

## BOARD'S REPORT

Your Directors have pleasure in presenting to you the **Seventeenth** Annual Report of the Company and the Sixth Annual Report of Jana Small Finance Bank Limited together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2023.

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

Particulars	(Rupees in crores)	
	FY 2022-2023	FY 2021-2022
Total Income	3,699.88	3,050.30
Interest Expended	1,414.99	1,336.75
Operating Expenses	1,284.51	1,138.82
Provisions and contingencies	744.40	569.32
Profit for the year	255.97	5.40
Add: surplus/(loss) brought forward from previous year	(4,083.03)	(4,083.15)
Amount available for appropriation		
Appropriations:	-	
Dividend & Dividend Tax	-	
Transfer to Statutory Reserve under section 17 of the Banking Regulation Act and other reserves	80.82	5.28
Surplus carried to Balance Sheet	(3,907.87)	(4,083.02)

Note: - Figures for the previous year's figures have been restated wherever necessary, to align with the figures for the current year.

### 2 CHANGE IN THE NATURE OF BUSINESS, IF ANY :

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

### 3 DIVIDEND :

Your Board has not declared or recommended any dividend for the financial year under review.

### 4 ISSUANCE OF CAPITAL :

During the year under review, 5,718 equity shares of face value of Rs. 10/- per share were allotted, in terms of exercise of units against Restricted Stock Units, under the ESOP scheme to a few employees of the Bank; 258,115 equity shares of face value of Rs. 10/- per share were allotted in terms of a preferential issue to Jana Holdings Limited and 12,00,00,000 compulsorily convertible preference shares of Rs. 10 each were allotted to TPG Asia VI SF Pte. Ltd in terms of a preferential issue. Further, 33,03,306 equity shares of Rs. 10 each were allotted in terms of a rights issue to existing shareholders and new shareholders.

As on 31<sup>st</sup> March, 2023, the paid up share capital stood at Rs, 3,24,97,87,030 divided into 5,49,78,703 equity shares of Rs. 10/- each and 27,00,00,000 preference shares of Rs. 10/- each.

### **Funds raised and Credit Ratings :**

During the year the bank raised funds by way of issue of Inter-Bank Participatory Certificates (IBPCs). The outstanding IBPCs as on 31<sup>st</sup> Mar 2023 was Rs. 1,135.00 crore, outstanding with Three banks viz. Federal Bank Ltd. (Rs. 573 crore,) Axis Bank Ltd. (Rs. 462 crores), HDFC Bank Ltd (Rs. 100 crore).

The bank also availed refinance facility of Rs. 1,181 crores from SIDBI and Rs. 2,000 Crores from NABARD during the year.

ICRA reaffirmed its rating of [ICRA] BBB (stable) in March, 2023 for the subordinate debt for an amount of Rs. 430 crore. For additional Rs 250 crores issuance of Tier-2 debt, the rating has been taken, however the issuance is pending.

The Bank repaid Rs. 26 crores of subordinate debt (NCD) that matured during the year.

### **Capital Adequacy :**

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

As on March 31, 2023, the Capital Adequacy Ratio of the Bank stood at 15.57% and the Common Equity Tier I ratio stood at 13.02%.

## **5 BOARD MEETINGS:**

Board meetings are held at regular intervals with a time gap of not more than 120 days between two consecutive meetings. The Board of Directors met 10 (Ten) times during the financial year. Quarterly meetings were held on 17<sup>th</sup> May 2022; 5<sup>th</sup> August 2022; 5<sup>th</sup> August 2022 (Strategy Meeting); 10<sup>th</sup> November 2022 and 7<sup>th</sup> February 2023 to approve financial results and deliberate various business updates.

Also, the Board met at shorter notice, on 31<sup>st</sup> May 2022; 24<sup>th</sup> June 2022; 27<sup>th</sup> July 2022 and 24<sup>th</sup> February 2023 to accord approval for preferential and rights issue and non-convertible debenture issue. Further, the Board met on 29<sup>th</sup> March 2023 for approval of the budget for the FY 2023-24.

