

BOARD'S REPORT

To the Members,

Your Directors have pleasure in presenting to you the **Twelfth** Annual Report of the Company and First Annual Report of Jana Small Finance Bank Limited together with the Audited Statements of Accounts for the year ended 31st March, 2018.

1 FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS :

(Rupees in crores)

Particulars	FY 2017-2018	FY 2016-2017
Total Income	1,597.04	2,978.26
Interest Expended	1,163.89	1,229.33
Operating Expenses	1,455.30	1,189.39
Provisions and contingencies	1,481.66	389.44
Profit for the year	(2,503.81)	170.10
Add: surplus brought forward from previous year	325.36	205.42
Amount available for appropriation	0.00	375.52
Appropriations:		
Dividend & Dividend Tax	3.31	16.15
Statutory Reserve under section 17 of the Banking Regulation Act	0.00	34.02
Surplus carried to Balance Sheet	(2,181.74)	325.36

Note: - Previous year's figures have been restated wherever necessary, to align with current year's presentation

2 CHANGE IN THE NATURE OF BUSINESS , IF ANY :

The Company on conversion as a Small Finance Bank commenced its Banking operations effective 28th March 2018, after approval of RBI.

3 DIVIDEND :

On Account of losses incurred in the financials year there are no distributable profits available for dividend declaration. Hence your directors do not recommend dividend for the financial year under review

4 ISSUANCE OF CAPITAL :

During the year under review, 1,18,24,225 equity shares of the face value of Rs. 10/- each were allotted by way of Private Placement issues and Preferential Allotment issues in various tranches bringing in a total inflow of Rs. 1,636 crores.

As on 31st March, 2018, the paid up share capital of your Bank stood at Rs. 39,28,86,300 crores divided into 392,88,630 Equity Shares of Rs. 10 each.

Funds raised and Credit Ratings

Rs. 1393.15 crores were raised by way of debt facilities from various lenders and Rs. NIL by way of loan portfolio buys outs/securitization during the Financial Year 2017-18.

ICRA has assigned the Bank ICRA A- (negative) rating in December, 2017 for long term bank facilities, Non Convertible Debentures and Sub-debts & ICRA A2 for Commercial papers.

Capital Adequacy

As per operating guidelines for Small Finance Bank, the Bank is required to maintain a minimum Capital Adequacy Ratio of 15% with minimum Common Equity Tier I (CET I) CAR of 7.5%.

As on March 31, 2018, the Capital Adequacy Ratio of the Bank stood at 34.67% well above regulatory minimum requirement of 15%. Tier I ratio of the Bank stood at 24.27% well above regulatory requirement of 7.5%.

5 BOARD MEETINGS:

The Board of Directors met 18 times during the financial year. In addition to the quarterly meetings to consider unaudited financials, the Board also met several times at shorter notice to accord approval for issue and allotment of securities. The quarterly Board meetings were held on 11-May-2017, 30-May-2017, 27-Jun-2017, 23-Aug-2017, 5-Sep-2017, 15-Nov-2017, 8-Feb-2018(1st Jana Small Finance Bank Board meeting), 8-Feb-2018(2nd Jana Small Finance Bank Board meeting), 27-Feb-2018 and 27-Mar-2018.

Additional meetings convened at shorter notice, were held on 15-May-2017, 28-Sep-2017, 6-Oct-2017, 2-Nov-2017, 29-Dec-2017, 3-Jan-2018, 10-Jan-2018 and 16-Jan-2018.

6 DIRECTORS AND KEY MANAGERIAL PERSONNEL :

As on 31st March 2018 the composition of the Board is:

1. Mr. Ramesh Ramanathan
2. Mr. Ajay Kanwal
3. Mr. Vikram Gandhi
4. Ms. Vijayalatha Reddy and
5. Mr. R. Ramaseshan

The following Directors resigned during the year.

1. Mr. R. Srinivasan (w.e.f 27-Jun-2017)
2. Mr. V. S. Radhakrishnan(w.e.f 27-Nov-2017)
3. Mr. Uday Madhav Chitale (w.e.f 16-Jan-2018)
4. Mr. V. Narayanamurthy (w.e.f 11-Dec-2017)
5. Mr. Viswanatha Prasad (w.e.f 29-Jan-2018)
6. Mr. Narayan Ramachandran (w.e.f 30-Jan-2018)
7. Mr. T. S. Sivashankar (w.e.f 30-Jan-2018)
8. Mr. Ling Wei Ong (w.e.f 30-Jan-2018)
9. Mr. Nirav Mehta (w.e.f 30-Jan-2018)
10. Mr. Akhil Shriprakash Awasthi (w.e.f 31-Jan-2018)

Mr. Jayasheel Bhansali, Chief Financial Officer resigned on 12-Jan-2018 and in place of him, Mr. Vivek Venakatesan has been appointed as Chief Financial Officer w.e.f 8-Feb-2018.

7. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Bank has received declarations from all Independent Directors on the Bank's Board under Section 149(7) of the Companies Act, 2013 that they meet with the criteria as laid down in Section 149(6) of the Companies Act, 2013.

8. COMPOSITION OF AUDIT & COMPLIANCE COMMITTEE AND NOMINATION & REMUNERATION COMMITTEE:

The composition of Audit & Compliance Committee as on 31st March 2018 is as follows:

Mr. Vikram Gandhi (Committee Chairman)
Mr. Ramesh Ramanathan
Mr. R. Ramaseshan

The terms of reference of the Audit & Compliance Committee are as per the provisions of Section 177 of the Companies Act, 2013 and as required by Reserve Bank Of India.

The Audit & Compliance committee met four times during the financial year. The meeting dates were 29-May-2017, 22-Aug-2017, 15-Nov-2017 and 8-Feb-2018.

The composition of Nomination and Remuneration Committee as on 31st March 2018 is as follows:

Mr. R. Ramaseshan (Committee Chairman)
Mr. Ramesh Ramanathan
Mr. Ajay Kanwal
Ms. Vijayalatha Reddy

The scope of activities / terms of reference of the Nomination and Remuneration Committee are as per the provisions of Section 178 of the Companies Act, 2013.

The committee met six times in the financial year. The meeting dates were 29-May-2017, 16-Jun-2017, 22-Aug-2017, 15-Nov-2017, 8-Feb-2018 and 27-Mar-2018.

The Bank has laid down a Remuneration Policy, as approved by the Nomination & Remuneration committee for remuneration of Directors, Key Managerial Personnel and other employees. The policy also covers the criteria for determining qualifications and other attributes for appointment of directors, including independent directors.

9. VIGIL MECHANISM:

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, the Company has established a vigil mechanism for directors and employees to report genuine concerns. The vigil mechanism forms a part of the Whistle Blower Policy, which has been approved by the Board of Directors in their meeting held on 5th August 2014 as a NBFC-MFI. After conversion into Small Finance Bank, the Bank Board has approved the Whistle Blower Policy, in their meeting held on 8th February 2018. The Policy has also been hosted on the website of the Bank.

The Bank has an Anti-Sexual Harassment Policy (which is a part of Compliance & Ethics Policies) to promote a workplace that is free of sexual harassment. A committee to investigate and redress any grievance has been formed, which meets at least once a quarter.

10. DIRECTOR'S RESPONSIBILITY STATEMENT:

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period;

(c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

(d) the directors have prepared the annual accounts on a going concern basis;

(e) the directors, had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively.

(f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11 INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JV :

The Bank does not have any Subsidiary or Associate Company.

12 EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in the form MGT 9 as a part of this Annual Report is attached (FORMAT IN ANNEXURE I)

13 AUDITORS:

The Auditors, M/s BSR & Associates, LLP, Chartered Accountants, has been appointed as a statutory auditors for the financial year 2017-18. The Reserve Bank of India vide their letter no. DBS.ARS.No. 5363/08.72.005/2017-18 dated 21-Mar-2018 has also conveyed their approval for the appointment of them as a statutory auditor for the first year.

14 SECRETARIAL AUDIT:

Secretarial audit report as issued by Mr. Nagendra D Rao, Practising Company Secretary is annexed to this Report as **ANNEXURE VI**.

15 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy: Not applicable

(B) Technology absorption: Not Applicable

(C) Foreign exchange earnings and Outgo :

Foreign exchange earnings : NIL and Foreign exchange expenditure : Rs. 7.91 crore

16 DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH RESPECT TO THE FINANCIAL STATEMENTS :

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Companies policies, the safeguard of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

17 RISK MANAGEMENT POLICY :

Your Bank has in place a comprehensive Risk Management framework supported by detailed policies and processes for management of Credit Risk, Market Risk, Liquidity Risk, Operational Risk and various other Risks.

The Risk Management Committee of the Board overviews the implementation of the various risk management policies and processes and is also in charge of review of these and other Policies from the risk perspective.

18 CORPORATE SOCIAL RESPONSIBILITY POLICY :

Pursuant to the provisions of section 135 and schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors was formed to recommend (a) the policy on Corporate Social Responsibility (CSR) and (b) implementation of the CSR Projects or Programs to be undertaken by the Bank as per CSR Policy. The CSR policy has been duly approved by the Board of Directors.

REASON FOR NOT SPENDING:

As part of organisational effort to rationalize costs, the management took a strategic decision to limit the CSR expenditure.

ANNUAL REPORT ON CSR :

Annual Report on CSR in the prescribed format is enclosed **ANNEXURE II**

19 RELATED PARTY TRANSACTIONS :

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) in Form AOC- 2 as **ANNEXURE - III**

20 FORMAL ANNUAL EVALUATION:

The Board of Directors in its meeting held on 21st May 2018, took note of the evaluation report of all the directors performance including its own performance, its committees and the Independent Directors. The Board deliberated on various evaluation attributes indicated in the evaluation questionnaire for all the directors and after due deliberations made an objective assessment and evaluated that all the directors in the Board have adequate expertise drawn from diverse industries and business and bring specific competencies relevant to the Bank's business and operations.

The Board found the performance of all the Directors was quite satisfactory and the functioning of the Board and its Committees was quite effective. The Board evaluated its performance as a whole and was satisfied with its performance and the composition of independent and non-independent directors.

Employees Stock Option Scheme

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The Nomination and Remuneration Committee of the Board of Directors administers and monitors the Employee Stock Option Scheme in accordance with the ESOP Scheme approved by the shareholders.

During the year under review, the ESOP Scheme 2017 was the only Scheme in operation.

22 RATIO OF REMUNERATION TO EACH DIRECTOR :

Details / Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration is in ANNEXURE - IV

23 LISTING WITH STOCK EXCHANGES:

The Bank has listed its debt securities (i.e. non-convertible debentures) on BSE and confirms that it has paid the annual listing fees for the year 2018-19.

23 CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

A report on Corporate Governance as applicable to the Bank is included as a part of this Annual Report (ANNEXURE V)


Ramesh Ramanathan
Director
Ajay Kanwal
MD & CEO

Date : 21-May-2018

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

For the financial year ended on 31.03.2018

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.**

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U65923KA2006PLC040028
2.	Registration Date	24-Jul-2006
3.	Name of the Company	Jana Small Finance Bank Limited (formerly known as Janalakshmi Financial Services Limited)
4.	Category/Sub-category of the Company	Public Limited Company by Shares
5.	Address of the Registered office & contact details	'Vaishnavi', No. 29, Union Street, Off Infantry Road, Bangalore - 560 001 Ph.no. 080-4621 2000
6.	Whether listed company	No, but debt securities are listed on Bombay Stock Exchanges
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad - 500 032, Telangana State (TS) Ph no. : +91 040 67161602

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Banking & Financial Services	64191	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

S. No.	Name and Address of the Company	CIN/GLN	Holding /Subsidiary/Associate	% of shares held	Applicable Section
1	Not applicable				
2					
3					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2017]				No. of Shares held at the end of the year[As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs/Foreign Companies	12786342	491763	13278105	48.35%	14305849	2961848	17267697	43.95%	4.40 %
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) Private Equity Fund	-	141285	141285	0.51%	-	141285	141285	0.36%	0.15 %

Sub-total (B)(1):-	12786342	633048	13419390	48.86%	14305849	3103133	17408982	44.31%	- 4.55 %
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	13718381	484	13718865	49.95%	14079757	7365328	21445085	54.58%	4.63 %
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	119410	115195	234605	0.85%	119410	115195	234605	0.60%	- 0.26 %
c) Others (specify)-HUF	91545	-	91545	2.12%	91545	108413	199958	0.51%	0.18 %
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	13929336	115679	14045015	51.14%	14290712	7588936	21879648	55.69%	4.55 %
Total Public Shareholding (B)=(B)(1)+ (B)(2)	26715678	748727	27464405	100.00%	28596561	10692069	39288630	100.00%	0.00 %
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	26715678	748727	27464405	100.00%	28596561	10692069	39288630	100.00%	0.00 %

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	NIL	Nil	Nil	NA	Nil	Nil	NA	-

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company

	At the beginning of the year	Refer Attachment A			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year				

V) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year				

INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Rupees in crores

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	7,852.40	3,814.79	11,667.19
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not Due	136.86	99.78	236.65
Total (i+ii+iii)	7,989.26	3,914.57	11,903.84
Change in Indebtedness during the financial year			
• Addition	800.00	593.15	1,393.15
• Addition - conversion from secured to unsecured	-	1,451.76	1,451.76
• Reduction	4,322.48	1,076.25	5,398.73
• Reduction - conversion from secured to unsecured	1,451.76	-	1,451.76
Net Change	-4,974.24	968.66	-4,005.58

Indebtedness at the end of the financial year			
i) Principal Amount	2,878.16	4,783.45	7,661.61
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	129.46	117.38	246.84
Total (i+ii+iii)	3,007.62	4,900.83	7,908.45

Debentures

Type of Debentures	No. of Debentures	Nominal Value per Debentures (Rs.)	Total Nominal value of Debentures [Rs. In crore]
Non-convertible (for each type):-			
At the beginning of the year	44,948	15,000 units at FV 10,000	4,607.75
		27,360 units at FV 10,00,000	
		750 units at FV 2,50,000	
		1,838 units at FV 1,00,00,000	
Changes during the year (Increase/Redemption)	Increase : 500	500 units at FV 10,00,000	50.00
	Redemption: 8,490	Redemption 7,500 units of FV 10,00,000	1,131.75
		Redemption 750 units of FV 2,500	
		Redemption 240 units of FV 1,00,00,000	
		FV Redemption of 3,32,000 of 2,500 units	
		FV Redemption of 20,00,000 of 200 units	
At the end of the year	36,958	15,000 units at FV 10,000	3,526.00
		17,860 units at FV 10,00,000	
		1,398 units at FV 1,00,00,000	
		200 units at FV 80,00,000	
		2,500 units at FV 6,68,000	
Partly-convertible (for each type)	NA	NA	NA
At the beginning of the year			
Changes during the year (Increase/Redemption)			
At the end of the year			
Fully-convertible (for each type)	NA	NA	NA
At the beginning of the year			
Changes during the year (Increase/Converted)			
At the end of the year			

Total Amount of Debentures			
At the beginning of the year	44,948	15,000 units at FV 10,000	4,607.75
		27,360 units at FV 10,00,000	
		750 units at FV 2,50,000	
		1,838 units at FV 1,00,00,000	
Changes during the year (Increase/Redemption)	Increase : 500	500 units at FV 10,00,000	50.00
	Redemption: 8,490	Redemption 7,500 units of FV 10,00,000	1,131.75
		Redemption 750 units of FV 2,500	
		Redemption 240 units of FV 1,00,00,000	
		FV Redemption of 3,32,000 of 2,500 units	
		FV Redemption of 20,00,000 of 200 units	
At the end of the year	36,958	15,000 units at FV 10,000	3,526.00
		17,860 units at FV 10,00,000	
		1,398 units at FV 1,00,00,000	
		200 units at FV 80,00,000	
		2,500 units at FV 6,68,000	

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		R. Srinivasan (Executive Vice Chairman upto 27-Jun-2017)	V. S. Radhakrishnan (Managing Director & CEO upto 1-Aug-2017)	Ajay Kanwal (CEO from 1-Aug-2017; MD & CEO of NBFC-MFI, from 17-Nov-2017)	
1	Gross salary	51,90,495	74,52,648	3,51,96,567	4,78,39,710
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-

2	Stock Option*	-	-	5,67,647 (ESOP) 44,370* (RSU)	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify ...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	51,90,495	74,52,648	3,51,96,567	4,78,39,710
	Ceiling as per the Act				

*Represents the total number of options given in the financial year (2017-18). This has not been included in the Total (A) and is subject to approval of Reserve Bank of India.

