BOARD'S REPORT

To the Members,

Your Directors have pleasure in presenting to you the **Thirteenth** Annual Report of the Company and the Second Annual Report of Jana Small Finance Bank Limited together with the Audited Statements of Accounts for the year ended 31st March, 2019.

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

	(Rupees in crores)	
Particulars	FY 2018-2019	FY 2017-2018
Total Income	1,368.27	1,597.05
Interest Expended	813.63	1,163.89
Operating Expenses	1,131.19	1,455.30
Provisions and contingencies	1,372.51	1,481.66
Profit for the year	(1,949.06)	(2,503.81)
Add: surplus/(loss) brought forward from previous year	(2,181.75)	325.36
Amount available for appropriation	0.00	0.00
Appropriations:		
Dividend & Dividend Tax	0.00	3.31
Statutory Reserve under section 17 of the Banking Regulation Act	0.00	0.00
Surplus carried to Balance Sheet	(4,130.81)	(2,181.75)

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

2 CHANGE IN THE NATURE OF BUSINESS, IF ANY :

There is no change in the business of the Bank during the year.

3 DIVIDEND :

On Account of losses incurred in the financial year there are no distributable profits available for payment of dividend. Hence your directors have not recommended payment of dividend for the financial year under review.

4 ISSUANCE OF CAPITAL :

During the year under review, 78,68,097 equity shares of face value of Rs. 10/- per share were allotted by way of private placement and rights issue in various tranches bringing in a total inflow of Rs. 936 crore. Further, 15,00,00,000 non-cumulative compulsorily convertible preference shares of face value of Rs. 10/- per share were allotted by way of private placement, bringing in a total inflow of Rs. 150 crore.

As on 31st March, 2019, the paid up equity share capital stood at Rs, 47,15,67,270 crore, divided into 4,71,56,727 equity shares of Rs. 10/- each and paid up preference share capital was Rs. 150,00,000 crore, divided into 15,00,000 preference shares of Rs. 10/- each

Funds raised and Credit Ratings

A sum of Rs. 200 crores was raised by way of borrowing through Inter Bank Participation Certificate (IBPC) facility from the Bank of Baroda in March 2019 and Rs. NIL by way of loan portfolio buys outs/securitization during the Financial Year 2018-19.

ICRA has assigned a rating of [ICRA]BBB- (negative) to the Bank in March, 2019 for long term bank facilities, Non-Convertible Debentures (NCDs) and Sub-debts. The instruments rated by CRISIL have been redeemed/repaid in full and hence CRISIL has withdrawn its rating on these instruments as per their rating withdrawal policy.

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, 2019, the Capital Adequacy Ratio of the Bank stood at 18.81% and the Tier I ratio stood at 12.27%.

5 BOARD MEETINGS:

The Board of Directors met 10 times during the financial year. The quarterly meetings were held on 21-May-2018; 8-Aug-2018; 13-Nov-2018 and 7-Feb-2019 to approve unaudited financials and to deliberate on various business updates.

The Board also met at shorter notice, on 14-Aug-2018; 29-Aug-2018; 12-Oct-2018; 30-Nov-2018; 23-Feb-2019 and 14-Mar-2019 to accord approval for issue and allotment of equity shares and preference shares.

6 DIRECTORS AND KEY MANANGERIAL PERSONNEL :

As on 31st March 2019 the composition of the Board was :

Mr. Ramesh Ramanathan
 Mr. Ajay Kanwal
 Mr. R. Gandhi
 Mr. Vikram Gandhi
 Ms. Vijayalatha Reddy and
 Mr. R. Ramaseshan

Mr. Vivek Venkatesan, Chief Financial Officer resigned on 31-Dec-2018. Mr. Anuragh Adlakha has been appointed as the Chief Financial Officer of the Bank w.e.f 7-Feb-2019.

Ms. Richa Saxena, Company Secretary resigned on 6-Jul-2018. Ms. Lakshmi R. N. has been appointed as the Company Secretary of the Bank w.e.f 8-Aug-2018.

7. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Bank has received declarations from all Independent Directors on the Bank's Board, as required under Section 149(7) of the Companies Act, 2013 confirming 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:

Audit & Compliance Committee :

The composition of the Audit & Compliance Committee as on 31st March 2019 was as follows:

Mr. R. Gandhi (Committee Chairman) Mr. Vikram Gandhi 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 prescribed by the Reserve Bank Of India.

The Audit & Compliance committee met four times during the financial year, namely on 21-May-2018; 8-Aug-2018; 13-Nov-2018 and 7-Feb-2019.

Nomination & Remuneration Committee:

The composition of the Nomination and Remuneration Committee as on 31st March 2019 was 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 once in the financial year on 7-Feb-2019.

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 and Vigilance Policy, in their meeting held on 8th February 2018. The Policy has been hosted on the website of the Bank.

The Bank has an Anti-Sexual Harassment Policy to promote a workplace that is free of sexual harassment. A committee to investigate and redress any grievance has been formed, which meets at quarterly intervals.

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 <u>ANNEXURE I</u>).

13 AUDITORS:

The Auditors, M/s BSR & Associates, LLP, Chartered Accountants, has been appointed as a statutory auditors for the financial year 2018-19. The Reserve Bank of India vide their letter no. DBS.ARS.No/758/08.72.005/2018-19 dated 5th Oct 2018 have also conveyed their approval for the appointment of M/s BSR & Associates, LLP as Bank's statutory auditors of the Bank for the financial year 2018-19.

14 SECRETARIAL AUDIT:

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

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. 14.97 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 Bank's 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 :

The Bank has put 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 has established a formal Risk Appetite Statement which governs the risk-taking activities in the Bank. The Risk Management Committee provides oversight on 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 RESPONSIBILTY POLICY :

Pursuant to the provisions of section 135 and schedule VII of the Companies Act, 2013, the 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 the CSR Policy. The CSR policy has been duly approved by the Board of Directors.

REASON FOR NOT SPENDING:

The Bank has incurred losses for two consecutive financial years 2017-18 and 2018-19 and hence the bank has not earmarked funds for Corporate Social Responsibility initiatives during the financial year.

19 RELATED PARTY TRANSACTIONS :

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) in Form AOC- 2 is in **ANNEXURE – I.**

20 FORMAL ANNUAL EVALUATION:

The Board of Directors in thier meeting held on 10th May 2019, took note of the evaluation report of all the directors' performance including their own performance, its committees and Independent Directors. The Board deliberated on various evaluation attributes indicated in the evaluation questionnaire for all directors and after due deliberations made an objective assessment and evaluated that all directors in the Board have adequate expertise drawn from diverse background and businesses and bring specific competencies relevant to the Bank's business and operations.

The Board found that the performance of all Directors was quite satisfactory and the functioning of the Board and its Committees were quite effective. The Board evaluated its composition and also its performance as a whole and expressed its satisfaction in this regard.

21 Employees Stock Option Scheme. (ESOP):

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.

	March 31, 2019							
Particulars	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)				
Total Options granted and outstanding at the beginning of the year	686,279		54,206					
Add: Options granted during the year	1.2	589,402	1	25,182				
Less: Options forfeited / lapsed during	1 I		1 m					
the year		140,000	-	1,915				
Less : Options exercised during the year								
Options Outstanding as at end of the	1 - A - 1 - 2 - 1							
year	686,279	449,402	54,206	23,267				
- Vested	171,541	1	44,370	2 -				
- Yet to Vest	514,738	449,402	9,836	23,267				

Details of Employees Stock Options as on 31st March 2019

Employee - wise details of options granted during the year.

1. Key Managerial Personnel :

Employee Name	Designation	No. of Options Granted	
Anurag Adlakha	Chief Financial Officer	25300	
Lakshmi R N	Company Secretary	361	

- 2. Any other employee who received grant of options amounting to 5% or more of options granted during that year : NIL
- 3. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the bank at the time of grant: NIL

22 RATIO OF REMUNERATION TO EACH DIRECTOR :

Details / Disclosures of Ratio of Remuneration to each Director to the median remuneration of employee is in **ANNEXURE – III.**

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 IV)**.

Y Ramesh Ramanathan Non-Executive Chairman

Date: 10- May- 2019

min

Ajay Kanwal MD & CEO

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

For the financial year ended on 31.03.2019

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	The Fairway Business Park, # 10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru – 560071
6.	Whether listed company	No, However the Non-Convertible Debentures of the Company are listed on the Bombay Stock Exchange
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Fintech Private Limited (formerly known as 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

11. 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		L	Not applicable		
2	-				
	-				

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

	-wise Share		1						%
Category of Shareholders		res held at r[As on 31			No. of Shares held at the end of the year[As on 31-March-2019]				
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	year
A. Promoters			00						
(1) Indian									
a) Individual/ HUF		-				-	•	•	
b) Central Govt			•	-		÷	-	-	1
c) State Govt(s)		-	•	-		•	1	-	
d) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-
e) Banks / FI			÷.	-	-	-	-	-	11 - 4
f) Any other		-	· ·	-	-	-	-	-	1.
Total shareholding of Promoter (A)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-
B. Public Shareholding									
1. Institutions									/
a) Mutual Funds	-	13	-		-	-	C	-	
b) Banks / FI			-	÷	-	-	-		
c) Central Govt			-		•	-	· ·	•	
d) State Govt(s) e) Venture Capital Funds			+			-		-	
f) Insurance Companies						-	-	-	-
g) FIIs/Foreign Companies	14305849	2961848	17267697	43.95%	17656423	491762	* 18148185	38.48%	-5.47%
h) Foreign Venture Capital Funds	-								
i) Others (specify) Private Equity Fund		141285	141285	0.36%	141285	•	141285	0.30%	-0.06%

Sub-total	14305849	3103133	17408982	44.31%	17797708	491762	18289470	38.78%	-5.53%
(B)(1):-							_		
2. Non- Institutions									
a) Bodies Corp.				1.5.5.5.1	1.1.2.2.2.2				
i) Indian	14079757	7365328	21445085	54.58%	22622011	1084612	23706623	50.27%	-4.31%
ii) Overseas	-		-		-		-	•	
b) Individuals				1	2				
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	0.60%	119410	115195	234605	0.50%	-0.10%
c) Others (specify)-HUF	91545	108413	199958	0.51%	199958		199958	0.42%	-0.08%
Non Resident Indians		-					-		•
Overseas Corporate Bodies					662397	4063674	4726071	10.02%	10.02%
Foreign Nationals		-				-			
Clearing Members	-		-	-	-	~		1	÷
Trusts			-	-	1		41 t		
Foreign Bodies - D R			-		-	•			
Sub-total (B)(2):-	14290712	7588936	21879648	55.69%	23603776	5263481	28867257	61.22%	5.53%
Total Public Shareholding (B)=(B)(1)+ (B)(2)	28596561	10692069	39288630	100.00%	41401484	5755243	47156727	100.00%	0.00%
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	28596561	10692069	39288630	100.00%	41401484	5755243	47156727	100.00%	0.00%

B) Shareholding of Promoter-

SN	Shareholde r's Name	Shareholdin the year	ng at the begi	nning of	ng of Shareholding at the end of the % cha year in			% change in
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumb ered to total shares	No. of Shares	% of total Shares of the compan y	%of Shares Pledged / encumbe red to total shares	sharehold ing during the year
1	NIL	Nil	Nil	NA	Nil	Nil	NA	-

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

SN	Particulars	Shareholding a the year	t the beginning of	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	SN For Each of the Top 10 Shareholders	beginning	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
4		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.

		Ruj	pees in crores
Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			25 - 205 - T.
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
Change in Indebtedness during the financial year			
· Addition		200.00	200.00
· Addition - conversion from secured to unsecured	-	-	
· Reduction	2,111.16	1,663.98	3,775.14
· Reduction - conversion from secured to unsecured		-	
Net Change	(2,111.16)	(1,463.98)	(3,575.14)

Indebtedness at the end of the financial year			
i) Principal Amount	767.00	3,319.47	4,086.47
ii) Interest due but not paid		-	-
iii) Interest accrued but not due	30.53	103.06	133.58
Total (i+ii+iii)	797.53	3,422.53	4220.05

Note : Section 73 (1) of the Companies Act, 2013, states that the provisions of the said Act relating to acceptance of deposits by companies do not apply to a Banking company as defined in the Reserve Bank of India Act, 1934. Accordingly, information relating to the Bank's deposits is not disclosed in the table above. As per the applicable provisions of the Banking Regulation Act, 1949, details of the Bank's deposits have been included under Schedule 3 - Deposits, in the preparation and presentation of the financial statements of the Bank.

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):-				
		1,398 units at FV 1,00,00,000		
		17860 units at FV 10,00,000	1	
At the beginning of the year	36,958	200 units at FV 80,00,000	3,526.00	
		15,000 units at FV 10,000		
		2500 units at FV 6,68,000	1	
	Increase :	NIL		
~		Redemption 5,900 units of FV 10,00,000		
Changes during the year (Increase/Redemption)	Redemption:	Redemption 394 units of FV 1,00,00,000	1	
(increase, redemption)	8,994	FV Redemption of 6,68,000 of 2,500 units	1,311.00	
		FV Redemption of 80,00,000 of 200 units		
	15,000 units at FV 10,000			
At the end of the year	27,964	11,960 units at FV 10,00,000	2,215.00	
		1004 units at FV 1,00,00,000	1	
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	1		
		15,000 units at FV 10,000	
At the beginning of the year	26.020	17,860 units at FV 10,00,000	0.500.00
5 5 5	36,958	1,398 units at FV 1,00,00,000	3,526.00
		200 units at FV 80,00,000	
	Increase : -	Nil	-
	Redemption: 8,994	Redemption 5,900 units of FV 10,00,000	
Changes during the year (Increase/Redemption)		Redemption 394 units of FV 1,00,00,000	1 211 00
(mercase/redemption)		FV Redemption of 6,68,000 of 2,500 units	1,311.00
		FV Redemption of 80,00,000 of 200 units	
		15,000 units at FV 10,000	
At the end of the year	27,964	11,960 units at FV 10,00,000	2,215.00
		1004 units at FV 1,00,00,000	

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
		Ajay Kanwal (MD & CEO)	
1	Gross salary	3,84,45,540	3,84,45,540
	(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*	39,600	39,600
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		-
2	Stock Option	-	-
3	Sweat Equity	-	4
4	Commission - as % of profit - others, specify		-
5	Others, please specify		
	Car EMI	12,54,468	12,54,468
	Employer PF Contribution	18,00,000	18,00,000
	Total (A)	4,15,00,008	4,15,00,008
	Ceiling as per the Act	NA	NA

Note – Value of the Perquisites is not included in the Total amount (A).

B. Remuneration to other directors

SN.	Particulars of Remuneration			Nam	e of Directors	Total Amount		
1	Independent Directors	R. Gandhi	Vikram Gandhi	Vijayalatha Reddy	R. Ramaseshan			
	Fee for attending board committee meetings	6,25,000	3,75,000	6,00,000	7,25,000	23,25,000		
	Commission	t ér	-		-	-		
	Others, please specify	-		-	-			
	Total (1)	6,25,000	3,75,000	6,00,000	7,25,000	23,25,000		
2	Other Non- Executive Directors	Ramesh Ramanathan						
	Fee for attending board committee meetings		14					
	Commission	*	-	-				
	Others, please specify		-					
3.4	Total (2)	-	1	·	-	-		
	Total (B)=(1+2)	6,25,000	3,75,000	6,00,000	7,25,000	23,25,000		
	Overall Ceiling as per the Act (sitting fees not to exceed Rs. 1,00,000 per meeting)	Bank is paying only sitting fees to Non-Executive Directors which is below the ceiling of Rs.1,00,000/- per meeting as prescribed under the Companies Act, 2013.						