## **6 DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

During the year under review, there were changes in the composition of the Board. Mr. Eugene Karthak and Mr. Vikram Gandhi (who completed his first term as an Independent Director) resigned from the directorship of the Bank w.e.f 9<sup>th</sup> April 2022 and 7<sup>th</sup> February 2023 respectively.

Further, Mr. P Vijaya Kumar was appointed as an Independent Director w.e.f 24<sup>th</sup> March 2023.

As on 31<sup>st</sup> March 2023 the composition of the Board was as below :

- |                           |   |
|---------------------------|---|
| 1. Dr. Subhash C. Khuntia | - Part Time Chairman, Independent Director    |
| 2. Mr. Ajay Kanwal        | - Managing Director & Chief Executive Officer |
| 3. Mr. Ramesh Ramanathan  | - Non Executive Director                      |
| 4. Mr. R. Ramaseshan      | - Independent Director                        |
| 5. Mgs. Chitra Talwar     | - Independent Director                        |
| 6. Mr. Rahul Khosla       | - Non Executive Director                      |

- |                          |                        |
|--------------------------|------------------------|
| 7. Mr. K. Srinivas Nayak | - Independent Director |
| 8. Mr. P. Vijaya Kumar   | - Independent Director |

The Board has appointed Mr. P. Vijaya Kumar as an Additional Director (Independent) pursuant to Section 161 of the Companies Act, 2013 with effect from 24<sup>th</sup> March 2023. As required under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, a special resolution has to be passed in the ensuing Annual meeting or within three (3) months from the date of appointment, whichever is earlier, in connection with the appointment of Mr. P. Vijaya Kumar. Hence necessary special resolution in this regard was passed in the Extra Ordinary General Meeting dated 30<sup>th</sup> March 2023.

**7. DECLARATION FROM INDEPENDENT DIRECTORS:**

The Company has received necessary declarations from each Independent Director pursuant to the provisions of Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of Independence laid down in the provisions of Section 149(6) of the Companies Act, 2013.

Further, the Board hereby confirms that all Independent Directors of the Company fulfil the conditions as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013 and all Independent Directors are independent of the management.

**8. MATERIAL CHANGES & COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There were no material changes and commitments between the end of the financial year and the date of the report, which affect the financial position of the Company.

**9. COMPOSITION OF AUDIT & COMPLIANCE COMMITTEE :**

The Company has complied with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to the composition of the Audit Committee. As on 31<sup>st</sup> March 2023, the composition of the Audit Committee was as follows:

Mr. K. Srinivas Nayak (Committee Chairman)  
 Mr. R. Ramaseshan  
 Mr. Ramesh Ramanathan  
 Mr. Rahul Khosla  
 Mrs. Chitra Talwar

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 8 (Eight) times during the financial year, on 16<sup>th</sup> May 2022; 17<sup>th</sup> May 2022; 4<sup>th</sup> August 2022; 5<sup>th</sup> August 2022; 9<sup>th</sup> November 2022; 10<sup>th</sup> November 2022; 6<sup>th</sup> February 2023 and 7<sup>th</sup> February 2023.

**NOMINATION & REMUNERATION POLICY :**

The Bank has adopted a Nomination and Remuneration Policy on Directors' Appointment and Remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under the provisions of Section 178(3) of the Companies Act, 2013. The Policy is available at the website of the Company at [www.janabank.com](http://www.janabank.com) (<https://www.janabank.com/about-us/leadership-governance/policies/>).

**10. 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 5<sup>th</sup> August 2014 as a NBFC-MFI. After conversion into a Small Finance Bank, the Bank Board has approved the Whistle Blower Policy and Vigilance Policy, in their meeting held on 8<sup>th</sup> 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 on need basis.

**11. 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 as at 31<sup>st</sup> March 2023 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.

**12. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JV :**

The Bank does not have any subsidiary or associate company.

**13. 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 the annual return in the form **MGT 9**, a part of this Board's Report is attached(**ANNEXURE I**).



**14 AUDITORS:**

**Statutory Auditors**

The RBI vide its letter no. DOS.CO.RPD.No.S1989/08.72.005/2022-23 dated June 22, 2022, has approved the proposal of appointment of M/s. M. M. Nissim & Co. LLP and M/s. Brahmayya & Co, Chartered Accountants as statutory auditors of the Bank for the financial year 2022-23.