Notes:

R. Srinivasan (Executive Vice Chairman) - following gross salary payments also has been done

- 3 days of June 2017 gross salary of RS 3,22,933
- 31 days of July 2017 gross salary of RS 11,42,050
- F&F gross settlement of RS 1,78,30,473
- Gratuity of RS 32,11,200

V. S. Radhakrishnan - following gross salary payments also has been done

- Aug 2017 Salary (Paid in Sep 2017) gross salary of RS 13,87,206
- F&F gross settlement of RS 2,40,01,987
- Gratuity of RS 33,17,192

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors					Total Amount
		Narayan Ramachandran	Uday Chitale	Vijayalatha Reddy	Vikram Gandhi	R. Ramaseshan	
1	Independent Directors						
	Fee for attending board committee meetings	2,20,000	4,20,000	6,10,000	4,05,000	6,35,000	22,90,000
	Commission	-	-	-	-	-	-

	Others, please specify	-	-	-	-	-	-
	Total (1)	2,20,000	4,20,000	6,10,000	4,05,000	6,35,000	22,90,000
2	Other Non-Executive Directors	V.Narayan amurthy (Nominee Director of IDBI)		-	-	-	-
	Fee for attending board committee meetings	1,20,000	-	-	-	-	1,20,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	1,20,000	-	-	-	-	1,20,000
	Total (B)=(1+2)	3,40,000	4,20,000	6,10,000	4,05,000	6,35,000	24,10,000
	Total Managerial Remuneration	3,40,000	4,20,000	6,10,000	4,05,000	6,35,000	24,10,000
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA	NA

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD [*Please note that the salary of CEO is already provided under section VII A and in our Bank MD holds the position of CEO also]

SN	Particulars of Remuneration	Key Managerial Personnel				
		CEO *	CS	CFO(upto 12 th Jan 2018)#	CFO (w.e.f 8 th Feb 2018)#	Total
1	Gross salary	-	36,16,462	1,30,19,937	13,41,670	1,79,78,069
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-				

2	Stock Option	-				
3	Sweat Equity	-				
4	Commission	-				
	- as % of profit	-				
	others, specify...	-				
5	Others, please specify	-				
	Total	-	36,16,462	1,30,19,937	13,41,670	1,79,78,069

Note : The remuneration details of Mr. Jayasheel Bhansali, Chief Financial Officer till 12th Jan 2018 and Mr. Vivek Venkatesan, Chief Financial Officer from 8th Feb 2018 onwards.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:


Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY - NIL					
Penalty					
Punishment					
Compounding					
B. DIRECTORS - NIL					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT - NIL					
Penalty					
Punishment					
Compounding					

Attachment A


Jana Small Finance Bank Limited

Shareholding Pattern as on 31-Mar-2018 and 31-Mar-2017 (Top 10 shareholders other than directors, promoters, GDRs and ADRs)

Sr No.	Shareholder	No of Shares (31-Mar-2017)	% holding	Allotment (16-Jan-2018 & 27-Mar-2018)	Transfers	Conversion of CCPS to Equity Shares (10-Jan-2018)	No of Shares (31-Mar-2018)	% holding
1	TPG Asia VI SF Pte. Ltd	3,458,575	12.59%	-	-	845,620	4,304,195	10.96%
2	North Haven Private Equity Asia Platinum Pte. Ltd	3,448,675	12.56%	-	-	722,752	4,171,427	10.62%
3	Client Rosehill Limited	1,757,755	6.40%	-	-	-	1,757,755	4.47%
4	Alpha TC Holdings Pte. Ltd	1,748,975	6.37%	-	-	-	1,748,975	4.45%
5	Treeline Asia Master Fund (Singapore) Pte. Ltd.	1,080,440	3.93%	-	-	361,376	1,441,816	3.67%
6	Bajaj Allianz Life Insurance Company Ltd	-	0.00%	-	-	1,084,128	1,084,128	2.76%
7	ICICI Prudential Life Insurance Company Ltd	-	0.00%	361,376	-	722,752	1,084,128	2.76%
8	HarbourVest Partners Co-Investment Fund IV L.P.	-	0.00%	1,038,102	-	-	1,038,102	2.64%
9	CVCI GP II Employee Rosehill Limited	984,455	3.58%	-	-	-	984,455	2.51%
10	QRG Enterprises Limited	760,035	2.77%	-	-	144,550	904,585	2.30%



Ramesh Ramanathan
Director



Ajay Kanwal
MD & CEO

Dated: 21st May 2018

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis : All Related Party Transactions are at arm's length.

2. Details of material contracts or arrangement or transactions at arm's length basis

(i)

a) Name(s) of the related party and nature of relationship :) Jana Urban Services For Transformation Private Limited; Mr. Ramesh Ramanathan, Chairman of the Board is also a Director in that Company.

(b) Nature of contracts/arrangements/transactions : Management Service Agreement

(c) Duration of the contracts/arrangements/transactions : One year (w.e.f 1st July 2017)*

(d) Salient terms of the contracts or arrangements or transactions including the value, if any

The agreement covers the following activities :

Financial Advisory Services

Jana Patra

Community Connect

Customer Insights

Field Survey

Spatial Analytics

(e) Date(s) of approval by the Board : 30-May-2017

(g) Amount paid as advances, if any: Nil

* The agreement was truncated effective 30-Sep-2017 and a fresh agreement has been entered with Jana Urban Space Foundation (India) (Jana USP) for a period 1-Oct-2017 to 30-Sep-2018.

(ii)

a) Name(s) of the related party and nature of relationship :) Jana Urban Space Foundation (India) (Jana USP); Ms. Swathi Ramanathan, founder of the entity is related to Mr. Ramesh Ramanathan.

(b) Nature of contracts/arrangements/transactions : Management Service Agreement

(c) Duration of the contracts/arrangements/transactions : One year (w.e.f 1st Oct 2017)

(d) Salient terms of the contracts or arrangements or transactions including the value, if any :

Spatial analytics services which includes :

1. Development of a STAR Portal and Locator App to capture locational details of customers and store fronts (JC, JPC and Bank Branch) for Jana Bachat, Small Batch Loans, Cash Management and Enterprise Financial Service

2. Mapping of the store front pin code boundaries on STAR Portal maps for each store front.

3. Generate route maps, visit status of the front-line collections executives.

4. Generation of daily, weekly & monthly reports including exception view.

(e) Date(s) of approval by the Board : 15-Nov-2017

(g) Amount paid as advances, if any: Nil

(iii)

(a) Name(s) of the related party and nature of relationship : Crossdomain Solutions Pvt Ltd and Mr. Ramesh Ramanathan, Chairman of the Board is also a Director in that Company.

(b) Nature of contracts/arrangements/transactions : Service Agreement

(c) Duration of the contracts/arrangements/transactions : For three years, Starts from 1st April 2017 to 31st March 2020

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

The agreement is for payroll processing; Full & final Settlement of resigned employees; Year-end processing Vouching; Filing of 24Q. They also provide statutory and non-statutory report. Charges for the services is elaborately mentioned in the Agreement dated May 2017 – Schedule B

(e) Date(s) of approval by the Board, if any: 30th May 2017

(f) Amount paid as advances, if any: Nil

(iv)

(a) Name(s) of the related party and nature of relationship : Jana Capital Limited and Mr. Ramesh Ramanathan, Chairman of the Board is also a Director & Chairman in that Company.

(b) Nature of contracts/arrangements/transactions : Service Provider Agreement

(c) Duration of the contracts/arrangements/transactions : For three years, Starts from 2-Mar-2018.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

The agreement is for availing services of Jana Small Finance Bank Limited for managing the Corporate related matters and regulatory/statutory related matters of the Company inter alia the services of Principle Officer under the provisions of Prevention of Money Laundering (PML) Act, and rules.

(e) Date(s) of approval by the Board, if any: 27th March 2018.

(f) Amount paid as advances, if any: Nil

(v)

(a) Name(s) of the related party and nature of relationship : Jana Holdings Limited and Mr. Ramesh Ramanathan, Chairman of the Board is also a Director & Chairman in that Company.

(b) Nature of contracts/arrangements/transactions : Service Provider Agreement

(c) Duration of the contracts/arrangements/transactions : For three years, Starts from 2-Mar-2018.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

The agreement is for availing services of Jana Small Finance Bank Limited for managing the Corporate related matters and regulatory/statutory related matters of the Company inter alia the Company Secretarial services and the services of Principle Officer under the provisions of Prevention of Money Laundering (PML) Act, and rules.

(e) Date(s) of approval by the Board, if any: 27th March 2018.

(f) Amount paid as advances, if any: Nil



Ramesh Ramanathan
Director

Date : 21st May 2018



Ajay Kahwal
MD & CEO

ANNEXURE - IV

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	EVC - 51,90,495 / 1,76,238 - There has been no replacement for this role post 27th June 2017, hence not an annualised figure. However the denominator represents the Median amount of annualized Fixed Pay for all employees. MD&CEO - 4,24,21,007 / 1,76,238 All Employee Median - (1,76,238) - Median amount of annualized Fixed pay for all employees.
(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	EVC: (-79.6%) - Reduction on account of annual salary represented in the previous financial year (16-17), as against part salary till 27th Jun 2017 current financial year (17-18). MD&CEO: 35.3% - This represents 1 CEO's salary in the previous year (16-17) as against a combination of 2 CEO's salary for different parts of the year in the current year (17-18). CS: 17% CFO*: (-34.1%) - Existing CFO resigned on 12th Jan 2018 & new CFO appointed effective 8th Feb 2018
(iii) The percentage increase in the median remuneration of employees in the financial year;	(1,76,238 - 1,65,000) / 1,65,000 = 6.81%
(iv) The number of permanent employees on the rolls of company;	14931 (as on 31st March 2018)
(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Jana Small Finance Bank compensation policy has a target for compensation benchmarking at median or above for employees.
(vi) Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

STATEMENT SHOWING DETAILS OF EMPLOYEES OF THE COMPANY:

Particulars of employees remuneration, as required under section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms a part of this report. Considering first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the said information, was sent to the members of the Bank and others entitled thereto. The said information is available for inspection at the registered

office of the Bank during working hours up to the date of ensuing annual general meeting. Any member interested in obtaining such information may write to the Company Secretary in this regard. The said information is also available on the website of the Bank at www.janabank.com



Ramesh Ramanathan
Director



Ajay Kanwal
MD & CEO

Date : 21-May-2018

REPORT ON CORPORATE GOVERNANCE**CORPORATE GOVERNANCE PHILOSOPHY**

The Bank is committed to ensure high standards of transparency and accountability in all its activities. Best management practices and high levels of integrity in decision making are diligently followed to ensure sustained wealth generation and creation of value for all stakeholders. The Bank adheres to all principles of corporate governance in its true spirit and at all times.

BOARD OF DIRECTORS**Composition**

The Board consists of 5 Directors as on 31st March 2018. All independent directors possess requisite qualifications and are very experienced in their respective fields. Necessary disclosures have been obtained from all the directors regarding their directorship and have been taken on record by the Board.

The names of the Directors and the details of other committee membership of each Director as on 31st March 2018 is given below:

Board Meetings and Attendance at Board Meetings

The Board met 18 times during the financial year 2017-2018. The Board of Directors of the Bank had met with a gap not exceeding the maximum gap of one hundred and twenty days between two meetings, as per the provisions of the Companies Act, 2013.

The dates for the board meetings are fixed after taking into account the convenience of all the directors and sufficient notice is given to them. Detailed agenda notes are sent to the directors. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The Chairman and the Managing Director & CEO appraise the Board on the overall performance of the Bank at every board meeting. The Board reviews performance, approves capital expenditures, sets the strategy the Bank should follow and ensures financial stability. The Board takes on record the actions taken by the Bank on all its decisions periodically.

Attendance of each Director at Board Meetings

S.No	Name	No. of Board Meetings held	No. of Board Meetings attended
1	Ramesh Ramanathan	10	10
2	Raghunath Srinivasan(till 27-Jun-2017)	10	2

3	V. S. Radhakrishnan (till 27-Nov-2017)	10	3
4	Narayan Ramachandran (till 30-Jan-2018)	10	4
5	Uday Madhav Chitale (till 16-Jan-2018)	10	5
6	Viswanatha Prasad (till 29-Jan-2018)	10	1
7	T S Sivashankar (till 30-Jan-2018)	10	6
8	Vikram Gandhi	10	7
9	Akhil Shriprakash Awasthi (till 31-Jan-2018)	10	1
10	Anil Rai Gupta (till 30-Jan-2018)	10	1
11	Ling Wei Ong/Nirav Mehta (till 30-Jan-2018)	10	3
12	Vijayalatha Reddy	10	8
13	Puneet Bhatia (till 30-Jan-2018)	10	1
14	V Narayanamurthy (till 11-Dec-2017)	10	4
15	Ramalingam Ramaseshan	10	8
16	Ajay Kanwal (w.e.f 30-Aug-2017)	10	6

Attendance of each Director at Board Meetings (at shorter notice) :

S.No	Name	No. of Board Meetings held	No. of Board Meetings attended
1	Ramesh Ramanathan	8	6
2	Raghunath Srinivasan(till 27-Jun-2017)	8	1
3	V. S. Radhakrishnan (till 27-Nov-2017)	8	4
4	Narayan Ramachandran (till 30-Jan-2018)	8	1
5	Uday Madhav Chitale (till 16-Jan-2018)	8	6
6	Viswanatha Prasad (till 29-Jan-2018)	8	0
7	T S Sivashankar (till 30-Jan-2018)	8	8

8	Vikram Gandhi	8	0
9	Akhil Shriprakash Awasthi (till 31-Jan-2018)	8	0
10	Anil Rai Gupta (till 30-Jan-2018)	8	0
11	Ling Wei Ong/Nirav Mehta (till 30-Jan-2018)	8	0
12	Vijayalatha Reddy	8	7
13	Puneet Bhatia (till 30-Jan-2018)	8	0
14	V Narayanamurthy (till 11-Dec-2017)	8	0
15	Ramalingam Ramaseshan	8	0
16	Ajay Kanwal (w.e.f 30-Aug-2017)	8	7

AUDIT AND COMPLIANCE COMMITTEE

The committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the Bank. The terms of reference of the committee covers all matters specified in section 177 of the Companies Act, 2013 and as required by Reserve Bank of India. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/ financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the Bank. The audit committee reviews the compliance with legal and statutory requirements, the quarterly, half yearly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of the internal auditor and the statutory auditor. The committee also looks into those matters specifically referred to it by the Board. The statutory auditors were present at the audit committee meetings held on 29-May-2017 and 15-Nov-2017.

The committee comprised the following directors for the year ended 31st March 2018:

Mr. Vikram Gandhi (Committee Chairman)

Mr. Ramesh Ramanathan - Member

Mr. R. Ramaseshan - Member

The terms of reference of the Committee :

The Committee will be governed by the terms of reference specified by Companies Act 2013, RBI Circular issued from time to time & the regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Bank has adopted the terms of reference from the three regulators which are listed as Annexure I, II and III to this Charter.

Annexure I

(A) As per the provision of Section 177 of the Companies Act, 2013, the Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;
- (viii) monitoring the end use of funds raised through public offers and related matters.

The Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

The Committee shall have authority to investigate into any matter in relation to the items specified in sub-section (4) of Section 177 of the Companies Act, 2013 or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.

Annexure II

(B) Terms of Reference as per RBI Circular issued from time to time are as below:

Quarterly

Exposure to sensitive sectors i.e. capital market & real estate.

- KYC / AML Guidelines - (i) Review of implementation (ii) Review of compliance of concurrent audit reports with respect to adherence to KYC / AML guidelines at branches.
- Review of housekeeping - particularly balancing and reconciliation of long outstanding entries Suspense / Sundries / Drafts payable / paid / Funds in Transit / Clearing / SGL / CSDL accounts
- Review of compliance in respect of the Annual Financial Inspection conducted by RBI and any other inspection conducted by any regulators (ACB should review this on ongoing basis till the bank furnishes full compliance. ACB should closely monitor persisting deficiencies pointed out in RBI Inspection Reports)

- Review of Audit plan and status of achievement thereof.
- Review of significant Audit Findings of the following audits along with the compliance thereof
 - (i) LFAR (ii) Concurrent Audit (iii) Internal Inspection (iv) I.S. Audit of Data Centre (v) Treasury and Derivatives (vi) Management Audit at Controlling Offices / Head Offices (vii) Audit of Service Branches (viii) Currency Chest (ix) FEMA Audit of branches authorized to deal in foreign exchange, etc.
- Compliance report on directives issued by ACB / Board / RBI.
- Report on compliance of clause 49 and other guidelines issued by SEBI from time to time.
- Report on compliance of regulatory requirement of Regulators in Host Countries in respect of overseas branches.
- Review of Frauds (frauds of Rs.1 crore and above to be reviewed as and when reported).
- Review of financial results for the quarter
- Review of information on violations by various functionaries in the exercise of discretionary powers.
- Information in respect of equity share holdings in borrower companies more than 30% of their paid up capital.
- Review First Year Audit Committee minutes and give recommendations.

Half Yearly

- Status of implementation of Ghosh and Jilani Committee reports
- Detailed report on fraudulent transactions relating to Internet Banking through phishing attacks pointing out in particular the deficiencies in the existing systems and steps taken by the IT department to prevent such cases.

Annual

- Change in accounting policy and practices which may have significant bearing on financial statements. A confirmation that accounting policies are in compliance with accounting standards and RBI guidelines.
- Review of IS Audit Policy
- Review of transactions with related parties
- Review of accounting policies / systems of the bank with a view to ensuring greater transparency in the bank's accounts and adequacy of accounting standards.
- Review of adequacy of the internal audit function, 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.
- Review of the bank's financial and risk management policies.
- Review of annual accounts of the bank.
- Appointment of statutory auditors and review of performance - both for domestic and overseas operations.
- Penalties imposed / penal action taken against bank under various laws and statutes and action taken for corrective measures
- Review of report on Revenue leakage detected by Internal / External Auditors and status of recovery thereof - reasons for undercharges and steps taken to prevent revenue leakage.

Annexure III

(C) As per the regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the role of the Audit Committee and review of information by Audit Committee is as under below :

- (1) oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Bank;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) 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, 2013;
 - 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 legal requirements relating to financial statements;
 - f) disclosure of any related party transactions;
 - g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) 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 offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the Bank with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the Bank, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) 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;
- (14) discussion with internal auditors of any significant findings and follow up there on;

- (15) 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;
- (16) 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;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
- (18) periodic inspection report submitted by the RBI and Certificates/returns/reports to the RBI pertaining to the Audit Committee function
- (19) annual Tax Audit statement and auditors report thereon
- (20) to review the functioning of the whistle blower mechanism;
- (21) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (22) to ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Bank.
- (23) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The 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 committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the committee.
- (6) statement of deviations as and when becomes applicable: {Need to review once the Bank get listed}
- (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (LODR) Regulations, 2015.
- (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of SEBI (LODR) Regulations, 2015.

