3.92	-

11 NON CURRENT INVESTMENTS

(Valued at cost unless stated otherwise)

Particulars	As at March 31, 2019	As at March 31, 2018
A. Other Investments		
(a)Investment in Equity instruments		
- of Subsidiary	636.05	556.05
- of Others	1.22	1.22
Total	**637.27**	**557.27**

(In Millions)

Details of Non-current Investments

Name of the Body Corporate (subsidiary/ Associate/ JV/ Controlled enttiy/ Others)	No of Shares/Units	No of Shares/Units	Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)	Amount (Rs.)
Investment in Equity Instruments	**As at March 31, 2019**	**As at March, 2018**			**As at March 31, 2019**	
(a) Chaitanya India Fin Credit Private Limited (subsidiary)	24.53	21.73	Unquoted	Fully paid	100	636.05
(b) Garagepreneurs Internet Private Limited (others)	0.01	0.00	Unquoted	Fully paid	2.07	1.22

12 DEFERRED TAX ASSET **(In Millions)**

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Opening balance as at the beginning of the year (April 01)		
- Depreciation on tangible fixed assets	0.20	-
-Provision on Loan Assets	1.01	(0.00)
-Gratuity Provision	0.04	1.10
	1.25	**1.10**
(b) Adjustments during the financial year		
- Depreciation on tangible fixed assets	0.20	0.20
-Provision on Loan Assets	1.61	(0.09)
-Gratuity Provision	0.17	0.04
	1.98	**0.15**
(c) Closing balance as at the end of the year (March 31)		
- Depreciation on tangible fixed assets	0.40	0.20
-Provision on Loan Assets	2.62	1.01
-Gratuity Provision	0.21	0.04
Total	**3.23**	**1.25**

13 LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Security deposits		
- Unsecured, considered good		
- Rental deposits	1.18	0.80
- Other deposits	0.00	0.00
	1.18	**0.80**

14 LOANS AND ADVANCES TOWARDS FINANCING ACTIVITIES - LONG TERM

Particulars	As at March 31, 2019	As at March 31, 2018
Receivables under Financing Activities		
(a) Secured and Considered Good	176.40	154.36
(b) Unsecured and Considered Good	22.30	22.40
	198.70	**176.76**

15 OTHER NON-CURRENT ASSETS:

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Cash Collateral		
Cash Collateral with maturity more than 12 months (TL)- FI s	13.53	7.95
(b) Loan Assets Retained on Securitisation / Assignment Transactions	0.83	-
Total	**14.36**	**7.95**

16 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Balance with banks		
- In current account	32.92	8.18
(b) Cash on hand	0.02	0.01
Total	**32.94**	**8.19**

17 SHORT TERM LOANS & ADVANCES

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid expenses	2.40	2.57
Interest Accrued on Loan Portfolio	3.83	6.71
Advance to Suppliers & Others	0.33	0.17
Receivable from financial activity	-	6.15
	6.56	**15.60**

18 LOANS AND ADVANCES TOWARDS FINANCING ACTIVITIES - SHORT TERM

Particulars	As at March 31, 2019	As at March 31, 2018
Receivables under Financing Activities		
(a) Secured and Considered Good	313.33	270.98
(b) Unsecured and Considered Good	41.62	130.00
	354.95	**400.98**

19 OTHER CURRENT ASSETS

Particulars	As at March 31, 2019	As at March 31, 2018
Advance/loans to staff	0.07	-
Insurance Claim Receivable	1.19	0.93
Tax paid under Dispute	2.06	2.06
Statutory Receivables	2.81	2.22
Other Receivables	0.04	-
Total	**6.17**	**5.21**

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20 REVENUE FROM OPERATIONS **(In Millions)**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest Received from Customers	128.38	104.40
Loan Processing Fees	19.30	14.46
Documentation Charges Collected	6.47	-
Total	**154.15**	**118.86**

21 OTHER INCOME

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit on sale of liquid fund investments	1.46	2.16
Interest income	-	-
- On Bank Deposits for Cash Collateral	0.75	0.50
Other Non-operating Income	0.02	0.03
Total	**2.23**	**2.69**

22 FINANCE COSTS

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest paid on term Loan	52.39	34.80
Interest paid on Security Deposit	0.33	-
Bank charges	0.20	0.04
Loan Processing Expenses	1.64	3.34
Total	54.56	38.18

23 EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salary, Wages, Allowances & other Benefits	22.41	6.21
Employer PF Contribution	0.73	0.20
Employer ESI Contribution	0.09	0.02
Employer SIP Contribution	0.23	0.10
Gratuity	0.39	0.14
Staff Welfare Expenses	0.14	0.05
Total	**23.99**	**6.72**

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24 OTHER ADMINISTRATIVE EXPENSES

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Rent	1.38	0.76
Business Correspondent Service Expenses	41.84	29.72
Electricity Charges	0.18	0.13
Telephone & Internet Charges	0.12	0.04
Office & General Expenses	0.32	0.19
Commission paid	3.25	-
Conveyance Expenses	0.01	0.01
Insurance Charges	2.37	1.17
Repairs & Maintenance [General]	0.36	0.02
Tour & Travelling Expenses	2.97	0.92
Printing, Books & Other Stationary	0.93	0.80
Remuneration to Statutory Auditors	0.13	0.05
Rates & Taxes	0.13	0.25
Franking Charges for 2 Wheeler Loan	1.19	1.05
Professional Charges	5.63	3.82
Statutory Expenses - GST	4.03	3.12
Meeting and Training Expenses	0.40	0.21
Miscellaneous Expenses	0.04	0.04
Total	**65.28**	**42.31**

A. Long Term Borrowings & Current Maturities Of Long-Term Borrowings From Financial Institutions

Sl. No.	Rate of Interest	Original Loan Tenure	No. of Installments O/s as on 31.03.2019	Current Maturities of Long Term Borrowings (in million)		Long Term Borrowings (in million)		Securities Offered
				31-03-2019	31-03-2018	31-03-2019	31-03-2018	
1	15.75%	24 Months	1	2.08	25.00	-	2.08	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
2	15.00%	36 Months	12	26.91	23.15	-	26.91	Book Debts Assigned
3	15.00%	36 Months	14	7.48	6.45	1.39	8.87	Book Debts Assigned
4	13.44%	36 months	16	7.25	6.34	2.64	9.89	Book Debts Assigned
5	15.00%	36 months	18	21.37	7.62	11.95	14.53	Book Debts Assigned
6	15.15%	36 months	19	8.71	18.42	5.86	33.32	Book Debts Assigned
7	15.75%	24 Months	4	5.00	15.00	-	5.00	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
8	15.75%	24 Months	7	5.83	10.00	-	5.83	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
9	14.00%	36 months	21	10.00	10.00	7.50	17.50	Book Debts Assigned
10	14.00%	36 months	23	6.67	6.67	6.11	12.78	Book Debts Assigned
11	14.00%	36 months	30	9.30	-	16.50	-	Book Debts Assigned, Cash Collateral
12	15.15%	36 Months	32	7.59	-	14.45	-	Book Debts Assigned
13	14.00%	24 Months	21	9.63	-	8.16	-	Book Debts Assigned
14	15.50%	24 Months	21	12.50	-	9.37	-	Book Debts Assigned, Cash Collateral
15	15.50%	24 Months	21	12.50	-	9.37	-	Book Debts Assigned, Cash Collateral
16	15.00%	24 Months	24	10.00	-	10.00	-	Book Debts Assigned
17	15.00%	36 Months	36	5.12	-	14.88	-	Book Debts Assigned
Total				**167.94**	**128.65**	**118.19**	**136.71**	

B. Sub Debt

Sl. No.	Rate of Interest	Original Loan Tenure	No. of Installments O/s as on 31.03.2019	Current Maturities of Long Term Borrowings (in million)		Long Term Borrowings (in million)		Securities Offered
				31-03-2019	31-03-2018	31-03-2019	31-03-2018	
1	15.00%	84 Months	1	-	-	100.00	100.00	-
		Total		**-**	**-**	**100.00**	**100.00**	

C. Term Loan from others

Sl. No.	Rate of Interest	Original Loan Tenure	No. of Installments O/s as on 31.03.2019	Current Maturities of Long Term Borrowings (in million)		Long Term Borrowings (in million)		Securities Offered
				31-03-2019	31-03-2018	31-03-2019	31-03-2018	
1	13.50%	6 Months	1	15.00	-	-	-	-
		Total		**15.00**	**-**	**-**	**-**	

Grand Total	**182.94**	**128.65**	**218.19**	**236.71**	

25 Asset Liability Management

(In Millions)

Maturity pattern of certain items of Assets and Liabilities

Particulars	Upto 30/31 days	1 month upto 2 month	over 2 months upto 3 month	3 month & up to 6 month	6 month & up to 1 Years	1 Year & up to 3 Years	3 Years & up to 5 Years	Over 5 Years	Total
Fixed deposits (Asset)	4.29	-	-	2.53	1.66	5.04	-	-	13.53
Advances	37.89	37.11	35.60	80.14	130.08	172.03	38.77	22.01	553.64
Investments	-	-	-	-	-	1.22	-	636.05	637.27
Borrowings	31.07	14.57	14.66	42.09	80.56	117.38	0.81	100.00	401.13
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

Cash & Bank Balances as at March 31, 2019 = Rs. 32.94/-. Millions

26. Payment to auditors
(Including interim audit fees)

Sl. No	PARTICULARS	2018-2019	2017-2018
1	STATUTORY AUDIT FEES	0.09	0.04
2	TAX AUDIT FEES	0.04	0.01
3	GST	0.02	0.01

27. Contingent Liabilities:

a. Claims from Subsidiary company

Particulars	As on 31st March 2019 (Rs in million)	As on 31st March 2018 (Rs in million)
Corporate Guarantee given to CIFCPL	-	50

b. Claims against the Company not acknowledged as Debts

Particulars	As at 31st March 2019	As at 31st March 2018
Income Tax Demands	10.32	10.32

28. Disclosure under Micro, Small and Medium Enterprises development act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information presently available with the management, the disclosures required under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") are given below:

Sl No	Particulars	As at 31 March 2019 (Rs.in million)	As at 31 March 2018 (Rs.in million)
1	The principal amount remaining unpaid to any supplier as at the end of the Period/Year	-	-
2	The interest due on the principal remaining outstanding as at the end of the Period/Year	-	-
3	The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the Period/Year	-	-
4	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 Period/Year) but without adding the interest specified under the Act	-	-
5	The amount of interest accrued and remaining unpaid at the end of the Period/Year	-	-
6	The amount of further interest remaining due and payable even in the succeeding Periods/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 the Act	-	-

Annexure IV - Summary of significant accounting policies and other explanatory information to the Reformatted IGAAP Standalone Financial Information

29. Expenditure in foreign currency (accrual basis)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Expenses Reimbursement	1.84	-
Professional Charges	-	0.34

30. Leases

The Company has entered into operating lease arrangements for office premises. Lease payments recognized in the statement of profit and loss for the year 2018-19 amounts to Rs.1.38 million /- (Previous year – Rs. 0.76 million/-).

The future minimum lease payments under the operating lease are as follows:

Future minimum lease payments	As at 31st March 2019	As at 31st March 2018
Not later than one year	0.58	-
Later than one year but not later than five years	0.80	0.76
Later than five years	-	-

31. Employee benefits

Defined contribution plans

The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expenses in the statement of profit and loss during the period in which the employee renders the related service.

The amount recognised as an expense towards contribution to provident fund for the year aggregated to Rs. 0.73 million /- (March 31, 2018: Rs. 0.20 million /-).

The amount recognised as an expense towards contribution to ESI for the year aggregated to Rs. 0.09 million /- (March 31, 2018: Rs. 0.02 million/-).

Details of actuarial valuation of gratuity pursuant to the Accounting Standard 15 (Revised) :-

Particulars	31 March 2019 (Rs in million.)	March 31, 2018 (Rs in million.)
Reconciliation of Defined Benefit Obligation		
Present value of DBO as at the beginning of the year	0.57	-
Current service cost	0.17	0.06
Interest cost	0.04	0.02
Actuarial (gain) / loss	-	-
Plan Amendments	-	-
Curtailment	-	-
Settlement	-	-
Amalgamations (Transfers or acquisitions)	-	0.42
Benefits paid	-0.21	-
Currency Impact	-	-
Actuarial gain / (loss)	0.18	0.07
Present Value of DBO at the end of the year	0.75	0.57
Liability recognized in the financial statement	0.75	0.57

Expense recognized in the Statement of Profit and Loss		
Current service cost	0.17	0.06
Interest cost on Obligations	0.04	0.02
Past Service Cost – Vested benefits	-	-
Expected return on Plan Assets	-	-
Actuarial (gain) / loss	0.18	0.07
Effect of any Curtailment or Settlement cost	-	-
The effect of the limit in paragraph 59 (b) (Asset Ceiling)	-	-
Impact of Foreign Currency Exchange Rate	-	-
Expense Recognized in the Profit and Loss Account	0.39	0.14
Net Liability / (Asset) recognized in the Balance Sheet		
Net Liability / (Asset) at the beginning of the year	0.57	-
Expense Recognized in the Profit and Loss Account	0.39	0.14
Contributions by employer	-	-
Benefits directly paid by the company	-0.21	-
Amalgamations (Transfers or acquisitions)	-	0.42
Others – Currency Impact	-	-
Net Liability / (Asset) at the end of the year	0.75	0.57

Note :-

a). The estimates in future salary increases, considered in actuarial valuation, takes account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employee market.

b). 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.

Five years Information

Particulars	March 2019	March 2018	March 2017	March 2016	March 2015
Present Value of benefit obligations	0.75	0.57	-	-	-
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit in the plan	0.75	0.57	-	-	-
Experience adjustments arising on plan liabilities - (gain)/loss	-	-	-	-	-
Experience adjustments arising on plan assets - gain/(loss)	0.18	0.07	-	-	-

32. Related party disclosures

Related Party Relationships

1. **Subsidiary Company:**

   Chaitanya India Fin Credit Private Limited.

2. **Enterprises significantly influenced by Person with Significant influence:**

   Chaitanya Employee Welfare trust

Annexure IV - Summary of significant accounting policies and other explanatory information to the Reformatted IGAAP Standalone Financial Information

3. Key Management Personnel

a. Anand Rao
b. Samitshankar Shetty
c. Ramesh Sundaresan
d. Lisa Gayle Thomas
e. Dimple J Shah

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Chaitanya India Fin Credit Private Limited		
Face Value of Equity Shares acquired	28.03	34.40
Securities Premium Paid	51.97	65.60
Purchase of Loan Portfolio	80.62	95.00
Service Fee Paid (Excluding GST)	33.05	22.39
Chaitanya Employee Welfare trust		
Face Value of Equity Shares acquired	-	5.78
Securities Premium Paid	-	16.18
Loan Given:-		
Opening Balance	22.01	-
Net Transactions during the period/year	0.00	22.01
Closing Balance	22.01	22.01

33. Earnings per share ('EPS')

Particulars	March 31, 2019	March 31, 2018
Earnings		
Profit after tax (as reported)	3.03	20.66
Less: Dividend on preference shares and tax thereon	-	-
Net profit attributable to equity shareholders for calculation of basic EPS	3.03	20.66
Net profit attributable to equity shareholders for calculation of diluted EPS	3.03	20.66
Shares		
Equity shares at the beginning of the year	26.89	26.31
Shares issued during the year	-	0.58
Total number of equity shares outstanding at the end of the year	26.89	26.89
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	26.89	26.60
Compulsory convertible preference shares	-	-
Options granted	-	-
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	26.89	26.60
Face value per share	10	10
Earnings per share		
Basic	0.11	0.78
Diluted	0.11	0.78

34. Disclosure Pursuant to paragraph 26 of Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

Gold Loan portfolio

The Company has not provided loan against gold during the year ended March 31, 2019 and March 31, 2018.

35. Capital Adequacy Ratio

The Company's capital adequacy ratio, calculated in accordance with the Reserve Bank of India guidelines, is as follows:

Capital Adequacy Ratio		
Particulars	**As at 31st March 2019 (Rs in million.)**	**As at 31st March 2018 (Rs in million.)**
Tier I Capital	237.34	316.13
Tier II Capital	100.00	103.67
Total Capital	337.34	419.80
Total Risk Assets	663.90	1227.56
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	35.75%	25.75%
Tier II Capital as a percentage of Total Risk Assets (%)	15.06%	8.45%
Total Capital (%)	**50.81%**	**34.20%**

36. Classification of Assets:

The Company follows Prudential Norms of the Reserve Bank of India (RBI) with regards to classification in respect of all loans extended to its customers. Loans where the instalment is overdue for a period of 90 days or more or on which interest amount remained overdue for a period of 90 days or more is treated as Non-Performing Assets. Provision is made for loan assets as per the RBI Master Direction No. RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17, Dated 1st September 2016.

Classification of Assets	As at 31st March 2019	As at 31st March 2018
Standard Assets	521.74	547.76
Sub- Standard Assets	14.93	29.98
Doubtful Assets	16.98	
Total	553.65	577.74

Provision for Assets	As at 31st March 2019	As at 31st March 2018
Provision on Standard Assets	2.09	1.37
Provision on Sub – Standard Assets	1.49	3.00
Provision on Doubtful Assets	3.44	-
Additional Provision	5.95	2.30
Total Provision	12.97	6.67
Less: Provision at the Beginning of the Period	6.67	-3.45
Provision for the Period/Year	6.30	3.22

37. Disclosure Pursuant to paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

	Particulars	As on 31st March 2019		As on 31st March 2018	
		Amount Outstanding (Rs in million.)	Amount Overdue (Rs in million.)	Amount Outstanding (Rs in million.)	Amount Overdue (Rs in million.)
	Liabilities:				
1	**Loans and Advances availed by the NBFC inclusive of interest accrued there on but not paid:**				
(a)	Debentures				
	- Secured	-	-	-	-
	- Unsecured	-	-	-	-
	(other than falling within the meaning of public deposits)				
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	302.62		266.38	
	- Secured	287.62	-	266.38	-
	- Unsecured	15.00	-	-	-
(d)	Inter- Corporate Loans and Borrowings	-	-	-	-
(e)	Commercial Paper	-	-	-	-
(f)	Cash Credits	-	-	-	-
(g)	Sub Debt	101.27	-	100.00	-
	Total	403.89		366.38	

	Particulars	Amount outstanding as at 31st March 2019(Rs in million.)	Amount outstanding as at 31 March 2018 (Rs in million.)
	Assets:		
2	**Break -up of loans and Advances including Bills Receivables [Other than those included in (3) below]:**		
(a)	Secured	489.73	425.35
(b)	Unsecured	63.91	152.39

3	**Break up of Leased Assets and Stock on Hire and Other Assets Counting towards AFC activities**	**Amount outstanding as at 31st March 2019 (Rs in million.)**	**Amount outstanding as at 31 March 2018 (Rs in million.)**
(i)	Lease Assets including Lease Rentals Accrued and Due:		
	(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	-	-

Annexure IV - Summary of significant accounting policies and other explanatory information to the Reformatted IGAAP Standalone Financial Information

	Particulars	Amount outstanding as at 31st March 2019 (Rs in million.)	Amount outstanding as at 31st March 2018 (Rs in million.)
4	**Break-up if Investments**		
	Current Investments		
I	**Quoted:**		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Other (Please specify)		
II	**Unquoted:**		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Other (Please specify)	-	-
	Long Term Investments		
I	**Quoted:**		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Other(Please specify)	-	-
II	**Unquoted:**		
(i)	Shares: (a) Equity	637.27	557.27
	(b) Preference	-	-
(ii)	Debentures and Bonds		
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Investment in Pass Through Certificates	-	-

5	**Borrower Group-wise Classification of Assets Financed as in(2)and (3) above**				
	Category	**As at 31st March 2019 (Amount in million.)**		**As at 31 March 2018 (Amount in million.)**	
		Secured	**Unsecured**	**Secured**	**Unsecured**
1	Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same Group	-	-	-	-
	(c) Other Related Parties	-	22.01	-	22.01
2	Other than Related Parties	489.73	41.90	425.35	130.39
	Total	489.73	63.91	425.35	152.40

6	**Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted):**				
	Category	**Market Value/**	**Book Value as at 31st March 2019**	**Market Value/**	

Annexure IV - Summary of significant accounting policies and other explanatory information to the Reformatted IGAAP Standalone Financial Information

		Break-up value or Fair value or Net Asset Value (Company's Share) as on 31 March 2019		Break-up value or Fair value or Net Asset Value (Company's Share) as on 31 March 2018	Book Value as at 31 March 2018
1	Related Parties	-			
(a)	Subsidiaries	-	636.05	-	556.05
(b)	Companies in the same Group	-	-	-	-
(c)	Other Related Parties	-	-	-	-
2	Other than Related Parties	-	1.22	-	1.22
	Total	-	637.27	-	557.27

7	Other Information				
	Category	**As at 31st March 2019**		**As at 31st March 2018**	
		Related Parties	**Other than Related Parties**	**Related Parties**	**Other than Related Parties**
(i)	Gross Non-Performing Assets	-	31.91	-	29.98
(ii)	Net Non-Performing Assets	-	21.02	-	24.68
(iii)	Assets Acquired in Satisfaction of Debt	-	-	-	-

38. Disclosure of frauds reported during the year ended March 31, 2019

Nature of Fraud	No of Cases	Amount of fraud	Amount written off
Cash misappropriation by employee	-	-	-
Fraudulent representation by customers	-	-	-

The above summary with respect to fraud is based on the information available with the Company which has been relied upon by the auditors.

39. Exposure to real estate Sector

Particulars	March 31, 2019	March 31, 2018
A.Direct exposure		
i.Residential Mortgages-	110.47	117.18
(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, retail 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)		
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures-		
a) Residential (refer note below)	-	-
b) Commercial Real Estate	-	-

Note:

Represents investment in pass through certificates extended to housing finance companies.

40. Exposure to capital Market

Particulars	March 31, 2019	March 31, 2018
(i) Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPO's/ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security ;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds ' does not fully cover the advances ;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers ;	-	-
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources ;	-	-
(vii) Bridge loans to companies against expected equity flows/issues ;	-	-
(viii) All exposures to Venture capital funds (both registered and unregistered)	-	-

41. Disclosures relating to securitisation

1. Details of assignment transactions undertaken

Sl. No.	Particulars	Current Year	Previous year
1	No of accounts	964	-
2	Aggregate value (net of provision) of account sold	23.33	-
3	Aggregate consideration	23.33	-
4	Additional consideration realized in respect of account transferred in earlier years	-	-
5	Aggregate gain/ loss over net book value	-	-

2. Details of financial assets sold to securitisation
The company neither purchased nor sold any financial assets relating to securitization transactions during the current year & previous year.

42. Details of Non-performing financial assets purchased/sold
The Company has neither purchased nor sold any non- performing financial assets during the current year & previous year.

43. Details of financing of parent company products
Nil.

44. Details of Single Borrower Limits (SBL) / Group Borrower Limits (GBL) exceeded.
The Company has not exceeded the single borrower limit as set by Reserve Bank of India for the year ended March 31, 2019 and March 31, 2018.

45. Advances against Intangible securities
The Company has not given any loans against intangible securities.

46. Registration/Licence /Authorisation obtained from other financial sector regulators

Registration / License	Authority issuing the registration / license	Registration / License reference
Certificate of Registration	Reserve Bank of India	N-02.00270 dated 11.03.2016

47. Penalties imposed by RBI and other regulators
No penalties have been imposed by RBI and Other Regulators during the financial year.

48. Ratings
As of now the company has not taken any credit ratings for its loans/securities/debts.

49. Draw down from reserves
The Company has not made any drawdown from existing reserves.

50. Concentration of advances

Concentration of advances	As at 31st March 2019	As at 31st March 2018
Total Advances to twenty largest borrowers	27.42	29.20
Percentage of advances to twenty largest borrowers to total exposure	4.95%	5.05%

51. Concentration of Exposures

Concentration of Exposures	As at 31st March 2019	As at 31st March 2018
Total Exposure to twenty largest borrowers	28.84	29.30
Percentage of Exposures to twenty largest borrowers to total exposure	5.21%	5.07%

52. Concentration of NPA's

Concentration of NPAs	As at 31st March 2019	As at 31st March 2018
Total exposure to top four NPA accounts	1.01	0.95

53. Sector-wise NPA's (Percentage of NPAs to Total Advances in that sector)

Sector	As at 31st March 2019	As at 31st March 2018
Agriculture & allied activities	12.83%	31.05%
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
other loans	6.22%	6.14%

The above Sector-wise NPA, advances and exposures are based on the data available with the Company which has been relied upon by the auditors.

54. Movement of Non-Performing Assets (NPA's)

Sl No	Particulars	March 31, 2019	March 31, 2018
i)	**Net NPAs to Net advances (%)**	3.89%	4.93%
ii)	**Movement of NPAs(Gross)**		
	a) opening balance	29.98	25.84
	b)Additions during the year	36.48	40.18
	c)Reductions during the year	34.55	36.04
	d)Closing balance	31.91	29.98
iii)	**Movement of NPAs (Net)**		
	a) opening balance	24.68	2.89
	b)Additions during the year	-	21.79
	c)Reductions during the year	3.67	-
	d)Closing balance	21.01	24.68
iv)	**Movement of provisions of NPAs**		
	a) opening balance	4.47	2.62
	b)Additions during the year	6.41	1.85
	c)Reductions during the year	-	-
	d)Closing balance	10.88	4.47
v)	**Movement of contingent provision against standard assets**		
	a) opening balance	2.19	0.82

	b)Additions during the year	-	1.37
	c)Reductions during the year	0.11	-
	d)Closing balance	2.08	2.19
vi)	**Movement of provisions held towards guarantees**		
	Opening balance	-	-
	Add: Provisions made during the year	-	-
	Less: Write- off/write- back of excess provisions	-	-
	Closing balance	-	-

55. Percentage of particular product loan to their total portfolio

Product wise	Percent (%)
JLG Loan	11.00%
2 Wheeler Loan	66.50%
Housing Loan Mortgage	19.95%
Small Business Loan	1.89%
Personal Loan	4.79%
Education Loan	2.78%
Other loans	3.98%

56. Overseas assets (for those with joint ventures and subsidiaries abroad)

There is no overseas asset owned by the company.

57. Off-balance sheet SPVs sponsored

There are no SPVs which are required to be consolidated as per accounting norms.

58. Customer complaints

Particulars	March 31, 2019	March 31, 2018
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	44	-
No. of complaints redressed during the year	40	-
No. of complaints pending at the end of the year	04	-

The above details are based on the information available with the Company regarding the complaints received from the customers which has been relied upon by the auditors.

59. Disclosures of Transactions Pursuant to clause 28 of the Debt Listing Agreement with BSE Limited

Sl. No	Loans and Advances in the nature of Loans	As at 31 March 2019		As at 31 March 2018	
		Amount Outstanding	Maximum Amount Outstanding during the period	Amount Outstanding	Maximum Amount Outstanding during the year
1	To Subsidiary Company:				
	- Chaitanya India Fin Credit Private Limited	-	-	-	-
2	To Fellow Subsidiaries				
3	To Associates				
	-No Associate during the Current Period/Year	-	-	-	-
4	Where there is				
	- No Repayment Schedule	-	-	-	-
	Repayment Schedule beyond seven Periods/Years				
	- No Interest	-	-	-	-
	Interest below the rate as specified in section 372A of the Companies Act	22.01	22.01	22.01	22.01
5	To Firms/ Companies in which directors are interested (other than the 1 and 2 above).	-	-	-	-
6	Investments by Loan in the shares of Parent and Subsidiary Company	-	-	-	-

60. Disclosure of Transactions Pursuant to clause 16 of the Listing Agreement for debt securities
The company has not issued any debentures till now.

61. The Company has written off Bad debts to the tune of Rs. 0.48 million /- as the company feels that the chances of recovery of the said advances are remote.

62. The Balances in Trade Payables, payables for financial activity, Short Term / Long Term Loans & Advances towards financing activities, Advances to Suppliers and others & Advance/loans to staff are subject to confirmation.

63. Provisions for all known liabilities are adequate in the opinion of the Management.

64. Previous year figures have been re-grouped/re-classified wherever necessary to correspond with the current year's classification/disclosure.

RAMESH ASHWIN & KARANTH
CHARTERED ACCOUNTANTS
(REGN No.: 010680S)

Sd/-

PRASHANTH KARANTH
Partner
Membership No.: 214235

Place: Bangalore
Date:

For and on behalf of
Chaitanya Rural Intermediation Development Services Private Limited

Sd/-	Sd/-
Sachin Bansal *Director* *(DIN: 02356346)*	*Ankit Agarwal* *Director* *(DIN: 08299808)*
Sd/-	Sd/-
Divyesh Jain *Chief Financial Officer*	*Puneet Bhatia* *Company Secretary*

Navi Finserv Limited **Annexure V**

(formerly known as Navi Finserv Private Limited)

Statement of Dividend

(All amounts in ₹ millions unless otherwise stated)

Particulars	**For the year ended March 31, 2019**
Dividend paid on Equity Shares	-
Dividend distribution tax on dividend paid on equity shares	-

Note: The above dividend includes interim and final dividend

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-
Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 11 April 2022

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

Sd/-
Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Divyesh Jain
Chief Financial Officer

Place: Bengaluru
Date: 11 April 2022

Sd/-
Puneet Bhatia
Company Secretary

Place: Bengaluru
Date: 11 April 2022

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON REFORMATTED IGAAP CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Ground Floor, Salarpuria Business Center,
93, 5th A Block, Koramangala Industrial Layout,
Koramangala, Bengaluru, Karnataka 560095

Dear Sirs,

1. We have examined the attached Reformatted IGAAP Consolidated Financial Information of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) (the "Company" or the "Issuer") and its subsidiary i.e., Chaitanya India Fin Credit Private Limited ("Subsidiary") (the Company and its Subsidiary together referred to as the "Group") comprising the Reformatted IGAAP Consolidated Statement of Assets and Liabilities as at March 31, 2019, the Reformatted IGAAP Consolidated Statements of Profit and Loss (including other comprehensive income), the Reformatted IGAAP Consolidated Statement of Changes in Equity, the Reformatted IGAAP Consolidated Statement of Cash Flow for the year ended March 31, 2019, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Reformatted IGAAP Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on April 11, 2022 for the purpose of inclusion in the Draft Prospectus and Prospectus ("Issue Documents") prepared by the Company in connection with its proposed public issue of non-convertible debentures ("Issue") prepared in terms of the requirements of:

a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
b. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Debentures) Regulations, 2021, as amended ("SEBI Debt Regulations"); and
c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Reformatted IGAAP Consolidated Financial Information for the purpose of inclusion in the Issue Documents to be filed with Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE")and Registrar of Companies, Karnataka at Bangalore in connection with the proposed Issue. The Reformatted IGAAP Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Annexure V, note 2 to the Reformatted IGAAP Consolidated Financial Information. The responsibility of the respective Board of Directors of the companies included in the Group includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted IGAAP Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group complies with the Act, SEBI Debt Regulations and the Guidance Note.

3. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control of Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements issued by the ICAI.

4. We have examined such Reformatted IGAAP Consolidated Financial Information taking into consideration:
    a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated March 28, 2022 in connection with the proposed public issue of non-convertible debentures of the Company;
    b. The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
    c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted IGAAP Consolidated Financial Information; and
    d. The requirements of Section 26 of the Act and the SEBI Debt Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI Debt Regulations and the Guidance Note in connection with the Issue.

5. These Reformatted IGAAP Consolidated Financial Information have been compiled by the management from:

   Audited Consolidated IGAAP financial statements of the Group as at and for the year ended March 31, 2019 prepared in accordance with the accounting standards notified under the Section 133 of the Act ("Indian GAAP") and other accounting principles generally accepted in India. These consolidated financial statements for the year ended March 31, 2019 were audited by the previous auditors, M/s Ramesh Ashwin & Karanth, Chartered Accountants (the “Previous Auditors”) and was approved by the Board of Directors at their meeting held on April 11, 2022.

6. For the purpose of our examination, we have relied on:

   a. Auditors’ Report issued by the Previous Auditors dated June 29, 2019 on the consolidated financial statements of the Group as at and for the year ended March 31, 2019, as referred in Paragraph 5 above.

   The audit for the financial year ended March 31, 2019 were conducted by the Company’s previous auditors and accordingly reliance has been placed on the reformatted IGAAP consolidated statement of assets and liabilities and the reformatted IGAAP consolidated statements of profit and loss (including other comprehensive income), statements of changes in equity and statement of cash flow, the Summary Statement of Significant Accounting Policies, and other explanatory information and (collectively, the “2019 Reformatted IGAAP Consolidated Financial Information”) examined by them for the said years. Our examination report included for the said years is based solely on the report submitted by the Previous Auditors. They have also confirmed that the 2019 Reformatted IGAAP Consolidated Financial Information have been prepared by the Company by taking into consideration the requirement of Section 26 of Part I of Chapter III of the Act read with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (as amended), the SEBI Debt Regulations and the Guidance note.

7. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the previous auditors for the year ended March 31, 2019, we report that the Reformatted IGAAP Consolidated Financial Information have been prepared by the Company by taking into consideration the requirement of Section 26 of Part I of Chapter III of the Act read with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (as amended), the SEBI Debt Regulations and the Guidance note.

8. The Reformatted IGAAP Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the date of the report on the audited consolidated financial statements mentioned in paragraph 5 above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports , nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. At the request of the Company, we have also examined the following Consolidated Financial Information of the Company as at and for the year ended March 31, 2019 which is based on the examination report submitted by the previous auditors for the year ended March 31, 2019 :

    Statement of Dividend, enclosed as Annexure V

12. Our report is intended solely for use of the Board of Directors for inclusion in the Issue Documents to be filed with SEBI, BSE and NSE and Registrar of

Companies, Karnataka at Bangalore in connection with the proposed Issue. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**
Chartered Accountants
[Firm Registration No: 001076N/N500013]

Sd/-
Manish Gujral
Partner
Membership No.: 105117
UDIN: **22105117AGVVUJ3485**

Place: Mumbai
Date: 11 April 2022

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
CIN: U65923KA2012PTC062537

Annexure I - Reformatted IGAAP Consolidated Statement of Assets and Liabilities

(In Millions)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
I. EQUITY AND LIABLITIES			
(1) Share holder's fund			
(a) Share capital	3	418.89	268.89
(b) Reserves and surplus	4	550.95	476.96
		969.84	745.85
(2) Non-current Liabilities			
(a) Long term borrowings	5	3,043.05	2,056.75
		3,043.05	2,056.75
(3) Current Liabilities			
(a) Short term borrowings	6	-	-
(b) Trade payables	7	6.13	72.22
(c) Other current liabilities	8	1,654.74	1,192.67
(d) Short-term provisions	9	234.25	220.53
		1,895.12	1,485.42
TOTAL		**5,908.01**	**4,288.03**
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property Plant & Equipment	10	29.03	24.51
(b) Intangible Assets (Net)	11	15.47	14.92
		44.50	39.43
(c) Non Current Investments	12	1.21	1.22
(d) Deferred tax assets (Net)	13	40.05	47.47
(e) Long term loans and advances	14A	11.43	9.94
(f) Loans and advances towards Financing Activities - [Long Term]	14B	747.80	344.73
(g) Other Non-Current Assets	15	53.27	109.28
		853.76	512.64
(2) CURRENT ASSETS			
(a) Current Investments	16	-	-
(b) Cash and cash equivalents	17	848.80	303.96
(c) Loans and advances towards Financing Activities - [Short Term]	18	3,806.28	3,375.30
(d) Other Short Term Loans & Advances	19	64.13	22.16
(e) Other Current Assets	20	290.54	34.54
		5,009.75	3,735.96
TOTAL		**5,908.01**	**4,288.03**

See accompanying notes to the Reformatted IGAAP Consolidated Financial Information
In terms of our report of even date attached

RAMESH ASHWIN & KARANTH
CHARTERED ACCOUNTANTS
(REGN No.: 010680S)

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

Sd/-
PRASHANTH KARANTH
Partner

Place: Bangalore
Date: 11 April 2022

Sd/-
Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Divyesh Jain
Chief Financial Officer
Place: Bengaluru
Date: 11 April 2022

Sd/-
Puneet Bhatia
Company Secretary
Place: Bengaluru
Date: 11 April 2022

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
CIN: U65923KA2012PTC062537

Annexure II - Reformatted IGAAP Consolidated Statement of Profit and Loss

(In Millions)

	Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
I.	Revenue from Operations	21	1,196.34	833.69
II.	Other Income	22	32.50	28.47
III.	**TOTAL REVENUE (I+II)**		**1,228.84**	**862.16**
IV.	**Expenses**			
	(a) Finance Cost	23	564.30	419.76
	(b) Employee benefit expenses	24	355.14	258.81
	(c) Depreciation and amortisation expenses	10 & 11	14.38	12.72
	(d) Other Administrative expenses	25	175.52	127.30
	(e) Bad Debts Written Off		50.23	0.67
	(f) Provision for Receivables under Financing Activity		(33.59)	121.25
	TOTAL EXPENSES		**1,125.98**	**940.51**
V	**Profit / (loss) before exceptional and extraordinary items and tax (III-IV)**		102.86	(78.35)
VI.	Exceptional items		-	-
VII.	**Profit / (loss) before extraordinary items and tax (V - VI)**		**102.86**	**(78.35)**
VIII.	Extraordinary items		-	-
IX.	**Profit / (loss) before tax (VII - VIII)**		**102.86**	**(78.35)**
X.	**Provision for taxation:**			
	(a) Current tax (provision) / write back		19.92	(12.96)
	(b) Deferred tax (provision) / write back	13	7.41	31.93
XI.	**Profit / (loss) for the period from continuing Operations**		75.52	(59.38)
XII.	**Profit / (loss) for the period from discontinuing Operations**		-	-
XIII.	**Tax expense of discontinuing operations**		-	-
XIV.	**Profit / (loss) for the period from discontinuing Operations (after tax)**		-	-
XV.	**Profit / (loss) for the period**		**75.52**	**(59.38)**
Earnings Per Share				
Basic			2.81	(0.22)
Diluted			2.81	(0.22)

See accompanying notes to the Reformatted IGAAP Consolidated Financial Information
In terms of our report of even date attached

RAMESH ASHWIN & KARANTH
CHARTERED ACCOUNTANTS
(REGN No.: 010680S)

Sd/-

PRASHANTH KARANTH
Partner

Place: Bangalore
Date: 11 April 2022

For and on behalf of
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited

Sd/-
Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Divyesh Jain
Chief Financial Officer
Place: Bengaluru
Date: 11 April 2022

Sd/-
Puneet Bhatia
Company Secretary
Place: Bengaluru
Date: 11 April 2022

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
CIN: U65923KA2012PTC062537

Annexure III - Reformatted IGAAP Consolidated Statement of Cash Flow

(In Millions)

	Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit Before Tax		**102.86**		**(78.35)**
	Adjustments for:				
	Add: Depreciation	14.38		12.72	
	Profit on sale of liquid fund investments	(14.43)			
	Profit on sale of assets	(0.09)		(0.01)	
	Interest & Finance Charges Paid	546.75	546.61	412.44	425.15
	Operating Profit before Working Capital Changes		**649.47**		**346.80**
	Adjustments for:				
	Decrease/ (Increase) in Cash Margin & Deposits	(36.36)		200.74	
	Decrease/(Increase) in Loans & Advances	(835.54)		(1,244.16)	
	Decrease /(Increase) in Other Current Assets	(121.65)		65.27	
	Increase/(Decrease) in Other current liabilities	294.16		16.27	
	Increase/(Decrease) in Trade payables	(66.10)		31.53	
	Increase/(Decrease) in Short term Provisions	13.72		161.28	
	(Decrease)/Increase in Borrowings	1,154.21		686.04	
	Interest & Finance Charges paid	(546.75)	(144.31)	(412.44)	(495.47)
	Cash generated from operations		**505.16**		**(148.67)**
	Income Tax paid		19.92		12.96
	Net Cash flow from Operating activities		**485.24**		**(135.71)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	(19.68)		(14.84)	
	Sale of Fixed Assets	0.32		0.07	
	Decrease in Share Premium			-	
	Short Term Capital Gain	14.43		-	
	Net Cash used in Investing activities		**(4.93)**		**(14.77)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Increase in Equity Share Capital			5.78	
	Increase in Preference Share Capital	150.00			
	Increase in Securities Premium	(1.53)		16.18	
	Net Cash used in financing activities		**148.47**		**21.96**
	Net increase in cash & Cash Equivalents		628.78		(128.53)
	Cash and Cash equivalents Opening Balance		220.01		432.48
	Cash and Cash equivalents Closing Balance		848.79		303.96
	Cash & Cash Equivalents	**As on 31.03.2019**		**As on 31.03.2018**	
	Cash in Hand		2.05		1.66
	Cash at Bank (Current Account)		670.42		218.35
	Cash at Bank (Cash Collateral and FD)		176.33		83.95
	Cash & Cash equivalents as stated		**848.80**		**303.96**

See accompanying notes to the Reformatted IGAAP Consolidated Financial Information
In terms of our report of even date attached

RAMESH ASHWIN & KARANTH
CHARTERED ACCOUNTANTS
(REGN No.: 010680S)

Sd/-

PRASHANTH KARANTH
a Partner
Membership No.: 214235

Place: Bangalore
Date: 11 April 2022

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

Sd/-

Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-

Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-

Divyesh Jain
Chief Financial Officer
Place: Bengaluru
Date: 11 April 2022

Sd/-

Puneet Bhatia
Company Secretary
Place: Bengaluru
Date: 11 April 2022

Annexure IV - Summary of significant accounting policies and other explanatory information to the Reformatted IGAAP Consolidated Financial Information

1. CORPORATE INFORMATION

The reformatted consolidated financial information comprise of the reformatted financial information of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) (hereinafter referred to as the "Holding Company" or "the Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group") was formed on 14th February 2012 to carry on the business of rural credit and related services such as activities of NBFC, intermediation for financial services agent, money transfer agent, credit linkage services, banking correspondent required by communities in remote locations and who are in the lower economic strata of the society, more so to deal with NBFC activities in rural and remote areas.

Navi Finserv Limited (formerly known as Navi Finserv Private Limited) is a holding company of Chaitanya India Fin Credit Private Limited('the Subsidiary Company')since 12th November 2014.

The Company has received Certificate of registration from Reserve Bank of India dated 11th 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 Limited (the Holding Company) and its subsidiary (collectively known as the 'Group').

The group has been upgraded from Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company to Non-Banking Financial Company – Systemically Important Non-Deposit taking Company as the assets size of the group (consolidated Assets size of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) and Chaitanya India Fin Credit Private Limited put together) has exceeded Rs. 500 crores in the month September 2018 (by virtue of RBI Master direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 01st September 2016).

Statement of Compliance

The Reformatted Consolidated Financial Information of the Group comprises of the Reformatted Consolidated Statement of Assets and Liabilities as at 31 December 2019, the Reformatted Consolidated Statement of Profit and Loss, the Reformatted IND AS Consolidated Statement of Changes in Equity, Reformatted Consolidated Statement of Cash Flows for the year ended 31 March 2019, the Summary Statement of Significant Accounting Policies and other explanatory information (collectively, the 'Reformatted Consolidated Financial Information')

These Reformatted Consolidated Financial Information have been prepared by the Management of the Group for the purpose of inclusion in the Draft Prospectus ('DP') to be filed by the Company with the SEBI, National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") in connection with proposed public debt issue of its non-convertible debentures.

The Reformatted Consolidated Financial Statements for the period ended 31 March 2019 were authorised and approved for issue by the Board of Directors on 11th April 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Consolidation

The Reformatted IND AS Consolidated Financial Information comprises the financial statements of the Company and its subsidiary as at 31st March 2019 to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated

13 September 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous year.

b) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

i. Revenue from Interest on loans financed by the Company is recognized on accrual basis, except for loans outstanding for more than 90 days which are recognized only on receipt basis, considering the directions issued by the RBI from time to time.

ii. Income on securitization is recognized on the basis of Circular DBOD.No.BP.BC.60/21.04.048/2005-06 dated 1st February 2006 issued by RBI. The said circular has prescribed a formula for Amortization of Securitization Profits. For the Securitization transactions undertaken during the year which have been done at a premium, recognition of income was done over the period of underlying portfolio as stated in Circular DBOD.No.BP.BC.60/21.04.048/2005-06 dated 1st February 2006 issued by RBI.

iii. Revenues from loan processing charges are recognized as income on cash basis.

iv. Revenue from interest income on fixed deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

v. Short term capital gains on sale of investment instruments i.e. liquid funds (treasury operations) are recognized on actual sale of instruments.

c) Use of Estimates

The preparation of consolidated financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the results of operations at the end of reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively.

d) Cash and cash equivalents

Cash and cash equivalents comprise 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.

e) Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Group are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

f) Property, Plant and Equipment:

Property, plant & equipment are carried at cost less accumulated depreciation and impairment losses, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The Gains or losses arising from de recognition of Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the Assets and are recognised in the statement of profit and loss account when the asset is derecognised.

The cost of a tangible asset comprises its purchase price net of any trade discounts and rebates, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities) and any directly attributable expenditure on making the asset ready for its intended use.

g) Intangible Fixed 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 taxing authorities) and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred, unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

h) Depreciation and Amortization

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 valued less than Rs.5000/- are depreciated in full in the year of acquisition. The Useful life of the Tangible Assets is as follows:

Sl. No	Asset	Useful Life (In Years)
1	Furniture & Fixtures	10
2	Office Equipment	5
3	Computers	3
4	Motor Bikes	10
7	Motor Car	8

The useful life of the Intangible Assets is as follows:

Sl. No	Asset	Useful Life (In Years)
1	Computer Software	3

The group is charging depreciation on Intangible assets on Straight Line method as the group feels the same would result in a more appropriate presentation of Financial Statements.

i) Investments

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage and fees.

Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under ‘current assets’ as “current portion of long term investments”.

Long-term investments (including current portion thereof) are carried at cost less any other-than temporary diminution in value, determined separately for each individual investment based on management's assessment of recovery and realisation.

Current investments are carried at the lower of cost and fair value.
Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

j) Employee Benefits

Employee benefits include provident fund, gratuity and ESI.

Defined contribution plan:

The Group's contribution to provident fund and ESI are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the actuarially determined rates at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.
The group recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of profit and loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of profit and loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employee is recognised in the Statement of profit and loss on a straight-line basis over the average period until the benefits become vested. The group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

Compensated absences:

The compensated absences given to the employees of the group are in the nature of Non-Accumulating and Non-vesting type. As such the group is not required to recognise any liability for unpaid compensated absences as on balance sheet date.

Short term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service.

k) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis.

l) Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made, Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date, these are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

All material known liabilities are provided for and liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

m) Taxes on Income

Tax expense comprises of current and deferred tax.

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in statement of profit and loss except that tax expense relating to items recognized directly in reserves is also recognized in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one year and are capable of reversal in one or more subsequent years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

n) Borrowing Costs

Borrowing costs include interest and ancillary costs that the Group incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss at the time of availment of the Loan.

o) Segment reporting

The group does not have a distinguishable and reportable business or geographical segment. As such disclosure requirements stated in Accountant Standard -17 (Segment reporting) are not applicable to the group.

p) Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

q) Impairment of Assets

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, as if no impairment loss had been recognised.

r) Classification and provisioning on receivables under financing activities

1. Receivables under financing activities are recognised on disbursement of loan to customers. The details of the policy are given below:

2. Asset classification: -

The holding company being a NBFC classifies receivables under financing activities as standard, sub - standard and doubtful assets and provided for as per the Company's policy and Management's estimates, subject to the minimum classification and provisioning norms as per the Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (RBI Master Direction No. RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17, Dated 1st September 2016).

Asset Classification	Criteria
Standard assets	Standard asset shall mean 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 or carry more than normal risk attached to the business
Non-Performing assets (NPA)	An asset, in respect of which, interest has remained overdue of a period of three months or more
Sub- standard assets	an asset which has been classified as non-performing asset for a period not exceeding twelve months
Doubtful assets	An asset which remains Sub-standard for a period exceeding twelve months
Loss assets	Assets which are identified as loss asset by the Company or by internal auditor or external auditor or by the Reserve Bank of India.

The subsidiary company being a NBFC- MFI classifies receivables under financing activities as standard, sub – standard assets and provided for as per the Company's policy and Management's estimates, subject to the minimum classification and provisioning norms as per the Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (RBI Master Direction No. RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17, Dated 1st September 2016).

Asset Classification	Criteria
Standard assets	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

Non-Performing assets (NPA)	Nonperforming asset means an asset for which, interest/principal payment has remained overdue for a period of ninety days or more

"Overdue" refers to interest and/or principal and/or instalment remaining unpaid from the day it became receivable.

3. Provisioning norms for receivables under financing activities: -

a) The provisioning norms for the holding company which is NBFC, is as follows:

Asset Classification	**Percentage of Provision (of Outstanding Portfolio)**
Standard Assets	0.40%
Non-performing assets (NPA)	
Sub – Standard Assets	10%
Doubtful assets	20% - 50%
Loss assets	100%

b) The provisioning norms for the subsidiary company which is NBFC-MFI shall be as follows:

The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of the following:

(i) 1% of the outstanding loan portfolio or

(ii) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

3 SHARE CAPITAL

(In Millions)

a)

Particulars	As at March 31st, 2019	As at March 31st, 2018
Authorized capital		
3,00,00,000 equity shares of Rs. 10 each (Previous year 3,00,00,000 shares of Rs 10 each)	300.00	300.00
1,80,00,000 11% Non-convertible preference shares of Rs 10 each (Previous year - Nil)	180.00	180.00
Issued, subscribed and paid up capital		
2,68,89,393 equity shares of Rs. 10 each fully paid-up (Previous year 2,68,89,393 shares of Rs 10 each)	268.89	268.89
1,50,00,000 11% Non-convertible preference shares of Rs 10 each (Previous year - Nil)	150	
	418.89	**268.89**

b) **Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:**

Particulars	As at March 31, 2019 (Units in Nos.)	As at March 31, 2019 (Amount in million)	As at March 31, 2018 (Units in Nos.)	As at March 31, 2018 (Amount in million)
Number of shares outstanding as at the beginning of the financial year (April 01)	2,68,89,393.00	268.89	2,63,11,393.00	263.11
Add: Increase in number of shares during the year			-	-
- Fresh issue of shares	-	-	5,78,000.00	5.78
Less: Reduction in number of shares during the year				
Number of shares outstanding as at the Close of the financial year (March 31)	**2,68,89,393.00**	**268.89**	**2,68,89,393.00**	**268.89**

c) **Reconciliation of preference shares outstanding at the beginning and at the end of the reporting period:**

Particulars	As at March 31, 2019 (Units in Nos.)	As at March 31, 2019 (Amount in million)	As at March 31, 2018 (Units in Nos.)	As at March 31, 2018 (Amount in million)
Number of shares outstanding as at the beginning of the financial year (April 01)	-	-	-	-
Add: Increase in number of shares during the year				
- Fresh issue of shares	1,50,00,000	150	-	-
Less: Reduction in number of shares during the year				
Number of shares outstanding as at the Close of the financial year (March 31)	**1,50,00,000**	**150**	-	-

c) **Details of shareholders holding more than 5% shares in the Company**

Name of Shareholder	As at March 31st, 2019		As at March 31st, 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Shore Cap II Limited	89,81,779.00	33.40	89,81,779.00	33.40
Samit S Shetty	44,57,714.00	16.58	44,57,714.00	16.58
Ramesh Sundaresan	16,93,665.00	6.30	16,93,665.00	6.30
Shekhar A	16,34,422.00	6.08	16,34,422.00	6.08

d) **Disclosures to made:**

i) The parent Company has only one class of equity share having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of Companies, 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 share holders.

ii) The Subsidiary Company has one class of Non - convertible, redeemable, cumulative preference shares (NCRCPS or Preference shares) having a par value of Rs.10 per share.