**Secretarial Auditor**

The Board has appointed Mr. Nagendra D. Rao, Practising Company Secretary (Membership No.FCS-5553), Bangalore, as the Secretarial Auditor as per the provisions of Section 204 of the Companies Act, 2013 for the financial year 2022-23. The Secretarial audit report issued by him is annexed to this report as **ANNEXURE V**.

**Qualifications, Reservations or adverse remarks or disclaimers made by the Auditors:**

There are no qualifications or adverse remarks in the Statutory Auditors' Report which require any explanation from the Board of Directors. The statutory auditors have expressed an unmodified opinion in the audit reports in respect of the Audited Financial Statements for the financial year ended 31st March, 2023.

Further, there are no qualifications, reservations or adverse remarks or disclaimers made by the Secretarial Auditor in his Secretarial Audit Report.

**15 DETAILS OF FRAUDS REPORTED BY AUDITORS, IF ANY :**

Nil.

**16 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. 2.45 Crores.

**17 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 accounting records, and the timely preparation of reliable financial disclosures.

**18 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 exercises oversight on the implementation of various risk management policies and processes and is also in charge of review of these and other policies from the risk perspective.

**19 CORPORATE SOCIAL RESPONSIBILITY 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 CSR Projects or Programmes 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: NA**

**ANNUAL REPORT ON CSR :**

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

**20 RELATED PARTY TRANSACTIONS :**

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

**21 FORMAL ANNUAL EVALUATION:**

The Nomination & Remuneration Committee in their meeting held on 16<sup>th</sup> May 2022 took note of the evaluation report of the Board's performance including Directors' own performance and committees of the Board. The Committee 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 backgrounds and businesses and bring specific competencies relevant to the Bank's business and operations.

The Committee found that the performance of all Directors was quite satisfactory and the functioning of the Board and its committees were quite effective. The Committee evaluated the composition of the Board and its performance as a whole and expressed satisfaction in this regard. Further, the Committee's suggestion/feedback were duly taken note of by the Management.

**22 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 shareholders.

Details of Employees Stock Options as on 31<sup>st</sup> March 2023.

The following are the outstanding options as at year end:				
Particulars	March 31, 2023			
	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Total Options granted and outstanding at the beginning of the year	14,60,064	3,24,958	79,922	20,115
Add: Options granted during the year	4,546	4,70,215	16,088	16,349
Less: Options forfeited / lapsed during the year	2,48,793	1,16,113	1,041	3,147
Less : Options exercised during the year	-	-	-	5,718
<b>Options Outstanding as at end of the year</b>	<b>12,15,817</b>	<b>6,79,060</b>	<b>94,969</b>	<b>27,599</b>
- Vested	9,96,545	2,08,511	78,881	12,573
- Yet to Vest	2,19,272	4,70,549	16,088	15,026

Employee - wise details of options granted during the year.

1. Key Managerial Personnel :

Employee Name	Designation	No. of Options Granted till date
Ajay Kanwal	Managing Director and Chief Executive Officer	ESOP : 567647 RSU: 88029
Buvanesh Tarashankar	Chief Financial Officer	ESOP : 13343 RSU : 688
Lakshmi R N	Company Secretary	ESOP : 3577 RSU: 74

- Any other employee who received grant of options amounting to 5% or more of options granted during that year : NIL
- 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

**RATIO OF REMUNERATION TO EACH DIRECTOR :**

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

**23 LISTING WITH STOCK EXCHANGES:**

The Bank has listed its debt securities (i.e. non-convertible debentures) on the BSE and confirms that it has paid the annual listing fees for the year FY 2023-24.

