Navi Limited

April 21, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Non-convertible debentures	400.00	CARE A; Positive	Assigned

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

The rating assigned to long-term debt instruments of Navi Limited (Navi) derives strength from demonstrated track record of the promoter (Sachin Bansal) in building technology-led consumer businesses, and the company's fully digital and scalable lending platform. The platform enables rapid business scaling, efficient customer acquisition through the Navi app, and operational synergies across Navi group entities (operating in lending, mutual funds, insurance, UPI payments, and other fintech).

The rating further factors in the company's adequate capitalisation profile, supported by a strong tangible net worth of ₹3,290 crore as on December 31, 2025. The group's resource profile has strengthened over time, with increasing diversification across bank borrowings, capital market instruments, and off-balance sheet funding avenues such as co-lending and direct assignment through Navi Finserv Limited (NFL), the lending arm and flagship company of the group. The lender base is well-diversified with over 70 institutions.

The group achieved meaningful scale, with assets under management (AUM) of ~₹16,900 crore under NFL. Asset quality indicators have shown improvement, with moderation in gross non-performing assets (GNPA) and net NPA (NNPA) levels, and decline in credit costs. Improving performance of recent static pool cohorts underscore strengthening underwriting framework and risk selection practices adopted by NFL.

However, the rating remains constrained by weak profitability profile at the Navi consolidated level, with losses reported in FY25 and 9MFY26. Subdued earnings are primarily attributable to relatively lower net interest margins (NIMs) at NFL, impacted by earlier pricing adjustments, and elevated marketing spends in the UPI segment, which is strategic in nature and acts as a customer acquisition funnel for cross-selling lending and other financial products. CARE Ratings Limitde (CareEdge Ratings) takes note of improving profitability trajectory at NFL and Navi (Consolidated) post H1FY26, supported by yield enhancement measures at NFL, including introduction of processing fees, which are expected to aid margin expansion and improve profitability metrics in the near-to-medium term. Per quarterly provisional financials for FY26, Navi (consolidated) achieved breakeven in Q4FY26, and full effect of margin improvement measures is likely to be witnessed in FY27.

Going forward, the group's ability to profitably scale its business operations, sustain asset quality amidst AUM growth, effectively manage credit costs, improve NIM and return on total assets (ROTA), and demonstrate sustained profitability at NFL and Navi consolidated levels will remain key rating sensitivities. Credit profile also remains exposed to inherent risks associated with the unsecured lending segment, which could result in moderate asset quality pressures and relatively elevated credit costs.

Rating sensitivities: Factors likely to lead to rating actions

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

- Significant improvement in capitalisation levels.
- Improvement in consolidated profitability with return on average total assets (ROTA) of above 3% (Navi [Consolidated]), supported by healthy asset quality at NFL.

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

- Weak profitability with consolidated ROTA continuing to be less than 1%.
- Gearing ratio of above 3.5x and AUM/tangible Net worth of 7x above on consolidated basis.

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

Analytical approach: Consolidated
CareEdge Ratings has taken a consolidated assessment of Navi considering strong managerial, financial and technological linkages between Navi and its subsidiaries. Group companies use a common brand name and a technology platform for their respective businesses. Entities considered for consolidation are listed under Annexure 6.

Outlook: Positive
The 'Positive' outlook reflects expected sustenance of improvement in the group's profitability with increase in yields, other streams of revenue at group level while maintaining asset quality and gearing at comfortable levels.

However, the outlook may be revised to 'Stable' if the company is unable to achieve envisaged profitability improvement or if there is a significant deterioration in asset quality or gearing levels.

Detailed description of key rating drivers:

Key strengths

Experienced promoter and scalable technology-led business model with strong ecosystem synergies
Navi's credit profile derives significant strength from its promoter, Sachin Bansal, who has a demonstrated track record of building and scaling technology-led consumer businesses. Sachin Bansal, Chairman of Navi 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. The promoter's continued commitment and resourcefulness provides financial flexibility to the group.