Compliance Charter for the Audit and Compliance Committee of the Board (ACB)

Sl. No	Particulars	Frequency
1	Report on compliance breaches/failures, if any	Quarterly, Annually
2	Review of the annual compliance risk assessment	Annually
3	Review of the implementation of KYC-AML guidelines	Quarterly

NOMINATION AND REMUNERATION COMMITTEE

The Committee comprises the following Directors for the year ended 31st March 2018:

Mr. R. Ramaseshan (Committee Chairman)

Mr. Ramesh Ramanathan - Member

Mr. Ajay Kanwal - Member

Ms. Vijayalatha Reddy - Member

The committee met 6 times during the year, the dates are 29-May-2017, 16-Jun-2017, 22-Aug-2017, 15-Nov-2017, 8-Feb-2018 and 27-Mar-2018

The terms of reference of the Committee shall inter alia, include

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- To undertake a process of due diligence to determine the suitability of any person for appointment/continuing to hold appointment as a Director on the Board, based upon qualification, expertise, track record, integrity other 'fit and proper' criteria, positive attributes and independence (if applicable) and formulate the criteria relating thereto;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy of Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and succession planning for Directors;
- To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Bank's corporate strategy;
- To assess the independence of Independent Non- Executive Directors;
- To review the results of the Board performance evaluation process that relate to the composition of the Board;
- Annual appraisal of the performance of the Managing Director and fixing his/her terms of remuneration;
- Annual appraisal of the Senior Management team reporting to the Managing Director;
- Annual Performance Review of the staff;
- Framing guidelines for the Employee Stock Option Scheme (ESOS) and decide on the grant of stock options to the employees and Whole Time Directors of the Bank and its subsidiaries.

The role of the Nomination and Remuneration Committee:

Nomination:

- Making recommendations to the Board on the necessary and desirable competencies of directors to ensure that the Board has an appropriate mix of skills, experience, expertise and

diversity to enable it to discharge its responsibilities and deliver the Company's corporate objectives;

- At the request of the Board, making recommendations for the appointment and reelection of directors;
- Prior to recommending a candidate for appointment to the Board, undertaking checks as to a candidate's character, experience, education, criminal record and bankruptcy history and any other checks it considers appropriate;
- Establishing and, at the request of the Board, reviewing induction programs for new directors and continuing education programs for all directors in order to allow new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to enable new directors to gain an understanding of: - the industry within which the Company operates; - the Company's financial, strategic, operational and risk management position; - the culture and values of the Company; - the rights, duties and responsibilities of the directors; - the roles and responsibilities of the Company's senior management and its subsidiaries; - the role of the Committees; - meeting arrangements; and - director interaction with each other, senior executives and other stakeholders;
- Regularly reviewing the time commitment required from a non-executive director and whether non-executive directors are meeting this requirement;
- Evaluating the performance of the Board, its Committees and directors in line with the processes approved by the Board from time to time;
- Developing, implementing and reviewing the Company's succession plans for membership of the Board to ensure: - an appropriate balance of skills, experience expertise and diversity; and - an appropriate structure and composition of the Board;
- Ensuring that all non-executive directors: - specifically acknowledge to the Company prior to being submitted for election or re-election that they will have sufficient time to meet what is expected of them; and inform the Chairman of the Company and the Committee before accepting any new appointments as directors of other companies; and
- Making recommendations to the Board in respect of the membership and chairmanship of the Audit & Compliance Committee and Risk Management Committee.

Remuneration:

- Determining and agreeing with the Board a framework or broad policy for the remuneration of the Managing Director and such other senior executives as it is designated by the Board to consider. No individual shall be directly involved in deciding his or her own remuneration;
- In determining such policy, taking into account all factors which it deems necessary. The objective of such policy shall be to ensure that senior executives of the Company are motivated to pursue the long-term growth and success of the Company within an appropriate control framework and that there is a clear relationship between senior executive performance and remuneration;
- Within the terms of the agreed policy, determining the total individual remuneration package of each senior executive ensuring an appropriate balance between fixed and incentive pay including, where appropriate, bonuses, incentive payments and shares or share options to

reflect the short and long-term performance objectives appropriate to the Company's circumstances and goals;

- Determining the Company's recruitment, retention and termination policies and procedures for senior executives;
- Determining the policy for any incentive schemes to be operated by the Company and asking the Board, when appropriate, to seek shareholder approval for such schemes. The terms of any equity based remuneration schemes shall prohibit entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under these schemes;
- Determining the policy for superannuation arrangements for the Company's employees;
- Determining a framework or broad policy for the remuneration of the non-executive directors of the Company;
- Reviewing and reporting to the Board on the remuneration of directors, senior executives and all employees of the Company based on gender; and
- Reviewing and approving the corporate governance section of the Company's annual report.

Diversity:

- Ensuring that all decisions, frameworks and policies regarding nomination and remuneration are made giving regard to the Company's objectives in respect of promoting and maintaining diversity throughout the Company and on the Board;
- Reviewing, developing and making recommendations to the Board and, in particular, establishing measureable objectives to promote and maintain diversity throughout the Company and on the Board; and
- On at least an annual basis, reviewing and reporting to the Board on: - the Company's progress against the measurable objectives set by the Board for achieving greater gender diversity; and - the Company's compliance with the Diversity Policy, and where necessary, making recommendations to the Board on any changes to the Diversity Policy or the measurable objectives for achieving greater gender diversity.

RISK MANAGEMENT COMMITTEE:

The Bank has constituted a Risk Management Committee with the following directors:

Mr. Vikram Gandhi (Committee Chairman)

Mr. Ajay Kanwal - Member

Mr. R. Ramaseshan - Member

The Committee having been constituted in February 2018, did not meet during the year under review.

Terms of reference of the Committee:

The Committee of the Bank will be governed by the terms of reference as specified by RBI Circular issued from time to time and issued by Board from time to time.

- 1) Laying down and review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework.
- 2) Appraising the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy
- 3) To decide the policy and strategy for integrated risk management containing various risk exposures including credit, market, liquidity, operational and reputational risk
- 4) To obtain regular risk management reports to enable the Committee to assess risks involved in Bank business and give clear focus to current and forward looking aspects of risk exposure
- 5) To review the Asset Liability Management (ALM) of the Bank on a regular basis
- 6) To review risk return profile of the Bank, capital adequacy based on risk profile of Bank balance sheet, business continuity plan, disaster recovery plan, key risk indicators and significant risk exposures
- 7) To carry out prudent risk diversification ensuring that credit exposure to any group or industry does not exceed the internal limits

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Bank has constituted a Corporate Social Responsibility Committee with the following directors:

Ms. Vijayalatha Reddy - Committee Chairman

Mr. Ramesh Ramanathan - Member

Mr. Ajay Kanwal - Member

The Committee met 2 times during the year, the dates are 29-May-2017 and 22-Aug-2017.

The terms of reference of the committee include:

- (a) Formulating and recommending to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII (attached as Annex A);
- (b) Recommending the amount of expenditure to be incurred on the CSR activities.
- (c) Monitoring the Corporate Social Responsibility Policy of the Company from time to time.
- (d) transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

The role of the Corporate Social Responsibility Committee:

- a) The Board shall ensure that the Bank spends in every financial year atleast 2% of the average net profits of the Bank made during the three immediately preceding financial years in pursuance of its CSR policy.
- b) Where the Bank fails to spend such amount, the Board shall in its report specify the reasons for not spending the amount. The approach is to 'comply or explain'.
- c) The Bank shall give preference to local areas where it operates, for spending amount earmarked for Corporate Social Responsibility (CSR) activities.

INFORMATION TECHNOLOGY STRATEGY COMMITTEE:

The Bank has constituted a Corporate Social Responsibility Committee with the following directors:

Mr. Ramesh Ramanathan (Committee Chairman)

Mr. Ajay Kanwal - Member

Mr. Vikram Gandhi - Member

Mr. Vijayalatha Reddy - Member

The Committee having been constituted in February 2018, did not meet during the year under review.

Terms of reference:

The Committee of the Bank will be governed by the terms of reference as specified by RBI Circular issued from time to time.

1. To approve IT strategy and policy documents
2. To ensure that management has an effective strategic planning process
3. To ensure that IT strategy is aligned with business strategy
4. To ensure that investments in Information Technology represent a balance of risks and benefits for sustaining Bank's growth and within the acceptable budget.
5. To monitor IT resources required to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
6. To oversee implementation of processes and practices and ensuring that maximum value is delivered to business
7. To ensure that all critical projects have a component for 'project risk management' from IT perspective (by defining project success measures and following up progress on IT projects).
8. To define and ensure effective implementation of standards of IT Governance, Business Continuity and Data Governance.
9. To ensure that there is an appropriate framework of information security risk assessment within the Bank.

CUSTOMER SERVICE COMMITTEE :

The Bank has constituted a Customer Service Committee with the following directors:

Mr. Ajay Kanwal (Committee Chairman)

Mr. Vikram Gandhi - Member

Ms. Vijayalatha Reddy - Member

Mr. R Ramaseshan - Member

The Committee having been constituted in February 2018, did not meet during the year under review.

The terms of reference of the Customer Service Committee include:

- 1) To review the level of customer service in the Bank including customer complaints and the nature of their resolution;
- 2) To provide guidance in improving the level of customer service;
- 3) To ensure that the Bank provides and continues to provide best-in-class services across all its category of customers to help the Bank in protecting and growing its brand equity;
- 4) To formulate a comprehensive Deposit Policy incorporating issues such as death of a depositor for operations of his/her accounts, annual survey of depositor satisfaction, product approval process and triennial audit of customer services;
- 5) To oversee the functioning of the internal committee for customer service;
- 6) To evolve innovative measures for enhancing the quality of customer service and improving the overall satisfaction level of customers.
- 7) To ensure implementation of directives received from RBI with respect to rendering of services to Bank customers

The key roles & responsibilities of the Committee are provided below:

1. Approving the various policies that relate to customer service; examples thereof include and are not limited to:

- Comprehensive Deposit Policy
- Cheque Collection Policy
- Customer Compensation Policy
- Customer Grievance Redressal Policy

2. Reviewing metrics and indicators that provide information on the state of customer service in the Bank; providing direction to the management of the Bank on actions to be taken to improve the metrics;

3. Reviewing the actions taken/ being taken by the Bank to standardize the delivery of customer experience across all branches;

4. Reviewing results of the surveys conducted that provide quantitative and qualitative information on the state of customer experience;

5. Providing inputs on the products introduced by the Bank with a view to ensure suitability and appropriateness;

6. Monitoring the implementation of the Banking Ombudsman Scheme with particular reference to:

- Reviewing all the awards against the Bank with a focus on identifying issues of systemic deficiencies and the Bank's plan to address these deficiencies;

- Reviewing all awards that remain unimplemented after 3 months from the date of the award with the reasons thereof; to report to the Board such delays in implementation without valid reasons and for initiating remedial action;

7. Review, on an overall basis, the customer service aspects in the Bank on the basis of the detailed memorandum submitted in this regard and report to the Board of Directors thereafter; this is done once every six months and based on the review, the Committee will direct the Bank to initiate prompt corrective action wherever service quality / skills gaps have been noticed;

8. Monitoring the activities of the Standing Committee on Customer Service (executive level committee) on a quarterly basis;

COMMITTEE FOR MONITORING LARGE VALUE FRAUDS

The Bank has constituted a Customer Service Committee with the following directors:

Mr. Ramesh Ramanathan (Committee Chairman)

Mr. Ajay Kanwal - Member

Mr. Vikram Gandhi - Member

Ms. Vijayalatha Reddy - Member

Mr. R Ramaseshan - Member

The Committee having been constituted in February 2018, did not meet during the year under review.

The terms of reference of the Committee are as under:

- a. Identify the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same;
- b. Identify the reasons for delay in detection, if any, reporting to top management of the Bank and RBI;
- c. Monitor progress of CBI / Police Investigation and recovery position;
- d. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time;
- e. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls;
- f. Put in place other measures as may be considered relevant to strengthen detective and preventive measures against frauds;

MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors of the Company had met during the year on 30th March 2018 to review the performance of non- Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and had accessed the quality, quantity and timeliness of flow of information between the company management and the Board.

There was no pecuniary relationship or transactions of the non-executive directors vis-à-vis the company during the Financial Year ended 31st March, 2018.

ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETING:

The details of the Annual General Meetings / Extraordinary General Meeting held in the last three years are as follows:

General Meeting	Body	Date, Time & Venue	No. of Special Resolution passed
Extra - Ordinary General Meeting		5-Mar-2018 at 11:00 a.m. at the registered office address : "Vaishnavi", #29,Union Street, off Infantry Road, Bangalore - 560 001	1
Extra - Ordinary General Meeting		12-Jan-2018 at 11:00 a.m. at the registered office address : "Vaishnavi", #29,Union Street, off Infantry Road, Bangalore - 560 001	4
Extra - Ordinary General Meeting		4-Jan-2018 at 11:00 a.m. at the registered office address : "Vaishnavi", #29,Union Street, off Infantry Road, Bangalore - 560 001	1
Extra - Ordinary General Meeting		6-Sep-2017 at 11:00 a.m. at the registered office address : "Vaishnavi", #29,Union Street, off Infantry Road, Bangalore - 560 001	2
Extra - Ordinary General Meeting		30-Aug-2017 at 11:00 a.m. at the registered office address : "Vaishnavi", #29,Union Street, off Infantry Road, Bangalore - 560 001	1
Extra - Ordinary General Meeting		9-Aug-2017 at 11:00 a.m. at the registered office address : "Vaishnavi", #29,Union Street, off Infantry Road, Bangalore - 560 001	0
11 th Annual General Meeting		30-June-2017 at 11:00 a.m. at the registered office address : "Vaishnavi", #29,Union Street, off Infantry Road, Bangalore - 560 001	3
Extra - Ordinary General Meeting		23-Mar-2017 at 5:30 p.m. at the registered office address : "Rajashree Saroja Plaza", #34/1,Andree Road, Shanthinagar, Bangalore - 560 027	1
Extra - Ordinary General Meeting		7-Mar-2017 at 10:30 a.m. at the registered office address : "Rajashree Saroja Plaza", #34/1,Andree Road, Shanthinagar, Bangalore - 560 027	2
10 th Annual General Meeting		30-June-2016 at 11:00 a.m. at the registered office address : "Rajashree	2

	Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore - 560 027	
Extra - Ordinary General Meeting	13-Apr-2016 at 6:30 p.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore - 560 027	2
Extra - Ordinary General Meeting	6-Jun-2016 at 2:00 p.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore - 560 027	3
9 th Annual General Meeting	29-June-2015 at 11:00 a.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore - 560 027	3
Extra - Ordinary General Meeting	30-Mar-2016 at 6:00 p.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore - 560 027	1
Extra - Ordinary General Meeting	18-December-2015 at 2:00 p.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore - 560 027	3
Extra - Ordinary General Meeting	8-May-2015 at 11:30 a.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore - 560 027	3

WHISTLE BLOWER POLICY

The Bank has a whistle blower policy, which has been approved by the Board on 8th Feb 2018. The policy provides a whistle blowing route to employees, including part time, temporary and contract employees and directors of the organisation.

Summary of the policy:

- The policy defines the incidents that are required to be reported by a whistle blower, the concerns and safeguards to the whistle blower.
- The procedure for raising an issue under the policy as well as the investigation process and reporting of the whistle blowing incidents are detailed in the policy.

COMPLIANCES:

There have been no instances of non-compliance by the company on any matter related to the capital markets, nor have any penalty/strictures been imposed on the company by the Registrar of Companies, Reserve Bank of India, Stock Exchanges or SEBI or any other statutory authority on such matters.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date and time:	10 th August 2018, 11:00 a.m
Venue :	"Vaishnavi", #29, Union Street, off Infantry Road, Bangalore - 560 001

Shareholding Pattern as on 31st March 2018

Sr No.	Name of the Equity Shareholder	Class	No of Shares	% holding
1	Jana Holdings Limited	Class A	17,642,382	44.90%
2	TPG Asia VI SF Pte. Ltd	Class A	4,304,195	10.96%
3	North Haven Private Equity Asia Platinum Pte. Ltd	Class A	4,171,427	10.62%
4	Client Rosehill Limited	Class A	1,757,755	4.47%
5	Alpha TC Holdings Pte Ltd	Class A	1,748,975	4.45%
6	Treeline Asia Master Fund (Singapore) Pte. Ltd.	Class A	1,441,816	3.67%
7	Bajaj Allianz Life Insurance Company Ltd	Class A	1,084,128	2.76%
8	ICICI Prudential Life Insurance Company Ltd	Class A	1,084,128	2.76%
9	HarbourVest Partners Co-Investment Fund IV L.P.	Class A	1,038,102	2.64%
10	CVCI GP II Employee Rosehill Limited	Class A	984,455	2.51%
11	QRG Enterprises Limited	Class A	904,585	2.30%
12	Caladium Investment Pte. Ltd	Class A	762,608	1.94%
13	ICICI Lombard General Insurance Company Ltd	Class A	361,376	0.92%
14	HarbourVest Partners Co-Investment IV AIF L.P.	Class A	271,806	0.69%
15	Bajaj Allianz General Insurance Company Ltd - Policyholder Fund	Class A	252,963	0.64%
16	India Financial Inclusion Fund (IFIF)	Class A	246,220	0.63%
17	Vallabh Bhanshali HUF	Class A	199,958	0.51%

18	HarbourVest Co-Investment Opportunities Fund L.P	Class A	163,739	0.42%
19	HIPEP VIII Partnership Fund L.P.	Class A	157,189	0.40%
20	Global Financial Inclusion Fund	Class A	141,285	0.36%
21	Vallabh Bhanshali	Class A	119,410	0.30%
22	Badri Narayan Piliinja	Class A	115,195	0.29%
23	Bajaj Allianz General Insurance Company Limited - Shareholder Fund	Class A	108,413	0.28%
24	HIPEP VIII Partnership AIF L.P.	Class A	104,793	0.27%
25	HarbourVest Skew Base AIF L.P.	Class A	49,122	0.13%
26	HarbourVest Asia Pacific VIII AIF L.P.	Class A	42,572	0.11%
27	HarbourVest Asia Pacific Fund VIII L.P.	Class A	22,923	0.06%
28	Enam Securities Private Limited	Class A	4,290	0.01%
29	Growth Partnership II Shiv Shankar Co-investment Trust	Class A	1,995	0.01%
30	Growth Partnership II Ajay Tandon Co-investment Trust	Class A	825	0.00%
	Total		39,288,630	100.00%


Ramesh Ramanathan
 Director


Ajay Kanwal
 MD & CEO

Date : 21-May-2016



Nagendra D. Rao, B.Com., LL.B., F.C.S.