**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**).



**Dr. Subhash C. Khuntia**  
**Non-Executive Chairman**



**Ajay Kanwal**  
**MD & CEO**

**Date : 9<sup>th</sup> May 2023**

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

**For the financial year ended on 31.03.2023**

**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
4.	Category/Sub-category of the Company	Public Limited Company limited 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 issued by the Company have been listed on the Bombay Stock Exchange
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	KFin Technologies Limited (Earlier known as KFin Technologies Private Limited), Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad - 500 032, Telangana State (TS) Ph. no.: +91 040 67161602

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

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



IV. **SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of the total equity)**  
Category-wise share holding :

**Equity Shares :**

Category of Shareholders	No. of Shares held at the end of the year[As on 31-March-2022]				No. of Shares held at the end of the year[As on 31-March-2023]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	22025797	0	22025797	42.84%	23575790	0	0	42.88%	0.04%
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
<b>Total shareholding of Promoter (A)</b>	22025797	0	22025797	42.84%	23575790	0	0	42.88%	0.04%
<b>B. Public Shareholding</b>									
1. <b>Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	2914519	0	2914519	5.67%	3219584	0	3219584	5.86%	0.19%
g) FIIs	19234095	0	19234095	37.41%	20190434		20190434	36.72%	-0.69%
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify) Private equity fund	141285	0	141285	0.27%	141285		141285	0.26%	-0.02%
<b>Sub-total (B)(1):-</b>	22289899	0	22289899	43.36%	23551303		23551303	42.84%	-0.52%
2. <b>Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	1554973	0	1554973	3.02%	1719343	0	1719343	3.13%	0.10%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%



a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs/Foreign Companies	-	-	-	-	12,00,00,000	-	12,00,00,000	44.44%	44.44%
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	12,00,00,000	-	12,00,00,000	44.44%	44.44%
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	15,00,00,000	-	15,00,00,000	100.00	15,00,00,000	-	15,00,00,000	55.56%	-44.44%
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)-HUF	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	15,00,00,000	-	15,00,00,000	100.00	15,00,00,000	-	15,00,00,000	55.56%	-
<b>Total Public Shareholding</b>	15,00,00,000	-	15,00,00,000	100.00	27,00,00,000	-	27,00,00,000	100.00	-

(B)=(B)(1)+ (B)(2)									
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	15,00,00,000	-	15,00,00,000	100.00	27,00,00,000	-	27,00,00,000	100.00	-

**B) Shareholding of Promoter-**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Jana Holdings Limited	22025797	42.84	1.87	23575790	42.88	1.80	0.04

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

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	22025797	42.84	22025797	42.84
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	a) 31-May-2022: Allotment of 258115 shares	-	22283912	43.12
		b) 30-Jun-2022: allotment of 861252 shares	-	23145164	44.06
		c) 29-Jul-2022: allotment of 430626 shares	-	23575790	43.38
	At the end of the year	23575790	42.88	23575790	42.88

**D) Shareholding Pattern of top ten Shareholders:**

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	<b>Refer Attachment A</b>			
	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	<b>NIL</b>			
	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.

Particulars	Rupees in crores		
	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	2,775.75	3,696.83	6,472.58
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not Due	7.76	54.22	61.98
Total (i+ii+iii)	2,783.51	3,751.05	6,534.56
Change in Indebtedness during the financial year			
• Addition	67,374.48	10,859.24	78,233.72
• Addition - conversion from secured to unsecured	-	-	-
• Reduction	68,215.23	9,078.61	77,293.84
• Reduction - conversion from secured to unsecured	-	-	-
Net Change	(840.75)	1,780.63	939.88
Indebtedness at the end of the financial year			
i) Principal Amount	1,935.00	5,477.46	7,412.46
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	64.73	56.18	120.90
Total (i+ii+iii)	1,999.73	5,533.64	7,533.36

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 has not been 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 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):-			
At the beginning of the year	7,110	3,300 units at FV 2,27,272.73	75
		3,810 units at FV1,000,000	381
Changes during the year (Increase/Redemption)	Increase :	-	-
	Redemption: 260	Redemption 260 units of FV 10,00,000	26.00

At the end of the year	6,850	3,300 units at FV 2,27,272.73	75
		3,550 units at FV1,000,000	355
Partly-convertible ( for each type)	NA	NA	NA
At the beginning of the year	NA	NA	NA
Changes during the year (Increase/Redemption)	NA	NA	NA
At the end of the year	NA	NA	NA
Fully-convertible ( for each type)	NA	NA	NA
At the beginning of the year	NA	NA	NA
Changes during the year (Increase/Converted)	NA	NA	NA
At the end of the year	NA	NA	NA
Total Amount of Debentures			
At the beginning of the year	7,110	3,300 units at FV 2,27,272.73	75
Changes during the year (Increase/Redemption)		3,810 units at FV1,000,000	381
	Increase :	-	-
At the end of the year	6,850	3,300 units at FV 2,27,272.73	75
		3,550 units at FV1,000,000	355