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	1.1.1.1.1.			Key	y Managerial	Personnel
		CEO *	CS (till 6 th Jul 2018)	CS (wef 8 th Aug 2018)	CFO (till 31 st Dec 2018)	CFO (wef 3 rd Jan 2019)	Total
1	Gross salary	-	18,00,328	13,12,562	76,75,012	36,93,226	1,44,81,128
	(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	-	-
2	Stock Option	-	1		· · · · · · · · · · · · · · · · · · ·	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission	11 _ 1		- C -	14		1
	- as % of profit	-	-	-		-	
	others, specify	1 . .	-			-	-
5	Others, please specify(Employer PF Contribution)		41,727	65,644	3,66,606	1,76,129	6,50,106
	Total	-	18,42,055	13,78,206	80,41,618	38,69,355	1,51,31,234

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Туре	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT] 석	Appeal made, if any (give Details)
A. COMPANY -	NIL				
Penalty					
Punishment					1. C
Compounding					
B. DIRECTORS	– NIL	1			
Penalty		den er		4	
Punishment					
Compounding	the first of t				
C. OTHER OFFI	CERS IN DEFAUL	T – NIL			
Penalty					2
Punishment					
Compounding					1

Attachment A

Jana Small Finance Bank Limited

Shareholding Pattern as on 31-Mar-2019 and 31-Mar-2018 (Top 10 shareholders other than directors, promoters, GDRs and ADRs)

Sr No.	Shareholder	No of Shares (31- Mar-2018)	% holding	Allotment (Aug 2018; Nov 2018; Dec 2018; Jan 2019; Feb 2019 and Mar 2019)	Transfers	No of Shares (31-Mar- 2019)	% holding
1	TPG Asia VI SF Pte. Ltd	4,304,195	10.96%	283,885	(156,500)	4,431,580	9.40%
2	North Haven Private Equity Asia Platinum Pte. Ltd	4,171,427	10.62%	-	(24,000)	4,147,427	8.79%
3	Amansa Holdings Pte. Ltd	-	0.00%	2,260,564	-	2,260,564	4.79%
4	HarbourVest Partners Co- Investment Fund IV L.P.	1,038,102	2.64%	983,912		2,022,014	4.29%
5	Client Rosehill Limited	1,757,755	4.47%	-	-	1,757,755	3.73%
6	Alpha TC Holdings Pte. Ltd	1,748,975	4.45%	_	-	1,748,975	3.71%
7	Treeline Asia Master Fund (Singapore) Pte. Ltd.	1,441,816	3.67%	210,285	-	1,652,101	3.50%
8	ICICI Prudential Life Insurance Company Ltd	1,084,128	2.76%	23,511	-	1,107,639	2.35%
9	Bajaj Allianz Life Insurance Company Ltd	1,084,128	2.76%	-	-	1,084,128	2.30%
10	QRG Enterprises Limited	904,585	2.30%	81,631	-	986,216	2.09%

Ramesh Ramanathan Non Executive Chairman

Dorte: 10-May-2019

mwa Ajay Kanwal

MD & CEO

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 Space Foundation (India) (Jana USP); 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 : Three years (w.e.f 1st October 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

(ii)

- (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, Starting 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

(iii)

- (a) Name(s) of the related party and nature of relationship : Jana Capital Limited and Mr. Ramesh Ramanathan, Director & Non-Executive 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
- (iv)
- (a) Name(s) of the related party and nature of relationship : Jana Holdings Limited and Mr. Ramesh Ramanathan, Director & Non-Executive 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

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Ramesh Ramanathan Non Executive Chairman

Ajay Kanwal MD & CEO

Date: 10-May-2019

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	208.43 : 1
(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;	MD&CEO: (-6.41%) CFO: (-20.84%) CS: (-13.92%)
(iii) The percentage increase in the median remuneration of employees in the financial year;	12.98%
(iv) The number of permanent employees on the rolls of company;	15947 (as on 31st March 2019)
(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 available on the website of the Bank at www.janabank.com

MNG

Ramesh Ramanathan Non Executive Chairman

Date: 10 - May 2019

Ajay Kanwal MD & CEO

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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 6 Directors as on 31st March 2019. 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 2019 is given below:

Board Meetings and Attendance at Board Meetings

The Board met **10** times during the financial year 2018-2019. The Board of Directors of the Bank had met regularly and the gap between two meetings did not exceed one hundred and twenty days, 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 information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The Managing Director & CEO appraises the Board on the overall performance of the Bank at every board meeting. The Board reviews performance, approves capital expenditures, sets the strategy of the Bank 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	4	4
2	Ajay Kanwal	4	4
3	R. Gandhi	4	4

4	Vikram Gandhi	4	2
5	Vijayalatha Reddy	4	3
6	R. Ramaseshan	4	4

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	6	6
2	Ajay Kanwal	6	6
3	R. Gandhi	6	3
4	Vikram Gandhi	6	2
5	Vijayalatha Reddy	6	5
6	R. Ramaseshan	6	4

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 committee reviews compliance with legal and statutory requirements, 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 21-May-2018 and 13-Nov-2018.

The committee comprised the following directors for the year ended 31st March 2019:

Mr. R. Gandhi (Committee Chairman) Mr. Vikram Gandhi - Member 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 circulars 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 / CSGL 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 2019:

Mr. R. Ramaseshan (Committee Chairman)

Mr. Ramesh Ramanathan - Member

Mr. Ajay Kanwal - Member

Ms. Vijayalatha Reddy - Member

The committee met once during the year i.e on 7-Feb-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 re-election 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 Mr. R. Gandhi - member

The Committee met 4 times during the year under review. The dates of the meeting were 21-May-2018; 8-Aug-2018; 13-Nov-2018 and 7-Feb-2019.

Terms of reference of the Committee:

The Committee of the Bank will be governed by the terms of reference as specified by RBI circulars 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 once during the year i.e on 21-May-2018.

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 an Information Technology Strategy Committee with the following directors:

Mr. Ramesh Ramanathan (Committee Chairman) Mr. Ajay Kanwal – Member Mr. R. Gandhi - Member Mr. Vikram Gandhi - Member Mr. Vijayalatha Reddy - Member

The Committee met 3 times during the year under review. The dates of the meeting were 21-May-2018; 13-Nov-2018 and 7-Feb-2019.

Terms of reference:

The Committee of the Bank will be governed by the terms of reference as specified by RBI circulars 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. R. Gandhi - Member Mr. Vikram Gandhi - Member Ms. Vijayalatha Reddy - Member Mr. R Ramaseshan - Member

The Committee met 4 times during the year under review. The dates of the meeting were 21-May-2018; 8-Aug-2018; 13-Nov-2018 and 7-Feb-2019.

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 Committee for monitoring large value frauds 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;

CREDIT COMMITTEE

The Bank has constituted a Credit Committee with the following directors:

Mr. R. Gandhi (Committee Chairman) Mr. Ramesh Ramanathan - Member Mr. R Ramaseshan - Member

The Committee having been constituted in February 2019, did not meet during the year under review.

The terms of reference of the Committee are as under:

Review credits approved by the Credit Approval Committee of the Bank under its authority
 Approve credits beyond the authority of the Credit Approval Committee of the Bank.

MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors of the Bank met during the year on 7th February 2019 to review the performance of non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Board and had accessed the quality, quantity and timeliness of flow of information between the bank management and the Board.

There was no pecuniary relationship or transactions of the non-executive directors vis-à-vis the bank during the Financial Year ended 31st March, 2019.

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 Body Meeting	Date, Time & Venue	No. of Special Resolution passed
Extra – Ordinary General Meeting	25-Mar-2019 at 4:00 p.m. at the registered office address : "The Fairway Business Park, # 10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru – 560071	1
Extra – Ordinary General Meeting	23-Nov-2018 at 11:00 a.m. at the registered office address : "The Fairway Business Park, # 10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru – 560071	4
Extra – Ordinary General Meeting	17-Aug-2018 at 11:00 a.m. at the registered office address : "Vaishnavi", #29,Union Street, off Infantry Road, Bangalore – 560 001	1

12 th Annual General Meeting	10-Aug-2018 at 11:00 a.m. at the registered office address : "Vaishnavi", #29,Union Street, off Infantry Road, Bangalore – 560 001	NIL
Extra – Ordinary General Meeting	4-Apr-2018 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	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 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	
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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	

WHISTLE BLOWER POLICY

The Bank has a whistle blower policy, which was 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 Bank on any matter related to the capital markets, nor have any penalty/strictures been imposed on the Bank 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:	28 th June 2019, 11:00 a.m
Venue :	"The Fairway Business Park", #10/1,11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru – 560071

Shareholding Pattern as on 31st March 2019

Sr No.	Name of the Equity Shareholder	Class	No of Shares	% holding
C	Domestic Investor			
1 J	ana Holdings Limited	Class A	19,798,778	41.99%
2 (QRG Enterprises Limited	Class A	986,216	2.09%
3 \	/allabh Bhanshali	Class A	119,410	0.25%
4 E	Enam Securities Private Limited	Class A	4,290	0.01%
5 E	Badri Narayan Pilinja	Class A	115,195	0.24%
6 V	/allabh Bhanshali HUF	Class A	199,958	0.42%
7 0	Growth Partnership II Shiv Shankar Co-investment Trust	Class A	1,995	0.004%
8 0	Growth Partnership II Ajay Tandon Co-investment Trust	Class A	825	0.002%
9 E	Bajaj Allianz Life Insurance Company Ltd	Class A	1,084,128	2.30%
10 E	Bajaj Allianz General Insurance Company Ltd - Policyholder Fund	Class A	252,963	0.54%
	Bajaj Allianz General Insurance Company Limited - Shareholder Fund	Class A	108,413	0.23%
12 I	CICI Prudential Life Insurance Company Ltd	Class A	1,107,639	2.35%
13 I	CICI Lombard General Insurance Company Ltd	Class A	361,376	0.77%
14 H	Hero Enterprise Partner Ventures	Class A	315,427	0.67%
F	Foreign Investor			
15 7	TPG Asia VI SF Pte. Ltd	Class A	4,431,580	9.40%
16	North Haven Private Equity Asia Platinum Pte. Ltd	Class A	4,147,427	8.79%
17 (Caladium Investment Pte. Ltd	Class A	762,608	1.62%
18 0	Client Rosehill Limited	Class A	1,757,755	3.73%
19 A	Alpha TC Holdings Pte Ltd	Class A	1,748,975	3.71%
20 0	CVCI GP II Employee Rosehill Limited	Class A	984,455	2.09%
21 7	Treeline Asia Master Fund (Singapore) Pte. Ltd.	Class A	1,652,101	3.50%
22	ndia Financial Inclusion Fund (IFIF)	Class A	246,220	0.52%
23 (Global Financial Inclusion Fund	Class A	141,285	0.30%
24 H	HarbourVest Partners Co-Investment Fund IV L.P.	Class A	2,022,014	4.29%
25 H	HarbourVest Partners Co-Investment IV AIF L.P.	Class A	531,032	1.139
26 H	HarbourVest Skew Base AIF L.P.	Class A	70,469	0.15%
27 H	HIPEP VIII Partnership Fund L.P.	Class A	245,091	0.52%
28 H	HIPEP VIII Partnership AIF L.P.	Class A	163,395	0.35%
29 H	HarbourVest Asia Pacific Fund VIII L.P.	Class A	35,742	0.08%
30 H	HarbourVest Asia Pacific VIII AIF L.P.	Class A	66,378	0.14%
31 H	HarbourVest Co-Investment Opportunities Fund L.P	Class A	255,305	0.54%
32 H	HarbourVest Co-Invest 2017 Private Equity Partners L.P.	Class A	510,609	1.08%
	The Maple Fund L.P.	Class A	510,609	1.08%
	Manipal Research & Management Services International	Class A	156,500	0.33%
1.00	Amansa Holdings Pte Ltd	1.11	2,260,564	4.79%
	Total		47,156,727	100.00%

Sr No.	Name of the Compulsorily Convertible Preference Shares	Class	No of Shares	% holdii
	Domestic Investor			
1	Hero Enterprise Partner Ventures	NA	150,000,000	100.00
	Total		150,000,000	

Ramesh Ramanathan Non Executive Chairman

Ajay Kanwal MD & CEO

Dale: 10 - May - 2019



Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[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] 10,

The Members,

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

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 2019 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 bythe Company for the financial year ended on 31st March 2019 according to the provisions of:

The Companies Act, 2013 (the Act) and the rules made there under;

- The Securities Contracts (Regulation) act, 1956 ('SCRA') and the rules made there (||)under;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; (|||)
- Foreign Exchange Management Act, 1999 and the rules and regulations made IV) there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;



543/A, 7th Main, 3rd Cross, Hanumantha Nagar, Bangalore - 560 019. Telefax: 080-2650 9004, Mobile: 99451 75787. E-mail: nagendradrao@gmail.com / nagendra_d_rao@yahoo.co.in

- (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, 2018[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, 2018[Not Applicable];
- () 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.
- d) "Operating Guidelines for Small Finance Banks" issued by RBI on October 6, 2016 ("SFB Operating Guidelines").





- 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,
- i) 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.

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 the company is in the process of filing of condonation application in respect of delayed satisfaction of charges with respect to borrowings from Banks and financial institutions.

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

i. The Company has issued aggregate 22,13,428 Class "A" Equity Shares (hereinafter refereed as "Shares") to HarbourVest Entities viz, HarbourVest Partners Co-Investment Fund IV LP - 8,22,262 Shares,HarbourVest Partners Co-Investment IV AIF LP - 216,774 Shares, HarbourVest Skew Base AIF LP - 21,347 Shares, HIPEP VIII Partnership Fund LP - 68,309 Shares, HIPEP VIII Partnership AIF LP - 45,540 Shares, HarbourVest Asia Pacific Fund VIII LP - 9,962 Shares, HarbourVest Asia Pacific VIII AIF LP - 18,500 Shares, HarbourVestCo-Investment Opportunities Fund LP - 71,156 Shares, HarbourVest Co-Invest 2017 Private Equity Partners LP - 469,789

Shares, The Maple Fund LP - 469,789 Shares.