Practising Company Secretary

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Jana Small Finance Bank Limited [Formerly Janalakshmi Financial Services Limited]

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Jana Small Finance Bank Limited [Formerly Janalakshmi Financial Services Limited] (hereinafter called the company). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-



- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 [Not Applicable];
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [Not Applicable];
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [Not Applicable];
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 [Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014); [Not Applicable];
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients [Not Applicable];
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not Applicable]; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not Applicable];
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [To the extent Applicable to Non Convertible Debentures only].

(vi) The Laws as are applicable specifically to the Company are as under,

- a) The Reserve Bank of India (RBI) Act, 1934;
- b) The Banking Regulation Act, 1949;
- c) The Non-Banking Financial Company -Micro Finance Institutions (Reserve Bank) Directions, 2011 and other applicable Directions and rules issued by RBI from time to time (Applicable to the Company till March 27, 2018).
- d) "Operating Guidelines for Small Finance Banks" issued by RBI on October 6, 2016 ("SFB Operating Guidelines") (Applicable to the Company with effect March 28, 2018)



- e) Prevention of Money-Laundering Act (PMLA), 2002 and The Prevention of Money-Laundering (Maintenance of Records, etc) Rules, 2005;
- f) FEMA Rules, Regulations and notifications issued from time to time;
- g) Indian Stamp Act, 1899 and State Stamp Acts.
- h) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- i) The Child labour [Prohibition and Regulation] Act, 1986,
- j) Shops and Establishments Act applicable under various states and
- k) The Sexual Harassment of Women at Workplace [Prevention, Prohibition and Redressal] Act, 2013.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective 1st July, 2015).
- (ii) The Listing Agreements entered into by the Company with BSE Limited [BSE];

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Further, on 8th February 2018, the Jana Small Finance Bank's Board was duly constituted with the Directors whose nominations were duly approved by The Reserve Bank of India. The approval was based on the compliance with the provision of Section 10A and 16 of the Banking Regulation Act, 1949.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.



As per the Minutes of the Board of Directors duly recorded and signed by the Chairman, the decisions were Unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has in compliance with the Act:

- i. The Company has adopted the Janalakshmi Financial Services Limited – Employees Stock Option Plan 2017 and Grant of Stock Options under the Janalakshmi Financial Services Limited – Employees Stock Option Plan 2017.
- ii. Conversion of 1,180,000,000 Compulsorily Convertible Preference Shares in to 8,528,475 Class “A” Equity Shares of the Company.
- iii. Issued / Allotted Secured, Rated, Listed, Redeemable Non Convertible Debentures on a Private Placement basis during the period under review.
- iv. Altered the Memorandum of Association by a). Reclassifying the Authorised Share Capital of the Company b). changing the name of the Company from “Janalakshmi Financial Services Limited” to” Jana Small Finance Bank Limited” and c). Altering the Object Clause of Memorandum of Association of the Company as approved by Reserve Bank of India.
- v. Altered its Articles of Association and adopted new set of Articles of Association for the Small Finance Bank
- vi. Appointed Mr. Ajay Kanwal as Managing Director of the company after obtaining approval from the Central Government and further the Reserve Bank of India has given its approval for the appointment of Mr. Ajay Kanwal as the Managing Director and Chief Executive Director of the Bank vide their letter vide no. DBR.Appt.No. 8428/29.44.001/2017-18 dated March 21, 2018 in terms of the provision of Section 35B of the Banking Regulation Act, 1949.
- vii. The Company has obtained fresh Certificate of Incorporation pursuant to change of name from the Registrar of Companies, Ministry of Corporate Affairs for the change of name of the company from “Janalakshmi Financial Services Limited” to” Jana Small Finance Bank Limited”.



- viii. The Reserve Bank of India has issued Small Bank License to the Company in the name and style - "Jana Small Finance Bank Limited". Further the Reserve Bank of India have issued a Press Release on March 28, 2018 intimating the commencement of operations of Jana Small Finance Bank Limited as a Small Finance Bank



A handwritten signature in black ink, appearing to be "NDR" or similar, with a horizontal line underneath.

Place: Bengaluru

Date: May 21, 2018

Name of Company Secretary in Practice: Nagendra D. Rao

Signature:

FCS No. : 5553

C P No.: 7731

Note: My report of even date is to be read along with my letter of even date which is annexed as Annexure - 1 and forms an integral part of this report.



Nagendra D. Rao, B.Com., LL.B., F.C.S.

Practising Company Secretary

To,

The Members

Jana Small Finance Bank Limited [Formerly Janalakshmi Financial Services Limited]

My report of even date is to be read along with this letter.

Management's Responsibility

It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

1. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
2. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.
3. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.



Nagendra D. Rao
Practicing Company Secretary
Membership No. : FCS - 5553
Certificate of Practice No. : 7731

Date: May 21, 2018

Place: Bengaluru

B S R & Associates LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
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Independent Auditors' Report

To the members of
Jana Small Finance Bank Limited

Report on the audit of Financial Statements

We have audited the accompanying financial statements of Jana Small Finance Bank Limited (formerly known as Janalakshmi Financial Services Limited) ('the Bank'), which comprise the Balance Sheet as at 31 March 2018, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Section 29 of the Banking Regulation Act, 1949 ('BR Act') and the circulars, guidelines and directions issued by the Reserve Bank of India ('RBI') from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



Independent Auditors' Report (continued)

Jana Small Finance Bank Limited

Auditors' responsibility (continued)

We conducted our audit on the financial statements of the Bank in accordance with the Standards on Auditing ('the Standards') specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the BR Act, as well as the relevant requirements of the Act, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2018, its loss and its cash flows for the year then ended on that date.



Independent Auditors' Report (continued)

Jana Small Finance Bank Limited

Emphasis of Matter

We draw attention to Note 1 of Schedule 17 to the accompanying financial statements which describes the grant of Small Finance Bank ('SFB') license by the RBI on 28 April 2017, consequently the Bank converted itself into an SFB from a Non-Banking Financial Company ('NBFC') with effect from 28 March 2018. The Bank has accordingly, changed its accounting policies to ensure compliance with banking regulations issued by RBI from time to time and practices that are prevalent in the banking industry. As a result, the previous year's figures are not comparable with those of the current year.

Our Opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the BR Act, Section 133 of the Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014

As required by sub section (3) of Section 30 of the BR Act, we report that:

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
- (c) since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. The Bank was in operation as a small finance bank for two days in the financial year ended 31 March 2018. As there were limited banking operations carried out on these days, we have not visited the Bank branches during the course of our audit.

Further, as required by Section 143 (3) of the Act, we further report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- (b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by the RBI;
- (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting with reference to the financial statements of the Bank and the operating effectiveness of such controls, refer to our separate report in "Annexure A";

Independent Auditors' Report (continued)

Jana Small Finance Bank Limited

Report on other legal and regulatory requirements (continued)

- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 12 and Note No. 13 of Schedule 18 to the financial statements;
 - (ii) The Bank does not have any material foreseeable losses in respect to any long-term contracts including derivative contracts, which have not been provided for;
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank;
 - (iv) The disclosures required on holdings as well as dealing in Specified bank notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification G.S.R. 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W / W-100024



N Sampath Ganesh

Partner

Membership No: 042554

Mumbai

21 May 2018

ANNEXURE A to the Independent Auditors' Report of even date on the Financial Statements of Jana Small Finance Bank Limited

Report on the internal financial controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of Jana Small Finance Bank Limited (formerly known as Janalakshmi Financial Services Limited) ('the Bank') as at 31 March 2018 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's responsibility for internal financial controls

The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditors' responsibility


Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.



ANNEXURE A to the Independent Auditors' Report of even date on the Financial Statements of Jana Small Finance Bank Limited (continued)

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W / W-100024







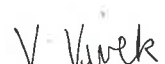
N Sampath Ganesh

Partner







Membership No: 042554

Mumbai

21 May 2018

JANA SMALL FINANCE BANK LIMITED (Formerly Known as Janalakshmi Financial Services Limited)			
Balance Sheet as at 31 March 2018			
(In ₹ Crores)			
	Schedule	As at 31.03.2018	As at 31.03.2017
CAPITAL AND LIABILITIES			
Capital	1	39.29	27.46
Reserves and Surplus	2	1,489.53	2,369.23
Deposits	3	0.45	-
Borrowings	4	7,661.61	11,667.19
Other Liabilities and Provisions	5	557.50	808.88
TOTAL		9,748.38	14,872.76
ASSETS			
Cash and Balance with Reserve Bank of India	6	197.74	16.37
Balance with Banks and Money at call and short notice	7	919.47	2,275.25
Investments	8	1,997.48	347.64
Advances	9	6,028.32	11,613.55
Property, Plant and Equipment	10	384.66	230.09
Other Assets	11	220.71	389.86
TOTAL		9,748.38	14,872.76
Contingent Liabilities	12	51.15	15.79
The schedules referred to above form an integral part of the Balance Sheet. As per our report of even date			
For B S R & Associates LLP Chartered Accountants Firm's Registration No: 116231W/W-100024 		For and on behalf of the Board of Directors	
N Sampath Ganesh Partner Membership No: 042554		 Ajay Kanwal Managing Director and Chief Executive Officer	
		 Ramesh Ramanathan Director	
		 Richa Saxena Company Secretary	
		 Vivek Venkatesan Chief Financial Officer	
Place: Mumbai Date : May 21, 2018		Place: Bangalore Date : May 21, 2018	



JANA SMALL FINANCE BANK LIMITED (Formerly Known as Janalakshmi Financial Services Limited) Profit and Loss Account for the year ended 31 March 2018			
(In ₹ Crores)			
PARTICULARS	Schedule	Year ended 31.03.2018	Year ended 31.03.2017
I. INCOME			
Interest Earned	13	1,554.79	2,821.98
Other Income	14	42.26	156.28
TOTAL		1,597.05	2,978.26
II. EXPENDITURE			
Interest Expended	15	1,163.89	1,229.33
Operating Expenses	16	1,455.30	1,189.39
Provisions and Contingencies (refer note 18.15)		1,481.66	389.44
TOTAL		4,100.85	2,808.16
III. PROFIT			
Net Profit/(Loss) for the year		(2,503.79)	170.10
Profit Brought Forward		325.36	205.42
TOTAL		(2,178.43)	375.52
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		-	(34.02)
Dividend Paid (refer note 18.34)		(2.75)	(13.42)
Dividend Distribution Tax (refer note 18.34)		(0.56)	(2.73)
Balance carried over to Balance Sheet		(2,181.74)	325.36
V. EARNING PER SHARE (Face value of equity share is ₹ 10)			
Basic		(787.88)	62.38
Diluted		(787.88)	62.38
Significant accounting policies and notes to the financial statements	17 & 18		
The schedules referred to above form an integral part of the Profit and Loss Account			
As per our report of even date For B S R & Associates LLP Chartered Accountants Firm's Registration No: 116231W/W-100024  N Sampath Ganesh Partner Membership No: 042554		For and on behalf of the Board of Directors  Ajay Kanwal Managing Director and Chief Executive Officer  Ramesh Ramanathan Director  Richa Saxena Company Secretary  Vivek Venkatesan Chief Financial Officer	
Place: Mumbai Date : May 21, 2018 		Place: Bangalore Date : May 21, 2018	

JANA SMALL FINANCE BANK LIMITED
(Formerly Known as Janalakshmi Financial Services Limited)

Cash Flow Statement for the year ended March 31, 2018

(In ₹ Crores)

	Particulars	Year ended 31.03.2018	Year ended 31.03.2017
A.	Cash Flow from operating activities		
	Profit/(Loss) before income tax	(2,503.81)	170.11
	Adjustments for:		
	Depreciation on fixed assets	83.95	61.86
	(Profit) / Loss on sale of fixed assets	17.74	0.18
	Employee stock option expenses	5.12	-
	Provision for non performing assets	1,511.51	17.34
	Additional provision and provision for diminution in fair value	0.42	150.00
	Bad debts written off	160.64	122.10
	Provision for standard assets	17.43	104.72
	Operating profit before working capital changes (i)	(706.99)	626.30
	Changes in working capital		
	(Increase)/Decrease in investments	(1,649.84)	(347.54)
	(Increase)/Decrease in advances	3,895.23	(2,916.17)
	Increase/(Decrease) in deposits	0.45	-
	(Increase)/Decrease in other assets	154.18	(340.44)
	Increase/(Decrease) in other liabilities and provisions	(251.38)	273.25
	Net change in working capital (ii)	2,148.64	(3,330.91)
	Direct tax paid (net of refunds) (iii)	14.97	142.58
	Net cash flow used in / from operating activities (i)+(ii)+(iii) (A)	1,456.62	(2,562.02)
B.	Cash flow used in investing activities		
	Purchase of fixed assets	(270.75)	(228.76)
	Proceeds from sale of assets	0.76	0.02
	(Increase)/Decrease in capital work in progress	13.72	49.26
	Net cash used in investment activities (B)	(256.26)	(179.48)



JANA SMALL FINANCE BANK LIMITED
(Formerly Known as Janalakshmi Financial Services Limited)

Cash Flow Statement for the year ended March 31, 2018

(In ₹ Crores)

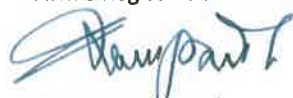
	Particulars	Year ended 31.03.2018	Year ended 31.03.2017
C.	Cash Flow from financing activities		
	Proceeds from issue of equity shares	11.82	19.91
	Proceeds from issue of CCPs		
	Securities premium received	1,624.18	1,018.03
	Share issue expenses	(1.90)	(23.63)
	Proceeds from borrowings	1,393.15	6,150.33
	(Repayment) of borrowings	(5,398.73)	(4,133.64)
	Dividends paid	(2.75)	(13.42)
	Tax on dividend	(0.56)	(2.73)
	Net cash generated from financing activities (C)	(2,374.79)	3,014.85
	Net (decrease)/increase in cash and cash equivalents (A)+(B)+(C)	(1,174.43)	273.35
	Cash and cash equivalents as at beginning of the year	2,291.63	2,018.28
	Cash and cash equivalents as at end of the year	1,117.20	2,291.63

As per our report of even date

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024



N Sampath Ganesh

Partner


Membership No: 042554

For and on behalf of the Board of Directors



Ajay Kanwal

Managing Director and
Chief Executive Officer



Ramesh Ramanathan

Director



Richa Saxena

Company Secretary



Vivek Venkatesan

Chief Financial Officer



Place: Mumbai

Date : May 21, 2018

Place: Bengaluru

Date : May 21, 2018

JANA SMALL FINANCE BANK LIMITED (Formerly Known as Janalakshmi Financial Services Limited)		
SCHEDULES TO BALANCE SHEET AS AT 31 MARCH 2018		
	(In ₹ Crores)	
PARTICULARS	As at 31.03.2018	As at 31.03.2017
SCHEDULE 1 - CAPITAL		
AUTHORISED CAPITAL		
1,32,76,00,000 (Previous Year 127,600,000) Class 'A' Equity Shares of ₹10 each	1,327.60	127.60
ISSUED, SUBSCRIBED AND PAID UP CAPITAL EQUITY		
3,92,88,630 (Previous Year 2,74,64,405) Class 'A' Equity Shares of ₹10 each fully paid up	39.29	27.46
TOTAL	39.29	27.46
SCHEDULE 2 - RESERVES AND SURPLUS		
I. STATUTORY RESERVE		
[Created pursuant to Section 17(2) of Banking Regulation Act, 1949]		
Opening Balance	-	-
Transfer from Statutory Reserve [refer Schedule 2(II)]	95.14	-
Addition during the year	-	-
Total	95.14	-
II. STATUTORY RESERVE		
[Created pursuant to Section 45 IC of Reserve Bank of India Act, 1934 as amended by RBI (Amendment) Act 1997]		
Opening Balance	95.14	61.12
Addition during the year		34.02
Transfer to Statutory Reserve [Section 17(2) of Banking Regulation Act, 1949] [refer Schedule 2(I)]	(95.14)	
Total	-	95.14
III. SHARE PREMIUM		
Opening Balance	1,934.32	939.92
Add: Additions during the year	1,624.18	1,018.03
Less: Deductions during the year	(1.90)	(23.63)
Total	3,556.60	1,934.32
IV. GENERAL RESERVE		
Opening Balance	14.41	14.41
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
Total	14.41	14.41
V. EMPLOYEE STOCK OPTIONS OUTSTANDING		
Employee Stock Option expense during the year	5.12	-
Total	5.12	-
VI. BALANCE IN PROFIT & LOSS ACCOUNT	(2,181.74)	325.36
TOTAL (I to VI)	1,489.53	2,369.23