## 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		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,62,22,440	5,62,22,440
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961*	18,82,785	18,82,785
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	-	-
5	Others, please specify	-	-
	Car EMI	28,02,384	28,02,384
	Employer PF Contribution	25,93,185	25,93,185
	Total (A)	6,35,00,794	6,35,00,794
	Ceiling as per the Act	-	-

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

### B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors							Total Amount
1	Independent Directors	Dr. Subhash C. Khuntia	Vikram Gandhi (upto 7-Feb-2023)	R. Ramaseshan	Chitra Talwar	Eugene Karthak (upto 9-Apr-2022)	K Srinivas Nayak	P. Vijaya Kumar (wef 24 <sup>th</sup> March 2023)	
	Fee for attending board committee meetings	10,50,000	1,75,000	10,75,000	10,00,000	-	7,75,000	50,000	41,25,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify (Fixed pay)	15,00,000	-	-	-	-	-	-	15,00,000
	Total (1)	25,50,000	1,75,000	10,75,000	10,00,000	-	7,75,000	50,000	56,25,000
2	Other Non-Executive Directors	Ramesh Ramanathan	Rahul Khosla						

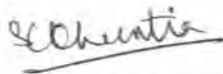
Fee for attending board committee meetings	-	2,25,000							2,25,000
Commission	-	-							-
Others, please specify	-	-							-
Total (2)	-	2,25,000							2,25,000
Total (B)=(1+2)	25,00,000	4,00,000	10,25,000	9,50,000	-	7,25,000	50,000		56,50,000
Overall Ceiling as per the Act (sitting fees not to exceed Rs.1,00,000 per meeting)	The Bank pays 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]

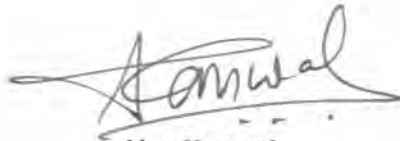
SN	Particulars of Remuneration	CEO *	CFO	CS	Total
1	Gross salary	-			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	1,45,64,082	35,62,475	181,26,557
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	6,05,196	-	6,05,196
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify(Employer PF Contribution)	-	7,39,200	1,75,088	9,14,288
	Total	-	1,59,08,478	37,37,563	1,96,46,041

**VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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



**Dr. Subhash C. Khuntia**  
Non - Executive Chairman



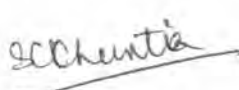
**Ajay Kanwal**  
MD & CEO

Date : 9<sup>th</sup> May 2023



**Jana Small Finance Bank Limited****Shareholding Pattern as on 31-Mar-2023 and 31-Mar-2022 (Top 10 shareholders other than directors, promoters, GDRs and ADRs)**

Sr No.	Shareholder	No of Shares (31-Mar-2022)	% holding	Allotment	Transfers	No of Shares (31-Mar-2023)	% holding
1	TPG Asia VI SF Pte. Ltd	50,26,499	9.78	4,30,626	-	54,57,125	9.93
2	North Haven Private Equity Asia Platinum Pte. Ltd	41,47,427	8.07	-	-	41,47,427	7.54
3	Amansa Holdings Pte. Ltd	31,54,275	6.14	5,25,713	-	36,79,988	6.69
4	HarbourVest Partners Co-Investment Fund IV L.P.	22,66,940	4.41	2,37,309	-	25,04,249	4.55
5	Client Rosehill Limited	17,57,755	3.42	-	-	17,57,755	3.20
6	Alpha TC Holdings Pte Ltd	17,48,975	3.40	-	-	17,48,975	3.18
7	Treeline Asia Master Fund (Singapore) Pte. Ltd.	16,52,101	3.21	-	-	16,52,101	3.00
8	ICICI Prudential Life Insurance Company Ltd	11,07,639	2.15	1,84,607	-	12,92,246	2.35
9	Bajaj Allianz Life Insurance Company Ltd	10,84,128	2.11	1,20,458	-	12,04,586	2.19
10	QRG Investments and Holdings Limited (earlier known as QRG Enterprises Limited)	9,86,216	1.92	1,64,370	-	11,50,586	2.09