- ii. The Company has Altered the Memorandum of Association by a). Reclassifying the Authorised Share Capital of the Company from Rs. 13,276,000,000 divided in to 1,327,600,000 Equity Shares of Rs. 10/- each to Rs. 13,276,000,000 divided in to 827,600,000 Equity Shares of Rs. 10/- each and Rs. 500,000,000 Preference Shares of Rs. 10/- each.
- iii. The Company has Altered the Articles of Association of the Company in order to include power to issue Preference shares of the company.
- iv. Issued / Allotted Secured, Rated, Listed, Redeemable Non Convertible Debentures on a Private Placement basis during the period under review
- v. The Company has issued aggregate 27,86,276 Class "A" Equity Shares (hereinafter refereed as "Shares") to Hero Enterprise Partner Ventures 315,427 Shares, Amansa Holdings Pte Ltd 2,260,564 Shares.
- vi. The Company has issued 15,00,00,000 Compulsorily Convertible Preference Shares (hereinafter refereed as "Preference Shares") to Hero Enterprise Partner Ventures.
- vii. The Company approved the Jana Employees Stock Option Plan 2018 for issue of upto 20,23,697 Equity Shares of the Company in EGM held on April 04, 2018.



4

- viii. The Company has allotted 946,282 Class "A" Equity Shares to Series H Investors by way of Rights Issue on February 28, 2019.
- ix. The Company has allotted 104,929 Class "A" Equity Shares to Jana Holdings Ltd by way of Rights Issue on January 21, 2019.
- x. The Company has allotted 279,018 Class "A" Equity Shares to Jana Holdings Ltd by way of Rights Issue on January 04, 2019.
 xi. The Company has allotted 70,724 Class "A" Equity Shares to Jana Holdings Ltd by way of Rights Issue on February 01, 2019.
- xii. The Company has allotted 1,048,127 Class "A" Equity Shares to Jana Holdings Ltd by way of Rights Issue on November30, 2018.
- xiii. The Company has allotted 361,423 Class "A" Equity Shares to Jana Holdings Ltd by way of Rights Issue on December 21, 2018.
- xiv. The Company has allotted 268,175 Class "A" Equity Shares to Jana Holdings Ltd by way of Rights Issue on December 27, 2018.



Place: Bengaluru Date: May 30, 2019 Signature: Name of Company Secretary in Practice: Nagendra D. Rao 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.

5

Wagendra D. Rao, B.Com., LL.B., F.C.S. **Practising Company Secretary**

Annexure – 1

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.



Place: Bengaluru Date: May 30, 2019

543/A, 7th Main, 3rd Cross, Hanumantha Nagar, Bangalore - 560 019. Telefax: 080-2650 9004, Mobile: 99451 75787. E-mail: nagendradrao@gmail.com / nagendra_d_rao@yahoo.co.in

BSR& 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 Fax +91 (22) 4345 5399

INDEPENDENT AUDITORS' REPORT

To the Members of Jana Small Finance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jana Small Finance Bank Limited ("the Bank"), which comprise the balance sheet as at 31 March 2019, and the profit and loss account, 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.

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 Banking Regulation Act, 1949 ("BR Act") as well as Companies Act, 2013 ("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 2019, and loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013 Registered Office 5th Floor, Lodha Excelus, Apollo Mills Compound N. M. Joshi Marg, Mahalaxmi Mumbai - 400 011

Key Audit Matters (continued)

Identification of Non-Performing Asset ('NPA') and Provision on Advances Gross NPA: INR 522.59 crores for year ended 31 March 2019 Charge (including write-off): INR 1,364.15 crores for year ended 31 March 2019 Provision: INR 249.51 crores as at 31 March 2019

Refer to the accounting policies in the financial statements: Significant Accounting Policies- Advances Classification and Provisioning" and "Note No. 7 and 15 of Schedule 18 to the financial statements"

The key audit matter How the matter was addressed in our audit			
Significant estimate and judgment involved	Our key audit procedures included:		
Identification of NPAs is made based on the assessment of various criteria stipulated in the Reserve Bank of India ('RBI') guidelines with regard to the 'Prudential Norms on Income Recognition, Asset Classification and Provisioning' such as past due status and out of order status. NPA classification is made borrower wise whereby if one facility to the borrower becomes an NPA then all facilities to such a borrower will be treated as an NPA. Provisions in respect of such NPAs and restructured advances are made based on minimum provisioning levels prescribed under RBI guidelines, prescribed from time to time and Bank's internal credit policy. The provision on NPAs are also based on the valuation of the security available. In case of restructured accounts, provision is made for erosion/diminution in fair value of restructured loans, in accordance with the RBI guidelines. We identified NPA identification and provision on loans and advances as a key audit matter because of the significant efforts involved by the management in identifying NPA and provisions for NPA based on the RBI guidelines and Bank's internal credit policy, the valuation of the security/collateral on these NPA loans and on account of the significance to these estimates to the financial statements of the Bank.	 Design / controls Assessing the design, implementation and operating effectiveness of key internal controls over approval, recording and monitoring of loans, monitoring process of overdue loans, measurement of provision, identification of NPA accounts, assessing the reliability of management information, which included overdue reports. Evaluated the design, implementation and operating effectiveness of key internal controls over the valuation of the securities for the NPAs. Testing of management review controls over identification of NPAs, measurement of provisions and disclosures in financial statements. Involved our information system specialists in the audit of this area to gain comfort over data integrity and calculations of days past due, including system reconciliations. Substantive tests Test of details for a selection of exposures over calculation of NPAs as at 31 March 2019; the borrower-wise NPA identification and provisioning determined by the Bank and also testing related disclosures by assessing the completeness, accuracy and relevance of data and to ensure that the same is in compliance with the RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification and Provisioning.		

Sp

Key audit matter	How the matter was addressed in our audit		
Information technology ('IT') systems			
IT systems and controls	Our key IT audit procedures included:		
The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst, its multiple IT systems, four systems namely Core Banking System ('CBS'), Oracle General Ledger ('OGL'), Sales Force Dot Com ('SFDC') and People works are key for its overall financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture.	 We tested on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting system and reporting system access and system change management, program development and computer operations. We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce 		
	 segregation of duties. For a selected group of key controls over financial and reporting system, we have performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. 		
	• We have also assessed other areas which includes password policies, security configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.		

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit		
Going Concern			
Significant estimate and judgement involved We draw reference to Note 37 in the financial statements, in which the Bank's management has explained their basis for preparing the financial statements of the Bank on a going concern basis despite the Bank's continuing losses (INR 1,949 crores for the year ended 31 March 2019 and accumulated loss of INR 4,131 crores as at 31 March 2019). We have identified 'Going Concern' as key audit matter because of level of management judgement and estimate involved in concluding the appropriateness of the going concern basis of accounting in the preparation of the financial statements of the Bank.	 We assessed the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements of the Bank. This included the following procedures: Obtained the management assessment of going concern assumption, challenged the key assumptions used by the Management and performed review for any material variance between the budgeted figures to actual results; Evaluated management plans for future actions in relation to its going concern assessment, whether the outcome of these plans is likely to improve the situation and whether management's plans are feasible in the circumstances; 		
	 Evaluated the reliability of the underlying data generated to prepare the forecast and determining whether there is adequate support for the assumptions underlying the forecast; and Obtained written representations from 		
	management, regarding their plans for future actions and the feasibility of these plans.		

Of

Information Other than the Financial Statements and Auditors' Report Thereon

The Bank's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Bank's Board report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Bank's management and Board of Directors are responsible for the matters stated in section 134(5) of 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 specified under section 133 of the Act, 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 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 and Board of Directors are 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.

The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The balance sheet, the profit and loss account and cash flow statement have been drawn up in accordance with the provisions of Section 29 of the BR Act, section 133 of the Act.

- (A) 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. However, during the course of our audit we have visited 4 Bank branches.
- (B) Further, as required by Section 143(3) of the Act, we 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 purposes of our audit;
 - 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 accounts;
 - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act 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 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" and

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Report on Other Legal and Regulatory Requirements (continued)

- g) with respect to the other matters to be included in the Auditors' 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 as at 31 March 2019 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
- h) 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.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

The Bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply to it.

For **B S R & Associates LLP** Chartered Accountants Firm's Registration No. 116231W / W-100024

Henry Drut

N Sampath Ganesh Partner Membership No. 042554

Place: Mumbai Date: 30 May 2019

BSR& 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 Fax +91 (22) 4345 5399

Annexure A to the Independent Auditors' report on the Financial Statements of Jana Small Finance Bank Limited for the year ended 31 March 2019.

Report on the internal financial controls with reference to the aforesaid standalone Financial Statements under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013

(Referred to in paragraph (B) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Jana Small Finance Bank Limited ("the Bank") as of 31 March 2019 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Bank's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013 Registered Office 5th Floor, Lodha Excelus, Apollo Mills Compound N. M. Joshi Marg, Mahalaxmi Mumbai - 400 011

Annexure A to the Independent Auditors' report on the financial statements of Jana Small Finance Bank Limited for the year ended 31 March 2019 (continued) Auditors' Responsibility (continued)

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A Bank's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LLP** *Chartered Accountants* Firm's Registration No. 116231W / W-100024

Henpair

N Sampath Ganesh Partner Membership No. 042554

Place: Mumbai Date: 30 May 2019

BSR& 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 Fax +91 (22) 4345 5399

INDEPENDENT AUDITORS' REPORT

To the Members of Jana Small Finance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jana Small Finance Bank Limited ("the Bank"), which comprise the balance sheet as at 31 March 2019, and the profit and loss account, 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.

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 Banking Regulation Act, 1949 ("BR Act") as well as Companies Act, 2013 ("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 2019, and loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Key Audit Matters (continued)

Identification of Non-Performing Asset ('NPA') and Provision on Advances Gross NPA: INR 522.59 crores for year ended 31 March 2019 Charge (including write-off): INR 1,364.15 crores for year ended 31 March 2019 Provision: INR 249.51 crores as at 31 March 2019

Refer to the accounting policies in the financial statements: Significant Accounting Policies- Advances Classification and Provisioning" and "Note No. 7 and 15 of Schedule 18 to the financial statements"

The key audit matter How the matter was addressed in our audit			
Significant estimate and judgment involved	Our key audit procedures included:		
Identification of NPAs is made based on the assessment of various criteria stipulated in the Reserve Bank of India ('RBI') guidelines with regard to the 'Prudential Norms on Income Recognition, Asset Classification and Provisioning' such as past due status and out of order status. NPA classification is made borrower wise whereby if one facility to the borrower becomes an NPA then all facilities to such a borrower will be treated as an NPA. Provisions in respect of such NPAs and restructured advances are made based on minimum provisioning levels prescribed under RBI guidelines, prescribed from time to time and Bank's internal credit policy. The provision on NPAs are also based on the valuation of the security available. In case of restructured accounts, provision is made for erosion/diminution in fair value of restructured loans, in accordance with the RBI guidelines. We identified NPA identification and provision on loans and advances as a key audit matter because of the significant efforts involved by the management in identifying NPA and provisions for NPA based on the RBI guidelines and Bank's internal credit policy, the valuation of the security/collateral on these NPA loans and on account of the significance to these estimates to the financial statements of the Bank.	 Design / controls Assessing the design, implementation and operating effectiveness of key internal controls over approval, recording and monitoring of loans, monitoring process of overdue loans, measurement of provision, identification of NPA accounts, assessing the reliability of management information, which included overdue reports. Evaluated the design, implementation and operating effectiveness of key internal controls over the valuation of the securities for the NPAs. Testing of management review controls over identification of NPAs, measurement of provisions and disclosures in financial statements. Involved our information system specialists in the audit of this area to gain comfort over data integrity and calculations of days past due, including system reconciliations. Substantive tests Test of details for a selection of exposures over calculation of NPAs as at 31 March 2019; the borrower-wise NPA identification and provisioning determined by the Bank and also testing related disclosures by assessing the completeness, accuracy and relevance of data and to ensure that the same is in compliance with the RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification and Provisioning.		

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Key audit matter	How the matter was addressed in our audit		
Information technology ('IT') systems			
IT systems and controls	Our key IT audit procedures included:		
The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst, its multiple IT systems, four systems namely Core Banking System ('CBS'), Oracle General Ledger ('OGL'), Sales Force Dot Com ('SFDC') and People works are key for its overall financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture.	 We tested on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting system and reporting system access and system change management, program development and computer operations. We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce 		
	 segregation of duties. For a selected group of key controls over financial and reporting system, we have performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. 		
	• We have also assessed other areas which includes password policies, security configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.		

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit		
Going Concern			
Significant estimate and judgement involved We draw reference to Note 37 in the financial statements, in which the Bank's management has explained their basis for preparing the financial statements of the Bank on a going concern basis despite the Bank's continuing losses (INR 1,949 crores for the year ended 31 March 2019 and accumulated loss of INR 4,131 crores as at 31 March 2019). We have identified 'Going Concern' as key audit matter because of level of management judgement and estimate involved in concluding the appropriateness of the going concern basis of accounting in the preparation of the financial statements of the Bank.	 We assessed the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements of the Bank. This included the following procedures: Obtained the management assessment of going concern assumption, challenged the key assumptions used by the Management and performed review for any material variance between the budgeted figures to actual results; Evaluated management plans for future actions in relation to its going concern assessment, whether the outcome of these plans is likely to improve the situation and whether management's plans are feasible in the circumstances; 		
	 Evaluated the reliability of the underlying data generated to prepare the forecast and determining whether there is adequate support for the assumptions underlying the forecast; and Obtained written representations from 		
	management, regarding their plans for future actions and the feasibility of these plans.		

Of

Information Other than the Financial Statements and Auditors' Report Thereon

The Bank's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Bank's Board report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Bank's management and Board of Directors are responsible for the matters stated in section 134(5) of 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 specified under section 133 of the Act, 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 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 and Board of Directors are 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.

The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The balance sheet, the profit and loss account and cash flow statement have been drawn up in accordance with the provisions of Section 29 of the BR Act, section 133 of the Act.

- (A) 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. However, during the course of our audit we have visited 4 Bank branches.
- (B) Further, as required by Section 143(3) of the Act, we 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 purposes of our audit;
 - 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 accounts;
 - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act 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 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" and

Xs

Report on Other Legal and Regulatory Requirements (continued)

- g) with respect to the other matters to be included in the Auditors' 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 as at 31 March 2019 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
- h) 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.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

The Bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply to it.

For **B S R & Associates LLP** Chartered Accountants Firm's Registration No. 116231W / W-100024

Henry Drut

N Sampath Ganesh Partner Membership No. 042554

Place: Mumbai Date: 30 May 2019

BSR& 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 Fax +91 (22) 4345 5399

Annexure A to the Independent Auditors' report on the Financial Statements of Jana Small Finance Bank Limited for the year ended 31 March 2019.

