

Issuer Overview

- Navi Finserv Ltd ('NFL') is a non-deposit taking, systemically important NBFC registered in Bengaluru. It was acquired by Navi Technologies Limited ('NTL') (Co-founded by **Mr. Sachin Bansal** - Former Chairman & Co-founder of 'Flipkart') in 2019.
- NFL offers lending products like personal loans and home loans under the "Navi" brand along with microfinance loans, under the "Chaitanya" brand through their Subsidiary, Chaitanya India Fin Credit Private Limited (CIFCPL).
- As on March 31, 2023, the Standalone AUM stood at ₹ 63,695.19 Mn.
- The company has strong capitalization with Net Worth of ₹ 22,698.64 Mn and Debt to Equity ratio of 2.54x as on 31st Mar 2023 on a standalone basis.
- Under Personal loan product it extends instant personal loans up to ₹ 2 Mn with tenors of up to 84 months.
- Under Home loan product it extends (a) home loans for ready to move-in, under construction & self-constructed properties & (b) Loan against property for constructed properties.

Issue Structure

Series	I*	II	III	IV	V
Frequency of Interest Payment	Monthly	Monthly	Annual	Monthly	Annual
Minimum Application	₹ 10,000 (10 NCDs) across all series				
In Multiples of thereafter (₹)	₹ 1,000 (1 NCD)				
Face Value/ Issue Price of NCDs (₹/ NCD)	₹ 1,000				
Tenor	18 Months	27 Months	27 Months	36 Months	36 Months
Coupon (% per annum) for NCD Holders in all Categories	9.75%	10.25%	10.75%	10.50%	11.02%
Effective Yield (% per annum) for NCD Holders in all Categories	10.18%	10.73%	10.78%	11.01%	11.01%
Mode of Interest Payment	Through various modes available				
Redemption Amount (₹ / NCD) on Maturity for NCD Holders in all Categories	₹ 1,000				
Maturity/Redemption Date (from the Deemed Date of Allotment)	18 Months	27 Months	27 Months	36 Months	36 Months
Put and Call Option	Not Applicable				
Nature of Indebtedness	Secured				

Issue Details

Public issue of Secured, rated, listed, redeemable, non-convertible debentures aggregating up to ₹ 2,500 million with an option to retain over-subscription of ₹ 2,500 million aggregating up to ₹ 5,000 million (limit)

Credit Rating: IND A/Stable & CRISIL A/Stable

Face value: ₹ 1,000/-

Price band: ₹ 1,000 per NCD

Bid Lot: 10 NCD and in multiples of 1 NCD thereafter

Lead Manager: JM Financial Limited.

Registrar: Link Intime India Private Limited

Debenture Trustee: Catalyst Trusteeship Limited

Credit Rating Agency: India Ratings & Research Private Limited & CRISIL Ratings Limited

Statutory Auditor: Price Waterhouse LLP

Activity	On or about
Issue Opens	10 th July 2023
Issue Closes	21 st July 2023

Listing: NSE & BSE

*Company shall allocate and allot Series I NCDs (Monthly option) wherein the Applicants have not indicated the choice of the relevant NCD Series

Key Covenants

Financial Covenants
<ol style="list-style-type: none"> 1. Minimum Standalone Net-Worth - ₹ 9,500 Mn 2. Net NPA - Less than 4% 3. Minimum CRAR 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

Above data obtained from page 220 of the Prospectus

Financials

Particulars	As of and for FY ended Mar'23	As of and for FY ended Mar'22	As of and for FY ended Mar'21
AUM (₹ mn)	63,695.19	27,914.41	5,293.49
Net-Worth (₹ mn)	22,698.64	11,852.62	11,526.00
Borrowings (₹ mn)	57,626.32	28,226.75	20,864.92
Cash & Cash Equiv. (₹ mn)	3,092.57	3,744.88	1,030.00
Interest Income (₹ mn)	11,807.85	3,141.85	1,947.24
Profit / (Loss) for the year (₹ mn)	1,719.86	(669.08)	975.42
Net NPA (%)	0.30%	0.04%	0.40%
Capital Adequacy (%)	28.37%	30.73%	38.04%

Above data obtained from pages 144 & 145 of the Prospectus

Competitive Strengths

Strong Leadership backed by experienced management team:

Sachin Bansal (Former chairman & co-founder of **Flipkart**) co-founded Navi Technologies Limited ('NTL') (holding company of NFL) with Ankit Agarwal. Sachin is the Executive Chairman & CEO while Ankit is the Managing Director of NFL. Sachin graduated from IIT Delhi and was named World 40 under 40 by Fortune magazine in 2012 & Times Magazine's 100 most influential people in the world in 2016. Ankit graduated from IIT Delhi & also holds an MBA from IIM Ahmedabad. He is a former banker & has held senior positions across Deutsche Bank & Bank of America. They have built strong leadership team with a deep level of expertise, particularly in financial services & technology industries.

Diverse Borrowing profile across fund raising mechanisms & lenders:

Since launch, NFL has developed a well-diversified funding profile by expanding its funding sources and lender base. NFL relies on long-term, medium-term and short-term borrowings from various sources including banks, financial institutions, HNIs, other NBFCs and capital markets. It had **32 term loan/ working capital lenders** as of Mar'23 as compared to 21 term loan lenders as of Mar'22. The borrowings on a standalone basis as on Mar'23 stood at ₹ 57,626.32 Mn (₹ 28,226.75 Mn as on Mar'22). It maintains adequate liquidity buffers to take care of loan disbursements and unforeseen market liquidity conditions.

Extensive reach:

Using technology systems developed by NTL, NFL has adopted direct to consumer approach to expand the reach throughout India. This allows it to capitalize on large pool of customers without incurring high costs associated with offline channels & intermediaries. NFL's AUM has increased from ₹ 5,293.49 Mn in Mar'21 to ₹ 63,695.19 Mn in Mar'23. From the date of launch it has disbursed personal loans across 96% of all pin codes in India & home loans across 10 cities in India.

Better customer engagement & experience through Navi App:

NFL operates a mobile-first, app only model for its loan products through the Navi App. This enables it to cater to digitally connected Indians, avoid intermediation & reach customers directly in Tier-I cities & offer an unassisted buying journey. It has one of the lowest turnaround times amongst lenders in India in the Personal Loans category (according to RedSeer Report). The Navi App has been designed with the aim of making the customer journey seamless, with simple and easy-to-understand products. The entire process from the loan application and disbursal to repayment is paperless and conducted digitally.

Healthy capitalization with Net-worth of ₹ 22,698.64 Mn & CRAR (Tier I + Tier II) of 28.37%:

NFL's capitalization has improved significantly on account of regular capital infusion by Mr. Sachin Bansal through NTL amounting to **₹ 19,422.65 Mn in the last 3 years**. Consequently, the Net-worth of NFL has improved to ₹ 22,698.64 Mn in Mar'23 (₹ 11,526 Mn in Mar'21). As on Mar'23 NFL had Capital adequacy ratio (Tier I + Tier II) of 28.37% & Debt to Equity ratio of 2.54x.

Improved asset quality with robust collection mechanism:

Asset quality for NFL has improved in the recent years overcoming the after effects of pandemic. Its Gross NPA & Net NPA as on Mar'23 stood at 1.70% & 0.30% respectively (4.46% & 0.40% respectively in Mar'21). NFL has a robust collections model to efficiently follow-up & recover dues that are outstanding. For FY ended Mar'23 the personal loans collection efficiency was 96.10%.

Improving Profitability:

NFL has shown improvement in profitability over the years. For the year ended Mar'23 its Interest Income stood at ₹ 11,807.85 Mn (₹ 1,947.24 Mn for the year ended Mar'21) and it reported PAT of ₹ 1,719.86 Mn (₹ 975.42 Mn for year ended Mar'21). The improvement was driven by decline in marketing costs in general, ability to charge a higher premium for loans from repeat customers & correction in credit costs.

For further details, refer to 'Our Competitive Strengths' on page 129 & Annexure B & C of Prospectus.

Disclaimer

The information contained herein are strictly confidential and are meant solely for the information of the recipient of this communication only and shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written permission of JM Financial Services Ltd. ("JMFS"). The contents of this document are for information purpose only. This document is not an investment advice and must not alone be taken as the basis for an investment decision. Before taking any decision to invest, the recipient of this document must read carefully the Prospectus issued by Navi Finserv Limited to know the details of issue and various risks and uncertainties associated with the investment in the NCD of the Company. All recipients of this document must make their own investigation and apply independent judgment based on their specific investment objectives and financial position and seek appropriate professional advice from their own independent legal and tax consultants, advisors, etc. as to the risks and suitability of such investment to the recipient's particular circumstances before making any investment. The Investor shall be solely responsible for any action taken based on this document. JMFS shall not be liable for any direct or indirect losses arising from the use of the information contained in this document and accepts no responsibility for statements made otherwise issued or any other source of information received by the investor and the investor would be doing so at his/her/its own risk. The information contained in this document should not be construed as forecast or promise or guarantee or assurance of any kind. The investors are not being offered any assurance or guaranteed or fixed returns on their investments. The users of this document must bear in mind that past performances if any, are not indicative of future results. The actual returns on investment may be materially different than the past performances. Investments in Securities market products and instruments including in the FPO of the Company are highly risky and they are generally not an appropriate avenue for someone with limited resources/ limited investment and low risk tolerance. Such Investments are subject to market risks including, without limitation, price, volatility and liquidity and capital risks. Therefore, the users of this document must carefully consider all the information given in the Prospectus including the risks factors given in section II, page 16 onwards before making any investment in the Equity Shares of the Company.

In rendering this information, JMFS assumed and relied upon, without independent verification, the accuracy and completeness of the details/data provided by the Company by way of Prospectus. JMFS does not warrant the accuracy, reasonableness and/or completeness of any information mentioned in this document. Also, JMFS takes no responsibility of updating any data/information in this document from time to time. JMFS, its affiliates/associates and any of its directors, officers, employees and any other persons associated with it shall not be liable for any loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this document in any manner whatsoever and also shall not be liable for updating the same.

This document is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JMFS and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this report may come, are required to take note of such restrictions and comply with the same.

Registration details:

JM Financial Services Ltd.

Stock Broker – Registration No. - INZ000195834

Corporate Identity Number: U67120MH1998PLC115415

Registered office Address: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai, Maharashtra Pin- 400025.

Tel: (91 22) 6630 3030 |Fax: (91 22) 6630 3223

Corporate office Address: 5th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai, Maharashtra Pin- 400025.

Tel: (91 22) 6704 3000/3024 3000 |Fax: (91 22) 6704 3139.