JANA SMALL FINANCE BANK LIMITED		
(Formerly Known as Janalakshmi Financial Services Limited)		
SCHEDULES TO BALANCE SHEET AS AT 31 MARCH 2018		
	(In ₹ Crores)	
PARTICULARS	As at 31.03.2018	As at 31.03.2017
SCHEDULE 3 - DEPOSITS		
A.I. Demand Deposits		
i. From banks	-	-
ii. From others	-	-
II. Savings Bank Deposits	0.00	-
III. Term Deposits		
i. From banks	-	-
ii. From others	0.45	-
TOTAL (I to III)	0.45	-
B. I. Deposits of Branches In India	0.45	-
II. Deposits of Branches outside India	-	-
TOTAL (I to II)	0.45	-
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i. Reserve Bank of India	-	-
ii. Other banks*	3,389.05	5,583.00
iii. Other institutions and agencies^	4,142.21	5,954.49
II. Borrowings outside India	130.35	129.70
TOTAL (I to II)	7,661.61	11,667.19
Secured Borrowings included in (ii) & (iii) above is ₹2878.16 crores (Previous Year ₹ 7,852.39 crores)		
*Includes Sub-ordinated Debt (Tier II) ₹ 78 crores (Previous Year ₹ 78 crores)		
^Includes Sub-ordinated Debt (Tier II) ₹ 673 crores (Previous Year ₹ 673 crores)		
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable		
II. Inter office adjustments (net)		
III. Interest accrued	246.84	236.65
IV. General provision against standard assets	17.43	104.72
V. Others	293.23	467.51
TOTAL (I to V)	557.50	808.88



JANA SMALL FINANCE BANK LIMITED (Formerly Known as Janalakshmi Financial Services Limited) SCHEDULES TO BALANCE SHEET AS AT 31 MARCH 2018		
(In ₹ Crores)		
PARTICULARS	As at 31.03.2018	As at 31.03.2017
SCHEDULE 6 - CASH AND BALANCE WITH RESERVE BANK OF INDIA		
I. Cash in hand	7.73	16.37
II. Balances With Reserve Bank of India		
i. In Current account	190.01	-
ii. In Other accounts	-	-
TOTAL (I to II)	197.74	16.37
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with banks		
a) In Current accounts	53.64	431.26
b) In Other deposit accounts*	865.83	1,843.99
ii) Money at call and short notice		
a) With banks	-	-
b) With other institutions	-	-
TOTAL (i to ii)	919.47	2,275.25
II. Outside India		
i) Balances With Banks		
a) In Current Accounts	-	-
b) In Other Deposit Accounts	-	-
ii) Money at Call and Short Notice	-	-
TOTAL (i to ii)	-	-
GRAND TOTAL (I to II)	919.47	2,275.25

*Deposits with banks include ₹ 97.11 crores (previous year ₹ 252.38 crores) under lien marked towards term loans/guarantee availed from banks, financial institutions and cash collateral placed in connection with assignment / securitisation of receivables.



JANA SMALL FINANCE BANK LIMITED (Formerly Known as Janalakshmi Financial Services Limited) SCHEDULES TO BALANCE SHEET AS AT 31 MARCH 2018		
	(In ₹ Crores)	
PARTICULARS	As at 31.03.2018	As at 31.03.2017
SCHEDULE 8 - INVESTMENTS (NET OF PROVISIONS)		
I. Investments in India		
i) Government securities	1,997.38	347.54
ii) Other approved securities	-	-
iii) Shares	0.10	0.10
iv) Debentures and bonds	-	-
v) Subsidiaries/Joint ventures	-	-
vi) Others	-	-
TOTAL	1,997.48	347.64
II. Investments Outside India		
i) Government securities	-	-
ii) Subsidiaries/Joint ventures	-	-
iii) Others (equity shares and bonds)	-	-
TOTAL	-	-
GRAND TOTAL (I to II)	1,997.48	347.64
III. Investments		
i) Gross value of investments		
a) In India	1,997.48	347.64
b) Outside India	-	-
Total	1,997.48	347.64
ii) Depreciation/Provision for Investments		
a) In India	-	-
b) Outside India	-	-
Total	-	-
ii) Depreciation/Provision for Investments		
a) In India	-	-
b) Outside India	-	-
Total	1,997.48	347.64
SCHEDULE 9 - ADVANCES (NET OF PROVISIONS)		
A. i) Bills purchased and discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	-	-
iii) Term loans	6,028.32	11,613.55
TOTAL	6,028.32	11,613.55
B. i) Secured by tangible assets	125.14	111.48
ii) Covered by Bank/Government guarantees	-	-
iii) Unsecured	5,903.18	11,502.07
TOTAL	6,028.32	11,613.55



JANA SMALL FINANCE BANK LIMITED (Formerly Known as Janalakshmi Financial Services Limited) SCHEDULES TO BALANCE SHEET AS AT 31 MARCH 2018		
(In ₹ Crores)		
PARTICULARS	As at 31.03.2018	As at 31.03.2017
C. I ADVANCES IN INDIA		
i) Priority sector	5,377.74	11,502.07
ii) Public sector	-	-
iii) Banks	-	-
iv) Others	650.58	111.48
II ADVANCES OUTSIDE INDIA	-	-
TOTAL	6,028.32	11,613.55
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
i) At cost as on 31 March of the preceding year	-	-
ii) Additions during the year	-	-
iii) Deductions during the year	-	-
iv) Depreciation to date	-	-
v) Capital Work in Progress	-	-
TOTAL	-	-
II. Other Fixed Assets (Including Furniture and Fixtures)		
i) At cost as on 31 March of the preceding year	314.17	169.80
ii) Additions during the year	272.73	145.47
	586.90	315.27
iii) Deductions during the year	(48.24)	(1.10)
iv) Depreciation to date	(178.81)	(122.61)
v) Capital Work in Progress	24.81	38.53
TOTAL	384.66	230.09
GRAND TOTAL (I to II)	384.66	230.09
SCHEDULE 11 - OTHER ASSETS		
I. Inter office adjustment (net)	-	-
II. Interest accrued	0.74	4.37
III. Tax paid in advance and tax deducted at source (net)	42.95	13.32
IV. Stationery and stamps	-	0.01
V. Non Banking Assets acquired in satisfaction of claims	-	-
VI. Others#	177.02	372.16
TOTAL	220.71	389.86
# Includes deferred tax assets of ₹ Nil in current year (Previous year ₹ 100.94 crs)		
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	18.30	-
II. Liability for partly paid investments	-	-
III. Liability on account of Outstanding Forward Exchange Contracts	-	-
IV. Liability on account of Outstanding Derivative Contracts	-	-
V. Guarantees given on behalf of constituents	-	-
a) In India	-	-
b) Outside India	-	-
VI. Acceptances, endorsements and other obligations	-	-
VII. Other items for which the bank is contingently liable	32.85	15.79
TOTAL	51.15	15.79



JANA SMALL FINANCE BANK LIMITED

(Formerly Known as Janalakshmi Financial Services Limited)

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR PERIOD ENDED 31 MARCH 2018

(In ₹ Crores)

PARTICULARS	Year ended 31.03.2018	Year ended 31.03.2017
SCHEDULE 13 - INTEREST EARNED		
I. Interest/Discount on Advances/Bills	1,418.15	2,709.93
II. Income on Investments	96.43	15.20
III. Interest on Balances with RBI and other inter bank funds	40.15	96.84
IV. Others	0.06	0.01
TOTAL	1,554.79	2,821.98
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange and Brokerage	33.57	141.48
II. Profit/ (Loss) on sale of Investments (Net)	18.37	10.35
III. Profit/ (Loss) on Revaluation of Investments (Net)	-	-
IV. Profit/ (Loss) on sale of Land, Buildings and Other Assets(Net)	(17.75)	(0.18)
V. Profit on Exchange / Derivative Transactions (Net)	-	-
VI. Income earned by way of Dividends etc. from Subsidiaries/Joint Ventures Abroad/in India	-	-
VII. Miscellaneous Income#	8.07	4.65
# Includes recovery from written off accounts amounting to ₹6.48 crores (Previous year ₹ 3.23 crores)		
TOTAL	42.26	156.28
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on Deposits	0.00	-
II. Interest on Reserve Bank of India/Inter-Bank Borrowings	619.74	705.65
III. Others	544.15	523.68
TOTAL	1,163.89	1,229.33
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments and Provisions for Employees	670.08	517.02
II. Rent, Taxes and Lighting	140.55	90.28
III. Printing and Stationery	4.32	9.47
IV. Advertisement and Publicity	71.90	39.09
V. Depreciation on Bank's Property	83.95	61.86
VI. Director's Fees, Allowances and Expenses	0.25	0.24
VII. Auditors' Fees and Expenses	0.66	0.50
VIII. Law Charges	8.22	4.19
IX. Postage, Telegrams, Telephones	25.01	26.53
X. Repairs and Maintenance	39.26	38.17
XI. Insurance	2.04	1.69
XII. Other expenditure	409.06	400.35
TOTAL	1,455.30	1,189.39



JANA SMALL FINANCE BANK LIMITED

(Formerly Known as Janalakshmi Financial Services Limited)

Schedule to the Financial Statements for the year ended March 31, 2018

SCHEDULE - 17

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2018

1. BACKGROUND:

Jana Small Finance Bank Limited (Formerly known as Janalakshmi Financial Services Limited) (the "Company"), headquartered in Bangalore, was incorporated on July 24, 2006 to carry on the business of providing financial services including granting loans, advances, trade credits, etc. and other related activities as may be permitted by the Reserve Bank of India. The Company had been registered as a Non-Banking Financial Company (NBFC) with the Reserve Bank of India from March 4, 2008. The Company got classified as a NBFC-MFI effective September 5, 2013. The Company has become a public limited company under the provisions of Companies Act, 2013, with effect from August 10, 2015.

Pursuant to the resolution passed by the shareholders at the Extraordinary General Meeting (EGM) held on January 12, 2018 and the issue of small finance bank license by Reserve Bank of India (RBI) on April 28, 2017 under section 22(1) of the Banking Regulation Act, 1949 "Janalakshmi Financial Services Limited" (the "Company") converted itself into a Small Finance Bank with effect from March 28, 2018. Accordingly, the name of the Company is changed to Jana Small Finance Bank Limited (the "Bank"). The financial statements for the year ended March 31, 2018 have, therefore, been prepared as per RBI guidelines which are applicable to banks. The Bank has accordingly, changed its accounting policies to ensure compliance with banking regulations issued by RBI from time to time and practices that are prevalent in the banking industry. As a result, the previous year's figures are not comparable with those of the current year.

2. BASIS OF PREPARATION:

The Bank's financial statements are prepared under the historical cost convention, on the accrual basis of accounting on going concern basis, unless otherwise stated and in conformity with Generally Accepted Accounting Principles (GAAP), which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by the Reserve Bank of India (RBI), Banking Regulation Act 1949, Accounting Standards specified under Section 133 of Companies Act, 2013 in so far as they apply to the banks and the current practices prevalent within the banking industry in India.

Use of Estimates:

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognized prospectively in the current and future periods.

3. REVENUE RECOGNITION:

i. Interest income on loans, advances and investments is recognized in the Profit and Loss Account on accrual basis except income on advances, investments and other assets classified as Non-Performing Assets (NPAs), which is recognized upon realization, as per the prudential norms prescribed by the RBI. Unrealized Interest on NPA is reversed in the Profit and Loss Account and is recognized only on receipt basis.

ii. Penal interest is recognized on realization.

iii. Income on non-coupon bearing discounted instruments is recognized over the tenure of the instruments so as to provide a constant periodic rate of return.

iv. Loan processing fees is accounted for upfront when it becomes due.

v. Dividend is accounted on an accrual basis where the right to receive the dividend is established.

vi. Interest incomes on deposits with banks and financial institutions is recognized on a time proportion basis taking into account the amount outstanding and the implicit rate of interest.

vii. All other fees are accounted for as and when they become due.



Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2018 (Contd.)

4. INVESTMENTS:

Classification:

In accordance with RBI guidelines on Investment classification and valuations, investments are classified into three categories, viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT). Under each of these categories, investments are further classified under six groups – Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments.

The transactions in Securities are recorded on "Settlement Date" of accounting.

During the year ended 31 March 2017, Long-term investments were carried at cost. Provision for diminution in value of long-term investments is made to recognise a decline, which is other than temporary.

Quoted current investments for each category was valued at cost or market value, whichever is lower. Unquoted equity shares in the nature of current investments was valued at cost or breakup value, whichever is lower. Investments in unquoted Government securities or Government guaranteed bonds was valued at carrying cost. Net depreciation in each category is provided for / charged to profit and loss account.

Basis of classification:

- i. Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".
- ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".
- iii. Investments, which are not classified in the above two categories, are classified as "Available for Sale (AFS)". Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities.
- iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

Transfer between categories:

Transfer of investments from one category to the other is done in accordance with RBI guidelines. Transfer of securities from AFS / HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS / HFT category, the investments held under HTM at a discount are transferred to AFS / HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS/ HFT at the amortized cost. After transfer, these securities are re-valued and resultant depreciation, if any, is provided.

Transfer of investments from AFS to HFT or vice- a- versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

Acquisition Cost:

In determining the acquisition cost of investments, broken period interest if any, paid on acquisition of investments is debited to Profit and Loss Account. Broken period interest received on sale of securities is recognized as interest income.

The cost of investments is determined on weighted average basis.

Valuation:

Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines.

Traded investments are valued based on the trades / quotes on the recognised stock exchanges, price list of RBI or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA'),/Financial Benchmark India Private Limited ('FBIL') periodically.



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The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR'), included in the AFS and HFT categories, is computed as per the Yield-to-Maturity ('YTM') rates published by FIMMDA/FBIL.

Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund.

Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the groups is not recognised except to the extent of depreciation already provided.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant yield-to-maturity basis. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines.

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognized in the Profit and Loss Account until received.

Disposal of Investments:

Profit / Loss on sale of investments is taken to Profit and Loss Account. However in case of profit on sale of investments in "Held to Maturity" category, an equivalent amount of profit (net of applicable taxes and amount required to be transferred to statutory reserves) is appropriated to Capital Reserve.

5. ADVANCES CLASSIFICATION AND PROVISIONING:

Classification:

In previous year advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified as NPA based on the criteria stipulated by the RBI as applicable to NBFC-MFI and provisions for NPAs are made at rates as prescribed by the RBI.

During the current year advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI.

Loss assets and unsecured portion of doubtful assets are provided as per the extant RBI guidelines. Amounts recovered against debts written-off are recognised in the Profit and Loss account as Miscellaneous income under Other income (Schedule 14).

For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI. Provision made against standard assets is included in "Other liabilities & provisions" (Schedule 5).



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Floating Provisions:

Provisions made in excess of the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors In accordance with the RBI guidelines, floating provisions are used up to a level approved by the Board only for contingencies under extraordinary circumstances and for making specific provisions for impaired accounts as per these guidelines or any regulatory guidance / instructions. Floating provisions, if any, are shown under "Other liabilities and Provisions" (Schedule 5).

6. SECURITISATION AND TRANSFER OF ASSETS:

The Bank securitises out its receivables subject to the Minimum Holding Period ('MHP') criteria and the Minimum Retention Requirements ('MRR') of RBI, to Special Purpose Vehicles ('SPVs') in securitisation transactions. Such securitized out receivables are de-recognized in the balance sheet when they are sold (true sale criteria being fully met with) and consideration is received by the Bank. Sales / Transfers that do not meet these criteria for surrender of control are accounted for as secured borrowings. In respect of receivable pools securitised-out, the Bank provides liquidity and credit enhancements, as specified by the rating agencies, in the form of cash collaterals / guarantees and / or by subordination of cash flows, in line with RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

In accordance with the RBI guidelines, the profit / premium on account of securitisation of assets at the time of sale is computed as the difference between the sale consideration and the book value of the securitised asset amortized over the tenure of the securities issued. Loss on account of securitisation on assets is recognized immediately to the Profit and Loss Account.

The Bank also enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates ('PTCs'), subject to the RBI prescribed MHP criteria and the MRR. The Bank does not provide any liquidity or credit enhancements on the direct assignment transactions undertaken.

Bank recognizes Excess Interest Spread (EIS) only on cash basis and Over Collateralization, if any, is included in the Gross Advances and it is provided for as per the provisioning norms of RBI.

7. PROPERTY PLANT AND EQUIPMENT (PPE) :

Property, Plant and Equipment (PPE) are stated at cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase inclusive of freight, duties, incidental expenses and all other directly attributable expenditures towards acquisition and installation of assets before it is ready for commercial use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Specific grant received for acquisition of PPE are reduced from the cost of the asset.