**Dr. Subhash C. Khuntia**  
Non Executive Chairman



**Ajay Kanwal**  
MD & CEO

**Date : 9<sup>th</sup> May 2023**

**CSR POLICY**

Jana Small Finance Bank (JSFB) strives to be a customer centric organization that delivers essential financial services at scale to various customer segments in a robust and transparent manner. Recognizing the communities in which JSFB works and vision for positive impact, JSFB conducts its business with a strong Double-Bottom-Line approach. This is exemplified both with routine business operations as well as the programs JSFB sponsors for its customers, employees and community at large.

JSFB's Vision for Corporate Social Responsibility (CSR): JSFB aspires to further its social and environmental commitment by incorporating the vision of CSR laid out by the government in its Companies Act, 2013. JSFB intends to integrate the CSR guidelines in its business operations as well as outline a strategy to invest its CSR monies in socially and environmentally beneficial outcomes.

The CSR Committee will be in charge & render the following functions

- i. Developing the CSR strategy and operationalizing institutional mechanisms.
- ii. Preparing a detailed plan on CSR activities.
- iii. Making decisions regarding the expenditure on CSR activity.
- iv. Making decisions on the types of activities to be undertaken.
- v. Delineating roles and responsibilities of various stakeholders.
- vi. Ensuring the establishment of a monitoring and evaluation mechanism

Jana Small Finance Bank Limited's (JSFB) CSR Policy intends to integrate the CSR guidelines in its business operations as well as outline a strategy to invest its CSR budget in socially and environmentally beneficial outcomes. JSFB will, therefore, through self-driven or partner with a diverse range of stakeholders including well-established NGOs, government bodies and community representatives for its CSR activities.

**Meetings**

During the year 2022-23, two CSR Committee Meetings were held on:

4<sup>th</sup> August 2022 and 24<sup>th</sup> February 2023

Composition of CSR Committee:

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mrs. Chitra Talwar	Chairperson	2	2
2.	Mr. Ajay Kanwal	Member	2	2
3.	Dr. Subhash Khuntia	Member	2	2
4.	Mr. Rahul Khosla	Member	2	0

Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Bank

Composition of CSR committee	<a href="https://www.janabank.com/about-us/leadership-governance/committees-of-board/">https://www.janabank.com/about-us/leadership-governance/committees-of-board/</a>
CSR Policy	<a href="https://www.janabank.com/images/policies/csr-policy.pdf">https://www.janabank.com/images/policies/csr-policy.pdf</a>
CSR projects approved by the Board	<a href="https://www.janabank.com/images/PDF/CSR-projects-for-the-year-2022-23.pdf">https://www.janabank.com/images/PDF/CSR-projects-for-the-year-2022-23.pdf</a>

Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) - NA

Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - NA

Average net profit of the company as per section 135(5) Rs. 43,54,53,354.17

**CSR details:**

Two percent of average net profit of the company as per section 135(5)	Rs. 87,09,067.08
Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	-
Amount required to be set off for the financial year, if any	-
Total CSR obligation for the financial year	Rs. 87,09,067.08

**CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year.(in Rs.)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
Not Applicable					

Details of CSR amount spent against ongoing projects for the financial year - NA

Details of CSR amount spent against other than ongoing projects for the financial year - Annexure A