Report on the internal financial controls with reference to the aforesaid standalone Financial Statements under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013

(Referred to in paragraph (B) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Jana Small Finance Bank Limited ("the Bank") as of 31 March 2019 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Bank's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013 Registered Office 5th Floor, Lodha Excelus, Apollo Mills Compound N. M. Joshi Marg, Mahalaxmi Mumbai - 400 011

Annexure A to the Independent Auditors' report on the financial statements of Jana Small Finance Bank Limited for the year ended 31 March 2019 (continued) Auditors' Responsibility (continued)

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A Bank's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LLP** *Chartered Accountants* Firm's Registration No. 116231W / W-100024

Henpair

N Sampath Ganesh Partner Membership No. 042554

Place: Mumbai Date: 30 May 2019

JANA SMALL FINANCE B (Formerly known as Janalakshmi Fir		ited)	
Balance Sheet as at 31		inted)	
			(₹ in Crores)
	Schedule	As at 31.03.2019	As a 31.03.201
CAPITAL AND LIABILITIES			
Capital	1	197.16	39.29
Reserves and surplus	2	476.48	1,489.52
Deposits	3	4,198.70	0.4
Borrowings	4	4,086.47	7,661.63
Other liabilities and provisions	5	487,49	557.9
TOTAL		9,446.30	9,748.78
ASSETS			
Cash and balance with Reserve Bank of India	6	1,080.97	197.74
Balance with banks and money at call and short notice	7	87.59	919.4
Investments	8	1,468.13	1,997.4
Advances	9	6,217.08	6,028.3
Fixed assets	10	334.46	384.6
Other assets	11	258.07	221.1
TOTAL		9,446.30	9,748.78
Contingent liabilities	12	51,60	51.15
Significant accounting policies and notes to the financial statements	17 & 18		

The schedules referred to above form an integral part of the financial statements

As per our report of even date

for 5 S R & Associates LLP

Chartered Accountants Firm's Registration no.: 116231W/W-100024

N Sampath Ganesh Partner Membership No: 042554

Place: Mumbai Date : May 30, 2019 For and on behalf of the Board of Directors

Ramesh Ramanathan

Ajay Kanwal

Ramesh Ramanath: Chairman DIN: 00163276

Anurag Adlakha Chief Financial Officer

Place: Bengaluru Date : May 30, 2019 Managing Director & CEO DIN: 07886434

lo Lakshmi R N

Company Secretary



JANA SMALL FINANCE BAN (Formerly known as Janalakshmi Fina		vited)	
Profit and Loss Account for the year			
(₹ in Crores			
PARTICULARS	Schedule	Year ended 31.03.2019	Year ended 31.03.2018
I. INCOME			
Interest earned	13	1,250.54	1,554.79
Other income	14	117.73	42.26
TOTAL		1,368.27	1,597.05
II. EXPENDITURE			
Interest expended	15	813.63	1,163.89
Operating expenses	16	1,131.19	1,455.30
Provisions and contingencies (refer note 18.15)		1,372.51	1,481.66
TOTAL		3,317.33	4,100.85
III. PROFIT			
Net loss for the year		(1,949.06)	(2,503.80)
Balance in Profit and Loss Account brought forward		(2,181.75)	325.36
TOTAL		(4,130.81)	(2,178.44)
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		-	
Dividend paid (refer note 18.36)		-	(2.75
Dividend Distribution Tax (refer note 18.36)		÷	(0.56
Balance carried over to Balance Sheet		(4,130.81)	(2,181.75
V. EARNINGS PER EQUITY SHARE (Face value per share ₹ 10)			1
Basic		(471.84)	(787.88
Diluted		(471.84)	(787.88
Significant accounting policies and notes to the financial statements	17 & 18		

The schedules referred to above form an integral part of the financial statements

As per our report of even date

for BSR& Associates LLP Chartered Accountants Firm's Registration No: 116231W/W-100024

N Sampath Ganesh Partner Membership No: 042554

Place: Mumbai Date : May 30, 2019 For and on behalf of the Board of Directors

Anurag Adlakha **Chief Financial Officer**

Ramesh Ramanathan

Chairman

DIN: 00163276

Lakshmi R N **Company Secretary**

No

11

Place: Bengaluru Date : May 30, 2019 Ajay Kanwal Managing Director & CEO DIN: 07886434 L.N.

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	(Formerly Known as Janalakshmi Financial Services Limited) Cash Flow Statement for the year ended March 31, 2019			
	(₹ in Crore			
	Particulars		Year ended 31.03.2019	Year ended 31.03.2018
Α.	Cash Flow from operating activities			
	Profit/(loss) before tax		(1,949.06)	(2,411.14
	Adjustments for:			
	Depreciation on fixed assets		99.39	83.95
	Loss on sale of fixed assets		4.82	17.74
	Employee stock option expenses		7.65	5.12
	Provision for non performing assets		(1,280.85)	1,511.51
	Additional provision and provision for diminution in fair value		1.74	0.42
	Bad debts written off		2,643.26	160.64
	Provision for standard assets		4.40	17.43
	Operating profit before working capital changes	(i)	(468.65)	(614.33
	Changes in working capital			
	(Increase)/Decrease in investments		705.88	(1,649.84
	(Increase)/Decrease in advances		(1,557.31)	3,895.23
	Increase/(Decrease) in deposits		4,198.24	0.45
	(Increase)/Decrease in other assets		(43.54)	61.12
	Increase/(Decrease) in other liabilities and provisions		(70.43)	(250.96
	Net change in working capital	(ii)	3,232.84	2,056.00
	Direct tax paid (net of refunds)	(iii)	6.58	14.97
	Net cash flow from operating activities (i)+(ii)+(iii)	(A)	2,770.77	1,456.64
J.,	Cash flow used in investing activities			
	Purchase of fixed assets		(77.08)	(270.75
	Proceeds from sale of fixed assets		0.71	0.76
	(Increase)/Decrease in capital work in progress		22.37	13.72
	(Increase)/Decrease of held-to-maturity securities		(176.53)	-
	Net cash used in investment activities	(B)	(230.53)	(256.27)





	alakshmi Financial Services Limite or the year ended March 31, 201		
cash now statement	or the year ended march 51, 201	J	(₹ in Crores
Particulars		Year ended	Year ended
	Particulais	31.03.2019	31.03.201
C. Cash Flow from financing activities			
Proceeds from issue of equity shares		7.87	11.82
Proceeds from issue of compulsorily convertible	preference shares	150.00	122
Securities premium received		928.37	1,624.18
Share issue expenses		8	(1.90
Proceeds from borrowings (including IBPC)		200.00	1,393.15
(Repayment) of borrowings		(3,775.13)	(5,398.73
Dividends paid			(2.75
Tax on dividend		*	(0.56
Net cash used in financing activities	(C)	(2,488.89)	(2,374.79
Net increase/(decrease) in cash and cash equiva		51.35	(1,174.42
Cash and cash equivalents as at beginning of the		1,117.21	2,291.63
Cash and cash equivalents as at end of the year	,	1,168.56	1,117.21

As per our report of even date for **BSR & Associates LLP** *Chartered Accountants* Firm's Registration No:116231W/W-100024

N Sampath Ganesh Partner Membership No: 042554

Place: Mumbai Date : May 30, 2019

For and on behalf of the Board of Directors

Ajay Kanwal

Managing Director & CEO

Ramesh Ramanathan Chairman DIN: 00163276

A

Anurag Adlakha Chief Financial Officer

Place: Bengaluru Date: May 30, 2019



DIN: 07886434

Lakshmi R N Company Secretary



(Cormorby Known on Inspirate Structure I) Constant Structure I)			
(Formerly Known as Janalakshmi Financial Services Limited) SCHEDULES FORMING PART OF BALANCE SHEET			
		(₹ in Crores	
PARTICULARS	As at 31.03.2019	As a 31.03.2018	
SCHEDULE 1 - CAPITAL	51.05.2019	51.05.201	
Authorised Capital			
Equity			
====; 827,600,000 (March 31, 2018: 1,327,600,000) Class 'A' Equity Shares of ₹ 10 each	827.60	1,327.60	
Preference		_/ /	
500,000,000 (March 31, 2018: NIL) Preference Shares of ₹ 10 each	500.00	+	
Issued, Subscribed and Paid-Up Capital* Equity			
47,156,727 (March 31, 2018: 39,288,630) Class 'A' Equity Shares of ₹ 10 each fully paid up	47.16	39.29	
	47.10	59.23	
Preference			
150,000,000 (31 March 2018: NIL) 16% Non-Cumulative Compulsorily Convertible Preference Shares of ₹ 10/- each	150.00	· · · ·	
* Refer note 18.1.2 Capital infusion			
TOTAL	197.16	39.29	
SCHEDULE 2 - RESERVES AND SURPLUS			
I. STATUTORY RESERVE			
[Created pursuant to Section 17(2) of Banking Regulation Act, 1949]			
Opening balance	95.14		
Transfer from Statutory Reserve [refer Schedule 2(II)]		95.14	
Addition during the year			
TOTAL	95.14	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	
Addition during the year	-	55.1	
Transfer to Statutory Reserve [Section 17(2) of Banking Regulation Act, 1949]	4	(95.1	
[refer Schedule 2(I)]		1	
TOTAL	-		
III. SHARE PREMIUM			
Opening balance	3,556.60	1,934.3	
Add: Additions during the year	928.37	1,624.1	
Less: Deductions during the year	520.07	(1.90	
TOTAL	4,484.97	3,556.60	
IV. GENERAL RESERVE			
Opening balance	14.41	14.4	
Add: Additions during the year Less: Deductions during the year	-	1	
TOTAL	14.41	14.4	
V. EMPLOYEE STOCK OPTIONS OUTSTANDING			
Opening balance Add: Employee Stock Option expense during the year	5.12	E 1.	
Less: Transfer to Share Capital/Securities Premium on exercise of stock options	/.05	5.1	
TOTAL	12.77	5.1	
VI. BALANCE IN PROFIT & LOSS ACCOUNT	(4,130.81)	(2,181.7	





JANA SMALL FINANCE BANK LIMITED		
(Formerly Known as Janalakshmi Financial Services Limited) SCHEDULES FORMING PART OF BALANCE SHEET		
		(₹ in Crores
PARTICULARS	As at 31.03.2019	As a 31.03.201
SCHEDULE 3 - DEPOSITS		
A.I. Demand deposits		
i. From banks	4.70	-
ii. From others	184.37	÷.
II. Savings bank deposits	152.43	0.00
III. Term deposits		
i. From banks	460.56	-
ii. From others	3,396.64	0.45
TOTAL (I to III)	4,198.70	0.45
B. I. Deposits of branches in India	4,198.70	0.45
II. Deposits of branches outside India		-
TOTAL (I to II)	4,198.70	0.45
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i. Reserve Bank of India	-	4
ii. Other banks*	1,525.90	3,564.05
iii. Other institutions and agencies^	2,422.26	3,967.21
II. Borrowings outside India	138.31	130.35
TOTAL (I to II)	4,086.47	7,661.61
Secured Borrowings included in (ii) & (iii) above is ₹ 767.00 crores (March 31, 2018: ₹ 2,878.16 crores)		
(March 51, 2018: ₹ 2,878.16 crores) *Includes Sub-ordinated debt (Tier II capital) ₹ 203 crores (March 31, 2018: ₹ 203 crores)		
^ Includes sub-ordinated debt (Tier II capital) ₹ 548 crores (March 31, 2018: ₹ 548 crores)		
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	35.89	
II. Inter office adjustments (net)		
III. Interest accrued	186.58	246.84
IV. General provision against standard assets*	21.83	17.43
V. Others	243.19	293.64
*refer note 18.14 (provision on standard assets)		
TOTAL (I to V)	487.49	557.91





	(₹ in Crores)
As at	As at
31.03.2019	31.03.2018

I. Cash in hand	30.37	7.73
II. Balances With Reserve Bank of India		
i. In Current account	1,050.60	190.01
ii. In Other accounts	-	
TOTAL (I to II)	1,080.97	197.74
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with banks		
a) In Current accounts	46.76	53.64
b) In Other deposit accounts*	40.83	865.83
ii) Money at call and short notice		
a) With banks		
b) With other institutions		
TOTAL (i to ii)	87.59	919.47
II. Outside India		
i) In Current accounts		2
ii) In Other deposit accounts	-	-
iii) Money at call and short notice		
TOTAL (i to iii)	-	1 0 9 .
GRAND TOTAL (I to II)	87.59	919.47

* Deposit with banks ₹ 40.83 crores (March 31, 2018: ₹ 97.11 crores) is lien marked towards term loans availed from banks and financial institutions, security deposit, and cash collateral placed in connection with assignment/securitisation of receivables.




JANA SMALL FINANCE BANK LIMIT		
(Formerly Known as Janalakshmi Financial Ser	· · · · · · · · · · · · · · · · · · ·	
SCHEDULES FORMING PART OF BALANC	ESHEET	(₹ in Crores
	As at	As a
PARTICULARS	31.03.2019	31.03.2018
SCHEDULE 8 - INVESTMENTS		
I. Investments in India (net of provisions)		
n investments in india (net of provisions)		
i) Government securities	1,468.03	1,997 38
ii) Other approved securities		-
iii) Shares	0.10	0.10
iv) Debentures and bonds	-	-
 v) Subsidiaries/joint ventures/associates v) Other 		
vi) Others		-
TOTAL	1,468.13	1,997.48
	1,400.13	1,557.40
II. Investments Outside India		
i) Government securities		
ii) Subsidiaries/joint ventures/associates	-	
iii) Others (equity shares and bonds)		
TOTAL		
		-
GRAND TOTAL (I to II)	1,468.13	1,997.48
		2,001110
III. Investments		
i) Gross value of investments		
a) In India	1,468.13	1,997.48
b) Outside India		
Total	1,468.13	1,997.48
ii) Depreciation/provision for investments		
a) In India b) Outside India		7
Total		
iii) Net value of investments		
a) In India	1,468.13	1,997.48
b) Outside India		2,557110
Total	1,468.13	1,997.48
SCHEDULE 9 - ADVANCES (NET OF PROVISIONS)		
A. i) Bills purchased and discounted		
ii) Cash credits, overdrafts and loans repayable on demand	80.45	-
iii) Term loans	6,136.63	6 028.32
TOTAL	6,217.08	6,028.32
B. i) Secured by tangible assets	675.78	125.14
ii) Covered by bank/government guarantees iii) Unsecured	5 541 20	F 003 10
TOTAL	5,541.30 6,217.08	5,903.18 6,028.32
	0,217.00	0,020.32
C. I ADVANCES IN INDIA		
i) Priority sector	5,578.15	5,377 74
ii) Public sector	-	
iii) Banks iv) Others	600.00	CE0.50
	638.93	650.58
II ADVANCES OUTSIDE INDIA		
TOTAL	6,217.08	6,028.32





JANA SMALL FINANCE BANK LIMITED	(* 1)	
(Formerly Known as Janalakshmi Financial Services Lin SCHEDULES FORMING PART OF BALANCE SHEET		
		(₹ in Crores
PARTICULARS	As at	As a
	31.03.2019	31.03.2018
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	4	
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	538.66	314.17
ii) Additions during the year	81.71	272.73
	620.37	586.90
iii) Deductions during the year	(17.13)	(48.24
iv) Depreciation to date	(271.22)	(178.81
v) Capital Work in Progress	2.44	24.81
TOTAL*	334.46	384.66
*Includes leased assets of ₹ 28.91 crores (March 31, 2018 ₹ 7.38 crores)		
GRAND TOTAL (I to II)	334.46	384.66
SCHEDULE 11 - OTHER ASSETS		
Inter office adjustment (net)		-
I. Interest accrued	22.12	0.74
II. Tax paid in advance and tax deducted at source (net)	49 53	42.95
V. Stationery and stamps	÷	
Non Banking Assets acquired in satisfaction of claims	-	
/l. Others	186.42	177.42
TOTAL	258.07	221.11
SCHEDULE 12 - CONTINGENT LIABILITIES		
. Claims against the bank not acknowledged as debts	ŧ	18.30
I. Liability for partly paid investments		4
 Liability on account of outstanding forward exchange contracts 	-	-
V. Liability on account of outstanding derivative contracts	14	-
. Guarantees given on behalf of constituents	1.41	
a) In India		
b) Outside India		
 Acceptances , endorsements and other obligations 		
	51.60	32.85
/II. Other items for which the Bank is contingently liable	51601	