Depreciation on PPE is charged over the estimated useful life on a straight line basis after retaining a residual value of 0.01%, except for leasehold improvements which are fully depreciated. The Bank had revised the estimated useful life for lease hold improvements and software with effect from April 1, 2017. In line with the accounting policy of the Bank and accounting standards, the revisions have been accounted with a prospective impact as changes in accounting estimates, had the Bank followed old estimates, current year depreciation charge would have been higher by ₹ 42.42 crores

The Bank is following the estimated useful life as stated in the Part C of Schedule II of Companies Act, 2013 which is as below:



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Type of Asset	Useful Life
Computers including desktops and electronic equipment	3 Years
Servers and networks	6 Years
Furniture and fixtures	10 Years
Electrical installation	10 Years
Motor vehicles	8 Years
Office equipment	5 Years
Leasehold premises	Primary leasehold period as per agreement

Intangible Assets:

Intangibles assets acquired are capitalized and amortized over the estimated useful life as mentioned below :-

Type of Asset	Useful Life
Software	Useful life of software based on the license validity (Restricted to five years)

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use.

The estimated useful life of the intangible assets are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

PPEs purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. PPEs disposed off during the year are depreciated up to the date of disposal.

Profit or losses arising from the retirement or disposal of a Fixed / Intangible Asset are determined as the difference between the net disposal proceeds and the carrying amount of fixed/ intangible assets and recognized as income or expense in the Profit and Loss Account. Profit on sale of premises, if any, is transferred to Capital Reserve as per the RBI guidelines.

8. IMPAIRMENT OF ASSETS (Other than Loans and Advances):

In accordance with AS-28- Impairment of assets, Bank assess at each Balance Sheet date whether there is any indication of impairment of assets based on internal / external factors Impairment loss, if any, is provided in the Profit and Loss Account to the extent of carrying amount of assets exceeds their estimated recoverable amount, which is higher of an asset's net selling price and its 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

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account.

9. FOREIGN CURRENCY TRANSACTIONS:

(i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

All exchange differences are recognized as income or as expenses in the period in which they arise.



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10. EMPLOYEE BENEFITS:

Defined contribution plan:

Retirement benefits in the form of provident fund and employee state insurance scheme are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Defined benefit plan and compensated absences:

Liability for defined benefit gratuity plan and accumulated compensated absences is determined by estimating the present value of amount of benefit that employees have earned in return for their service in the current and prior periods. The Bank accounts for its liability for unfunded compensated absences and funded gratuity based on actuarial valuation, as at the Balance Sheet date, determined annually by an independent actuary using the Projected Unit Credit Method. The Bank makes contribution to Gratuity Funds managed by life insurance companies. Actuarial gains and losses are recognized in full in the Profit and Loss Account for the period and are not deferred.

Short term employee benefits:

Short term employee benefits expected to be paid in consideration for the services rendered by the employees is recognized during the period when the employee renders service.

11. INCOME TAXES:

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and the tax laws enacted or substantively enacted as at 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. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realized.

12. EARNING PER SHARE:

Bank reports basic and diluted earning per share in accordance with AS-20, Earning Per Share. Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of exercise of employee stock options and restricted stock units, bonus issue, bonus element in a rights issue to existing shareholders and share split.

Diluted earnings per share reflects the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and the dilutive potential equity shares (stock options and restricted stock units) outstanding during the year, except where the results are anti-dilutive.



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13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

In accordance with AS 29 - Provisions, Contingent Liabilities and Contingent Assets, the Bank creates a provision when there is a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balances sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resource would be required to settle the obligation, the provision is reversed.

A disclosure for contingent liability is made when there is:

- i) A possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the bank; or
- ii) A present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made.

When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

14. ACCOUNTING FOR LEASE:

Operating Lease:

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases in accordance with Accounting Standard 19, Leases. Lease rentals on assets under operating lease if charged off to the Profit and Loss Account on a straight-line basis in accordance with the AS-19.

Finance Lease:

Leases under which the Bank assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.

15. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India, balances with other banks/institutions and money at call and short notice.

16. CASHFLOW 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, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Bank are segregated.



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17. SHARE ISSUE EXPENSES:

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

18. SEGMENT INFORMATION:

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI. Bank has classified its business into following for segment reporting:-

(a) **Treasury** includes all investment portfolios, Profit / Loss on sale of Investments, equities, income from money market operations.

(b) **Corporate / Wholesale Banking** includes lending to and deposits from corporate customers and identified earnings and expenses of the segment.

(c) **Retail Banking** includes lending to and deposits from retail customers and identified earnings and expenses of the segment.

(d) **Other Banking Operations** includes all other operations not covered under Treasury, Corporate / Wholesale Banking and Retail Banking.

Unallocated includes Capital and Reserves and other unallocable assets, liabilities, income and expenses.

19. CORPORATE SOCIAL RESPONSIBILITY:

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss Account.

20. EMPLOYEE STOCK OPTION PLAN and RESTRICTED STOCK UNITS:

Designated Employees of the Bank receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the intrinsic method and recognized, together with a corresponding increase in the "Employees Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the Profit and Loss Account for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.



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Schedules to the Financial Statements for the year ended March 31, 2018

(All amounts are in Indian Rupees in Crores unless otherwise stated)

Schedule 18 - Notes to the Financial Statements**1 Capital****1.1 Capital Adequacy Ratio (CAR)**

The following table sets forth, for the year indicated, computation of capital adequacy as per operating guidelines.

Particulars	As at March 31, 2018	As at March 31, 2017
Common equity tier I Capital ratio (%)	24.27%	N/A
Tier I capital ratio (%)	24.27%	17.08%
Tier II capital ratio (%)	10.40%	6.82%
Total capital ratio (CRAR) (%)	34.67%	23.90%
Amount of tier II capital raised through debt capital instruments	-	-

Subordinated debt (Tier II capital) outstanding as at March 31, 2018 is ₹ 751 crore (Previous year : ₹ 751 crores).

1.2 Capital Infusion

During the year ended the Bank has issued 3,295,750 equity shares having face value of ₹ 10 for cash pursuant to a private placement of equity each at ₹ 1,383.60 aggregating to ₹ 456 crores pursuant to Board and shareholders approval. (Previous year : ₹ Nil)

During the year ended March 31, 2018, there was an infusion of 1,180,000,000 Class A Compulsory Convertible Preference Share Capital for ₹ 1,180 crores, and converted 1,180,000,000 Compulsorily Convertible Preference Shares aggregating to ₹ 1,180 crores to 8,528,475 equity shares having face value of ₹ 10 each at ₹ 1383.60.

During the previous year 21,971,524 equity shares having face value of ₹ 10 each issued as bonus shares in the ratio of 4:1 by capitalisation of free reserves.

During the year ended March 31, 2018, the Bank has not allotted (Previous Year :Nil) equity shares in respect of stock option exercised.

Details of movement in the paid up equity share capital are as below :

	March 31, 2018		March 31, 2017	
	Equity shares	Amount	Equity shares	Amount
Equity shares at the beginning of the year	27,464,405	27.46	5,492,881	5.49
Addition pursuant to bonus issue	-	-	21,971,524	21.97
Addition pursuant to conversion of CCPS into equity shares	8,528,475	8.53	-	-
Addition pursuant to equity shares issued during the year	3,295,750	3.30	-	-
Equity shares outstanding at the end of the year	39,288,630	39.29	27,464,405	27.46

2. Earnings per equity share

Particulars	March 31, 2018	March 31, 2017
Net profit/(loss) after tax (₹ in crores)	(2,503.81)	170.11
Weighted average number of equity shares in computing the basic earnings per share	31,778,859	27,270,985
Basic earnings per share ₹	(787.88)	62.38
Weighted average number of equity shares in computing the diluted earnings per share*	31,778,859	27,270,985
Diluted earnings per share ₹	(787.88)	62.38

* Weighted average number of equity shares for dilutive earnings per share is same as basic earnings per share as the results are anti dilutive.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share is computed by dividing net profit or loss in the year attributable to equity shareholder by weighted average number of equity shares including potential equity shares outstanding as at the end of the year, except when results are anti dilutive.

3. Reserves**Share premium account**

Share issue expenses amounting to ₹ 1.90 crores (Previous year: 1.66 crores) are adjusted from securities premium account, in terms of section 52 (2) (c) of the Companies Act, 2013.

Drawdown of Reserves

During the year ended March 31,2018; there were no drawdown from reserves (Previous year : Nil).



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Schedules to the Financial Statements for the year ended March 31, 2018

(All amounts are in Indian Rupees in Crores unless otherwise stated)

4. Employees Stock Option Scheme

The Bank has share-based payment schemes for its employees. Schemes in operations during the year ended March 31, 2018 are Employee stock option scheme 2017 and Restrictive Stock Units Scheme 2017. During the year-ended March 31, 2018, the Bank has issued 686,179 stock options under the Employee Stock Option Scheme 2017 and 44,370 stock units under the RSU Scheme 2017.

The details of the Employee Stock Option Scheme (ESOP) are as under:

Particulars	ESOP 2017	ESOP 2017(RSU)
Grant Date	Various dates	Various dates
Number of Options granted	686,179	44,370
Method of Settlement	Equity	Equity
	25% after one year from the date of grant	27,103 on 01-Aug-2018
	25% after two years from the date of grant	17,267 on 01-Aug-2019
	25% after three years from the date of grant	
	Balance 25% after four years from the date of	
Vesting		
Exercisable period	The Exercise period shall be subject to a maximum period of 5 years commencing from, the date of Vesting of such Option or 2 years from the date of Listing, whichever is	The Exercise period shall be subject to a maximum period of 5 years commencing from, the date of Vesting of such Option or 2 years from the date of Listing, whichever is
Vesting Conditions	Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be	Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be
Exercise Price Per Option (₹)	1,245.24 - 1383.60	10.00

The following are the outstanding options as at year end:

Particulars	ESOP 2017		ESOP 2017(RSU)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Total Options granted and outstanding at the beginning of the year	-	-	-	-
Add: Options granted during the year	686,179	-	44,370	-
Less: Options forfeited / lapsed during the year	-	-	-	-
Less : Options exercised during the year	-	-	-	-
Options Outstanding as at end of the year	-	-	-	-
- Vested	-	-	-	-
- Yet to Vest	686,179	-	44,370	-

As per SEBI guidelines, the accounting for share based payments can be done either under the 'Intrinsic Value' basis or 'Fair Value' basis. As per the approval of Board the Bank has adopted 'Intrinsic Value' method for accounting of share based payments.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Employee stock option expenditure	0.28	-
RSU expenditure	4.84	-
Total	5.12	-

Particulars	As at March 31, 2018	As at March 31, 2017
Employee stock options outstanding	5.12	-

Out of total ₹ 5.12 crores of Employee stock option expenditure, ₹ 5.07 crores pertains to NBFC-MFI period.

Effect of fair value method of accounting - share based payment plans in the Profit and Loss Account and on its financial position:

The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are:

Employee stock option scheme 2017	Variables
Variables	
1.Risk Free Interest Rate	7.76%
2.Expected Life (in years)	4.50
3.Expected Volatility	24.36%
4.Dividend Yield	0.00%
5 Fair value of the option on the grant date (₹)	1383.60

The guidance note issued by the Institute of Chartered Accountants of India requires the disclosure of pro forma net results and Earnings Per Share (EPS) both basic & diluted, had the Company adopted the fair value method amortizing the stock compensation expense thereon over the vesting period, the reported loss for the year ended March 31, 2018 would have been higher by ₹ 8,72,86,750/- and the basic and diluted EPS would have been revised to ₹ (790.63) and ₹ (790.63) respectively.

The Expected life of the stock option is based on historical data and current expectation and is not necessarily indicative of the pattern that may occur. The expected volatility reflects the assumption that the historical volatility of a comparable listed entity for 5 years period ended on the date of the grant is indication of future trends which may not necessarily be the actual outcome.



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5. Investments**5.1 Particulars of Investments and movement in provision held towards depreciation on Investments**

Particulars	March 31, 2018	March 31, 2017
(1) Value of Investments		
i) Gross value of investments	1,997.48	347.64
- In India	1,997.48	347.64
- Outside India	-	-
(ii) Provisions for depreciation on investments	-	-
- in India	-	-
- Outside India	-	-
(iii) Net value of investments	1,997.48	347.64
- In India	1,997.48	347.64
- Outside India	-	-
2) Movement of provisions held towards depreciation on investments:		
i) Opening balance	-	-
ii) Add: Provision made during the year	-	-
iii) Less: Write-off /write back of excess provision during the year	-	-
iv) Closing balance	-	-

5.2 Repo/ Reverse Repo Transactions

During the year ended March 31, 2018, the Bank has not undertaken any Repo / Reverser Repo Transactions. Hence disclosure related to repo and reverse repo transactions have not been provided.

5.3 Sale and Transfer to/from HTM Category

During the year ended March 31, 2018, there was no sale and transfer to/from HTM category.

5.4 Issuer-wise composition of non-SLR investments

During the year ended March 31, 2018, the Bank has following non-SLR Investments

Issuer	Amount	Extent of private placement#	Extent of "below investment grade" securities#	Extent of "unrated" securities#	Extent of "unlisted" securities#
1.Public sector undertakings	-	-	-	-	-
2.Financial institutions	-	-	-	-	-
3.Banks	-	-	-	-	-
4.Private corporate	-	-	-	-	-
5.Subsidiaries / Joint ventures	-	-	-	-	-
6.Others	0.10	-	-	-	0.10
7.Provision held towards depreciation	-	-	-	-	-
Total	0.10	-	-	-	0.10

Amounts reported under these columns above are not mutually exclusive

5.5 Non performing Non-SLR investments

During the year ended March 31, 2018; there are no non performing Non - SLR investments.



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6. Derivatives

Disclosure with respect to outstanding Cross Currency Interest Rate Swap (CCIRS)

a) Cross Currency Interest Rate Swap

Particulars	31-Mar-18	31-Mar-17
i) The notional principal of swap agreement	125.97	125.97
ii) Losses which would be incurred if counter parties failed to fulfil their obligation under the agreements	4.38	3.73
iii) collateral required by the Bank upon entering into swaps	7.01	6.63
iv) concentration of credit risk arising from the swaps	Nil	Nil
v) fair value of the swap book	4.38	3.73

The nature and terms of the Cross Currency Interest Rate Swap

Nature	Nos	Notional Principal	Benchmark	Terms
Hedging	2	125.97	USD MIFOR	Fixed payable Vs Fixed Receivable

b) Exchange Traded Interest Rate Derivatives - Not applicable**c) Disclosures on Risk Exposure in Derivatives****Qualitative Disclosure**

The Bank's treasury function is responsible for Bank's access to financial markets. Further, treasury function monitors and manages various risks relating to treasury operations of the Bank including currency risk, market risk and liquidity risk. In course of managing these risks, the Bank may use various market instruments as permissible for the Bank based on RBI guidelines and internal approvals. Further, compliance with various policies and exposure limits is reviewed by the internal auditors as required. The Bank does not enter into any trade in financial instruments including derivative financial instruments for speculative purposes. The existing exposure is fully hedged exposure which is towards external commercial borrowings borrowed prior to conversion into Small Finance Bank and are grandfathered on conversion and there are no derivatives entered into during the financial year as per operating guidelines of Small Finance Bank issued by RBI.

Quantitative Disclosure

Sr. No	Particulars	Current Year		Previous Year	
		Currency Derivative	Interest Rate Derivative	Currency Derivative	Interest Rate Derivative
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	125.97*	-	125.97*	-
	b) For trading	NA	-	NA	-
(ii)	Marked to Market Positions				
	a) Asset (+)	4.38	-	3.73	-
	b) Liability (-)	-	-	-	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	NA	-	NA	-
(v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	-	-	-	-
	b) on trading	NA	-	NA	-

* Pertains to cross currency interest rate swap



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7. Asset quality**7.1 Non Performing Assets**

The following table sets forth, for the periods indicated, the details of movement of gross non-performing assets (NPAs), net NPAs and provisions

Particulars	March 31, 2018	March 31, 2017
(i) Net NPAs to Net Advances (%)	27.72%	0.55%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	81.77	22.60
(b) Additions during the year*	4,436.32	181.28
(c) Reductions during the year	(1,335.26)	(122.11)
(d) Closing balance	3,182.83	81.77
(iii) Movement of Net NPAs		
(a) Opening balance	64.43	16.34
(b) Additions during the year	2,781.09	170.20
(c) Reductions during the year	(1,174.63)	(122.11)
(d) Closing balance	1,670.89	64.43
(iv) Movement of provisions for NPAs (excluding provision on standard assets)		
(a) Opening balance	17.34	6.26
(b) Provision made during the year**	1,655.23	133.19
(c) Write of/ write back of excess provision	(160.63)	(122.11)
(d) Closing balance	1,511.94	17.34

*Balancing figure

**includes utilisation of contingency provision towards credit exposure in certain regions created in previous year.

7.2 Movement of Non Performing Assets

Particulars	March 31, 2018	March 31, 2017
Gross NPA's as on April 1 of particular year	81.77	22.60
Additions (fresh NPAs) during the year*	4,436.32	181.28
Sub Total (A)	4,518.09	203.88
Less :-		
- Upgradation	308.48	-
- Recoveries (excluding Recoveries made from upgraded accounts)	866.15	-
- Technical / Prudential write offs	-	-
- Write offs other than those under (iii) above	160.64	122.11
Sub Total (B)	1,335.27	122.11
Gross NPAs as on 31st March of the following year (A-B)	3,182.82	81.77

*Balancing figure

Particulars	March 31, 2018	March 31, 2017
Opening balance of technical / prudential write-offs	-	-
Add :Technical / Prudential write-offs during the year	-	-
Sub - Total (A)	-	-
Recoveries made from previously technically / prudentially written off accounts during the year (B)	-	-
Closing balance (A-B)	-	-



Particulars of Accounts Restructured
Bank has restructured accounts during the year ended March 31, 2018 (Previous year : Nil).

Type of Restructuring → Asset Classification → Details ↓	Under CDR Mechanism			Under SME Debt Restructuring Mechanism			Others			Total		
	Standard	Sub-standard	Total	Standard	Sub-standard	Total	Standard	Sub-standard	Total	Standard	Sub-standard	Total
No. of borrowers restructured Accounts as in April 1 of the FY (opening figures)												
Amount outstanding												
Provision there on												
No. of borrowers restructuring Amount during the year												
Amount outstanding												
Provision there on												
No. of borrowers to be upgraded to restructured standard category during the FY												
Amount outstanding												
Provision there on												
No. of borrowers restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY												
No. of borrowers of Downgradations of restructured accounts during the FY												
Amount outstanding												
Provision there on												
No. of borrowers of Write-offs of restructured accounts during the FY												
Amount outstanding												
Provision there on												
No. of borrowers restructured Accounts as on March 31 of the FY (closing figures)												
Amount outstanding												
Provision there on												



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7.4 Details of Non Performing Financial Assets Purchased / Sold

The Bank has not purchased or sold any non performing financial assets during the year ended March 31, 2018 (Previous year : Nil).

7.5 Floating provision

The Bank has not created any floating provision during the year ended March 31, 2018 (Previous year : Nil).

8. Securitisation and related disclosures**8.1 Details of Sales**

The Bank has sold certain standard assets to Securitisation company in accordance with the guidelines issued by RBI. Details of the assets sold are given in the table below :

Particular	March 31, 2018	March 31, 2017
(i) No. of accounts	-	629,806
(ii) Aggregate value (net of provision) of accounts sold to SC/RC including overcollateralisation	-	1,403.70
(iii) Aggregate Consideration	-	1,344.26
(iv) Additional Consideration realised in respect of account transferred in earlier years	-	-
(v) Aggregate gain / (loss) over net book value	-	-

8.2 Details of direct assignment transactions

Particular	March 31, 2018	March 31, 2017
(i) No. of accounts	-	-
(ii) Aggregate value (net of provision) of accounts sold to SC/RC	-	-
(iii) Aggregate Consideration	-	-
(iv) Aggregate gain / loss over net book Value	-	-

9. Exposure**9.1 Exposure to Real Estate Sector**

Category	March 31, 2018	March 31, 2017
A) Direct exposure		
(i) Residential mortgages	3.35	4.97
(of which housing loans eligible for inclusion in priority sector advances)	3.35	4.97
(ii) Commercial real estate	7.17	8.07
(ii) Investments in mortgage backed securities (MBS) and other securitised	-	-
a) Residential	-	-
b) Commercial real estate	-	-
B) Indirect exposure	-	-
Fund based and non-fund based exposures on National Housing Bank and housing finance Company (HFCs).	-	-

9.2 Capital Market Exposure

As at March 31, 2018, the Bank has investments in equity instruments of Alpha Micro Finance Consultants Private Limited, 100,000/- shares of ₹ 10 each fully paid up full paid up ₹ 0.10 crs Exposure (Previous year : ₹ 0.10 crs).

9.3 Risk Category wise Country Exposure

The Bank's exposures are concentrated in India, hence country risk exposure as at March 31, 2018 is Nil (Previous year : Nil).

9.4 Intra Group Exposure

The Bank does not have any group entities, hence intra group exposure as at March 31, 2018 (Previous year : Nil).

9.4 Unsecured Advances

Advances for which intangible collaterals such as rights, licenses, authority etc. are charged in favour of the Bank in respect of projects financed by the Bank, are reckoned as unsecured advances under Schedule 9 of the Balance Sheet in line with extant RBI guidelines. There are no such advances given during the year and outstanding as on March 31, 2018 (Previous year : Nil).



9.5 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the Bank

During the year ended March 31, 2018, the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed under extant RBI guidelines (Previous year : Nil).

10. Concentration of Deposits, Advances, Exposure and NPA's

10.1 Concentration of deposits

Particulars	March 31, 2018	March 31, 2017
Total deposits of twenty largest depositors*	0.45	NA
Percentage of deposits of twenty largest depositors to total deposits of the Bank	100.00%	NA

*Note: The bank commenced its operations on March 28, 2018 and had a limited deposit transactions and hence the total number of depositor's are nominal and twenty largest depositors covers full portfolio.

10.2 Concentration of advances

Particulars	March 31, 2018	March 31, 2017
Total advances to twenty largest borrowers	112.98	114.10
Percentage of advances of twenty largest borrowers to total advances of the Bank	1.50%	0.97%

10.3 Concentration of exposure

Particulars	March 31, 2018	March 31, 2017
Total exposure to twenty largest borrowers / customers*	147.95	173.75
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	1.95%	1.47%

*Represents credit and investment exposures as per RBI guidelines on exposure norms

10.4 Concentration of NPAs

Particulars	March 31, 2018	March 31, 2017
Total gross exposure to top four NPA accounts	1.78	1.73

11. Sector-wise advances

	March 31, 2018		
	Total Outstanding advances	Gross NPAs	Percentage of gross NPAs to Total advances in that sector
A . Priority Sector			
1. Agriculture and allied activities	420.77	113.10	26.88%
2. Advances to industries sector eligible as priority sector lending	-	-	
3. Services	238.30	17.52	7.35%
4. Personal loans	6,148.47	2,903.76	47.23%
Sub total (A)	6,807.54	3,034.38	44.57%
B. Non Priority Sector			
1. Agriculture and allied activities	-	-	
2. Industry	2.70	-	
3. Services	313.56	41.88	13.36%
4. Personal Loans	416.45	106.57	25.59%
Sub total (B)	732.71	148.45	20.26%
Total (A+B)	7,540.25	3,182.83	42.21%



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12. Asset Liability Management (ALM)

Assets and liabilities are classified in the maturity buckets as per the guidelines issued by the RBI.

As at March 31, 2018	Day - 1	2-7 Days	8-14 Days	15-30 Days	31 Days and up to 2 months	More than 2 months and up to 3 months	Over 3 Months and up to 6 months	Over 6 Months and up to 1 year	Over 1 Year and up to 3 years	Over 3 Years and up to 5 years	Over 5 years	Total
Deposits	0.00	-	-	0.10	-	-	-	0.35	0.00	-	-	0.45
Advances	31.26	49.45	48.86	302.22	373.38	343.78	881.64	1,245.19	762.17	1,898.86	91.49	6,028.32
Investments	504.47	3.17	5.51	237.36	72.47	73.00	182.77	216.42	484.98	195.78	21.54	1,997.48
Borrowings	427.42	-	11.04	108.82	235.30	357.17	965.19	1,308.77	2,933.64	1,184.26	130.00	7,661.61
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.

As at March 31, 2017	Up to 1 Month	1 to 2 Month	2 to 3 Month	3 to 6 Month	6 Months to 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	663.78	699.84	728.80	2,145.92	4,090.60	3,089.30	91.60	103.71	11,613.55
Investments	-	223.76	123.78	-	-	-	-	0.10	347.64
Borrowings	285.31	614.12	514.49	1,293.56	2,451.19	4,847.79	962.74	698.00	11,667.20
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

ALM as of March 31, 2018, is prepared in accordance with RBI ALM guidelines applicable to banks. ALM of March 31, 2017 is prepared in accordance with RBI guidelines applicable to NBFC - MFI. Hence ALM as of March 31, 2018 and March 31, 2017 are not comparable.



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13. Contingent liabilities

Contingent liabilities	March 31, 2018	March 31, 2017
Income tax liability	19.33	3.54
Bank guarantee given	13.52	12.25
Others*	18.30	-
Total	51.15	15.79

* The contingent liability of ₹ 18.30 crore, is in respect of certain disputes with third party service providers. The Bank has filed counter claims amounting to ₹ 556 crore as part of these disputes which are ongoing. These counter claims have not been recognised as assets in the financial statements at 31 March 2018.

14. Provision on Standard Assets

Particulars	March 31, 2018	March 31, 2017
Provision towards standard assets	17.43	104.72

The Bank has reversed excess standard assets provision of ₹ 87.29 crores applying standard asset provisioning percentage as per RBI guidelines applicable to a banking company.

The Bank has created standard asset provision applying standard asset provisioning percentage as per RBI guidelines applicable to a banking company. Before conversion into a small finance bank, standard assets provision was created as per RBI guidelines applicable to NBFC - MFI.

15. Break up of 'Provisions and Contingencies' shown under the head 'Expenditure' in Profit and Loss Account

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in Profit and Loss Account:

Particulars	March 31, 2018	March 31, 2017
Provision towards NPA (including bad debts write off)	1,472.21	131.05
Contingency provision towards credit exposure in certain regions	-	150.00
Provision for standard assets	(87.29)	18.21
Provision towards income tax*	(8.28)	149.60
Deferred tax charge / (benefit)	100.94	(64.49)
Other provision and contingencies (refer note 18.32)	4.08	5.07
Total	1,481.66	389.44

* Provision towards income tax pertains to tax provision reversal of financial year 2016-17.

16. Business ratio

Particulars	March 31, 2018	March 31, 2017
Interest income as a percentage to working funds ¹	12.74%	21.67%
Non-interest income as a percentage to working funds ¹	0.35%	1.20%
Operating profit ² as a percentage to working funds	(8.38%)	4.30%
Return on average assets	(20.52%)	1.31%
Business ³ (deposit plus Net advances) per employee ⁴ (in ₹ Crores)	0.36	0.87
Profit per employee ⁴ (Crores)	(0.15)	0.01
Provision coverage ratio (including floating provision)	47.49%	21.21%

1. Working funds is the monthly average of total assets during the year.

2. Operating profit is net profit for the year before provisions and contingencies.

3. "Business" is the total of net advances and deposits (net of inter-bank deposits).

4. Productivity ratios are based on average employee number.



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17. Employee benefits**Employment benefits - Gratuity**

The Bank has non-contributory defined benefit arrangement providing gratuity benefits expressed in terms of final monthly salary and years of service. Every employee who has completed five years or more of service gets a gratuity on cessation of employment at 15 days salary (last drawn basic salary) for each completed year of service, subject to a maximum of ₹ 20 lacs. The scheme is funded with Life Insurance Corporation of India. The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet.

Expenses recognised in the Profit and Loss Account

	March 31, 2018	March 31, 2017
Current service cost	1.44	1.12
Interest cost on benefit obligation	(0.20)	0.04
Past service cost vested benefit recognised during the period	0.12	-
Net actuarial loss recognized in the year	2.12	1.76
Employer Expenses	3.48	2.92

Net Liability/ (Asset) recognised in the Balance Sheet

	March 31, 2018	March 31, 2017
Present value of Defined Benefit Obligation	5.65	5.83
Fair value of plan assets	9.59	8.80
Net (asset) / liability recognized in balance sheet	(3.94)	(2.96)
Less: Unrecognised Past Service Cost	-	-
(Asset)/Liability recognized in balance sheet	(3.94)	(2.96)

Reconciliation of Defined Benefit Obligation (DBO)

	March 31, 2018	March 31, 2017
Present Value of DBO at start of year	5.83	2.92
Interest cost	0.40	0.23
Current service cost	1.44	1.12
Past service cost vested benefit recognised during the period	0.11	-
Benefits paid	(3.61)	(0.25)
Actuarial loss/(gain)	1.48	1.81
Present Value of DBO at end of year	5.65	5.83

Reconciliation of Fair Value of Plan Assets

	March 31, 2018	March 31, 2017
Fair Value of Plan Assets at start of year	8.80	2.36
Expected return on plan assets	0.60	0.19
Contributions by employer	4.44	6.45
Benefits paid	(3.61)	(0.25)
Actuarial gain /(loss)	(0.64)	0.05
Fair value of plan assets at end of year	9.59	8.80



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The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31, 2018	March 31, 2017
Discount rate	7.68%	6.82%
Expected rate of return on assets	7.68%	6.82%
Employee turnover	39% & 1%	26% & 2%
Salary growth rate	6.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Expected average remaining working lives of employees	7 Years	9 Years

Investment details of plan assets

	March 31, 2018	March 31, 2017
Balance with Life Insurance Corporation of India	9.59	8.74

Experience Adjustments

Experience Adjustments	FY 17-18	FY 16-17	FY 15-16	FY 14-15	FY 13-14
Present Value of DBO at the end of the year	5.65	5.83	2.92	1.48	1.03
Fair Valuation of Plan Assets	9.59	8.74	2.28	1.14	0.89
Funded Status [Surplus/(Deficit)]	3.94	2.91	(0.63)	(0.35)	(0.15)
Experience adjustment on plan liabilities : Gain / (Loss)	(3.16)	(1.01)	(0.04)	0.21	0.23
Experience adjustment on plan Assets : Gain / (Loss)	(0.64)	0.07	(0.09)	(0.07)	-

Actuarial Assumptions for compensated balances

The actuarial liability in respect of privilege leave and sick leave granted to employees of the Bank and outstanding as at March 31, 2018 is ₹ 14.99 Crores (Previous year : ₹ 16.34 Crores).

Assumption used :

Discount Rate : 7.68%

Salary Escalation Rate : 6%



18. Disclosure on Remuneration

A) Qualitative Disclosures

(a) Information relating to the bodies that oversee remuneration.

Name, composition and mandate of the main body overseeing remuneration

The Nomination and Remuneration Committee (NRC) of the Board is the main body overseeing remuneration. The JSFB Board has reconstituted the Nomination & Remuneration Committee in its meeting on February 8, 2018 with 4 Board members. The mandate is to support the achievement of the Bank's on going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities.

External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process
Not Applicable

Scope of the Bank's remuneration policy (e.g., by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches

The Remuneration Policy of the Bank, approved by the Board on February 8, 2018, pursuant to the guidelines issued by RBI, to cover all employees of the Bank.

Type of employees covered and number of such employees

All permanent employees of the Bank are covered. The total number of permanent employees of the Bank at March 31, 2018 was 14,931, who were live as on reporting date including those on probation and confirmed employees.

b) Information relating to the design and structure of remuneration processes.

Key features and objectives of remuneration policy:

The compensation philosophy of the Bank is structured to support the achievement of the Bank's on-going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. The main objectives of the remuneration policy of the Bank are as follows:

- Attract, engage and retain talent
- Ensure fairness in the pay structure
- Ensure alignment with the organizational values, i.e., Honesty, Discipline, Respect, Service
- Foster a culture of rewarding and recognizing performance.

Effective governance of compensation:

The NOMREM/NRC shall oversee the framing, review and implementation of the compensation policy. The committee shall work in close coordination with Risk Management Committee of the small finance bank, in order to achieve effective alignment between remuneration and risks.

Alignment of compensation philosophy with prudent risk taking:

The employee's compensation will take account of the risks that he/she takes on behalf of the organization and intends to discourage excessive risk taking. It ensures that the compensation works in harmony with other practices to implement balanced risk postures. Also, the committee shall ensure that employees engaged in financial and risk control will be interdependent, have appropriate authority and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank.

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:

The Board/NRC has been appraised of the Bank's remuneration practices.

Discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee:

The committee shall ensure that employees engaged in financial and risk control will be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank. The remuneration for the employees in the risk and compliance function will be determined independent of other business areas and shall be adequate to attract qualified and experienced professionals. The performance measures of such employees shall be based principally on the achievement of the objectives of their functions

c) Description of the ways in which current and future risks are taken into account in the remuneration processes.

Overview of the key risks that the Bank takes into account when implementing remuneration measures:

The committee shall work in close coordination with Risk Management Committee of the small finance bank, in order to achieve effective alignment between remuneration and risks.

Overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:

Compensation works in harmony with other practices to implement balanced risk postures.



Discussion of the ways in which these measures affect remuneration:

The employee's compensation will take account of the risks that he/she takes on behalf of the organization and intends to discourage excessive risk taking. It ensures that the compensation works in harmony with other practices to implement balanced risk postures

Discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration:

Not applicable

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration overview of main performance metrics for the Bank, top level business lines and individuals:

The main performance metrics include profitability, business growth, asset quality, compliance and customer service.

Discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance:

The assessment of employees shall be based on their performance with respect to their result areas and shall include the metrics mentioned above.

Discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak, including the Bank's criteria for determining 'weak' performance metrics:

The Board/ NRC shall review and provide an overall guidance on the measures to be taken.

e) Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance

Discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:

Not Applicable.

Discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:

Not Applicable.

f) Description of the different forms of variable remuneration that the Bank utilises and the rationale for using these different forms. Overview of the forms of variable remuneration offered. A discussion of the use of different forms of variable remuneration and if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance :

Not Applicable



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18. Disclosure on Remuneration

The quantitative disclosures cover should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers of the Bank. Key Risk Takers are individuals who can materially set, commit or control significant Amounts of the Bank's resources, and / or exert significant influence over its risk profile. The Bank's Key Risk Taker include Managing Director/Chief Executive Officer.