The preference shares shall carry a preferential right to dividend. Such dividend will be determined as per terms and conditions of issue of such shares. Dividend/yield will be calculated on prorata basis at the rate of 11% p.a and shall rank in priority over dividend to the equity shares.

In the event of liquidation of Companies, the holders of preference shares will be entitled to receive remaining assets of the Company, prior to the equity shareholders. The distribution will be in proportion to the number of preference shares held by the share holders.

The obligation to pay the dividend on preference shares will arise, when declared and approved in board meeting. As such dividend payable to the preference shareholders will be provided in the books of accounts only once the dividend is approved by the board of directors in accordance with sec 123 of companies act 2013.

The preference shareholders will not be entitled to participate in surplus funds nor in surplus assets and profits on winding up which may remain after the entire capital has been repaid.

e) The Group has not issued bonus shares, not issued shares for consideration other than cash and has not bought back shares during the period of five years immediately preceding the reporting date.

(In Millions)

4.00 **RESERVES AND SURPLUS**

Particulars	As at March 31st, 2019	As at March 31st, 2018
(a) Securities Premium Account		
Opening Balance	491.26	475.07
Add : Securities premium credited on Share issue	-	16.18
Less: Premium Utilised for various reasons		-
- Share Issue Expenses	1.53	-
Closing Balance	489.73	491.25
(b) Statutory Reserve		
Opening Balance	14.62	10.49
Add : Current Year Transfer	15.10	4.13
Less: Written Back in Current Year	-	-
Closing Balance	29.72	14.62
(c) Surplus		
Opening balance	(28.91)	34.60
Add : Net Profit/(Net Loss) For the current year	75.52	(59.38)
Add : Transfer from Reserves	-	-
Less: Proposed Dividends	-	-
Less: Asset Adjustment on Account of Companies Act, 2013	-	-
Less: Asset Adjustment on Account of Companies Act, 2013	-	-
Less: Transfer to Reserves	15.10	4.13
Closing Balance	31.51	(28.91)
Total	550.95	476.96

4.10
As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of Rs.15.10 million (March 31, 2018 :- 4.13 million), out of the profit after tax for the year ended March 31, 2019 to Statutory Reserve.

5.00 LONG TERM BORROWINGS

Particulars	As at March 31st, 2019	As at March 31st, 2018
Long Term Borrowings		
Secured		
(a) Term loans		
From Banks [Refer sub-note A-i]	218.93	327.82
From Financial Institutions [Refer sub-note A-ii]	834.82	544.63
	1,053.75	872.45
(b) NCDs		
From Financial Institutions [Refer sub-note B]	1,424.30	784.30
	1,424.30	784.30
Unsecured		
(a) Subordinate Debts		
From Financial Institutions [Refer sub-note C]	500.00	350.00
	500.00	350.00
(b) Unsecured Loan		
[Refer sub-note D]	65.00	50.00
	65.00	50.00
	-	-
Total	3,043.05	2,056.75

5.10 The Company has created a specific charge on its receivables under financing activities for its secured borrowings.
5.20 During the year, the Company has not defaulted in the repayment of dues to its lenders.

6.00 SHORT TERM BORROWINGS

Particulars	As at March 31st, 2019	As at March 31st, 2018
Short Term Borrowings		
(a) Term Loan		
Secured		
From Financial Institutions [Refer sub-note B]	-	-
Total	-	-

(In Millions)

7.00 TRADE PAYABLES

Particulars	As at March 31st, 2019	As at March 31st, 2018
Trade payables		
- dues to micro enterprises and small enterprises [Refer note 27]	-	-
- dues to other than micro enterprises and small enterprises	6.13	72.22
Total	6.13	72.22

8.00 OTHER CURRENT LIABILITIES

Particulars	As at March 31st, 2019	As at March 31st, 2018
(a) Current maturities of Secured long-term borrowings [Refer sub-note A-i	1,320.46	1,152.55
(b) Current maturities of NCDs [Refer sub-note C]	-	-
(c) Current maturities of Unsecured long-term borrowings [Refer sub-note D	-	12.50
(d) Statutory Payables	11.03	1.53
(e) Insurance Payable	15.64	9.60
(f) Cash Profit on Loan Transfer Transactions Pending Recognition	-	6.31
(g) Payables for financial activity	307.61	10.18
Total	1,654.74	1,192.67

8.10 *The Company has created a specific charge on its receivables under financing activities for its secured borrowings.*
8.20 *During the year, the Company has not defaulted in the repayment of dues to its lenders.*

9.00 SHORT TERM PROVISIONS

Particulars	As at March 31st, 2019	As at March 31st, 2018
(a) Provision for Employee Benefit	1.79	17.41
(b) Provision for Gratuity	16.56	11.09
(c) Provision for Payment to Auditor	0.33	0.25
(d) Provision for Expenses	5.18	3.95
(e) Provision for Receivables under Financing Activity - [Note No. 32]	125.36	158.95
(f) Provision for Interest Accrued but not due on Loans	83.61	27.97
(g) Provision for Income Tax	1.42	0.57
(h) Provision for Statutory Liabilities	-	0.34
Total	**234.25**	**220.53**

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(In Millions)

Particulars	Gross Block				Depreciation				Net Block	
	Cost as on 01.04.2018	Additions During the Period	Disposals during the year	Cost as at 31.03.2019	Provision upto 01.04.2018	Provision for the Period	Adjustment during the year	Provision upto 31.03.2019	As at 31.03.2019	As at 31.03.2018
10. Property Plant & Equipment										
Computers	20.77	9.50	0.29	29.97	15.71	6.56	0.28	21.99	7.98	5.06
UPS	3.45	0.70	0.08	4.06	1.55	0.59	0.08	2.06	2.00	1.90
Furniture & Fixtures	15.95	2.85	-	18.81	6.97	2.71	-	9.68	9.13	8.98
Office Equipments	0.83	0.36	-	1.20	0.63	0.17	-	0.80	0.40	0.20
Motor Vehicle (Car)	12.31	3.78	0.69	15.40	6.50	2.53	0.47	8.56	6.84	5.81
Motor Vehicle (Bike)	0.20	-	-	0.20	0.14	0.02	-	0.15	0.05	0.06
Godrej Safe	3.72	1.00	-	4.72	1.22	0.86	-	2.09	2.63	2.50
Total Tangible Assets	**57.23**	**18.19**	**1.06**	**74.36**	**32.72**	**13.44**	**0.83**	**45.33**	**29.03**	**24.51**
Previous period (2017-18)	**42.96**	**14.73**	**0.46**	**57.23**	**21.47**	**11.65**	**0.40**	**32.72**	**24.51**	-
11. Intangible Assets										
Goodwill	13.95	-	-	13.95	-	-	-	-	13.95	13.95
Computer Software	4.83	1.45	-	6.28	3.88	0.94	-	4.81	1.47	0.96
Application Software	-	0.04	-	0.04	-	0.00	-	0.00	0.04	-
Trade Mark	0.01	-	-	0.01	0.00	0.00	-	0.01	0.01	0.01
Total Intangible Assets	**18.80**	**1.49**	**-**	**20.29**	**3.88**	**0.94**	**-**	**4.82**	**15.47**	**14.92**
Previous period (2017-18)	**18.69**	**0.11**	-	**18.80**	**2.81**	**1.07**	-	**3.88**	**14.92**	-
Grand Total	**76.03**	**19.68**	**1.06**	**94.65**	**36.60**	**14.38**	**0.83**	**50.15**	**44.49**	**39.43**
Previous period (2017-18)	**61.65**	**14.84**	**0.46**	**76.03**	**24.28**	**12.73**	**0.40**	**36.60**	**39.43**	-

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12.00 NON CURRENT INVESTMENTS

Particulars	As at March 31st, 2019	As at March 31st, 2018
A. Other Investments		
(a)Investment in Equity shares		
- of Subsidiary	-	-
- of Others	1.21	1.22
(b) Investment in Debentures	-	-
Total	**1.21**	**1.22**

13.00 DEFERRED TAX ASSETS

Particulars	As at March 31st, 2019	As at March 31st, 2018
(a) Opening balance as at the beginning of the year (April 01)		
- Depreciation on tangible fixed assets	2.21	0.90
- on Asset Provisioning	42.16	12.43
- on Gratuity Provision	3.09	2.21
	47.46	15.54
(b) Adjustments during the financial year	-	-
- Depreciation on tangible fixed assets	1.10	1.30
- on Asset Provisioning	(10.02)	29.74
- on Gratuity Provision	1.51	0.89
	-	-
	(7.41)	31.93
(c) Closing balance as at the end of the year (March 31)	-	-
- Depreciation on tangible fixed assets	3.30	2.21
- on Asset Provisioning	32.14	42.17
- on Gratuity Provision	4.61	3.09
	-	-
Total	40.05	47.47

14A LONG TERM LOANS AND ADVANCES

Particulars	As at March 31st, 2019	As at March 31st, 2018
(a) Security deposits - Unsecured, considered good		
Rental deposits	7.16	5.94
Other deposits	0.07	0.07
	7.23	**6.01**
(b) Other Loans and Advances	-	-
Loans to employees - Unsecured, considered good	4.20	3.93
	-	-
Total	11.43	9.94

14B LOANS AND ADVANCES TOWARDS FINANCING ACTIVITIES - LONG TERM

Particulars	As at March 31st, 2019	As at March 31st, 2018
Receivable under Financing Activities		
(a) Secured and Considered Good - Long term	177.34	162.25
	-	-
(b) Unsecured and Considered Good - Long term	570.46	182.48
	-	-
Total	747.80	344.73

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15.00 OTHER NON-CURRENT ASSETS:

Particulars	As at March 31st, 2019	As at March 31st, 2018
Others bank balances		
Cash Collateral		
Cash Collateral with maturity more than 12 months (TL) - Banks	32.26	74.31
Cash Collateral with maturity more than 12 months (TL)- FI s	18.53	7.95
Cash Collateral with maturity more than 12 months (Securitisation)- B	2.48	27.02
Total	53.27	109.28

16.00 CURRENT INVESTMENTS

Particulars	As at March 31st, 2019	As at March 31st, 2018
Investments in Mutual Funds	-	-
Total	-	-

17.00 CASH AND CASH EQUIVALENTS

Particulars	As at March 31st, 2019	As at March 31st, 2018
(a) Cash on hand	2.05	1.66
(b) Balances with banks		
In current account	670.42	218.35
Fixed Deposit Bank	-	-
maturity less than 12 months	-	25.00
Cash Collateral	-	-
Cash Collateral with maturity less than 12 months (TL) - Banks	62.51	47.56
Cash Collateral with maturity less than 12 months (TL)- FI s	10.97	11.39
Cash Collateral with maturity less than 12 months (Securitisation)	102.85	-
	846.75	302.30
	-	-
Total	848.80	303.96

18.00 LOANS AND ADVANCES TOWARDS FINANCING ACTIVITIES - SHORT TERM

Particulars	As at March 31st, 2019	As at March 31st, 2018
Receivable under Financing Activities		
(c) Secured and Considered Good	325.46	284.37
(d) Unsecured and Considered Good	3,480.82	3,090.93
Total	3,806.28	3,375.30

19.00 OTHER SHORT TERM LOANS & ADVANCES

Particulars	As at March 31st, 2019	As at March 31st, 2018
Prepaid expenses	4.93	3.46
Interest Accrued on Loan Portfolio	52.22	17.12
Advance to Suppliers & Others	6.98	1.58
	-	-
Total	64.13	22.16

20.00 OTHER CURRENT ASSETS

Particulars	As at March 31st, 2019	As at March 31st, 2018
Interest accrued on fixed deposits but not Due	3.84	-
Advance to Staffs	1.23	0.64
Advance EMI	-	8.33
Insurance Claim Receivable	12.00	8.70
Insurance claim Receivable on staff fraud / cash loss	0.77	-
Statutory Receivables	6.61	2.89
Other Receivables	0.77	1.22
TDS Asset	-	3.54
Tax paid under dispute	4.67	1.65
Loan Assets Retained on Securitisation / Assignment Transactions	260.65	7.57
Total	290.54	34.54

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21.00 REVENUE FROM OPERATIONS

Particulars	As at March 31st, 2019	As at March 31st, 2018
Interest Received from Customers	1,021.27	751.14
Loan Processing Fees	104.04	67.72
Documentation Charges Collected	6.47	-
Securitization Income	54.26	14.35
Business Correspondent Service Income	-	0.38
Service Fees Received on Securitisation	3.72	0.10
Micro Credit Insurance Commission	6.57	-
Total	**1,196.33**	**833.69**

22.00 OTHER INCOME

Particulars	As at March 31st, 2019	As at March 31st, 2018
Interest income		
On Bank Deposits for cash collateral	14.77	15.07
On Bank Deposits other than Cash Collateral	0.21	-
Profit on sale of liquid fund investments	14.43	12.63
Loan Processing Fees on employee loan	0.05	0.04
Interest on employee loan	0.68	0.39
Profit on Sale of Assets	0.09	0.03
Bad Debt Recovered	2.23	0.18
Other Income	0.04	0.13
Total	**32.50**	**28.47**

23.00 FINANCE COST

Particulars	As at March 31st, 2019	As at March 31st, 2018
Interest expense		
On Term Loans	338.23	275.87
On NCDs	191.18	110.22
Bank charges	3.75	2.23
Loan Processing Expenses	17.34	14.08
NCD Expenses	4.68	10.05
Business Correspondent Service Expenses - Others	9.12	7.32
Total	**564.30**	**419.77**

24.00 EMPLOYEE BENEFIT EXPENSES

Particulars	As at March 31st, 2019	As at March 31st, 2018
Salary, Wages, Allowances & other Benefits	320.86	228.50
Contributions to P.F., ESI & Others	18.84	20.94
Gratuity Expenses	5.69	5.28
Staff welfare expenses	9.75	4.09
Total	**355.14**	**258.81**

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25.00 OTHER ADMINISTRATIVE EXPENSES

Particulars	As at March 31st, 2019	As at March 31st, 2018
Conveyance Expenses	53.88	42.88
Rent	18.95	14.26
Printing, Books & Other Stationary	10.33	8.58
Vehicle Running & Maintenance	10.86	6.77
Telephone & Internet Charges	10.09	9.57
Professional Charges	14.63	13.99
Tour & Travelling Expenses	9.90	5.86
Meeting & Training Expenses	7.91	3.82
Loan Management Software Support & Hosting Charges	5.01	0.18
Business Promotion Expenses	0.72	0.33
GST Expense	10.25	6.44
Membership Fee & Subscription	1.08	1.11
Electricity Charges	2.74	2.07
Internal Audit Fees	0.26	0.77
Statutory & Tax Audit Fees	0.43	0.17
Asset Written off	-	0.02
Postage & Courier Charges	0.63	0.51
Director's Sitting Fees	0.50	0.44
Repairs & Maintenance [General]	0.91	0.26
Repairs & Maintenance of Computers	0.26	0.19
Water Charges	1.76	1.34
Insurance Charges	2.94	1.57
Office & General Expenses	4.34	2.66
Brokerage for Office	0.07	0.02
Rates & Taxes	2.09	1.93
Recruitment Expenses	0.37	0.05
Auction Related Expenses	0.13	0.30
Service Tax Paid	-	0.14
Business Correspondent Service Expenses	-	-
Two Wheeler Dealer Commission	3.25	-
Two Wheeler Franking charges	1.19	1.05
Profession Tax	-	0.01
Miscellaneous Expenses	0.04	0.01
Total	**175.52**	**127.30**

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

Annexure IV - Summary of significant accounting policies and other explanatory information to the Reformatted IGAAP Consolidated Financial Information

A. Long Term Borrowings & Current Maturities Of Long-Term Borrowings

i. From Banks

Sl. No.	Rate of Interest	Original Loan Tenure	No. of Installments O/s	Facility Availed	Long Term Borrowings (Amount in million)		Current Maturities of Long Term Borrowings (Amount in million)		Securities Offered
			31.3.2019		31.3.2019	31.3.2018	31.3.2019	31.3.2018	
1	13.50%	33 Months	2	Term Loan	-	11.11	11.11	22.22	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
2	12.00%	33 Months	14	Term Loan	11.11	155.56	44.44	94.44	Book Debts Assigned, Cash Collateral
3	12.00%	33 Months	6	Term Loan	33.33	-	66.67	-	Book Debts Assigned, Cash Collateral
4	13.50%	24 Months	24	Term Loan	47.83	-	52.17	-	Book Debts Assigned, Cash Collateral
5	13.75%	36 Months	0	Term Loan	-	-	-	1.55	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors, Corporate Guarantee of Chaitanya Rural Intermediation Development Services Pvt Ltd
6	12.40%	36 Months	0	Term Loan	-	-	-	16.67	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
7	12.50%	22 Months	0	Term Loan	-	-	-	15.00	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
8	12.42%	26 Months	20	Term Loan	23.33	-	35.00	-	Book Debts Assigned, Cash Collateral
9	12.65%	33 Months	9	Term Loan	-	-	2.85	-	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
10	12.65%	33 Months	12	Term Loan	-	58.03	56.33	64.00	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
11	12.85%	78 Months	15	Term Loan	9.13	12.31	3.08	3.23	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
12	13.75%	36 Months	0	Term Loan	-	-	-	6.07	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
13	10.50%	36 Months	0	Re-finance	-	-	-	16.67	Book Debts Assigned, Personal Guarantees of Promoter Directors
14	13.50%	18 Months	0	Term Loan	-	-	-	14.29	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
15	10.65%	24 Months	0	Term Loan	-	50.00	-	50.00	Book Debts Assigned, Cash Collateral
16	11.70%	24 Months	10	Term Loan	-	-	50.00	-	Book Debts Assigned, Cash Collateral, Guarantees of ADB & IFMR
17	13.00%	30 Months	6	Term Loan	-	20.01	20.01	40.00	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
18	13.70%	30 Months	0	Term Loan	-	-	-	5.53	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
19	12.50%	32 Months	13	Term Loan	0.74	20.10	9.10	18.19	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
20	12.50%	32 Months	14	Term Loan	0.74	-	9.10	-	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
21	12.45%	36 Months	0	Term Loan	-	-	-	14.44	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
22	11.45%	36 Months	25	Term Loan	92.50	-	90.00	-	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
23	13.65%	30 Months	0	Term Loan	-	-	-	13.18	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
24	11.45%	30 Months	0	Term Loan	-	-	0.00	-	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
25	9.35%	36 Months	17	Vehicle Loan	0.04	0.12	0.08	0.07	Motor Car Hypothecated to Bank
26	9.35%	36 Months	17	Vehicle Loan	0.04	0.12	0.08	0.07	Motor Car Hypothecated to Bank
27	9.35%	36 Months	17	Vehicle Loan	0.04	0.12	0.08	0.07	Motor Car Hypothecated to Bank
28	9.35%	36 Months	17	Vehicle Loan	0.04	0.12	0.08	0.07	Motor Car Hypothecated to Bank
29	9.35%	36 Months	17	Vehicle Loan	0.04	0.12	0.08	0.07	Motor Car Hypothecated to Bank
30	9.35%	36 Months	17	Vehicle Loan	0.04	0.12	0.08	0.07	Motor Car Hypothecated to Bank
Total (i)					**218.93**	**327.82**	**450.35**	**395.91**	

ii. From Financial Institutions

Sl. No	Rate of Interest	Original Loan Tenure	No. of Installments O/s 31.3.2019	Facility Availed	Long Term Borrowings (Amount in million)		Current Maturities of Long Term Borrowings (Amount in million)		Personal Guarantees of Promoter Directors, Book Debts Assigned
					31.3.2019	31.3.2018	31.3.2019	31.3.2018	Book Debts Assigned,PDS/NACH
1	15.25%	24 Months	0	Term Loan	-	-	-	12.50	Book Debts Assigned, Personal Guarantees of Promoter Directors
2	13.25%	30 Months	15	Term Loan	8.08	37.88	29.79	26.12	Book Debts Assigned
3	13.75%	48 Months	24	Term Loan	150.00	-	-	-	Book Debts Assigned
4	14.00%	36 Months	31	Term Loan	63.33	-	36.67	-	Book Debts Assigned
5	14.50%	36 Months	0	Term Loan	-	-	-	16.67	Book Debts Assigned, Personal Guarantees of Promoter Directors
6	13.60%	24 Months	19	Term Loan	46.25	-	70.00	-	Book Debts Assigned
7	14.00%	48 Months	18	Term Loan	7.87	22.07	14.19	12.35	Book Debts Assigned
8	15.00%	36 Months	0	Term Loan	-	-	-	3.94	Book Debts Assigned
9	12.50%	24 Months	5	Term Loan	-	9.22	9.33	25.47	Book Debts Assigned, Cash Collateral
10	13.50%	33 Months	0	Term Loan	-	-	-	13.76	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
11	12.28%	36 Months	18	Term Loan	13.53	38.23	24.70	21.86	Book Debts Assigned
12	15.50%	24 Months	0	Term Loan	-	-	-	11.43	Book Debts Assigned, Personal Guarantees of Promoter Directors
13	15.50%	24 Months	0	Term Loan	-	-	-	15.97	Book Debts Assigned, Personal Guarantees of Promoter Directors
14	15.00%	36 Months	0	Term Loan	-	-	-	45.83	Book Debts Assigned
15	15.50%	24 Months	7	Term Loan	37.50	54.17	50.00	33.33	Book Debts Assigned
16	14.00%	24 Months	21	Term Loan	45.85	-	83.32	-	Book Debts Assigned
17	12.75%	24 Months	16	Term Loan	18.48	-	50.97	-	Book Debts Assigned
18	14.00%	36 Months	0	Term Loan	-	-	-	16.67	Book Debts Assigned, Personal Guarantees of Promoter Directors
19	14.00%	36 Months	32	Term Loan	30.33	-	15.09	-	Book Debts Assigned
20	15.00%	24 Months	0	Term Loan	-	-	-	2.08	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
21	15.00%	24 Months	0	Term Loan	-	-	-	2.08	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
22	14.50%	24 Months	21	Term Loan	-	-	-	37.50	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
23	14.00%	24 Months	21	Term Loan	14.58	-	17.50	-	Book Debts Assigned, Cash Collateral
24	14.00%	24 Months	22	Term Loan	14.58	-	17.50	-	Book Debts Assigned, Cash Collateral
25	13.50%	36 Months	2	Term Loan	-	16.62	16.59	33.33	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
26	15.25%	24 Months	0	Term Loan	-	-	-	13.18	Book Debts Assigned
27	15.25%	24 Months	0	Term Loan	-	-	-	13.18	Book Debts Assigned
28	15.25%	36 Months	1	Term Loan	-	1.76	1.76	18.98	Book Debts Assigned
29	15.25%	36 Months	1	Term Loan	-	1.76	1.76	18.98	Book Debts Assigned
30	15.00%	36 Months	2	Term Loan	-	3.46	3.46	18.73	Book Debts Assigned
31	15.00%	36 Months	7	Term Loan	-	23.11	23.11	35.23	Book Debts Assigned
32	14.40%	36 Months	19	Term Loan	4.68	11.55	6.92	6.14	Book Debts Assigned
33	14.40%	36 Months	19	Term Loan	18.75	46.23	27.69	24.46	Book Debts Assigned
34	14.40%	36 Months	24	Term Loan	19.42	35.52	16.25	14.48	Book Debts Assigned
35	14.40%	36 Months	24	Term Loan	19.23	35.36	16.28	14.64	Book Debts Assigned
36	13.95%	36 Months	24	Term Loan	19.10	35.51	16.51	14.49	Book Debts Assigned
37	13.95%	36 Months	24	Term Loan	19.07	35.47	16.49	14.53	Book Debts Assigned
38	14.45%	36 Months	28	Term Loan	75.51	-	46.41	-	Book Debts Assigned
39	14.45%	36 Months	29	Term Loan	26.53	-	15.28	-	Book Debts Assigned
40	14.45%	36 Months	33	Term Loan	31.73	-	14.58	-	Book Debts Assigned
41	14.00%	18 Months	0	Term Loan	-	-	-	18.15	Book Debts Assigned, Personal Guarantees of Promoter Directors
42	14.00%	18 Months	0	Term Loan	-	-	-	29.90	Book Debts Assigned, Personal Guarantees of Promoter Directors
43	14.75%	24 Months	0	Term Loan	-	-	-	31.63	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
44	13.00%	24 Months	18	Term Loan	27.48	-	49.97	-	Book Debts Assigned
45	13.45%	24 Months	0	Term Loan	-	-	-	10.42	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
46	13.50%	24 Months	17	Term Loan	4.73	-	10.07	-	Book Debts Assigned

ii. From Financial Institutions

Sl. No.	Rate of Interest	Original Loan Tenure	No. of Installments O/s 31.3.2019	Facility Availed	Long Term Borrowings (Amount in million)		Current Maturities of Long Term Borrowings (Amount in million)		Personal Guarantees of Promoter Directors, Book Debts Assigned
					31.3.2019	31.3.2018	31.3.2019	31.3.2018	Book Debts Assigned,PDS/NACH
47	15.75%	24 Months	1	Term Loan	-	2.08	2.08	25.00	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
48	15.00%	36 Months	12	Term Loan	-	26.91	26.91	23.15	Book Debts Assigned
49	15.00%	36 Months	14	Term Loan	1.39	8.87	7.48	6.45	Book Debts Assigned
50	13.44%	36 months	16	Term Loan	2.64	9.89	7.25	6.34	Book Debts Assigned
51	15.00%	36 months	18	Term Loan	11.95	14.53	21.37	7.62	Book Debts Assigned
52	15.15%	36 months	19	Term Loan	5.86	33.32	8.71	18.42	Book Debts Assigned
53	15.75%	24 Months	4	Term Loan	-	5.00	5.00	15.00	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
54	15.75%	24 Months	7	Term Loan	-	5.83	5.83	10.00	Book Debts Assigned, Cash Collateral, Personal Guarantees of Promoter Directors
55	14.00%	36 months	21	Term Loan	7.50	17.50	10.00	10.00	Book Debts Assigned
56	14.00%	36 months	23	Term Loan	6.11	12.78	6.67	6.67	Book Debts Assigned
57	14.00%	36 months	30	Term Loan	16.50	-	9.30	-	Book Debts Assigned, Cash Collateral
58	15.15%	36 Months	32	Term Loan	14.45	-	7.59	-	Book Debts Assigned
59	14.00%	24 Months	21	Term Loan	8.16	-	9.63	-	Book Debts Assigned
60	15.50%	24 Months	21	Term Loan	9.37	-	12.50	-	Book Debts Assigned, Cash Collateral
61	15.50%	24 Months	21	Term Loan	9.37	-	12.50	-	Book Debts Assigned, Cash Collateral
62	15.00%	24 Months	24	Term Loan	10.00	-	10.00	-	Book Debts Assigned
63	15.00%	36 Months	36	Term Loan	14.88	-	5.12	-	Book Debts Assigned
Total (ii)					834.82	544.63	870.12	756.64	
Total (i) + (ii)					1,053.75	872.45	1,320.47	1,152.55	

B. Details of Non Convertible Debentures

Sl. No	Coupon Rate	Maturity Date	Debenture Details		31.3.2019	31.3.2018	Options Available		Date of Redemption if Option is exercised
			Nos.	Face Value	Amount in million	Amount in million			
1	12.40%	29-Jun-22	250	10,00,000	250.00	250.00			NA
2	12.90%	03-Aug-20	330	10,00,000	330.00	330.00			NA
3	13.80%	22-Aug-22	2,043	1,00,000	204.30	204.30			NA
4	14.50%	06-Nov-21	2,000	1,00,000	200.00	-			
5	13.85%	06-Nov-22	440	10,00,000	440.00	-			
Total					1,424.30	784.30			
		Less: Current Maturities of NCDs			-	-			
		Long Term Portion of NCDs			1,424.30	784.30			

Note: (a) The Secured, Non Convertible Debentures are secured by hypothecation of specified Receivables under Financing Activities

(b) The above Non Convertible Debentures are listed on BSE Limited (Bombay Stock Exchange). Further, the Company has entered into an agreement with GDA Trusteeship Services Limited to act as Debentures Trustees for the Debetures

(c) The Company has not defaulted in the repayment of dues to the Debenture Holders.

C. Subordinate Debt

Sl. No	Rate of Interest	Original Loan Tenure	No. of Installments O/s	Facility Availed	Long Term Borrowings (Amount in million)		Current Maturities of Long Term Borrowings (Amount in million)		Securities Offered
			31.3.2019		31.3.2019	31.3.2018	31.3.2019	31.3.2018	
1	16.50%	78 Months	1	Sub-Debt	50.00	50.00	-		NA
2	17.00%	75 Months	1	Sub-Debt	50.00	50.00	-		NA
3	14.50%	72 Months	1	Sub-Debt	150.00	150.00	-		NA
4	16.00%	72 Months	1	Sub-Debt	100.00	-			
5	16.00%	66 Months	1	Sub-Debt Term	50.00	-			
6	15.00%	84 Months	1	Sub-Debt	100.00	100.00			
Total					500.00	350.00	-	-	

D. Unsecured Loan

Sl. No	Rate of Interest	Original Loan Tenure	No. of Installments O/s	Facility Availed	Long Term Borrowings (Amount in million)		Current Maturities of Long Term Borrowings (Amount in million)		Securities Offered
			31.3.2019		31.3.2019	31.3.2018	31.3.2019	31.3.2018	
1	17.50%	36 Months	0	Term Loan	-	-	-	12.50	NA
2	14.50%	75 Months	1	Term Loan	50.00	50.00	-	-	NA
3	13.50%	6 Months	1	Term Loan	15.00	-			NA
Total					65.00	50.00	-	12.50	
Grand Total					3,043.05	2,056.75	1,320.47	1,165.05	

26.Contingent Liabilities:

a. Claims against the Group not acknowledged as Debts

Company	Particulars	As at March 31, 2019(Rs in million)	As at March 31, 2018 (Rs in million)
Navi Finserv Limited (formerly known as Navi Finserv Private Limited)	Income Tax Demands	10.32	10.32
Chaitanya India Fin Credit Pvt Ltd	Income Tax Demands	13.07	8.25

27. Disclosure under Micro, Small and Medium Enterprises development act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information presently available with the management, the disclosures required under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") are given below:

Sl No	Particulars	As at March 31, 2019 (Rs in million.)	As at March 31, 2018 (Rs in million.)
1	The principal amount remaining unpaid to any supplier as at the end of the Period/Year	-	-
2	The interest due on the principal remaining outstanding as at the end of the Period/Year	-	-
3	The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the Period/Year	-	-
4	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 Period/Year) but without adding the interest specified under the Act	-	-
5	The amount of interest accrued and remaining unpaid at the end of the Period/Year	-	-
6	The amount of further interest remaining due and payable even in the succeeding Periods/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 the Act	-	-

28. Expenditure in foreign currency (accrual basis)

Particulars	Year ended March 31, 2019(Rs in million)	Year ended March 31, 2018(Rs in million)
Expenses Reimbursement	1.84	-
Professional Charges	-	0.34
Web hosting charges	0.18	0.20
Processing Fees Paid	-	3.67

29. Leases

The group has entered into operating lease arrangements for office premises. Lease payments recognized in the statement of profit and loss for the year 2018-19 amounts to Rs.18.95 million (Previous year – Rs. 14.26million).

30. Employee benefits

Defined contribution plans

The group makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The group's contribution is recognized as expenses in the statement of profit and loss during the period in which the employee renders the related service.

The amount recognised as an expense towards contribution to provident fund for the year aggregated to Rs. 15.83million (March 31, 2018: Rs. 18.71 million).

The amount recognised as an expense towards contribution to ESI for the year aggregated to Rs. 1.83 million (March 31, 2018: Rs. 1.65 million).

Defined benefit plans

The group's gratuity benefit scheme is a defined plan. The group's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past services and the fair value of any plan assets are deducted. The Calculation of the group's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

Details of actuarial valuation of gratuity pursuant to the Accounting Standard 15 (Revised):-

1. ***Holding Company :-***

Particulars	March 31, 2019 (Rs in million)	March 31, 2018 (Rs in million.)
Reconciliation of Defined Benefit Obligation		
Present value of DBO as at the beginning of the year	0.57	-
Current service cost	0.17	0.06
Interest cost	0.04	0.02
Actuarial (gain) / loss	-	-
Plan Amendments	-	-
Curtailment	-	-
Settlement	-	-
Amalgamations (Transfers or acquisitions)	-	0.42
Benefits paid	-0.21	-
Currency Impact	-	-
Actuarial gain / (loss)	0.18	0.07
Present Value of DBO at the end of the year	0.75	0.57
Liability recognized in the financial statement	0.75	0.57
Expense recognized in the Statement of Profit and Loss		
Current service cost	0.17	0.06
Interest cost on Obligations	0.04	0.02
Past Service Cost – Vested benefits	-	-

Expected return on Plan Assets	-	-
Actuarial (gain) / loss	0.18	0.07
Effect of any Curtailment or Settlement cost	-	-
The effect of the limit in paragraph 59 (b) (Asset Ceiling)	-	-
Impact of Foreign Currency Exchange Rate	-	-
Expense Recognized in the Profit and Loss Account	0.39	0.15
Net Liability / (Asset) recognized in the Balance Sheet		
Net Liability / (Asset) at the beginning of the year	0.57	-
Expense Recognized in the Profit and Loss Account	0.39	0.15
Contributions by employer	-	-
Benefits directly paid by the company	-0.21	-
Amalgamations (Transfers or acquisitions)	-	0.42
Others – Currency Impact	-	-
Net Liability / (Asset) at the end of the year	0.75	0.57

Note :-

a). The estimates in future salary increases, considered in actuarial valuation, takes account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employee market.

b). 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.

Five years Information **(in million)**

Particulars	March 2019	March 2018	March 2017	March 2016	March 2015
Present Value of benefit obligations	0.75	0.57	-	-	-
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit in the plan	0.75	0.57	-	-	-
Experience adjustments arising on plan liabilities - (gain)/loss	-	-	-	-	-
Experience adjustments arising on plan assets - gain/(loss)	0.18	0.07	-	-	-

2. **Subsidiary Company :-**

Particulars	March 31, 2019 (Rs.in million)	March 31, 2018 (Rs.in million)
Change in present value of obligation		
Present value of obligation as at the beginning of the year	11.09	6.68
Current service cost	4.78	2.91
Interest cost	0.83	0.47
Plan Amendments	-	0.06
Amalgamations (Transfers or acquisitions)	-	-0.42
Actuarial (gain) / loss	-0.32	1.83
Benefits paid	-0.57	-0.44

Present value of obligation as at the end of the year	15.81	11.09
Change in plan assets		
Plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution by the Company	-	-
Benefits paid	-	-
Actuarial gain / (loss)	-	-
Plan assets at the end of the year	-	-
Liability recognized in the financial statement	15.81	11.09
Expense recognized in the Statement of Profit and Loss		
Current service cost	4.78	2.91
Interest cost	0.83	0.47
Past Service Cost - vested benefits	-	0.06
Actuarial (gain) / loss	-0.32	1.83
Expense recognized in the Statement of Profit and Loss	5.29	5.27
Constitution of plan assets		
Other than equity, debt, property and bank a/c	Not applicable	Not applicable
Funded with LIC	Not applicable	Not applicable

Particulars	For the year ended March 31,2019(Rs. in million)	For the year ended March 31,2018(Rs. in million)
Present value of obligation at the end	15.81	11.09
Fair value of plan assets at the end		-
Net liability recognized in Balance Sheet	15.81	11.09
Experience adjustment on plan liabilities (loss) / gain	-0.42	0.96
(Gain)/loss due to change in Assumptions	0.10	0.87
Total (Gain)/loss on Benefit obligations	-0.32	1.83

Note :-

a). The estimates in future salary increases, considered in actuarial valuation, takes account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employee market.

b). 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.

Five years Information **(in million)**

Particulars	March 2019	March 2018	March 2017	March 2016	March 2015
Present Value of benefit obligations	15.81	11.09	6.68	3.66	1.79
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit in the plan	15.81	11.09	6.68	3.66	1.79

Experience adjustments arising on plan liabilities - (gain)/loss	-0.42	0.96	-0.54	-0.02	-
Experience adjustments arising on plan assets - gain/(loss)	-	-	-	-	-

31. Related party disclosures.

Related Party relationships

1. **Key Management personnel**

- Mr. Anand Rao – Director
- Mr. Samit Shankar Shetty – Director
- Mr K S Ravi - Director
- Mr R Nanda Kumar - Director
- Mr Ramesh Sundaresan - Nominee Director
- Mr Srinivasan C V – CFO
- Ms Dimple Shah – CS

2. **Enterprises significantly influenced by Person with Significant influence**

- Chaitanya Employee Welfare trust

Nature of Transaction	Related Party	Relationship	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
			Rs.in million	Rs. In million
Remuneration to Key Managerial Personnel	Mr. Anand Rao	Jt. Managing Director	4.18	3.74
	Mr. Samit Shankar Shetty	Managing Director	4.18	3.74
	Mr. Srinivasan C V	CFO	2.80	2.42
	Ms. Dimple Shah	CS	0.84	0.68
	Total		12.00	10.58
Director's Sitting Fees	Mr. K S Ravi	Director	0.24	0.16
	Mr. R Nanda Kumar	Director	0.26	0.17
	Mr. Ramesh Sundaresan	Nominee Director	-	0.11
	Total		0.50	0.44

Particulars	For the Year Ended March 31, 2019(Rs.in million)	For the Year Ended March 31,2018(Rs.in million)
Chaitanya Employee Welfare trust		
Face Value of Equity Shares acquired	-	5.78
Securities Premium Paid	-	16.18
Loan Given:-		
Opening Balance	22.01	-

Net Transactions during the period/year	-	22.01
Closing Balance	22.01	22.01

32. Earnings per share ('EPS')

Particulars	March 31, 2019(Rs. In million)	March 31, 2018(Rs. In million)
Earnings		
Profit after tax (as reported)	75.52	-59.38
Less: Dividend on preference shares and tax thereon	-	-
Net profit attributable to equity shareholders for calculation of basic EPS	75.52	-59.38
Net profit attributable to equity shareholders for calculation of diluted EPS	75.52	-59.38
Shares		
Equity shares at the beginning of the year	26.89	26.31
Shares issued during the year	-	5,78,000
Total number of equity shares outstanding at the end of the year	26.89	26.89
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	26.89	26.60
Compulsory convertible preference shares	-	-
Options granted	-	-
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	26.89	26.60
Face value per share	10	10
Earnings per share		
Basic	2.81	(0.22)
Diluted	2.81	(0.22)

33. Disclosure Pursuant to paragraph 26 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

Gold Loan portfolio

The group has not provided loan against gold during the year ended March 31, 2019 and March 31, 2018.

34. Capital Adequacy Ratio

The group's capital adequacy ratio, calculated in accordance with the Reserve Bank of India guidelines, is as follows:

a) Holding Company:-

Capital Adequacy Ratio		
Particulars	**As at March 31, 2019 (Rs.in million)**	**As at March 31, 2018 (Rs.in million)**
Tier I Capital	237.34	316.13
Tier II Capital	100.00	103.67
Total Capital	337.34	419.80
Total Risk Assets	663.90	1227.56

Annexure IV - Summary of significant accounting policies and other explanatory information to the Reformatted IGAAP Consolidated Financial Information

Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	35.75%	25.75%
Tier II Capital as a percentage of Total Risk Assets (%)	15.06%	8.45%
Total Capital (%)	**50.81%**	**34.20%**

b) Subsidiary Company:-

Capital Adequacy Ratio		
Particulars	**As at March 31, 2019 (Rs.in million)**	**As at March 31, 2018 (Rs.in million)**
Tier I Capital	601.46	429.70
Tier II Capital	450.00	186.49
Total Capital	1051.46	616.19
Total Risk Assets	4487.22	3238.46
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	13.40%	13.27%
Tier II Capital as a percentage of Total Risk Assets (%)	10.03%	5.76%
Total Capital (%)	23.43%	19.03%

35. Classification of Assets:

1. The holding company being a NBFC, follows Prudential Norms of the Reserve Bank of India (RBI) with regards to classification in respect of all loans extended to its customers. Loans where the instalment is overdue for a period of 90 days or more or on which interest amount remained overdue for a period of 90 days or more is treated as Non-Performing Assets. Provision is made for loan assets as per the RBI Master Direction No. RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17, Dated 1st September 2016.

   The Subsidiary company being a NBFC - MFI follows Prudential Norms of the Reserve Bank of India (RBI) with regards to classification in respect of all loans extended to its customers. Loans where the installment is overdue for a period of 90 days or more or on which interest amount remained overdue for a period of 90 days or more is treated as Non-Performing Assets. Provision is made for loan assets as per the RBI Master Direction RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17, Dated 1st September 2016.

Classification of Assets	As at March 31, 2019 (Rs.in million)	As at March 31,2018 (Rs.in million)
Standard Assets	4411.56	3521.19
- Secured loans	521.74	410.84
- Unsecured loans	3889.82	3110.35
Sub- Standard Assets	125.55	198.85
- Secured loans	25.29	32.34
- Unsecured loans	100.26	166.51
Doubtful assets	16.98	-
- Secured loans	16.98	-
- Unsecured loans		

Total	4554.09	3720.04

2. Provisioning Norms for loans – As per RBI guidelines

(a) The provisioning for the Holding Company which is NBFC, has been made as per the RBI Master Direction RBI/DNBR/2016-17/44 DNBR.PD.007/03.10.119/2016-17, Dated 1st September 2016. The aggregate loan provision maintained by NBFC is as follows:

Provision for Assets	As at March 31, 2019 (Rs.in million)	As at March 31, 2018(Rs.in million)
Provision on Standard Assets	2.09	1.37
Provision on Sub – Standard Assets	1.49	3.00
Provision on Doubtful Assets	3.44	-
Additional Provision	5.95	2.30
Total Provision	12.97	6.67
Less: Provision at the Beginning of the Period	6.67	-3.45
Provision for the Year	6.30	3.22

(b) The Provisioning for the Subsidiary Company which is a NBFC – MFI, has been made as per RBI Master Direction RBI/DNBR/2016-17/44 DNBR.PD.007/03.10.119/2016-17, Dated 1st September 2016. The aggregate loan provision maintained by NBFC - MFI is as follows:

Provision for Assets	As at March 31, 2019(Rs in million)	As at March 31, 2018(Rs in million)
1% of Aggregate Loan Portfolio (A)	39.98	31.29
50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days	0.42	3.36
100% of the aggregate loan instalments which are overdue for 180 days or more	103.19	148.92
Total Provision on Sub-Standard Assets (B)	103.61	152.28
Higher of (A) & (B)	103.61	152.28
Additional Provision made	8.78	0.00
Provision at the end of the year	112.39	152.28
Less: Provision at the Beginning of the Period	152.28	34.25
Provision for the year	-39.90	118.03

36. Disclosure of Frauds / Cash Loss noticed during the year:-

Based on the audit procedures performed and the information and explanations given to us, we report that following frauds has been noticed during the year:

Category	For the year ended March 31, 2019		For the year ended March 31, 2018	
	No Of Instances	Amount (Rs.in million)	No Of Instances	Amount (Rs.in million)
Fraud / Cash loss	4	0.78	02	0.30

Out of the above, the Group has not made any recoveries.

37. Details of Single Borrower Limits (SBL) / Group Borrower Limits (GBL) exceeded.

The group has not exceeded the single borrower limit / Group Borrower Limits as set by Reserve Bank of India for the year ended March 31, 2019 and March 31, 2018.

38. Registration/Licence /Authorisation obtained from other financial sector regulators

Company	Registration / License	Authority issuing the registration / license	Registration / License reference
Navi Finserv Limited (formerly known as Navi Finserv Private Limited)	Certificate of Registration	Reserve Bank of India	N-02.00270 dated 11.03.2016
Chaitanya India Fin Credit Pvt Ltd	Certificate of Registration	Reserve Bank of India	N-02.00243 dated 25.09.2009

39. Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and Other Regulators during the financial year.

40. Percentage of particular product loan to their total portfolio

a) Holding Company:-

Product wise	Percent (%)
JLG Loan	11.00%
2 Wheeler Loan	66.50%
Housing Loan Mortgage	19.95%
Small Business Loan	1.89%
Personal Loan	4.79%
Education Loan	2.78%
Other loans	3.98%

b) Subsidiary Company:-

Product wise	Percent (%)
JLG Loan	99.84%
2 Wheeler Loan	0.08%
Housing Loan Mortgage	0.08%

41. Customer complaints

Particulars	March 31, 2019	March 31, 2018
No. of complaints pending at the beginning of the year	2	4
No. of complaints received during the year	128	36
No. of complaints redressed during the year	125	38
No. of complaints pending at the end of the year	05	02

42. The group has written off Bad debts to the tune of Rs. 50.23 million as the group feels that the chances of recovery of the said advances are remote.

43. During the year, the RBI has not conducted any survey on the Group.

Annexure IV - Summary of significant accounting policies and other explanatory information to the Reformatted IGAAP Consolidated Financial Information

44. Provisions for all known liabilities are adequate in the opinion of the Management.

45. Previous year figures have been re-grouped/re-classified wherever necessary to correspond with the current year's classification/disclosure.

46. Figures have been rounded off to nearest rupee wherever necessary.

RAMESH ASHWIN & KARANTH
CHARTERED ACCOUNTANTS
(REGN No.: 010680S)

Sd/-

PRASHANTH KARANTH
Partner
Membership No.: 214235

Place: Bangalore
Date:11 April 2022

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

Sd/-

Sachin Bansal
Director
(DIN: 02356346)

Place: Bangalore
Date:11 April 2022

Sd/-

Ankit Agarwal
Director
(DIN: 08299808)

Place: Bangalore
Date:11 April 2022

Sd/-

Divyesh Jain

Chief Financial Officer
Place: Bangalore
Date:11 April 2022

Sd/-

Puneet Bhatia

Company Secretary
Place: Bangalore
Date:11 April 2022

Statement of Dividend
(All amounts in ₹ millions unless otherwise stated)

Particulars	**For the year ended March 31, 2019**
Dividend paid on Equity Shares	-
Dividend distribution tax on dividend paid on equity shares	-

Note: The above dividend includes interim and final dividend

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-
Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 11 April 2022

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

Sd/-
Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Ankit Agarwal
Director
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Place: Bengaluru
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Sd/-
Divyesh Jain
Chief Financial Officer

Place: Bengaluru
Date: 11 April 2022

Sd/-
Puneet Bhatia
Company Secretary

Place: Bengaluru
Date: 11 April 2022

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON REFORMATTED IND AS STANDALONE FINANCIAL INFORMATION

The Board of Directors
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Ground Floor, Salarpuria Business Center,
93, 5th A Block, Koramangala Industrial Layout,
Koramangala, Bengaluru, Karnataka 560095

Dear Sirs,

1. We have examined the attached Reformatted IND AS Standalone Financial Information of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) (the "Company" or the "Issuer") and its subsidiary i.e., Chaitanya India Fin Credit Private Limited ("Subsidiary") (the Company and its Subsidiary together referred to as the "Group") comprising the Reformatted IND AS Standalone Statement of Assets and Liabilities as at December 31, 2021 March 31, 2021 and March 31, 2020, the Reformatted IND AS Standalone Statements of Profit and Loss (including other comprehensive income), the Reformatted IND AS Standalone Statement of Changes in Equity, the Reformatted IND AS Standalone Statement of Cash Flow for the nine month period ended December 31, 2021 and for the years ended March 31, 2021 and March 31, 2020, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Reformatted IND AS Standalone Financial Information"), as approved by the Board of Directors of the Company at their meeting held on April 11, 2022 for the purpose of inclusion in the Draft Prospectus and Prospectus ("Issue Documents") prepared by the Company in connection with its proposed public issue of non-convertible debentures ("Issue") prepared in terms of the requirements of:

a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the “Act");
b. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Debentures) Regulations, 2021, as amended ("SEBI Debt Regulations"); and
c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”).

2. The Company’s Board of Directors is responsible for the preparation of the Reformatted IND AS Standalone Financial Information for the purpose of inclusion in the Issue Documents to be filed with Securities and Exchange Board of India (“SEBI”), BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”) and Registrar of Companies, Karnataka at Bangalore in connection with the proposed Issue. The Reformatted IND AS Standalone Financial Information have been prepared by the management of the Company on the basis of preparation stated in Annexure V, note 2to the Reformatted IND AS Standalone Financial Information. The responsibility of the Board of Directors of the Company includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted IND AS Standalone Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, SEBI Debt Regulations and the Guidance Note.

3. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control of Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements issued by the ICAI.

4. We have examined such Reformatted IND AS Standalone Financial Information taking into consideration:
    a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated March 28, 2022 in connection with the proposed public issue of non-convertible debentures of the Company;
    b. The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
    c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted IND AS Standalone Financial Information; and
    d. The requirements of Section 26 of the Act and the SEBI Debt Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI Debt Regulations and the Guidance Note in connection with the Issue.

5. These Reformatted IND AS Standalone Financial Information have been compiled by the management from:

    a. Audited special purpose interim standalone Ind AS financial statements of the Company as at and for the nine month period ended December 31, 2021 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act and other accounting principles generally accepted in India (the "Special Purpose Interim Consolidated Ind AS Financial Statements") which have been approved by the Board of Directors at their meeting held on April 11, 2022.

    b. Audited Standalone Ind AS financial statements of the Company as at and for the years ended March 31, 2021 and 2020 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 24, 2021 and June 30, 2020.

6. For the purpose of our examination, we have relied on:

    a. Auditors' reports issued by us dated April 11, 2022, June 24, 2021 and June 30, 2020 on the standalone financial statements of the Company as at and for the nine month period ended December 31, 2021 and as at and for the years ended March 31, 2021 and 2020 as referred in Paragraph 5 above.

7. The audit reports on the standalone financial statements issued by us were modified and included following matters giving rise to modifications on the financial statements as at and for the nine months period ended December 31, 2021 and for the years ended March 31, 2021 and March 31, 2020:

    Emphasis of Matter paragraphs

    Nine months period ended December 31, 2021

    "We draw attention to Note 3 of the accompanying 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 recognised towards the loan assets and unquoted investments outstanding as on 31 December 2021. Our opinion is not modified in respect of this matter."

    Financial year ended March 31, 2021

    "We draw attention to Note 3 of the accompanying 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 recognised towards the unquoted investments outstanding as on 31 March 2021. Our opinion is not modified in respect of this matter."