Amount spent in Administrative Overheads - NIL

Amount spent on Impact Assessment, if applicable - NA

Total amount spent for the Financial Year



S. No.	Name of the project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project.		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration number
1.	Mini Ambulance - Guru Nanak Home For Handicapped Children	Promoting health care including preventive health care	No	Jharkand	Ranchi	8,37,734	Yes	NA	NA
2.	Mini Ambulance - ARR Charitable Trust	Promoting health care including preventive health care	No	Chennai	Tamil Nadu	9,05,705	Yes	NA	NA
3.	Medical support - Sai Ashraya Pariwar	Promoting health care including preventive health care	No	Ahmadnagar	Maharashtra	9,23,270	Yes	NA	NA
4.	Cancer Treatment - Advanced Cancer Institute	Promoting health care including preventive health care	No	Bathinda	Punjab	8,26,000	Yes	NA	NA
5.	Ambulance - Golden Temple	Promoting health care including preventive health care	No	Amritsar	Punjab	19,42,930	Yes	NA	NA
6.	Medical support - Guru Shri Gorkhnath Hospital	Promoting health care including preventive health care	No	Gorakhpur	Uttar Pradesh	3,77,290	Yes	NA	NA
7.	Livelihood support - Suki Homes	Livelihood enhancement	Yes	Bengaluru	Karnataka	35,360	Yes	NA	NA
8.	Education - SSD Women's Institute of Technology	Promoting Education	No	Bathinda	Punjab	1,38,000	Yes	NA	NA
9.	Education - Assam Women's University	Empowering women	No	Rowrah	Assam	4,49,980	Yes	NA	NA
10.	Education - Hemo Prova Borbora Girls' College	Empowering women	No	Golaghat	Assam	1,74,300	Yes	NA	NA
11.	Education - Utkal Chamber	Promoting Education	No	Khorda	Orissa	2,00,900	Yes	NA	NA



	of Commerce & Industries Ltd								
12.	Education - Chhattisgarh Swami Vivekanand Technical University	Promoting Education	No	Durg	Chhattisgarh	9,97,100	Yes	NA	NA
13.	Education - Chief Secretariat; Government of Puducherry	Promoting Education	No	NA	Puducherry	4,01,200	Yes	NA	NA
14.	Chief Ministers Relief Fund	Disaster Management	No	NA	Assam	5,00,000	Yes	NA	NA

## 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: NIL

(i)

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

(b) Nature of contracts/arrangements/transactions : Trademark Licence Agreement


(c) Duration of the contracts/arrangements/transactions : Perpetuity, effective from 1-Nov-2019

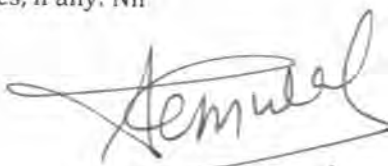
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

The licence agreement is for usage of "J" Logo and word "JANA" by the Bank which is owned by Jan Urban Foundation

(e) Date(s) of approval by the Board, if any: 24<sup>th</sup> October 2019

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

  
Dr. Subhash C. Khuntia  
Non Executive Chairman

  
Ajay Kanwal  
MD & CEO

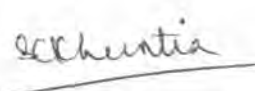
Date : 9<sup>th</sup> May 2023

**ANNEXURE - IV**

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	MD&CEO – 6,35,00,794/2,60,000 All Employee Median ( 2,60,000) - Median amount of annualised Fixed pay for all employees
(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	MD&CEO: ( -11%) - The increase in cost vis-à-vis previous year is on account of bonus amount paid in this FY (i.e. Apr'22 & Mar'23) basis the approval from RBI  CS: ( 14.9%)- increase in cost due to increment & bonus paid.  CFO: ( 8% ) - increase in cost due to increment & bonus paid.
(iii) The percentage increase in the median remuneration of employees in the financial year;	(260000- 245286) / 245286= 6%)
(iv) The number of permanent employees on the rolls of company;	18,184 (as on 31st March 2023)
(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Jana Small Finance Bank compensation policy has a target for compensation benchmarking at median or above for employees.
(vi) Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

**STATEMENT SHOWING DETAILS OF EMPLOYEES OF THE COMPANY:**

Particulars of employees remuneration, as required under section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms a part of this report. Considering first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the said information, was sent to the members of the Bank and others entitled thereto. The said information is available for inspection at the registered office of the Bank during working hours up to the date of ensuing annual general meeting. Any member interested in obtaining such information may write to the Company Secretary in this regard. The said information is also available on the website of the Bank at [www.janabank.com](http://www.janabank.com)

  
Dr. Subhash C. Khuntia  
Non Executive Chairman

  
Ajay Kanwal  
MD & CEO

Date : 9<sup>th</sup> May 2023

**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 at all times.

**BOARD OF DIRECTORS****Composition**

The Board consists of 8 directors as on 31<sup>st</sup> March 2023. All independent directors possess requisite qualifications and are very experienced in their respective fields. Necessary disclosures have been obtained from all directors regarding their directorship and have been taken on record by the Board. None of the non-executive directors has any material pecuniary relationship or transactions with the Company.