B) Quantitative Disclosure

Sr. No	Subject	March 31, 2018	March 31, 2017
(a)	Number of meetings held by the NRC during the financial year and remuneration paid to its members	Number of meetings: 6 Remuneration paid: ₹ 0.03 crs	Number of meetings: 3 Remuneration paid: ₹ 0.01 crs
(b) (i)	Number of employees having received a variable remuneration award during the financial year.	Total Employees = 1	Total Employees = 1
(b) (ii)	Number and total amount of sign on awards made during the financial year	None	None
(b) (iii)	Details of guaranteed bonus, if any, paid as joining /sign on bonus	None	None
(b) (iv)	Details of severance pay, in addition to accrued benefits, if any	None	None
(c) (i)	Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms	567,647 shares granted under ESOP scheme and 44,370 units under RSU scheme during the year, yet to be exercised	Deferred Remuneration ₹ 2.10 crs
(c) (ii)	Total amount of deferred remuneration paid out in the financial year	Long term incentive paid ₹ 2.10 crores	Long term incentive paid ₹ 0.51 crores
(d) (i)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non deferred.	Fixed Pay : ₹ 3.91 crores Variable Pay : ₹ 1.13 crores Deferred Pay : ₹ 2.10 crores	Fixed Pay : ₹ 1.66 crores Variable Pay : ₹ 0.36 crores Deferred Pay : ₹ 1.01 crores
(e) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	None	None
(e) (ii)	Total amount of reductions during the financial year due to ex post explicit adjustments.	None	None
(e) (iii)	Total amount of reductions during the financial year due to ex post implicit adjustments	None	None

* Fixed pay includes basic salary, contribution to provident fund and reimbursements.

Remuneration disclosure for FY18 includes payments to Mr.V.S. Radhakrishnan (MD/CEO till Jul 2017) along with final settlements and payments to Mr.Ajay Kanwal (MD/CEO from Aug-17 onwards).

The fixed sitting fees for attending committee meetings by Directors was paid irrespective of the number of committee membership they held till 8th Feb 2018 and irrespective of number of meetings. Hence, the amount has been arrived by using pro-rata method.



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Business segments have been identified and reported taking into account, the customer profile, the nature of products and services, the differing risks and returns, the organisation structure and the guidelines prescribed by RBI. The Bank operates in the following segments:

a) Treasury

The treasury segment primarily consists of entire investment portfolio of the Bank.

b) Retail banking

The retail banking segment serves retail customers through a branch network. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof.

Revenues of the retail banking segment are primarily derived from interest and fees earned on retail loans, interest on deposits placed as collateral with banks and financial institutions. Expenses of this segment primarily comprise interest expense on borrowings, deposits, infrastructure and premises expenses for operating the branch network, personnel costs and other direct overheads.

c) Wholesale banking

Wholesale Banking includes all advances to companies and statutory bodies, which are not included under Retail Banking.

c) Other Banking Operation

Other Banking includes other items not attributable to any particular business segment.

e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes capital and reserves, and other unallocable assets and liabilities not identifiable to particular segment such as deferred tax, prepaid expenses, etc.

Geographical segments

The business operations of the Bank are concentrated in India hence the Bank is considered to operate only in domestic segment.

(In ₹ Crores)										
Business Segments	Treasury		Corporate / Wholesale Banking		Retail Banking		Other Banking Operations		Total	
Particulars	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	155.01	122.39	17.66	9.61	1,423.66	2,844.21	0.72	2.05	1,597.05	2,978.26
Result	142.46	112.74	(3.60)	(4.93)	(2,373.34)	255.47	0.72	2.05	(2,233.76)	365.33
Unallocated Result									(177.37)	(110.11)
Operating profit									(2,411.13)	255.22
Income taxes									92.66	85.12
Extraordinary profit/loss									-	-
Net profit									(2,503.79)	170.10
Other information:										
Segment assets	3,106.95	2,622.89	116.36	111.48	6,025.95	11,608.06	-	-	9,249.26	14,342.43
Unallocated assets									499.12	530.32
Total assets	3,106.95	2,622.89	116.36	111.48	6,025.95	11,608.06	-	-	9,748.38	14,872.75
Segment liabilities	7,914.87	11,907.64	0.47	1.11	18.34	99.83	-	-	7,933.68	12,008.58
Unallocated liabilities									285.88	467.47
Capital and Reserves	(4,807.92)	(9,284.75)	115.89	110.37	6,007.61	11,508.23	-	-	1,315.58	2,333.85
Unallocated Capital and Reserves									213.24	62.84
Total Liabilities	3,106.95	2,622.89	116.36	111.48	6,025.95	11,608.06	-	-	9,748.38	14,872.75

The Bank was in operation as a Small Finance Bank for two days in the financial year ended 31 March 2018. Due to limited banking operations on these days, Bank Launch and Bank Branch Expenses have been classified as unallocated expenses. In addition, Revenue is not adjusted for funds transfer price.

The Bank is in the process of formulating and implementing Funds Transfer Pricing (FTP) methodology and hence the adjustment of revenue and cost on account of FTP is not adjusted in between segments.

Until previous year, the company operated in a single reportable segment of 'Micro Credit' in accordance with Accounting Standard 17 - Segment Reporting, hence no separate disclosure was required to be made.



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20. Liquidity Coverage Ratio

Quantitative information on Liquidity coverage ratio (LCR) is given below:

Particulars	March 31, 2018	
	Total unweighted value (average)*	Total weighted value (average)*
1 Total High Quality Liquid Assets (HQLA)	-	547.94
Cash Outflows	-	-
2 Retail deposits and deposits from small business customers, of which:	-	-
(i) Stable deposits	-	-
(ii) Less stable deposits	0.00	0.00
3 Unsecured wholesale funding, of which:	-	-
(i) Operational deposits (all counterparties)	-	-
(ii) Non-operational deposits (all counterparties)	0.10	0.01
(iii) Unsecured debt	88.19	88.19
4 Secured wholesale funding	108.79	108.79
5 Additional requirements, of which	-	-
(i) Outflows related to derivative exposures and other collateral requirement	-	-
(ii) Outflows related to loss of funding on debt products	-	-
(iii) Credit and liquidity facilities	-	-
6 Other contractual funding obligation	-	-
7 Other contingent funding obligations	-	-
8 Total cash outflows	197.08	196.99
Cash Inflows	-	-
9 Secured lending (e.g. reverse repo)	-	-
10 Inflows from fully performing exposures	109.28	109.28
11 Other cash inflows	614.94	307.47
12 Total cash inflows	724.22	416.75
21 Total HQLA	-	547.94
22 Total Net Cash Outflows	-	49.25
23 Liquidity Coverage Ratio (%)	-	1112.62%

*The weighted value and unweighted values presented above are based on year-end (31 March 2018) financial data.

"The Liquidity Coverage Ratio (LCR) is a global minimum standard for bank liquidity. It aims to ensure that a bank has an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted into cash immediately to meet its liquidity needs for a 30 calendar day liquidity under stress scenario.

The LCR is calculated by dividing the amount of high quality liquid unencumbered assets (HQLA) by the estimated net outflows over 30 calendar day period. The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities (deposits, unsecured and secured wholesale borrowings), as well as to undrawn commitments and derivatives-related exposures, partially offset by inflows from assets maturing within 30 days."

The Bank has started submitting LCR reports to RBI from March 2018. Currently the Liquidity Coverage Ratio is significantly higher than minimum regulatory threshold. As a strategy, the Bank is highly invested into GOI Bonds which has resulted in a high level of HQLA. The Bank follows the criteria laid down by the RBI for month end calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-days period. HQLA predominantly comprises Government securities in excess of minimum SLR and CRR requirement viz. Treasury Bills, Central government securities, marginal liquidity facility allowed by RBI under marginal standing facility (MSF) and facility to avail liquidity for liquidity coverage ratio (FALLCRR). Bank is predominantly funded through long term borrowings viz Debentures and Term loans. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.

Reason for increase in LCR are as follows:

1. Excess liquidity arising from borrowings done prior to conversion into a small finance bank invested into level 1 securities - Central and State Government securities.

The major sources of funding is borrowings from banks, NBFCs, financial Institutions and other agencies in the form of term loan, non-convertible debentures, subordinate debts, commercial paper, ECB and refinance from Financial Institution.

The disclosure is applicable from current year, hence previous year disclosure has not been presented.



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21. Deferred Tax Assets

As at March 31, 2018, the Bank has recorded net deferred tax asset of ₹ Nil Crores (Previous year : ₹ 100.94 Crores), included in other assets (Schedule 11). The composition of Deferred Tax Asset (DTA) is as under :

Particulars	March 31, 2018	March 31, 2017
Deferred Tax Asset		
Loan loss provisions	-	94.15
Employee benefits	-	4.65
Others	-	11.77
Total (A)	-	110.57
Deferred Tax Liability		
Depreciation	-	9.63
Total (B)	-	9.63
Net Deferred Tax Asset / (Liability) (A)-(B)	-	100.94

Deferred tax assets are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is virtually certain to be realized. During the year ended March 31, 2018 as the bank has reported losses and the virtual certainty is not established hence the entire deferred tax asset of ₹ 100.94 crores has been reversed.

22. Unhedged Foreign currency Exposure

The Bank doesn't have any unhedged foreign currency exposure as at March 31, 2018.



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23. Related party disclosure
Related party disclosures as at and for the year ended 31 March 2018

A Names of the related party where control exists	Nature of relationship
i. Mr. Ramesh Ramanathan	Chairman and Director
ii. Mr. R. Srinivasan	Executive Vice Chairman (up to 31 July 2017)
iii. Mr. V.S. Radhakrishnan	Managing Director & Chief Executive Officer (up to 31 July 2017) and Non Executive Vice Chairman (w.e.f. 01 August 2017 up to 30 November 2017)
iv. Mr. Ajay Kanwal	Managing Director & Chief Executive Officer (w.e.f. 01 August 2017)

B Others - with whom transactions have taken place during the year	Nature of relationship
i. Jana Urban Services for Transformation Private Limited	Private company in which director or his relative is member or director
ii. Jana Capital Limited	Private company in which director or his relative is member or director
iii. Jana Holding Limited	Private company in which director or his relative is member or director
iv. Jana Urban Space Foundation (India)	Private company in which director or his relative is member or director (w.e.f. 01 October 17)
v. Janaadhar (India) Private Limited	Private company in which director or his relative is member or director
vi. Cross Domain Solutions Private Limited	Private company in which director or his relative is member or director
vii. Jana Urban Foundation	Private company in which director or his relative is member or director
viii. Mrs. Radha Ramanathan	Relative of director
ix. Mrs. Swathi Ramanathan	Relative of director
x. Mr. Jayasheel Bhansali	Chief Financial Officer (up to 12 January 2018)
xi. Mr. Vivek Venkatesan	Chief Financial Officer (w.e.f. 08 February 2018)
xii. Ms. Richa Saxena	Company Secretary

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018	Transaction value for the year ended 31 March 2017	Outstanding amount as at 31 March 2017
A. Private company in which director or his relative is member or director					
1. Jana Urban Services for Transformation Private Limited	Income from rent and amenities	0.14	-	0.21	-
	Receiving of services	21.35	-0.01	29.35	0.03
	Reimbursement of expense	0.11	-	0.26	-
2. Jana Capital Limited	Reimbursement of expense	0.00	-	5.96	-
3. Jana Holding Limited	Reimbursement of expense	0.63	-	2.53	-
	Issue of equity shares (10,84,128 number of equity shares)	-	150.00	-	1,229.85
	Issue of Compulsorily Convertible Preference Shares (49.9 crore number of CCPS converted into 36,06,534 number of equity shares)	-	499.00	-	-
	Interest received during the year	-	-	0.01	-
	Loan given during the year	-	-	0.10	-
	Loan repaid during the year	-	-	0.10	-
4. Jana Urban Space Foundation (India)	Receiving of services	0.65	-0.01	-	-
5. Janaadhar (India) Private Limited	Receiving of services	-	-	0.27	-
	Paid towards amenities	0.18	-	0.27	-0.04
	Reimbursement of expense	-	-	0.01	-
6. Cross Domain Solutions Private Limited	Income from rent and amenities	0.24	-	-	-
	Receiving of services	3.22	-	2.49	-0.24
7. Jana Urban Foundation	Receiving of services	-	-	0.01	-
	Income from rent and amenities	0.01	-	0.01	-
	Reimbursement of expense	0.01	-	0.03	-
B. Directors					
1. Mr. Ramesh Ramanathan	Loan from director	-	-	-	1.75
	Loan repaid during the year	1.75	-	-	-
	Interest on loan	0.14	-	0.21	-
2. Mr. R. Srinivasan	Salary	2.77	-	2.54	-
C. Key Management Personnel*					
1. Mr. V.S. Radhakrishnan	Salary	3.62	-	3.04	-
2. Mr. Ajay Kanwal	Salary	3.52	-	-	-
3. Mr. Jayasheel Bhansali	Salary	1.30	-	2.18	-
4. Mr. Vivek Venkatesan	Salary	0.13	-	-	-
5. Ms. Richa Saxena	Salary	0.36	-	0.31	-
D. Relatives of director					
1. Mrs. Radha Ramanathan	Loan from director	-	-	-	0.40
	Loan repaid during the year	0.40	-	-	-
	Interest on loan	0.03	-	0.05	-
2. Mrs. Swathi Ramanathan	Loan from director	-	-	-	1.75
	Loan repaid during the year	1.75	-	-	-
	Interest on loan	0.14	-	0.21	-

*The remuneration does not include cost of retirement benefit such as gratuity and compensated absences since provision for these are based on an actuarial valuation carried out for the Company as whole. This includes the employee stock option cost for the year.



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24. Leases

Operating lease primarily comprises of office premises; which are renewable at the option of the Bank. The following table sets forth the details of future rentals payable on non-cancellable operating leases :

Particulars	March 31, 2018	March 31, 2017
Not less than one year	10.85	12.35
Later than one year but not later than five years	35.80	42.43
Later than five years	13.90	20.39

The terms of renewal and escalation clauses are those normally prevalent in similar agreements, there are no undue restrictions or onerous clauses in the agreement. All other operating lease agreements entered into by the Bank are cancellable in nature. Accordingly the lease rental payments for assets taken on an operating lease ₹ 118.64 crores (previous year ₹ 72.77 crores) have been recognised as "Rent" in the statement of profit and loss account. The rental expenses under the non-cancellable operating lease paid during the year was ₹ 11.98 crores (previous year ₹ 10.78 crores).

25. Customer Complaints

Particulars	March 31, 2018	March 31, 2017
(a) No. of complaints pending at the beginning of the year	13,013	123
(b) No. of complaints received during the year	46,310	28,969
(c) No. of complaints redressed during the year	58,709	16,079
(d) No. of complaints pending at the end of the year	614	13,013

The above information is certified by the Management and relied upon by the auditors

26. Corporate Social Responsibility (CSR)

a) Gross amount required to be spent by the company during the year ended March 31, 2018 is ₹ 4.01 crores (Previous year ₹ 2.80 crores) under section 135 of the Companies Act, 2013.

b) Amount spent during the year on:

Particulars	In Cash	Yet to be paid in cash	Total
i) Construction /acquisition of asset	-	-	-
ii) on purpose other than (i) above	0.59	-	0.59
Total	0.59	-	0.59

Amount spent during the previous year on:

Particulars	In Cash	Yet to be paid in cash	Total
i) Construction /acquisition of asset	-	-	-
ii) on purpose other than (i) above	2.46	-	2.46
Total	2.46	-	2.46

The Bank has spent 0.29% of its average net profits for the last three financials years as part of its CSR activities for the year ended March 31, 2018. As part of organisational effort to rationalize costs, the management took a strategic decision to limit the CSR expenditure during the year.

27. Off balance sheet SPV and Para banking activities

There are no off balance sheet SPVs sponsored by the Bank, which needs to consolidated as per accounting norms. During the year ended March 31, 2018, the Bank has not undertaken any Para banking activities.

28. Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

29. Depositor Education and Awareness Fund

During the yearend March 31, 2018, no amount has been transferred to Depositor Education and Awareness Fund.

30 Disclosure on specified bank notes (SBNs)

The notification G.S.R. 308(E) dated March 30, 2017 by the Ministry of Corporate Affairs with respect to holding and dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 is not applicable to banking companies.

31. Overseas Assets, NPAs and Revenue

The Bank does not hold any overseas assets / NPA as at March 31, 2018 and no overseas operations were undertaken during the year ended March 31, 2018 hence revenue from overseas operation is 'Nil'.



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32. During the year ended March 31, 2018, the Bank has reported 316 case of fraud amount to ₹ 2.13 crores (Previous year ₹ 3.28 crores) and the Bank has made a total provision of ₹ 4.08 crores (Previous year ₹ 2.93), adjusted for recovery.

33. Penalties levied by the RBI

During the year ended March 31, 2018, no penalty was imposed by RBI on the Bank.

34. Letter of Comfort

The Bank has not issued letter of comfort during the year ended March 31, 2018.

35. Proposed dividend

The Board of Directors, in their meeting held on May 30, 2017 have proposed a final dividend at 10% (i.e., Re 1.00 per equity share) amounting to ₹ 3.31 crore, inclusive of corporate dividend tax. The same is approved in Annual General Meeting by shareholders held on June 30, 2017, for the financial year ended March 31, 2017.

According to the revised AS 4 - 'Contingencies and events occurring after the balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted for proposed dividend (including tax) as a liability for the year ended March 31, 2017. The same has been appropriated from the balance in profit & loss account in the current year.

36. Comparatives

Figures for the previous year have been regrouped wherever necessary to conform with the current year's presentation.

As per our report of even date

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024



N Sampath Ganesh

Partner

Membership No: 042554

For and on behalf of the Board of Directors



Ajay Kanwal

Managing Director and
Chief Executive Officer



Ramesh Ramanathan

Director



Richa Saxena

Company Secretary



Vivek Venkatesan

Chief Financial Officer



Place: Mumbai

Date : May 21, 2018

Place: Bengaluru

Date : May 21, 2018