    Financial year ended March 31, 2020

"We draw attention to Note 3 of the accompanying 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 recognised towards the loan assets and unquoted investments outstanding as on 31 March 2020. Our opinion is not modified in respect of this matter."

Other matter paragraph

Financial year ended March 31, 2020

The comparative financial information for the year ended 31 March 2019 and the transition date opening balance sheet as at 1 April 2018 prepared in accordance with the Ind AS included in these financial statements, are based on the previously issued statutory financial statements for the year ended 31 March 2019 and 31 March 2018 respectively prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose reports dated 24 May 2018 and 29 June 2019 respectively expressed unmodified opinion on those financial statements for the year ended 31 March 2018 and 31 March 2019, and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

8. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the other auditors for the respective periods/years, we report that the Reformatted IND AS Standalone Financial Information have been prepared by the Company by taking into consideration the requirement of Section 26 of Part I of Chapter III of the Act read with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (as amended), the SEBI Debt Regulations and the Guidance note.

9. The Reformatted IND AS Standalone Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the special purpose interim standalone Ind AS financial statements and audited standalone financial statements mentioned in paragraph 5 above.

10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. At the request of the Company, we have also examined the following Standalone Financial Information of the Company as at and for the nine months period ended December 31, 2021 and as at and for the years ended March 31, 2021 and March 31, 2020, respectively :

    Statement of Dividend, enclosed as Annexure VI

13. Our report is intended solely for use of the Board of Directors for inclusion in the Issue Documents to be filed with SEBI, BSE and NSE and Registrar of

Companies, Karnataka at Bangalore in connection with the proposed Issue. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**
Chartered Accountants
[Firm Registration No: 001076N/N500013]

Sd/-
Manish Gujral
Partner
Membership No.: 105117
UDIN: **22105117AGVVEH5825**

Place: Mumbai
Date: 11 April 2022

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Annexure I - Reformatted IND AS Standalone Statement of Assets and Liabilities

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
I ASSETS				
1 Financial assets				
Cash and cash equivalents	5	2,507.59	1,030.00	194.45
Bank balances other than cash and cash equivalents	6	872.77	637.56	2.67
Trade receivables	7	-	-	45.12
Loans	8	16,486.37	5,293.49	1,089.41
Investments	9	15,406.21	25,650.52	35,430.33
Other financial assets	10	1,892.68	284.00	2.40
2 Non-financial assets				
Current tax assets (net)	11	150.97	14.04	-
Deferred tax asset (net)	12	462.67	251.52	72.18
Property, plant and equipment	13	4.73	3.75	3.62
Other intangible assets	14	0.04	0.08	0.17
Right to use asset		59.17	14.97	0.32
Other non-financial assets	15	116.46	30.84	11.70
Total assets		**37,959.66**	**33,210.77**	**36,852.38**
II LIABILITIES AND EQUITY				
LIABILITIES				
1 Financial liabilities				
Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	16	0.67	1.16	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16	32.72	77.96	4.75
Debt securities	17	20,911.69	16,718.08	24,736.70
Borrowings (other than debt securities)	18	4,048.03	4,014.57	2,372.27
Subordinated liabilities	19	99.44	99.34	99.25
Other financial liabilities	20	330.45	663.03	53.17
2 Non financial liabilities				
Current tax liabilities (net)	21	-	-	52.94
Provisions	22	500.89	87.36	5.66
Other non financial liabilities	23	140.05	23.27	7.13
Total liabilities		**26,063.94**	**21,684.77**	**27,331.87**

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Annexure I - Reformatted IND AS Standalone Statement of Assets and Liabilities

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
3 Equity				
Equity share capital	24	1,785.73	1,652.40	1,513.29
Other equity	25	10,109.99	9,873.60	8,007.22
Total equity		**11,895.72**	**11,526.00**	**9,520.51**
Total liabilities and equity		**37,959.66**	**33,210.77**	**36,852.38**

Note no. 1 to 84 form an integral part of these Reformatted IND AS Standalone Financial Information.

This is the Reformatted IND AS Standalone Statement of Assets and Liabilities referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

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

Sd/-

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 11 April 2022

Sd/-

Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-

Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-

Divyesh Jain
Chief Financial Officer

Place: Bengaluru
Date: 11 April 2022

Sd/-

Puneet Bhatia
Company Secretary

Place: Bengaluru
Date: 11 April 2022

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Annexure II - Reformatted IND AS Standalone Statement of Profit and Loss
(All amounts in ₹ millions unless otherwise stated)

	Particulars	Notes	Period ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020
	Revenue from operations				
	(i) Interest income	26	1,829.66	1,947.24	743.34
	(ii) Fees and commission income	27	46.10	23.86	8.08
	(iii) Net gain on fair value changes	28	1,288.77	1,386.84	-
	(iv) Net gain on derecognition of financial instruments under amortised cost category	31	-	8.89	0.79
(I)	**Total revenue from operations**		**3,164.53**	**3,366.83**	**752.21**
(II)	Other income	29	24.39	0.53	0.06
(III)	**Total income (I+II)**		**3,188.92**	**3,367.36**	**752.27**
	Expenses				
	(i) Finance costs	30	441.86	122.13	98.22
	(ii) Fees and commission expenses	31	13.63	35.68	85.94
	(iii) Net loss on derecognition of financial instruments under amortised cost category	32 & 33	1.64	-	232.31
	(iv) Impairment on financial instruments	34	916.55	1,313.29	76.76
	(v) Employee benefits expenses	35	340.60	162.52	34.63
	(vi) Depreciation and amortisation expense	36	12.57	3.36	2.43
	(vii) Other expenses	37	2,293.20	416.50	67.53
(IV)	**Total expenses**		**4,020.05**	**2,053.48**	**597.82**
(V)	**(Loss)/Profit before tax (III - IV)**		**(831.13)**	**1,313.88**	**154.45**
(VI)	**Tax expense**				
	(1) Current tax	39	4.43	517.36	124.39
	(2) Deferred tax credit	39	(209.67)	(178.90)	(67.10)
	Total tax expense		**(205.24)**	**338.46**	**57.29**
(VII)	**(Loss)/Profit for the period/year (V - VI)**		**(625.89)**	**975.42**	**97.16**
	(i) Items that will not be reclassified to profit and loss				
	Remeasurement of the net defined benefit plans		(5.87)	(1.74)	0.43
	(iii) Income tax relating to the above	39	1.48	0.44	(0.11)
(VIII)	**Other comprehensive income**		**(4.39)**	**(1.30)**	**0.32**
(IX)	**Total comprehensive income for the period/year (VII + VIII)**		**(630.28)**	**974.12**	**97.48**
(X)	**Earnings per equity share**	40			
	Basic (₹)		(3.78)	6.41	1.49
	Diluted (₹)		(3.78)	6.41	1.48

Note no. 1 to 84 form an integral part of these Reformatted IND AS Standalone Financial Information.

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 11 April 2022

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

Sd/-

Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-

Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 20

Sd/-

Divyesh Jain
Chief Financial Officer

Place: Bengaluru
Date: 11 April 2022

Sd/-

Puneet Bhatia
Company Secreta

Place: Bengaluru
Date: 8 April 202

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Annexure III - Reformatted IND AS Standalone Statement of Cash Flow

(All amounts in ₹ millions unless otherwise stated)

Particulars		For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
A.	**Cash flow from Operating activities**			
	(Loss)/Profit before tax	(837.00)	1,312.14	154.45
	Depreciation and amortisation expense	1.19	1.71	1.70
	Amortisation on right of use asset	11.38	1.66	1.66
	Interest expense on lease liability	3.80	0.39	0.06
	Impairment allowance on loans	131.16	947.57	47.96
	Impairment allowance on investments	2.51	146.29	26.40
	Loans written off	814.74	219.43	2.40
	Effective interest rate adjustment for financial instruments	167.34	29.84	8.58
	Loss on sale of portfolio	1.64	0.02	-
	Net (gain) / loss on fair value changes on investment	31.05	(321.87)	217.88
	Operating profit before working capital changes	**327.81**	**2,337.18**	**461.09**
	Movements in Working capital:			
	(Increase) in loans	(12,350.20)	(5,426.15)	(630.92)
	Decrease/(Increase) in receivables	-	45.11	(45.12)
	(Increase)/Decrease in bank deposits	(235.21)	(634.88)	10.85
	Decrease/(Increase) in investments	10,210.75	9,955.38	(4,027.82)
	(Increase) in other financial assets	(1,608.17)	(281.60)	(0.22)
	(Increase) in other non-financial assets	(85.63)	(19.13)	(3.99)
	(Decrease)/Increase in payables	(45.73)	74.37	(23.73)
	(Decrease)/Increase in other financial liabilities	(332.57)	609.86	40.70
	Increase in non-financial liabilities	116.27	16.14	5.00
	Increase in provisions	413.53	81.71	1.58
	Cash (used in)/generated from operations	**(3,589.16)**	**6,757.98**	**(4,212.56)**
	Direct taxes paid	141.36	584.35	123.66
	Net cash flows (used in)/generated from operating activities (A)	**(3,730.52)**	**6,173.64**	**(4,336.22)**
B.	**Cash flow from Investing activities**			
	Purchase of property, plant and equipment and intangible assets	(2.12)	(3.49)	(0.96)
	Proceeds from sale of property, plant and equipment and intangible assets	-	1.73	-
	Net cash flows (used in) investing activities (B)	**(2.12)**	**(1.75)**	**(0.96)**
C.	**Cash flow from Financing activities**			
	Proceeds from issue of equity shares	999.99	1,031.37	1,985.64
	Buy back of equity shares	-	-	(306.34)
	Proceeds from issue of debt securities	5,215.98	2,719.00	2,500.00
	Repayment of debt securities	(1,000.00)	(10,716.14)	(1,750.00)
	Proceeds from borrowings (other than debt securities) availed*	64,826.98	26,576.19	2,657.50
	Repayment of borrowings (other than debt securities)*	(64,822.22)	(24,944.83)	(586.33)
	Lease payments	(10.51)	(1.94)	(0.84)
	Net cash flows generated from/(used in) financing activities (C)	**5,210.22**	**(5,336.33)**	**4,499.63**
	Net increase in cash and cash equivalents (A+B+C)	1,477.59	835.55	161.51
	Cash and cash equivalents at the beginning of the year	1,030.00	194.45	32.94
	Cash and cash equivalents at the end of the year	**2,507.59**	**1,030.00**	**194.45**

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Annexure III - Reformatted IND AS Standalone Statement of Cash Flow
(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 period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
i) Cash on hand	0.01	0.01	0.01
ii) Balances with banks (of the nature of cash and cash equivalents)	2,507.58	1,029.99	194.44
Total	**2,507.59**	**1,030.00**	**194.45**

* Includes CCIL repo borrowings and repayment of ₹ 60,896.98 millions and ₹ 63,958.43 millions respectively. Refer 19.1 for reconciliation of liabilities from financial activities.

Note no. 1 to 84 form an integral part of these Reformatted IND AS Standalone Financial Information.

This is the Reformatted IND AS Standalone Statement of Cash flow as referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

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

Sd/-
Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 11 April 2022

Sd/-
Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Divyesh Jain
Chief Financial Officer

Place: Bengaluru
Date: 11 April 2022

Sd/-
Puneet Bhatia
Company Secretary

Place: Bengaluru
Date: 11 April 2022

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Annexure IV - Reformatted IND AS Standalone Statement of Changes in Equity
(All amounts in ₹ millions unless otherwise stated)

A Equity share capital
For the period ended 31 December 2021

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 December 2021
1,652.40	-	-	133.32	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

For the year ended 31 March 2020

Balance as at 1 April 2019	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
263.11	-	-	1,250.18	1,513.29

B Other equity
For the period ended 31 December 2021

Particulars	Reserves and surplus						
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital Redemption Reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income - retirement benefits	Total
Balance at 1 April 2021	**8,774.22**	**223.39**	**44.05**	-	**832.97**	**(1.03)**	**9,873.60**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
Total comprehensive income for the current period	-	-	-	-	(630.28)	-	(630.28)
Issue of equity shares	866.67	-	-	-	-	-	866.67
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	4.39	(4.39)	-
Balance at 31 December 2021	**9,640.89**	**223.39**	**44.05**	-	**207.08**	**(5.42)**	**10,109.99**

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Annexure IV - Reformatted IND AS Standalone Statement of Changes in Equity
(All amounts in ₹ millions unless otherwise stated)

For the year ended 31 March 2021

Particulars	Reserves and surplus						
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital Redemption Reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income - retirement benefits	Total
Balance as at 1 April 2020	**7,874.57**	**28.57**	**44.05**	**7.39**	**52.36**	**0.28**	**8,007.22**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
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**

For the year ended 31 March 2020

Particulars	Reserves and surplus						
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital Redemption Reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income - retirement benefits	Total
Balance as at 1 April 2019	**475.07**	**9.10**	**-**	**4.06**	**25.46**	**(0.04)**	**513.65**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
period	-	-	-	-	-	-	-
Total comprehensive income for the current year	-	-	-	-	97.48	-	97.48
Issue of equity shares	7,705.84	-	-	-	-	-	7,705.84
Transferred from retained earnings to reserve fund u/s 45-IC	-	19.47	-	-	(19.47)	-	-
Employee stock option reserve created	-	-	-	3.33	-	-	3.33
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	(0.32)	0.32	-
Buy back of equity shares	(262.29)	-	-	-	-	-	(262.29)
Transfer to Capital Redemption Reserve created upon buy back	(44.05)	-	44.05	-	-	-	-
Dividend Distribution Tax on buy back	-	-	-	-	(50.79)	-	(50.79)
Balance as at 31 March 2020	**7,874.57**	**28.57**	**44.05**	**7.39**	**52.36**	**0.28**	**8,007.22**

Note no. 1 to 84 form an integral part of these Reformatted IND AS Standalone Financial Information.

This is the Reformatted IND AS Standalone Statement of Changes in Equity as referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 11 April 2022

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

Sd/-	Sd/-	Sd/-	Sd/-
Sachin Bansal	**Ankit Agarwal**	**Divyesh Jain**	**Puneet Bhatia**
Director	Director	Chief Financial Officer	Company Secretary
(DIN: 02356346)	(DIN: 08299808)		
Place: Bengaluru	Place: Bengaluru	Place: Bengaluru	Place: Bengaluru
Date: 11 April 2022	Date: 11 April 2022	Date: 11 April 2022	Date: 11 April 2022

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 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 Special Purpose Standalone Interim Financial Statements for the period ended 31 December 2021 and Financial Statements for 31 March 2021 and 31 March 2020 comprises of the Special Purpose Interim Balance sheet as at 31 December 2021 and Balance Sheet as at 31 March 2021 and 31 March 2020, the Special Purpose Interim Statement of Profit and Loss (including other comprehensive income) and Special Purpose Statement of Profit and Loss, Special Purpose Interim Statement of Cash Flows and Special Purpose Statement of Cash Flows, Special Purpose Statement of Changes in Equity for the period then ended and a summary of Significant Accounting Policies and other select explanatory notes (collectively the "Special Purpose Interim Financial Statements"). These Special Purpose Interim Financial Statements and Financial Statements of the Company for the period ended 31 December 2021, for the year ended 31 March 2021 and for the year ended 31st March 2020 have been prepared by the management solely for the limited purpose of preparation of the Reformatted IND AS Standalone Financial Information which is prepared for the purpose of its inclusion in the Draft Shelf Prospectus, to be filed with the Securities Exchange Board of India, BSE Limited and National Stock Exchange of India Limited as per the requirements of Section 26 of Part I of Chapter III of the Act, read with the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, in connection with the proposed public issue of non-convertible debentures of the Company.

These Special Purpose Interim 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.

These Special Purpose Standalone Interim Financial Statementsand Financial Statements of the Company have been prepared as per the recognition and measurement principles of Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" and Indian Accounting Standard (Ind AS) 1 prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Further, comparative figures have not been included in these Special Purpose Standalone Interim Financial Statements as per the requirements of Ind AS 34, since these are prepared for the limited purposes as specified above. The accounting policies followed in preparation of the Special Purpose Standalone Interim

Financial Statements are consistent with those followed in the most recent annual financial statements of the Company, i.e.; for the year ended 31 March 2021.

The Special Purpose Standalone Interim Financial Statements for the period ended 31 December 2021 and Financial Statements for the Year ending 31 March 2021 and 31 March 2020 were authorised and approved for issue by the Board of Directors on XX Month 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. India experienced 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 Company's result remain uncertain and will dependent on future developments, which are highly uncertain at this point in time.

The Company, as per the regulatory requirements, has put in place a COVID-19 moratorium policy and has given moratorium to eligible borrowers. Also, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the one time restructuring policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on 05 May 2021.

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 December 2021 and 31 March 2021 towards its loan assets to the extent of ₹ 1,098.30 million and 967.14 million which includes an additional provision of ₹ 91.41 million in December 2021 and 127.48 million in March 2021 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 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 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 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.
b. By considering all the contractual terms of the financial instrument in estimating the cash flows.
c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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

4.4. Property, Plant and Equipment:

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

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

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

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

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

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

4.5. Intangible assets

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

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

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

4.6. Fair value measurement

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
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 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 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.

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 has been closed during the year ended 31 March 2021.

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 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.

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Standalone Financial Information
(All amounts in ₹ millions unless otherwise stated)

5 Cash and cash equivalents

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Cash in hand	0.01	0.01	0.01
Balances with banks in current account	2,507.58	1,029.99	194.44
Total	**2,507.59**	**1,030.00**	**194.45**

(i) There are no repatriation restrictions with respect to Cash and cash equivalents as at the end of the reporting period/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 December 2021	As at 31 March 2021	As at 31 March 2020
Term deposits with bank	15.56	16.23	2.67
Balance with banks and financial institutions to the extent held as margin money deposits against term loans, Goverment securities trade and overdraft facilities	857.21	621.32	-
Total	**872.77**	**637.56**	**2.67**

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

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Term loans	-	-	2.40
Margin money against Government Securities Trade	500.00	498.60	-
Working Capital loans/Overdraft facilities	357.21	122.72	-
Total	**857.21**	**621.32**	**2.40**

7 Trade receivables

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good	-	-	45.12
Total	**-**	**-**	**45.12**

8 Loans

	Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
A)	**Loans (at amortised cost)**			
	i) Term loans	17,584.67	6,260.63	1,156.85
	Total (gross)	**17,584.67**	**6,260.63**	**1,156.85**
	Less : Impairment loss allowance	(1,098.30)	(967.14)	(67.44)
	Total (net)	**16,486.37**	**5,293.49**	**1,089.41**
B)	i) Secured	1,777.14	62.19	966.55
	ii) Unsecured	15,807.53	6,198.44	190.30
	Total (gross)	**17,584.67**	**6,260.63**	**1,156.85**
	Less : Impairment loss allowance	(1,098.30)	(967.14)	(67.44)
	Total (net)	**16,486.37**	**5,293.49**	**1,089.41**
C)	**Loans in India**			
	i) Public sector	-	-	-
	ii) Individuals	17,584.67	6,250.63	798.27
	iii) Corporates	-	10.00	358.58
	Total (gross)	**17,584.67**	**6,260.63**	**1,156.85**
	Less : Impairment loss allowance	(1,098.30)	(967.14)	(67.44)
	Total (net)	**16,486.37**	**5,293.49**	**1,089.41**

Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Standalone Financial Information

(All amounts in ₹ millions unless otherwise stated)

9 Investments

Particulars	Amortised cost	At fair value through profit and loss	As at 31 December 2021 Total
Mutual funds (quoted)	-	343.50	343.50
Bonds and debentures (quoted)	-	3,686.87	3,686.87
Bonds and debentures (unquoted)	187.32		187.32
Pass through certificates (unquoted)	5,540.57		5,540.57
Government Securities (quoted)	-	2,132.87	2,132.87
Futures (quoted)	-	28.96	28.96
Others (quoted)	399.91	-	399.91
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)	**9,389.20**	**6,192.20**	**15,581.40**
Investments outside India	-	-	-
Investments in India	9,389.20	6,192.20	15,581.40
Total gross (B)	**9,389.20**	**6,192.20**	**15,581.40**
Allowance for impairment loss (C)	(175.19)	-	(175.19)
Total - net D = A - C	**9,214.01**	**6,192.20**	**15,406.21**

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
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**

Particulars	Amortised cost	At fair value through profit and loss	As at 31 March 2020
			Total
Mutual funds (quoted)	-	3,441.85	3,441.85
Investments through Portfolio Management Services ('PMS'):			
- Equity instruments (quoted)	-	740.93	740.93
Alternative investment fund (unquoted)	-	379.68	379.68
Bonds and debentures (quoted)	-	14,265.59	14,265.59
Bonds and debentures (unquoted)	4,513.98	-	4,513.98
Pass through certificates (unquoted)	10,000.49		10,000.49
Futures (quoted)	-	1.00	1.00
Equity instruments	-	-	
- Subsidiaries (unquoted)	2,104.60	-	2,104.60
- Deemed investment in subsidiary on account of ESOP issued to employees of the Subsidiary Company)	7.39	-	7.39
- Others (unquoted)	1.22		1.22
Total gross (A)	**16,627.68**	**18,829.05**	**35,456.73**
Investments outside India	-	-	-
Investments in India	16,627.68	18,829.05	35,456.73
Total gross (B)	**16,627.68**	**18,829.05**	**35,456.73**
Allowance for impairment loss (C)	(26.40)	-	(26.40)
Total - net D = A - C	**16,601.28**	**18,829.05**	**35,430.33**

10 Other financial assets

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Security deposits (unsecured, considered good)	24.94	0.66	1.15
EIS receivable on assignment			0.35
Insurance recoverable	2.46	2.47	0.82
Other receivable	324.73	280.87	0.08
Receivable towards investments settlement*	1,540.55	-	-
Total	**1,892.68**	**284.00**	**2.40**

* Represents investments redemptions of securities pending for settlement as on 31 December 2021 which are subsequently settled on 3 January 2022

11 Current tax assets (net)

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Income tax	150.97	14.04	
Total	**150.97**	**14.04**	-

12 Deferred tax asset (net)

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Tax effect of items constituting deferred tax liabilities:			
Financial liabilities measured at amortised cost	156.46	6.69	0.29
Deferment of upfront EIS and servicing obligation recorded for assignment	-	-	0.07
Financial assets measured at fair value through profit and loss	18.69	26.17	-
Interest on non-performing loans	0.01	0.30	2.98
Others			0.06
Deferred tax liabilities (total) (A)	**175.16**	**33.16**	**3.40**
Tax effect of items constituting deferred tax assets:			
Impairment allowance for loans	415.34	216.16	14.36
Financial assets measured at amortised cost	154.70	18.67	4.81
Impairment allowance for Investments	44.87	43.46	-
Provision for employee benefits	20.66	5.46	1.24
Lease accounting under Ind AS 116	1.41	0.19	-
Difference in written down value as per Companies Act and Income Tax Act	0.85	0.74	0.52
Financial assets measured at fair value through profit and loss	-	-	54.64
Others			0.01
Deferred tax assets (total) (B)	**637.83**	**284.68**	**75.58**
Net deferred tax asset (B-A)	**462.67**	**251.52**	**72.18**

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 December 2021
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	6.69	149.77	-	156.46
Financial assets measured at fair value through profit and loss	26.17	(7.48)		18.69
Interest on non-performing loans	0.30	(0.29)	-	0.01
Deferred tax liabilities (total)	**33.16**	**142.00**	-	**175.16**

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 Liabilities:				
Financial liabilities measured at amortised cost	0.29	6.40	-	6.69
Deferement of upfront EIS and servicing obligation recorded for assignment	0.07	(0.07)	-	-
Interest on non-performing loans	2.98	(2.69)	-	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**	**29.75**	-	**33.16**

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 December 2021
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	216.16	199.18	-	415.34
Financial assets measured at amortised cost	18.67	136.03	-	154.70
Impairment allowance for Investments	43.46	1.41		44.87
Provision for employee benefits	5.46	15.20	-	20.66
Lease accounting under Ind AS 116	0.18	1.23	-	1.41
Difference in written down value as per Companies Act and Income Tax Act	0.74	0.11		0.85
Deferred tax assets Total	**284.67**	**353.16**	**-**	**637.83**
Total Deferred tax (Asset) (net)	**251.51**	**211.16**	**-**	**462.67**

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	3.79	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)	**72.19**	**178.91**	**0.44**	**251.52**

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Standalone Financial Information
(All amounts in ₹ millions unless otherwise stated)

13 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Office equiments	Vehicles	Leasehold Improvement	Electrical equipment	Total
Gross block							
Gross Carrying Value							
Balance as at 31 March 2019	**1.07**	**5.00**	**0.24**	**0.86**	**-**	**0.30**	**7.47**
Additions	0.34	0.17	0.35	-	-	0.01	0.87
Reversal on disposal of assets	-	-	-	-	-	-	-
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	-	0.153	0.657	-	1.327	-	2.14
Reversal on disposal of assets	-	-	-	-	-	-	-
Balance as at 31 December 2021	**-**	**5.63**	**2.01**	**-**	**1.93**	**0.89**	**10.46**
Accumulated depreciation							
Balance as at 31 March 2019	**0.62**	**2.07**	**0.07**	**0.21**	**-**	**0.12**	**3.09**
Charge for the year	0.47	0.78	0.13	0.20	-	0.05	1.64
Reversal on disposal of assets	-	-	-	-	-	-	-
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	-	0.40	0.39	-	0.33	0.03	1.15
Reversal on disposal of assets	-	-	-	-	-	-	-
Balance as at 31 December 2021	**-**	**3.88**	**1.10**	**-**	**0.53**	**0.22**	**5.73**
Net block							
Balance as at 31 March 2020	**0.33**	**2.33**	**0.39**	**0.45**	**-**	**0.14**	**3.62**
Balance as at 31 March 2021	**-**	**2.01**	**0.65**	**-**	**0.40**	**0.70**	**3.75**
Balance as at 31 December 2021	**-**	**1.75**	**0.91**	**-**	**1.40**	**0.67**	**4.73**

14 Intangible assets

Particulars	Application software	Trade mark	Computer Software	Total
Gross block				
Balance as at 31 March 2019	**0.04**	**0.02**	**0.11**	**0.17**
Additions	0.09	-	-	0.09
Reversal on disposal of assets	-	-	-	-
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 December 2021	**0.13**	**0.02**	**0.11**	**0.26**
Accumulated depreciation				
Balance as at 31 March 2019	**0.00**	**0.01**	**0.03**	**0.04**
Charge for the year	0.02	0.00	0.03	**0.05**
Reversal on disposal of assets	-	-	-	**-**
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	0.03	-	0.01	0.04
Reversal on disposal of assets	-	-	-	-
Balance as at 31 December 2021	**0.09**	**0.02**	**0.11**	**0.22**
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 December 2021	**0.04**	**-**	**-**	**0.04**

15 Other non-financial assets

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good			
Advances to suppliers and others	29.90	7.82	0.78
Balance with government authorities	77.44	16.56	6.13
Income tax paid under dispute	2.06	2.06	2.06
Prepaid expenses	6.65	4.40	2.73
Others	0.41	-	-
Total	**116.46**	**30.84**	**11.70**

16 Other payables

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Dues to micro enterprises and small enterprises*	0.67	1.16	-
Dues to creditors other than micro enterprises and small enterprises	32.72	77.96	4.75
Total	**33.39**	**79.12**	**4.75**

Refer note 41 for detailed disclosure

17 Debt securities

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Secured (at amortised cost)			
Redeemable non-convertible debentures	6,425.15	2,697.52	-
Unsecured (at amortised cost)	-	-	-
Redeemable non-convertible debentures	13,020.56	14,020.56	24,736.70
Commercial Papers	1,465.98	-	-
Total	**20,911.69**	**16,718.08**	**24,736.70**
Borrowings in India	20,911.69	16,718.08	24,736.70
Borrowings outside India	-	-	-
Total	**20,911.69**	**16,718.08**	**24,736.70**

(i) Refer note 17.2 for interest rates, repayment terms and nature of security of debt securities.

18 Borrowings (other than debt securities)

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Borrowings carried at amortised cost			
Term loans (Secured)			
- From banks	3,023.48	639.50	-
- From financial institutions	960.53	3,359.94	2,371.91
Lease liability	64.02	15.13	0.36
	4,048.03	**4,014.57**	**2,372.27**
Borrowings in India	4,048.03	4,014.57	2,372.27
Borrowings outside India	-	-	-
Total	**4,048.03**	**4,014.57**	**2,372.27**

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

19 Subordinated liabilities

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
At amortised cost			
Unsecured term loan			
-From banks	99.44	99.34	99.25
	99.44	**99.34**	**99.25**
Subordinated liabilities in India	99.44	99.34	99.25
Subordinated liabilities outside India	-	-	-
Total	**99.44**	**99.34**	**99.25**

(i) Refer note 19.1 for interest rates, repayment terms and nature of security of subordinated liabilities

Navi Finserv Limited

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Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Standalone Financial Information

(All amounts in ₹ millions unless otherwise stated)

20 Other financial liabilities

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Interest accrued on borrowings	300.73	48.05	31.13
Payables towards assignment transactions	-	0.66	11.91
Insurance payables	0.65	0.65	0.85
Other payables	29.07	11.12	9.28
Payable towards investments settlement	-	602.55	-
Total	**330.45**	**663.03**	**53.17**

21 Current tax liabilities (net)

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Provison for tax (net of advance tax)	-	-	2.15
Dividend distribution tax payable	-	-	50.79
Total	**-**	**-**	**52.94**

22 Provisions

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits	141.14	15.62	3.40
Provision for gratuity	8.08	5.20	1.07
Provisions for compensated absences	10.88	6.31	1.19
Provision for expenses	340.79	60.23	-
Total	**500.89**	**87.36**	**5.66**

23 Other non financial liabilities

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Statutory dues payable	23.91	14.37	7.01
Deferred revenue	7.17	6.66	0.07
Advance received from customers	104.96	-	-
Other payable	4.01	2.24	0.05
Total	**140.05**	**23.27**	**7.13**

17.1 Reconciliation of liabilities from financing activities

Particulars	As at 31 March 2021	Cash flow			Non-cash			As at 31 Dec 2021
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Consideration received in the form of investments for NCDs issued	
Debt securities	16,718.07	5,215.98	(1,000.00)	-	-	(22.36)	-	20,911.69
Borrowings (other than debt securities)*	4,014.58	64,826.98	(64,822.22)	(10.51)	59.40	(20.20)	-	4,048.04
Subordinated liabilities	99.34	-	-	-	-	0.10	-	99.44
Total liabilities from financial activities	**20,831.99**	**70,042.96**	**(65,822.22)**	**(10.51)**	**59.40**	**(42.46)**	**-**	**25,059.17**

* Includes CCIL repo borrowings and repayment of Rs 60,896.98 millions and Rs 63,958.43 millions respectively

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)	-	16,718.07
Borrowings (other than debt securities)	2,372.27	26,576.19	(24,944.83)	(1.94)	17.07	(4.19)	-	4,014.58
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**

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	-	2,500.00	(1,750.00)	-	-	-	23,986.70	24,736.70
Borrowings (other than debt securities)	299.96	2,657.50	(586.33)	(0.84)	0.06	1.92	-	2,372.27
Subordinated liabilities	99.14	-	-	-	-	0.11	-	99.25
Total liabilities from financial activities	**399.11**	**5,157.50**	**(2,336.33)**	**(0.84)**	**0.06**	**2.03**	**23,986.70**	**27,208.22**

17.2 Debt securities

Terms of debentures	Number of debentures			Face value	Amount		
	As at 31 Dec 2021	As at 31 March 2021	As at 31 March 2020		As at 31 Dec 2021	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	1,500.00	-	1,000,000	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	-	1,000,000	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	-	1,000,000	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	13,020,558	14,020,558	18,761,050	1,000	13,020.56	14,020.56	18,761.05
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 22 November 2019 with call / put option. Maturity date is 31 December 2024	-	-	5,975,645	-	-	-	5,975.65
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 21 March 2023. Redemption premium is 8.75%	650	-	-	1,000,000	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	-	-	1,000,000	2,000.00	-	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 August 2023. Redemption premium is 9.15%	800	-	-	1,000,000	800.00	-	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 September 2023. Redemption premium is 9.6%	300	-	-	1,000,000	300.00	-	-

Commercial papers	Redemption Value			Face Value	Discounted Value		
	As at 31 Dec 2021	As at 31 March 2021	As at 31 March 2020		As at 31 Dec 2021	As at 31 March 2021	As at 31 March 2020
Unsecured Rated Redeemable Commercial Paper. Maturity date is 28 March 2022. Discount rate is 8.32%	500.00	-	-	95.03	480.17	-	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 13 January 2022. Discount rate is 7.75%	350.00	-	-	99.58	348.52	-	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 18 March 2022. Discount rate is 7.75%	650.00	-	-	98.04	637.28	-	-

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(All amounts in ₹ millions unless otherwise stated)

18.1 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 Dec 2021	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	100.00	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	125.00	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.	187.50	300.00	-
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.	97.22	222.22	
5	Monthly	36	Aug-17	13.44%	Exclusive first charge (floating) on portfolio of receivables.	-	-	2.64
6	Monthly	36	Jan-18	14.00%	Hypothecation of book debts (105%), postdated cheques /NACH mandate with 3 security cheques for the entire repayment	-	-	7.50
7	Monthly	36	Jan-18	14.00%	Hypothecation of book debts (105%), postdated cheques /NACH mandate with 3 security cheques for the entire repayment	-	-	6.11
8	Monthly	15	Apr-21	9.75%	Exclusive charge on specific loan receivables arising out of Loan lending.	40.00	20.00	-
9	Monthly	24	Apr-19	15.00%	Hypothecation of book debts (110%), postdated cheques /NACH mandate with 3 security cheques for the entire repayment	-	-	10.00
10	Monthly	36	Apr-18	13.50%	Exclusive hypothecation charges over receivables/ portfolio/book debts with cover of 110% of outstanding principal amount	-	-	16.50
11	Monthly	24	Dec-18	14.00%	Loan cover of 110% of the amount financed, security of post dated cheques	-	-	8.16
12	Monthly	24	Jun-19	14.35%	Demand promissory notes, Letter of Continuity, Deed of Hypothecation	-	-	21.39
13	Semi anuualy	1	Jul-20	8.25%	Pass Through Certificates, Units of Mutual Fund, Marketable Securities	-	-	1,150.00
14	Semi anuualy	1	Aug-20	8.25%	Pass Through Certificates, Units of Mutual Fund, Marketable Securities	-	-	1,150.00
15	Bullet repayment	1	Apr-21	3.50%	06.66% TAMIL NADU SDL 2030	-	977.47	-
16	Bullet repayment	1	Apr-21	3.50%	7.16% NI GOVT STOCK 2023	-	1,071.47	-
17	Bullet repayment	1	Apr-21	3.50%	06.73% TAMIL NADU SDL 2030	-	1,012.50	-

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Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Standalone Financial Information

(All amounts in ₹ millions unless otherwise stated)

18.1 Details of terms and conditions of Borrowings other than debt securities (Cont'd)

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 Dec 2021	As at 31 March 2021	As at 31 March 2020
18	Monthly	24	Apr-22	9.20%	Exclusive Charge on receivables of standard asset portfolio and all current assets, present and future, with a minimun asset cover of 1.2 times. Receivables with DPD of more than 90 days not to be considered for asset cover. UDC for the facility amount.	150.00	-	-
19	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.	125.82	-	-
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.	208.33	-	-
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.	126.98	-	-
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.	452.33	-	-
14	Monthly	18	Oct-21	8.90%	Exclusive charge by way of hypothecation of book debts arising out of the facility. The hypothectaed assets must cover at least 1.25 times of the amount outstanding under the facility. The book debts not to include the amount overdue beyond 30 days.	83.33	-	-
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.	161.90	-	-
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.	500.00	-	-
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	150.00	-	-
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.	200.00	-	-
19	Monthly	24	Jan-22	9.25%	First and exclusive charge on specific receivables of the company arising out of onlending	150.00	-	-
20	Bullet repayment	2	Apr-22	7.35%	First and exclusive charge on current assets and movable fixed assets.	150.00	-	-
21	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	-	-

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.

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(All amounts in ₹ millions unless otherwise stated)

19.1 Details of terms and conditions of Subordinate liabilities #

Subordinated liabilities								
Sl no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security	As at 31 Dec 2021	As at 31 March 2021	As at 31 March 2020
1	Principal: Bullet Repayment. Interest: Monthly	84	Feb-18	15.00%	Unsecured	100.00	100.00	100.00

Note: Lease liability not included

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

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24 Equity share capital

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Authorised share capital			
205,000,000 equity shares of ₹10 each	2,050.00	1,750.00	1,750.00
(31 March 2021: 175,000,000 equity shares of ₹ 10 each and 31 March 2020: 175,000,000 equity shares of ₹ 10 each)			
Total authorised capital	**2,050.00**	**1,750.00**	**1,750.00**
Issued, subscribed and fully paid up share capital			
17,85,73,686 Equity shares of ₹10 each	1,785.73	1,652.40	1,513.29
(31 March 2021: 165,240,353 equity shares of ₹ 10 each and 31 March 2020: 151,329,020 equity shares of ₹ 10 each)			
Total equity share capital	**1,785.73**	**1,652.40**	**1,513.29**

(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 December 2021		As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Equity share capital of ₹ 10 each fully paid up						
Balance at the beginning of the year	165,240,353	1,652.40	151,329,020	1,513.29	26,311,393	263.11
Add: Issued during the period	13,333,333	133.33	13,333,333	133.33	129,422,908	1,294.23
Add: ESOP exercised during the year	-	-	578,000	5.78		
Less: Buy back of shares	-	-	-	-	(4,405,281)	(44.05)
Balance at the end of the year	**178,573,686**	**1,785.73**	**165,240,353**	**1,652.40**	**151,329,020**	**1,513.29**

(iii) Shares held by the holding company

Particulars	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	178,573,685	100%	165,240,353	100%	151,329,020	99.62%

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

Particulars	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Navi Technologies Private Limited	178,573,685	100.00%	165,240,353	100.00%	151,329,020	99.62%

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

Promoter name	No of shares	% of Total Shares	% Change during the period
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	178,573,685	100.00%	-

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

Promoter name	No of shares	% of Total	% Change during the
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	165,240,353	100.00%	-

(v) Shares held by promoters as at 31 March 2020

Promoter name	No of shares	% of Total	% Change during the
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	151,329,020	99.62%	-

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25 Other equity

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Securities premium			
Opening balance	8,774.22	7,874.57	475.07
Add : Securities premium credited on share issue	866.67	882.85	7,705.84
Add : Transfer from ESOP reserve (refer note 24)	-	16.80	-
Less:			
a) Buy back of shares	-	-	(262.29)
b) Transfer to Capital Redemption Reserve	-	-	(44.05)
Closing balance	**9,640.89**	**8,774.22**	**7,874.57**
Reserve fund u/s 45-IC of RBI Act 1934			
Opening balance	223.39	28.57	9.10
Add: Transfer from retained earnings	-	194.82	19.47
Closing balance	**223.39**	**223.39**	**28.57**
Employee stock options outstanding reserve			
Opening balance	-	7.39	4.06
Add: Stock option reserve created	-	9.41	3.33
Less: Transferred to securities premium	-	- 16.80	-
Closing balance	**-**	**-**	**7.39**
Other comprehensive income			
Opening balance	(1.03)	0.28	(0.04)
Add: Transfer from retained earnings	(4.39)	(1.31)	0.43
Deferred tax on the above	-	-	(0.11)
Closing balance	**(5.42)**	**(1.03)**	**0.28**
Retained earnings			
Opening balance	832.97	52.36	25.46
Add: Transferred from statement of profit and loss for the year	(630.28)	974.12	97.48
Less: Appropriations/transfers		-	-
Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	-	(194.82)	(19.47)
Transfer to other comprehensive income (net of deferred tax)	4.39	1.31	(0.32)
Dividend distribution tax			(50.79)
Closing Balance	**207.08**	**832.97**	**52.36**
Capital Redemption Reserve			
Opening balance	44.05	44.05	-
Add: Created on buy back of equity shares	-	-	44.05
Closing balance	**44.05**	**44.05**	**44.05**
Total	**10,109.99**	**9,873.60**	**8,007.22**

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.

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26 Interest income

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
On financial assets measured at amortised cost			
Interest on loans	1,350.49	767.18	222.86
Interest on investments	335.02	874.91	285.34
Interest income - others	49.33	23.30	0.63
Sub-total	**1,734.84**	**1,665.39**	**508.83**
On financial assets measured classified at fair value through profit or loss			
Interest on investments	94.82	281.85	234.51
Sub-total	**94.82**	**281.85**	**234.51**
Total	**1,829.66**	**1,947.24**	**743.34**

27 Fees and commission income

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Fee received on collections	46.10	23.86	7.65
Service fee on assigned loans	-	-	0.43
Total	**46.10**	**23.86**	**8.08**

28 Net gain on fair value changes

Particulars	For the period ended 31 December 2021	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	787.37	1,245.93	-
Mutual fund	31.04	155.16	-
Future trading	297.12	(172.74)	-
(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	33.69	19.52	-
Total	**1,288.77**	**1,386.83**	**-**
Fair value changes			
- Realised	1,319.82	1,064.97	-
- Unrealised	(31.05)	321.87	-
Total	**1,288.77**	**1,386.84**	**-**

29 Other income

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Miscellaneous income	24.39	0.53	0.06
Total	**24.39**	**0.53**	**0.06**

30 Finance costs

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
On financial liabilities measured at amortised cost			
Interest on borrowings (other than debt securities)	161.33	49.94	82.37
Interest on debt securities	260.22	44.37	-
Interest on subordinated liabilities	11.30	15.00	15.12
Interest on security deposits	-	0.21	0.25
Interest on lease liability	3.79	0.39	0.06
Others	5.22	12.22	0.42
Total	**441.86**	**122.13**	**98.22**

31 Fees and commission expenses

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Fee paid to business correspondents	9.69	31.66	85.94
Others	3.94	4.02	-
Total	**13.63**	**35.68**	**85.94**

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

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Gain on sale of loan portfolio through assignment	-	-	0.79
Gain/(loss) on sale of loan portfolio	(1.64)	8.89	-
Total	**(1.64)**	**8.89**	**0.79**

33 Net loss on fair value changes

Particulars	For the period ended 31 December 2021	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	-	-	(0.10)
Mutual fund	-	-	(5.25)
Future trading	-	-	6.99
(ii) on financial instruments designated at FVTPL			-
Debt securities	-	-	(44.86)
Equity instruments	-	-	273.86
(B) Net loss on financial instruments at amortized cost			-
Pass through certificate	-	-	1.67
Total	**-**	**-**	**232.31**
Fair value changes			
- Realised	-	-	14.43
- Unrealised	-	-	217.88
Total	**-**	**-**	**232.31**

34 Impairment on financial instruments

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Portfolio loans written off	778.83	219.43	2.40
Impairment allowance on portfolio loans	135.21	947.57	47.96
Impairment allowance on investments	2.51	146.29	26.40
Total	**916.55**	**1,313.29**	**76.76**

During the period ended 31 December 2021, 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. 32.

35 Employee benefits expenses

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	282.45	142.15	29.56
Contribution to provident and other funds	7.17	4.39	1.10
Gratuity expense	3.28	4.52	0.41
Compensated absences	2.64	3.26	0.71
Employees Stock Option expenses	32.49	5.30	-
Staff welfare expenses	12.57	2.90	2.85
Total	**340.60**	**162.52**	**34.63**

36 Depreciation and amortization

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on tangible assets	1.15	1.62	1.63
Amortisation on intangible assets	0.04	0.09	0.04
Amortisation on Right of Use assets	11.38	1.66	0.76
Total	**12.57**	**3.36**	**2.43**

37 Other expenses

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Rent and electricity charges	14.05	1.44	1.22
Customer onboarding and verification	123.64	42.27	0.53
Traveling and conveyance	1.60	5.37	1.39
Communication costs	0.99	0.41	0.23
Repairs and maintenance	2.57	0.39	0.84
Software support charges	257.77	123.20	0.43
Legal and professional charges	96.02	20.98	22.46
Auditors' remuneration*	3.27	1.91	2.06
Rates and taxes	6.83	10.28	34.55
Advertisement expenses	1,772.12	200.03	0.28
Director's sitting fees	3.38	3.83	1.01
Office and general expenses	4.68	3.06	0.68
Corporate social responsibility expenses	3.85	2.75	-
Miscellaneous expenses	2.43	0.58	1.84
Total	**2,293.20**	**416.50**	**67.53**

***Auditor fees and expenses comprises of:**

As auditor:			
- Statutory audit fees	2.83	1.53	1.40
- Tax audit fees	0.44	0.22	0.20
- Out of pocket	-	-	0.01
In any other manner:		-	-
- Certification	-	0.16	0.45

38 Corporate social responsibility expenses

(a) Gross amount required to be spent by the Company during the year ended 31 March 2022 is ₹ 6.87 millions

(b) Amount approved by the Board to be spent during the year is Nil.

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
c) Amount spent			
(i) Construction / acquisition of any asset	-	-	-
(ii) On purpose other than (i) above			
In cash	-	6.60	-
Yet to be paid	-	-	-
d) excess amount to be spent :			
Opening balance	3.85		
Amount spent during the period	-	6.60	-
Amount required to be spent during the period	-	2.75	
Amount utilised towards CSR obligation for the year ended 31 March 2022	3.85		-
Closing balance	0.00	3.85	-

39 Tax expense

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax	4.43	517.36	124.39
Deferred tax	(211.15)	(179.34)	(67.10)
Total	**(206.72)**	**338.02**	**57.29**

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)	**(837.00)**	**1,312.13**	**154.88**
Income tax rate	25.17%	25.17%	25.17%
Expected income tax expense	**(210.67)**	**330.24**	**38.98**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense			
Tax on expense not eligible for deduction	2.46	1.26	17.85
Impact of different tax rate on certain items	-	-	0.50
Others	1.49	6.52	0.07
Total income tax expense	**(206.72)**	**338.01**	**57.40**

40 Earnings per share (basic and diluted)

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit/(Loss) for the period	(630.28)	975.43	97.16
Weighted-average number of equity shares for basic EPS	166.79	152.21	65.08
Weighted-average number of potential equity shares for diluted EPS	166.79	152.21	65.64
Earnings per share - Basic	(3.78)	6.41	1.49
Earnings per share - Diluted	(3.78)	6.41	1.48

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

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	0.67	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.		-	-

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 ₹ 7.15 millions (31 March 2021: ₹ 4.17 millions 31 March 2020: ₹ 0.87 millions) for Provident Fund contributions and ₹0.02 millions (31 March 2021: ₹ 0.13 millions 31 March 2020: ₹ 0.08 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 period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Current service cost	2.90	1.98	0.36
Interest cost (net)	0.25	0.07	0.05
Actuarial loss/(gain) recognised during the year/period	0.81	(0.26)	(0.08)
Transfer out	0.13	2.47	0.00
Amount recognised in total comprehensive income	**4.09**	**4.26**	**0.33**

Amount recognised in the balance sheet is as under:

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Defined benefit plans			
Gratuity	8.08	5.20	1.07

42 **Retirement benefit plan (cont'd)**

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 December 2021	31 March 2021	31 March 2020
Present value of defined benefit obligation as at the beginning of the year/period	**5.20**	**1.07**	**0.74**
Current service cost	3.03	1.98	0.36
Interest cost	0.25	0.07	0.05
Transfer out	(0.13)	2.47	-
Benefits Paid	(1.09)	(0.12)	-
Actuarial (gain)/loss	0.81	(0.26)	(0.08)
Present value of defined benefit obligation as at the end of the year/period	**8.07**	**5.20**	**1.07**

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

Description	31 December 2021	31 March 2021	31 March 2020
Fair value of plan assets at the beginning of the year/period			
Expected return on plan assets	-	-	-
Contributions by employer	-	-	-
Benefits paid	-	-	-
Actuarial gain/(loss)	-	-	-
Fair value of plan assets at the end of the year/period	**-**	**-**	**-**

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

Description	31 December 2021	31 March 2021	31 March 2020
Present value of funded obligation as at the end of the year/period	8.07	5.20	1.07
Fair value of plan assets as at the end of the period funded status	-	-	-
(Unfunded)/funded net liability recognized in balance sheet	(8.07)	(5.20)	(1.07)

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

Description	31 December 2021	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	0.81	(0.26)	(0.08)
Total Actuarial (gain) / loss on liabilities	**0.81**	**(0.26)**	**(0.08)**
Total actuarial (gain)/loss	**0.81**	**(0.26)**	**(0.08)**

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

Description	31 December 2021	31 March 2021	31 March 2020
Discount rate	7.43%	7.19%	6.82%
Rate of increase in compensation levels	10.00%	6.00%	6.00%
Rate of employee turnover	5.00%	5.00%	5.00%
Retirement age	60	60	60

42 Retirement benefit plan (Contd.)

Notes to actuarial assumptions:

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

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

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

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

(vii) **Sensitivity analysis for gratuity liability**

Description	31 December 2021	31 March 2021	31 March 2020
Impact of change in discount rate			
Present value of obligation at the end of the year/period			
- Impact due to increase of +100 basis points	(1.13)	(0.66)	(0.16)
- Impact due to increase of -100 basis points	1.39	0.80	0.21
Impact of change in salary increase			
Present value of obligation at the end of the year/period			
- Impact due to increase of +100 basis points	0.99	0.74	0.20
- Impact due to increase of -100 basis points	(0.92)	(0.62)	(0.16)
Impact of change in attrition rate			
Present value of obligation at the end of the year/period			
- Impact due to increase of +100 basis points	(0.36)	(0.04)	(0.01)
- Impact due to increase of -100 basis points	0.40	0.03	0.00

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 December 2021	31 March 2021	31 March 2020
Within next 12 months	0.06	0.09	0.03
Between 1-5 years	8.02	5.11	1.04
Beyond 5 years	-	-	-

(ix) **Expected future payouts(Discounted)**

Description	31 December 2021	31 March 2021	31 March 2020
Year I	0.06	0.09	0.03
Year II	0.06	0.09	0.03
Year III	0.06	0.08	0.02
Year IV	0.06	0.08	0.02
Year V	0.06	0.07	0.02
Year 6-10	0.30	0.31	0.07
Above 10 years	7.48	4.48	0.88

Disclosure for Leave encashment

(i) **Amount recognised in the balance sheet**

Particulars	31 December 2021	31 March 2021	31 March 2020
Defined benefit plans			
Leave encashment	10.88	6.31	1.19

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42 Retirement benefit plan (Contd.)

Disclosure for Leave encashment (Contd.)