The names of the directors and the details of other committee membership of each Director as on 31<sup>st</sup> March 2023 is given below:

**Board Meetings and Attendance at Board Meetings**

The Board met 9 times during the financial year 2022-23 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 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	Dr. Subhash C Khuntia	6	6
2	Ajay Kanwal	6	6
3	Ramesh Ramanathan	6	6
4	Vikram Gandhi*	5	2
5	R. Ramaseshan	6	6
6	Chitra Talwar	6	5
7	Eugene Karthak**	0	0

8	Rahul Khosla	6	4
9	K. Srinivas Nayak	6	5
10	P. Vijaya Kumar***	1	1

*\*Completed his first of term with effect from 7<sup>th</sup> February 2023*

*\*\*Resigned with effect from 9<sup>th</sup> April 2022*

*\*\*\*Director with effect from 24<sup>th</sup> March 2023*

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

S.No	Name	No. of Board Meetings held	No. of Board Meetings attended
1	Dr. Subhash C Khuntia	4	4
2	Ajay Kanwal	4	4
3	Ramesh Ramanathan	4	3
4	Vikram Gandhi*	4	1
5	R. Ramaseshan	4	4
6	Chitra Talwar	4	4
7	Eugene Karthak **	0	0
8	Rahul Khosla	4	2
9	K. Srinivas Nayak	4	3

**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 the 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 appointment of the internal auditor and the statutory auditor. The Committee also looks into those matters specifically referred to it by the Board.

The Audit & Compliance committee met 8 (Eight) times during the financial year, on 16<sup>th</sup> May 2022; 17<sup>th</sup> May 2022; on 4<sup>th</sup> August 2022; 5<sup>th</sup> August 2022; 9<sup>th</sup> November 2022; 10<sup>th</sup> November 2022; 6<sup>th</sup> February 2023 and 7<sup>th</sup> February 2023.

Statutory auditors were present at the audit committee meetings held on 17<sup>th</sup> May 2022; 5<sup>th</sup> August 2022; 10<sup>th</sup> November 2022 and 7<sup>th</sup> February 2023.

The Committee comprised the following directors for the year ended 31<sup>st</sup> March 2023:

Mr. K. Srinivas Nayak (Committee Chairman)  
Mr. R. Ramaseshan  
Mr. Ramesh Ramanathan  
Mr. Vikram Gandhi  
Mr. Rahul Khosla  
Mrs. Chitra Talwar

**The terms of reference of the Committee:**

The Committee is 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 for the Committee 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:

- (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 non payment 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 comprised the following Directors for the year ended 31st March 2023:

Mr. R. Ramaseshan (Committee Chairman)  
 Mr. Ramesh Ramanathan  
 Ms. Chitra Talwar  
 Mr. Eugene Karthak  
 Mr. Rahul Khosla

The Committee met 6 (Six) times in the financial year, on 16<sup>th</sup> May 2022; 4<sup>th</sup> August 2022; 5<sup>th</sup> August 2022; 9<sup>th</sup> November 2022; 27<sup>th</sup> December 2022 and 6<sup>th</sup> February 2023.

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

- a. Formulating the criteria for determining qualifications, compliance with the fit and proper criteria as required under the Reserve Bank of India Guidelines for Licensing of Small Finance Banks in the Private Sector, positive attributes and independence of a director and recommend to the Board of

directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees.

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that

- (i) the level and composition of remuneration be reasonable and sufficient to attract, retain directors
  - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (iii) remuneration to directors, key managerial personnel and material risk indicators involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals and in accordance with extant guidelines of the RBI
- b. Formulating criteria for evaluation of performance of independent directors and the Board of Directors;
  - c. To ensure 'fit and proper' status of proposed/existing Directors;
  - d. Devising a policy on diversity of Board of Directors;
  - e. 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 of directors their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Bank shall disclose the remuneration policy and the evaluation criteria in its annual report;
  - f. Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
  - g. