

Price Waterhouse LLP

Chartered Accountants

Independent Auditor's Review Report on quarterly Unaudited Financial Results of the company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Navi Finserv Limited,

1. We have reviewed the accompanying unaudited financial results of Navi Finserv Limited (formerly known as 'Navi Finserv Private Limited') (the "Company") for the quarter ended June 30, 2023, which are included in the accompanying Statement of unaudited financial results for the quarter ended June 30, 2023 (the "Statement") being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), including relevant circulars issued by the SEBI from time to time. We have initialled the Statement for identification purposes only.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder, other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 52 of the Listing Regulations, 2015, including relevant circulars issued by SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in accordance with the recognition and measurement principles laid down in Ind As 34, prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder, other accounting principles generally accepted in India and is not in compliance with the presentation and disclosure requirements of Regulation 52 of the Listing Regulations, 2015, including relevant circulars issued by SEBI from time to time, or that it contains any material misstatement, or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of Income recognition, asset classification, provisioning and other related matters, to the extent those are not inconsistent with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013.



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5. The financial results of the Company for the quarter ended June 30, 2022 was reviewed by another firm of chartered accountants who issued their unmodified conclusion, vide their report dated August 10, 2022 respectively.

For Price Waterhouse LLP

Chartered Accountants

Firm Registration Number: 301112E / E300264



A.J. Shaikh

Partner

Membership Number: 203637

UDIN: 23203637BGXPBG9973

Place: Bengaluru

Date: August 11, 2023



Navi Finserv Limited
CIN: U65923KA2012PLC062537

Registered and Corporate Office : 2nd Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru, Karnataka 560102
Website : www.navi.com ; E-mail: investors@navi.com

Statement of unaudited financial results for the quarter ended 30 June 2023

(₹ . In Million)

Particulars	Quarter ended			Year ended
	30.06.2023	31.03.2023	30.06.2022	31.03.2023
	(Unaudited)	(Refer Note 10)	(Unaudited)	(Audited)
1 Income				
(a) Revenue from operations				
(i) Interest income	3,541.24	3,661.32	1,799.40	11,807.85
(ii) Fees and commission income	118.27	116.19	43.07	282.33
(iii) Net gain on fair value changes	294.27	66.91	-	222.97
(iv) Net gain on derecognition of financial instruments under amortised cost category	433.58	281.37	-	517.01
Total revenue from operations	4,387.36	4,125.79	1,842.47	12,830.16
(b) Other Income	15.64	566.87	355.20	940.30
Total Income	4,403.00	4,692.66	2,197.67	13,770.52
2 Expenses				
(a) Finance costs	1,472.23	1,407.94	646.49	4,266.47
(b) Fees and commission expenses	62.95	51.87	13.37	159.54
(c) Net loss on fair value changes	-	-	10.02	-
(d) Impairment on financial instruments	1,259.39	1,019.42	683.16	3,693.10
(e) Employee benefits expenses	316.27	243.22	189.49	845.02
(f) Depreciation and amortisation expense	68.70	29.63	19.19	81.04
(g) Other expenses	873.39	828.13	447.40	2,746.26
Total Expense	4,052.93	3,580.21	2,009.12	11,791.43
3 Profit before tax (1-2)	350.07	1,112.45	188.55	1,979.09
4 Tax expense				
Current tax	144.49	95.34	-	543.99
Deferred tax (credit)/charge	(56.50)	55.41	(40.55)	(264.07)
Tax relating to earlier years	-	(20.69)	-	(20.69)
Total tax expense	87.99	130.06	(40.55)	259.23
5 Profit after tax (3-4)	262.08	982.39	229.10	1,719.86
6 Other Comprehensive Income, net of tax				
(a) Items that will not be reclassified to profit or loss				
Remeasurement of the net defined benefit plans	(1.30)	(1.93)	(3.47)	(6.35)
Income tax relating to the above	0.33	0.49	0.87	1.60
(b) Items that will be reclassified to profit or loss				
Net change in fair value of loans measured at fair value through other comprehensive income	101.16	(18.87)	-	7.57
Income tax relating to the above	(25.46)	4.75	-	(1.90)
Total other comprehensive income net of tax	74.73	(15.56)	(2.60)	0.92
7 Total comprehensive income for the period (5+6)	336.81	966.83	226.50	1,720.78
8 Paid-up equity share capital (Face value of ₹ 10)				2,852.40
9 Other equity				19,846.24
10 Earnings per share (₹) (not annualised)				
Basic	0.92	3.44	1.14	6.74
Diluted	0.89	3.39	1.14	6.71



Notes:

- 1 These Standalone financial results have been prepared in accordance with the recognition and measurement principles laid down in Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Act read with relevant rules issued thereunder, the circulars, guidelines and directions issued by the Reserve Bank of India ("the RBI") from time to time ("RBI Guidelines") and other accounting principles generally accepted in India, and is in compliance with the presentation and disclosure requirements of the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended including relevant circulars issued by the SEBI from time to time.
- 2 There has been no change in the significant accounting policies during the quarter ended 30 June, 2023 as compared to those followed for the year ended 31 March, 2023.
The figures for the quarter ended 31 March, 2023 represents balancing figures between audited figures in respect of full financial year and the unaudited published year to date figures upto the third quarter of the previous financial year which were subjected to limited review by statutory auditors.
- 3 The Statement of financial results of Navi Finserv Limited (formerly as Navi Finserv Private Limited) ("the Company") have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 10 August, 2023 and 11 August, 2023 respectively.
- 4 These financial results have been subjected to limited review by the statutory auditors of the Company as required under Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").
- 5 The Company has carried impairment provision towards its loan assets to the extent of ₹ 4,711.02 million as at 30 June 2023.
- 6 Disclosure pursuant to RBI Notification RBI/DOR/2021-22/86 DDR STR.REC.51/21.04.048/2021-22 dated 24 September 2021
a) Details of loans (not in default) transferred through assignment during the quarter ended 30 June 2023.

Mode of Transfer	Direct Assignment
Aggregate amount of loans transferred (in millions)	5,514.98
Weighted average residual maturity (in years)	4.58
Weighted average holding period (in years)	0.54
Retention of beneficial economic interest	10%
Tangible security coverage	12%
- b) The Company has not acquired any loans not in default through assignment during the quarter ended 30 June 2023.
- 7 The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the Chief Operating Decision Maker as defined in Ind AS 108 - 'Operating Segments'. The Company is engaged primarily in the business of financing and as such no separate reportable segment is required to be furnished as per Ind AS 108 - "Operating Segment".
- 8 The listed Non - Convertible Debentures of the Company aggregating to ₹ 14,034.50 millions as on 30 June, 2023 are secured by way of an exclusive charge on identified standard assets of the Company.
- 9 Pursuant to the Regulation 54 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, the listed secured non-convertible debentures issued by the Company are fully secured by way of hypothecation over the book debt/ receivables, to the extent as stated in the respective information memorandum. Further, the Company has maintained security cover (100%) as stated in the respective information memorandum which is sufficient to discharge the principal and the interest amount at all times for the non-convertible debt securities issued by the Company.
- 10 The figures for the quarter ended 31 March, 2023 represents balancing figures between audited figures in respect of full financial year and the unaudited published year to date figures upto the third quarter of the previous financial year which were subjected to limited review by statutory auditors.
- 11 The Company has colending arrangements with the various lending partners. Under these arrangements, the company has disbursed ₹ 8,587.74 millions during the quarter under 20:80 disbursal ratio.
- 12 The Board of Directors of Navi Finserv Limited (the 'Company' or 'NFL') and Navi Technologies Limited ('NTL'), the holding company of NFL, has at its meeting held on 8 August, 2023 approved divestment of 75.00000032% and 24.99999968% of equity shares being held by the Company and NTL, respectively, in Chaitanya India Fin Credit Private Limited ('CIFCPL'), a material subsidiary of NFL, by way of sale of their shares in CIFCPL, to Svatantra Microfin Private Limited ('Purchaser'), a non-banking finance company-microfinance institution ("Proposed Transaction").
The Proposed Transaction is subject to receipt of the approval of Reserve Bank of India, shareholders of NFL and NTL and satisfaction of other conditions set forth in the share purchase agreement to be entered between the Company, NTL, CIFCPL, and the Purchaser.
- 13 During the year ended 31 March 2023, the Company had allotted 10,66,66,667 equity shares of face value 10 including premium of ₹ 65 per share, aggregating to ₹ 8000 million, to Navi Technologies Limited ("the holding Company) on right issue basis as per Section 62(1) of the Companies Act, 2013.
- 14 During the quarter ended 30 June 2022, the Company had sold the brand 'Chaitanya' to Navi Technologies Limited, the holding company, for ₹350 million. The carrying value of the brand in the books of the Company was Nil and accordingly, the resultant gain of ₹350 million has been disclosed under Other Income in these unaudited financial results.
- 15 During the quarter ended 31 March 2023, the company had sold 25% equity stake in Chaitanya India Fin Credit Private Limited (erstwhile-wholly owned subsidiary) to Navi Technologies Limited ("the holding Company) at gain of ₹ 561.73 milions.
- 16 During the quarter ended 31 March, 2023, the company had issued 15,000 Compulsorily Convertible Debentures to Navi Technologies Limited ("the holding Company) for aggregate amount of INR 1,500 milions.
- 17 Figures of the previous periods have been regrouped, wherever necessary, to make them comparable with the current period.

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



Ankit Agarwal
Managing Director
(DIN: 08299808)

Bangalore
Date : 11 August, 2023



Navi Finserv Limited*(formerly known as Navi Finserv Private Limited)***CIN No. U65923KA2012PLC062537**

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Disclosures under Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the quarter ended June 30, 2023

SI No.	Particulars	Ratio
1	Debt-Equity Ratio (Note 1)	2.41
2	Debt Service Coverage Ratio & Interest Service Coverage Ratio	Not Applicable
3	Outstanding redeemable preference share	Not Applicable
4	Capital Redemption Reserve (₹ in millions)	44.05
5	Debenture Redemption reserve	Not Applicable
6	Net Worth (Note 2) (₹ in millions)	22,188.06
7	Net profit after tax (₹ in millions)	262.08
8	Earning per share (₹ per share)	0.92
9	Current ratio	Not applicable
10	Long term debt to working Capital	Not applicable
11	Bad debt to account receivable ratio	Not applicable
12	Current Liability Ratio	Not applicable
13	Total Debts to Assets Ratio (Note 3)	0.65
14	Debtors Turnover	Not applicable
15	Inventory Turnover	Not applicable
16	Operating Margin %	Not applicable
17	Net profit Margin % (Note 4)	5.95%
18	Sector Specific Ratios	
	CRAR % (Tier I+Tier II)	27.87%
	Gross Stage 3 (%) (Note 5)	2.53%
	Net Stage 3 (%) (Note 6)	0.35%

Notes:-

- Debt-Equity Ratio = Total Debt [Debt securities + Borrowings (other than debt securities)+Subordinated liabilities] / (Equity + Other equity)
- Net Worth = Equity share capital + Other Equity - Prepaid Expense - Deferred Tax Asset
- Total Debt to Asset Ratio = Total Debt [Debt securities + Borrowings (other than debt securities)+Subordinated liabilities] / Total Assets
- Net profit Margin % = Net profit for the period/Total Income
- Gross Stage 3 (%) = Gross Stage 3 Loans / Gross Loans
- Net Stage 3 (%) = (Gross Stage 3 Loans - Impairment loss allowance for Stage 3)/(Gross Loans - Impairment loss allowance for Stage 3).

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


Ankit Agarwal
Managing Director
(DIN: 08299808)

Bengaluru
Date : 11 August, 2023