SCHEDULES FORMING PART OF PROFIT AND LOS	es Limited)	
SCHEDOLES FORMING PART OF PROFIL AND LOS	S ACCOUNT	
	Year ended	(₹ in Crores Year ended
PARTICULARS	31.03.2019	31.03.2018
SCHEDULE 13 - INTEREST EARNED		
Interest/discount on advances/bills	1,121.68	1,418.15
I. Income on investments	103.20	96,43
II. Interest on balances with Reserve Bank of India and		40.45
other inter bank funds	25.66	40.15
V. Others	ie i	0.06
TOTAL	1,250.54	1,554.79
SCHEDULE 14 - OTHER INCOME		
. Commission, exchange and brokerage	78.14	33.57
I. Profit/ (loss) on sale of investments (net)	7.58	18.37
II. Profit/ (loss) on revaluation of investments (net)		÷
V. Profit/ (loss) on sale of land, buildings and other assets(net)	(4.82)	(17.75
 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#		
# Includes PSLC income ₹ 16.06 crores (March 31, 2018: nil) , recoveries	36.83	0.07
from written off accounts ₹ 13.96 crores (March 31, 2018: ₹ 6.48 crores),	30.83	8.07
lease income ₹ 6.27 crores (March 31, 2018: ₹ 0.71 crores)		
TOTAL	117.73	42.26
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	146.05	0.00
II. Interest on Reserve Bank of India/inter-bank borrowings	304.04	619.74
II. Interest on Reserve bank of inula/inter-bank borrowings	363.54	544.15
		011110
III. Other interest (debentures and other borrowings)		
	813.63	1,163.89
III. Other interest (debentures and other borrowings)		1,163.89
III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES		1,163.89 674.98
III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES I. Payments to and provisions for employees (refer note 18.4)	813.63	674.98
 III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES I. Payments to and provisions for employees (refer note 18.4) II. Rent, taxes and lighting 	813.63	674.98 140.55
 III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES I. Payments to and provisions for employees (refer note 18.4) II. Rent, taxes and lighting III. Printing and stationery 	602 27 109.50	674.98 140.55 4.32
 III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES I. Payments to and provisions for employees (refer note 18.4) II. Rent, taxes and lighting III. Printing and stationery IV. Advertisement and publicity 	602 27 109.50 6.60	674.98 140.55 4.32 71.90
 III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES I. Payments to and provisions for employees (refer note 18.4) II. Rent, taxes and lighting III. Printing and stationery IV. Advertisement and publicity V. Depreciation on bank's property (including leased assets) 	602 27 109.50 6.60 35.26	674.98 140.59 4.3 71.90 83.99
 III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES I. Payments to and provisions for employees (refer note 18.4) II. Rent, taxes and lighting III. Printing and stationery IV. Advertisement and publicity V. Depreciation on bank's property (including leased assets) VI. Director's Fees, allowances and expenses 	813.63 602 27 109.50 6.60 35.26 99.39	674.98 140.55 4.32 71.90 83.99 0.25
 III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES I. Payments to and provisions for employees (refer note 18.4) II. Rent, taxes and lighting III. Printing and stationery IV. Advertisement and publicity V. Depreciation on bank's property (including leased assets) 	813.63 813.63 602 27 109.50 6.60 35.26 99.39 0.26	674.98 140.55 4.32 71.90 83.99 0.29 0.66
 III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES I. Payments to and provisions for employees (refer note 18.4) II. Rent, taxes and lighting III. Printing and stationery IV. Advertisement and publicity V. Depreciation on bank's property (including leased assets) VI. Director's Fees, allowances and expenses VII. Auditors' fees and expenses VIII. Law charges 	813.63 813.63 602 27 109.50 6.60 35.26 99.39 0.26 0.81	674.98 140.55 4.32 71.90 83.95 0.25 0.66 8.22
 III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES I. Payments to and provisions for employees (refer note 18.4) II. Rent, taxes and lighting III. Printing and stationery IV. Advertisement and publicity V. Depreciation on bank's property (including leased assets) VI. Director's Fees, allowances and expenses VII. Auditors' fees and expenses 	813.63 813.63 602 27 109.50 6.60 35.26 99.39 0.26 0.81 9.66	674.98 140.55 4.32 71.90 83.95 0.25 0.66 8.22 31.90
 III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES I. Payments to and provisions for employees (refer note 18.4) II. Rent, taxes and lighting III. Printing and stationery IV. Advertisement and publicity V. Depreciation on bank's property (including leased assets) VI. Director's Fees, allowances and expenses VII. Auditors' fees and expenses VIII. Law charges IX. Postage, courier, telephones etc. 	813.63 813.63 602 27 109.50 6.60 35.26 99.39 0.26 0.81 9.66 33.27	674.98 140.55 4.32 71.90 83.95 0.25 0.66 8.22 31.90 39.7
 III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES I. Payments to and provisions for employees (refer note 18.4) II. Rent, taxes and lighting III. Printing and stationery IV. Advertisement and publicity V. Depreciation on bank's property (including leased assets) VI. Director's Fees, allowances and expenses VII. Auditors' fees and expenses VIII. Law charges IX. Postage, courier, telephones etc. X. Repairs and maintenance 	813.63 602 27 109.50 6.60 35.26 99.39 0.26 0.81 9.66 33.27 44.53	674.98 140.55 4.32 71.90 83.95 0.25 0.66 8.22 31.90 39.77 2.04
 III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES I. Payments to and provisions for employees (refer note 18.4) II. Rent, taxes and lighting III. Printing and stationery IV. Advertisement and publicity V. Depreciation on bank's property (including leased assets) VI. Director's Fees, allowances and expenses VII. Auditors' fees and expenses VIII. Law charges IX. Postage, courier, telephones etc. X. Repairs and maintenance XI. Insurance 	813.63 813.63 602 27 109.50 6.60 35.26 99.39 0.26 0.81 9.66 33.27 44.53 1.50	674.98 140.55 4.32 71.90 83.99 0.29 0.66 8.22 31.90 39.7 2.04 60.99
 III. Other interest (debentures and other borrowings) TOTAL SCHEDULE 16 - OPERATING EXPENSES I. Payments to and provisions for employees (refer note 18.4) II. Rent, taxes and lighting III. Printing and stationery IV. Advertisement and publicity V. Depreciation on bank's property (including leased assets) VI. Director's Fees, allowances and expenses VII. Auditors' fees and expenses VIII. Law charges IX. Postage, courier, telephones etc. X. Repairs and maintenance XI. Insurance XII. Travel and conveyance 	813.63 813.63 602 27 109.50 6.60 35.26 99.39 0.26 0.81 9.66 33.27 44.53 1.50 47.05	



2 BANGALORE Y CHAR * SIAN

(Formerly known as Janalakshmi Financial Services Limited) -Schedule to the Financial Statements for the year ended March 31, 2019

SCHEDULE - 17

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2019

1. BACKGROUND:

Jana Small Finance Bank Limited (Formerly known as Janalakshmi Financial Services Limited - the "Company"), headquartered in Bangalore, engaged in providing a wide range of banking and financial services. Originally incorporated on July 24, 2006, the Company registered as a Non-Banking Financial Company (NBFC) with the Reserve Bank of India on March 4, 2008. The Company got classified as a NBFC-MFI effective from September 5, 2013. The Company became 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 was changed to Jana Small Finance Bank Limited (the "Bank").

2. BASIS OF PREPARATION:

The Bank's financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and on going concern basis (refer note 18.37), 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 sc as to provide a constant periodic rate of return.

iv. Loan processing fees is recognised 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.





(Formerly known as Janalakshmi Financial Services Limited)

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2019 (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.

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.





(Formerly known as Janalakshmi Financial Services Limited)

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2019 (Contd.)

Investments (contd.)

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.

Unquoted equity shares are valued at the break-up value, if the latest Balance sheet is available or at ₹ 1 as per the RBI guidelines.

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 in accordance with RBI guidelines.

5. ADVANCES CLASSIFICATION AND PROVISIONING:

Classification:

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 NPA is made at rates as prescribed by the RBI and as per Bank's internal credit policy.

Non-performing advances are written-off in accordance with Bank's policies. Amounts recovered against debts writtenoff 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).

The Bank transfers advances through inter-bank participation. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances. In case of participation with non-risk sharing, the aggregate amount of participation is classified as borrowings.

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 07, 2016 trades in Priority Sector portfolio by selling or buying Priority Sector Lending Certificates (PSLCs). There is no transfer of risk on loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received for the sale of PSLCs is treated as 'Miscellaneous Income'.





(Formerly known as Janalakshmi Financial Services Limited)

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2019 (Contd.)

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 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. FIXED ASSETS AND DEPRECIATION:

Fixed Assets 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 fixed assets are reduced from the cost of the asset.





(Formerly known as Janalakshmi Financial Services Limited)

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2019 (Contd.)

Depreciation on fixed asset 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 is following the estimated useful life as stated in the Part C of Schedule II of Companies Act, 2013 which is as below:

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 improvements	Primary leasehold period as per agreement	

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.

Software is depreciated over the useful life of the software based on the license validity or five years whichever is earlier.

Fixed assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Fixed assets 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 assesses 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.





(Formerly known as Janalakshmi Financial Services Limited)

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2019 (Contd.)

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 reasonable / 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. The weighted average number of explicitly shares 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, restricted stock units and convertible preference shares) outstanding during the year, except where the results are anti-dilutive.





(Formerly known as Janalakshmi Financial Services Limited)

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2019 (Contd.)

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 nonoccurrence 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 is 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.





(Formerly known as Janalakshmi Financial Services Limited)

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2019 (Contd.)

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.

21. EXTERNAL COMMERCIAL BORROWINGS:

External commercial borrowings taken by the Bank prior to conversion into Small Finance Bank is hedged by entering into a cross currency interest rate swap. The Bank recognises the loan liability seperately from the cross currency interest rate swap and measures at fair value since a derivative contract represents a contractual right or an obligation.





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

	As at	As at
Particulars	March 31, 2019	March 31, 2018
Common equity tier I capital ratio (%)	12.27%	24,27%
Tier capital ratio (%)	12.27%	24.27%
Tier II capital ratio (%)	6.54%	10.40%
Total capital ratio as per Basel-II (CRAR) (%)*	18.81%	34.67%
Amount of tier II capital raised through debt capital instruments during the year		-

Subordinated debt (Tier II capital) outstanding as at March 31, 2019 is ₹ 751 crores (March 31, 2018 : ₹ 751 crores).

* 1. The Bank has applied 100% risk weight on advances charged as security against grandfathered borrowings on the date of conversion into a Small Finance Bank.

2. Sub-ordinated debt has been considered as 50% of Tier I capital

1.2 Capital Infusion

During the year ended the Bank has issued equity shares having face value of \exists 10 for cash pursuant to a private placement of equity. 2,213,428 shares at \exists 1,383,60 each, 2,132,396 shares at \exists 1,383,42 each and 3,522,273 shares \exists 951.09 each aggregating to \exists 936.25 crores pursuant to Board and shareholders approval (March 31, 2018 : \exists 456 crores). Further bank has issued 150,000,000 16% non-cumulative compulsorily convertible preference shares at \exists 10 each aggregating to \exists 150 crores for cash pursuant to private placement (March 31, 2018 : \exists 10 each aggregating to \exists 150 crores for cash pursuant to private placement (March 31, 2018 : \exists 10 each aggregating to \exists 10

During the year ended March 31, 2019, the Bank has not allotted (March 31, 2018:Nil) equity shares in respect of stock option exercised.

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

Particulars	March 31, 2019		March 31, 2018	
	Equity shares	Amount	Equity shares	Amount
Equity shares at the beginning of the year	392,88,630	39.29	274,64,405	27 46
Addition pursuant to conversion of CCPS into equity shares	14111	-	85,28,475	8 53
Addition pursuant to equity shares issued during the year	78,68,097	7 87	32,95,750	3,30
Equity shares outstanding at the end of the year	471,56,727	47.16	392,88,630	39.29

2. Earnings per equity share		
Particulars	March 31, 2019	March 31, 2018
Net profit/(loss) after tax (₹ in crores)	(1,949.06)	(2,503.80)
Weighted average number of equity shares in computing the basic earnings per share	413,07,710	317,78,859
Basic earnings per share ₹	(471.84)	(787.88)
Weighted average number of equity shares in computing the diluted earnings per share*	413,07,710	317,78,859
Dlluted earnings per share ₹	(471.84)	(787.88)
Nominal value per share T	10.00	10.00

* 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 Nil (March 31, 2018; ₹ 1.90 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, 2019; there were no drawdown from reserves (March 31, 2018 : Nil).





4. Employees Stock Option Scheme

The Bank has share- based payment schemes for it's employees. Schemes in operations during the year ended March 31, 2019 are Employee stock option scheme 2018 and Restrictive Stock Units Scheme 2018. During the year-ended March 31, 2019, the Bank has issued 589,402 stock options under the Employee Stock Option Scheme 2018 and 25,182 stock units under the RSU Scheme 2018.

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

Particulars	ESOP 2018	ESOP 2018(RSU)
Grant Date	Various dates	Various dates
Number of Options granted	5,89,402	25,182
Method of Settlement	Equity	Equity
	25% after one year from the date of grant	One year from the date of grant
	25% after two years from the date of grant	
Vesting	25% after three years from the date of grant	
	Balance 25% after four years from the date or grant	vf
Exercisable period	maximum period of 5 years commencin from, the date of Vesting of such Option or	a The Exercise period shall be subject to a g maximum period of 5 years commencing 2 from, the date of Vesting of such Option or 2 s years from the date of Listing, whichever is later.
Vesting Conditions	Company on relevant date of vesting	e Continued employment/ service with the , Company on relevant date of vesting, s including with the Subsidiaries Company, as the case may be
Exercise Price Per Option (₹)	1245.08 - 1245 24	10.00

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

Particulars	ESOP 2017	ESOP 2017(RSU)
Grant Date	Various dates	Various dates
Number of Options granted	6,86,179	54,206
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	27,103 on 01-Aug-2019
Vesting	25% after three years from the date of grant	
	Balance 25% after four years from the date or grant	ıf
Exercisable period	maximum period of 5 years commencin from, the date of Vesting of such Option or	a The Exercise period shall be subject to a g maximum period of 5 years commencing 2 from, the date of Vesting of such Option or 2 s years from the date of Listing, whichever is later.
Vesting Conditions	Company on relevant date of vesting	e Continued employment/ service with the , Company on relevant date of vesting, s including with the Subsidiaries Company, as the case may be.
Exercise Price Per Option (९)	1,245.24 - 1383.60	10.00

The following are the outstanding options as at year end:

Particulars	March 31, 2019			
	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Total Options granted and outstanding at the beginning of the year	6,86,179		54,206	
Add: Options granted during the year	= 1	5,89,402	-	25,182
Less: Options forfeited / lapsed during the year		1,40,000		1,915
Less : Options exercised during the year				2,010
Options Outstanding as at end of the year	6,86,179	4,49,402	54,206	23.267
- Vested	1,71,541	· · · ·	54,206	20,207
- Yet to Vest	5,14,638	4,49,402		23.267





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, 2019	For the year ended March 31, 2018
Employee stock option expenditure	3.23	0.28
RSU expenditure	4.42	4.84
Total	7.65	5.12
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee stock options outstanding	7.65	5.12

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:

Particulars	Employee stock optio	Employee stock option scheme 2018		
Varlables	Tranche 1	Tranche 2	Tranche 1	
1.Risk Free Interest Rate	7.92%	8,16%	7 76%	
2.Expected Life (in years)	4.50	4.50	4.50	
3.Expected Volatility	50.63%	48.47%	24.36%	
4.Dividend Yield	0.00%	0.00%	0.00%	
5.The weighted average fair value of options granted ₹	1383.60	1383.42	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 and diluted, had the Company adopted the fair value method amortizing the stock compensation expense thereon over the vesting period, the reported loss would have been higher by ₹ 7.84 crores (March 31, 2018: ₹ 8.73 crores). The basic and diluted EPS would have been ₹ (473.74) and ₹ (473.74) respectively [March 31, 2018: ₹ (790.63)].

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.





(Formerly known as Janalakshmi Financial Services Limited) Schedules to the Financial Statements for the year ended March 31, 2019 (All amounts are in Indian Rupees in Crores unless otherwise stated)

5. Investments

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

Particulars	March 31, 2019	March 31, 2018
(1) Value of Investments		
i) Gross value of investments	1,468.13	1,997.48
- In India	1,468.13	1,997.48
- Outside India		
(ii) Provisions for depreciation on investments		
- in India	4/	
- Outside India		÷
(iii) Net value of investments	1,468.13	1 997.48
- In India	1,468.13	1,997.48
- 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	÷	X

5.2 Repo/ Reverse Repo Transactions

During the year ended March 31, 2019, the Bank has not undertaken any Repo / Reverser Repo Transactions. Hence disclosure related to repo and reverse repo transactions have not been provided (March 31, 2018: Nil).

5.3 Sale and Transfer to/from HTM Category

During the year ended March 31, 2019, there was no sale and transfer to/from HTM category. (March 31, 2018: Nil).

5.4 Issuer-wise composition of non-SLR investments

During the year ended March 31, 2019, the Bank has following non-SLR Investments

lssuer	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				· · ·	1. A.
6.Others	0.10	-	T		0.10
7. Provision held towards depreciation		(* ⁻	-	.÷	
Total	0.10	+			0.10

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" securitles#	Extent of "unlisted" securities#
1 Public sector undertakings	-	(4)	× 1		1
2.Financial institutions		÷			
3.Banks		4	*.	*	
4.Private corporate		4			÷
5.Subsidiaries / Joint ventures		4		-	-
6.Others	0.10	÷			0.10
7.Provision held towards depreciation				-	
Total	0.10	+		e 1	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, 2019; there are no non performing Non - SLR investments (March 31, 2018: Nil).





(Formerly known as Janalakshmi Financial Services Limited) Schedules to the Financial Statements for the year ended March 31, 2019 (All amounts are in Indian Rupees in Crores unless otherwise stated)

6. Derivatives

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

a) Cross Currency Interest Rate Swap

Particulars	March 31, 2019	March 31, 2018
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	12.34	4.38
iii) collateral required by the Bank upon entering into swaps	7.37	7.01
iv) concentration of credit risk arising from the swaps	NiL	Nil
v) fair value of the swap book	12.34	4.38

The nature and terms of the Cross Currency Interest Rate Swap

Benchmark	No. of deals
USD MIFOR	2

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

		March 3:	l, 2019	March 3	1, 2018
Sr. No	Particulars	Currency Derivative	Interest Rate Derivative	Currency Derivative	Interest Rate Derivative
(1)	Derivatives (Notional Principal Amount)				
	a) For hedging	125.97*	-	125.97*	-
	b) For trading	NA	+	NA	
(ii)	Marked to Market Positions				
	a) Asset (+)	12.34		4.38	
	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





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, 2019	March 31, 2018
(i) Net NPAs to Net Advances (%)	4 39%	27 72%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	3,182.83	81.77
(b) Additions during the year	560,53	4,436.32
(c) Reductions during the year*	(3,220.77)	(1.335.26)
(d) Closing balance	522.59	3,182 83
(iii) Movement of Net NPAs	200.00	5,102.05
(a) Opening balance	1,670.89	64.43
(b) Additions during the year	420.40	2,781.08
(c) Reductions during the year*	(1,818.21)	(1,174.62
(d) Closing balance	273.08	1,670.89
(iv) Movement of provisions for NPAs (excluding provision on standard assets)	275100	1010105
(a) Opening balance	1.511.94	17.34
(b) Provision made during the year	1,380.85	1.655.24
(c) Write of/ write back of excess provision	(2.643.28)	(160 64)
(d) Closing balance	249.51	1,511.94

7.2 Movement of Non Performing Assets

Particulars	March 31, 2019	March 31, 2018
Gross NPA's as on April 1 of particular year	3.182.83	81,77
Additions (fresh NPAs) during the year	560.53	4,436.32
Sub Total (A)	3.743.36	4,518.09
Less :-		J. recer
(i) Upgradation	56.22	308.47
(ii) Recoveries (excluding Recoveries made from upgraded accounts)*	521 27	866.15
(iii) Technical / Prudential write offs	2,514.25	
(iv) Write offs other than those under (iii) above	129,03	160.64
Sub Total (B)	3,220.77	1,335.26
Gross NPAs as on 31st March of the following year (A-B)	522.59	3,182.83

Particulars	March 31, 2019	March 31, 2018
Opening balance of technical / prudential write-offs		
Add :Technical / Prudential write-offs during the year	2,514,25	
Sub - Total (A)	2,514.25	
Recoveries made from technically/ prudentially written off accounts during the year (B)	8.32	
Closing balance (A-B)	2,505,93	





(Formerly known as Janalakshmi Financial Services Limited) Schedules to the Financial Statements for the year ended March 31, 2019 (All amounts are in Indian Rupees in Crores unless otherwise stated) JANA SMALL FINANCE BANK LIMITED

7.3 Particulars of Accounts Restructured The Bank has restructured accounts during the year ended March 31, 2019, excluding the MSME accounts restructured based on RBI circular dated January 01, 2019

Type of Restructuring →	1		Under	Under CDR Mechanism	nism		Unde	Under SME Debt Restructuring Mechanism	Restructuri	ng Mechanis	ur s			Others					Total		
Asset Classification → Details ↓		Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total
Restructured Accounts	No. of barrowers			10	2			5.0	4.			•	2,086	94		2,180	•	2,086	94		2,180
as on April 1 of the F	as on April 1 of the FY Amount outstanding	•	7	t		τ.			×		ų.	9	2.91	0.19	34.	3.10	'	2,91	0,19		3 10
	Provision there on				+	3	4		9		•	a.	0.73	0.19		0,92	-	0.73	0.19		0.92
	No. of barrawers	-		^a			Ŧ	4		- 0	•		1,03,287	82,092		1,85,289		1,03,287	82,002		1,85,289
Fresh restructurin during the year	restructuring year	3	Ŀ	*		4	ġ.	+		4	4		131.87	112.24		244.11		131.87	112.24		244 11
	Provision there on		1	4		14				-		+	39.56	112.24	-	151.80	w.	39.56	112.24	+	151 80
Upgradations to	No. of borrowers	0		đ	à	×.		(e)	•		•	•	•	9	4	7			,	x	1
	standard Amount outstanding	•	X		34	*	1.4		4	1						.,.			- 1		.*
category auring the FY	Provision there on		4		÷	-10	-6	+	×		3		-		7	Ŵ		1	1	1	1
Restructured standard advances which cease to No of borrowers attract norovisioning and / or	td to Po of borrowers or	6		- 26	1.1			-				-	4	3	-	16ar	1.0		-	-	
additional risk weight at the end of the FY and hence need not be	additional risk weight at the end of the FY and Anount outstanding hence need not be	-1-	÷	-(4)	4					i a	4	- ič-	- 6	- 1	- 14	1.2	1	•			1
shown as restructuied standard advances at the beginning of the next FY	ui ed at the Provision there on	a.			8	÷	1	1		4	2	25	÷					*			1
adations	No. of borrowers	1	4		1	4	•			1			(41,641)	41,641		.,	4	(41,641)	41,641		4
restructured accounts	accounts Amount outstanding	1		•	1		4		•	3	+	•	(63.23)	63.23		14	a.	(63.23)	63 23		4
מיוווא תוביד	Provision there on	×	4			+		3	1	-	,		(18.97)	18.97	1		-	(18.97)	18.97	+	1
	No. of borrowers	•	4)	4	4			÷			•		(25,955)	(13,434)	•	(39,389)	•	(25,955)	(13,434)		(39,389)
offs/Recovery/Sale of restructured accounts	Amount outstanding	•	÷		X	je.	u.	1	1.	1	1	-	(16.98)	(8.47)	. 4	(25 45)	a.	(16 98)	(R 47)		(25 45)
	Provision there on	1	.4		•	,	+	•	'n	¥	+		(4.95)	(8.47)		(13 42)	1	(4 95)	(8 47)	1	(13.42)
Increase/(Decrease) In borrower	It No of borrowers	X	F	E.	×		P	•	•	0		•	3		4	14.1			ī	+	
ng of	Amount outstanding	-		7.	+	- 1 -			•	-		- 60	(13 01)	(37,97)		(\$0.98)	6	(13.01)	(37 97)	×	(50.98)
existing restructured cases during the FY	Provision there on	+		1		1	•	-			+	•	(3.90)	6.29		2.39	ŵ.	(3.90)	6.29	*	2,39
Restructured Accounts-	No. of borrowers			÷		-0-	ų.		-	-	,	4	37,777	1,10,303	-	1,48,080	÷	37,777	1,10,303	•	1,48,080
on March 31 of the FI	as on March 31 of the FY Amount outstanding	14			ħ.	1	1		ú			÷	41.55	129.22		170 77	1	41.55	129 22		170.77
กระบบสายสาย	Provision there on	1	0		Ē		a	-	1	Ť	.4		12 47	129.22		141 69		12.47	129.22		141.69





o of Accounts Restructured	Outstanding Amount	Provision Amount
58	0.98	0.05

contd	
structured	
ounts Re	
irs of Acc	
Particula	
7.3	

The Bank has restructured accounts during the year ended March 31, 2018

SI Type of Restructuring >	*		Unde	Under CDR Mechanism	anism		Pun	Under SME Debt Restructuring Mechanism	: Restructuri	ng Mechan.	ism			Others						Total	Total
No . Betails 4		Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	ssol	Total	Standard	Sub- standard	Doubtfu!	Loss	Total	Standard	1. 12	Sub- standard	0	
Restructured Accounts No. of borrowers	tt No. of borrowers	*	÷				1	đ	4	4	1		i v	-		-					
1 as on April 1 of the FY Amount outstanding	Y Amount outstanding	•	•	-	-	-		*			+	4	,		jų.	1	•	4	1	4	,
(oirening figures)	Provision there or-		,	4		41				-		30		×	X		1			a.	4
	No. of barrowers		1	9	a	•	14	T				'ei	2,086	94)	2,180	4	2,086		2	25
2 during the year	resuructuring year	*	+		ł		•			•	3	4	16.2	0.19	•	3.10	1	2.91		0.19	- 61.0
	Provision there on	Y					-			1	4		0 73	0.19		0.92		0.73	0	6.19	19
Upgradations t	ta No. of borrowers	1	-			•						a.	- 5			-		a.		1	•
3 restructured standar	standard Amount outstanding					•			T	7		•	v		•			•	"	-	
category during the FY	Provision there on	-	~		-					1.1				1	ł	2			X	-	•
Restructured standard advances which cease to No of borrowers attract higher borovisioning and / or	d O No of borrowers r	Ť				3	- 0					34,7	16	8				1	*	-	54
additional risk weight at the end of the FY and Amount outstanding hence need not be	t d Amount outstanding e	+		6	•	1	-		÷	+		•					7	1			1
shown as restructured standard advances at the beginning of the Provision there on next FY	t Provision there on			0	1.01	ω.	,			-+1	*	- 2	ι.	- 4		÷	æ	÷	*	-	×.
Downgradations o	of No of barrowers		40		•		10	*	~		ā.	1	•		*	-					4
	accounts Amount outstanding		ā.	+		•	· • /		•		-		*				•	•	8	1. S.	4
during the FY	Provision there on		34	18	-							,	a				4				
Write-offs o	of No. of borrowers	-	4	Ť	Å	.*	•	•		+		1	a.	η	5		3	J.	9		ł
	accounts Amount outstanding		+	-	-	•	•		-		a.		4	a.	ie.		+	-	•	11.00	
during the FY	Provision there on	1.4			91	10		1.0		•	•			•		d)	-0		đ		*
Restructured Accounts	Accounts No. of barrowers	3	-	÷		1	1		8	r.	ų	4	2,086	94	•	2,180	•	2,086	94		1
7 as on March 31 of the FY Amount outstanding	Amount outstanding	-	4	i.		1	- t-					(†	2.91	0.19	a.	3 10		2.91	0.19		1.0
(closing figures)	Provision there on		ų.			÷		. "	1	*	1		0.73	0.19		0.92	,	0.73	0.19	-	×





(Formerly known as Janalakshmi Financial Services Limited) Schedules to the Financial Statements for the year ended March 31, 2019

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

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, 2019 (March 31, 2018 : Nil).

7.5 Floating provision

The Bank has not created any floating provision during the year ended March 31, 2019 (March 31, 2018 : Nil).

7.6 Disclosures on the scheme for sustainable Structuring of Stressed Assets (S4A)

There were no accounts during the year ended March 31, 2019 where S4A has been applied (March 31, 2018: Nil).

7.7 Disclosures on Flexible Structuring of Existing Loans

There were no borrowers taken up for fexibility structuring during the year ended March 31, 2019, (March 31, 2018: Nil)

7.8 Disclosures on Strategic Debt Restructuring (SDR) Scheme (accounts which are currently under the stand-still period) There were no accounts during the year ended March 31, 2019 where SDR scheme has been applied, (March 31, 2018: Nil).

7.9 Disclosures on change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period) There were no accounts during the year ended March 31, 2019 where change in ownership outside SDR Scheme was made, (March 31, 2018: Nil).

7.10 Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the

stand-still period)

There were no accounts during the year ended March 31, 2019 where change in ownership of projects under implementation was made, (March 31, 2018: Nil).

8. Securitisation and related disclosures

8.1 Details of Sales

During the year the Bank has not sold any assets to Securitisation company in accordance with the guidelines issued by RBI (March 31, 2018 : Nil).

8.2 Details of direct assignment transactions

During the year the Bank has not entered into any direct assignment transactions (March 31, 2018 : Nil)

9. Exposure

9.1 Exposure to Real Estate Sector

Category	March 31, 2019	March 31, 2018
A) Direct exposure	56.37	10.52
(i) Residential mortgages	54.04	3.35
(of which housing loans eligible for inclusion in priority sector advances)	54.04	3.35
(ii) Commercial real estate	2.33	7.17
(ii) Investments in mortgage backed securities (MBS) and other securitised	2.00	1.11
a) Residential		
b) Commercial real estate	1	
B) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank and housing finance Company (HFCs).	+	L.

9.2 Capital Market Exposure

As at March 31, 2019, 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 crores Exposure (March 31, 2018 : ₹0.10 crores)

9.3 Risk Category wise Country Exposure

The Bank's exposures are concentrated in India, hence country risk exposure as at March 31, 2019 is Nil (March 31, 2018 . NII).

9.4 Intra Group Exposure

The Bank does not have any group entities, hence intra group exposure as at March 31, 2019 is Nil (March 31, 2018 : 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, 2019 (March 31, 2018 : Nil).





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

During the year ended March 31, 2019, the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed under extant R8I guidelines (March 31, 2018 : Nil).

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

Particulars	March 31, 2019	March 31, 2018
Total deposits of twenty largest depositors*	736.48	0.45
Percentage of deposits of twenty largest	17 54%	100.00%
depositors to total deposits of the Bank	17 5470	100.00%

*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 hence covers full portfolio for March 31, 2018.

Particulars	March 31, 2019	March 31, 2018
Total advances to twenty largest borrowers	177.19	112.98
Percentage of advances of twenty largest borrowers to total advances of the Bank	2.74%	1.50%

March 31, 2019	March 31, 2018
183.07	147.95
2.83%	1.95%
	183.07

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

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10.4 Concentration of NPAs		
Particulars	March 31, 2019	March 31, 2018
Total gross exposure to top four NPA accounts	3.06	1.78

		March 31, 2019	(
Particulars	Total outstanding advances	Gross NPAs	Percentage of gross NPAs to total advances in that sector
A . Priority Sector			
1. Agriculture and allied activities	526 15	38 41	7.30%
2. Advances to industries sector eligible as priority sector lending		цан.	
3 Services	895.96	76.59	8.55%
4. Personal loans	4,405.97	399.01	9.06%
Sub total (A)	5,828.08	514.01	8.82%
B. Non Priority Sector			
1 Agriculture and allied activities			
2. Industry	55.18	1.89	3.42%
3. Services	5.23	+	-
4. Personal loans	578.10	6,69	1.16%
Sub total (B)	638.51	8.58	1.34%
Total (A+B)	6,466.59	522.59	8.08%

		March 31, 2018	
Particulars	Total outstanding advances	Gross NPAs	Percentage of gross NPAs to total advances in that sector
A . Priority Sector			
1. Agriculture and allied activities	420 72	113 10	26.88%
2. Advances to industries sector eligible as priority sector lending		£	
3. Services	446.06	59.40	13.32%
4. Personal loans	6,553.10	3,010.01	45.93%
Sub total (A)	7,419.88	3,182.51	42.89%
B. Non Priority Sector		_	
1. Agriculture and allied activities		14.0	
2. Industry	108.50	-	
3. Services	1.00		1
4. Personal loans	11.87	0.32	2.68%
Sub total (B)	120.37	0.32	0.26%
Total (A+B)	7,540.25	3,182.83	42.21%





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, 2019	Deposits	Advances	investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day - 1	7.16	3.15	18.22	-		-
2-7 Days	98.96	24.85	19.04		-	
8-14 Days	89.85	22.90	35.55	100.00		-
15-30 Days	69.95	317.32	71.80	301.28		
31 Days and up to 2 months	244.00	327.86	79.50	161.06	-	-
More than 2 months and up to 3 months	203.96	342.50	110.89	387.42	-	-
Over 3 Months and up to 6 months	816.49	724.97	235.77	548.91	-	-
Over 6 Months and up to 1 year	865.36	1,631.07	299.43	842.08	÷	-
Over 1 Year and up to 3 years	1,730.23	2,194.16	463.70	1,021.72		
Over 3 Years and up to 5 years	69.70	35.20	133.72	724.00	+	
Over 5 years	3.04	593.10	0.51	-		-
Total	4,198.70	6,217.08	1,468.13	4,086.47	4	-

As at March 31, 2018	Deposits	Advances	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day - 1		31.26	504.47	427.42	4	-
2-7 Days		49.45	3.17		(*)	-
8-14 Days		48.86	5.51	11.04		
15-30 Days	0.10	302.22	237.36	108.82	÷-	1
31 Days and up to 2 months		373.38	72.47	235.30	+	
More than 2 months and up to 3 months		343.78	73.00	357.17	_	-
Over 3 Months and up to 6 months		881.64	182.77	965.19		
Over 6 Months and up to 1 year	0.35	1,245.19	216.42	1,308.77		-
Over 1 Year and up to 3 years		762.17	484.98	2,933.64	÷	
Over 3 Years and up to 5 years		1,898.88	195.79	1,184.26		-
Over 5 years		91.49	21.54	130.00		-
Total	0.45	6,028.32	1,997.48	7,661.61	10 N	-

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.

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Contingent llabilities	March 31, 2019	March 31, 2018
Income tax liability	38.85	19,33
Bank guarantee given	12.75	13.52
Others*		18.30
Total	51.60	51.15

* Previous year ended March 31, 2018 had 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.

In February 2019, the Honorable Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). The Bank has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Due to imperative challenges, the Bank has not disclosed contingent liability amount for past liability.

14. Provision on Standard Assets

Particulars	March 31, 2019	March 31, 2018
Provision towards standard assets	21.83	17.43
During the previous year ended March 31, 2018 the Bank has reversed excess	standard access provision of ₹ 97.5	0 croror applyin

During the previous year ended March 31, 2018 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.

During the year ended March 31, 2019 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, 2019	March 31, 2018
Provision towards NPA (including bad debts write off)	1,364.15	1,472.21
Provision for standard assets	4.40	(87.29)
Provision towards income tax*		(8.28)
Deferred tax charge / (benefit)	t	100,94
Other provision and contingencies (refer note 18.32)	3.96	4.08
Total	1,372.51	1,481.66

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

16. Business ratio

Particulars	March 31, 2019	March 31, 2018
Interest income as a percentage to working funds' 2	10.57%	12.74%
Non-interest income as a percentage to working funds ^{1,2}	1.00%	0.35%
Operating profit ² as a percentage to working funds	(4 87%)	(8.38%)
Return on average assets	(16.48%)	(20.52%)
Business ³ (deposit plus net advances) per employee ⁴ (in ₹ Crores)	0.62	0.36
Profit per employee [*] (in ₹ Crores)	(0.12)	(0.15)
Provision coverage ratio (including floating provision)	47.74%	47.49%

1. Working funds represent the monthly average of total assets computed for reporting dates of Form X submitted to RBI under Section 27 of the Banking Regulation Act, 1949 for the current year

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

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

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

5. Productivity ratios are based on average employee number

6. Provision coverage ratio does not include technical write offs.



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17. Employee benefits

Employment benefits - Gratulty

The Bank has non-contributory defined benefit arrangement providing gratuity benefits expressed in terms of final monthly salary and years of service. Bank provides for gratuity as per the provisions of Payment of Gratuity Act, 1972. 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

Particulars	March 31, 2019	March 31, 2018
Current service cost	1.72	1.44
Interest cost on benefit obligation	(0.31)	(0.20)
Past service cost vested benefit recognised during the period		0.12
Net actuarial loss recognized in the year	2.39	2.12
Employer Expenses	3.80	3.48

Net Liability/ (Asset) recognised in the Balance Sheet

Particulars	March 31, 2019	March 31, 2018
Present value of Defined Benefit Obligation	7.66	5.65
Fair value of plan assets	14.54	9.59
Net (asset) / liability recognized in balance sheet	(6.88)	(3.94)
Less: Unrecognised Past Service Cost		1.5
(Asset)/Liability recognized in balance sheet	(6.88)	(3.94)

Reconcillation of Defined Benefit Obligation (DBO)

Particulars	March 31, 2019	March 31, 2018
Present Value of DBO at start of year	5.65	5.83
Interest cost	0.43	0.40
Current service cost	1.72	1.44
Past service cost vested benefit recognised during the period		0.11
Benefits paid	(1.84)	(3.61)
Actuarial loss/(gain)	1.70	1.48
Present Value of DBO at end of year	7.66	5.65

Reconciliation of Fair Value of Plan Assets

Particulars	March 31, 2019	March 31, 2018
Fair Value of Plan Assets at start of year	9.59	8.80
Expected return on plan assets	0.74	0.60
Contributions by employer	6.74	4 44
Benefits paid	(1.84)	(3.61)
Actuarial gain /(loss)	(0.69)	(0.64)
Fair value of plan assets at end of year	14.54	9.59

Particulars	March 31, 2019	March 31, 2018
Balance with Life Insurance Corporation of India	14.54	9.55
and and and and and and an and a main	14,24	

Information of investment details of plan assets are not available, hence not disclosed and the obligation is funded with Life Insurance Corporation of India.





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

Particulars				March 31, 2019	March 31, 2018
Discount rate				7.22%	7.68%
Expected rate of return on assets				7.22%	7.68%
Employee turnover (in service for 4 years and below	/)			45.00%	39.00%
Employee turnover (in service for above 4 years)				1.00%	1.00%
Salary growth rate				6.00%	6.00%
Mortality Rate - Indian Assured Lives Mortality Ultin	mate (IALM)			IALM (2006-08)	IALM (2006-08)
Expected average remaining working lives of emplo	MONT			6 Years	7 Years
expected average remaining working rives of emplo	yees			o tears	7 10015
Experience Adjustments Experience Adjustments	FY 18-19	FY 17-18	FY 16-17	FY 15-16	FY 14-15
Experience Adjustments		FY 17-18 5.65	FY 16-17 5.83		
Experience Adjustments Experience Adjustments	FY 18-19			FY 15-16	FY 14-15
Experience Adjustments Experience Adjustments Present Value of OBO at the end of the year	FY 18-19 7.66	5.65	5.83	FY 15-16 2.92	FY 14-15 1.48

Defined Contribution Plan - Provident Fund

Experience adjustment on plan Assets : Gain /

(Loss)

The Bank makes Provident Fund contributions to Employees Provident Fund Organisation for qualifying employees at the specified percentage of the payroll costs to the Fund. The Bank recognised ₹ 24.22 crores (March 31, 2018: ₹ 27.44 crores) towards Provident Fund contributions.

(0.64)

0.07

(0.09)

(0.69)

Employee benefits - compensated absences

The actuarial liability in respect of privilege leave granted to employees of the Bank and outstanding as at March 31, 2019 is ₹ 5.10 Crores (March 31, 2018 : ₹ 14.99 Crores).

Assumption used in determining the previlege leave liability

Discount rate : 7.22% (March 31, 2018: 7.68%)

Salary Escalation rate : 6% (March 31, 2018: 6%)

Attrition rate: In service for 4 years and below 45%, above 4 years 1% (March 31, 2018: 39% and 1% respectively)





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JANA SMALL FINANCE BANK LIMITED (Formerly known as Janalakshmi Financial Services Limited) Schedules to the Financial Statements for the year ended March 31, 2019

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 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. As on March 31, 2019, the NRC had four members of which two are Independent Directors. The functions of the Committee include recommendation of appointment of Directors to the Board, evaluation of performance of the Board, its Committees and directors including the Managing Director & CEO, overseeing the grant of options under the Employees Stock Option Scheme.

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, 2019 was 15,947, 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:

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The 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.

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

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

(Formerly known as Janalakshmi Financial Services Limited) Schedules to the Financial Statements for the year ended March 31, 2019

18. Disclosure on Remuneration (Contd.)

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





(Formerly known as Janalakshmi Financial Services Limited) Schedules to the Financial Statements for the year ended March 31, 2019 (All amounts are in Indian Rupees in Crores unless otherwise stated)

18. Disclosure on Remuneration contd..

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, 2019	March 31, 2018
(a)	Number of meetings held by the NRC during the financial year and remuneration paid to its members	Number of meetings: 1 Remuneration paid: ₹ 0.01 crores	Number of meetings: 6 Remuneration paid: ₹ 0.03 crores#
(b) (i)	Number of employees having received a variable remuneration award during the financial year.	None	Total Emploγees = 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 54,206 units under RSU scheme during the previous year, yet to be exercised,	567,647 shares granted under ESOP scheme and 54,206 units under RSU scheme during the year, yet to be exercised.
(c) (ii)	Total amount of deferred remuneration paid out in the financial year	None	Long term incentive paid ₹ 2.10 crores
(d) (i)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non deferred	Fixed Pay : ₹ 4.02 crores Car EMI : ₹ 0.13 crores	Fixed Pay :₹3.91 crores Variable Pay ₹1.13 crores Deferred Pay :₹2.10 crores
(e) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.		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.

1. Remuneration disclosure for FY 2018-19 pertains payments to Mr. Ajay Kanwal (MD/CEO)

2. Remuneration disclosure for FY 2017-18 includes final settlements to Mr.V.S. Radhakrishnan (MD/CEO till July 2017) and payments to Mr.Ajay Kanwal (MD/CEO from August 2017 onwards).

3. The remuneration to MD/CEO does not include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Bank as a whole

The fixed sitting fees for attending committee meetings by Directors was paid irrespective of the number of committee membership they held till February 18, 2018 and irrespective of number of meetings. Hence, the amount has been arrived by using pro-rata method





(Formerly known as Janalakshmi Financial Services Limited) Schedules to the Financial Statements for the year ended March 31, 2019

19. Segment Reporting

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) Retall 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.

d) 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.

Business Segments	Trea	sury		/ Wholesale king	Retall E	Banking		Banking atlons	То	(t in Crores
Particulars	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018
Revenue	136.72	155.01	7.94	17.66	1,217.07	1,423.35	6.54	1.03	1,368.27	1,597.05
Result	(49.88)	(84.97)	(2.06)	3.48	(1,897.25)	(2,152.69)	0.13	0.41	(1,949.06)	(2,233.77)
Unallocated result										(177.38
Operating profit					((1,949.06)	(2,411.14)
Income taxes									(4)2 (0)001	92.66
Extraordinary profit/loss									-	52100
Net profit						-			(1,949,06)	(2,503.80)
Other information:		1							(1)5 (5)001	12,505.00)
Segment assets	2,630.68	3,141 72	56.36	117.72	6,428.45	6,107.28	27.80	9.12	9,143,29	9.375.84
Unallocated assets		1			-				303.01	372.94
Total assets	2,630.68	3,141.72	56.36	117.72	6,428,45	6,107.28	27.80	9.12	9,446.30	9,748.78
Segment liabilities	4,269.00	7,988.98	3.17	3.68	4,484.88	225.41			8,757.05	8,218,07
Unallocated liabilities					-				15.60	1.90
Capital and reserves	(1,638,32)	(4,847.26)	53,18	114.04	1,943.57	5,881.87	27.90	0.12		the second se
Unallocated capital and reserves	(2)000.027	(4,047.20)	53,10	114.04	1,943.57	5,081.87	27.80	9.12	386.23 287.42	1,157.77 371.04
Total liabilities	2,630.68	3,141.72	56.35	117.72	6,428.45	6,107.28	27.80	9.12	9,446.30	9,748.78

1. The Reportable segments are identified into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations in compliance with the RBI guidelines.

