Navi Finserv Limited

December 11, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Commercial paper	1,700.00 (Enhanced from 1,000.00)	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the short-term debt of Navi Finserv Limited (NFL) continues to draw strength from its linkage with the Navi Group, reflected in demonstrated managerial, technology and financial support from its parent, Navi Limited (formerly known as Navi Technologies limited). The rating also factors the promoter's (Sachin Bansal) strong track record in building technology-led consumer businesses and NFL's fully digital, scalable lending platform, which supports rapid growth, low acquisition costs through the Navi app, and operating efficiencies including largely digital collections.

The rating further derives comfort from NFL's adequate capitalisation levels supported by sustained equity infusions from Navi Limited and the strong net worth position of the ultimate holding company (₹3,464 crore as on March 31, 2025). NFL's resource profile has also strengthened, aided by greater diversification across bank borrowings, market instruments, and off-balance sheet partnerships through co-lending and direct assignment. The lender base exceeds 70 institutions, and liquidity remains comfortable with an liquidity coverage ratio (LCR) of over ~200%.

The company has built meaningful scale with assets under management (AUM) of ~₹14,700 crore and cumulative disbursements of ~₹52,000 crore. Asset quality indicators have improved, with declining gross non-performing assets (GNPA) and net NPA (NNPA) levels, high Stage-III provision coverage, low bounce rates (~7%), and improving performance of recent static pool cohorts. Credit costs have moderated to 4.09% in FY25 and 2.28% in H1FY26. Operating efficiency has also been strengthening, aided by lower opex ratios and the company's increasing focus on higher credit-quality borrowers and a gradual rise in secured lending.

However, profitability remains moderate. Lower net interest margins (NIM)—driven by revised pricing—and one-off expenses in H1FY26 contributed to weaker return on managed assets (ROMA) (profit after tax [PAT]/ average total assets [including off book) of ~1.02% although the recent yield enhancement (including processing fees introduced) is expected to improve margin and profitability metrics going forward. Lower operating costs and moderating credit costs are also expected to provide support. Consolidated profitability at Navi Limited remains a key monitorable given the group-level losses reported in FY25.

Going ahead, NFL's ability to profitably scale its portfolio, sustain asset-quality performance as AUM expands, manage credit costs, improve NIM and return on total assets (ROTA), and demonstrate sustained profitability—both at the standalone and consolidated levels—will remain key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Improvement in scale of operations while maintaining comfortable asset quality.
- Significant improvement in capitalisation levels of NFL.
- Improvement in group profitability (apart from NFL) and improvement in NFL's profitability with return on tangible net worth (RONW) of above 11%.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Significant rise in credit cost, leading to deterioration in its profitability with ROTA less than 1%.
- Debt to equity ratio of above 3.5x on consolidated (Navi Limited) basis.
- Weakening of linkages with Navi Limited/promoter.

Analytical approach:

CARE Ratings Limited (CareEdge Ratings) has taken NFL's standalone assessment and also factored in financial, technology, and managerial support from its parent entity, Navi Limited, including use of the brand name and technology platform.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Benefits derived from being part of the Navi group and strong experience of promoter in technology driven business

The parent, Navi Limited (formerly known as Navi Technologies limited), holds 100% stake in NFL as on September 30, 2025. Navi Limited, on consolidated basis, reported a healthy net worth of ₹3,464 crore as on March 31, 2025, and has demonstrated continued financial support by infusing ₹1,871 crore of equity into NFL. In addition, NFL strengthened its capital position through the sale of its subsidiary which resulted in a post-tax gain of ₹552 crore in FY24.

Navi Limited provides operational and technology support, with Navi's App fully developed and maintained by Navi Limited's in-house tech team. The technology layer of credit decisioning process has been shifted from Navi Limited to NFL, post RBI embargo. The broader Navi ecosystem—spanning lending, insurance, AMC, and UPI—supports customer acquisition, cross-sell potential, and operating leverage. The group's digital businesses have scaled meaningfully, evidenced by its 21 million monthly users, 4.4 billion lifetime transactions, and emerging traction in credit line on UPI. Insurance (₹145 crore GWP) and AMC operations (₹8,600 crore AUM) further contribute to diversification.