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

Description	31 December 2021	31 March 2021	31 March 2020
Current service	1.04	0.76	0.66
Interest cost	0.30	0.08	0.06
Transfer out	1.30	2.42	-
Actuarial loss/(gain) recognised during the year/period	5.06	2.01	(0.35)
Amount recognised in total comprehensive income	**7.70**	**5.27**	**0.37**

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

Description	31 December 2021	31 March 2021	31 March 2020
Present value of defined benefit obligation as at the beginning of the year/period	**6.31**	**1.19**	**0.82**
Current service cost	2.34	0.76	0.66
Interest cost	0.30	0.08	0.06
Benefits paid	(1.83)	(0.15)	-
Transfer out	(1.30)	2.42	-
Actuarial (gain)/loss	5.06	2.01	(0.35)
Present value of defined benefit obligation as at the end of the year /period	**10.88**	**6.31**	**1.19**

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

Description	31 December 2021	31 March 2021	31 March 2020
Fair value of plan assets at the beginning of the year/period	**-**	-	-
Expected return on plan assets			
Contributions by employer	-	-	-
Benefits paid	-	-	-
Actuarial gain/(loss)	-	-	-
Fair value of plan assets at the end of the year/period	**-**	**-**	**-**

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

Description	31 December 2021	31 March 2021	31 March 2020
Present value of funded obligation as at the end of the year	10.88	6.31	1.19
Fair value of plan assets as at the end of the period funded status		-	-
(Unfunded)/funded net liability recognized in balance sheet	**(10.88)**	**(6.31)**	**(1.19)**

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

Description	31 December 2021	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	5.06	2.01	(0.35)
Total Actuarial (gain) / loss on liabilities	**5.06**	**2.01**	**(0.35)**
Total actuarial (gain)/loss	**5.06**	**2.01**	**(0.35)**

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

Description	31 December 2021	31 March 2021	31 March 2020
Discount rate	7.43%	7.19%	6.82%
Rate of increase in compensation levels	10.00%	6.00%	6.00%
Rate of employee turnover	5.00%	5.00%	5.00%
Retirement age	60	60	60

42 Retirement benefit plan (Contd.)

Notes to actuarial assumptions:

(viii) **Sensitivity analysis for Leave Encashment**

Description	31 December 2021	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	1.54	0.74	(0.16)
- Impact due to increase of -100 basis points	1.92	0.91	0.21
Impact of change in salary increase			
Present value of obligation at the end of the year			
- Impact due to increase of +100 basis points	1.78	0.86	0.20
- Impact due to increase of -100 basis points	1.45	0.71	(0.16)
Impact of change in attrition rate			
Present value of obligation at the end of the year			
- Impact due to increase of +100 basis points	0.43	0.08	(0.01)
- Impact due to increase of -100 basis points	0.53	0.10	0.00

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 December 2021	31 March 2021	31 March 2020
Within next 12 months	0.38	0.37	0.13
Beyond 1 yr	10.50	5.94	1.06

Plan characteristics and associated risks

1. Salary inflation risk
Higher than expected increases in salary will increase the defined benefit obligation

2. Demographic risks:
This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligation depend upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawal rate because the cost of retirement benefit of an employee serving a shorter tenor will be less compared to long service employees.

3. Actuarial risk
It is the risk that the benefits will cost more than expected. This can be due to one of the following reasons
a)Adverse salary growth
b)Variability in mortality rates
c)Variability in withdrawal rates

4. Market risk
Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

5. Legislative/Regulatory risk
Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

6. Liquidity risk
The Company is making provisions for the entire gratuity liability as per actuarial valuation and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore, there is a liquidity risk involved that they may run out of cash.

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43 Related parties disclosures

Names of related parties

Nature of relationship	**Name of the party**
Holding Company	Navi Technologies Limited (formerly known as Navi Technologies Private Limited)
Subsidiary Company	Chaitanya India Fin Credit Private Limited
Entities in which Directors are able to exercise control or have significant influence	Navi AMC Limited
	Navi General Insurance Limited
	Ather Energy Private Limited
	Flipkart Online Services Private Limited
Name of key managerial personnel	**Designation**
Mr. Sachin Bansal	Executive Chairman and Chief Executive Officer
Mr. Ankit Agarwal	Managing Director
Mr. Samit S Shetty	Non- Executive Director (resigned w.e.f 30 August 2021)
Ms. Riya Bhattachraya	CEO
Mr. Divyesh Jain	CFO (appointed w.e.f 12 November 2021)
Mr. L N Gurumoorthy	CFO (resigned w.e.f 12 November 2021)
Ms. Dimple J Shah	Company Secretary
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**	**Period ended 31 December 2021***	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Issue of Non convertible debentures	-	-	26,486.70
	Redemption of Non convertible debentures	1,000.00	10,716.14	1,750.00
	Face value of equity shares allotted	133.33	133.33	1,250.18
	Securities premium received on allotment of shares	866.67	866.67	7,705.84
	Software support charges	257.45	120.05	-
	Loan sourcing fee	130.01	-	-
	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	6.59	-	-
	Sale of fixed assets	-	1.40	-
	Purchase of debentures	-	999.09	-
	Sale of investment in debenture	996.95	-	-
	Lease rental	13.38	1.18	-
	Security deposit to be paid	17.40	-	-
	Employee cost (net) cross charged to NTPL for transferred employees	(3.37)		
	ESOP expense	32.49	5.30	-
Navi General Insurance Limited	Advance money paid for customer insurance policies	26.04	5.60	-
	Premium for issuance of customer insurance policies	24.14	5.28	-
	Advertisement expenses cross charged to Navi GI	20.54	-	-
	Employee cost cross charged to Navi GI for transferred employees	3.65		
Navi AMC Limited	Advertisement expenses cross charged to Navi AMC	14.46	-	-
Navi Mutual Fund Limited	Purchase of Mutual funds	649.97	-	-
	Sale of Mutual funds	529.14	-	-

43 Related parties disclosures (Cont'd)

Transactions with related parties (cont'd)

Name of related party	Nature of transaction	Period ended 31 December 2021*	Year ended 31 March 2021	Year ended 31 March 2020
Mr. Samit Shankar Shetty	Buy back of shares	-	-	232.49
Mr. Anand Rao	Buy back of shares	-	-	39.35
Mr. U Raghurama Rao	Buy back of shares	-	-	23.17
Ms. Shashikala Rao	Buy back of shares	-	-	10.41
Ms. Smitha Rao	Buy back of shares			0.93
Mr. Samit Shankar Shetty	Remuneration	-	6.39	-
Ms.Riya Bhattacharya	Remuneration	10.22	1.60	-
Mr.Divyesh Jain	Remuneration	0.89	-	-
Mr.L N Gurumoorthy	Remuneration	7.05	0.25	-
Ms. Dimple J Shah	Remuneration	0.98	1.60	-
Mr. K Subramanyam Ravi	Sitting fees	-	0.68	0.51
Mr. R Sridharan	Sitting fees	1.74	1.42	-
Mr. Rachamadugu Nandakumar	Sitting fees	-	0.68	0.51
Ms. Usha A Narayanan	Sitting fees	1.64	1.06	-
Chaitanya India Fin Credit Private Limited	Investment in equity shares	-	1,140.00	1,468.55
	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	63.86
	Sale of fixed assets	-	0.34	-
	Inter Corporate loan given	250.00	100.00	-
	Inter Corporate loan repaid	250.00	100.00	-
	Investment in compulsorily convertible debentures	-	-	1,140.00
	Sale of investment in Non convertible debenture	-	150.48	-
	Sale of investment in pass through certificates	67.69	-	-
	Interest received on Non convertible debenture	-	16.34	-
	Interest received on inter company loan	0.25	0.66	-
	Interest received on compulsorily convertible debentures	-	14.09	17.18

* 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 December 2021	As at 31 March 2021	As at 31 March 2020
Chaitanya India Fin Credit Private Limited	Outstanding (payable)/receivable - net	(2.57)	5.38	45.12
	Outstanding Receivable - Financial Activity	201.42	219.02	(7.92)
	Investment in CIFCPL	3,261.40	3,261.40	2,111.98
	Compulsorily convertible debentures	-	-	1,140.00
Navi AMC Limited	Outstanding receivable	14.46	-	-
Navi Mutual Fund Limited	Mutual fund holdings	237.80		
Navi General Insurance Limited	Outstanding receivable	24.19	-	-
	CD balance	2.22	0.32	-
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Outstanding (payable)- Net	(242.31)	(35.76)	-
	Non-convertible debentures	(13,020.56)	(14,020.56)	(24,736.70)
	Provision for employee benefits (ESOP expense)	(43.41)	(5.30)	-

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Standalone Financial Information

(All amounts in ₹ millions 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 December 2021			As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	2,507.59		2,507.59	1,030.00	-	1,030.00	194.45	-	194.45
Bank balances other than cash and cash equivalents	872.77		872.77	637.56	-	637.56	-	2.67	2.67
Trade receivables			-	-	-	-	45.12	-	45.12
Loans	10,156.48	6,329.89	16,486.37	4,037.33	1,256.17	5,293.49	752.61	336.80	1,089.41
Investment	8,487.80	6,918.41	15,406.21	21,272.60	4,377.92	25,650.52	25,534.43	9,895.89	35,430.33
Other financial assets	1,876.19	16.49	1,892.68	283.71	0.29	284.00	1.24	1.16	2.40
Non-financial assets									
Current tax assets (net)	-	150.97	150.97	14.04	-	14.04	-	-	-
Deferred tax asset (net)	-	462.67	462.67	-	251.52	251.52	-	72.18	72.18
Property, plant and equipment	-	4.73	4.73	-	3.75	3.75	-	3.62	3.62
Right to use asset	-	59.17	59.17	-	14.97	14.97	0.32	-	0.32
Other intangible assets	-	0.04	0.04	-	0.08	0.08	-	0.17	0.17
Other non-financial assets	114.30	2.16	116.46	28.66	2.18	30.84	8.22	3.48	11.70
Total	**24,015.13**	**13,944.53**	**37,959.66**	**27,303.90**	**5,906.88**	**33,210.77**	**26,536.41**	**10,315.97**	**36,852.38**
Liabilities									
Financial liabilities									
Other payables									
(i) total outstanding dues of micro enterprises and small enterprises	0.67	-	0.67	1.16	-	1.16	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	32.72	-	32.72	77.96	-	77.96	4.75	-	4.75
Debt securities	17,195.72	3,715.97	20,911.69	14,020.56	2,697.52	16,718.08	24,736.70	-	24,736.70
Borrowings (other than debt securities)	2,158.58	1,889.45	4,048.03	3,694.30	320.27	4,014.57	62.19	2,310.08	2,372.27
Subordinated liabilities	-	99.44	99.44	-	99.34	99.34	-	99.25	99.25
Other financial liabilities	330.45	-	330.45	663.03	-	663.03	53.17	-	53.17
Non financial liabilities									
Current tax liabilities (net)			-	-	-	-	52.94	-	52.94
Provisions	409.66	91.23	500.89	68.17	19.18	87.35	3.49	2.17	5.66
Other non financial liabilities	139.58	0.47	140.05	23.27	-	23.27	7.13	-	7.13
Total	**20,267.39**	**5,796.56**	**26,063.94**	**18,548.45**	**3,136.31**	**21,684.76**	**24,920.36**	**2,411.50**	**27,331.87**
Net	**3,747.74**	**8,147.97**	**11,895.72**	**8,755.45**	**2,770.57**	**11,526.01**	**1,616.04**	**7,904.47**	**9,520.50**

*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.

45 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

	Particulars	As at 31 December 2021	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.	56.17	11.00	10.32
b.	In respect of GST where the Company has filed submission to Assistant Commissioner (State Tax-Karnataka)	3.06	3.06	-
	Total	**59.23**	**14.06**	**10.32**

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 December 2021, 31 March 2021 and 31 March 2020

(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 December 2021	As at 31 March 2021	As at 31 March 2020
Opening lease liabilities	15.13	0.36	1.14
Addition to lease liabilities during the year	55.58	16.31	-
Interest expense on Lease liabilities	3.79	0.39	0.06
Cash outflow for leases	(10.48)	(1.94)	(0.84)
Closing lease liabilities	**64.02**	**15.13**	**0.36**

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Opening value of right of use assets	14.97	0.31	1.07
Addition to lease assets during the year	55.58	16.31	-
Less: Depreciation charge for the year	(11.38)	(1.66)	(0.76)
Closing lease Assets	**59.17**	**14.97**	**0.31**

Amounts recognised in statement of profit or loss

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation charge on right of use assets	11.38	1.66	0.76
Interest on lease liabilities	3.79	0.39	0.06
Total	**15.17**	**2.05**	**0.82**

Amounts recognised in the statement of cash flows

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Amortisation on right of use assets	11.38	1.66	-
Interest paid on lease liabilities	3.79	0.39	0.06
Payment towards lease liabilities	(10.48)	(1.94)	(0.84)
Total	**4.69**	**0.11**	**(0.78)**

45 Contingent liabilities, commitments and leasing arrangements (cont'd)

Maturity analysis of lease liabilities

Particulars	**For the period ended 31 December 2021**	**As at 31 March 2021**	**As at 31 March 2020**
Within one year	15.20	3.79	0.36
After one year but not more than five years	48.82	11.34	-
More than five years	-	-	-
Total	**64.02**	**15.13**	**0.36**

Particulars	**For the period ended 31 December 2021**	**As at 31 March 2021**	**As at 31 March 2020**
Nature of right of use asset	Office premises	Office premises	Office premises
No. of right of use assets leased	8	4	1
Range of remaining term	24-51 Months	33-44 Months	5 months
Average remaining lease term	31 months	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	None
Sale and leaseback transactions	None	None	None

46 Share based payments

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.

Details of ESOP plan

Pursuant to the plan, the Holding Company has granted 4,17,999 to the employees of the Company during the period ended 31 December 2021. Outstanding options as on 31 December 2021 are 9,91,837. 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 December 2021.

For the period ended 31 December 2021 the Company has recorded stock compensation expenses of ₹ 32.49 millions (31 March 2021 ₹ 5.30 millions) which has been transferred by Holding Company.

	No. of options 31 December 2021	No. of options 31 March 2021
Options outstanding at the beginning	744,029	-
Granted during the year	417,999	744,029
Lapsed during the year	(55)	-
Transfer (to)/in during the year/period ended (net)	(170,136)	
Options outstanding at the end	**991,837**	**744,029**

The fair value of share options granted is estimated at the date of grant using a Black Scholes Merton model, taking into account the terms and conditions upon which the share options were granted.
The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations. The contractual term of the share options is ten years and there are no cash settlement alternatives for the employees. The Hoding Company does not have a practice of cash settlement for these awards.
Futher, in accordance with Para 43B-43C, Ind AS 102 Share based payments, although the Company is receiving the services of employees to whom share options are granted. But the options granted are not of its own equity instruments and the Company has no obligation to settle the share-based payment transaction.
Hence, the stock compensation cost in the books of the Company shall be recorded as cash-settled transaction.

Particulars	1 October 2021 - 31 December 2021	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 period equivalent to the expected life of the option.

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 December 2021	As at 31 March 2021	As at 31 March 2020
Financial assets measured at fair value				
Investments	9	6,192.20	17,601.53	18,829.04
Financial assets measured at amortised cost				
Cash and cash equivalents	5	2,507.59	1,030.00	194.45
Bank balance other than cash and cash equivalents	6	872.77	637.56	2.67
Trade receivables	7	-	-	45.12
Loans	8	16,486.37	5,293.49	1,089.41
Investments	9	9,214.01	8,048.99	16,601.27
Other financial assets	10	1,892.68	284.00	2.40
Total		**37,165.62**	**32,895.57**	**36,764.36**

Particulars	Note	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Financial liabilities measured at amortised cost				
Other payables	16	33.39	79.12	4.75
Debt securities	17	20,911.69	16,718.07	24,736.70
Borrowings (other than debt securities)	18	4,048.03	4,014.58	2,372.27
Subordinated liabilities	19	99.44	99.34	99.25
Other financial liabilities	20	330.45	663.02	53.17
Total		**25,423.00**	**21,574.13**	**27,266.14**

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	As at 31 December 2021	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	-	-	379.68
Investments in bonds and debentures	5,819.74	16,845.30	14,265.59
Investments in mutual funds	343.50	692.73	3,441.85
Investments in alternative investment funds	-	-	740.93
Investment in Futures	28.96	63.50	1.00
Total	**6,192.20**	**17,601.53**	**18,829.04**

47 Fair value measurement (cont'd)

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 December 2021		As at 31 March 2021		As at 31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets:						
Cash and cash equivalents	2,507.59	2,507.59	1,030.00	1,030.00	194.45	194.45
Bank balance other than cash and cash equivalents	872.77	872.77	637.56	637.56	2.67	2.67
Trade receivables	-	-	-	-	45.12	45.12
Loans	16,486.37	16,486.37	5,293.49	5,293.49	1,089.41	1,089.41
Investments	9,214.01	9,214.01	8,048.99	8,048.99	16,601.27	16,601.27
Other financial assets	1,892.68	1,892.68	284.00	284.00	2.40	2.40
Total financial assets	**30,973.42**	**30,973.42**	**15,294.04**	**15,294.04**	**17,935.32**	**17,935.32**
Financial liabilities:						
Other Payables	33.39	33.39	79.12	79.12	4.75	4.75
Debt securities	20,911.69	20,911.69	16,718.07	16,718.07	24,736.70	24,736.70
Borrowings (other than debt securities)	4,048.03	4,048.03	4,014.58	4,014.58	2,372.27	2,372.27
Subordinated liabilities	99.44	99.44	99.34	99.34	99.25	99.25
Other financial liabilities	330.45	330.45	663.03	663.03	53.17	53.17
Total financial liabilities	**25,423.00**	**25,423.00**	**21,574.13**	**21,574.13**	**27,266.14**	**27,266.14**

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.

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.
The fair value of investments are estimated using a cash flow model based on contractual cash flows using actual maturities.

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and laibilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

48 Risk management

The Company is a Systemically Important-Non Deposit Taking-Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India. On account of it's business activities it is exposed to various financial risks associated with financial products such as credit or default risk, market risk, interest rate risk, liquidity risk and inflationary risk. However, the Company has a robust financial risk management system in place to identify, evaluate, manage and mitigate various risks associated with its financial products to ensure that desired financial objectives are met. The Company's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Company, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess risk management performance. Any change in Company's risk management objectives and policies needs prior approval of it's Board of Directors.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, Field credit assessment, diversification of asset base, 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.

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.

48 Risk management (cont'd)

48.1.1 Risk identification (cont'd)

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 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:

Nature	Assets covered	Basis of expected credit loss
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Loans and investments	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans and investments	Life time expected credit loss or fully provided for

48.1.3 Risk monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Company.
Investments - Risk concentration is minimized by investing in highly rated, investment grade bonds and debt instruments which have a very low risk of default. The Company lends to borrowers with a good credit score and generally most of the lending is secured against assets pledged by the borrower in favour of the Company. These investments are reviewed by the Board of Directors on a regular basis.

Loans - Borrower risk categorization is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. The Company regularly monitors borrower repayments and borrowers are accordingly categorized in low risk and high risk.
The performance indicators are continuously generated through monitoring alerts in the loan origination flow and post disbursal flow to highlight areas requiring attention and action. Monitoring includes diagnostic studies of problem areas in collections performance and proactively taking actions.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:
- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud
- Credit monitoring -
  - Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans with staging more than 90 Days past due);
  - Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
- Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

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.

48 Risk management (cont'd)

48.1.4 Risk mitigation (cont'd)

Loans
The Company has created mechanisms for underwriting credit and risk policy for digital personal loans and housing loans.
The following risk mitigation measures has been suggested at each stage of loan life cycle:

- Loan origination - profile/income selection, document verification process, KYC checks, creditworthiness checks based on CIBIL, fraud database checks, device data, regular updates to loan origination application based on security gaps and technical glitches identified etc
- Loan underwriting - Risk rating, credit assessment, independent assessment of legal validity and value of property by experts etc.
- Loan pre and post disbursement - disbursement in the bank account only, loan utilisation checks
- Loan collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework
- Apropriate policy-driven loan origination and collection process.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to and that they decide to take on. Continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

48.1.5 Impairment assessment

Investments
The Company has commenced the treasury operations in investments in the year ended 31 March 2020 and all investments carried at amortised cost are categorised under respective stages. The Company has assessed the impairment allowance on the basis of EAD*PD*LGD. The default rates for these investments are considered 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).

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.

48 Risk management (cont'd)

48.1.5 Impairment assessment (cont'd)

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 COVID-19 pandemic, demonetization, Andhra Pradesh crisis, etc and special situations such as floods, cyclone, earthquake, etc.

Measurement of ECL

Expected Credit Loss or ECL is measured in the following manner. The Company calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

ECL = PD*LGD*EAD

Each item is defined as follows: -

ECL - Expected credit loss

Present value of difference between contractual cash flows and actual cash flows expected to be received over a given time horizon

PD - Probability of default

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

LGD - Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD

EAD- Exposure at default

Cash flows that are at risk of default over a given time horizon, The Exposure at Default is an estimate of the exposure at a future default date.

i) Expected credit losses for financial assets other than loans

As at 31 December 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	2,507.59	-	2,507.59
Bank balance other than cash and	872.77	-	872.77
Trade receivables	-	-	-
Investments	15,581.40	175.19	15,406.21
Other financial assets	1,892.68	-	1,892.68

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
Trade receivables	-	-	-
Investments	25,823.21	172.69	25,650.52
Other financial assets	284.00	-	284.00

As at 31 March 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	194.45	-	194.45
Bank balance other than cash and cash equivalents	2.67	-	2.67
Trade receivables	45.12	-	45.12
Investments	35,456.72	26.40	35,430.32
Other financial assets	2.40	-	2.40

48 Risk management (cont'd)

48.1.5 Impairment assessment (Cont'd)

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 December 2021				As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade												
Performing												
Standard grade- No Over Due	17,013.16	-	-	17,013.16	5,461.76	-	-	5,461.76	912.46	-	-	912.46
Standard grade- DPD 1 to 30	189.35	-	-	189.35	212.79	-	-	212.79	156.34	-	-	156.34
Standard grade- DPD 31 to 60	-	145.08	-	145.08	-	147.56	-	147.56	-	23.35	-	23.35
Standard grade- DPD 61 to 89	-	47.12	-	47.12	-	159.26	-	159.26	-	6.70	-	6.70
Non- performing					-	-	-					
Sub-standard grade- DPD > 89	-	-	189.96	189.96	-	-	279.26	279.26	-	-	57.99	57.99
Total	**17,202.51**	**192.20**	**189.96**	**17,584.67**	**5,674.55**	**306.82**	**279.26**	**6,260.63**	**1,068.80**	**30.05**	**57.99**	**1,156.84**

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 December 2021				As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	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**	**6,260.64**	**1,068.80**	**30.05**	**57.99**	**1,156.84**	**470.20**	**17.12**	**47.56**	**534.88**
New assets originated	15,821.71	75.40	18.74	15,915.85	5,664.25	306.72	244.69	6,215.66	933.07	18.51	3.60	955.18
Movement between stages					-	-	-		-	-	-	
Transferring from Stage 1	(465.59)	232.93	232.66	-	(16.16)	0.99	15.17	-	(27.61)	20.17	7.44	0.00
Transferring from Stage 2	17.18	(32.78)	15.60	-	0.74	(3.92)	3.19	0.01	3.55	(7.05)	3.50	(0.00)
Transferring from Stage 3	6.92	0.99	(7.91)	-	0.07	-	(0.07)	-	0.34	0.39	(0.73)	-
Assets repaid, derecognized and written off	(3,852.26)	(391.16)	(348.39)	(4,591.81)	(1,043.15)	(27.02)	(41.70)	(1,111.87)	(310.75)	(19.09)	(3.37)	(333.21)
Gross carrying amount- closing balance	**17,202.51**	**192.20**	**189.96**	**17,584.68**	**5,674.55**	**306.82**	**279.26**	**6,260.64**	**1,068.80**	**30.05**	**57.99**	**1,156.85**

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

Reconciliation of ECL balance on loans is given below:

Particulars	As at 31 December 2021				As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	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**	**3.08**	**0.96**	**15.44**	**19.48**
New assets originated	728.62	50.29	16.67	795.58	521.72	189.55	234.34	945.61	36.00	0.55	0.58	37.12
Movement between stages					-	-	-		-	-	-	
Transfers to Stage 1	(51.01)	23.50	27.51	-	(0.21)	0.03	0.18	-	(0.20)	0.14	0.06	-
Transfers to Stage 2	10.85	(20.62)	9.77	-	0.03	(0.16)	0.12	-	0.20	(0.54)	0.33	-
Transfers to Stage 3	6.72	0.96	(7.68)	-	0.01	-	(0.01)	-	0.09	0.13	(0.22)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(417.56)	(121.74)	(125.12)	(664.42)	(41.78)	(1.33)	(2.80)	(45.91)	3.06	0.29	7.50	10.84
Impairment allowance - closing balance	**799.62**	**122.01**	**176.67**	**1,098.30**	**522.00**	**189.62**	**255.52**	**967.14**	**42.23**	**1.53**	**23.68**	**67.44**

Note - New assets originated is presented net of collections made.

48 Risk management (cont'd)

48.1.5 Impairment assessment (Cont'd)

(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 December 2021				As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade												
Performing												
Standard grade- DPD 0 to 30	5,553.74	-	-	5,553.74	2,113.19	-	-	2,113.19	13,374.47	-	-	13,374.47
Standard grade- DPD 31 to 60	-		-	-	-	-	-	-	-	-	-	-
Non-performing												
Standard grade- DPD >61	-	-	174.15	174.15	-	-	227.44	227.44	-	-	-	-
	5,553.74	-	**174.15**	**5,727.89**	**2,113.19**	-	**227.44**	**2,340.63**	**13,374.47**	-	-	**13,374.47**

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 December 2021				As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	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 *	5,173.81			5,173.81	50.00	-	-	50.00	13,374.47	-	-	13,374.47
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	(1,733.26)	-	(53.29)	(1,786.55)	(11,011.28)	-	(72.55)	(11,083.84)				
Gross carrying amount- closing balance	**5,553.74**	-	**174.15**	**5,727.89**	**2,113.19**	-	**227.44**	**2,340.63**	**13,374.47**	-	-	**13,374.47**

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

Reconciliation of ECL balance on investments is given below:

Particulars	As at 31 December 2021				As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	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	0.53			0.53	1.73	-	-	1.73	26.40	-	-	26.40
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)	(1.60)	-	3.57	1.97	(25.64)	-	170.19	144.56	-	-	-	-
Impairment allowance - closing balance	**1.04**	-	**174.15**	**175.19**	**2.11**	-	**170.58**	**172.69**	**26.40**	-	-	**26.40**

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

48 Risk management (cont'd)

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.

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 December 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	2,507.59	-	-	-	2,507.59
Bank balance other than cash and cash equivalents	872.77	-	-	-	872.77
Trade receivables	-	-	-	-	-
Loans	10,156.48	4,432.36	453.55	1,443.98	16,486.37
Investments	8,487.80	3,522.38	134.63	3,261.40	15,406.21
Other financial assets	1,876.18	1.25	12.80	2.45	1,892.68
Total financial assets	**23,900.82**	**7,955.99**	**600.98**	**4,707.83**	**37,165.62**
Financial liabilities					
Other payables	33.39	-	-	-	33.39
Debt securities	17,195.72	3,715.97	-	-	20,911.69
Borrowings	2,158.58	1,860.38	29.07	-	4,048.03
Subordinated liabilities	-	99.44	-	-	99.44
Other financial liabilities	330.45	-	-	-	330.45
Total financial liabilities	**19,718.14**	**5,675.79**	**29.07**	**-**	**25,423.00**
Net undiscounted financial assets/(liabilities)	**4,182.68**	**2,280.20**	**571.91**	**4,707.83**	**11,742.62**

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
Trade receivables	-	-	-	-	-
Loans	4,037.33	1,209.27	21.58	25.32	5,293.50
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	**27,261.20**	**2,041.69**	**304.76**	**3,287.93**	**32,895.58**
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	663.03	-	-	-	663.03
Total financial liabilities	**18,457.01**	**3,015.16**	**101.97**	**-**	**21,574.14**
Net undiscounted financial assets/(liabilities)	**8,804.19**	**(973.47)**	**202.79**	**3,287.93**	**11,321.44**

48 Risk management (cont'd)

48.2.1. Analysis of financial assets and liabilities by remaining contractual maturities (Cont'd)

Maturity pattern of assets and liabilities as on 31 March 2020:

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	194.45	-	-	-	194.45
Bank balance other than cash and cash equivalents	-	2.67	-	-	2.67
Trade receivables	45.12	-	-	-	45.12
Loans	752.60	323.82	12.93	0.06	1,089.41
Investments	25,534.42	7,023.23	723.34	2,149.33	35,430.32
Other financial assets	1.24	1.16	-	-	2.40
Total financial assets	**26,527.83**	**7,350.88**	**736.27**	**2,149.39**	**36,764.37**
Financial liabilities					
Other Payables	4.75	-	-	-	4.75
Debt securities	24,736.70	-	-	-	24,736.70
Borrowings	62.19	2,310.08	-	-	2,372.27
Subordinated Liabilities	-	-	99.25	-	99.25
Other financial liabilities	53.17	-	-	-	53.17
Total financial liabilities	**24,856.81**	**2,310.08**	**99.25**	**-**	**27,266.14**
Net undiscounted financial assets/(liabilities)	**1,671.02**	**5,040.80**	**637.02**	**2,149.39**	**9,498.23**

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 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 Company's result remain uncertain and will dependent on future developments, which are highly uncertain at this point in time.

The Company is continuously assessing the potential impact of the COVID-19 on it's operations. During such an uncertain period the focus of the management is to be financialy well capitalised and maintain adequate liquidity to service its obligations, sustain its operations and also look at any appropriate investment/lending opportunities.

48.3 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. It is a form of systematic risk associated with the day-to-day fluctuation in the market prices of shares and securities and such market risk affects all securities and investors in the same manner. These daily price fluctuations follows its own broad trends and cycles and are more news and transaction driven rather than fundamentals and many a times, it may affect the returns from an investment. Market risks majorly comprises of two types - interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risks include borrowings and investments.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is a type of systematic risk that particularly affects fixed rate debt instruments like bonds and debentures. The value of the fixed-rate debt instruments generally decline due to rise in interest rates and vice versa. The rationale is that a bond is a promise of a future stream of payments; an investor will offer less for a bond that pays-out at a rate lower than the rates offered in the current market. A rising interest rate scenario also affects the Company's interest expenditure on borrowed funds.

The Company monitors the interest rate scenarios on a regular basis and accordingly takes investments decisions as whether to invest in fixed rate debt instruments, shares and securities at a particular point of time. Further, the Company's borrowings carry a fixed rate of interest and the Company is in a position to pass on the rise in interest rates to its borrowers.

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

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact of rate change in borrowings, as follows:

48 Risk management (cont'd)

48.3 Market risk (cont'd)

Particulars	Effect on Statement of Profit and loss for the period ended 31 December 2021	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	60.19	34.06	12.36
0.50% decrease	(60.19)	(34.06)	(12.36)

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 December 2021	As at 31 March 2021	As at 31 March 2020
Investments carried at FVTPL valued using quoted prices in active market	6,192.20	17,601.53	18,829.04

Particulars	Effect on Statement of profit and loss for the period ended 31 December 2021	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	61.92	176.02	188.29
1% decrease	(61.92)	(176.02)	(188.29)

49 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of giving loans and making investments. The entire revenues are billable within India and there is only one geographical segment (secondary segment).

50 Transferred financial assets that are not derecognised in their entirety

There are no transferred financial assets that are not derecognized in it's entirety for the period ended 31 December 2021 and year ended 31 March 2021, 31 March 2020.

51 Expenditure in foreign currency

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Advertisement expenses	7.36	2.31	-
Travel expenses reimbursement	-	-	0.50

52 Trade Receivables aging schedule

As at 31 March 2020

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	
Unsecured, considered good	45.12	-	-	-	45.12

53 Trade Payables aging schedule

As at 31 December 2021

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	0.67	-	-	-	0.67
Others	32.72	-	-	-	32.72

As at 31 March 2021

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	1.16	-	-	-	1.16
Others	77.96	-	-	-	77.96

As at 31 March 2020

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	-	-	-	-	-
Others	4.75	-	-	-	4.75

54 Disclosure on ratios

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
CRAR (%)	32.14%	38.04%	20.80%
CRAR – Tier I capital (%)	30.77%	36.56%	20.57%
CRAR – Tier II capital (%)	1.37%	1.48%	0.23%

55 The company has filed quarterly statements of current assets with banks and financial institutions are in agreement with the books of accounts

56 The company has filed all the registration of charges with ROC within the statutory period

57 Investments

	Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
(1)	**Value of investments**			
(i)	Gross value of investments	**15,581.40**	**25,823.21**	**35,456.72**
	(a) In India	15,581.40	25,823.21	35,456.72
	(b) Outside India	-	-	-
(ii)	Impairment provisions on investments	**(175.19)**	**(172.69)**	**(26.40)**
	(a) In India	(175.19)	(172.69)	(26.40)
	(b) Outside India	-	-	-
(iii)	Net value of investments	**15,406.21**	**25,650.52**	**35,483.12**
	(a) In India	15,406.21	25,650.51	35,430.32
	(b) Outside India	-	-	-
(2)	**Movement of impairment provisions on investments**			
(i)	Opening balance	172.69	26.40	-
(ii)	Add : Provisions made during the year	4.10	171.92	26.40
(iii)	Less : Write-off/write-back of excess provisions during the year	(1.60)	(25.64)	-
(iv)	Closing balance	175.19	172.69	26.40

58 Derivatives

Exchange Traded Interest Rate (IR) Derivatives

	Particulars	As at 31 December 2021	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	-	24,397.77	18,372.73
	b) 726GS2029	-	-	67.90
	c) 577GS2030	2,768.84	18,900.38	-
	d) 579GS2030	-	1,618.88	-
	e) 585GS2030	5,739.40	7,551.26	-
	f) 610GS2031	7,802.84	-	-
ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31 December 2021 and 31 March 2021			
	Scrip names			
	a) Scrip no. 577GS2030	-	823.72	-
	b) Scrip no. 585GS2030	-	97.45	-
	b) Scrip no. 610GS2031	1,941.85	-	-

Exchange Traded Interest Rate (IR) Derivatives

	Particulars	As at 31 December 2021	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	NA
iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	NA	NA	NA

59 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006

59.1 Details of financial assets sold to securitisation

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Disclosures relating to securitisation	Nil	Nil	Nil

59.2 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 period ended 31 December 2021, 31 March 2021 and 31 March 2020.

59.3 Detail of assignment transactions:-

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
No. of accounts	-	-	1,024
Aggregate Value (net of provisions) of accounts sold	-	-	19.94
Aggregate consideration	-	-	19.94
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-
Aggregate gain/loss over net book value	-	-	-

59 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006 (cont'd)

59.4 Details of non-performing financial assets sold

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
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 period ended 31 December 2021, 31 March 2021 and 31 March 2020.

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

As at 31 December 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	167.81	359.47	99.44	187.86	14,292.80	3,250.95	995.97	5,675.79	29.07	-	**25,059.16**
Assets											
Loans	320.07	133.91	504.97	1,105.04	1,247.11	2,826.18	4,019.20	4,432.36	453.55	1,443.98	**16,486.37**
Investments	5,541.16	549.29	547.36	24.91	25.39	742.98	1,056.72	3,522.38	134.63	3,261.40	**15,406.21**

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	136.72	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**

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	1.48	0.83	3.56	5.93	5.96	24,753.84	27.29	2,310.36	98.96	-	**27,208.21**
Assets											
Loans (refer note ii below)	2.28	2.28	5.23	26.86	31.72	399.28	284.96	323.82	12.93	0.06	**1,089.40**
Investments	11,006.68	467.85	592.09	1,230.17	1,978.49	4,748.14	5,511.01	7,023.23	723.34	2,149.33	**35,430.32**

Notes:

i) Above mentioned portfolio (own) does not include undrawn facilities, since there are no sanctioned disbursement schedule.

ii) Amounts disclosed as on 31 March 2020 is per anticipated repayment pattern owing to moratorium given to customers on account of COVID-19 pandemic as per the RBI guidelines.

61 Exposures

(i) Exposure to Real Estate Sector:-

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
A. Direct exposure			
i) Residential mortgages	1,777.11	52.19	134.89
(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	Nil
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -			
a) Residential	Nil	Nil	Nil
b) Commercial real estate	Nil	Nil	Nil

ii) Exposure to capital market

The Company does not have any exposure to capital market as at 31st December 2021, 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 December 2021		As at 31 March 2021		As at 31 March 2020	
	In original currency	In ₹	In original currency	In ₹	In original currency	In ₹
Trade payables						
USD	150.00	11,146.23	4,860.00	353,730.00	-	-

62 Details of financing of parent company products

The Company has not financed parent company products during the period ended 31st December 2021, 31 March 2021 and 31 March 2020.

63 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 period ended 31 December 2021, 31 March 2021 and 31 March 2020.

64 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 ₹ 15,807.53 millions (31 March 2021: ₹ 6,198.44 millions. 31 March 2020: ₹ 190.29 millions) disclosed in Note 8 are without any collateral or security.

65 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)

66 Related party transactions

Please refer to note no 43 for related party transactions and related disclosures.

67 Provisions and contingencies

As at 31 December 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	17,202.51	799.62	16,402.89	68.81	730.81
	Stage 2	192.20	122.01	70.19	0.77	121.24
Subtotal		**17,394.71**	**921.63**	**16,473.08**	**69.58**	**852.05**

67 Provisions and contingencies (Cont'd)

As at 31 December 2021(Cont'd)

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	189.96	176.67	13.29	19.00	157.68
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
- 1 to 3 years	Stage 3	-	-	-	-	-
-More than 3 years	Stage 3	-	-	-	-	-
Subtotal for NPA		**189.96**	**176.67**	**13.29**	**19.00**	**157.68**
Total	**Stage 1**	**17,202.51**	**799.62**	**16,402.89**	**68.81**	**730.81**
	Stage 2	**192.20**	**122.01**	**70.19**	**0.77**	**121.24**
	Stage 3	**189.96**	**176.67**	**13.29**	**19.00**	**157.68**
	Total	**17,584.67**	**1,098.30**	**16,486.37**	**88.57**	**1,009.73**

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**

67 Provisions and contingencies (Cont'd)

As at 31 March 2021 (Cont'd)

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	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
-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**

67 Provisions and contingencies (Cont'd)

As at 31 March 2020 (Cont'd)

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	1,068.80	42.39	1,026.41	12.09	30.30
	Stage 2	30.05	1.53	28.52	1.62	(0.09)
Subtotal		**1,098.86**	**43.92**	**1,054.93**	**137.15**	**302.07**
Non-Performing Assets (NPA)						
Substandard	Stage 3	16.46	5.50	10.96	1.65	3.85
Doubtful - up to 1 year	Stage 3	12.18	5.08	7.10	2.44	2.65
- 1 to 3 years	Stage 3	29.36	13.10	16.25	8.81	4.30
-More than 3 years	Stage 3	-	-	-	-	-
Subtotal for NPA		**57.99**	**23.68**	**34.31**	**12.89**	**10.80**
Total	**Stage 1**	**1,068.80**	**42.23**	**1,026.57**	**12.09**	**30.30**
	Stage 2	**30.05**	**1.53**	**28.52**	**1.62**	**(0.09)**
	Stage 3	**57.99**	**23.68**	**34.31**	**12.89**	**10.80**
	Total	**1,156.84**	**67.44**	**1,089.40**	**26.60**	**41.00**

Break up of Provisions shown as expenditure in statement of profit and loss	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
Provision towards non peforming assets *	(74.80)	255.39	8.25
Provision towards standard assets *	210.01	692.18	39.72
Provision made towards income tax	4.43	517.36	124.39
Provision for gratuity**	4.09	4.26	0.33
Provision for compensated absences**	7.70	5.27	0.37

During the period ended 31 December 2021, 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. 32.

* During the financial year 2020-21 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.

68 Draw down from reserves:-

There has been no draw down from reserve during the period ended 31 December 2021, 31 March 2021 and 31 March 2020.

69 Concentration of advances, exposures and NPAs:-

69.1 Concentration of advances

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Concentration of advances			
Total advances to twenty largest borrowers	316.63	44.21	362.99
Percentage of Advances to twenty largest borrowers to total advances of the NBFC	1.80%	0.71%	31.38%

69.2 Concentration of exposures

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Concentration of exposures			
Total exposure to twenty largest borrowers / customers	316.63	44.21	363.04
Percentage of exposures to twenty largest borrowers/customers to total exposure	1.80%	0.71%	31.57%

69.3 Concentration of NPAs

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Concentration of NPAs			
Total exposure to top four NPA accounts**	1.29	1.06	1.21

** 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.

69.4 Sector-wise NPAs #:-

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
Sector	**Percentage of NPAs to total advance to that sector**		
1. Agriculture & allied activities	2.20%	0.20%	2.26%
2. MSME	0.00%	0.00%	0.00%
3. Corporate borrowers	0.00%	0.00%	0.00%
4. Services	4.04%	0.03%	8.57%
5. Unsecured personal loans	1.13%	4.77%	1.68%
6. Other personal loans	0.00%	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.

70 Movement of NPAs

	Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
i)	**Net NPAs to net advances (%)**	0.08%	0.45%	3.15%
ii)	**Movement of NPAs (Gross)**			
	Opening balance	279.26	57.99	47.56
	Additions during the year	267.00	263.04	14.53
	Reductions during the year	(356.30)	(41.77)	(4.10)
	Closing balance	**189.96**	**279.26**	**57.99**
iii)	**Movement of Net NPAs**			
	Opening balance	23.75	34.31	32.13
	Additions during the year	213.05	28.40	6.07
	Reductions during the year	(223.50)	(38.96)	(3.89)
	Closing balance	**13.30**	**23.75**	**34.31**
iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**			
	Opening balance	255.52	23.68	15.44
	Provisions made during the year	53.95	234.65	8.47
	Write-off/write-back of excess provisions	(132.80)	(2.81)	(0.22)
	Closing balance	**176.67**	**255.52**	**23.68**

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Standalone Financial Information
(All amounts in ₹ millions unless otherwise stated)

71 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 December 2021	As at 31 March 2021	As at 31 March 2020
		Amount outstanding	**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	6,709.54	2,741.89	-
	Unsecured	13,020.56	14,020.56	24,736.70
	(other than falling within the meaning of public deposits)			
	b) Deferred credits	-	-	-
	c) Term loans including accrued interest but not paid	4,051.26	4,018.26	2,403.40
	d) Inter-corporate loans and borrowings	-	-	-
	e) Commercial paper	1,479.09	-	-
	f) Other loans:			
	Other unsecured loans against assets of the Company	99.44	99.34	99.25
	Secured loans against assets of the Company	-	-	-
	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	-	-	9.92
	b) In the form of partly secured	-	-	-
	c) deposits	-	-	-
	Assets side	**As at 31 December**	**As at 31 March 2021**	**As at 31 March 2020**
3	**Breakup of loans and advances including bills receivables**			
	a) Secured	1,777.14	62.19	966.55
	b) Unsecured	15,807.53	6,198.44	190.30
4	**Breakup of leased assets and stock on hire and other assets counting towards AFC**			
	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	-	-	740.93
	b) Preference	-	-	-
	ii Debentures and bonds	3,686.87	12,165.89	12,586.98
	iii Units of mutual funds	343.50	692.73	3,441.85
	iv Government securities	2,132.87	4,679.41	-
	v Others	428.86	2,681.94	-
	II Unquoted	-	-	-
	i Shares	-	-	-
	a) Equity	-	-	379.68
	b) Preference	-	-	-
	ii Debentures and bonds	-	-	2,654.00
	iii Units of mutual funds	-	-	-
	iv Government securities	-	-	-
	v Others	-	-	5,734.20

71 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 (cont'd):

Particulars	As at 31 December Amount outstanding	As at 31 March 2021 Amount outstanding	As at 31 March 2020 Amount outstanding
Long term investments			
1 **Quoted**			
i Shares			
a) Equity	-	-	-
b) Preference	-	-	-
ii Debentures and bonds	-	-	1,678.61
iii Units of mutual funds	-	-	-
iv Government securities	-	-	-
v Others	-	-	-
2 Unquoted			
i Shares			
a) Equity	3,261.40	3,262.61	2,113.20
b) Preference	-	-	-
ii Debentures and bonds	12.72	105.15	1,853.32
iii Units of mutual funds	-	-	-
iv Government securities	-	-	-
v Others	5,539.98	2,062.80	4,246.54

71.1 Borrower group - wise classification of assets financed

As at 31 December 2021

Category	Net of provisions			
	Secured	Unsecured	Provisions	Total
1 **Related parties**				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 **Other than related parties**	1,777.14	15,807.53	(1,098.30)	16,486.37
Total	**1,777.14**	**15,807.53**	**(1,098.30)**	**16,486.37**

As at 31 March 2021

Category	Net of provisions			
	Secured	Unsecured	Provisions	Total
1 **Related parties**				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 **Other than related parties**	62.19	6,198.44	(967.14)	5,293.49
Total	**62.19**	**6,198.44**	**(967.14)**	**5,293.49**

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**	966.54	190.30	(67.44)	1,089.40
Total	**966.54**	**190.30**	**(67.44)**	**1,089.40**

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

Category	As at 31 December 2021		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)	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	2,111.98	2,111.98
b) Companies in the same group	-	-	-	-	-	-
c) Other related parties	-	-	-	-	-	-
2 **Other than related parties**	12,320.00	12,144.81	22,561.81	22,389.12	33,344.74	33,318.34
Total	**15,581.40**	**15,406.21**	**25,823.21**	**25,650.52**	**35,456.72**	**35,430.32**

71 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 (cont'd):

71.3 Other information

Particulars	As at 31 December	As at 31 March 2021	As at 31 March 2020
i Gross non-performing assets			
a) Related parties	-	-	-
b) Other than related parties	189.96	279.26	57.99
ii Net non-performing assets			
a) Related parties	-	-	-
b) Other than related parties	13.30	23.75	34.31
iii Assets acquired in satisfaction of debt	-	-	-

72 Overseas assets

The Company does not have any joint venture or subsidiary abroad as on 31 December 2021, 31 March 2021 and 31 March 2020.

73 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 period ended 31 December 2021, 31 March 2021 and 31 March 2020.

74 Customer complaints

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020
a) Number of complaints pending at the beginning of the year (Nos)	7	1	4
b) Number of complaints received during the year (Nos)	829	884	51
c) Number of complaints redressed during the year (Nos)	794	878	54
d) Number of complaints pending at the end of the year (Nos)	42	7	1

75 Information on instances of fraud

Instances of fraud for the year ended 31 December 2021

Nature of fraud	No of cases	Amounts of fraud	Recovery	Amounts written
Fraud Committed by other than staff	288	22.21	0.20	22.01

Instances of fraud for the year ended 31 March 2021

Nature of fraud	No of cases	Amounts of fraud	Recovery	Amounts written off
Fraud Committed by other than staff	134	102.22	0.21	100.87

76 Credit rating

Instruments	Credit rating agency	As on 31 December 2021	As on 31 March 2021
Bank facilities	CRISIL	CRISIL A-/Stable	CRISIL A-/Stable
Non-convertible debentures	India Ratings	IND A/Stable	-
Principal protected market linked debentures	India Ratings	IND PP-MLD A	-
Commercial papers	India Ratings	IND A1	-

77 Disclosure of penalties imposed by the RBI and other regulators

No penalty has been imposed by the RBI and other regulators during the period ended 31 December 2021, 31 March 2021 and 31 March 2020.

78 Funding concentration based on significant counterparty (borrowings)

Number of Significant Counterparties	Amount	% of Total borrowings
12	18,025.18	71.93%

Note
1. A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated
2. Total liabilities has been computed as total assets less equity share capital less reserve & surplus and
3. Accrued interest on borrowings not considered.

79 Top 10 borrowings

Amount	% of Total borrowings
21,285.65	84.94%

Note:
1. Accrued interest on borrowings not considered.
2. Total borrowing has been computed as gross total debt basis extant regulatory ALM guidelines.

80 Funding Concentration based on significant instrument/product

Name of the instrument/product	Amount	% of Total borrowings
Non-Convertible Debentures	19,445.71	74.61%
Term Loan	3,984.01	15.29%
Commercial Papers	1,465.98	5.62%

Note:
1. A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs

Total liabilities has been computed as Total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.

2. Accrued interest on borrowings not considered.

81 Stock Ratios:

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

Total Public funds	Total Liabilities	Total Assets
Nil	5.62%	3.86%

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	77.76%	53.39%

82 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. Ms. Riya Bhattacharya
2. Mr. Ankit Agarwal
3. Mr. Divyesh Jain

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Standalone Financial Information
(All amounts in ₹ millions unless otherwise stated)

83 Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020

Particulars	31 December 2021	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.

84 Disclosure as required by the RBI notification dated 07 April 2021
In accordance with the RBI notification dated 07 April 2021, the Company is required to refund / adjust any amount in the nature of "Interest on Interest" including penal interest charged to the borrowers during the moratorium period i.e.,01 March 2020 to 31August 2020. The Company has assessed that no interest on interest, penal interest etc. was charged to the borrowers during the moratorium period and hence no liability has been created towards interest relief as on 31 March 2021.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-

Manish Gujral
Partner
Membership no.: 105117

Place: Mumbai
Date: 11 April 2022

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

Sd/-

Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

sd/-

Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-

Divyesh Jain
Chief Financial Officer

Place: Bengaluru
Date: 11 April 2022

Sd/-

Puneet Bhatia
Company Secretary

Place: Bengaluru
Date: 11 April 2022

Navi Finserv Limited **Annexure VI**

(formerly known as Navi Finserv Private Limited)

Statement of Dividend

(All amounts in ₹ millions unless otherwise stated)

Particulars	**For the period ended December 31, 2021**	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Dividend paid on Equity Shares	-	-	-
Dividend distribution tax on dividend paid on equity shares	-	-	-

Note: The above dividend includes interim and final dividend

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-
Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 11 April 2022

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

Sd/-
Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Divyesh Jain
Chief Financial Officer

Place: Bengaluru
Date: 11 April 2022

Sd/-
Puneet Bhatia
Company Secretary

Place: Bengaluru
Date: 11 April 2022

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON REFORMATTED IND AS CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Ground Floor, Salarpuria Business Center,
93, 5th A Block, Koramangala Industrial Layout,
Koramangala, Bengaluru, Karnataka 560095

Dear Sirs,

1. We have examined the attached Reformatted IND AS Consolidated Financial Information of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) (the "Company" or the "Issuer") and its subsidiary i.e. Chaitanya India Fin Credit Private Limited ("Subsidiary") (the Company and its Subsidiary together referred to as the "Group") comprising the Reformatted IND AS Consolidated Statement of Assets and Liabilities as at December 31, 2021 and March 31, 2021, the Reformatted IND AS Consolidated Statements of Profit and Loss (including other comprehensive income), the Reformatted IND AS Consolidated Statement of Changes in Equity, the Reformatted IND AS Consolidated Statement of Cash Flow for the nine month period ended December 31, 2021 and for the year ended March 31, 2021, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Reformatted IND AS Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on April 11, 2022 for the purpose of inclusion in the Draft Prospectus and Prospectus (together "Issue Documents") prepared by the Company in connection with its proposed public issue of non-convertible debentures ("Issue") prepared in terms of the requirements of:

    a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
    b. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Debentures) Regulations, 2021, as amended ("SEBI Debt Regulations"); and

c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Reformatted IND AS Consolidated Financial Information for the purpose of inclusion in the Issue Documents to be filed with Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") and Registrar of Companies, Karnataka at Bangalore in connection with the proposed Issue. The Reformatted IND AS Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Annexure V, note 2 to the Reformatted IND AS Consolidated Financial Information. The responsibility of the respective Board of Directors of the companies included in the Group includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted IND AS Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group complies with the Act, SEBI Debt Regulations and the Guidance Note.

3. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control of Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements issued by the ICAI.

4. We have examined such Reformatted IND AS Consolidated Financial Information taking into consideration:

   a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated March 28, 2022 in connection with the proposed public issue of non-convertible debentures of the Company;
   b. The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
   c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted IND AS Consolidated Financial Information; and
   d. The requirements of Section 26 of the Act and the SEBI Debt Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI Debt Regulations and the Guidance Note in connection with the Issue.

5. These Reformatted IND AS Consolidated Financial Information have been compiled by the management from:

   a. Audited special purpose interim consolidated Ind AS financial statements of the Group as at and for the nine month period ended December 31, 2021 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act and other accounting principles generally accepted in India (the "Special Purpose Interim Consolidated Ind AS Financial Statements") which have been approved by the Board of Directors at their meeting held on April 11, 2022.

b. Audited Consolidated Ind AS financial statements of the Group as at and for the year ended March 31, 2021 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 24, 2021.

6. For the purpose of our examination, we have relied on:

    a. Auditors' reports issued by us dated April 11, 2022 and June 24, 2021 on the consolidated financial statements of the Group as at and for the nine month period ended December 31, 2021 and as at and for the year ended March 31, 2021 as referred in Paragraph 5 above.

7. The audit reports on the consolidated financial statements issued by us were modified and included following matters giving rise to modifications on the financial statements as at and for the nine months period ended December 31, 2021 and for the year ended March 31, 2021:

    Emphasis of Matter

    Nine months period ended December 31, 2021

    "We draw attention to Note 3 of the 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 recognised towards the unquoted investments outstanding as on 31 December 2021. Our opinion is not modified in respect of this matter."

    Financial year ended March 31, 2021

    "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 recognised towards the unquoted investments outstanding as on 31 March 2021. Our opinion is not modified in respect of this matter."

8. As indicated in our audit reports referred above:

    a. we did not audit financial statements of the Subsidiary whose share of total assets, total revenues and net cash inflows / (outflows) included in the consolidated financial statements, for the nine months period ended December 31, 2021 is tabulated below, which have been audited by other auditors, M/s Varma & Varma, Chartered Accountants, and whose reports have been furnished to us by the Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components, is based solely on the reports of the other auditors:

(Rs in million)

Particulars	As at/ for the nine month period ended December 31, 2021
Total assets	19,035.13
Total revenues	2,342.37
Net cash outflows	352.21

9. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the other auditors for the respective periods/years, we report that the Reformatted Ind AS Consolidated Financial Information have been prepared by the Company by taking into consideration the requirement of Section 26 of Part I of Chapter III of the Act read with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (as amended), the SEBI Debt Regulations and the Guidance note.

10. The Reformatted IND AS Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the special purpose interim consolidated Ind AS financial statements and audited consolidated financial statements mentioned in paragraph 5 above.

11. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. At the request of the Company, we have also examined the following Consolidated Financial Information of the Company as at and for the nine months period ended December 31, 2021 and as at and for the year ended March 31, 2021 :

    Statement of Dividend, enclosed as Annexure VI

14. Our report is intended solely for use of the Board of Directors for inclusion in the Issue Documents to be filed with SEBI, BSE and NSE and Registrar of Companies, Karnataka at Bangalore in connection with the proposed Issue. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**
Chartered Accountants
[Firm Registration No: 001076N/N500013]

Sd/-
Manish Gujral
Partner
Membership No.: 105117
UDIN: **22105117AGVVKV3047**

Place: Mumbai
Date: 11 April 2022

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Annexure I- Reformatted IND AS Consolidated Statement of Assets and Liabilities

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	As at 31 December 2021	As at 31 March 2021
I ASSETS			
1 Financial assets			
Cash and cash equivalents	5	2,793.37	1,667.98
Bank balances other than cash and cash equivalents	6	1,065.17	808.76
Trade receivables	7	-	0.49
Loans	8	33,791.98	16,612.91
Investments	9	12,883.84	24,198.12
Other financial assets	10	1,862.40	194.34
2 Non-financial assets			
Current tax asset (net)	11	72.55	-
Deferred tax asset (net)	12	665.44	407.84
Property, plant and equipment	13	59.94	32.59
Other intangible assets	14	27.23	22.61
Right to use asset		59.84	16.34
Intangible Assets under Development	14.1	0.63	-
Other non-financial assets	15	162.08	48.73
Total assets		**53,444.47**	**44,010.71**
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Payables:			
- Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	16	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16	43.58	23.73
- Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	16	0.67	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16	34.46	56.27
Debt securities	17	23,331.54	19,683.98
Borrowings (other than debt securities)	18	15,780.34	10,767.79
Subordinated liabilities	19	498.36	497.70
Other financial liabilities	20	509.10	913.29
2 Non-financial liabilities			
Current tax liabilities (net)	21	-	22.71
Provisions	22	666.74	215.61
Other non financial liabilities	23	187.19	67.59
Total liabilities		**41,051.98**	**32,249.83**

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Annexure I- Reformatted IND AS Consolidated Statement of Assets and Liabilities

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	As at 31 December 2021	As at 31 March 2021
3 Equity			
Equity share capital	24	1,785.73	1,652.40
Other equity	25	10,606.76	10,108.48
Total equity		**12,392.49**	**11,760.88**
Total liabilities and equity		**53,444.47**	**44,010.71**

Note no.1 to 57 form an integral part of these Reformatted IND AS Consolidated Financial Information.

This is the Reformatted IND AS Consolidated Statement of Assets and Liabilities referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 11 April 2022

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

Sd/-

Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-

Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-

Divyesh Jain
Chief Financial Officer

Place: Bengaluru
Date: 11 April 2022

Sd/-

Puneet Bhatia
Company Secretary

Place: Bengaluru
Date: 11 April 2022

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Annexure II - Reformatted IND AS Consolidated Statement of Profit and Loss
(All amounts in ₹ millions unless otherwise stated)

Particulars		Notes	Nine months Period ended 31 December 2021	Year ended 31 March 2021
Revenue from operations				
(i)	Interest income	26	4,007.39	4,015.46
(ii)	Fees and commission income	27	59.20	36.21
(iii)	Net gain on fair value changes	28	1,303.70	1,409.50
(iv)	Net gain on derecognition of financial instruments under amortised cost category	29	133.07	189.82
(I)	**Total revenue from operations**		**5,503.36**	**5,650.99**
(II)	Other income	30	24.41	1.37
(III)	**Total income (I+II)**		**5,527.77**	**5,652.36**
Expenses				
(i)	Finance costs	31	1,341.19	871.50
(ii)	Fees and commission expenses	32	13.63	14.35
(iii)	Net gain on derecognition of financial instruments under amortised cost category	33	1.64	-
(iv)	Impairment on financial instruments	34	1,059.35	1,836.15
(v)	Employee benefits expenses	35	978.29	744.69
(vi)	Depreciation and amortisation expense	36	29.68	18.10
(vii)	Other expenses	37	2,568.65	602.10
(IV)	**Total expenses**		**5,992.43**	**4,086.89**
(V)	**(Loss)/Profit before tax (III - IV)**		**(464.66)**	**1,565.47**
(VI)	**Tax expense**			
	(1) Current tax	39	129.18	637.01
	(2) Deferred tax credit	39	(249.53)	(253.20)
	Total tax expense		**(120.35)**	**383.81**
(VII)	**(Loss)/Profit for the period/year (V - VI)**		**(344.31)**	**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	(0.01)
	(B) (i) Items that will be reclassified to profit or loss		(24.68)	28.12
	(ii) Income tax relating to items that will be reclassified to profit or loss		6.21	(7.08)
(VIII)	**Other comprehensive income**	40	**(24.08)**	**21.05**
(IX)	**Total comprehensive income for the period/year (VII + VIII)**		**(368.39)**	**1,202.71**
(X)	**Earnings per equity share**	41		
	Basic (₹)		(2.06)	7.76
	Diluted (₹)		(2.06)	7.76

Note no.1 to 57 form an integral part of these Reformatted IND AS Consolidated Financial Information.

This is the Reformatted IND AS Consolidated Statement of Profit and Loss as referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 11 April 2022

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

Sd/-

Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-

Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-

Divyesh Jain
Chief Financial Officer

Place: Bengaluru
Date: 11 April 2022

Sd/-

Puneet Bhatia
Company Secretary

Place: Bengaluru
Date: 11 April 2022

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Annexure III - Reformatted IND AS Consolidated Statement of Cash Flow

(All amounts in ₹ millions unless otherwise stated)

	Particulars	Nine months Period ended 31 December 2021	For the year ended 31 March 2021
A.	**Cash flow from operating activities**		
	(Loss)/Profit before tax	(464.66)	1,565.48
	Depreciation, amortisation and impairment	17.63	14.56
	Contribution to employee stock option scheme	8.42	9.41
	Depreciation on right of use asset	12.05	3.53
	Interest expense on lease liability	3.86	0.62
	Impairment allowance on loans	274.97	1,393.85
	Portfolio written off	817.00	219.43
	Impairment allowance on investments	2.50	146.29
	(Profit) on sale of fixed assets (net)	(0.02)	(0.64)
	(Gain) on sale of mutual funds and securities	-	(42.92)
	Effective interest rate adjustment for financial instruments	113.73	6.11
	Impairment on other assets	-	(0.01)
	Gain on sale of loan portfolio through assignment	(131.43)	-
	Net change in fair value of loans measured at fair value through other comprehensive income	(32.17)	-
	Net loss/(Gain) on fair value changes on investment	16.10	(321.79)
	Operating profit before working capital changes	**638.00**	**2,993.92**
	Movements in working capital:		
	(Increase) / decrease in assets		
	Loans	(18,409.56)	(8,906.44)
	Receivables	0.48	(223.20)
	Bank deposits	(256.42)	(665.49)
	Investments	11,295.68	8,680.52
	Other financial assets	(1,294.46)	(427.97)
	Other non-financial assets	(113.33)	(25.09)
	Increase / (decrease) in liabilities		
	Payables	(29.52)	73.57
	Other financial liabilities	(644.94)	1,141.44
	Non-financial liabilities	119.15	69.32
	Provisions	442.71	115.29
	Cash (used in)/generated from operating activities	**(8,252.21)**	**2,825.87**
	Income taxes paid (net of refunds)	224.45	669.01
	Net cash flows (used in)/generated from operating activities (A)	**(8,476.66)**	**2,156.86**
B.	**Cash flow from Investing activities**		
	Purchase of property, plant and equipment and intangible assets	(50.32)	(28.95)
	Proceeds from sale of property, plant and equipment and intangible assets	0.08	5.70
	Net cash flows (used in) investing activities (B)	**(50.24)**	**(23.25)**
C.	**Cash flow from financing activities**		
	Issue of equity shares	999.99	1,031.38
	Proceeds from issue of debt securities	5,215.98	5,229.00
	Repayment of debt securities	(1,557.52)	(11,521.89)
	Proceeds from borrowings (other than debt securities) availed*	74,160.72	32,976.19
	Repayment of borrowings (other than debt securities)*	(69,155.65)	(28,430.04)
	Lease payments	(11.23)	(3.17)
	Net cash flows generated from/(used in) financing activities (C)	**9,652.29**	**(718.53)**
	Net increase in cash and cash equivalents (A+B+C)	**1,125.39**	**1,415.08**
	Cash and cash equivalents at the beginning of the period/year	1,667.98	252.90
	Cash and cash equivalents at the end of the period/year	**2,793.37**	**1,667.98**

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Annexure III - Reformatted IND AS Consolidated Statement of Cash Flow
(All amounts in ₹ millions unless otherwise stated)

Components of cash and cash equivalents

Cash and cash equivalents at the end of the period/year	Nine months Period ended 31 December 2021	For the year ended 31 March 2021
Cash on hand	3.81	12.26
Balances with banks (of the nature of cash and cash equivalents)	2,789.56	1,655.72
Total	**2,793.37**	**1,667.98**

Note no.1 to 57 form an integral part of these Reformatted IND AS Consolidated Financial Information.

This is the Reformatted IND AS Consolidated Statement of Cash Flow as referred to in our report of even date

For Walker Chandiok & Co. LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sd/-
Manish Gujral
Partner
Membership No. 105117
Place: Mumbai
Date: 11 April 2022

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

Sd/-
Sachin Bansal
Director
(DIN: 02356346)
Place: Bengaluru
Date: 11 April 2022

Sd/-
Ankit Agarwal
Director
(DIN: 08299808)
Place: Bengaluru
Date: 11 April 2022

Sd/-
Divyesh Jain
Chief Financial Officer

Place: Bengaluru
Date: 11 April 2022

Sd/-
Puneet Bhatia
Company Secretary

Place: Bengaluru
Date: 11 April 2022

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Annexure IV - Reformatted IND AS Consolidated Statement of Changes in Equity
(All amounts in ₹ millions unless otherwise stated)

A Equity share capital

For the nine months period ended 31 December 2021

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 December 2021
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 - retirement benefits	Debenture redemption reserve	Equity component of compound financial instruments	
Balance as at 31 March 2020	**7,873.04**	**59.26**	**44.05**	**14.77**	**60.43**	**(2.88)**	**-**	**1,036.88**	**9,085.55**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	1,202.71	-	-	-	1,202.71
Issue of equity shares	382.85	-	-	-	-	-	-	-	882.85
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	240.55	-	-	(240.55)	-	-	-	-
Employee stock option reserve created	16.80	-	-	18.83	-	-	-	-	35.63
Transfer to securities premium	-	-	-	(33.60)	-	-	-	-	(33.60)
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	(21.05)	21.05	-	-	-
Transfer to Debenture Redemption Premium	-	-	-	-	(10.00)	-	10.00	-	-
Premium utilised	(27.78)	-	-	-	-	-	-	-	(27.78)
Net interest paid on CCDs	-	-	-	-	-	-	-	27.78	27.78
CCD converted to equity	-	-	-	-	-	-	-	(1,064.66)	(1,064.66)
Balance as at 31 March 2021	**8,744.91**	**299.81**	**44.05**	**-**	**991.53**	**18.17**	**10.00**	**-**	**10,108.48**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	(368.39)	-	-	-	(368.39)
Issue of equity shares	366.67	-	-	-	-	-	-	-	866.67
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	56.59	-	-	(56.59)	-	-	-	-
Employee stock option reserve created	-	-	-	-	-	-	-	-	-
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	24.08	(24.08)	-	-	-
Less: Written Back in Current Year	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	**9,611.58**	**356.40**	**44.05**	**-**	**590.63**	**(5.91)**	**10.00**	**-**	**10,606.76**

Note no.1 to 57 form an integral part of these Reformatted IND AS Consolidated Financial Information.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-
Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 11 April 2022

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

Sd/-
Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Divyesh Jain
Chief Financial Officer

Place: Bengaluru
Date: 11 April 2022

Sd/-
Puneet Bhatia
Company Secretary

Place: Bengaluru
Date: 11 April 2022

1. Corporate Information

The reformatted consolidated financial information comprise of the reformatted financial information of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) (hereinafter referred to as the "Holding Company" or "the Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), as at and for the period ended 31 December 2021and year ended 31 March 2021.

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 Limited (the Holding Company) and its subsidiary (collectively known as the 'Group').

2. Statement of Compliance and basis of preparation and presentation of financial information

These Reformatted IND AS Consolidated Financial Information of the Group for the nine months period ended 31 December 2021 and for the financial year ended 31 March 2021 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division III of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), and applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines. The financial information has been prepared on accrual basis under the historical cost convention.

These Reformatted Consolidated Financial Information for the nine months period ended 31 December 2021 and for the year ended 31 March 2021 were authorised and approved for issue by the Board of Directors on 11 April 2022.

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.

Basis of preparation and presentation of financial information

The Reformatted IND AS Consolidated Financial Information of the Group comprises of the Reformatted IND AS Consolidated Statement of Assets and Liabilities as at 31 December 2021 and 31 March 2021, the Reformatted IND AS Consolidated Statement of Profit and Loss, the Reformatted IND AS Consolidated Statement of Changes in Equity, Reformatted IND AS Consolidated Statement of Cash Flows for the nine months period ended 31 December 2021 and for the year ended 31 March 2021, the Summary Statement of Significant Accounting Policies and other explanatory information *(collectively, the 'Reformatted IND AS Consolidated Financial Information')*

These Reformatted IND AS Consolidated Financial Information have been prepared by the Management of the Group for the purpose of inclusion in the Draft Prospectus ('DP') to be filed by the Company with the SEBI, National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") in connection with proposed public debt issue of its non-convertible debentures.

The Reformatted IND AS Consolidated Financial Information, which have been approved by the Board of Directors of the Holding Company, have been prepared in accordance with the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act") as amended from time to time;

b) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Debentures) Regulations, 2021, as amended ("SEBI Debt Regulations"); and
c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

These Reformatted IND AS Consolidated Financial Information have been prepared from the -

i. Audited special purpose interim consolidated Ind AS financial statements of the Group as at and for the nine month period ended 31 December 2021 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act and other accounting principles generally accepted in India (the "Special Purpose Interim Consolidated Ind AS Financial Statements") which have been approved by the Board of Directors at their meeting held on 11 April 2022.
ii. Audited Consolidated Ind AS financial statements of the Group as at and for the year ended March 31, 2021 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 11 April 2022.

The Reformatted IND AS Consolidated Financial Information has been prepared on a historical cost basis, except for certain financial assets and liabilities at fair value (refer accounting policies on financial instruments and Share-based payments).

The accounting policies have been consistently applied by the Group in preparation of the Reformatted IND AS Consolidated Financial Information and are consistent with those adopted in the preparation of the special purpose interim restated consolidated financial information for the period ended 31 December 2021. These Reformatted IND AS Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the auditor's reports on the audited special purpose interim consolidated financial information and audited consolidated financial statements as mentioned above.

All the amounts included in the Reformatted IND AS Consolidated Financial Information are presented in Indian Rupees ('Rupees' or 'INR') and are rounded to the nearest millions (upto two digits), except per share data and unless stated otherwise.

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.

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 December 2021, towards its loan assets to the extent of ₹ 1,881.22 million which includes an additional provision of ₹ 126.81 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. 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 Reformatted IND AS Consolidated Financial Information comprises the financial statements of the Company and its subsidiary as at 31 December 2021 and 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 the subsidiary company, Chaitanya India Fin Credit Private Limited of the Company used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., nine months ended on 31 December 2021. 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 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 tansaction.

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.

- **Business model assessment**
  Classification and measurement of financial assets depends on the results of the Solely Payments of Principle and Interest ('SPPI') and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

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

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

- **Defined employee benefit assets and liabilities**
  The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- **Impairment of loans and investment portfolio**
  The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.
  It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

- **Effective Interest Rate (EIR) method**
  The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).
  This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

4.2. Revenue recognition

i. Recognition of interest income

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

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.

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.

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:

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 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.

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 has been closed during the year ended 31 March 2021.

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

4.19. Compound financial instruments

Compulsorily convertible debentures re separated into liability and equity components based on the terms of the contract. On issuance of the said instruments, the liability component is arrived by discounting the gross sum at a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption. The remainder of the proceeds is recognised as equity component of compound financial instrument. This is recognised and included in shareholder's equity, net of income tax effects, and no subsequently re-measured.

4.20. Segment reporting

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

4.21. Rounding off amounts

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

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Consolidated Financial Information

(All amounts in ₹ millions unless otherwise stated)

5 Cash and cash equivalents

Particulars	As at 31 December 2021	As at 31 March 2021
Cash in hand	3.81	12.26
Balances with banks and financial institutions		
- Balances with banks in current account	2,779.43	1,255.72
- Bank deposit with original maturity less than 3 months	10.13	400.00
Total	**2,793.37**	**1,667.98**

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

(ii) The group 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 cash equivalents.

6 Bank balances other than cash and cash equivalents

Particulars	As at 31 December 2021	As at 31 March 2021
Term deposits with bank	15.65	637.56
Balance with banks and financial institutions to the extent held as margin money deposits against term loans, Goverment securities trade and overdraft facilities	1,049.52	171.20
Total	**1,065.17**	**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 December 2021	As at 31 March 2021
Term loans	192.31	171.20
Margin money against Government Securities Trade	500.00	498.60
Overdraft facilities	357.21	122.72
Total	**1,049.52**	**792.52**

7 Trade receivables*

Particulars	As at 31 December 2021	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.

8 Loans

	Particulars	As at 31 December 2021	As at 31 March 2021
A)	**Loans**		
	At amortised cost		
	Secured		
	Term loans	1,777.14	62.19
	Mortgage housing loans	54.10	80.62
	Two wheeler loans	4.16	-
	Small Business Loans(SBL)	10.25	6.22
	Livestock Loan	-	15.14
	Unsecured		-
	Term loans	15,832.78	6,198.44
	Joint liability loans	16,766.87	9,787.38
	At fair value through OCI		
	Unsecured		
	Joint liability loans	1,221.48	2,092.32
	Total (A) - Gross	**35,666.78**	**18,242.31**
	Less : Impairment loss allowance	(1,880.46)	(1,633.91)
	Total (A) - Net	**33,786.32**	**16,608.40**
B)	**Others (Loan to employees)**		
	Unsecured	6.43	4.67
	Total (B) - Gross	**6.43**	**4.67**
	Less : Impairment loss allowance	(0.76)	(0.16)
	Total (B) - Net	**5.66**	**4.51**
	Total (A+B) - Net	**33,791.98**	**16,612.91**
C)	**Loans in India**		
	i) Public sector	-	-
	ii) Individuals	35,673.20	18,236.98
	iii) Corporates	-	10.00
	Total - Gross	**35,673.20**	**18,246.98**
	Less : Impairment loss allowance	(1,881.22)	(1,634.07)
	Total - Net	**33,791.98**	**16,612.91**

9 Investments

Particulars	As at 31 December 2021	As at 31 March 2021
At fair value through profit and loss account ('FVTPL')		
Mutual funds (quoted)	696.11	1,592.77
Bonds and debentures (unquoted)	-	151.73
Pass through certificates (unquoted)	386.42	-
Bonds and debentures (quoted)	3,686.87	12,165.89
Government securities (quoted)	2,132.87	4,679.41
Futures (quoted)	28.96	63.50
At amortised cost		
Bonds and debentures (unquoted)	187.32	277.46
Pass through certificates (unquoted)	5,540.57	2,719.50
Others (quoted)	399.91	2,618.43
Equity instruments:		
- Others (unquoted)	-	1.22
Investment in securities	-	100.91
Total gross (A)	**13,059.03**	**24,370.82**
Investments outside India	-	-
Investments in India	13,059.03	24,370.82
Total gross (B)	**13,059.03**	**24,370.82**
Less: Impairment loss allowance (C)	(175.19)	(172.70)
Total net - (A) + (B) - (C)	**12,883.84**	**24,198.12**

10 Other financial assets

Particulars	As at 31 December 2021	As at 31 March 2021
Security deposits (unsecured, considered good)	36.84	9.20
EIS receivable on assignment	114.24	126.21
Insurance recoverables	38.27	23.72
Less: Impairment on insurance recoverable	(27.97)	(7.98)
Other receivables	176.85	51.81
Less: Impairment loss allowance on Other recoverables	(16.38)	(8.62)
Receivable towards investments settlement*	1,540.55	-
Total	**1,862.40**	**194.34**

* Represents investments redemptions of securities pending for settlement as on 31 December 2021 which are subsequently settled on 3 January 2022

11 Current tax assets (net)

Particulars	As at 31 December 2021	As at 31 March 2021
Income tax	72.55	-
Total	**72.55**	**-**

12 Deferred tax asset (net)

Particulars	As at 31 December 2021	As at 31 March 2021
Tax effect of items constituting deferred tax liabilities:		
Financial liabilities measured at amortised cost	170.00	17.92
Deferment of upfront EIS and servicing obligation recorded for assignment	29.73	31.71
Interest on non-performing loans	0.01	0.29
Financial assets measured at fair value through profit and loss	18.69	26.17
Fair value charge of loans through other comprehensive income	0.87	7.08
Others	0.82	-
Deferred tax liabilities (total) - A	**220.12**	**83.17**
Tax effect of items constituting deferred tax assets:		
Impairment allowance for loans	593.81	376.46
Provision for employee benefits	37.92	19.75
Difference in written down value as per Companies Act and Income Tax Act	7.19	4.39
Financial assets measured at amortised cost	189.00	41.72
Impairment allowance for investments	44.87	43.46
Impairment allowance for other receivables	11.32	4.36
Others	1.45	0.87
Deferred tax assets (total) - B	**885.56**	**491.01**
Net deferred tax asset (B-A)	**665.44**	**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 December 2021
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	17.92	152.08	-	170.00
Deferment of upfront EIS and servicing obligation recorded for assignment	31.71	(1.98)	-	29.73
Interest on non-performing loans	0.29	(0.28)	-	0.01
Financial assets measured at fair value through profit and loss	26.17	(7.48)	-	18.69
Fair value charge of loans through other comprehensive income	7.08	-	(6.21)	0.87
Others	-	0.82	-	0.82
Total deferred tax liabilities	**83.17**	**143.14**	**(6.21)**	**220.12**

Particulars	As at 31 March 2021	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 December 2021
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	376.46	217.35	-	593.81
Provision for employee benefits	19.75	16.29	1.88	37.92
Difference in written down value as per Companies Act and Income Tax Act	4.39	2.80	-	7.19
Impairment allowance for investments	43.46	1.41		44.87
Financial assets measured at amortised cost	41.72	147.28	-	189.00
Impairment allowance for other receivables	4.36	6.96	-	11.32
Others	0.87	0.58	-	1.45
Total deferred tax assets	**491.01**	**392.67**	**1.88**	**885.56**
Total deferred tax asset (net)	**407.84**	**249.53**	**8.09**	**665.44**

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	6.73	11.19	-	17.92
Deferment of upfront EIS and servicing obligation recorded for assignment	1.96	29.75	-	31.71
Interest on non-performing loans	2.98	(2.69)	-	0.29
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	**11.80**	**64.29**	**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	(4.98)	(0.01)	19.75
Difference in written down value as per Companies Act and Income Tax Act	4.11	0.28	-	4.39
Financial assets measured at amortised cost	19.76	21.96	-	41.72
Financial assets measured at fair value through profit and loss	54.64	(54.64)	-	-
Impairment allowance for other receivables	2.71	1.65	-	4.36
Employee stock option scheme expense	1.13	(1.13)	-	-
Others	0.02	0.85	-	0.87
Total deferred tax assets	**173.55**	**317.47**	**(0.01)**	**491.01**
Total deferred tax asset (net)	**161.75**	**253.20**	**(7.09)**	**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**	**24.21**	**14.14**	**15.25**	-	**0.46**	**90.77**
Additions during the year	10.04	3.27	5.23	-	0.60	0.59	19.73
Reversal on disposal of assets	2.79	-	-	15.11	-	-	17.90
Balance as at 31 March 2021	**43.96**	**27.48**	**19.37**	**0.14**	**0.60**	**1.05**	**92.60**
Additions during the period	24.31	7.51	8.56	-	1.33	-	41.71
Reversal on disposal of assets	0.23	-	-	0.06	-	-	0.29
As at 31 December 2021	**68.04**	**34.99**	**27.93**	**0.08**	**1.93**	**1.05**	**134.02**
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 period	8.21	2.69	3.02	0.00	0.33	0.05	14.30
Reversal on disposal of assets	0.18	-	-	0.05		-	0.23
As at 31 December 2021	**41.80**	**18.55**	**12.81**	**0.08**	**0.53**	**0.31**	**74.08**
Net block							
Balance as at 31 March 2020	**8.23**	**11.55**	**7.28**	**4.62**	-	**0.26**	**31.94**
Balance as at 31 March 2021	**10.19**	**11.62**	**9.58**	**0.01**	**0.40**	**0.79**	**32.59**
Balance as at 31 December 2021	**26.24**	**16.44**	**15.12**	-	**1.40**	**0.74**	**59.94**

14 Intangible assets#

Particulars	Application software	Trade mark	Computer Software	Goodwill	Total
Gross block					
Balance as at 31 March 2020	**0.13**	**0.02**	**6.40**	**13.95**	**20.50**
Additions during the year	-	-	3.60	-	8.60
Reversal on disposal of assets	-	-	3.88	-	3.88
Balance as at 31 March 2021	**0.13**	**0.02**	**11.12**	**13.95**	**25.22**
Additions during the period	-	-	7.98	-	7.98
Reversal on disposal of assets	-	-	0.02	-	0.02
As at 31 December 2021	**0.13**	**0.02**	**19.08**	**13.95**	**33.18**
Accumulated depreciation					-
Balance as at 31 March 2020	**0.02**	**0.01**	**5.58**	-	**5.61**
Charge for the year	0.04	0.01	0.83	-	0.88
Reversal on disposal of assets	-	-	3.88	-	3.88
Balance as at 31 March 2021	**0.06**	**0.02**	**2.53**	-	**2.61**
Charge for the period	0.03	-	3.32	-	3.35
Reversal on disposal of assets	-	-	0.01	-	0.01
As at 31 December 2021	**0.09**	**0.02**	**5.84**	-	**5.95**
Net block					-
Balance as at 31 March 2020	**0.11**	**0.01**	**0.82**	**13.95**	**14.89**
Balance as at 31 March 2021	**0.07**	-	**8.59**	**13.95**	**22.61**
Balance as at 31 December 2021	**0.04**	-	**13.24**	**13.95**	**27.23**

#Other than internally generated

14.1 Intangible assets under development (IAUD)

Ageing Schedule

IAUD	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress	0.63	-	-	-	**0.63**

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Consolidated Financial Information

(All amounts in ₹ millions unless otherwise stated)

15 Other non-financial assets

Particulars	As at 31 December 2021	As at 31 March 2021
Unsecured, considered good		
Advances to suppliers and others	47.57	14.48
Advances with staff	1.30	1.23
Balance with government authorities	77.44	16.56
Income tax paid under dispute	4.67	4.67
Prepaid expenses	30.67	11.79
Others	0.43	-
Total	**162.08**	**48.73**

16 Payables

Particulars	As at 31 December 2021	As at 31 March 2021
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	43.58	23.73
Total	**43.58**	**23.73**
II. Other Payables		
i) Dues to micro enterprises and small enterprises	0.67	1.16
ii) Dues to creditors other than micro enterprises and small enterprises	34.46	56.27
Total	**35.13**	**57.43**
Total(I+II)	**78.71**	**81.16**

17 Debt securities

Particulars	As at 31 December 2021	As at 31 March 2021
Secured (at amortised cost)		
Liability component of compound financial instruments	-	-
Listed redeemable non-convertible debentures	8,314.32	4,919.07
Unlisted redeemable non-convertible debentures	480.71	494.61
Unsecured (at amortised cost)		
Listed redeemable non-convertible debentures	49.97	-
Unlisted redeemable non-convertible debentures	13,020.56	14,270.30
Commercial Papers	1,465.98	-
Total	**23,331.54**	**19,683.98**
Borrowings in India	23,331.54	19,683.98
Borrowings outside India	-	-
Total	**23,331.54**	**19,683.98**

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

17.1 Terms of debentures (secured) (at amortised cost)

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 December 2021	As at 31 March 2021		As at 31 December 2021	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	1,000,000	250.00	250.00
14.50% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	50	-	1,000,000	50.00	-
14.50% Rated, Senior, Unsecured, Unlisted, Redeemable, Transferable, Principal Protected Market linked Non-Convertible Debentures dated 10 May 2018	-	2,000	100,000	-	200.00
17.00% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	50	50	1,000,000	50.00	50.00
14.50% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 29 December 2016	150,000,000	150,000,000	1	150.00	150.00
11.80% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 08 June 2020	150	150	1,000,000	150.00	150.00
11.04% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 01 July 2020	500	500	1,000,000	500.00	500.00
9.90% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 30 September 2020	300	300	923,000	69.00	276.90
10.25% Secured, Rated, Listed, Redeemable non-convertible debentures dated 19 November 2020	500	500	1,000,000	500.00	500.00
9.35% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 15 December 2020	2,500	2,500	100,000	115.39	250.00
10.00% Senior, Secured, Rated, Listed, Redeemable, Transferable, Principal Protected Market Linked Non-Convertible dated 01 February 2021	3,100	3,100	100,000	310.00	310.00
9.32% Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Transferable, non-convertible debentures dated 30 March 2021	500	500	1,000,000	485.00	500.00
12.90% Secured, Rated, Unlisted, Redeemable, Non-Convertible Debentures dated 01 August 2017	-	-	1,000,000	-	-
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	-	-	1,000,000	-	-
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	-	-	1,000,000	-	-
11.00% Unsecured, Unrated, Unlisted, Irredeemable, Convertible Debentures dated 10 February 2020	-	-	100,000	-	-
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	1,000,000	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	1,000,000	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	1,000,000	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	13,020,558	14,020,558	1,000	13,020.56	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	-	1,000,000	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	-	1,000,000	2,000.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 August 2023. Redemption premium is 9.15%	800	-	1,000,000	800.00	
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 31 August 2023. Redemption premium is 9.6%	300	-	1,000,000	300.00	-

Commercial papers	Redemption Value		Face Value	Discounted Value	
	As at 31 December 2021	As at 31 March 2021		As at 31 December 2021	As at 31 March 2021
Unsecured Rated Redeemable Commercial Paper. Maturity date is 28 March 2022. Discount rate is 8.32%	500.00		95.03	480.17	
Unsecured Rated Redeemable Commercial Paper. Maturity date is 13 January 2022. Discount rate is 7.75%	350.00	-	99.58	348.53	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 18 March 2022. Discount rate is 7.75%	650.00	-	98.04	637.28	-

18 Borrowings (other than debt securities)

Particulars	As at 31 December 2021	As at 31 March 2021
Borrowings carried at amortised cost		
Term loans		
- From banks:		
Secured *	12,228.52	4,723.57
- From financial institutions:		
Secured	3,486.93	6,027.57
Lease liability	64.89	16.65
Total	**15,780.34**	**10,767.79**
Borrowings in India	15,780.34	10,767.79
Borrowings outside India	-	-
Total	**15,780.34**	**10,767.79**

*The term loans of subsidiary amounting to Rs.9205.03 millions 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. The borrowings have not been guaranteed by directors or others.

(i) Refer note 18.1 for interest rates repayment terms and nature of security of borrowings.

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18.1 Details of terms and conditions of Borrowings

Borrowings (other than debt securities)						As at 31 December 2021	As at 31 March 2021
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security		
1	Monthly	15	Apr-21	8.50%	Exclusive charge on standard receivables (upto 30 days DPD) with a minimum cover of 1.20x	100.00	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	125.00	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.	187.50	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.	97.22	222.22
5	Monthly	15	Apr-21	9.75%	Exclusive charge on specific loan receivables arising out of loan lending.	40.00	20.00
6	Bullet repayment	1	Apr-21	3.50%	Bonds	-	977.47
7	Bullet repayment	1	Apr-21	3.50%	Bonds		1,071.47
8	Bullet repayment	1	Apr-21	3.50%	Bonds	-	1,012.50
9	Monthly	24	Jun-19	10.95%	Hypothecation of book debts	-	6.25
10	Monthly	24	Mar-21	9.35%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	125.00	200.00
11	Quarterly	36	Apr-20	10.25%	Hypothecation of book debts		66.66
12	Monthly	24	Dec-20	9.75%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	125.00	218.75
13	Monthly	24	Dec-19	11.00%	Hypothecation of book debts		93.75
14	Monthly	21	Dec-19	11.70%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	10.52	100.24

Borrowings (other than debt securities) (Contd.)						As at	As at
Sl no.	Repayment	No. of	Repayment	Interest rate	Nature of the security	31 December 2021	31 March 2021
15	Monthly	24	Dec-20	10.25%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	32.00	50.00
16	Monthly	24	Dec-20	10.25%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	32.00	50.00
17	Monthly	24	Jan-21	10.25%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	102.95	150.00
18	Monthly	22	Jan-20	12.05%	Hypothecation of book debts	-	6.82
19	Monthly	24	Sep-20	10.15%	Hypothecation of book debts	81.82	163.62
20	Monthly	24	Nov-20	10.15%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	125.00	227.27
21	Monthly	24	Dec-20	10.15%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	109.09	190.91
22	Monthly	24	Dec-20	10.15%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	81.82	143.18
23	Monthly	24	Mar-21	10.15%	Hypothecation of book debts	220.22	250.00
24	Monthly	24	Mar-21	10.10%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	102.27	150.00
25	Monthly	48	Jun-18	13.75%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	37.50	93.75
26	Monthly	36	Oct-18	14.00%	Hypothecation of book debts	-	23.33
27	Monthly	21	Aug-19	14.00%	Hypothecation of book debts	-	23.81
28	Monthly	24	Oct-20	11.00%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	119.05	226.19
29	Monthly	24	Nov-20	11.00%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	119.05	226.19
30	Monthly	24	Dec-20	11.00%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	119.05	226.19
31	Monthly	24	Mar-21	11.00%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	178.57	250.00
32	Monthly	24	Mar-20	11.20%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	21.74	119.57
33	Monthly	24	Mar-20	11.20%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	21.74	119.57
34	Monthly	24	Jan-20	11.15%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x and Cash collateral 5%	16.67	166.67
35	Monthly	24	Mar-21	9.50%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	250.00	400.00

Borrowings (other than debt securities) (Contd.)						As at 31 December 2021	As at 31 March 2021
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security		
36	Monthly	24	Mar-20	11.75%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1x	4.38	17.50
37	Monthly	24	Mar-20	11.75%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1x	1.88	7.50
38	Monthly	24	Mar-20	11.75%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1x	4.38	17.50
39	Monthly	24	Mar-20	11.75%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1x	1.88	7.50
40	Monthly	24	Mar-20	11.75%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1x	4.38	17.50
41	Monthly	24	Mar-20	11.75%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1x	1.88	7.50
42	Monthly	24	Mar-20	11.75%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1x	4.38	17.50
43	Monthly	24	Mar-20	11.75%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1x	1.88	7.50
44	Monthly	24	Mar-20	11.75%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1x	4.38	17.50
45	Monthly	24	Mar-20	11.75%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1x	1.88	7.50
46	Half yearly	60	Aug-19	11.75%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.18x	180.00	247.50
47	Half yearly	23	Jun-20	7.00%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.2x and Cash collateral 20%	62.50	187.50
48	Interest monthly,	60	Feb-21	9.90%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.2x	948.00	1,200.00
49	Quarterly	36	Jun-19	13.75%	Hypothecation of book debts	-	62.50
50	Monthly	36	Jan-21	10.10%	Hypothecation of book debts	147.73	250.00
51	Monthly	24	Mar-21	9.00%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1.1x	272.73	400.00
52	Monthly	10	May-20	6.97%	Hypothecation of book debts	-	50.00
53	Monthly	36	Apr-18	11.45%	Hypothecation of book debts	-	6.70
54	Monthly	36	May-20	9.50%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x and Cash collateral 5%	193.90	303.20

Borrowings (other than debt securities) (Contd.)						As at 31 December 2021	As at 31 March 2021
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security		
55	Bullet	1	Jul-22	9.00%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	300.00	
56	Monthly	27	Jul-22	9.50%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	300.00	
57	Monthly	24	Aug-22	9.78%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1.1x	237.50	-
58	Quarterly	18	Aug-22	7.00%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.12x and Cash collateral 10%	550.00	-
59	Bullet	1	Sep-22	8.90%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	300.00	-
60	Monthly	24	Sep-22	8.70%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	286.36	-
61	Monthly	24	Sep-22	7.90%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1.1x	175.00	-
62	Monthly	36	Sep-22	8.35%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	137.50	
63	Monthly	36	Sep-22	8.00%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	183.33	-
64	Monthly	24	Oct-22	8.70%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	300.00	-
65	Monthly	36	Oct-22	8.00%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	188.89	-
66	Bullet	1	Oct-22	8.90%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	400.00	-
67	Monthly	36	Oct-22	8.00%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	330.56	-
68	Monthly	36	Oct-22	8.00%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	707.14	
69	Monthly	24	Oct-22	9.35%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	500.00	
70	Monthly	24	Nov-22	8.70%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	140.00	-
71	Monthly	36	Nov-22	8.35%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	330.56	-
72	Monthly	24	Nov-22	7.90%	Exclusive charge on receivables (upto 30 Days DPD) with a minimum cover of 1.1x	95.45	-
73	Monthly	36	Nov-22	8.00%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	291.67	-

Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Consolidated Financial Information

(All amounts in ₹ millions unless otherwise stated)

Borrowings (other than debt securities) (Contd.)

Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 December 2021	As at 31 March 2021
74	Monthly	24	Nov-22	9.10%	Exclusive charge on receivables (upto 60 Days DPD) with a minimum cover of 1.1x	225.21	
75	Monthly	24	Nov-22	8.65%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	400.00	
76	Monthly	24	Dec-22	8.40%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	479.17	-
77	Monthly	24	Dec-22	8.65%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	350.00	-
78	Monthly	36	Dec-22	8.00%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	150.00	-
79	Monthly	24	Dec-22	9.15%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	400.00	-
80	Monthly	36	Dec-22	7.80%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	100.00	-
81	Monthly	34	Dec-22	8.75%	Exclusive charge on receivables (upto 90 Days DPD) with a minimum cover of 1.1x	50.00	
82	Monthly	24	Apr-22	9.20%	Exclusive Charge on receivables of standard asset portfolio and all current assets, present and future, with a minimun asset cover of 1.2 times. Receivables with DPD of more than 90 days not to be considered for asset cover. UDC for the facility amount.	150.00	-
83	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.	125.82	-
84	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.	208.33	-
85	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.	126.98	-
86	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.	452.33	

Borrowings (other than debt securities) (Contd.)						As at 31 December 2021	As at 31 March 2021
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security		
87	Monthly	18	Oct-21	8.90%	Exclusive charge by way of hypothecation of book debts arising out of the facility. The hypothectaed assets must cover at least 1.25 times of the amount outstanding under the facility. The book debts not to include the amount overdue beyond 30 days.	83.33	-
88	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	161.90	-
89	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.	500.00	
90	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.	150.00	
91	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.	200.00	-
92	Monthly	24	Jan-22	9.25%	First and exclusive charge on specific receivables of the company arising out of onlending.	150.00	
93	Bullet repayment	2	Apr-22	7.35%	First and exclusive charge on current assets and movable fixed assets.	150.00	-
94	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	-

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 Subordinated liabilities

Particulars	As at 31 December 2021	As at 31 March 2021
At amortised cost		
Unsecured term loan		
- Term loan from bank/financial institutions	299.01	298.81
- Debentures	199.35	198.89
	498.36	**497.70**
Subordinated liabilities in India	498.36	497.70
Subordinated liabilities outside India	-	-
Total	**498.36**	**497.70**

(i) Refer note 19.1 for interest rates repayment terms and nature of security of borrowings.

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(All amounts in ₹ millions unless otherwise stated)

19.1 Details of terms and conditions of subordinated liabilities

Subordinated liabilities						As at 31 December 2021	As at 31 March 2021
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	100.00	100.00
2	Bullet	1	Dec-15	16.50%	Unsecured	50.00	50.00
3	Bullet	1	Dec-16	14.50%	Unsecured	150.00	150.00
4	Bullet repayment	1	Aug-18	16.00%	Unsecured	100.00	100.00
5	Bullet	1	Feb-16	17.00%	Unsecured	50.00	50.00
6	Bullet, INT on Monthly	1	Feb-19	16.00%	Unsecured	50.00	50.00

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.

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(All amounts in ₹ millions unless otherwise stated)

20 Other financial liabilities *

Particulars	As at 31 December 2021	As at 31 March 2021
Interest accrued on borrowings	370.47	204.20
Payables towards assignment transactions	94.01	80.02
Insurance payables	4.41	4.42
Payable to employees	11.14	10.98
Payable towards investments settlement **	-	602.55
Other Payables	29.07	11.12
Total	**509.10**	**913.29**

* Refer note 20.1 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

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20.1 Reconciliation of liabilities from financing activities

Particulars	As at 31 March 2021	Cash flow			Non-cash					As at 31 December 2021
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Interest on liability component of compulsorily convertible debentures	Equity component of compulsorily convertible debentures	Consideration received in the form of investments for NCDs issued	
Debt securities	19,683.98	5,215.98	(1,557.52)	-	-	(10.90)	-	-	-	23,331.54
Borrowings (other than debt securities)	10,767.78	74,160.72	(69,155.65)	(11.23)	60.99	(42.27)	-	-	-	15,780.34
Subordinated liabilities	497.70	-	-	-	-	0.66	-	-	-	498.36
Total	**30,949.46**	**79,376.70**	**(70,713.17)**	**(11.23)**	**60.99**	**(52.52)**	**-**	**-**	**-**	**39,610.24**

Particulars	As at 31 March 2020	Cash flow			Non-cash					As at 31 March 2021
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Interest on liability component of compulsorily convertible debentures	Equity component of compulsorily convertible debentures	Consideration received in the form of investments for NCDs issued	
Debt securities	26,090.52	5,229.00	(11,509.20)	-	-	(38.35)	-	(87.99)	-	19,683.98
Borrowings (other than debt securities)	6,216.05	32,976.19	(28,432.96)	(4.14)	18.27	(5.62)	-	-	-	10,767.78
Subordinated liabilities	496.96	-	-	-	-	0.74	-	-	-	497.70
Total	**32,803.53**	**38,205.19**	**(39,942.16)**	**(4.14)**	**18.27**	**(43.23)**	**-**	**(87.99)**	**-**	**30,949.46**

(All amounts in ₹ millions unless otherwise stated)

21 Current tax liabilities (net)

Particulars	As at 31 December 2021	As at 31 March 2021
Tax payable	-	22.71
Total	**-**	**22.71**

22 Provisions

Particulars	As at 31 December 2021	As at 31 March 2021
Provision for employee benefits	237.79	86.39
Provision for gratuity	45.13	31.63
Provisions for compensated absences	42.45	36.69
Provision for expenses	340.79	60.22
Other losses	0.58	0.68
Total	**666.74**	**215.61**

23 Other non-financial liabilities

Particulars	As at 31 December 2021	As at 31 March 2021
Statutory dues payable	51.59	37.19
Deferred revenue	26.25	27.79
Advance received from customers	104.96	-
Other payable	4.39	2.61
Total	**187.19**	**67.59**

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24 Equity share capital

Particulars	As at 31 December 2021	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 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 December 2021		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 period/year	165,240,353	1,652.40	151,329,020	1,513.29
Add: Issued during the period/year	13,333,333	133.33	13,333,333	133.33
Add: ESOP exercised during the period/year	-	-	578,000	5.78
Less: Buy back of shares	-	-	-	-
Balance at the end of the period/year	**178,573,686**	**1,785.73**	**165,240,353**	**1,652.40**

(a) During the period ended 31 December 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 Limited (formerly known as Navi Technologies Private Limited) ('the Holding Company).

(iii) Shares held by the holding company

Particulars	As at 31 December 2021		As at 31 March 2021	
	No. of shares	% holding*	No. of shares	% holding*
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	178,573,686	100%	165,240,353	100%

* 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 December 2021		As at 31 March 2021	
	No. of shares	% holding*	No. of shares	% holding*
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	178,573,686	100%	165,240,353	100%

* 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.

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

Promoter name	No of shares	% of Total Shares	% Change during the period
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	178,573,685	100.00%	-

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Consolidated Financial Information

(All amounts in ₹ millions unless otherwise stated)

25 Other equity

Particulars	As at 31 December 2021	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)
a) Buy back of shares	-	-
b) Transfer to Capital Redemption Reserve	-	-
Closing balance	**9,611.58**	**8,744.91**
Reserve fund u/s 45-IC of the Reserve Bank of India Act 1934		
Opening balance	299.81	59.26
Add: Transfer from retained earnings	56.59	240.55
Closing balance	**356.40**	**299.81**
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	-	14.77
Add: Stock option reserve created	-	18.83
Less: Transferred to securities premium	-	(33.60)
Closing balance	**-**	**-**
Retained earnings		
Opening balance	991.54	60.43
Add: Transferred from statement of profit and loss	(368.39)	1,202.71
Less: Appropriations/transfers:		
- Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	(56.59)	(240.55)
- Transfer to other comprehensive income (net of deferred tax)	24.08	(21.05)
- Dividend distribution tax	-	-
- Transfer to debenture redemption reserve	-	(10.00)
Closing Balance	**590.64**	**991.54**
Other comprehensive income		
Opening balance	18.17	(2.88)
Add: Transfer from retained earnings (net of deferred tax)	(24.08)	21.05
Closing balance	**(5.91)**	**18.17**
Debenture redemption reserve		
Opening	10.00	-
Add: Transfer from retained earnings	-	10.00
Less: Utilisation	-	-
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	**10,606.76**	**10,108.48**

25 Other equity (cont'd)

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 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 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.

(All amounts in ₹ millions unless otherwise stated)

26 Interest income

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
On financial assets measured at amortised cost		
Interest on loans	3,293.43	2,833.38
Interest on investments	343.86	844.48
Interest income - others	58.79	55.75
Sub-total	**3,696.08**	**3,733.61**
On financial assets measured classified at fair value through profit or loss		
Interest on investments	141.26	281.85
Sub-total	**141.26**	**281.85**
On financial assets measuredat FVOCI		
Interest on loans	170.05	-
Sub-total	**170.05**	**-**
Total	**4,007.39**	**4,015.46**

27 Fees and commission income

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Fee received on collections	46.10	23.86
Commission income	13.10	12.35
Total	**59.20**	**36.21**

28 Net gain on fair value changes

Particulars	For the period ended 31 December 2021	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	787.37	1,245.93
Mutual fund	46.23	177.82
Future trading	297.12	(172.74)
Others	(0.26)	-
(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	33.69	19.53
Total	**1,303.70**	**1,409.50**
Fair value changes		
- Realised	1,332.43	1,087.70
- Unrealised	(28.73)	321.80
Total	**1,303.70**	**1,409.50**

29 Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Gain on sale of loan portfolio through assignment	133.07	180.93
Gain on sale of loan portfolio	-	8.89
Total	**133.07**	**189.82**

30 Other income

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Profit on sale of property, plant and equipment	0.02	0.66
Miscellaneous income	24.39	0.71
Total	**24.41**	**1.37**

31 Finance costs

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
On financial liabilities measured at amortised cost:		
Interest on borrowings (other than debt securities)	753.28	519.32
Interest on debt securities	505.42	265.15
Processing fees on borrowings	-	30.23
Interest on security deposits	-	0.21
Interest on subordinated liabilities	59.06	15.00
Interest on lease liability	3.86	0.62
Interest on inter-corporate loans	0.11	0.00
Preclosure charges - Borrowings and term loans	-	8.32
Interest on income tax	-	9.20
Assignment expense	0.05	2.02
Others	19.41	21.43
Total	**1,341.19**	**871.50**

32 Fees and commission expenses

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Fee paid to business correspondents	9.69	14.35
Others	3.94	-
Total	**13.63**	**14.35**

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

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Loss on sale of portfolio	1.64	-

34 Impairment on financial instruments

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Portfolio loans written off	777.83	288.38
Impairment allowance on portfolio loans	251.20	1,393.85
Impairment allowance on investments	2.50	146.30
Impairment loss allowance on other receivable	27.82	7.62
Total	**1,059.35**	**1,836.15**

During the period ended 31 December 2021, 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 gain on derecognition of financial instruments under amortised cost category in Note no. 29.

35 Employee benefits expenses

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Salaries and wages	836.76	641.09
Contribution to provident and other funds	48.10	39.25
Gratuity expense	12.71	13.81
Compensated absences	8.79	11.54
Staff welfare expenses	31.02	20.74
Share based payments to employees	40.91	18.26
Total	**978.29**	**744.69**

(All amounts in ₹ millions unless otherwise stated)

36 Depreciation and amortization

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Depreciation on tangible assets (refer note 13)	14.28	13.69
Amortisation on intangible assets (refer note 14)	3.35	0.88
Amortisation on right of use assets	12.05	3.53
Total	**29.68**	**18.10**

37 Other expenses

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Advertisement Expenses	1,772.34	200.14
Software support charges	260.42	126.40
Traveling and conveyance	106.99	72.22
Customer onboarding and verification	123.64	42.27
Legal and professional charges	156.19	48.88
Rent and electricity charges	51.00	36.16
Office and general expenses	33.29	21.92
Rates and taxes	8.27	14.95
Miscellaneous expenses	2.43	0.59
Director's sitting fees	6.65	6.91
Auditors' remuneration	4.81	3.64
Corporate social responsibility expenses	5.90	3.47
Membership fee and subscription	4.71	2.69
Insurance	1.13	1.98
Repairs and maintenance - others	12.14	3.98
Meeting and training Expenses	7.32	2.57
Communication costs	11.42	13.33
Total	**2,568.65**	**602.10**

38 Corporate social responsibility expenses

(a) Gross amount required to be spent by the Group during the year ended 31 March 2022 is ₹ 9.68 millions

(b) Amount approved by the Board to be spent during the period is Nil.

Particulars	For the period ended 31 December 2021	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	1.54	10.76
Yet to be paid		
d) excess amount to be spent :		
Opening balance	3.85	-
Amount spent during the period	1.54	10.76
Amount required to be spent during the period	2.81	6.91
Amount utilised towards CSR obligation for the year ended 31 March 2022	-	-
Closing balance	2.31	3.85

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Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Consolidated Financial Information

(All amounts in ₹ millions unless otherwise stated)

39 Tax expense

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Current tax	129.18	637.01
Deferred tax	(249.53)	(253.20)
Total	**(120.35)**	**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:

Profit before tax (III - IV)	**(464.66)**	**1,565.47**
Income tax rate	25.17%	25.17%
Estimated income tax expense	**(116.95)**	**394.01**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Adjustment for tax pertaining to prior years	-	(6.51)
Tax impact of expenses which are non-deductible	2.98	2.40
Tax impact of deductions which are allowed under the Income Tax act, 1961	(10.19)	(11.88)
Impact of changes in tax rate	-	-
Others	3.81	5.79
Total income tax expense	**(120.35)**	**383.81**

40 Other comprehensive income

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Actuarial gain/loss reclassified from gratuity expense to OCI	(7.49)	5.47
Actuarial gain/loss reclassified from Leave Encashment expense to OCI	3.44	(5.45)
Items that will not be reclassified to profit and loss	**(4.05)**	**0.02**
Income tax relating to above	1.01	(0.01)
Net change in fair value of loans measured at fair value through other comprehensive income	(28.12)	28.12
		-
Income tax relating to items that will be reclassified to profit or loss	7.08	(7.08)
Total	**(24.08)**	**21.05**

41 Earnings per share (basic and diluted)

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Net (loss)/profit for the year	(344.31)	1,181.66
Weighted-average number of equity shares for basic EPS	166.79	152.21
Weighted-average number of potential equity shares for diluted EPS	166.79	152.21
Par value per share		
Earnings per share - Basic	(2.06)	7.76
Earnings per share - Diluted	(2.06)	7.76

42 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 ₹ 44.96 millions (31 March 2021:₹ 37.75 millions) for Provident Fund contributions and ₹ 2.71 millions (31 March 2021: ₹1.49 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 December 2021	As at 31 March 2021
Gratuity	45.13	31.63

Expense recognised in Statement of Profit and Loss is as under:

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Current service cost	11.06	9.69
Interest cost (net)	1.52	1.65
Transfer from Group entities	0.13	2.47

Expense recognised through other comprehensive income is as under:

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Gratuity	4.25	(5.47)

Disclosure for gratuity

Particulars	For the period ended 31 December 2021	For the year ended 31 March 2021
Components of net gratuity cost charged to Statement of profit and loss		
Current service cost	11.06	9.69
Interest expense	1.52	1.65
Transfer from Group entities	0.13	2.47
Benefits paid	(3.22)	(0.12)
Actuarial gains	4.24	(0.26)
Total (A)	**13.72**	**13.43**
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	0.54	-
Experience adjustments	3.71	-
Total (B)	**4.24**	**-**
Total (A+B)	**17.96**	**13.43**

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Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Consolidated Financial Information

(All amounts in ₹ millions unless otherwise stated)

42 Retirement benefit plan (cont'd)

Disclosure for gratuity (cont'd)

Changes in the present value of the defined benefit obligation are as follows:	**For the period ended 31 December 2021**	**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	11.06	9.69
Interest cost	1.52	1.65
Past service cost	-	2.47
Benefits paid	(3.22)	(2.61)
Actuarial (gain)/ loss	4.25	(5.47)
Defined benefit obligation at the end of the year	**45.24**	**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	3.22	2.49
Benefits paid	(3.22)	(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 December 2021**	**As at 31 March 2021**
Present value of funded obligation as at the end of the year	45.24	31.63
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	(45.24)	(31.63)

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

Particulars	**For the period ended 31 December 2021**	**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	0.54	-
Actuarial loss from experience adjustment	3.71	**(0.26)**
Total Actuarial (gain) / loss on liabilities	**4.25**	**(0.26)**
Total actuarial (gain)/loss	**(4.25)**	**0.26**

Principal assumptions used in determining gratuity liability are shown below:	**For the period ended 31 December 2021**	**As at 31 March 2021**
Rate of discounting	6.79% - 7.43%	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

42 Retirement benefit plan (cont'd)

Disclosure for gratuity (cont'd)

Sensitivity analysis for gratuity liability

Particulars	As at 31 December 2021	As at 31 March 2021
Impact on defined benefit obligation		
Discount rate +100 basis points	(3.65)	(2.46)
Discount rate -100 basis points	4.31	2.89
Salary growth+ 100 basis points	3.45	2.58
Salary growth- 100 basis points	(3.15)	(2.23)
Attrition rate + 100 basis points	(0.78)	(0.40)
Attrition rate - 100 basis points	0.85	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 December 2021	As at 31 March 2021
Within next 12 months	3.91	2.63
Between 1-5 years	41.22	29.00
Beyond 5 years	-	-

Expected future payouts (discounted)	As at 31 December 2021	As at 31 March 2021
Year I	3.91	2.63
Year II	3.02	2.06
Year III	2.34	1.62
Year IV	1.77	1.23
Year V	1.37	0.96
Year 6-10	4.58	3.22
Above 10 years	28.16	19.91

42 Retirement benefit plan (Contd.)

Disclosure for Leave encashment

(i) **Amount recognised in the balance sheet**

Particulars	As at 31 December 2021	As at 31 March 2021
Defined benefit plans		
Leave encashment	42.44	36.69

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

Description	For the period ended 31 December 2021	For the year ended 31 March 2021
Current service cost	6.36	7.65
Interest cost (net)	1.75	1.47
Transfer In	1.30	2.42
Actuarial loss/(gain) recognised during the year	3.24	5.45
Amount recognised in total comprehensive income	**12.65**	**16.99**

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

Description	For the period ended 31 December 2021	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	7.66	7.65
Interest cost	1.75	1.47
Benefits paid	(5.60)	(4.45)
Transfer In	(1.30)	2.42
Actuarial (gain)/loss	3.24	5.45
Present value of defined benefit obligation as at the end of the year	**42.44**	**36.69**

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

Description	As at 31 December 2021	As at 31 March 2021
Fair value of plan assets at the beginning of the year		-
Expected return on plan assets		
Contributions by employer	3.77	4.30
Benefits paid	(3.77)	(4.30)
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	As at 31 December 2021	As at 31 March 2021
Present value of funded obligation as at the end of the year	42.44	36.69
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	**(42.44)**	**(36.69)**

43 Retirement benefit plan

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

Description	As at 31 December 2021	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	(0.18)	-
Actuarial loss from experience adjustment	3.42	5.45
Total Actuarial (gain) / loss on liabilities	**3.24**	**5.45**
Total actuarial (gain)/loss	**3.24**	**5.45**

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

Description	As at 31 December 2021	As at 31 March 2021
Discount rate	6.79% - 7.43%	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

(viii) **Maturity profile of defined benefit obligation**

Description	As at 31 December 2021	As at 31 March 2021
Within next 12 months	6.56	6.32
Beyond 1 year	35.88	30.37

Plan characteristics and associated risks

1. Salary inflation risk
Higher than expected increases in salary will increase the defined benefit obligation

2. Demographic risks:
This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligation depend upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawal rate because the cost of retirement benefit of an employee serving a shorter tenor will be less compared to long service employees.

3. Actuarial risk
It is the risk that the benefits will cost more than expected. This can be due to one of the following reasons
a)Adverse salary growth
b)Variability in mortality rates
c)Variability in withdrawal rates

4. Market risk
Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

5. Legislative/Regulatory risk
Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

6. Liquidity risk
The Company is making provisions for the entire gratuity liability as per actuarial valuation and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore, there is a liquidity risk involved that they may run out of cash.

44 Related parties disclosures

(a) Names of related parties

Nature of relationship	Name of the party
Holding Company	Navi Technologies Limited (formerly known as Navi Technologies Private Limited)
Entities in which KMP are able to exercise control or have significant influence	Navi Technologies Limited (formerly known as Navi Technologies Private Limited)
Entities in which Directors are able to exercise control or have significant influence	Navi General Insurance Limited
	Navi AMC Limited
	Ather Energy Private Limited
	Flipkart Online Services Private Limited
Name of key managerial personnel	**Designation**
Mr. Sachin Bansal	Executive Chairman and Chief Executive Officer
Mr. Ankit Agarwal	Managing Director
Mr. Samit S Shetty	Non- Executive Director (resigned w.e.f 30 August 2021)
Ms. Riya Bhattachraya	CEO
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 December 2021	Year ended 31 March 2021
Navi Technologies Limited	Issue of non convertible debentures		-
(formerly known as Navi Technologies Private Limited)	Redemption of non-convertible debentures	1,000.00	10,716.14
	Face value of equity shares allotted	133.33	133.33
	Securities premium received	866.67	866.67
	Reimbursement of expenditure incurred from related party	-	7.77
	Loan sourcing fee	130.01	-
	Software support charges	257.45	120.05
	Outsourcing services fees	6.59	-
	Loan processing fee paid	-	84.19
	Platform management fee	-	0.38
	Expense cross charged	-	19.37
	Sale of property, plant and equipments	-	1.40
	Sale of investment in debenture	996.95	-
	Purchase of debentures	-	999.09
	Lease rental	13.38	1.18
	Security deposit to be paid	17.40	-
	Employee cost (net) cross charged to NTPL for tr-	3.37	-
	Share based payments to employees	32.49	5.30
	Paid towards - Oracle cross charge and others	3.62	-
	Reimbursment of balance TDS on exercise of ESOP in FY 20-21	(0.49)	-
	Others	-	0.49
Navi General Insurance Limited	Advance money paid for customer insurance policies	26.04	5.60
	Premium for issuance of customer insurance policies	24.14	5.28
	Employee cost cross charged to Navi GI for transferred employees	3.65	-
	Advertisement expenses cross charged to Navi GI	20.54	-
	Payment for employee medical insurance	-	3.78
	Refund of Balance towards Payment for Employee Medical Insurance	(0.19)	-

Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Annexure V - Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Consolidated Financial Information
(All amounts in ₹ millions unless otherwise stated)

Transactions with related parties (Contd.)

Navi AMC Limited	Advertisement expenses cross charged to Navi AMC	14.46	-
Navi Mutual Fund Limited	Purchase of Mutual funds	949.97	-
	Sale of Mutual funds	679.32	-
Mr. Samit Shankar Shetty	Sitting fee/Remuneration	0.11	8.18
	Provident fund and others	-	0.01
Ms. Riya Bhattacharya	Remuneration	10.22	1.60
Mr.Divyesh Jain	Remuneration	0.89	-
Mr.L N Gurumoorthy	Remuneration	7.05	0.25
Mr. K Subramanyam Ravi	Sitting fees	-	0.68
Mr. R Sridharan	Sitting fees	3.34	2.42
Mr. Rachamadugu Nandakumar	Sitting fees	-	0.68
Ms. Usha A Narayanan	Sitting fees	3.05	1.84
Mr. K S Ravi	Sitting fees	-	0.54
Mr. R Nandakumar	Sitting fees	-	0.51
Ms. Dimple J Shah	Remuneration and incentives	0.98	1.86

(c) Outstanding balances with related parties in ordinary course of business:

Name of related party	Nature of balance	Year ended 31 December 2021	As at 31 March 2021
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	Outstanding (payable)/ receivable	(242.31)	(36.24)
	Non-convertible debentures	(13,020.56)	(14,020.56)
	Provision for employee benefits (ESOP expense)	(51.55)	(5.30)
Navi General Insurance Limited	CD Balance	2.22	0.32
	Outstanding receivable	24.19	0.29
Navi AMC Limited	Outstanding receivable	14.46	-
Navi Mutual Fund Limited	Mutual fund holdings	390.33	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 December 2021			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	2,793.37	-	2,793.37	1,667.98	-	1,667.98
Bank balances other than cash and cash equivalents	971.85	93.32	1,065.17	671.36	137.39	808.76
Trade receivables	-	-	-	0.49	-	0.49
Loans*	21,337.07	12,454.91	33,791.98	11,381.16	5,231.75	16,612.91
Investment	9,226.83	3,657.01	12,883.84	23,081.60	1,116.52	24,198.12
Other financial assets	1,834.33	28.07	1,862.40	168.51	25.83	194.34
Non-financial assets	-	-	-	-	-	
Deferred tax asset (net)	-	665.44	665.44	-	407.84	407.84
Current tax assets (net)	-	72.55	72.55	-	-	
Property, plant and equipment	-	59.94	59.94	-	32.59	32.59
Right to use asset	0.31	59.53	59.84	-	16.34	16.34
Intangible Assets under Development	0.63	-	0.63			
Other intangible assets	-	27.23	27.23	-	22.61	22.61
Other non-financial assets	157.31	4.77	162.08	40.75	7.98	48.73
Total	**36,321.70**	**17,122.77**	**53,444.47**	**37,011.85**	**6,998.86**	**44,010.71**
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	43.58	-	43.58	23.73	-	23.73
Other payables				-	-	
(i) total outstanding dues of micro enterprises and small enterprises	0.67	-	0.67	1.16	-	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	34.46	-	34.46	56.27	-	56.27
Debt securities	-	-	-	-	-	-
Borrowings	27,807.31	11,802.93	39,610.24	22,092.87	8,856.60	30,949.47
Other financial liabilities	509.10	-	509.10	908.28	5.01	913.29
Non financial liabilities	-	-	-	-	-	
Current tax liabilities (net)	-	-	-	22.71	-	22.71
Provisions	507.93	158.81	666.74	136.96	78.65	215.61
Other non financial liabilities	185.17	2.02	187.19	63.92	3.67	67.59
Total	**29,088.22**	**11,963.76**	**41,051.98**	**23,305.90**	**8,943.93**	**32,249.83**
Net	**7,233.48**	**5,159.01**	**12,392.49**	**13,705.95**	**(1,945.07)**	**11,760.88**

46 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

	Particulars	As at 31 December 2021	As at 31 March 2021
a.	In respect of Income tax demands where the Company has filed appeal before the relevant authority.	69.60	11.00
b.	In respect of GST where the Company has filed submission to Assistant Commissioner (State Tax-Karnataka)	3.06	16.14
	Total	**72.66**	**16.14**

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

There are no commitments of the Group that are not provided for as at 31 December 2021, 31 March 2021.

(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

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 December 2021	As at 31 March 2021
Opening lease liabilities	16.65	2.89
Addition to lease liabilities during the period/year	55.58	17.28
Interest expense on lease liabilities	3.86	0.62
Cash outflow for leases	(11.20)	(4.14)
Closing lease liabilities	**64.89**	**16.65**

Particulars	As at 31 December 2021	As at 31 March 2021
Opening value of right of use assets	16.30	2.56
Addition to lease assets during the period/year	55.58	17.31
Less: Depreciation charge for the period/year	(12.05)	(3.53)
Closing right to use assets	**59.83**	**16.34**

Amounts recognised in statement of profit or loss

Particulars	As at 31 December 2021	For the year ended 31 March 2021
Depreciation charge on right of use assets	12.05	3.53
Interest on lease liabilities	3.86	0.62
Total	**15.91**	**4.15**

Amounts recognised in the statement of cash flows

Particulars	As at 31 December 2021	For the year ended 31 March 2021
Interest paid on lease liabilities	3.86	0.62
Payment towards lease liabilities	(11.20)	(4.14)
Total	**(7.34)**	**(3.52)**

(All amounts in ₹ millions unless otherwise stated)

Maturity analysis of lease liabilities

Particulars	As at 31 December 2021	As at 31 March 2021
Within one year	15.60	4.03
After one year but not more than five years	49.29	12.62
More than five years	-	-
Total	**64.89**	**16.65**

Particulars	As at 31 December 2021	As at 31 March 2021
Holding		
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	8	4
Range of remaining term	24-51 Months	33-44 Months
Average remaining lease term	31 months	36 months
Subsidiary		
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	5	7
Range of remaining term	2 month to 23 months	5 month to 32 months
Average remaining lease term	9.8 months	15.14 months
Restrictions or covenants imposed by leases	None	None
Sale and leaseback transactions	None	None

46 Contingent liabilities, commitments and leasing arrangements (cont'd)

(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 December 2021	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**

Contract balances

Particulars	As at 31 December 2021	As at 31 March 2021
Other receivables	2.57	0.49
Trade payable	43.58	23.73
Total payable	**(41.01)**	**(23.24)**

Other receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	As at 31 December 2021	As at 31 March 2021
Revenue as per contract	**-**	20.79
Adjustments	-	-
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.

Pursuant to the plan, the Holding Company has granted 433,660 to the employees of the Group. Outstanding options as on 31 December 2021 are 11,80,976. The Stock compensation cost is computed under the fair value method and has been recognised over the vesting period up to 31 December 2021.

For the nine month periods ended 31 December 2021, the Group has recorded stock compensation expenses of ₹ 40.91 millions which has been granted by Holding Company.

	No. of options 31 December 2021	No. of options 31 March 2021
Options outstanding at the beginning	927,299	-
Granted during the period/year	433,660	927,299
Lapsed during the period/year	(9,847)	-
Transfer (to)/in during the year/period ended (net)	(170,136)	-
Options outstanding at the end	**1,180,976**	**927,299**

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 December 2021**	**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 Mertor	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.

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 December 2021	As at 31 March 2021
Financial assets measured at fair value through P&L			
Investments	9	6,931.23	18,754.20
Financial assets measured at fair value through OCI			-
Loans	8	1,205.36	2,054.73
Financial assets measured at amortised cost			
Cash and cash equivalents	5	2,793.37	1,667.98
Bank balance other than cash and cash equivalents	6	1,065.17	808.76
Trade receivables	7	-	0.49
Loans	8	32,586.62	14,558.18
Investments	9	5,952.61	5,443.92
Other financial assets	10	1,862.40	194.34
Total		**52,396.76**	**43,482.60**

Particulars	Note	As at 31 December 2021	As at 31 March 2021
Financial liabilities measured at amortised cost			
Trade payables	16	43.58	23.73
Other payables	16	35.13	57.43
Debt securities	17	23,331.54	19,683.98
Borrowings (other than debt securities)	18	15,780.34	10,767.79
Subordinated liabilities	19	498.36	497.70
Other financial liabilities	20	509.10	913.29
Total		**40,198.05**	**31,943.92**

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).

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	As at 31 December 2021	As at 31 March 2021
Level 1 (Quoted prices in active market)		
Financial assets measured at FVTPL		
Investments in mutual funds	696.11	1,592.77
Investments in bonds and debentures	5,819.74	17,097.93
Investment in futures	28.96	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	386.42	-
Financial assets measured at FVTOCI		
Loans	1,205.36	2,054.73
	8,136.59	**20,808.93**

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 December 2021		As at 31 March 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	2,793.37	2,793.37	1,667.98	1,667.98
Bank balance other than cash and cash	1,065.17	1,065.17	808.76	808.76
Other receivables	-	-	0.49	0.49
Loans	32,586.62	32,586.62	14,558.18	14,558.18
Investments	5,952.61	5,952.61	5,443.92	5,443.92
Other financial assets	1,862.40	1,862.40	194.34	194.34
Total financial assets	**44,260.17**	**44,260.17**	**22,673.67**	**22,673.67**
Financial liabilities:				
Trade Payables	43.58	43.58	23.73	23.73
Payables	35.13	35.13	57.43	57.43
Debt securities	23,331.54	23,331.54	19,683.98	19,683.98
Borrowings (other than debt securities)	15,780.34	15,780.34	10,767.79	10,767.79
Subordinated liabilities	498.36	498.36	497.70	497.70
Other financial liabilities	509.10	509.10	913.29	913.29
Total financial liabilities	**40,198.05**	**40,198.05**	**31,943.92**	**31,943.92**

48.3 Valuation methodologies of financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

The fair value of investments are estimated using a cash flow model based on contractual cash flows using actual maturities.

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and liabilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

49 Risk management

Risk is an integral part of the Group's business and sound risk management is critical for the success. On account of it's business activities, the Group is exposed to various financial risks associated with financial products such as credit or default risk, market risk, interest rate risk, liquidity risk and inflationary risk. However, the Group has a robust financial risk management system in place to identify, evaluate, manage and mitigate various risks associated with its financial products to ensure that desired financial objectives are met. The Group's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Group, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess risk management performance. Any change in Group's risk management objectives and policies needs prior approval of it's Board of Directors.
This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, Field credit assessment, diversification of asset base, Group guarantee (joint liability Group loans), borrower indebtedness limits, diversification of asset base, credit limits and collaterals taken for assets, wherever applicable.
Liquidity risk	Financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required).
Market risk - interest rate	Investments, borrowings, debt securities and subordinated liabilities carrying variable interest rates	Sensitivity analysis	Review of fair valuation of investments and review of cost of funds and pricing of disbursements.
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.

49 Risk management (cont'd)

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)
- 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:

Nature	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

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.

49 Risk management (cont'd)

Loans - Borrower risk categorization is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. The Group regularly monitors borrower repayments and borrowers are accordingly categorized in low risk and high risk.

The performance indicators are continuously generated through monitoring alerts in the loan origination flow and post disbursal flow to highlight areas requiring attention and action. Monitoring includes diagnostic studies of problem areas in collections performance and proactively taking actions.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud
- Credit monitoring -
    - Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans staging more than 90 Days past due);
    - Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
    - Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

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 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.

49 Risk management (cont'd)

49.1.5 Impairment assessment

Investments

The Group has commenced the treasury operations in investments in the year ended 31 March 2020. The Group has assessed the impairment allowance on the basis of EAD*PD*LGD. The default rates for these investments are considered as reported by external credit rating agencies. Exposure at default (EAD) is the carrying value of the investments (net of credit enhancement).

Loans

The Group is also engaged in the business of providing loans and access to credit to the customers and joint liability group (JLG). The tenure of which is ranging from 3 month to 36 months for its personal loan product, 5 years to 25 years for its housing loan product and 12 months to 24 months for joint liability group (JLG).

The Group's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies Note 4.8.1 (Overview of the Expected Credit Loss).

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments except in case of Investments where above 60 days past due is considered as credit impaired.
As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Group policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the entire arrears of interest and principal has been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Group's internal credit rating grades and staging criteria for loans are as follows:

Internal rating grade	Internal rating description	Stages
Performing		
Standard grade - no overdue	No over due	Stage I
Standard grade - past due	DPD 1 to 30	Stage I
	DPD 31 to 60	Stage II
	DPD 61 to 89	Stage II
Non-performing		
Sub-standard grade	DPD => 90	Stage III

Frequency of recognition

Riskiness of a financial asset is recognized in the following frequency: -
- At the time of initial recognition all financial assets are recognized as low credit risk.
- Assets are evaluated on a monthly frequency till the time it is fully repaid and closed; they are evaluated basis their days past due (DPD) status at every month-end, and risk classification is made accordingly.
- An asset may be re-recognized if there is adverse field information regarding client default.

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.

49 Risk management (cont'd)

49.1.5 Impairment assessment (cont'd)

Measurement of ECL

Expected Credit Loss or ECL is measured in the following manner. The Group calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

ECL = PD*LGD*EAD

Each item is defined as follows: -

ECL - Expected credit loss

Present value of difference between contractual cash flows and actual cash flows expected to be received over a given time horizon

PD - Probability of default

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

LGD - Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD

EAD- Exposure at default

Cash flows that are at risk of default over a given time horizon, The Exposure at Default is an estimate of the exposure at a future default date.

i) Expected credit losses for financial assets other than loans

As at 31 December 2021	**Estimated gross carrying amount at default**	**Expected credit losses**	**Carrying amount net of impairment provision**
Cash and cash equivalents	2,793.37	-	2,793.37
Bank balance other than cash and cash equivalents	1,065.17	-	1,065.17
Trade receivables	-	-	-
Investments	13,059.03	(175.19)	12,883.84
Other financial assets	1,906.75	(44.35)	1,862.40

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	210.94	(16.60)	194.34

49 Risk management (cont'd)

49.1.5 Impairment assessment (Cont'd)

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 December 2021				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	33,808.78	-	-	33,808.78	16,421.37	-	-	16,421.37
Standard grade- DPD 1 to 30	559.27	-	-	559.27	537.11	-	-	537.11
Standard grade- DPD 31 to 60	-	307.80	-	307.80	-	267.39	-	267.39
Standard grade- DPD 61 to 89	-	114.45	-	114.45	-	250.45	-	250.45
Non- performing	-	-	-	-	-	-	-	
Sub-standard grade- DPD > 89	-	-	882.90	882.90	-	-	770.66	770.66
Total	**34,368.05**	**422.25**	**882.90**	**35,673.20**	**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 December 2021				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	29,761.99	110.90	31.05	29,903.94	15,454.77	318.17	264.76	16,037.70
Movement between stages	-	-	-	-	-	-	-	
Transferring from Stage 1	(1,036.04)	570.86	465.18	-	(926.29)	384.93	541.36	-
Transferring from Stage 2	24.10	(171.86)	147.75	-	2.31	(19.92)	17.61	-
Transferring from Stage 3	7.93	2.24	(10.16)	-	0.10	0.04	(0.14)	-
Assets repaid, derecognized and written off	(11,348.41)	(607.73)	(521.58)	(12,477.72)	(7,041.96)	(222.04)	(180.11)	(7,444.11)
Gross carrying amount- closing balance	**34,368.05**	**422.25**	**882.90**	**35,673.20**	**16,958.48**	**517.84**	**770.66**	**18,246.98**

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

Reconciliation of ECL balance on loans is given below:

Particulars	As at 31 December 2021				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**	**263.96**	**639.70**	**1,634.07**	**207.90**	**7.04**	**59.96**	**274.90**
New assets originated	858.76	62.85	25.08	946.69	694.36	191.42	247.53	1,133.31
Movement between stages	-	-	-	-	-	-	-	
Transfers to Stage 1	(66.26)	30.38	35.88	-	(20.78)	8.34	12.44	-
Transfers to Stage 2	12.90	(68.76)	55.86	-	0.34	(3.37)	3.02	-
Transfers to Stage 3	7.37	1.91	(9.28)	-	0.03	0.03	(0.05)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(554.89)	(89.24)	(55.41)	(699.54)	(151.44)	60.50	316.80	225.86
Impairment allowance - closing balance	**988.29**	**201.10**	**691.83**	**1,881.22**	**730.41**	**263.96**	**639.70**	**1,634.07**

Note - New assets originated is presented net of collections made.

49 Risk management (cont'd)

49.1.5 Impairment assessment (Cont'd)

(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 December 2021				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	5,553.74	-	-	5,553.74	2,769.52	-	-	2,769.52
Standard grade- DPD 31 to 60	-	-	-	-	-	-	-	-
Non-performing	-	-	-	-	-	-	-	
Standard grade- DPD >61	-	-	174.15	174.15	-	-	227.44	227.44
	5,553.74	-	**174.15**	**5,727.89**	**2,769.52**	-	**227.44**	**2,996.96**

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 December 2021				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	**2,769.52**	-	**227.44**	**2,996.96**	**13,374.47**	-	-	**13,374.47**
New assets originated *	5,173.81	-	-	5,173.81	706.33	-	-	706.33
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	(2,389.59)	-	(53.29)	(2,442.88)	(11,011.29)	-	(72.55)	(11,083.84)
Gross carrying amount- closing balance	**5,553.74**	-	**174.15**	**5,727.89**	**2,769.52**	-	**227.44**	**2,996.96**

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

Reconciliation of ECL balance on investments is given below:

Particulars	As at 31 December 2021				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	**2.12**	-	**170.58**	**172.70**	**26.40**	-	-	**26.40**
New assets originated	0.53	-	-	0.53	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)	(1.61)	-	3.57	1.96	(25.62)	-	170.19	144.57
Impairment allowance - closing balance	**1.04**	-	**174.15**	**175.19**	**2.12**	-	**170.58**	**172.70**

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

49 Risk management (cont'd)

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.

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 period ended 31 December 2021**	**Effect on Statement of Profit and loss for the year 2020-21**
0.50% increase	106.45	73.34
0.50% decrease	(106.45)	(73.34)

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 December 2021**	**As at 31 March 2021**
Investments carried at FVTPL valued using quoted prices in active market	6,931.23	18,653.30

Particulars	**Effect on Statement of Profit and loss for the period ended 31 December 2021**	**Effect on Statement of Profit and loss for the year 2020-21**
1% increase	69.31	186.53
1% increase	(69.31)	(186.53)

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 Risk management (cont'd)

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:

Maturity pattern of assets and liabilities as on 31 December 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	2,793.37	-	-	-	2,793.37
Bank balance other than cash and cash equivalents	971.85	93.32	-	-	1,065.17
Trade receivables	-	-	-	-	-
Loans	21,337.07	10,371.70	588.81	1,494.40	33,791.98
Investments	9,226.83	3,522.38	134.63	-	12,883.84
Other financial assets	1,834.33	8.89	15.82	3.36	1,862.40
Total financial assets	**36,163.45**	**13,996.29**	**739.26**	**1,497.76**	**52,396.76**
Financial liabilities					
Trade payables	43.58	-	-	-	43.58
Other Payables	35.13	-	-	-	35.13
Borrowings(includes debt securities and subordinated liabilities)	27,807.31	11,501.42	301.51	-	39,610.24
Other financial liabilities	509.10	-	-	-	509.10
Total financial liabilities	**28,395.12**	**11,501.42**	**301.51**	**-**	**40,198.05**
Net undiscounted financial assets/(liabilities)	**7,768.33**	**2,494.87**	**437.75**	**1,497.76**	**12,198.71**

Risk management (cont'd)
49.2.1. Analysis of financial assets and liabilities by remaining contractual maturities (Cont'd)

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	671.36	122.38	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	23,081.60	832.13	283.18	1.22	24,198.12
Other financial assets	168.51	25.83	-	-	194.34
Total financial assets	**36,971.10**	**6,053.16**	**430.01**	**28.34**	**43,482.60**
Financial liabilities					
Trade payables	23.73	-	-	-	23.73
Other Payables	57.43	-	-	-	57.43
Borrowings(includes debt securities and subordinated liabilities)	22,092.87	8,024.60	832.00	-	30,949.47
Other financial liabilities	908.28	5.01	-	-	913.29
Total financial liabilities	**23,082.31**	**8,029.61**	**832.00**	**-**	**31,943.92**
Net undiscounted financial assets/(liabilities)	**13,888.79**	**(1,976.45)**	**(401.99)**	**28.34**	**11,538.68**

49.3 Systemic Risk

Systemic risk refers to the risk of a breakdown of an entire system rather than simply the failure of individual parts. In a financial context, it denotes the risk of a cascading failure in the financial sector, caused by linkages within the financial system, resulting in a severe economic downturn.

The outbreak of the COVID-19, a systemic risk and global pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. India experienced a "second wave" of the COVID-19 pandemic in April-May 2021 following the discovery of mutant coronavirus variants, leading to the re-imposition of regional lockdowns. These were gradually lifted as the second wave subsided resulting in a gradual increase in economic activity. The world is now experiencing another outbreak of COVID-19 pandemic on account of new coronavirus variant and as a precautionary measure India has started to reimpose localised / regional restrictions. The impact of COVID-19 on Group result remain uncertain and will dependent on future developments, which are highly uncertain at this point in time.

The Group is continuously assessing the potential impact of the COVID-19 on it's operations. During such an uncertain period the focus of the management is to be financialy well capitalised and maintain adequate liquidity to service its obligations, sustain its operations and also look at any

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 Risk management (cont'd)

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.

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 period ended 31 December 2021

Holding Company

Instruments	Credit rating agency	As on 31 December 2021	As on 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

Instruments	Credit rating agency	As on 31 December 2021	As on 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	
Non-convertible debentures	CRISIL	A (-) Stable	A (-) Stable
Non-convertible debentures	India Ratings	IND PP-MLD Aemr/Stable	-
Sub-ordinated debt	ICRA	A (-) Stable	A (-) Stable
Commercial papers	India Ratings	A1	-
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.

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 December 2021	As at 31 March 2021
CRAR (%)	32.14%	38.04%
CRAR – Tier I capital (%)	30.77%	36.56%
CRAR – Tier II capital (%)	1.37%	1.48%

Subsidiary Company

Particulars	As at 31 December 2021	As at 31 March 2021
CRAR (%)	20.04%	26.39%
CRAR – Tier I capital (%)	18.46%	24.46%
CRAR – Tier II capital (%)	1.58%	1.92%

53 Expenditure in foreign currency

Particulars	For the nine months period ended 31 December 2021	For the year ended 31 March 2021
Advertisement expenses	7.66	2.31

54 Trade Payables aging schedule

As at 31 December 2021

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	0.67	-	-	-	0.67
Others	78.04	-	-	-	78.04

As at 31 March 2021

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	1.16	-	-	-	1.16
Others	80.00	-	-	-	80.00

55 The Group has filed quarterly statements of current assets with banks and financial institutions are in agreement with the books of accounts.

56 The Group has filed all the registration of charges with ROC within the statutory period.

57 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 December 2021		Nine months period ended 31 December 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 Limited	69.83%	8,634.25	181.78%	(625.89)	18.24%	(4.39)	171.09%	(630.28)
Subsidiary Companies (Indian):								
Chaitanya India Fin Credit Private Limited	30.17%	3,731.01	-81.78%	281.58	81.76%	(19.69)	-71.09%	261.89

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%	8,053.30	82.55%	975.42	-6.20%	(1.31)	80.18%	974.11
Subsidiary Companies (Indian):								
Chaitanya India Fin Credit Private Limited	31.52%	3,707.58	17.45%	206.24	106.20%	22.36	19.82%	228.60

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-
Manish Gujral
Partner
Membership No. 105117
Place: Mumbai
Date: 11 April 2022

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

Sd/-
Sachin Bansal
Director
(DIN: 02356346)
Place: Bengaluru
Date: 11 April 2022

Sd/-
Ankit Agarwal
Director
(DIN: 08299808)
Place: Bengaluru
Date: 11 April 2022

Sd/-
Divyesh jain
Chief Financial Officer
Place: Bengaluru
Date: 11 April 2022

Sd/-
Puneet Bhatia
Company Secretary
Place: Bengaluru
Date: 11 April 2022

Navi Finserv Limited **Annexure VI**
(formerly known as Navi Finserv Private Limited)

Statement of Dividend
(All amounts in ₹ millions unless otherwise stated)

Particulars	For the period ended December 31, 2021	For the year ended March 31, 2021
Dividend paid on Equity Shares	-	-
Dividend distribution tax on dividend paid on equity shares	-	-

Note: The above dividend includes interim and final dividend

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-
Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 11 April 2022

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

Sd/-
Sachin Bansal
Director
(DIN: 02356346)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Ankit Agarwal
Director
(DIN: 08299808)

Place: Bengaluru
Date: 11 April 2022

Sd/-
Divyesh Jain
Chief Financial Officer

Place: Bengaluru
Date: 11 April 2022

Sd/-
Puneet Bhatia
Company Secretary

Place: Bengaluru
Date: 11 April 2022

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON REFORMATTED IND AS FINANCIAL INFORMATION

The Board of Directors
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)
Ground Floor, Salarpuria Business Center,
93, 5th A Block, Koramangala Industrial Layout,
Koramangala, Bengaluru, Karnataka 560095

Dear Sirs,

1. We have examined the attached Reformatted IND AS Subsidiary Financial Information of Chaitanya India Fin Credit Private Limited (the "Subsidiary Company"), the subsidiary of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) (the "Company") comprising the Reformatted IND AS Statement of Assets and Liabilities as at March 31, 2020, the Reformatted IND AS Statements of Profit and Loss (including other comprehensive income), the Reformatted IND AS Statement of Changes in Equity, the Reformatted IND AS Statement of Cash Flow for the for the year ended March 31, 2020, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Subsidiary Reformatted IND AS Financial Information"), as approved by the Board of Directors of the Company at their meeting held on April 11, 2022 for the purpose of inclusion in the Draft Prospectus and Prospectus ("Issue Documents") prepared by the Company in connection with its proposed public issue of non-convertible debentures ("Issue") prepared in terms of the requirements of:

    a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

b. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Debentures) Regulations, 2021, as amended ("SEBI Debt Regulations"); and
c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Subsidiary Company's Board of Directors is responsible for the preparation of the Reformatted IND AS Financial Information for the purpose of inclusion in the Issue Documents to be filed with Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") and Registrar of Companies, Karnataka at Bangalore in connection with the proposed Issue of the Company. The Reformatted IND AS Financial Information have been prepared by the management of the Subsidiary Company on the basis of preparation stated in Annexure V, note 2 to the Reformatted IND AS Subsidiary Financial Information. The responsibility of the Board of Directors of the Subsidiary Company includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted IND AS Subsidiary Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Subsidiary Company complies with the Act, SEBI Debt Regulations and the Guidance Note.

3. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control of Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements issued by the ICAI.

4. We have examined such Reformatted IND AS Subsidiary Financial Information taking into consideration:
   a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated March 28, 2022 in connection with the proposed public issue of non-convertible debentures of the Company;
   b. The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
   c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted IND AS Financial Information; and
   d. The requirements of Section 26 of the Act and the SEBI Debt Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI Debt Regulations and the Guidance Note in connection with the Issue.

5. These Reformatted IND AS Subsidiary Financial Information have been compiled by the management from:

   a. Audited Ind AS financial statements of the Subsidiary Company as at and for the year ended March 31, 2020 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 29, 2020.

6. For the purpose of our examination, we have relied on:

   a. Auditors' reports issued by us dated June 29, 2020 on the financial statements of the Subsidiary Company as at and for the year ended March 31, 2020 as referred in Paragraph 5 above.

7. The audit reports on the financial statements issued by us were modified and included following matters giving rise to modifications on the financial statements as at and for the year ended March 31, 2020:

   Emphasis of Matter paragraphs

   Financial year ended March 31, 2020

   "We draw attention to Note 3 of the accompanying financial statements, which describes the uncertainty relating to the effects of COVID-19 pandemic on the Company's operations. Our opinion is not modified in respect of this matter."

   Other matter paragraph

   Financial year ended March 31, 2020

   The comparative financial information for the year ended 31 March 2019 and the transition date opening balance sheet as at 1 April 2018 prepared in accordance with the Ind AS included in these financial statements, are based on the previously issued statutory financial statements for the year ended 31 March 2019 and 31 March 2018 respectively prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose reports dated 24 May 2018 and 23 May 2019 respectively expressed unmodified opinion on those financial statements for the year ended 31 March 2018 and 31 March 2019, and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

8. Based on our examination and according to the information and explanations given to us, we report that the Reformatted IND AS Subsidiary Financial Information has been prepared by the Subsidiary Company by taking into consideration the requirement of Section 26 of Part I of Chapter III of the Act read with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (as amended), the SEBI Debt Regulations and the Guidance note.

9. The Reformatted IND AS Subsidiary Financial Information do not reflect the effects of events that occurred subsequent to the date of the report on audited financial statements mentioned in paragraph 5 above.

10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. At the request of the Company, we have also examined the following Financial Information of the Subsidiary Company as at and for the year ended March 31, 2020 :

    Statement of Dividend, enclosed as Annexure VI

13. Our report is intended solely for use of the Board of Directors of the Company for inclusion in the Issue Documents to be filed with SEBI, BSE and NSE and Registrar of Companies, Karnataka at Bangalore in connection with the proposed Issue of the Company. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**
Chartered Accountants
[Firm Registration No: 001076N/N500013]

Sd/-
Manish Gujral
Partner
Membership No.: 105117
UDIN: **22105117AGVVOP1225**

Place: Mumbai
Date: 11 April 2022

Chaitanya India Fin Credit Private Limited
Annexure I- Reformatted IND AS Statement of Assets and Liabilities
(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	As at 31 March 2020
I ASSETS		
1 Financial assets		
Cash and cash equivalents	10	58.44
Bank balance other than cash and cash equivalents	11	140.59
Trade receivables	12	-
Loans	13	8,289.06
Investments	14	491.28
Other financial assets	15	31.80
2 Non-financial assets		
Current tax assets (net)	16	-
Deferred tax assets (net)	17	89.57
Property, plant and equipment	18	28.36
Right of use assets		2.23
Other intangible assets	19	0.78
Other non-financial assets	20	11.95
Total assets		**9,144.06**
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	21	45.11
(II) 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	22	11.86
Debt securities	23	1,353.81
Borrowings (other than debt securities)	24	3,843.79
Subordinated liabilities	25	397.71
Other financial liabilities	26	200.21
2 Non-financial liabilities		
Current tax liabilities (net)		5.00
Provisions	27	94.65
Other non-financial liabilities	28	22.93
Total liabilities		**5,975.07**

Chaitanya India Fin Credit Private Limited
Reformatted IND AS Statement of Assets and Liabilities
(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Notes	As at 31 March 2020
3 Equity		
Equity share capital	29	750.00
Other equity	30	2,418.99
Total equity		**3,168.99**
Total liabilities and equity		**9,144.06**

Note no. 1 to 81 form an integral part of these Reformatted IND AS Financial Information
This is the Reformatted IND AS Statement of Assets and Liabilities referred to in our report of even date

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sd/-
Manish Gujral
Partner
Membership No. 105117
Mumbai
11 April 2022

For and on behalf of the Board of Directors of
Chaitanya India Fin Credit Private Limited

Sd/-
Sachin Bansal
Managing Director and CEO
(DIN: 02356346)
Bengaluru
11 April 2022

Sd/-
Ankit Agarwal
Director and Deputy CEO
(DIN : 08299808)
Bengaluru
11 April 2022

Sd/-
Abhik Sarkar
Chief Financial Officer
Bengaluru
11 April 2022

Sd/-
Anup Kumar Gupta
Company Secretary
Membership No. ACS A36349
Bengaluru
11 April 2022

Chaitanya India Fin Credit Private Limited
Annexure II - Reformatted IND AS Statement of Profit and Loss
(All amounts in ₹ millions unless otherwise stated)

Particulars			Notes	For the year ended 31 March 2020
		Revenue from operations		
	(i)	Interest income	31	1,595.10
	(ii)	Fee and commission income	32	105.30
	(iii)	Net gain on fair value changes	33	18.89
	(iv)	Net gain on derecognition of financial instruments under amortised cost category	34	32.45
	(v)	Other operating income	35	2.09
(I)		**Total revenue from operations**		**1,753.83**
(II)		Other income	36	0.03
(III)		**Total income (I + II)**		**1,753.86**
		Expenses		
	(i)	Finance cost	37	715.26
	(ii)	Impairment of financial instruments	38	203.84
	(iii)	Employee benefits expenses	39	536.04
	(iv)	Depreciation, amortisation and impairment	40	15.38
	(v)	Other expenses	41	211.98
(IV)		**Total expenses**		**1,682.50**
(V)		**Profit before tax (III - IV)**		**71.36**
(VI)		**Tax expense:**	42	**20.65**
		(1) Current tax		55.82
		(2) Deferred tax		(35.17)
(VII)		**Profit for the year (V - VI)**		**50.71**
(VIII)		**Other comprehensive income**		
		(i) Items that will not be reclassified to profit or loss		(6.98)
		(ii) Income tax relating to items that will not be reclassified to profit or loss		1.76
		Other comprehensive income		**(5.24)**
(IX)		**Total comprehensive income for the year (VII + VIII)**		**45.47**
(X)		**Earnings per equity share**	43	
		Basic (₹)		1.11
		Diluted (₹)		1.05

Note no. 1 to 81 form an integral part of these Reformatted IND AS Financial Information
This is the Reformatted IND AS Statement of Profit and Loss as referred to in our report of even date

For Walker Chandiok & Co. LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sd/-

Manish Gujral
Partner
Membership No. 105117

Mumbai
11 April 2022

For and on behalf of the Board of Directors of
Chaitanya India Fin Credit Private Limited

Sd/-

Sachin Bansal
Managing Director and CEO
DIN: 02356346

Bengaluru
11 April 2022

Sd/-

Ankit Agarwal
Director and Deputy CEO
DIN : 08299808

Bengaluru
11 April 2022

Sd/-

Abhik Sarkar
Chief Financial Officer

Bengaluru
11 April 2022

Sd/-

Anup Kumar Gupta
Company Secretary
Membership No. ACS A36349

Bengaluru
11 April 2022

Chaitanya India Fin Credit Private Limited
Annexure III- Reformatted IND AS Statement of Cash Flow
(All amounts in ₹ millions unless otherwise stated)

	Particulars	For the year ended 31 March 2020
A.	**Cash flow from operating activities**	
	Profit before tax	71.36
	Contribution to employee stock option scheme	3.33
	Depreciation, amortisation and impairment	13.52
	Depreciation on right of use asset	1.86
	Interest expense on lease liability	0.21
	Interest on liability component of compulsorily convertible debentures	2.05
	Loss/(profit) on sale of fixed assets (net)	0.05
	Impairment on loan assets	100.00
	EIR adjustment on financial instruments	25.27
	Profit on sale of mutual funds	(18.69)
	Net gain on fair value changes on investment	(0.20)
	Operating profit before working capital changes	**198.76**
	Movements in working capital:	
	Decrease/(increase) in loans	(3,657.52)
	Decrease/(increase) in receivables	27.61
	Decrease/(increase) in bank deposits	79.03
	Decrease/(increase) in other financial assets	22.94
	Decrease/(increase) in other non-financial assets	(1.84)
	Increase/(decrease) in payables	52.81
	Increase/(decrease) in other financial liabilities	(20.95)
	Increase/(decrease) in provisions	38.26
	Increase/(decrease) in non-financial liabilities	(4.53)
	Cash generated from operations	**(3,265.43)**
	Direct taxes paid (net of refunds)	47.04
	Net cash flows from/(used in) operating activities (A)	**(3,312.47)**
B.	**Cash flow from investing activities**	
	Purchase of property, plant and equipment and intangible assets	(16.73)
	Proceeds from sale of property, plant and equipment and intangible assets	0.08
	Purchase of mutual fund investments	(24,938.01)
	Sale of mutual fund investments	24,465.62
	Net cash flows from/(used in) investing activities (B)	**(489.04)**
C.	**Cash flow from financing activities***	
	Proceeds from issue of equity shares	1,468.55
	Share issues expenses	-
	Proceeds from debt securities	1,390.00
	Repayment of debt securities	(471.48)
	Proceeds from term loan borrowings	3,550.00
	Repayment of term loan borrowings	(2,564.63)
	Proceeds from subordinated debt	-
	Repayment of subordinated debt	(150.00)
	Lease payments	(2.02)
	Net cash flows from financing activities (C)	**3,220.42**
	Net increase in cash and cash equivalents (A+B+C)	(581.10)
	Cash and cash equivalents at the beginning of the year	639.54
	Cash and cash equivalents at the end of the year	**58.44**

Chaitanya India Fin Credit Private Limited
Annexure III- Reformatted IND AS Statement of Cash Flow
(All amounts 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 2020**
i) Cash on hand	2.25
ii) Balances with banks (of the nature of cash and cash equivalents)	56.19
Total	**58.44**

* Refer note 25.3 for reconciliation of liabilities arising from financing activities

Note no. 1 to 81 form an integral part of these Reformatted IND AS Financial Information
This is the Reformatted IND AS Statement of Cash Flow as referred to in our report of even date

For Walker Chandiok & Co. LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sd/-
Manish Gujral
Partner
Membership No. 105117

Mumbai
11 April 2022

For and on behalf of the Board of Directors of
Chaitanya India Fin Credit Private Limited

Sd/-
Sachin Bansal
Managing Director and CEO

Bengaluru
11 April 2022

Sd/-
Ankit Agarwal
Director and Deputy CEO
(DIN : 08299808)

Bengaluru
11 April 2022

Sd/-
Abhik Sarkar
Chief Financial Officer

Bengaluru
11 April 2022

Sd/-
Anup Kumar Gupta
Company Secretary
Membership No. ACS A36349

Bengaluru
11 April 2022

Chaitanya India Fin Credit Private Limited
Annexure IV - Reformatted IND AS Statement of Changes in Equity
(All amounts in ₹ millions unless otherwise stated)

A. Equity share capital

For the year ended 31 March 2020

Balance as at 1 April 2019	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
245.35	-	-	504.65	750.00

B. Other equity

Particulars	Equity component of compound financial instruments	Reserves and Surplus					Other comprehensive income- retirement benefits	Total
		Securities premium account	Statutory reserve - Reserve fund u/s 45-IC of RBI Act 1934	Contribution to employee stock option scheme	Capital redemption reserve	Retained earnings		
Balance as at 01 April 2019	**-**	**348.84**	**25.92**	**4.06**	**-**	**(11.46)**	**2.07**	**369.43**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	45.46	-	45.46
Other comprehensive income (net of tax)	-	-	-	-	-	-	(5.24)	(5.24)
Issue of compulsory convertible debentures	1,036.88	-	-	-	-	-	-	1,036.88
Issue of equity shares	-	963.89	-	-	-	-	-	963.89
Transfer to statutory reserves	-	-	9.09	-	-	(9.09)	-	
Employee stock option compensation for the year	-	-	-	3.33	-	-	-	3.33
Transfer to other comprehensive income (net of tax)	-	-	-	-	-	5.23	-	5.23
Balance as at 31 March 2020	**1,036.88**	**1,312.73**	**35.01**	**7.39**	**-**	**30.14**	**(3.17)**	**2,418.98**

Note no. 1 to 81 form an integral part of these Reformatted IND AS Financial Information
This is the Reformatted IND AS Statement of Changes in Equity as referred to in our report of even date

For Walker Chandiok & Co. LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sd/-
Manish Gujral
Partner
Membership No. 105117

Mumbai
11 April 2022

For and on behalf of the Board of Directors of
Chaitanya India Fin Credit Private Limited

Sd/-
Sachin Bansal
Managing Director and CEO
(DIN: 02356346)

Bengaluru
11 April 2022

Sd/-
Ankit Agarwal
Director and Deputy CEO
(DIN : 08299808)

Bengaluru
11 April 2022

Sd/-
Abhik Sarkar
Chief Financial Officer

Bengaluru
11 April 2022

Sd/-
Anup Kumar Gupta
Company Secretary
Membership No. ACS A36349

Bengaluru
11 April 2022

Chaitanya India Fin Credit Private Limited
Annexure V- Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Financial Information

1. CORPORATE INFORMATION

Chaitanya India Fin Credit Private Limited ('the Company) was incorporated on 31 March 2009, to carry on the business of lending, instalment financing, bill discounting, providing working capital and term loan facilities to small and medium business enterprises including individual loans, with or without all or any types of securities. The Company acts as facilitator for provision of micro finance, savings and other financial services by acting as intermediaries between Bank, Financial Institutions, Individuals, Corporate bodies or other entities (whether incorporated or not), of one part, with the Joint Liability Groups (JLG), Members of JLGs, discrete individuals or small groups which are in the process of forming JLGs and / or other micro-credit aspirants, and to assist, execute, provide consultancy service and promote and finance such programs, either directly or through an independent agency and/or in any other manner.

The Company has received Certificate of registration from Reserve Bank of India dated 25 September 2009, to carry on the business of Non- Banking Financial Institution without accepting deposits. The Company has obtained registration under the Non-Banking Finance Company – Micro Finance Institution (Reserve Bank) Directions, 2011 vide RBI Letter dated 05 September 2013.

The Company is a subsidiary of Chaitanya Rural Intermediation Development Services Private Limited ('the Holding Company) with effect from 12 November 2014.

The Company is treated as a Systemically Important Non-Banking Financial Company – Micro Finance Institutions(MFIs) as the assets size of the group (consolidated assets size of the Company and its Holding Company put 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. BASIS OF PREPARATION

Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

These financial statements for the year ended 31 March 2020 have been prepared for first time in accordance with Ind AS. Refer to Note number 51 on first time adoption to Ind AS for information on how the Company adopted Ind AS.

3. Novel Corona Virus (COVID-19)

The Novel Corona Virus (COVID-19) pandemic (declared as such by the World Health Organisation on 11 March 2020), has impacted global and Indian business in terms of growth and volatility, leading to a significant decline in economic activity. On 24 March 2020, the Government of India announced a nation-wide lockdown till 14 April 2020, which was further extended till 31 May 2020. This has led to a near standstill situation of business other than essential services.

The pandemic induced lockdown has impacted Company's regular operations due to shutting down of our offices across all locations including Head office. While the Business Continuity Plan ("BCP") was triggered immediately on announcement of lock down and all employees have worked from home, lending and collection activities were suspended during the lock down period. However, the BCP of the Company enabled its employees to perform key obligations of the Company such as repayments to lenders, payment of salaries to employees, payment of administrative expenses, etc.

Pursuant to the Reserve Bank of India circular dated 27 March 2020 the Company had extended moratorium to its eligible customers (for their instalments falling due between 1st March to 31 May 2020) as per its COVID policy approved by the Board and published in its website, wherein the customers have the option to avail moratorium on their instalments. The Company further amended its COVID policy when the second announcement on moratorium was made by the RBI on 23 May 2020 allowing lending institutions to extend moratorium to borrowers for a further period up to 31 August 2020, wherein the Company has extended such moratorium on a case to case basis based on its assessment of the customer.

The Company's mission is to provide micro finance to low income rural population and accordingly has a portfolio with major composition of its borrowers from rural geographies, where the impact of COVID-19 has been relatively lower. In addition, the Government has announced a series of economic relief measures for rural India, which is expected to support rural borrower's repayment capacity.

Pursuant to the order issued by the Ministry of Home Affairs on 15 April 2020 allowing microfinance companies to start operations, the Company resumed operations by complying with the regulatory guidelines on businesses, social distancing and other prescribed norms. Our employees have started to meet and collect instalments from those borrowers willing to repay, since the resumption of operations. Based on the recent trends in collection, the management is confident that collections will continue to improve from July 2020, and the improvement of this trend will continue in the coming months. Further the Company has started loan disbursal from mid of June demonstrating ability to bounce back to normal operation.

In management's view, providing moratorium to borrowers by itself is not considered to result in a significant increase in credit risk ("SICR") for such borrowers. However, the extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among other things, any new development concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact. Given these uncertainties over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results.

Considering the above and the uncertainties over the potential macro-economic impact, available data and estimations both internal and external including credit reports up to the date of finalisation of these financial results., determination of the provision for impairment of financial assets has been made to on a best of assessment basis. Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates to ₹ 206.96 millions which includes potential loan loss estimations on account of the pandemic of ₹ 111.6.6 millions. While the Company continues to closely monitor and assess the risk from time to time, it considers this provision to be adequate.

The Company has assessed the impact of the pandemic on its liquidity and ability to fulfil its obligations as and when they are due and has evaluated the asset-liability maturity (ALM) pattern in various time buckets as prescribed under the guidelines issued by the RBI. The Company's liquidity position over the next 12 months from the end of reporting period based on current liquidity position and considering various scenarios, the management is confident that the Company will be able to fulfil its obligations as and when these become due as per the maturity periods. The management has considered various matters such as stimulus packages announced by the Government of India expected to benefit directly or indirectly NBFC-MFI's as well. Based on its assessment, the Company is of the opinion that, there will not be a situation warranting an availment of moratorium from its lenders and accordingly has decided not to avail the same as stated in the Board approved COVID policy. It is important to note that the Company is able to raise debt funds even during the pandemic and at best possible terms. CRISIL had assigned A- rating during the lock down and ICRA has upgraded the rating to BBB+ and the Company is holding adequate liquidity (including undrawn sanctioned facilities). The Company has also converted its compulsorily convertible debentures of ₹ 1140.0 millions to equity share capital during May 2020.

4. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional, legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business
ii. The event of default
iii. The event of insolvency or bankruptcy of the Company and/or its counterparties

Derivative assets and liabilities with master netting arrangements are presented net if all the above criteria are met.

5. STATEMENT OF COMPLIANCE

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act. The Company has uniformly applied the accounting policies for all the periods presented in these financial statements.

The financial statements for the year ended 31 March 2020 are the first financial statements which has been prepared in accordance with Ind AS and other applicable guidelines issued by the Reserve Bank of India ('RBI').

As these are the Company's first financial statements prepared in accordance with Ind AS, the Company has applied, First-time Adoption Standard (Ind AS 101) of Indian Accounting Standards. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 51.

The financial statements for the year ended 31 March 2020 were authorised and approved for issue by the Board of Directors on 29 June 2020.

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values, and employee benefit plans which are measured using actuarial valuation, as explained in relevant accounting policies.

6. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies are applied consistently for all the periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

6.1 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.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

i. Financial assets measured at amortised cost

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

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

ii. Investments in mutual funds

Investments in mutual funds are measured at fair value through profit and loss (FVTPL).

Derecognition 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. Further, if the Company has not retained control, it shall also de-recognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. 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 derecognition 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 and Loss.

Compound financial instruments

Convertible instruments 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 (including redemption premium, if any) 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 shareholders' equity, net of income tax effects, and not subsequently re-measured.

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.

iii. Impairment of financial assets

<u>Overview of the Expected Credit Loss (ECL) principles</u>

The Company records allowance for expected credit losses for all loans referred to as 'financial instruments'.

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 and advances upto 30 days default under this category. Stage 1 loans 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

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event (for eg. any natural calamity) warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

Credit-impaired financial assets:

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

i. Significant financial difficulty of the borrower or issuer;
ii. A breach of contract such as a default or past due event;
iii. The restructuring of a loan or advance by the Company on terms that the company would not consider otherwise;
iv. It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
v. The disappearance of an active market for a security because of financial difficulties.

The mechanics of ECL:

The Company calculates ECLs 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.

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 derecognised and is still in the portfolio. The concept of PD is further explained in Note 50.1.5.

Exposure at Default(EAD) - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 50.1.5

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. It is usually expressed as a percentage of the EAD. The concept of LGD is further explained in Note 50.1.5

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and 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.

iv. Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

v. Determination of fair value

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value 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:

i. In the principal market for the asset or liability, or
ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments − Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date.

Level 2 financial instruments − Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments − Those that include one or more unobservable input that is significant to the measurement as whole.

Difference between transaction price and fair value at initial recognition The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

6.2 Revenue from operations

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.

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. Dividend Income

a. Dividend income is recognised at the time when the right to receive is established by the reporting date.When the right to receive the payment is established,
b. it is probable that the economic benefits associated with the dividend will flow to the entity and
c. the amount of the dividend can be measured reliably

iii. Fees & Commission Income

Revenue from contract with customer for rendering services is recognised at a point in time when performance obligation is satisfied.

iv. 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.

v. Recoveries of financial assets written off

The Company recognises income on recoveries of financial assets written off on realisation.

vi. Miscellaneous income

All other income is recognised on an accrual basis, when there is no uncertainty in the ultimate realisation/collection.

6.3 Expenses

i. Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

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.

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 expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, rating fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

ii. Retirement and other employee benefits

Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

Gratuity

The Company provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

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, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Other long-term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the provision for compensated absences under provisions in the Balance Sheet.

iii. 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.

For arrangements entered into prior to April 01, 2018 the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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.

iv. Other income and expenses

All other income and expense are recognized in the period they occur.

v. Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. 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 risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

vi. 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 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

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.

6.4 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

6.5 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation and amortization

Depreciation on property, plant & 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 ₹ 5000/- are depreciated in full in the year of acquisition. The useful life of the assets is as follows:

Property, plant and equipment:

Sl. No	Asset	Useful Life (In Years)
1.	Furniture and fixtures	10
2.	Computer and peripherals	3
3.	Office equipment	5
4.	Motor vehicles	
	- Motor car	8
	- Motor bikes	10

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

6.6 Intangible assets

The Company's intangible assets consist of computer software with definite life.

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. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The company is amortising Computer software on straight line method over a period of 3 years.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

6.7 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

6.8 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

6.9 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

6.10 Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

6.11 Compound financial instruments

Compulsorily convertible instruments 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 shareholders' equity, net of income tax effects, and not subsequently re-measured.

6.12 Segment reporting

The Company is primarily engaged in the business of financing and as such no separate information is required to be furnished in terms of Ind AS 108 "Operating segments" specified under section 133 of the Companies Act, 2013.

7. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

7.1 Business model assessment

Classification and measurement of financial assets depends on the results of the 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 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 derecognised 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.

7.2 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.

7.3 Impairment of loans 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.

7.4 Contingent liabilities and provisions other than impairment on loan portfolio

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.

7.5 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.

7.6 Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

8. FIRST TIME ADOPTION

These financial statements, for the year ended 31 March 2020 are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2019 the Company prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2020 together with the comparative period data as at and for the year ended 31 March 2019 as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 01 April 2018 the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 01 April 2018 and the financial statements as at and for the year ended 31 March 2019.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

8.1 Lease arrangements

Appendix C to Ind AS 17 requires entity to assess whether contract or arrangement contains a lease. In accordance with same, this assessment should be carried out at the inception of arrangement. However, the Company has used exemption under Ind AS 101 and assessed all arrangements based on conditions in place as on date of transition.

8.2 Property, plant, equipment & intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at 31 March 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on 01 April 2018.

8.3 Derecognition of previously recognised financial instruments

As per Ind AS 101 – An entity shall apply the exception to the retrospective application in case of "derecognition of financial assets and financial liabilities" wherein a first-time adopter shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind ASs. For example, if a first-time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to Ind ASs, it shall not recognise those assets and liabilities in accordance with Ind ASs (unless they qualify for recognition as a result of a later transaction or event). The Company has opted not to re-evaluate financial assets derecognised in the past. However, for loans and advances securitised, the Company has applied the derecognition requirements retrospectively.

9. MANDATORY EXCEPTIONS

Following mandatory exceptions are applicable to the Company:

9.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

9.2 Classification and Measurement of Financial Assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

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(All amounts in ₹ millions unless otherwise stated)

10 Cash and cash equivalents

Particulars	As at 31 March 2020
Cash on hand	2.25
Balances with banks and financial institutions	
- Balance with banks in current accounts	56.19
- Bank deposit with original maturity less than 3 months	-
Total	**58.44**

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

11 Bank balance other than cash and cash equivalents

Particulars	As at 31 March 2020
Deposits for remaining maturity of more than 3 months and upto 12 months	-
Deposits with remaining maturity more than 12 months	-
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings*	140.59
Total	**140.59**

*The amount under lien as security against term loan and assets securitised are as follows (included above in note 11):

Particulars	As at 31 March 2020
Term loans	140.59
Securitisation arrangements	-
Total	**140.59**

12 Trade receivables (at amortised cost)

Particulars	As at 31 March 2020
Receivable from related party considered good- unsecured	-
Total	**-**
Less: Impairment loss allowance	-
Total	**-**

The Company does not have any receivables which are either credit impaired or where there is significant increase in credit risk.

13 Loans (at amortised cost)

Particulars	As at 31 March 2020
Portfolio loans	
Secured - Mortgage housing loans	7.70
Secured - Two wheeler loans	0.25
Unsecured - Joint liability loans	8,484.90
Total (A) - Gross	**8,492.85**
Less : Impairment loss allowance	(206.96)
Total (A) - Net	**8,285.89**
Others - Loans to employees	
Secured	-
Unsecured	3.68
Total (B) - Gross	**3.68**
Less : Impairment loss allowance	(0.51)
Total (B) - Net	**3.17**
Total loans (A+B) - Net	**8,289.06**
Loans in India	
Public sector	-
Others	8,496.53
Total - Gross	**8,496.53**
Less : Impairment loss allowance	(207.47)
Total - Net	**8,289.06**

13 Loans (cont'd)

Credit quality of assets

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. Details of the Company's internal grading system are explained in note 50.1.5 Credit Risk (Impairment assessment).

Particulars	As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Performing				
Standard grade - No Over Due	8,285.15	-	-	8,285.15
Standard grade - DPD 1 to 30	115.58	-	-	115.58
Standard grade - DPD 31 to 60	-	14.14	-	14.14
Standard grade - DPD 61 to 89	-	12.48	-	12.48
Non- performing				
Sub-standard grade - DPD > 89	-	-	69.19	69.19
Total	**8,400.73**	**26.62**	**69.19**	**8,496.54**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Portfolio loans is, as follows:

Particulars	FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	**4,740.38**	**3.90**	**118.77**	**4,863.06**
New assets originated*	7,981.07	18.02	15.11	8,014.19
Movement between stages				
Transferring from Stage 1	(87.52)	31.79	55.73	-
Transferring from Stage 2	0.01	(1.73)	1.72	-
Transferring from Stage 3	0.02	0.06	(0.08)	-
Assets repaid, derecognized and written off	(4,233.23)	(25.43)	(122.05)	(4,380.71)
Gross carrying amount- closing balance	**8,400.73**	**26.62**	**69.19**	**8,496.54**

* New assets originated is presented net of collections made during the year

13 Loans (cont'd)

Credit quality of assets (cont'd)

Reconciliation of ECL balance is given below:

Particulars	FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	**33.18**	**0.76**	**73.52**	**107.46**
New assets originated*	157.19	3.69	9.10	169.98
Movement between stages	-	-	-	
Transfers to Stage 1	(0.61)	0.22	0.39	-
Transfers to Stage 2	-	(0.31)	0.31	-
Transfers to Stage 3	0.01	0.01	(0.01)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(24.09)	1.14	(47.03)	(69.99)
Impairment allowance - closing balance	**165.68**	**5.51**	**36.27**	**207.46**

* New assets originated is presented net of collections made during the year

14 Investments (Designated at fair value through profit or loss)

Particulars	As at 31 March 2020
i) Mutual funds	491.28
Total Gross (A)	**491.28**
i) Investments outside India	-
ii) Investments in India	491.28
Total Gross (B)	**491.28**
Less : Allowance for impairment loss (C)	-
Total - Net D = (A) - (C)	**491.28**

Particulars of mutual fund investment :

Particulars	As at 31 March 2020
30,335 units in HDFC Overnight Fund -Growth - (Direct Plan) (31 March 2019 : Nil and 01 April 2018 : Nil)	90.07
176,016 units in Aditya Birla Sun Life Money Overnight Manager Fund - Growth - (Direct Plan) (31 March 2019 : Nil and 01 April 2018 : Nil)	190.14
94,312 units in IDFC Overnight Fund - Growth - (Direct Plan) (31 March 2019 : Nil and 01 April 2018 : Nil)	100.51
103,727 units in Kotak Overnight Fund - Growth - (Direct Plan) (31 March 2019 : Nil and 01 April 2018 : Nil)	110.56
Total	**491.28**

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15 Other financial assets

Particulars	As at 31 March 2020
Security rental deposits (unsecured, considered good)	7.30
Insurance recoverable	9.67
Less : Impairment on insurance recoverable	(0.34)
EIS receivable on assignment	11.37
Other recoverables	12.42
Less : Impairment on other recoverables	(8.62)
Total	**31.80**

16 Current tax assets (net)

Particulars	As at 31 March 2020
Advance income tax (net)	-
Total	**-**

17 Deferred tax assets (net)

Particulars	As at 31 March 2020
(A) Deferred tax assets	
Provision for employee benefits	23.51
Difference in written down value as per books and Income Tax Act	3.59
Impairment allowance for loans	52.09
Impairment allowance for other receivables	2.70
Financial assets measured at amortised cost	14.95
Employee stock option scheme expense	1.13
Others	-
Total deferred tax assets	**97.97**
(B) Deferred tax liabilities	
Financial liabilities measured at amortised cost	6.44
Deferment of upfront EIS and servicing obligation recorded for assignment	1.89
Others	0.07
Total deferred tax liabilities	**8.40**
Net deferred tax asset	**89.57**

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(i) Movement in deferred tax assets (net)

Particulars	As at 31 March 2019	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	Charged to equity	As at 31 March 2020
(A) Deferred tax assets					
Provision for employee benefits	13.75	8.00	1.76	-	23.51
Difference in written down value as per Companies Act and Income Tax Act	2.90	0.69	-	-	3.59
Impairment allowance for loans	28.15	23.94	-	-	52.09
Impairment allowance for other receivables	-	2.70	-	-	2.70
Financial assets measured at amortised cost	9.84	5.11	-	-	14.95
Employee stock option scheme expense	1.13	-	-	-	1.13
Others	5.56	(5.56)	-	-	-
Total deferred tax assets	**61.33**	**34.88**	**1.76**	**-**	**97.97**
(B) Deferred tax liabilities					
Financial liabilities measured at amortised cost	1.88	4.56	-	-	6.44
Deferment of upfront EIS and servicing obligation recorded for assignment	6.83	(4.94)	-	-	1.89
Others	-	0.07	-	-	0.07
Total deferred tax liabilities	**8.71**	**(0.29)**	**-**	**-**	**8.41**
Net deferred tax asset	**52.62**	**35.19**	**1.76**	**-**	**89.56**

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18 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Vehicles	Electrical equipment	Office equipment	Total
As at 31 March 2019	**28.90**	**13.12**	**15.43**	**-**	**9.45**	**66.90**
Additions during the year	7.10	5.24	-	0.15	4.12	16.61
Reversal on disposal of assets	0.70	-	0.33	-	0.02	1.05
As at 31 March 2020	**35.30**	**18.36**	**15.10**	**0.15**	**13.55**	**82.46**
Accumulated depreciation and impairment						
As at 31 March 2019	**21.38**	**7.62**	**8.50**	**-**	**4.76**	**42.25**
Charge for the year	6.71	2.19	1.93	0.03	1.91	12.77
Reversal on disposal of assets	0.69	-	0.22	-	0.01	0.92
As at 31 March 2020	**27.40**	**9.81**	**10.21**	**0.03**	**6.66**	**54.10**
Net carrying amount as at 31 March 2019	**7.52**	**5.50**	**6.93**	**-**	**4.69**	**24.65**
Net carrying amount as at 31 March 2020	**7.90**	**8.55**	**4.89**	**0.12**	**6.90**	**28.36**

*Net block represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

19 Other intangible assets #

Particulars	Computer software
Gross block	
As at 31 March 2019	**6.18**
Additions during the year	0.12
Reversal on disposal of assets	-
As at 31 March 2020	**6.30**
Accumulated amortisation and impairment:	
As at 31 March 2019	**4.78**
Charge for the year	0.74
Reversal on disposal of assets	-
As at 31 March 2020	**5.52**
Net carrying amount as at 31 March 2019	**1.40**
Net carrying amount as at 31 March 2020	**0.78**

Other than internally generated.

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20 Other non-financial assets

Particulars	As at 31 March 2020
Prepaid expenses	2.89
Advance to suppliers and others	5.22
Advance to staff	1.22
Income tax paid under dispute	2.61
Total	**11.95**

21 Trade payables

Particulars	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	45.11
Total	**45.11**

22 Other payables

Particulars	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	11.86
Total	**11.86**

23 Debt securities secured (at amortised cost)

Particulars	As at 31 March 2020
Redeemable non-convertible debentures - Secured and listed	687.51
Redeemable non-convertible debentures - Secured and unlisted	329.03
Total (A)	**1,016.54**

23 Debt securities unsecured (at amortised cost)

Particulars	As at 31 March 2020
Liability component of compound financial instruments*	87.99
Redeemable non-convertible debentures - Unsecured and listed	49.77
Redeemable non-convertible debentures - Unsecured and unlisted	199.51
Total (B)	**337.27**
Total debt securities (A+B)	**1,353.81**
Debt securities in India	1,353.81
Debt securities outside India	-
Total	**1,353.81**

24 Borrowings (other than debt securities) (at amortised cost)

Particulars	As at 31 March 2020
Secured	
Term loan from Banks - Secured	2,640.22
Term loan from Financial Institutions -Secured	1,201.04
Liability against securitised assets	-
Lease liabilities	2.53
Total	**3,843.79**
Borrowings in India	3,843.79
Borrowings outside India	-
Total	**3,843.79**

25 Subordinated liabilities (at amortised cost)

Particulars	As at 31 March 2020
Preference shares other than those that qualify as equity #	-
Non-convertible debentures	198.35
Term loans from Banks/Financial Institutions	199.36
Total	**397.71**
Subordinated debts in India	397.71
Subordinated debts outside India	-
Total	**397.71**

*During the year ended 31 March 2020, the Company allotted 11,400, Unsecured, Unrated, Unlisted, Irredeemable, Compulsory Convertible Debentures ("CCD") of face value of ₹ 100,000 each fully paid-up for cash.

Each debenture is convertible into equivalent number of equity shares of the Company of ₹ 10 each at the option of allottee within a time frame not exceeding 12 months from the date of allotment or subject to redemption by the Company at the end of such time frame and on such terms and conditions, as may be deemed appropriate by the Board of Directors.

The Company has measured this as compound financial instruments and accordingly, an equity and liability component has been recognised.

25.1 Terms of debentures (secured) (at amortised cost)

Terms of debentures	Number of debentures As at 31 March 2020	Face value in ₹	Amount in millions 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 2020. Redeemable on maturity if option not exercised or communication for roll-over received from lender	250.00	1,000,000	250.00
12.90% Secured, Rated, Unlisted, Redeemable, Non-Convertible Debentures dated 01 August 2017	330.00	1,000,000	330.00
13.80% Secured, Rated, Senior, Listed, Redeemable, Taxable, Transferable, Non-Convertible Debentures dated 22 November 2016	-	100,000	-
14.50% Rated, Senior, Unsecured, Unlisted, Redeemable, Transferable, Principal Protected Market linked Non-Convertible Debentures dated 10 May 2018	2,000.00	100,000	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	220.00	1,000,000	220.00
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	220.00	1,000,000	220.00
14.50% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	50.00	1,000,000	50.00
17.00% Subordinated, Rated, Listed, Unsecured, Redeemable, Transferable, Non-Convertible Debentures dated 11 February 2016	50.00	1,000,000	50.00
14.50% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 29 December 2016	150,000,000	1	150.00
11.00% Unsecured, Unrated, Unlisted, Irredeemable, Convertible Debentures dated 10 February 2020*	11,400.00	100,000	1,140.00

* The equity component of the compulsorily convertible debentures is included in Note 30 amounting to ₹ 10,368.76 lakhs and the liability component is included in Note 23 amounting to ₹ 879.94 lakhs.

25.2 Terms of repayment of long term borrowings outstanding#

Maturity pattern of debt securities

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2020
			Amount
Monthly repayment schedule	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	NA	-
	above 15%	NA	-
Quarterly repayment schedule	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	NA	-
	above 15%	NA	-
Half yearly repayment schedule	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	NA	-
	above 15%	NA	-
Yearly repayment schedule	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	NA	-
	above 15%	NA	-
At the end of tenure / On demand	8%-10%	NA	-
	10%-12%	Upto 2 years	87.99
	12%-15%	2 to 4 years	530.00
	12%-15%	4 to 6 years	690.00
	above 15%	More than 6 years	50.00
Total		-	**1,357.99**

Maturity pattern of borrowings (other than debt securities) - [Term loan from Bank]

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2020
			Amount
Monthly repayment schedule	8%-10%	2 to 4 years	0.22
	10%-12%	2 to 4 years	1,209.17
	12%-15%	2 to 4 years	1,019.29
	above 15%	NA	-
Quarterly repayment schedule	8%-10%	NA	-
	10%-12%	2 to 4 years	44.44
	10%-12%	4 to 6 years	-
	12%-15%	2 to 4 years	-
	12%-15%	4 to 6 years	-
	above 15%	NA	-
Half yearly repayment schedule	8%-10%	NA	-
	10%-12%	4 to 6 years	382.50
	12%-15%	NA	-
	above 15%	NA	-
Yearly repayment schedule	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	NA	-
	above 15%	NA	-
At the end of tenure / On demand	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	NA	-
	above 15%	NA	-
Total		-	**2,655.62**

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25.2 Terms of repayment of long term borrowings outstanding# (cont'd)

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

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2020
			Amount
Monthly repayment schedule	8%-10%	NA	-
	10%-12%	2 to 4 years	450.00
	12%-15%	Upto 2 years	50.00
	12%-15%	2 to 4 years	312.05
	12%-15%	4 to 6 years	-
	above 15%	Upto 2 years	26.25
	above 15%	2 to 4 years	70.56
Quarterly repayment schedule	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	2 to 4 years	295.85
	above 15%	2 to 4 years	-
	above 15%	4 to 6 years	-
Half yearly repayment schedule	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	NA	-
	above 15%	NA	-
Yearly repayment schedule	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	NA	-
	above 15%	NA	-
At the end of tenure / On demand	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	NA	-
	above 15%	NA	-
Total		-	**1,204.71**

Maturity pattern of subordinated liabilities

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2020
			Amount
Monthly repayment schedule	8%-10%	NA	-
	10%-12%	Upto 2 years	-
	12%-15%	NA	-
	above 15%	NA	-
Quarterly repayment schedule	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	NA	-
	above 15%	NA	-
Half yearly repayment schedule	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	NA	-
	above 15%	NA	-
Yearly repayment schedule	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	NA	-
	above 15%	NA	-
At the end of tenure / On demand	8%-10%	NA	-
	10%-12%	NA	-
	12%-15%	More than 6 years	150.00
	above 15%	4 to 6 years	50.00
	above 15%	More than 6 years	200.00
Total		-	**400.00**

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.

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25.3 Reconciliation of liabilities arising from financing activities

Particulars	As at 01 April 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	
Debt securities	1,474.30	1,390.00	(471.48)	-	-	(4.17)	2.05	(1,036.88)	1,353.82
Borrowings (other than debt securities)	2,853.60	3,550.00	(2,564.63)	(2.02)	1.65	5.18	-	-	3,843.78
Subordinated liabilities	547.48	-	(150.00)	-	-	0.23	-	-	397.71
Total liabilities from financial activities	**4,875.38**	**4,940.00**	**(3,186.11)**	**(2.02)**	**1.65**	**1.24**	**2.05**	**(1,036.88)**	**5,595.31**

26 Other financial liabilities

Particulars	**As at 31 March 2020**
Interest accrued on borrowings	119.89
Insurance payables	13.77
Payable to employees	3.00
Payables towards assignment transactions	63.55
Total	**200.21**

27 Provisions

Particulars	**As at 31 March 2020**
For employee benefits	
Gratuity	24.83
Compensated absences	22.96
Incentives	28.39
Statutory bonus	17.21
Others	
Other losses	1.26
Total	**94.65**

28 Other non-financial liabilities

Particulars	**As at 31 March 2020**
Statutory dues payable	19.04
Deferred income	3.89
Others	-
Total	**22.93**

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29 Equity share capital

Particulars	As at 31 March 2020
EQUITY SHARE CAPITAL	
Authorised:	
75,000,000 equity shares of ₹ 10 each	750.00
Total authorised capital	**750.00**
Issued, subscribed and fully paid up share capital	
Equity shares	
75,000,000 equity shares of ₹ 10 each fully paid-up	750.00
Total equity share capital	**750.00**

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	Number of shares	Amount
As at 31 March 2019	**24,534,518**	**245.35**
Issued during the year	50,465,482	504.65
As at 31 March 2020	**75,000,000**	**750.00**

During the year ended 31 March 2020, the authorised share capital of the Company was increased vide approval of equity shareholders from ₹ 2,500 lakhs divided into 25,000,000 equity shares of ₹ 10 each to ₹ 7,500 lakhs divided into 75,000,000 equity shares of ₹ 10 each.

During the year ended 31 March 2020, the Company allotted 50,465,482 equity shares of ₹ 10 each at an issue price of ₹ 29.10 per share including premium of ₹ 19.10 per share on rights issue basis to its holding company, Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited).

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having face value of ₹ 10 per share. Each equity shareholder is eligible for one vote per share held. Any dividend, if proposed by the Board of Directors, is subject to the approval of shareholders. Dividend declared and paid would be in Indian rupees. Dividends are subject to corporate dividend tax. In the event of liquidation of the Company, the holders of equity share 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.

c. Aggregate number of shares issued for consideration other than cash during the last five years

The Company has not issued shares for consideration other than cash during the last five years.

d. Details of shareholders holding more than 5% equity shares in the Company (Equity shares of ₹ 10/- each)

Details of shareholding	As at 31 March 2020	
Name of the shareholder	**Number of shares**	**% holding in the class**
Navi Finserv Limited (formerly known as Navi Finserv Private Limited) and its nominees	75,000,000	100.00%
Total	**75,000,000**	

e. Shares held by promoters as at 31 March 2020

Promoter name	No of shares	% of Total Shares	% Change during the period
Navi Finserv Limited (formerly known as Navi Finserv Private Limited) and its nominees	75,000,000	100.00%	-

f. In respect of securities convertible into equity shares issued along with their earliest date of conversion and other related terms and conditions disclosed in note 25.

g. The information required to be disclosed that enables user of its financial statements to evaluate the its objectives, policies and process for managing capital is disclosed in note 48.

30 Other equity

Particulars	As at 31 March 2020
Statutory reserve (Pursuant to Section 45-IC of the RBI Act, 1934)	
Opening balance	25.92
Add: Transfer from retained earnings	9.09
Closing balance	**35.01**
Securities premium account	
Opening balance	348.84
Add : Securities premium credited on share issue	963.89
Less: Premium utilised	-
Closing balance	**1,312.73**
Equity component of compound financial instruments	**1,036.88**
Contribution to employee stock option scheme	
Opening balance	4.06
Add: Employee stock option compensation for the year	3.33
Less: Premium on exercise of stock options	-
Closing balance	**7.39**
Other comprehensive income	
Opening balance	2.07
Add: Transfer from retained earnings	(6.98)
Deferred tax on the above	1.76
Closing balance	**(3.15)**
Retained earnings	
Opening balance	(11.46)
Add : Net profit/(net loss) for the current year	45.46
Add / Less: Appropriations	
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(9.09)
Other comprehensive income	6.98
Deferred tax on the above	(1.76)
Ind AS adjustment	-
Total appropriations	**(3.87)**
Retained earnings	**30.13**
Total Other equity	**2,418.99**

Nature and purpose of reserves
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 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.

Contribution to employee stock option scheme: The reserve is used to recognise the fair value of the options issued to employees of the Company by its Holding Company under the Holding Company's employee stock option plan.

Equity component of compound financial instruments: Compulsorily Convertible Debentures issued by the Company have been classified as compound financial instruments and recognised at amortised cost. The difference between transaction value and amortised cost has been recognised as a separate component in other equity.

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

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.

31 Interest income (On financial assets measured at amortised cost)

Particulars	For the year ended 31 March 2020
Interest income on loans	1,577.63
Interest income - others	17.47
Total	**1,595.10**

32 Fee and commission income

Particulars	For the year ended 31 March 2020
Service fee on securitised/assigned loans	32.87
Income from business correspondent operations	63.86
Other commission	8.57
Total	**105.30**

33 Net gain on fair value changes

Particulars	For the year ended 31 March 2020
(A) Net gain on financial instruments at fair value through profit or loss	
- Investments	
Gain on sale of mutual funds	18.69
Gain on fair valuation of investment in mutual funds	0.20
Total	**18.89**
Fair value changes:	
- Realised	18.69
- Unrealised	0.20
Total	**18.89**

34 Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended 31 March 2020
Gain on sale of loan portfolio through assignment	32.45
Total	**32.45**

35 Other operating income

Particulars	For the year ended 31 March 2020
Bad debt recovery	2.09
Total	**2.09**

36 Other income

Particulars	For the year ended 31 March 2020
Profit on sale of property, plant and equipment	-
Miscellaneous income	0.03
Total	**0.03**

37 Finance costs (On financial liabilities measured at amortised cost)

Particulars	For the year ended 31 March 2020
Interest on debt securities	
- Debentures	249.52
- Compulsory convertible debenture	2.05
Interest on borrowings (other than debt securities)	412.37
Interest on preference shares	16.79
Interest on inter corporate loans	4.39
Interest on income tax	1.09
Bank charges	12.47
Assignment expense	16.37
Interest on lease liability	0.21
Total	**715.26**

38 Impairment of financial assets (On financial assets measured at amortised cost)

Particulars	For the year ended 31 March 2020
Portfolio loans written off	91.41
Other receivables written off	2.20
Impairment allowance/(reversal) on portfolio loans	100.01
Impairment loss allowance on other receivable	10.22
Total	**203.84**

39 Employee benefits expenses

Particulars	For the year ended 31 March 2020
Salaries, other allowance and bonus	475.72
Contribution to provident and other funds	27.55
Share based payment to employees	3.33
Compensated absences	6.89
Gratuity expenses	7.68
Staff welfare expenses	14.87
Total	**536.04**

40 Depreciation, amortisation and impairment

Particulars	For the year ended 31 March 2020
Depreciation of tangible assets	12.78
Amortisation of intangible assets	0.74
Depreciation of Right of Use assets	1.86
Total	**15.38**

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(All amounts in ₹ millions unless otherwise stated)

41 Other expenses

Particulars	For the year ended 31 March 2020
Rent	22.89
Electricity charges	3.49
Rates and taxes	17.94
Repairs and maintenance	11.64
Communication costs	11.49
Printing and stationery	12.65
Meeting and training expenses	10.26
Membership fee and subscription	1.71
Directors' sitting fees	1.36
Auditor fees and expenses*	2.31
Legal and professional charges	23.48
Travelling and conveyance	80.39
Other administrative expenses	9.98
Advertisement and publicity	2.04
Insurance	0.29
Corporate Social Responsibility expense#	0.06
Total	**211.98**

***Auditor fees and expenses comprises of:**

As Auditor:	
- Audit fees	1.95
- Tax audit fees	0.20
- Out of pocket expenses	0.11
In any other manner:	
- Certification	0.05

#Corporate social responsibility expenses

Particulars	For the year ended 31 March 2020
Gross amount required to be spent by the Company during the year	0.06
Amount spent during the year	
i) Construction / acquisition of any asset	-
ii) On purposes other than (i) above	0.06

Note 42: Tax expense

The components of income tax expense for the year ended 31 March 2020 is:

Particulars	For the year ended 31 March 2020
Current tax	55.82
Deferred tax relating to origination and reversal of temporary differences	(35.17)
Tax expense reported in the Statement of Profit and Loss	**20.65**

Reconciliation of the total tax charge:

The major components of tax expense and its reconciliation to expected tax expense based on the enacted tax rate applicable to the Company is 25.17% and the reported tax expense in statement of profit and loss are as follows:

Particulars	For the year ended 31 March 2020
Accounting profit before tax	**71.36**
Income tax rate	25.17%
Expected tax expense	17.96
Tax effect of adjustments to reconcile expected income tax expense to reported income tax	
Tax impact of expenses which is non deductible	5.47
Tax impact on items exempt under income tax	-
Impact of change in tax rates	5.02
Others	(7.79)
Income tax expense reported in the statement of profit and loss	**20.65**

43 Earnings per share

Particulars	For the year ended 31 March 2020
Net profit for the year for basic EPS	**50.71**
Dilutive impact of compulsorily convertible debentures	1.53
Net profit for the year for diluted EPS	**52.24**
Nominal value of equity share (in rupees)	10.00
Weighted-average number of equity shares for basis earnings per share	**45.77**
Effect of dilution:	
Compulsory convertible debentures	3.97
Share options	-
Weighted-average number of equity shares used to compute diluted earnings per share	**49.74**
Basic earnings per equity share (in rupees)	1.11
Diluted earnings per equity share (in rupees)	1.05

44 Retirement benefit plan

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. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 249.09 lakhs for the year ended 31 March 2020 for Provident Fund contributions and ₹ 18.44 lakhs for the year ended 31 March 2020 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.

Employee benefit obligations

Balance recognised in the balance sheet is as under:

Particulars	As at 31 March 2020
Gratuity	24.83
Compensated absences	22.96

Expense recognised in Statement of profit and loss is as under:

Particulars	For the year ended 31 March 2020
Gratuity	7.68
Compensated absences	6.89

Expense recognised through OCI is as under:

Particulars	For the year ended 31 March 2020
Gratuity	1.99
Compensated absences	4.99

44 Retirement benefit plan (cont'd)

Disclosure for gratuity

Particulars	For the year ended 31 March 2020
Components of net gratuity cost charged to Statement of profit and loss	
Current service cost	6.71
Interest expense	0.97
Total(A)	**7.68**
Components of remeasurement gains/losses in other comprehensive income	
Actuarial changes arising from changes in demographic assumptions	(8.19)
Actuarial changes arising from changes in financial assumptions	11.46
Experience adjustments	(1.28)
Total(B)	**1.99**
Total(A+B)	**9.67**

Changes in the present value of the defined benefit obligation are as follows:	For the year ended 31 March 2020
Present value of defined benefit obligation at the beginning of the year	15.81
Current service cost	6.71
Interest cost	0.97
Past service cost	-
Benefits paid	(0.66)
Actuarial (gain)/ loss	1.99
Defined benefit obligation at the end of the year	**24.82**
Changes in Fair value of Plan assets*	
Fair value of plan assets at the beginning of the year	-
Interest income	-
Employer direct benefits payments	0.66
Benefits Paid	(0.66)
Return on plan assets excluding interest income	-
Fair value of plan assets end of the year	**-**

* 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.

Principal assumptions used in determining gratuity liability are shown below:	As at 31 March 2020
Expected return on plan assets	**-**
Rate of discounting	6.29%
Expected rate of salary increase	7.00%
Rate of employee turnover	23.00%
Retirement age (years)	60

44 Retirement benefit plan (cont'd)

Disclosure for gratuity (cont'd)

Sensitivity analysis for gratuity liability	**As at 31 March 2020**
Impact on defined benefit obligation	
Discount rate +100 basis points	(17.70)
Discount rate -100 basis points	20.54
Salary growth+ 100 basis points	17.26
Salary growth- 100 basis points	(15.12)
Attrition rate + 100 basis points	(4.03)
Attrition rate - 100 basis points	4.28
Expected future payouts (discounted)	**As at 31 March 2020**
Year I	20.92
Year II	16.24
Year III	12.62
Year IV	9.94
Year V	7.55
Year 6-10	21.83
Above 10 years	159.18

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 DBO depend upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. 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 benefits will cost more than expected. This can be due to one of the following reasons
a)Adverse Salary Growth
b)Variability in mortality rates
c)Variability in withdrawal rates

4. Market risk
Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & 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.

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Annexure V-Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Financial Information
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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 2020		
	Within 12 months	**After 12 months**	**Total**
Assets			
Financial assets			
Cash and cash equivalents	58.44	-	58.44
Bank balance other than cash and cash equivalents	73.77	66.82	140.59
Investments	491.28	-	491.28
Trade receivables	-	-	-
Loans *	6,224.19	2,064.87	8,289.06
Other financial assets	31.74	0.06	31.80
	-	-	
Non-financial assets	-	-	
Current tax assets (net)	-	-	-
Deferred tax assets (net)	-	89.57	89.57
Property, plant and equipment		28.35	28.35
Right of use asset	0.10	2.13	2.23
Other intangible assets	-	0.78	0.78
Other non-financial assets	9.33	2.61	11.94
Total assets	**6,888.85**	**2,255.19**	**9,144.04**
Liabilities			
Financial liabilities			
Trade payables	45.11	-	45.11
Other payables	4.33	-	4.33
Borrowings	3,225.35	2,369.96	5,595.31
Other financial liabilities	200.21	-	200.21
	-	-	
Non-financial liabilities	-	-	
Current tax liabilities (net)	5.00	-	5.00
Provisions	53.23	41.43	94.66
Other non-financial liabilities	30.43	0.00	30.43
Total liabilities	**3,563.66**	**2,411.39**	**5,975.05**
Net	**3,325.19**	**(156.20)**	**3,168.99**

*Amounts disclosed as per the behavoural pattern after incorporating anticipated moratorium to customers on account of COVID-19 pandemic as per the RBI guidelines.

46 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

	Particulars	As at 31 March 2020
a.	In respect of Income tax demands where the Company has filed an appeal with relevant authority	13.07
	Total	**13.07**

Future cash outflows in respect of (a) 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 2020
a.	Estimated amount of contracts remaining to be executed on capital account, net of advances	Nil
b.	For purchase / development of computer software	Nil

(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

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 SLM basis on the right of use asset created on the transition date.

Carrying value of lease liability at the end of the reporting period by class.

Particulars	As at 31 March 2020
Opening lease liabilities	2.90
Addition to lease liabilities during the year	1.43
Interest expense on Lease liabilities	0.21
Cash outflow for leases	(2.02)
Closing lease liabilities	**2.52**

Carrying value of right of use assets at the end of the reporting period by class.

Particulars	Amount
Balance as at 01 April 2018	-
Addition during the year	2.93
Less: Depreciation charge for the year	-
Balance as on 1 April 2018	**2.93**

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46 **Contingent liabilities, commitments and leasing arrangements (cont'd)**

(C) Lease disclosures (cont'd)

Particulars	As at 31 March 2020
Opening value of right of use assets	2.66
Addition to lease assets during the year	1.43
Less: Depreciation charge for the year	(1.86)
Closing lease liabilities	**2.23**

Amounts recognised in Statement of profit or loss

Particulars	For the year ended 31 March 2020
Depreciation charge on right of use assets	1.86
Interest on lease liabilities	0.21
Total	**2.07**

Amounts recognised in the Statement of cash flows

Particulars	For the year ended 31 March 2020
Interest paid on lease liabilities	0.21
Payment towards lease liabilities	(2.02)
Total	**(1.81)**

Maturity analysis of lease liabilities

Particulars	As at 31 March 2020
Within one year	0.10
After one year but not more than five years	2.42
More than five years	-
Total	**2.52**

Particulars	As at 31 March 2020
Nature of right of use asset	Office premises
No. of right of use assets leased	14
Range of remaining term	1 month to 38 months
Average remaining lease term	13.67 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
Sale and leaseback transactions	None

46 Contingent liabilities, commitments and leasing arrangements (cont'd)

(D) Revenue from contracts with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to statement of profit and loss account:

Particulars	For the year ended 31 March 2020
Type of service	
Income from business correspondent operations	63.86
Total	**63.86**
Geographical markets	
India	63.86
Outside India	-
Total	**63.86**
Timing of revenue recognition	
Services transferred at a point in time	-
Services transferred over time	63.86
Total	**63.87**

Contract balances

Particulars	As at 31 March 2020
Other receivables	-
Trade payable	45.11
Total (payable)/receivable	**(45.11)**

Other receivables are non-interest bearing and are generally on terms of 30 to 90 days. During the year ended 31 March 2020 an amount of Nil (31 March 2019: Nil) was recognised as provision for expected credit losses on other receivable as the balance constitute balances from the Holding Company.

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	For the year ended 31 March 2020
Revenue as per contract	63.86
Adjustments	-
Revenue from contract with customers	**63.86**

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 Company.

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47 Related party disclosures

A. List of related parties and disclosures

1. Enterprises exercising control
Holding Company : Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

2. Enterprises over which key management personnel and relatives of such personnel exercise significant influence with whom transactions have been undertaken:
Chaitanya Employee Welfare trust

3. Key managerial personnel and their relatives:

Name of key managerial personnel	Designation
Mr. Sachin Bansal	Managing Director and CEO (appointed w.e.f. 06 March 2020)
Mr. Ankit Agarwal	Director and Deputy CEO (appointed w.e.f. 06 March 2020)
Mr. Samit S Shetty	Managing Director (resigned w.e.f. 06 March 2020) Nominee Director (appointed w.e.f. 06 March 2020)
Mr. Anand Rao	Joint Managing Director (re-appointed w.e.f. 06 March 2020)
Mr. Srinivasan C V	Chief Financial Officer
Ms. Dimple J Shah	Company Secretary
Name of Directors	**Designation**
Mr. K S Ravi	Independent Director
Mr. R Nandakumar	Independent Director
Ms. Pratima Ram	Independent Director (appointed w.e.f. 06 November 2019 and resigned w.e.f. 30 November 2019)
Ms. Riya Bhattacharya	Nominee Director (appointed w.e.f. 06 March 2020)
Mr. Ramesh Sundaresan	Nominee Director (resigned w.e.f. 19 October 2019)
Ms. Lisa Thomas	Nominee Director (resigned w.e.f. 19 October 2019)

B. Details of transactions with related parties carried out in the ordinary course of business:

Name of related party	Nature of transaction	For the year ended 31 March 2020
Mr. Samit S Shetty	Remuneration and incentives	6.26
	Provident fund and others	0.02
Mr. Anand Rao	Remuneration and incentives	6.26
	Provident fund and others	0.02
Mr. K S Ravi	Sitting fees	0.68
Mr. R Nandakumar	Sitting fees	0.68
Mr. Srinivasan C V	Remuneration and incentives	4.31
	Provident fund and others	0.02
Ms. Dimple J Shah	Remuneration and incentives	1.32
	Provident fund and others	0.02
Mr. Sachin Bansal	Issue of non convertible debentures	250.00
	Redemption of non convertible debentures	(250.00)
	Interest on non convertible debentures	18.99
Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited)	Face value of equity shares allotted	504.65
	Securities premium received	963.89
	Sale of loan portfolio	-
	Service fee (excluding GST)	63.86
	Issue of compulsorily convertible debentures	1,140.00
	Interest on compulsorily convertible debentures	(17.18)

47 Related party disclosures (cont'd)

C. Outstanding balances with related parties in ordinary course of business:

Name of related party	**Nature of balance**	**As at 31 March 2020**
Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited)	Outstanding (payable)/receivable (net)	(45.11)
Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited)	Outstanding (payable)/receivable (net) - financial activity	7.92

48 Capital

The Company 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 Company.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company 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 Company 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.

Regulatory capital	**As at 31 March 2020**
Tier 1 capital	2,031.30
Tier 2 capital	1,344.87
Total capital funds	**3,376.17**
Risk weighted assets	**8,836.61**
Common Equity Tier 1 capital ratio	22.99%
Common Equity Tier 2 capital ratio	15.22%
Total capital ratio	**38.21%**

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings including the respective year's profit less accrued dividends. Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is Tier 2 Capital, which includes subordinated debt.

The Company is meeting the capital adequacy requirements of the Reserve Bank of India (RBI) of India.

49 Fair value measurement

49.1 Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category are as follows:

Particulars	Note	As at 31 March 2020
Financial assets measured at fair value		
Investments	Note - 14	491.28
Financial assets measured at amortised cost		
Cash and cash equivalents	Note - 10	58.44
Bank balance other than cash and cash equivalents	Note - 11	140.59
Trade receivables	Note - 12	-
Loans	Note - 13	8,289.06
Other financial assets	Note - 15	31.80
Total		**9,011.17**

Particulars	Note	As at 31 March 2020
Financial liabilities measured at amortised cost		
Trade payables	Note - 21	45.11
Other payables	Note - 22	11.86
Debt securities	Note - 23	1,353.81
Borrowings (other than debt securities)	Note - 24	3,843.79
Subordinated liabilities	Note - 25	397.71
Other financial liabilities	Note - 26	200.21
Total		**5,852.49**

49.2 Fair value hierarchy of assets and liabilities

Financial assets and financial liabilities are measured at fair value in the financial statements and are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, 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).

49 Fair value measurement (cont'd)

49.3 Financial assets and liabilities measured at fair value - recurring fair value measurements

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 March 2020	Level-1	Level-2	Level-3	Total
Assets				
Investments	491.28	-	-	**491.28**

Valuation technique used to determine fair value

The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

49.4 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 2020	
	Carrying value	**Fair value**
Financial assets:		
Cash and cash equivalents	58.44	58.44
Bank balance other than cash and cash equivalents	140.59	140.59
Trade receivables	-	-
Loans	8,289.06	8,289.06
Other financial assets	31.80	31.80
Total financial assets	**8,519.89**	**8,519.89**
Financial liabilities:		
Trade payables	45.11	45.11
Other payables	11.86	11.86
Debt securities	1,353.81	1,353.81
Borrowings (other than debt securities)	3,843.79	3,843.79
Subordinated liabilities	397.71	397.71
Other financial liabilities	200.21	200.21
Lease liabilities	-	-
Total financial liabilities	**5,852.49**	**5,852.49**

Valuation technique used for financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments:

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.

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, trade payables, other payables 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.

50 Risk management

Risk is an integral part of the Company's business and sound risk management is critical for the success. As a financial services entity, the Company is exposed to risks that are specific to its lending activities and the environment within which it operates and primarily includes credit, liquidity, market, and operational risks. The Board of Directors of the Company are responsible for the overall risk management approach and for approving the risk management strategies and principles.

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	Field credit assessment, 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	Borrowings, debt securities and subordinated liabilities carrying variable interest rates	Sensitivity analysis	Review of cost of funds and pricing of disbursement
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 organisation. 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.

50.1 Credit risk

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 main income generating activity is lending to retail customers and therefore credit risk is principal risk associated with the business. For a micro finance institution this assumes more significance since the lending that is carried out is primarily unsecured.

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

50.1.1 Risk identification

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

- Adverse selection of members for group formation e.g. (bogus members, defaulters, negative profiles, etc.)
- Adverse selection of groups 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, etc.)
- Undue Influence of Animator/Representative on group members (group leaders / 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.
- Group culture and meeting discipline (e.g. timely arrival to meetings, absence of members from meetings, attendance, presence of non-members, etc.)

50 Risk management (cont'd)

50.1.2 Risk assessment and measurement

The Company has a robust risk assessment framework to address each of the identified risks. The following is the framework implemented in order to ensure completeness and robustness of the risk assessment.

- Selection of client base for group formation - Adequate due diligence is carried out for selection of women borrowers who are then brought together for JLG formation. (e.g. members with homogeneous income, only one member from a family, upper cap on annual household income, etc.)
- Adequate training and knowledge of JLG operations
- Credit assessment - credit rating and credit bureau check
- Follow up and regular monitoring with the members
- Portfolio monitoring through a centralized Risk & Analytics team

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:

Nature	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 other financial assets	Life time expected credit loss
High credit risk	Loans	Life time expected credit loss

50.1.3 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.

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 group discipline, and borrowers are accordingly categorized in low risk (eligible for next loan cycle) and high risk (not eligible for next loan cycle). However, due to retail nature of clients, poor financial literacy and cash-oriented culture, and lack of adequate credit history prevents the Company from obtaining credit bureau scores at regular intervals.
Loans are tracked at a homogeneous pool basis by the Risk Team. Any deterioration in the performance of the pool are immediately pointed out to the Senior Management and detailed analysis are carried out to identify the trends in performance.

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 groups/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.

50.1.4 Risk mitigation

Risk mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.
The following risk mitigation measures have been suggested at each stage of loan life cycle:

- Loan origination - site screening, independent visit by manager, adequate training to officers.
- Loan underwriting - Risk rating, independent assessment, etc.
- Loan pre and post disbursement - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,
- Loan monitoring - customer relation executive to attend group meeting, reminder of payment of EMIs on time, etc.
- Loan collection and recovery - monitor repayments, confirmation of balances etc.
- Appropriate policy-driven loan origination and collection process.

(All amounts in ₹ lakhs unless otherwise stated)

50 Risk management (cont'd)

50.1.4 Risk mitigation (cont'd)

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 that they decide to take on. Continuous training and development emphasizes 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.

50.1.5 Impairment assessment

The Company is basically engaged in the business of providing loans and access to credit to the Joint Liability Group (JLG) members. The tenure of which is ranging from 12 months to 24 months.

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 7.1.iii. (Overview of the Expected Credit Loss)

Definition of default and cure

The Company considers a financial instrument as defaulted and therefore in Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount has been repaid. 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 - on time	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 > 89	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.
- In case of microfinance customers, if the customer or her spouse expires, the balance repayment has to come from the Life insurer (as per guidelines dictated by the RBI).
- 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 rate, 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.

(All amounts in ₹ lakhs unless otherwise stated)

50 Risk management (cont'd)

50.1.5 Impairment assessment (cont'd)

Measurement of ECL
Expected Credit Loss or ECL is measured in the following manner.
The Company calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.
ECL = PD*LGD*EAD
Each item is defined as follows: -
ECL - Expected Credit Loss
Present value of difference between contractual cash flows and actual cash flows expected to be received over a given time horizon
PD - Probability of Default
The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized 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.

Credit risk exposure

i) Expected credit losses for financial assets other than loans (refer note 13 for disclosure on credit risk exposure for loans)

As at 31 March 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	58.44	-	58.44
Bank balance other than cash and cash equivalents	140.59	-	140.59
Trade receivables	-	-	-
Investments	491.28	-	491.28
Other financial assets	40.76	8.96	31.80

50 Risk management (cont'd)

50.2 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 portfolio of 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 securitisation deals (direct assignment as well as pass through certificates) 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 fund available for immediate sale, less issued debt 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.

50.2.1. Analysis of financial assets and liabilities by remaining contractual maturities

The tables below analyses 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 undiscounted cash flows:

Maturity pattern of assets and liabilities as on 31 March 2020:

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	58.44	-	-	-	58.44
Bank balance other than cash and cash equivalents	73.77	66.82	-	-	140.59
Loans *	622.42	202.21	4.28	-	828.91
Investments	491.28	-	-	-	491.28
Other financial assets	31.74	0.03	0.02	-	31.79
Total undiscounted financial assets	**1,277.65**	**269.06**	**4.30**	**-**	**1,551.01**
Financial liabilities					
Trade payables	45.11	-	-	-	45.11
Other payables	4.33	-	-	-	4.33
Borrowings	3,225.35	221.37	15.62	-	3,462.34
Other financial liabilities	200.21	-	-	-	200.21
Total undiscounted financial liabilities	**3,475.00**	**221.37**	**15.62**	**-**	**3,711.99**
Net undiscounted financial assets/(liabilities)	**(2,197.35)**	**47.69**	**(11.32)**	**-**	**(2,160.98)**

*Amounts disclosed as per the behavioral pattern after incorporating anticipated moratorium to customers on account of COVID-19 pandemic as per the RBI guidelines.

50.3 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. Such changes in the values of financial instruments may result from changes in the interest rates and other market changes. The Company is exposed to the following market

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.
The Asset Liability Committee shall manage its rate sensitivity position to ensure the long run earning power of the Company. 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 Company is subject to interest rate risk, principally because lending to clients are at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. The Company assesses and manages the interest rate risk by managing the assets and liabilities. The Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

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.

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 Company 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 following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings is as follows:

Particulars	Effect on Statement of Profit and Loss for the year 2019-20
0.50% increase	26.18
0.50% decrease	(26.18)

Price risk
The Company's exposure to price risk arises from investments held and classified in the balance sheet at fair value through profit or loss. To manage the price risk arising from investments, the company diversifies its portfolio of assets.

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the year :

Particulars	Effect on Statement of Profit and Loss for the year 2019-20
Net asset value - 1% increase	4.91
Net asset value - 1% decrease	(4.91)

50 Risk management (cont'd)

50.3 Market risk (cont'd)

Prepayment risk

Prepayment risk is the risk that the Company 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.

50.4 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 Company 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.

51 First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2020, are the first financial statements which have been prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). The Company follows directions prescribed by the Reserve Bank of India ('RBI') for Non-Banking Finance Company ('NBFC').
Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2020, together with the comparative period data as at and for the year ended 31 March 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 01 April 2018, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 01 April 2018 and the financial statements as at and for the year ended 31 March 2019.

Exemptions applied:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS:

A) Optional exemptions

i) Deemed cost for property, plant and equipment and other intangible assets

Ind AS 101 permits a first time adopter to elect to continue the carrying value of all its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments to decommissioning liabilities. This exemption can also be used for intangible assets covered under Ind AS 38.

Accordingly, the Company has elected to measure all its property, plant and equipment and intangible assets at the carrying value under the previous GAAP.

ii) Revenue from contracts

Ind AS 115 establishes a comprehensive framework for accounting of Revenue from Contracts with customers

The Company has adopted Ind AS 115 retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, subject to the practical expedients available under the new revenue standard. The Company has opted for the following practical expedients available under the standard on initial application:
- The entity has not restated contracts that are completed contracts as on the date of initial application 01 April 2018.

B) Mandatory exceptions

Estimates

The estimates as at 01 April 2018 and as at 31 March 2019 are consistent with those made for the same dates in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under the previous GAAP.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at 01 April 2018, the date of transition to Ind AS and as of 31 March 2019.

51 First-time adoption of Ind AS (cont'd)

B) Mandatory exceptions (cont'd)

De-recognition of financial assets and liabilities

Ind AS 101 requires a first time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However Ind AS 101, allows a first time adopter to apply the de- recognition requirements in Ind AS 109 retrospectively from a date of entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS. Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Reconciliation of equity as at 01 April 2018 and 31 March 2019

	Particulars	Note Reference	Reconciliation of equity	
			As at 01 April 2018	**As at 31 March 2019**
	Total equity (shareholder's funds) as per previous GAAP		**491.25**	**792.21**
	Adjustment resulting in increase/(decrease) in equity			
a)	Adoption of Effective Interest Rate ("EIR") for amortisation of income - financial assets measured at amortised cost	1	(22.58)	(35.35)
b)	Adoption of EIR for amortisation of expenses - financial liabilities measured at amortised cost	1	23.66	16.74
c)	Impact on application of expected credit loss method for loan loss provisioning	2	8.38	4.92
d)	Interest income on non performing loans	3	8.38	8.20
e)	Impact of application of lease accounting under Ind AS 116	4	-	(0.24)
f)	Impact of on balance sheet recognition of securitised loan portfolio	5	0.53	(28.17)
g)	Net gain on derecognition of loans sold under assignment transactions	6	4.46	24.54
h)	Preference shares classified as liability under Ind AS	7	-	(150.00)
i)	Provision for employee benefits	9	(23.70)	(14.26)
j)	Others	9	(2.32)	(19.61)
k)	Deferred tax impact on above adjustments	10	1.24	15.80
	Total effect of transition to Ind AS		**(1.94)**	**(177.43)**
	Equity as per Ind AS		**489.31**	**614.77**

Reconciliation of profit for the year ended 31 March 2019

	Particulars	Note reference	Year ended 31 March 2019
a)	Net profit after tax as per previous GAAP		72.49
b)	Adoption of EIR for amortisation of income - financial assets measured at amortised cost	1	(12.78)
c)	Adoption of EIR for amortisation of expenses - financial liabilities measured at amortised cost	1	(6.92)
d)	Impact on application of expected credit loss method for loan loss provisioning	2	(3.46)
e)	Interest income on non performing loans	3	(0.18)
f)	Impact of application of lease accounting under Ind AS 116	4	(0.24)
g)	Impact of on balance sheet recognition of securitised loan portfolio	5	(28.71)
h)	Net gain on derecognition of loans sold under assignment transactions	6	20.08
i)	Adoption of fair valuation method for employee stock options	8	(2.74)
j)	Provision for employee benefits	9	(7.86)
k)	Others	9	(2.86)
l)	Deferred tax impact on Ind AS adjustments	10	15.35
	Net profit after tax as per Ind AS		**42.18**
m)	Other comprehensive income (net of tax)	11	2.07
	Total comprehensive income as per Ind AS		**44.25**

51 First-time adoption of Ind AS (cont'd)

Footnotes for reconciliation of equity as at 01 April 2018 and 31 March 2019 and profit for the year ended 31 March 2019

1. EIR and measurement of financial assets and liabilities at amortised cost
a. Under previous GAAP, processing fees charged to customers was recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method.
Also under previous GAAP, security deposits were initially recognized at transaction price. Subsequently, finance income was recognized based on contractual terms, if any. Under Ind AS, such financial assets are initially recognized at fair value and subsequently carried at amortised cost determined using the effective interest rate. Any difference between transaction price and fair value is amortised to statement of profit and loss based on the nature of such difference.
b. Under previous GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of financial liabilities and recognised as interest expense using the effective interest method.

2. Application of Expected Credit Loss ("ECL") model for loan loss provisioning
Under previous GAAP, the Company created impairment allowance on loan assets basis the provisioning norms prescribed by the Reserve Bank of India ('RBI'). Under Ind AS, impairment allowance has been determined based on expected credit loss ('ECL') model.

3. Interest income on NPA
Under previous GAAP, interest income on NPA was recognised on cash basis. However, under Ind AS interest income is recognised on credit impaired assets by applying the EIR on amortised cost of such assets net off ECL.

4. Lease accounting under IND AS 116
The Company has adopted Ind AS 116, Leases effective 1 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules 2019, using modified retrospective approach. The adoption of this standard did not have a material impact on the profit of the current year.

5. On balance sheet recognition of securitised loan portfolio
Under previous GAAP, the Company used to de-recognise the securitised loan assets and excess interest spread income was recognised on receipt basis. Under Ind AS 109, securitised loan assets does not meet de-recognition criteria and accordingly, the Company continue to recognise such loan assets and in addition recognises a liability for the amount received. Accordingly, securitised loan assets and related liability is measured at amortised cost using effective interest method.

6. Net gain on derecognition of loans sold under Direct assignment (DA) transactions
Under Ind AS, present value of excess interest spread receivables on derecognised assets has been computed by discounting net cash flows from such assigned pools with respective pool IRR. Under previous GAAP, such spread was being recognised as and when received in cash.

7. Reclassification of preference shares and compound financial instruments
Under previous GAAP, preference share capital was a part of share capital. Under Ind AS, the instrument is evaluated to determine whether it is a liability or contains both liability and equity component. If there is a contractual obligation to deliver cash then, such instrument is recognised as a financial liability under Ind AS. Where the instrument contains both the features (equity and liability), it is classified as compound financial instruments and accordingly, the transaction value of the instrument is allocated to equity and liability components. Further, the liability component is subsequently measured at amortised cost.

8. Adoption of fair valuation method for employee stock options
Under the previous GAAP, the cross charge of employee stock options at intrinsic value was not recognised and was accounted for in the books of the Holding Company itself over the vesting period. Under Ind AS, the compensation cost of employee stock option plan is recognised based on the fair value of the options determined using an appropriate pricing model at the date of grant. Accordingly, the fair value of the option on the date of grant has been adjusted in opening retained earnings and Statement of Profit and Loss for the respective periods presented.

9. Others
This represents adjustments made by the Company for certain employee benefit expenses and other items in appropriate accounting periods.

10. Tax impact on adjustments
Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments and restatements with corresponding impact to deferred tax, wherever applicable.

11. Remeasurement of employee benefit obligations
Both under previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised in other comprehensive income instead of profit and loss.

51 First-time adoption of Ind AS (cont'd)

Effect of Ind AS adoption on the statement of cash flows for the year ended 31 March 2019

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash from/(used in) operating activities	203.31	(1,677.60)	(1,474.29)
Net cash from/(used in) investing activities	(4.07)	-	(4.07)
Net cash from/(used in) financing activities	228.47	1,677.60	1,906.07
Net increase/(decrease) in cash and cash equivalents	**427.72**	**-**	**427.72**
Cash and cash equivalents at the beginning of the year	**211.82**		**211.82**
Cash and cash equivalents at the end of the year	**639.54**		**639.54**

Note: The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

52 Segment reporting

The Company is primarily engaged in the business of financing which is considered to be the only reportable business segment as per Ind AS 108, Operating Segments. The Company operates primarily in India and there is no other geographical segment.

53 Transferred financial assets that are not derecognised in their entirety

In the course of its micro finance activity, the Company makes transfers of financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty.

The Company has securitized its loan assets to an unrelated and unconsolidated entities. As per the terms of the agreements, the Company is exposed to first loss default guarantee amounting in the range of 5% to 15% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying mortgage receivables. Hence, these loan assets are not derecognised and proceeds received are presented as borrowings.

The following table provides a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities

Particulars	As at 31 March 2020
Securitisations	
Gross carrying amount of securitised assets	-
Gross carrying amount of associated liabilities	-
Carrying value and fair value of securitised assets	-
Carrying value and fair value of associated liabilities	-
Net position	**-**

54 Details of CSR expenses

	Particulars	Year ended 31 March 2020
a)	**Gross amount required to be spent by the Company during the year**	0.06
b)	**Amount spent during the year**	
	i) Construction / acquisition of any asset	-
	ii) On purposes other than (i) above	0.06
	Paid in cash	0.06
	Yet to be paid in cash	-
	Total	**0.06**

55 Credit rating

Instruments	Credit rating agency	As on 31 March 2020
Bank facilities	ICRA	BBB Positive
Bank facilities	CRISIL	A (-) Stable
Bank facilities	Acuite	BBB Stable
Bank facilities	BWR	BBB(+) Stable
Non-Convertible, Redeemable, Cumulative preference shares	BWR	NA
Non Convertible debentures	ICRA	BBB Positive
Sub-Ordinated debt	ICRA	BBB Positive
Commercial papers	ICRA	A2+

56 Trade Payables aging schedule

As at 31 March 2020

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	-	-	-	-	-
Others	56.98	-	-	-	56.98

57 The company has filed quarterly statements of current assets with banks and financial institutions are in agreement with the books of accounts

58 The company has filed all the registration of charges with ROC within the statutory period

Chaitanya India Fin Credit Private Limited
Annexure V- Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Financial Information
(All amounts in ₹ millions unless otherwise stated)

Additional disclosures required by the Reserve Bank of India (RBI)
(Disclosures are made as per Ind AS financial statements except otherwise stated)

59 Capital adequacy ratio

	Particulars	As at 31 March 2020
i)	**CRAR (%)**	**38.21%**
ii)	CRAR - Tier I Capital (%)	22.99%
iii)	CRAR - Tier II Capital (%)	15.22%
iv)	Amount of subordinated debt raised as Tier-II capital*	220.00
v)	Amount raised by issue of perpetual debt instruments	-

*** Note:**
Discounted value of ₹ 2,200 lakhs (31 March 2019: ₹ 3,000 lakhs) considered for Tier II capital against the book value of ₹ 4,000 lakhs (31 March 2019: ₹ 4,000 lakhs).

60 Investments

	Particulars	As at 31 March 2020
(1)	**Value of investments**	
(i)	Gross value of investments	491.28
	(a) In India	491.28
	(b) Outside India	-
(ii)	Impairment provisions on investments	-
	(a) In India	-
	(b) Outside India	-
(iii)	Net value of investments	491.28
	(a) In India	491.28
	(b) Outside India	-
(2)	**Movement of impairment provisions on investments**	
(i)	Opening balance	-
(ii)	Add : Provisions made during the year	-
(iii)	Less : Write-off/write-back of excess provisions during the year	-
(iv)	Closing balance	-

61 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006
Details of financial assets sold to securitisation

	Particulars	As at 31 March 2020
i)	No. of accounts	-
ii)	Aggregate value (net of provisions) of accounts sold	-
iii)	Aggregate consideration	-
iv)	Additional consideration (net of expenses) realized in respect of account transferred in earlier years	-
v)	Aggregate gain/loss over net book value	-

62 Disclosures relating to securitisation
62.1 The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

Sr. No.	Particulars	As at 31 March 2020
1	No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	-
2	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	-
3	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)	-
	Others (MRR)	-

62 Disclosures relating to securitisation (cont'd)

62.1 The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below (cont'd):

Sr. No.	Particulars		As at 31 March 2020
4	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	-

Note: The disclosure on securitised portfolio has been given as per the requirement of the RBI circular, however the same has been not been derecognised under Ind AS and has been classified under loans as on 31 March 2019.

62.2 Details of assignment transactions undertaken by the Company

Particulars		As at 31 March 2020
i)	No. of accounts	79,453
ii)	Aggregate value (net of provisions) of accounts sold	1,199.83
iii)	Aggregate consideration (net of expenses)	1,199.83
iv)	Additional consideration realized in respect of accounts transferred in earlier years	-
v)	Aggregate gain/loss over net book value	-

62.3 Details of non-performing financial assets purchased/sold

The Company has not purchased/sold non-performing assets for the year ended 31 March 2020 .

62.4 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 2020 and 31 March 2019.

(All amounts in ₹ millions unless otherwise stated)

63 Asset liability management maturity pattern of certain items of assets and liabilities as at 31 March 2020

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 month	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
Borrowings	36.94	36.94	73.89	183.09	177.69	832.02	1,884.80	2,213.74	156.22	-	5,595.31
Loans *	0.08	0.08	0.15	0.30	400.19	2,346.26	3,477.14	2,022.10	42.78	-	8,289.08
Investments	491.28	-	-	-	-	-	-	-	-	-	491.28

Note:

(i) Above mentioned portfolio (own) does not include undrawn facilities, since there are no sanctioned disbursement schedule.

(ii)*Amounts disclosed as per the behavioral pattern after incorporating anticipated moratorium to customers on account of COVID-19 pandemic as per RBI guidelines.

64 Exposure to real estate sector

Particulars	As at 31 March 2020
A. Direct exposure	
i) Residential mortgages	7.70
(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
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -	
a) Residential	Nil
b) Commercial real estate	Nil

65 Exposure to capital market

The Company does not have any exposure to capital market as at 31 March 2020.

66 Details of financing of parent company products

The Company has not financed parent company products during the year ended 31 March 2020.

67 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Company

The Company does not have single or group borrower lending exceeding the limits during the year ended 31 March 2020.

68 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 ₹ 84,885.85 lakhs disclosed in Note 13 are without any collateral or security.

69 Registration obtained from other financial sector regulators:-

The Company is registered with the 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)

70 Related party transactions

Please refer to note no 47 for related party transactions and related disclosures.

71 Provisions and contingencies

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	8,400.73	165.68	8,235.05	89.79	75.89
	Stage 2	26.62	5.51	21.11	1.60	3.91
Subtotal		**8,427.35**	**171.19**	**8,256.16**	**91.39**	**79.80**
Non-Performing assets (NPA)						
Substandard*	Stage 3	69.19	36.27	32.92	0.69	35.58
Subtotal for NPA		**69.19**	**36.27**	**32.92**	**0.69**	**35.58**

71 **Provisions and contingencies (cont'd)**

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
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	Stage 1	8,400.73	165.68	8,235.05	89.79	75.89
	Stage 2	26.62	5.51	21.11	1.60	3.91
	Stage 3	69.19	36.27	32.92	0.69	35.58
	Total	**8,496.54**	**207.46**	**8,289.08**	**92.08**	**115.38**

71.1 Provisions and contingencies

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	**For the year ended 31 March 2020**
Provision towards NPA#	(37.24)
Provision for standard assets ##	137.24
Provision made towards income tax	55.82
Other Provision and contingencies (with details)	
i) Provision for gratuity*	9.67
ii) Provision for compensated absences*	11.89
iii) Provision for incentive	56.36
iv) Provision for statutory bonus	14.96
v) Provision for fraud	9.89
vi) Provision for other receivables	0.34

Provision for stage 3 assets

Provision for standard assets is included in provision towards impairment of financial instruments in Note 13 other than provision for stage 3 assets.

* Includes actuarial gain/(loss) classified under other comprehensive income.

72 Draw down from reserves

There has been no draw down from reserve during the year ended 31 March 2020.

73 Concentration of deposits, advances, exposures and NPAs

73.1 Concentration of advances

Particulars	**As at 31 March 2020**
Total advances to twenty largest borrowers	2.50
Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.03%

73.2 Concentration of exposures

Particulars	**As at 31 March 2020**
Total exposure to twenty largest borrowers/customers	2.24
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC borrowers/customers	0.03%

73.3 Concentration of NPAs

Particulars	**As at 31 March 2020**
Total exposure to top four NPA accounts**	0.70

** 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.

Chaitanya India Fin Credit Private Limited
Annexure V- Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Financial Information
(All amounts in ₹ millions unless otherwise stated)

73.4 Sector wise NPAs#

Sr. No.	Sector	As at 31 March 2020 Percentage of NPAs to total advances in that sector
1	Agriculture and allied activities	0.60%
2	MSME	-
3	Corporate borrowers	-
4	Services	0.59%
5	Unsecured personal loans	14.04%
6	Auto loans	-
7	Others	36.02%

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.

74 Movement of NPAs #

Particulars			For the year ended 31 March 2020
(i)	**Net NPAs to net advances (%)**		0.40%
(ii)	**Movement of NPAs (Gross)**		
	(a)	Opening balance	118.77
	(b)	Additions during the year	72.56
	(c)	Reductions during the year	(122.13)
	(d)	**Closing balance**	**69.20**
(iii)	**Movement of Net NPAs**		
	(a)	Opening balance	45.26
	(b)	Additions during the year	62.76
	(c)	Reductions during the year	(75.09)
	(d)	**Closing balance**	**32.93**
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
	(a)	Opening balance	73.52
	(b)	Provisions made during the year	9.79
	(c)	Write-off/write-back of excess provisions	(47.04)
	(d)	**Closing balance**	**36.27**

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. Unamortized processing fees and unamortized transaction costs are not included in the portfolio.

75 Information on Net Interest Margin ('NIM')

Particulars	For the year ended 31 March 2020
Average interest (a)	23.56%
Average effective cost of borrowing (b)	13.60%
Net interest margin (a-b)	9.96%

Note:
The Company has calculated above average lending rate and effective cost of borrowing as per pricing of credit guidelines prescribed in master direction issued by the Reserve Bank of India no. DNBR.PD. 008/03.10119/2016-17.

Chaitanya India Fin Credit Private Limited
Annexure V- Summary of significant accounting policies and other explanatory information to the Reformatted IND AS Financial Information
(All amounts in ₹ millions unless otherwise stated)

76 **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	Amount Outstanding	Amount Overdue
	Liabilities side:		
1	**Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid**		
	(a) Debentures		
	: Secured	1,016.54	-
	: Unsecured	337.27	-
	(other than falling within the meaning of Public deposits)		
	(b) Deferred credits	-	-
	(c) Term loans	3,841.25	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial paper	-	-
	(f) Public deposits	-	-
	(g) Other loans:		
	Other unsecured loans against assets of the Company	400.24	-
	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 :	Amount Outstanding
3	**Break-up of Loans and advances including bills receivables (other than those included in (4) below) :**	
	(a) Secured	7.95
	(b) Unsecured	8,488.58
4	**Break-up of Leased Assets and stock on hire and other assets counting towards** AFC activities	
	(I) Lease assets including lease rentals under sundry debtors :	-
	(a) Financial lease	-
	(b) Operating lease	-
	(II) Stock on hire including hire charges under sundry debtors :	-
	(a) Assets on hire	-
	(b) Repossessed assets	-
	(III) Other loans counting towards AFC activities	-
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-
5	**Break-up of Investments :**	
	Current Investments :	
	1. Quoted :	
	(I) Shares :	-
	(a) Equity	-
	(b) Preference	-
	(II) Debentures and bonds	-
	(III) Units of mutual funds	491.28
	(IV) Government securities	-
	(V) Others (please specify)	-

76 **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 Asset side:	Amount Outstanding
2. Unquoted :	
(I) Shares :	-
(a) Equity	-
(b) Preference	-
(II) Debentures and bonds	-
(III) Units of mutual funds	-
(IV) Government securities	-
(V) Others :	-
(a) Certificate of deposit	-
(b) Commercial paper	-
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 (please specify)	-
2. Unquoted :	
(I) Shares :	
(a) Equity	-
(b) Preference	-
(II) Debentures and bonds	-
(III) Units of mutual funds	-
(IV) Government securities	-
(V) Others (please specify)	-
Total	**-**

76.1 **Borrower group-wise classification of assets financed:**

Category	Particulars			Total
	Secured	Unsecured	Provision	
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	7.95	8,488.58	(207.46)	8,289.09
Total	**7.95**	**8,488.58**	**(207.46)**	**8,289.09**

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

Category	Market value/Breakup or fair value or NAV	Book value (Net of provision)
1. Related parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	491.28	491.28
Total	**491.28**	**491.28**

76.3 **Other information**

Category	Amount
(i) Gross Non-Performing assets	
(a) Related parties	-
(b) Other than related parties	69.20
(ii) Net Non-Performing assets	
(a) Related parties	-
(b) Other than related parties	32.93

77 Overseas assets (for those with joint ventures and subsidiaries abroad)

The Company does not have any joint venture or subsidiary abroad as on 31 March 2020.

78 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company has not sponsored any off-balance sheet SPVs as at 31 March 2020.

79 Customer complaints

Particulars	For the year ended 31 March 2020
Number of complaints pending at the beginning of the year	01
Number of complaints received during the year	58
Number of complaints redressed during the year	52
Number of complaints pending at the end of the year	07

80 Information on instances of fraud

Instances of fraud for the year ended 31 March 2020:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount written-off
Fraud committed by staff	9	18.83	9.28	-
Fraud committed by other than staff - Theft	6	0.40	0.15	-

81 Penalties

No penalties have been levied by any regulator on the Company during the year ended 31 March 2020.

As per our report of even date

For Walker Chandiok & Co. LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sd/-

Manish Gujral
Partner
Membership No. 105117

Mumbai
11 April 2022

For and on behalf of the Board of Directors of
Chaitanya India Fin Credit Private Limited

Sd/-

Sachin Bansal
Managing Director and
(DIN: 02356346)

Bengaluru
11 April 2022

Sd/-

Ankit Agarwal
Director and Deputy CEO
(DIN : 08299808)

Bengaluru
11 April 2022

Sd/-

Abhik Sarkar
Chief Financial Officer

Bengaluru
11 April 2022

Sd/-

Anup Kumar Gupta
Company Secretary
Membership No. ACS A36349

Bengaluru
11 April 2022

Statement of Dividend
(All amounts in ₹ millions unless otherwise stated)

Particulars	**For the year ended March 31, 2020**
Dividend paid on Equity Shares	-
Dividend distribution tax on dividend paid on equity shares	-

Note: The above dividend includes interim and final dividend

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-
Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 11 April 2022

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

Sd/-
Sachin Bansal
Managing Director and CEO
(DIN: 02356346)

Bengaluru
11 April 2022

Sd/-
Ankit Agarwal
Director and Deputy CEO
(DIN : 08299808)

Bengaluru
11 April 2022

Sd/-
Abhik Sarkar
Chief Financial Officer

Bengaluru
11 April 2022

Sd/-
Anup Kumar Gupta
Company Secretary

Bengaluru
11 April 2022

ANNEXURE B

INDIA RATINGS LETTER AND RATING RATIONALE

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IndiaRatings & Research
A Fitch Group Company

FitchGroup

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

April 12, 2022

Dear Sir/Madam,

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

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

Instrument	**Date of Issuance**	**Coupon Rate (%)**	**Maturity Date**	**Size of Issue (million)**	**Rating/Outlook**	**Rating Action**
Non-convertible debentures (NCDs)#	-	-	-	INR6,000	IND A/Stable	Assigned
Principal protected market linked debentures (PP-MLDs)$,***	-	-	-	INR3,000	IND PPMLDAemr/Stable	Affirmed
NCDs$,***	-	-	-	INR3,000	IND A/Stable	Affirmed
PP-MLDs $	-	-	-	INR2,000	IND PPMLDAemr/Stable	Affirmed
Commercial Paper (CPs)#	-	-	-	INR2,500	IND A1	Affirmed
PP-MLDs*,$	-	-	-	INR5,000	IND PPMLDAemr/Stable	Affirmed
NCDs*.$	-	-	-	INR5,000	IND A/Stable	Affirmed
PP-MLDs $	-	-	-	INR1,500	IND PPMLDAemr/Stable	Affirmed
PP-MLD**,$	-	-	-	INR1,250	IND PPMLDAemr/Stable	Affirmed
NCDs**,$	-	-	-	INR1,250	IND A/Stable	Affirmed

* The limits are for NCDs and are fungible with MLDs, and the amount to be taken into consideration is INR5,000 million.

** The limits are for NCDs and are fungible with MLDs, and the amount to be taken into consideration is INR1,250 million.

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

India Ratings & Research
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#Yet to be issued
$ Details in Annexure

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

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

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

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

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

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

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

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

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

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

Sincerely,

India Ratings

Prakash Agarwal
Prakash Agarwal
Director

K Gupta
Karan Gupta
Director

Annexure: Facilities Breakup

Instrument Type	ISIN	Date of Issuance	Coupon Rate(%)	Maturity Date	Size of Issue (million)	Rating/Outlook
NCDs	**INE342T07056**	**25-Aug-21**	**9.6**	**25-Aug-23**	**INR300**	**IND A/Stable**
NCDs	INE342T07080	30-Sep-21	9.15	30-Sep-23	INR800	IND A/Stable
PP-MLD	INE342T07064	21-Sep-21	8.75	21-Mar-23	INR650	IND PPMLD Aemr/Stable
NCDs	INE342T07106	05-Jan-22	9.18	05-Apr-23	INR1,000	IND A/Stable
NCDs	INE342T07114	18-Jan-22	9.5	31-Dec-24	INR350	IND A/Stable
PP-MLD	INE342T07122	28-Jan-22	9.25	31-Jul-24	INR500	IND PPMLD Aemr/Stable
NCDs	INE342T07130	10-Feb-22	9.15	10-May-23	INR1,400	IND A/Stable
Utilised					INR5,000	
Unutilised					0	
Total					INR5,000	

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
PP-MLD	**INE342T07015**	**26-Nov-20**	**10**	**26-May-22**	**INR750**	**IND PP-MLD Aemr/Stable**
PP-MLD	INE342T07023	17-Dec-20	10	16-Jun-22	INR469	IND PPMLD Aemr/Stable
Utilised					INR1,219	
Unutilised					INR31	
Total					INR1,250	

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
PP-MLD	**INE342T07031**	**17-Mar-21**	**9.25**	**17-Jun-22**	**INR1,500**	IND PPMLD Aemr/Stable
Utilised					INR1,500	

Unutilised					0	
Total					INR1,500	
Instrument Type	**ISIN**	**Date of Issuance**	**Coupon Rate(%)**	**Maturity Date**	**Size of Issue (million)**	**Rating/Outlook**
PP-MLD	**INE342T07098**	**24-Nov-21**	**8.6**	**24-May-23**	**INR2,000**	IND PPMLD Aemr/Stable
Utilised					INR2,000	
Unutilised					0	
Total					INR2,000	
Instrument Type	**ISIN**	**Date of Issuance**	**Coupon Rate(%)**	**Maturity Date**	**Size of Issue (million)**	**Rating/Outlook**
PP-MLD	**INE342T07148**	**23-Feb-22**	**8.6**	**23-Feb-24**	**INR 1,000**	IND PPMLD Aemr/Stable
PP-MLD	INE342T07155	15-Mar-22	8.6	15-Mar-24	INR 1,500	IND PPMLD Aemr/Stable
PP-MLD	INE342T07163	31-Mar-22	9.9	31-May-25	INR 300	IND PPMLD Aemr/Stable
Utilised					INR2,800	
Unutilised					INR200	
Total					INR3,000	

IndiaRatings & Research
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India Ratings Assigns Navi Finserv's Additional NCDs 'IND A'/Stable; Affirms Existing Ratings

Apr 12, 2022 | Financial Services

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

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NCDs$,***	-	-	-	INR3,000	IND A/Stable	Affirmed
PP-MLDs $	-	-	-	INR2,000	IND PP-MLD Aemr/Stable	Affirmed
Commercial Paper (CPs)#	-	-	-	INR2,500	IND A1	Affirmed

PP-MLDs*,$	-	-	-	INR5,000	IND PP-MLD Aemr/Stable	Affirmed
NCDs*,$	-	-	-	INR5,000	IND A/Stable	Affirmed
PP-MLDs $	-	-	-	INR1,500	IND PP-MLD Aemr/Stable	Affirmed
PP-MLD**,$	-	-	-	INR1,250	IND PP-MLD Aemr/Stable	Affirmed
NCDs**,$	-	-	-	INR1,250	IND A/Stable	Affirmed

* The limits are for NCDs and are fungible with MLDs, and the amount to be taken into consideration is INR5,000 million.

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

#Yet to be issued

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The suffix 'emr' denotes the exclusion of the embedded market risk from the rating. The rating of MLDs is an ordinal assessment of the underlying credit risk of the instrument and does not factor in the market risk that investors in such instruments will assume. This market risk stems from the fact that coupon payment on these instruments will be based on the performance of a reference index (to be detailed in the information memorandum of the issue).

Analytical Approach: Ind-Ra continues to take a consolidated view of NFL (100%- by Navi Technologies Limited; NTL; formerly known as Navi Technologies Private Limited), Chaitanya India Fin Credit Private Limited (CIFCPL; 'IND A'/Stable) (https://www.indiaratings.co.in/PressRelease?pressReleaseID=55677); 100%) and NTL, collectively known as the Navi group, to arrive at the ratings. This is because the Navi group's operating entities are considered vehicles to deliver different forms of financial services to the target segment, and the ultimate parent, NTL, provides technological backbone and support to the subsidiaries.

The ratings reflect NFL's and Navi group's large capital base available for deployment, comfortable and modest leverage in the near to medium term, and comfortable liquidity available.

Key Rating Drivers

Large Capital Base; Deployment Likely Across Various Segments: NFL, which is also a holding company of the Navi Group's non-banking financial company – microfinance institution (NBFC-MFI; CIFCPL), is a lending subsidiary of NTL. NTL was set up to invest in and provide technological platforms to the financial companies of the group. The company was set up by the founder and ex-promoter of Flipkart, Sachin Bansal, who infused INR40 billion into various financial ventures of the group in FY20. Apart from the lending business, the group also owns a general insurance company (Navi General Insurance), which was acquired from Dewan Housing Finance Limited in FY20. In addition, the group has broking and investment advisory licences, and has also acquired the asset management business (Navi AMC Limited) from Essel Finance AMC.

NTL has about INR40 billion of equity that is available for the financial services. The company had infused INR11.5 billion in NFL as of December 2021, INR4.87 billion in the insurance vertical and INR1.5 billion in the asset management company. CIFCPL and NFL house the lending vertical of the group and are important for the planning and execution of the group's lending strategy, which aims at becoming a full-fledged financial services conglomerate. The group is also planning an initial public offering in FY23 that would support its growth plans. Furthermore, CIFCPL has applied for banking license on behalf of the group.

Eminent Board and Advisors: With the company expanding its operations, it has set up an experienced board with Anand Sinha (former deputy governor of the Reserve Bank of India) as the independent director at NTL. It has also enlisted the services of the veteran banker, Paresh Suthankar, as advisor to the board for lending, banking and other businesses. With Samit Shetty no longer the chief executive office of the company, NFL has appointed Riya Bhattacharya as the new chief executive officer who has experience in investing and building companies. Moreover, the company has appointed a new Chief Financial Officer Divyesh Jain who has 11 years of experience in the finance domain. NFL also has a lending head and two product heads, individually looking at housing loan and digital loan segments. While the management team has experience in the areas of microfinance, banking, retail lending and technology, Ind-Ra expects the team to be expanded and strengthened as the lending operations and product suite expand over the medium term.

Reserve Equity to Support Business Requirements: Of the INR40 billion corpus, NTL had infused INR18 billion, with 64% of it mainly infused in the lending businesses, as of December 2021, with the balance being available for equity infusion, further expansion in related verticals, and contingent support to group companies, as and when required. This surplus has mostly been lent to NFL through interest-free debentures, and subsequently invested largely in capital markets. The track record of the promoters provides the group with substantial experience in fund raising.

Liquidity Indicator – Adequate: Until INR40 billion is fully deployed as equity, the undeployed proportion is available for liquidity support; the excess has mostly been deployed in treasury investments in NFL and can be mobilised quickly for liquidity support. As on 31 December 2021, 1.8% of the total NFL borrowings of INR25.1 billion has been borrowed from the parent. The company has raised only modest debt from banks or capital markets. For the operational levels that NFL aims to reach until FY22, this is substantial; over the next two-to-three years, most of this would be deployed in equity towards existing and new businesses in financial services. Over the medium term, the group plans to maintain liquidity buffers that are higher than those of its peers even if all the equity is fully deployed. The overall leverage of the lending businesses has been capped at 3.5x over the medium term and is likely to aid the liquidity position of the group. On a standalone basis, adjusting for the investments funded by borrowings from the group, the cumulative surplus of up to one year bucket (excess of short-term assets over liabilities) for NFL was about 36.4% at end-December 2021 and the cumulative surplus of up to one year bucket was about 17.6% for CIFCPL.

High Disbursement to Outstanding Ratio: NFL offers digital personal loans up to a ticket size of INR2 million; in the agency's opinion, this is the easiest product to build through purely digital means. NFL also introduced home loans (up to INR50 million) in December 2020. In 3QFY22, NFL disbursed INR12 billion and CIFCPL INR8.4 billion, resulting in disbursements/outstanding assets under management (AUM) of 98% for NFL and 77.3% for CIFCPL at 9MFYE22. NFL has almost reached a monthly run rate of INR5 billion disbursements, which would increase even further in the near term. While still being under the leverage target, the unseasoned portfolio could throw up material credit cost. However, the company has made important developments in analytics and processing algorithms that resulted in lower early delinquencies in the second and third quarter disbursement cohorts compared to FY21. However, FY21 was also affected by COVID-19. As a consequence, steady-state delinquencies or credit costs could settle at a higher level than current. The AUM growth trajectory of the consolidated entity could necessitate equity infusion in the individual entities in the near term and would be a key monitorable.

Scale could Bring in Operating Efficiency: The consolidated AUM for the lending business stood at about INR36.5 billion at end-December 2021. NFL houses the digital personal loan (INR14.3 billion) and housing loan (INR1.7 billion) portfolios, while the microfinance portfolio (INR20.4 billion) is housed under its subsidiary, CIFCPL. The company had witnessed strong momentum in its microfinance portfolio in FY21 and had been gradually building the digital personal loan portfolio, but the business momentum was hit in 1QFY22 by the disruptions caused by the second wave of COVID-19. With the Indian economy slowly recovering from the impact of the second wave, the company started reporting growth again in 2QFY22 which accelerated in 3QFY22, with NFL disbursing loans worth INR12 billion compared to INR5.4 billion disbursed in 1HFY22. The second wave of the pandemic had exerted pressure on the asset quality, with the consolidated gross non-performing assets ratio rising to 7.0% in June 2021 (FY21: 4%); however, a combination of strong growth in AUM in 3QFY22 and write-offs amounting to INR 0.75 billion undertaken by the company in 9MFY22 led to the consolidated gross non-performing assets further improving to 2.5% in December 2021 from 4.5% in September 2021.

On a standalone basis, NFL reported loss of INR626 million in 9MFY22 (FY21: INR1,181 million), impacted by increased operating cost mainly pertaining to advertisement cost. As per the agency's assessment, the consolidated lending business is likely to have reported a loss of INR344 million in 9MFY22. Ind-Ra opines that the lending business, with its organic plans, would take more than three years to reach a scale that could deliver a return on equity of over 15% for the group on the INR40 billion infused by Sachin Banal even without any major economic disruptions. Operational efficiencies will show up gradually in tandem with the building up of scale, as the company is in the investment phase.

Leverage Increasing: The company is ramping up its lending businesses, including the micro-finance business through CIFCPL. While the agency expects the consolidated adjusted leverage (total external lending vertical debt /infused equity of INR11.5 billion) of the lending vertical to increase over the medium term (December 2021: 2.3x; June 2021: 1.1x), the company intends to cap it at 3.5x. The consolidated leverage including internal debt at end-December 2021 stood at 3.45x and would have further increased at end-March 2022. Simultaneously, the company plans to maintain strong liquidity buffers to face any liquidity crunch that may arise, factoring in the uncertain environment. However, the leverage at the microfinance subsidiary increased to 4.1x in December 2021 from 3.1x in FY21. Given micro finance institutions typically disburse 40% of the annual disbursements in the fourth quarter, its leverage excluding infusion from the parent could be the highest for the standalone/group-owned micro finance institutions in Ind-Ra universe in 'IND A' category.

NTL infused INR11.5 billion equity in NFL over FY20-FY21, including INR1 billion in March 2021, and also provided an additional interest-free investment through NCDs to be managed for the group through NFL's treasury operations; the outstanding amount through these NCDs as at end-December 2021 was INR13 billion. The group plans to use this across financial services businesses for growth. The group's leveraged business will mainly be the lending business that will be housed under NFL.

Rating Sensitivities

Positive: A significant increase in the scale of the group's financial services business; the widening of its product portfolio and sufficient seasoning, while keeping the capital levels materially higher than peers, on a sustained basis, could lead to a positive rating action.

Negative: An inability to scale up as planned, consistently weak operating parameters, the lending business leverage exceeding 3.5x, consistent losses in the lending business or the asset quality deteriorating by over 10% on a consolidated basis, could lead to a negative rating action.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on NFL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here (https://www.indiaratings.co.in/PressRelease?pressReleaseID=56916). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here (https://www.indiaratings.co.in/PressRelease?pressReleaseID=57016).

Company Profile

NFL, a wholly-owned subsidiary of the Navi group (main holding company is NTL), holds 100% stake in CIFCPL, which has been in operations since 2009. The consolidated AUM of the lending vertical stood at INR36.5 billion at end-December 2021. NTL plans to foray into financial services business targeted at the middle class using technology as its core competency and developing innovative products.

STANDALONE FINANCIAL SUMMARY

Particulars	FY21	FY20
Total assets (INR million)	33,210	36,780
Total equity (INR million)	11,526	9,448
Net profit (INR million)	975	97
Return on average assets (%)	2.8	0.5
Equity/assets (%)	35.0	25.7
Capital adequacy ratio (%)	38.0	20.8
Source: Company Data, Ind-Ra analysis		

CONSOLIDATED FINANCIAL SUMMARY

Particulars	FY21	FY20
Total assets (INR million)	47,373	45,833
Total equity (INR million)	11,526	9,448
Net profit (INR million)	1181	148
Source: Company Data, Ind-Ra analysis		

Contact

Primary Analyst
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Senior Analyst
India Ratings and Research Pvt Ltd
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Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

Rating History

Instrument Type	Current Rating/Outlook					
	Rating Type	Rated Limits (million)	Rating/Outlook	17 February 2022	24 December 2021	
PP-MLDs	Long-term	INR12,750	IND PP-MLD Aemr/Stable	IND PP-MLD Aemr/Stable	IND PP-MLD Aemr/Stable	
NCDs	Long-term	INR15,250	IND A/Stable	IND A/Stable	IND A/Stable	
CPs	Short-term	INR2,500	IND A1	IND A1	IND A1	

Annexure

Instrument Type	ISIN	Date of Issuance	Coupon Rate(%)	Maturity Date	Size of Issue (million)	Rating/Outlo
NCDs	INE342T07056	25 August 2021	9.60	25 August 2023	INR300	IND A/Stabl
NCDs	INE342T07080	30 September 2021	9.15	30 September 2023	INR800	IND A/Stabl
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NCDs	INE342T07114	18 January 2022	9.50	31 December 2024	INR350	IND A/Stabl
PP-MLD	INE342T07122	28 January 2022	9.25	31 July 2024	INR500	IND PP-MLD Aem
NCDs	INE342T07130	10 February 2022	9.15	10 May 2023	INR1,400	IND A/Stabl
Utilised					INR5,000	
Unutilised					0	
Total					INR5,000	

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlool
PP-MLD	INE342T07015	26 November 2020	10.00	26 May 2022	INR750	IND PP-MLD Aemr
PP-MLD	INE342T07023	17 December 2020	10.00	16 June2022	INR469	IND PP-MLD Aemr/
Utilised					INR1,219	
Unutilised					INR31	
Total					INR1,250	

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	
PP-MLD	INE342T07031	17 March 2021	9.25	17 June 2022	INR1,500	IN
Utilised					INR1,500	
Unutilised					0	
Total					INR1,500	

Instrument Type	ISIN	Date of Issuance	Coupon Rate(%)	Maturity Date	Size of Issue (million)	
PP-MLD	INE342T07098	24 November 2021	8.60	24 May 2023	INR2,000	IN
Utilised					INR2,000	
Unutilised					0	

Total	INR2,000

Instrument Type	ISIN	Date of Issuance	Coupon Rate(%)	Maturity Date	Size of Issue (million)
PP-MLD	INE342T07148	23 February 2022	8.60	23 February 2024	INR 1,000
PP-MLD	INE342T07155	15 March 2022	8.60	15 March 2024	INR 1,500
PP-MLD	INE342T07163	31 March 2022	9.90	31 May 2025	INR 300
Utilised					INR2,800
Unutilised					INR200
Total					INR3,000

Complexity Level of Instruments

Instrument Description	Complexity Indicator
NCDs	Low
PP-MLDs	High
CPs	Low

For details on the complexity level of the instruments please visit https://www.indiaratings.co.in/complexity-indicators.

ANNEXURE C

CONSENT OF THE DEBENTURE TRUSTEE

[*This page has been intentionally left blank*]

Date: 11 April 2022

To,

The Board of Directors
Navi Finserv Limited
Ground Floor, Salarpuria Business Center
No. 93, Koramangala Industrial Layout
Bengaluru 560 095
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. 300,00,00,000 with an option to retain over subscription upto Rs. 300,00,00,000 (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 prospectus ("**Draft Prospectus**") which the Company intends to file with the BSE Limited, the ("**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!
Catalyst Trusteeship Limited

Logo:

Name:	Catalyst Trusteeship Limited
Address:	'GDA House', Plot No. 85, Bhusari Colony (Right), Kothrud, Pune – 411038, Maharashtra
Tel:	022 4922 0555
Fax:	022 4922 0505
E-mail:	ComplianceCTL-Mumbai@ctltrustee.com
Investor Grievance Email	grievance@ctltrustee.com
Website:	www.catalysttrustee.com
Contact Person:	Mr. Umesh Salvi
SEBI Registration No:	IND000000034
Compliance Officer:	Ms. Rakhi Kulkarni
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 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 managers to the Issue ("**LMs**") 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, LMs and the legal advisors appointed by the Company in respect of the Issue.

Yours faithfully,

For **Catalyst Trusteeship Limited**

NLakhani

Authorised Signatory
Name: Neerali Lakhani
Designation: Senior Manager

Cc:

Lead Managers

A. K. Capital Services Limited
603, 6th Floor, Windsor,
Off CST Road, Kalina,
Santacruz East,
Mumbai – 400 098

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

Annexure A

Date: 11 April 2022

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. 300,00,00,000 with an option to retain over subscription upto Rs. 300,00,00,000 (the "Issue")

1.	Name	Catalyst Trusteeship Limited
2.	Registration number:	IND000000034
3.	Date of registration / renewal of registration:	July 29, 2016
4.	Date of expiry of registration:	Permanent Registration
5.	If applied for renewal, date of application:	Not Applicable
6.	Any communication from SEBI prohibiting [name of certifying entity] from acting as [debenture trustee to the offer]:	NIL
7.	Any enquiry/investigation being conducted by SEBI:	NIL
8.	Period up to which registration/ renewal fees has been paid:	It has been paid till 29th April, 2022.
9.	Details of any penalty imposed	NIL

For Catalyst Trusteeship Limited

NLakhani

CATALYST TRUSTEESHIP LIMITED

Authorised Signatory
Name: Neerali Lakhani
Designation: Senior Manager

प्रपत्र ख
FORM-B

डिबेंचर न्यासी | DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA
(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000258

(विनियम 8)
(Regulation 8)

(Regulation 8A)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

PERMANENT REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए

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

CATALYST TRUSTEESHIP LIMITED
GDA HOUSE, PLOT NO. 85,
BHUSARI COLONY (RIGHT), PAUD ROAD
PUNE – 411 038
MAHARASHTRA

को नियमों में, शर्तों के अधीन रहते 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.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।
2) Registration Code for the debenture trustee is IND000000034

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।
3) Unless renewed, the certificate of registration is valid from to

3) This Certificate of Registration shall be valid for permanent, unless suspended or cancelled by the Board.

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

स्थान Place : MUMBAI
तारीख Date : JULY 29, 2016

MJ Sonparote
MEDHA SONPAROTE
प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

CATALYST TRUSTEESHIP LIMITED
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