Navi operates a fully digital lending platform supported by in-house technology infrastructure and advanced data analytics, enabling rapid scale-up, efficient underwriting, and lower turnaround times. Navi provides operational and technology support, with Navi's App fully developed and maintained by Navi Limited's inhouse tech team. Technology layer of the credit decisioning process has been shifted from Navi Limited to NFL, post RBI embargo. The company has built an integrated financial services ecosystem comprising lending, UPI, insurance, and asset management businesses supporting 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.

With a large and growing user base, the UPI platform acts as a key sourcing funnel, significantly reducing dependence on external channels and lowering customer acquisition costs. A substantial proportion of incremental loan originations is sourced internally through the Navi app, which also enables cross-selling across product lines and enhances customer engagement and lifetime value.

Adequate capitalisation supported by strong net worth position
The company maintains adequate capitalisation, with a consolidated net worth of ₹3,290 crore as on December 31, 2025. Capital base provides sufficient headroom to support business growth, absorb potential credit losses, and maintain leverage at comfortable levels. Sachin Bansal 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) 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 25.06% as on December 31, 2025 (March 31, 2025: 30.54%) CareEdge Ratings expects overall gearing to remain less than 3.5x on a consolidated basis in the medium term supported by capital support, improvement in profitability and increasing share of off-balance sheet origination through co-lending and direct assignment.

Diversified resource profile
The group's liability profile has improved over time, with increasing diversification across bank borrowings, capital market instruments, and off-balance sheet funding avenues such as co-lending and direct assignment through NFL.
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. The company demonstrated consistent fundraising capability, aided by a comfortable capital position (CRAR 26.06%) and moderate leverage (D/E: 3.49x). The lender base is well-diversified, comprising over 70 institutions, including banks, mutual funds, and other investors, reducing concentration risk and enhancing funding stability. The company's ability to continue raising incremental funding at competitive rates will remain a key monitorable.

Meaningful scale with improving asset quality indicators and underwriting performance
The group achieved meaningful scale with AUM of ~₹16,900 crore. Despite operating predominantly in the unsecured lending segment, the company demonstrated improvement in asset quality indicators, with moderation in gross non-performing assets (GNPA), net NPA (NNPA) levels, and declining credit costs.

Improvement in asset quality is supported by strengthening underwriting practices, including continuous refinement of machine learning-based models, tighter approval filters, and granular cohort-level monitoring. Recent static pool performance indicates better early delinquency trends, reflecting improved risk selection and portfolio quality.

The company initiated steps towards increasing the share of secured lending in the medium term, which is expected to provide further stability to the overall portfolio risk profile.

Expected improvement in profitability supported by yield enhancement measures
While profitability remained subdued in recent periods, the company has undertaken multiple measures to improve its earnings profile. These include increase in lending yields, introduction of processing fees, and optimisation of sourcing costs through greater reliance on internal channels.

The impact of these measures is expected to reflect progressively as newer loan cohorts season, supporting improvement in NIMs and return metrics. With operating leverage benefits from scale and moderation in credit costs, profitability is expected to improve in the near-to-medium term, particularly at the NBFC level.

Growth potential led by the technology-led business model
The group's NBFC arm, 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, performance of the company's ML-based underwriting models, including 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 ₹16,909 crore as on December 31, 2025, with personal loan AUM constituting 90.0% of the overall AUM and balance mortgage loans. In the near term, growth rate is expected to remain healthy. NFL 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.

Key weaknesses
Weak profitability at consolidated level, impacted by moderation in yield and continued high marketing spends, though improvement is expected
The group's profitability at the consolidated level continued to report losses in FY25 and 9MFY26, primarily considering relatively lower NIMs and elevated operating expenses. Profitability has also been impacted by significant investments towards scaling newer business verticals. A key contributor to the elevated cost structure is the continued high marketing and branding expenditure in the UPI segment, which serves as a strategic customer acquisition and engagement platform for the group. While these investments are expected to support long-term growth through cross-selling of lending and other financial products, they exert pressure on near-term profitability and cost-to-income metrics due to the inherent lag between cost incurrence and revenue realisation.

CareEdge Ratings takes note that recent initiatives including yield recalibration and introduction of processing fees, have started yielding better profitability at NFL which are expected to support improvement in margins and profitability. However, the track record of sustained profitability at the consolidated level remains limited and the ability to strengthen profitability on a sustained basis will remain a key rating sensitivity.

High share of unsecured lending with asset quality performance susceptible to growth and economic cycles
The company's asset quality improved in the period, with GNPA reducing to 1.51% as on December 31, 2025 (March 31, 2025: 2.46%), and NNPA improving to 0.21% from 0.35% in the same period. 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. While high write-offs are inherent to the unsecured segment, the company demonstrated improvement in underwriting practices and recent loan cohort performance, supported by enhanced data-driven models and tighter risk filters, sustainability of these improvements remains contingent on the company's ability to maintain underwriting discipline as the portfolio scales. The company's focus on salaried borrowers, accounting for 73% of AUM as on December 31, 2025, provides some mitigation. The company intends to prioritise sourcing higher credit-quality customers. Together with its plans to gradually increase the share of secured lending, this 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.

Regulatory risk related to digital lending space
Ratings also take note of regulatory risk associated with entities operating in digital lending where frameworks continue to evolve. Rapid growth in digital lending has increased regulatory scrutiny, particularly in the unsecured segment, exposing players to potential policy shifts. Recently, Reserve Bank of India's (RBI) actions adversely impacted growth and yields across the industry, underscoring vulnerability of the business model to regulatory interventions. The regulator's recent reversal of higher risk weights on unsecured loans is viewed as a positive development, providing some relief to entities in this space.

Liquidity: Adequate
NFL's asset liability maturity (ALM) stood adequate, with no negative cumulative mismatches in any 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. Per ALM as on September 30, 2025, the company has debt repayment obligations (excluding interest) of ₹5,149 crore for next 12 months, against which advances inflows (excluding interest) for the 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. On a consolidated basis, the company had cash and cash equivalents of ₹1319 crore as on December 31, 2025.

Applicable criteria

Consolidation
Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Non Banking Financial Companies

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Other financial services

Navi is the holding company of the Navi group companies. The company is promoted by Sachin Bansal. As on December 31, 2025, Sachin Bansal holds 98.36% stake in the company. Navi is a technology-driven financial services holding company offering products across lending (personal loans and housing loans), insurance, asset management, and payments segments. The company's strategy is centred on simplifying access to financial services through technology, data analytics, and customer-centric design and develops products and provides services through internet and mobile platforms to all group companies. Its major subsidiaries include (i) NFL, the non-banking financial company (NBFC) arm; (ii) Navi General Insurance Limited (iii) Navi AMC Limited; and (iv) Navi Fintech Private Limited, which acts as a Lending Service Provider (LSP) to entities including NFL.

Brief Financials (₹ crore)-Consolidated	March 31, 2024	March 31, 2025	9MFY26
	A	A	UA
Total income	2792	2689	2155
Profit after tax (PAT)	359	-126	-426
Assets under management (AUM)	11380	11506	16909
On-book gearing (x)	1.89	2.31	3.49
AUM / tangible net-worth (TNW) (x)	3.20	3.32	5.14
Gross non-performing assets (NPA) / gross stage 3 (%)	1.87	2.46	1.51
Return on managed assets (ROMA) (%)	2.32	-0.80	-3.03*
Capital adequacy ratio (CAR) (%)	28.42	30.54	25.06

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
Debentures-Non Convertible Debentures	Proposed	-	-	-	400.00	CARE A; Positive

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 2026-2027	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
1	Debentures-Non Convertible Debentures	LT	400.00	CARE A; Positive				

LT: Long 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	Debentures-Non Convertible Debentures (Fixed rate)	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Navi Finserv Limited	Full	Subsidiary
2	Navi General Insurance Limited	Full	Subsidiary
3	Mavenhive Technologies Private Limited	Full	Subsidiary
4	Navi Fintech Private Limited	Full	Subsidiary
5	Navi Investment Advisors Private Limited	Full	Subsidiary
6	Navi Securities Private Limited	Full	Subsidiary
7	Navi MF Sponsor Private Limited	Full	Subsidiary
8	BACQ Technologies Corporation	Full	Subsidiary
9	Navi AMC Limited	Full	Step down subsidiary
10	Navi Trustee Limited	Full	Step down subsidiary

Annexure-7: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating reports subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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:
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