Strong leadership oversight underpins the group's strategy. Sachin Bansal, Chairman of Navi Limited and Non-Executive Chairman of NFL, brings deep experience in technology-led consumer businesses, complemented by senior executives with backgrounds across banking, fintech, and insurance. NFL's CEO, Abhishek Dwivedi, has over 15 years of sectoral experience and has held key roles across the Navi Group since inception.

Growth potential led by the technology-led business model

NFL operates a highly scalable digital lending model, with end-to-end origination, underwriting, and disbursement conducted through the Navi app without manual intervention. This enables rapid portfolio growth, supported by a sub-10-minute turnaround time and continuous optimisation of customer journeys. While the digital framework offers operating leverage, the performance of the company's ML-based underwriting models—including the frequency and quality of retraining—will be an important factor in sustaining asset quality amid competition in the unsecured personal loan (PL) segment.

NFL has a pan-India presence in personal loans, while its housing loan business remains concentrated in select cities (Bengaluru, Hyderabad, Chennai, Pune and Mumbai), serviced through satellite offices. Growth in AUM moderated to ₹11,506 crore as on March 31, 2025 (₹11,380 crore as on March 31, 2024.), largely due to RBI's directive dated October 17, 2024, materially impacting Q3FY25 volumes. Following the lifting of restrictions on December 2, 2025, the company resumed scale-up, with AUM rising significantly to ₹14,667 crore as on September 30, 2025, with personal loan AUM constituting 89.0% of the overall AUM and balance mortgage loans. In the near term, the growth rate is expected to remain healthy. NFL has also ventured in the housing loan segment in February 2021 and has a portfolio with a presence in five cities. The company's track record in these segments remains limited.

While the digital operating model offers scalability and cost efficiency, the company's ability to maintain underwriting discipline, manage model-risk in automated credit decisioning, and preserve asset quality in phases of accelerated growth will remain key monitorable.

Improving resource profile

NFL benefits from a well-diversified borrowing profile and strong access to funding, with borrowings spread across debentures, term loans, pass-through certificates (PTCs), and commercial paper, supported by relationships with over 70 lending partners. The company has demonstrated consistent fundraising capability, mobilising ₹6,698 crore in FY24, ₹6,943 crore in FY25, and ₹5,377 crore in H1FY26, aided by a comfortable capital position (CRAR 26.2%) and moderate leverage (D/E: 3.24x). The company's ability to continue raising incremental funding at competitive rates will remain a key monitorable.

As on September 30, 2025, on balance sheet total debt stood at ₹9,753 crore (excluding lease liabilities).NCDs (including public issues) constituted 34.4% of borrowings (up from 20.4% as on March 31, 2024), followed by term loans from banks at 30.2% (up from 29.4% on March 31, 2024; March 31, 2023: 21.5%), PTCs at 17.0%, term loans from non-banking financial companies (NBFCs) at 8.6%, commercial paper at 6.8%, subordinated debt at 2.5%, and MLDs at 0.4% as on September 30, 2025.

For off book funding, NFL benefits from stable partners, reflected in the steady expansion of its off-balance sheet book and growing participation from co-lending and direct assignment partners. The company has onboarded eight co-lenders with cumulative disbursals of ₹8,660 crore and a co-lending AUM of ₹2,461 crore. NFL has also executed 76 direct assignment transactions, raising ₹1,038 crore in H1FY26, with total DA transaction value reaching ₹5,145 crore across 17 institutional partners, including several PSU banks.

Adequate capitalisation levels
Sachin Bansal (Promoter and Co-Founder of Navi Group) infused ₹ 3,960 crore in the group since inception. Aided by regular capital infusion by the group on regular interval, NFL has been able to maintain adequate capital adequacy levels over the years. Till H1FY26, NFL received infusions from the parent company (Navi Limited) amounting to ₹1,871 crore over the years in NFL. Despite the loan book growth, NFL's capital adequacy requirements (CAR) continued to remain healthy and stood at 26.20% as on September 30, 2025 (March 31, 2025: 30.54%) while overall gearing stood at 3.24x as on September 30, 2025 (March 31, 2025: 2.41x). CareEdge Ratings expects overall gearing to remain less than 3.5x on a consolidated basis in the medium term supported by capital support and increasing share of off-balance sheet origination through co-lending and direct assignment.

Navi Limited's consolidated tangible net worth was ₹3,464 crore as on March 31, 2025 (March 31, 2024: ₹3,560 crore). The group's consolidated gearing stood at 2.3x (1.9x in FY24). Total consolidated borrowings were approximately ₹8,016 crore as of March 31, 2025 (₹6,724 crore as on March 31, 2024), of which NFL accounted for ₹7,348 crore (₹6,615 crore in the previous year).

CARE Ratings expects current capitalisation would be adequate to support the growth over the medium term.

Key weaknesses
Moderate Asset quality susceptible to inherent risk in unsecured loans

The company's asset quality improved during the period, with GNPA reducing to 1.75% as on September 30, 2025 (March 31, 2025: 2.46%), and NNPA improving to 0.23% from 0.35% over the same period. Stage-III provision coverage remained comfortable at 86.8% as on September 30, 2025 (85.9% as on March 31, 2025). Given the company's predominant exposure to unsecured personal loans, it follows a conservative write-off policy, which results in structurally higher credit costs. Even so, credit costs remained stable at 4.25% in FY25 (4.32% in FY24) and moderated to 2.32% in H1FY26. Continuing to maintain robust underwriting and monitoring processes will be important for containing credit costs as the loan book scales. While high write-offs are inherent to the unsecured segment, the company's focus on salaried borrowers—accounting for 73% of AUM as on September 30, 2025—provides some mitigation. The company intends to prioritise sourcing higher credit-quality customers. This, together with its plans to gradually increase the share of secured lending, is expected to provide additional support to asset quality

CareEdge Ratings will continue to monitor the company's ability to sustain asset quality at prudent levels while pursuing growth.

Moderate profitability metrics, expected to improve.

NFL's profitability in FY24 was elevated due to a one-time post-tax gain of ₹552 crore from the sale of its stake in Chaitanya India Fin Credit Private Limited (CIFCPL). This resulted in a reported ROMA of 5.61% for the year. Excluding this exceptional item, underlying profitability was materially lower, with ROMA of 1.14%. In FY25, core profitability improved, supported by higher NIM and lower operating expenses (as a proportion of average assets), leading to a ROMA of 1.63%. Credit costs remained stable at 4.09% in FY25 (FY24: 4.15%).

During H1FY26, NFL reported a PAT of ₹82 crore on a total income of ₹1,076 crore, with ROMA at 1.02% (H1FY25: 1.81%). The operating expense ratio (as a percentage of average managed assets) improved to 3.50% on an annualised basis in H1FY26, compared to 4.5% in FY25 and 5.2% in FY24. Credit costs also moderated to 2.28% (annualised) in H1FY26 from 4.09% in FY25 and 4.15% in FY24. These improvements reflect the company's increasing focus on sourcing higher credit-quality borrowers within the personal loan portfolio and the gradual rise in the proportion of secured lending. The net interest margin (NIM) moderated to 6.19% (annualised) in H1FY26, from 8.38% in FY25 and 7.99% in FY24, following revisions to the pricing strategy. However, the benefits from lower operating expenses and reduced credit costs are expected to cushion some of the pressure on margins.
Profitability was also affected by a one-off expense of ₹31 crore in Q2FY26. Going forward, yield enhancement (including processing fees) is expected to improve margin and profitability metrics going forward.

The company's ability to strengthen profitability on a sustained basis will remain an important monitorable.

At the group level, Navi Technologies Limited (consolidated) reported a net loss of ₹126 crore on a total income of ₹2,689 crore in FY25, compared with a profit of ₹169 crore on ₹2,794 crore in FY24. As per management, the standalone earning losses would be compensated by incremental income from the other lines of business such as cash loan scale along with processing fee amortisation, insurance,UPI based bill payments, advertisement and technology revenue earned through cross-selling of Navi's partner products on Navi app.

Going ahead, maintaining profitability will depend on the company's ability to manage credit costs and operating expenses, particularly as the loan book expands. The ability to improve and sustain profitability metrics will remain a key rating sensitivity.

Liquidity: Adequate

NFL's asset liability maturity (ALM) stood adequate, with no negative cumulative mismatches in of the time buckets as on September 30, 2025 on a behavioural basis, due to the relatively short nature of its loans against longer tenure of its borrowings. As on September 30, 2025, the company had cash and bank balance of ₹2,102 crore and liquid investments of ₹1,247 crore. The company also had undrawn sanction lines available of ₹450 crore as on September 30, 2025.

Per ALM as on September 30, 2025, the company has a debt repayment obligations (excluding interest) of ₹5,149 crore for next 12 months against which advances inflows (excluding interest) for next 12 months stood at ₹5,782 crore. The company has a liquidity policy to maintain a minimum of two months of its fixed debt obligations as liquidity at all times.

Applicable criteria

Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Short Term Instruments
Non Banking Financial Companies
Notching by Factoring Linkages in Ratings

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Finance	Non Banking Financial Company (NBFC)

Navi Group is promoted by Sachin Bansal, the former Chairman and co-founder of Flipkart which was acquired by Walmart in 2018. Post his exit from Flipkart, Sachin Bansal and Ankit Agarwal started the Navi group in 2019 with the ambition of making financial services simple, affordable and accessible. Navi Limited is the group's holding company. Originally incorporated on December 10, 2018, as a private limited company in the name 'BAC Acquisitions Private Limited', the company's name was changed to 'Navi Technologies Private Limited' on September 27, 2019. The company was converted from a private limited company to a public limited company and the company's name was changed to 'Navi Technologies Limited' and then subsequently changed the name to 'Navi Limited' in August'25. A fresh certificate of incorporation dated February 15, 2022, consequent upon change of name was issued. As on March 31, 2025, Sachin Bansal holds 98.36% stake in Navi Limited. In October 2019, Navi Limited acquired Chaitanya Rural Intermediation Development Services Private Limited (CRIDS), now known as Navi Finserv Limited (NFL) and its subsidiary Chaitanya India Fin Credit Private Limited (CIFCPL), an NBFC-MFI engaged microfinance business which was sold to Svatantra Microfin Private Limited in November 2023.

Brief Financials (₹ crore)	31-03-2024	31-03-2025	H1FY26
Standalone	A	A	(UA)
Total income	2614	2290	1076
PAT	669	222	82
Asset under management (AUM)	11,380	11,506	14,667
On-book gearing (x)	2.30	2.41	3.24
AUM/ Tangible net worth (TNW) (x)	3.96	3.77	4.81
Gross non-performing assets (NPA) (%)	1.87	2.46	1.75
Return on managed assets (ROMA) (%)	5.61	1.57	1.02*
Capital adequacy ratio (CAR) (%)	28.42	30.54	26.20

A: Audited UA: Unaudited; Note: these are latest available financial results; *Annualised