2. 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.

3. Bank Launch & Bank Branch Expenses had been classified as unallocated expenses as the Bank as on 31 March 2018 had not started full fledged banking operations. During the year ended March 31. 2019, these expenses have been considered in respective segments.

4. Unallocated assets and liabilities pertains to the assets and liabilities not identifiable to the particular segment





20. Liquidity Coverage Ratio

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

	June 3	June 30, 2018	Septembe	September 30, 2018	Decembe	December 31, 2018	March	March 31, 2019
Particulars	Total unweighted value (average)*	Total weighted value (average)*	Tota [†] unweighted value (average)*	Total weighted value (average)*	Total unweighted value faverage)*	Total weighted value (average)*	Total unweighted	Total weighted value (average)*
1 Total High Quality Liquid Assets (HQLA)	1,133.58	1,133.58	994.60	994.60	1 253 45	1 253 45	1 361 07	1 361 03
Cash Outflows		Å				C+:CC317	7C'TOC'T	72.TOC'T
2 Retail deposits and deposits from small business customers, of which:	17.63	1.57	385.71	33.88	1 010 36	87.84	1 760 40	101 00
(i) Stable deposits	3.91	0.20	93.87	469	05 010,1	10.10		00 FC
(ii) Less stable deposits	13.72	1.37	291.89	29.19	746.35	71 64	-	54.42 50 5 5 5
3 Unsecured wholesale funding, of which:	189.01	148.19	457.67	144.22	412 90	119 90		140.45
(i) Operational deposits (all counterparties)							C7.04	01.047
(ii) Non-operational deposits (all counterparties)	45.34	4.53	348.25	34.80	375 38	71 75	332.47	07 CC
(iii) Unsecured debt	143.67	143.66	109.42	109.42	87.52	87.57	105 701	01.001
4 Secured wholesale funding	242.82	242.82	185.33	185 33	31.68	31.68	CC OU	CC OU
5 Additional requirements, of which					BT	DOTO	00.00	00.00
(i) Outflows related to derivative exposures and other collateral requirement			,		2,14			
(ii) Outflows related to loss of funding on debt products		5		,		-		tic D
(iii) Credit and liquidity facilities		1		,				
6 Other contractual funding obligation	*							
7 Other contingent funding obligations	51.14	2.28	35.89	1.57	37.85	1 37	35 46	1 51
8 Total cash outflows	500.60	394.86	1.064.60	36495	1 487 79	88 UVC	00 202 0	CC UJC
Cash Inflows				1		240.00	cc. 100'2	cc.upc
9 Secured lending (e.g. reverse repo)		a						
10 Inflows from fully performing exposures	555.21	277.60	479.12	239.56	434.95	217 48	457 17	37.6.06
11 Other cash inflows	4.80	4.80	1.39	1.39	1.54	1 54	1 70	1 70
12 Total cash inflows	560.01	282.40	480.51	240.95	436.49	219.02	453.87	27.76
21 Total HQLA	1,133.58	1,133.58	994.60	994.60	1.253.45	1 253 45	1 361 97	1 361 97
22 Total Net Cash Outflows	125.15	112.45	584 09	124.00	1,051.30	60.22	1.854.18	132.58
23 Liquidity Coverage Ratio (%)		1008.07%		802.10%		2081 45%		1027.24%





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

Schedules to the Financial Statements for the year ended March 31, 2019 (All amounts are in Indian Rupees in Crores unless otherwise stated)

dia Ratio 20. Linuidity Co

	March	March 31, 2018
Particulars	Total unweighted value (average)*	Total weighted value (average)*
1 Total High Quality Uquid Assets (HQLA)		547.94
Cash Outflows		
2 Retail deposits and deposits from small business customers, of which:		×a
(i) Stable deposits		
(ii) Less stable deposits	0.00	0.00
3 Unsecured wholesale funding, of which:	-	•
(i) Operational deposits (all counterparties)	6	
(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	0	â
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
13 Total HQLA	1 m m	547.94
14 Total Net Cash Outflows		49.25
15 Liouidity Coverage Ratio (%)		1112 67%

** LCR for the previous year ended March 31, 2018 has been computed as at March 31, 2018 since the Bank commenced operations on March 28, 2018. and unweighted amounts are calculated taking three point averages for all quarters for the period ended March 31, 2019. age weignted

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 higher than minimum regulatory threshold. 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 presently funded through long term borrowings viz Debentures, 1 erm loans and money market operations. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.

The major sources of funding are customer deposits IBPC, money market operations etc





(Formerly known as Janalakshmi Financial Services Limited)

Schedules to the Financial Statements for the year ended March 31, 2019

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

21. Related party disclosure Related party disclosures as at and for the year ended 31 March 2019

A Names of the related party where control exists	Nature of relationship	
Mr. Ramesh Ramanathan	Non Executive Chairman	
ii. Mr. Ajay Kanwal	Managing Director & Chiel Executive Officer (w.e.f. August 01, 2017)	
ili, Mr. R. Srinivasan	Executive Vice Chairman (up to July 31, 2017)	
lv, Mr. V.S. Radhakrishnan	Managing Director & Chief Executive Officer (up to July 31, 2017) and M Executive Vice Chairman (w.e.f. August 01, 2017 up to November 30, 2	
B Others - with whom transactions have taken place during the year	Nature of relationship	
Jana Urban Services for Transformation Private Limited	Private company in which director or his relative is member or director	
ii, Jana Urban Space Foundation (India)	Private company in which director or his relative is member or director (w October 01, 2017)	
ii, Cross Domain Solutions Private Limited	Private company in which director or his relative is member or director	
v. Jana Holding Limited	Public Limited company in which director or his relative is member or dire and the holding company	
v. Jana Capital Limited	Public Limited company in which director or his relative is member or dire and the ultimate holding company	
vi. Mr. Vivek Venkatesan	Chief Financial Officer (upto December 31, 2018)	
vii. Mr. Anurag Adlakha	Chief Financial Officer (w.e.f. January 03, 2019)	
/iii. Ms. Richa Saxena	Company Secretary (upto July 06, 2018)	
x Ms. Lakshmi R N	Company Secretary (w.e.f. August 08, 2018)	

Name of related party	Nature of transaction	Transaction value for the year ended March 31, 2019	Outstanding amount as at March 31, 2019	Transaction value for the year ended March 31, 2018	Outstanding amount as at March 31, 2018
A. Private company in which director or his relativ	e is member or director				
1 Jana Urban Services for Transformation Private	Income from rent and amenities		-	0.14	
Limited	Receiving of services	0.04		21.35	-0.01
chinted	Reimbursement of expense			0 11	
	Reimbursement of expense	0 39	0.14	0.63	
	lssue of equity shares (2,132,396 equity shares)	295.00	2,177.17	150.00	1,878 85
2, Jana Holding Limited	Issue of compulsorily convertible preference shares (49.9 crores number of CCPS converted into 3,606,534 number of equity shares)	4		499 60	
	Rendered professional services	0.01	0.00		
3. Jana Urban Space Foundation (India)	Receiving of services	1.29	0,12	0.65	0.01
4 Janaadhar (India) Private Limited	Paid towards amenities			0.18	
sumaanin (mena) i nivate cinitea	Income from rent and amenities	•:		0.24	
5. Cross Domain Solutions Private Limited	Receiving of services	3.05	0.25	3.22	
6 Jana Urban Foundation	Income from rent and amenities			0.01	
	Reimbursement of expense	4		0.01	
7. Jana Capital Limited	Rendered professional services	0.01	0.00		-
B. Directors					-
1. Mr. Ramesh Ramanathan	Loan repaid during the year		-	1.75	
	Interest on loan			0.14	
2 Mr. R. Srinivasan	Salary	· · · · · · · · · · · · · · · · · · ·	-	2.77	
C. Key Management Personnel [®] (KMP)					
1 Mr. V.5. Radhakrishnan	Salary			3.6ž	
2. Mr. Ajay Kanwal	Salary	4.15		3.52	
3. Mr. Jayasheel Bhansali	Salary	÷.		1.30	
4. Mr. Vivek Venkatesan (upto 31-12-2018)	Salary	0.80	· · · · ·	0.13	
5. Mr. Anurag Adiakha (w.e.f 03-01-2019)	Salary	0.39			
6. Ms. Richa Saxeria (upto 06-07-2018)	Salary	0.18		0 36	
7 Ms. Lakshmi R N (w.e.f 08-08-2018)	Salary	0.14		-	
D. Deposits of related parties					
KMP	Deposit	0.65	0.71		
	Interest	0.05		1	98.1
Relative of KMP	Deposit	0.20	0.21		
	Interest	0.00			
Director	Deposit	0.50	0.54	16	
	Interest	0.04		14	
Relative of Diructor	Deposit	0.01	0.01	C	(E.1
	Interest	0.00			
Private company in which director or his relative is member or director	Deposit	1.00	1.05		-
	Interest	0.05	1		
E. Relatives of director					
Mrs. kadha Ramanathan	Loan repaid during the year			0 40	
A Mariana and	Interest on loan	+		0.03	-
2. Mrs. Swathi Ramanathan	Loan repaid during the year			1.75	1
	Interest on loan			0.14	

*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





22. Deferred Tax Assets

The Bank has not recognised deferred tax asset or deferred tax liability for the current year and previous year. Deferred tax assets are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is virtually certain to be realized

23. Unhedged Foreign currency Exposure

The Bank doesn't have any unhedged foreign currency exposure as at March 31, 2019, (March 31, 2018: Nil)

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, 2019	March 31, 2018
Not less than one year	9.82	10.85
Later than one year but not later than five years	31.57	35,80
Later than five years	7.10	13.90

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 ₹87 06 crores (March 31, 2018 ₹118,64 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 ₹10.44 crores (March 31, 2018 ₹11.98 crores).

25.(A) Customer Complaints

Particulars	March 31, 2019	March 31, 2018
(a) No. of complaints pending at the beginning of the year	ō14	13,013
(b) No. of complaints received during the year	15,245	46,310
(c) No. of complaints redressed during the year	15,636	58,709
(d) No. of complaints pending at the end of the year	223	614

Customer complaints disclosed above includes all customer complaints pertaining to ATM cards. During the year. 434 complaints are received, 415 complaints are redressed and 19 complaints are pending at the end of the year. There were no ATM related complaints during the previous year. The above information is certified by the Management and relied upon by the auditors.

25.(B) Award passed by the Banking Ombudsman

Particulars	March 31, 2019	March 31, 2018
(a) No, of unimplemented Awards at the beginning of the year		-+-
(b) No. of Awards passed by the Banking Ombudsmen during the year		
(c) No. of Awards implemented during the year	-	
(d) No. of unimplemented Awards at the end of the year		

26. Corporate Social Responsibility (CSR)

a) Gross amount required to be spent by the company during the year ended March 31, 2019 is **T** Nil (March 31, 2018 **T** 4.01 crores) under section 135 of the Companies Act, 2013.

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

Particulars	In Cash	Yet to be paid in cash	Total
i) Construction /acquisition of asset			
ii) on purpose other than (i) above	0.59	4	0.59
Total	0.59		0.59

As part of organisational effort to rationalize costs, the management took a strategic decision to limit the CSR expenditure during the year. The Bank has spent 0.29% of its average net profits for the last three financials years as part of its CSR activities in previous 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, 2019, the Bank has not undertaken any Para banking activities (March 31, 2018: Nil).

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, (March 31, 2018; Nil)





(Formerly known as Janalakshmi Financial Services Limited) Schedules to the Financial Statements for the year ended March 31, 2019

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

29. Depositor Education and Awareness Fund

During the yearend March 31, 2019, no amount has been transferred to Depositor Education and Awareness Fund. (March 31, 2018: Nil)

30. Overseas Assets, NPAs and Revenue

The Bank does not hold any overseas assets / NPA as at March 31, 2019 and no overseas operations were undertaken during the year ended March 31, 2019 hence revenue from overseas operation is 'Nil' (March 31, 2018: Nil)

31. Fraud cases reported

During the year ended March 31, 2019, the Bank has reported 3,803 cases of fraud amounting to ₹ 4.98 crores (March 31, 2018 ₹ 2.13 crores) and the Bank has made a total provision of ₹ 3.96 crores (March 31, 2018 ₹ 4.08 crores), adjusted for recovery.

32. Insurance business

During the year ended March 31, 2019 the Bank as earned ₹ 1.19 crores income from selling life insurance policies (March 31, 2018: Nil)

PSLC Category	March 31, 2019	March 31, 2018
General	4,078.75	-
Small and Marginal Farmers	350.00	
Micro Enterprises	100.00	
Total	4,528.75	

34. Penalties levied by the RBI

During the year ended March 31, 2019, no penalty was imposed by RBI on the Bank. (March 31, 2018: Nil)

35. Letter of Comfort

The Bank has not issued letter of comfort during the year ended March 31, 2019. (March 31, 2018: Nil)

36. Proposed dividend

The Board of Directors, in their meeting held on May 30, 2017 proposed a final dividend at 10% (i.e., \leq 1.00 per equity share) amounting to \leq 3.31 crore, inclusive of corporate dividend tax. The same was approved in the 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 afte: 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 year 2017-18

37. Going concern assertion

The Bank has reported a net loss for the year ended March 31, 2019. In this context, the Bank's management has concluded the appropriateness of the going concern assumption in the preparation of the financial results, based on the key actions undertaken and resultant outcomes as disclosed below:

(i) Incremental capital of ₹ 2,722 crores has been raised from September 2017 onwards, of which ₹ 1,086 crores has been infused during FY 2018-19 in: order to ensure loss absorption and on-going compliance with capital adequacy norms. The capital during FY 2018-19 was infused through a mix of new and existing investors. Capital adequacy ratio as on March 31, 2019 is at 18.81%.

(ii) The Bank has been able to attract capital from various new and existing investors. Most recently there was an infusion of ₹ 335 crores of equity and ₹ 150 crores in non-cumulative compulsorily convertible preference shares between February 2019 and March 2019.

(iii) Post the commercial launch in July 2018 the Bank has raised deposits of ₹ 4,174 crores. 29% of total deposits are with tenor greater than 3 years and 37% are between 180 days and 3 years. Further, 50% of the total deposits are of a ticket size less than 1 crore thus evidencing a stable retail base

(iv) Total disbursements during the year grew by 144% to ₹ 6,135 crores as against ₹ 2,516 crores last year

(v) The recoveries from the old NPA book is consistent and new book is at a delinquency of 0.35%

(vi) The Bank maintains an adequate liquidity surplus on an ongoing basis-

38. 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 BSR& Associates LLP
Chartered Accountants
Firm's Registration No: 116231W/W-100024
GE all
Kum/Davit

N Sampath Ganesh Partner Membership No: 042554

Place: Mumbai Date : May 30, 2019

ind on behalf of the Board of Directors

Ramesh Ramanathan Chairman DIN: 00163276 Alay Kanwal Managing Director & CEO DIN: 07886434

Anurag Adlakha La Chief Financial Officer Co

Place: Bengaluru Date : May 30, 2019 Lakshmi R N Company Secretary