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial paper	INE342T14CT7	28-Mar-25	10.45%	22-Dec-25	45.00	CARE A1
Commercial paper	INE342T14CX9	08-Apr-25	9.60%	30-Mar-26	10.00	CARE A1
Commercial paper	INE342T14DF4	05-Jun-25	9.90%	02-Dec-25	25.00	CARE A1
Commercial paper	INE342T14DH0	30-Jun-25	9.90%	29-Dec-25	15.00	CARE A1
Commercial paper	INE342T14DI8	30-Jun-25	9.90%	30-Dec-25	25.00	CARE A1
Commercial paper	INE342T14DJ6	03-Jul-25	9.90%	31-Dec-25	10.00	CARE A1
Commercial paper	INE342T14DL2	08-Jul-25	10.15%	05-Jan-26	25.00	CARE A1
Commercial paper	INE342T14DM0	08-Jul-25	9.90%	06-Jan-26	10.00	CARE A1
Commercial paper	INE342T14DO6	14-Jul-25	9.80%	12-Jan-26	20.00	CARE A1
Commercial paper	INE342T14DQ1	18-Jul-25	10.50%	13-Jul-26	25.00	CARE A1
Commercial paper	INE342T14DV1	29-Jul-25	9.80%	27-Jan-26	12.00	CARE A1
Commercial paper	INE342T14EA3	19-Aug-25	10.25%	18-Aug-26	50.00	CARE A1
Commercial paper	INE342T14EB1	29-Aug-25	10.15%	26-Feb-26	25.00	CARE A1
Commercial paper	INE342T14EC9	09-Sep-25	10.25%	24-Aug-26	25.00	CARE A1
Commercial paper	INE342T14ED7	10-Sep-25	9.30%	08-Dec-25	10.00	CARE A1
Commercial paper	INE342T14EE5	10-Sep-25	9.30%	10-Dec-25	10.00	CARE A1
Commercial paper	INE342T14EF2	17-Sep-25	9.40%	17-Dec-25	26.00	CARE A1
Commercial paper	INE342T14EG0	23-Sep-25	10.15%	23-Mar-26	25.00	CARE A1
Commercial paper	INE342T14EH8	24-Sep-25	9.80%	24-Mar-26	33.00	CARE A1
Commercial paper	INE342T14EI6	29-Sep-25	9.80%	26-Mar-26	16.00	CARE A1
Commercial paper	INE342T14EJ4	01-Oct-25	9.00%	25-Mar-26	10.00	CARE A1
Commercial paper	INE342T14EK2	07-Oct-25	9.35%	02-Jan-26	5.00	CARE A1
Commercial paper	INE342T14EL0	07-Oct-25	9.40%	26-Dec-25	40.00	CARE A1
Commercial paper	INE342T14EM8	08-Oct-25	9.50%	13-Apr-26	33.00	CARE A1
Commercial paper	INE342T14EN6	08-Oct-25	9.00%	20-Mar-26	15.00	CARE A1
Commercial paper	INE342T14ER7	16-Oct-25	9.60%	14-Jan-26	32.00	CARE A1
Commercial paper	INE342T14EP1	16-Oct-25	9.85%	15-Jan-26	72.65	CARE A1
Commercial paper	INE342T14EQ9	17-Oct-25	9.60%	16-Oct-26	60.00	CARE A1
Commercial paper	INE342T14EO4	17-Oct-25	9.40%	15-Apr-26	15.00	CARE A1
Commercial paper	INE342T14ES5	24-Oct-25	9.50%	22-Jan-26	35.70	CARE A1
Commercial paper	INE342T14ET3	24-Oct-25	9.75%	27-Mar-26	10.00	CARE A1
Commercial paper	INE342T14EU1	28-Oct-25	9.60%	28-Jan-26	25.00	CARE A1
Commercial paper	INE342T14EV9	29-Oct-25	9.80%	27-Apr-26	20.00	CARE A1
Commercial paper	INE342T14EW7	07-Nov-25	9.20%	31-Mar-26	12.00	CARE A1
Commercial paper	INE342T14EY3	12-Nov-25	9.80%	11-May-26	50.00	CARE A1
Commercial paper	INE342T14EX5	12-Nov-25	9.55%	12-May-26	10.00	CARE A1
Commercial paper	INE342T14EZ0	14-Nov-25	9.55%	12-Feb-26	10.00	CARE A1
Commercial paper	INE342T14FC6	21-Nov-25	9.15%	18-Feb-26	10.00	CARE A1
Commercial paper	INE342T14FB8	21-Nov-25	9.00%	23-Feb-26	10.00	CARE A1
Commercial paper	INE342T14FA0	21-Nov-25	9.10%	20-Feb-26	15.00	CARE A1
Commercial paper	INE342T14FD4	25-Nov-25	9.60%	19-Mar-26	35.00	CARE A1
Commercial paper	INE342T14FE2	28-Nov-25	9.75%	25-May-26	30.00	CARE A1
Commercial paper (Proposed)	Proposed	-	-	-	702.65	CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Commercial paper-Commercial paper (Standalone)	ST	1700.00	CARE A1	-	1)CARE A1 (12-Dec-24) 2)CARE A1 (RWD) (28-Oct-24) 3)CARE A1 (10-Sep-24)	1)CARE A1 (11-Sep-23)	1)CARE A1 (16-Sep-22)

ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial paper-Commercial paper (Standalone)	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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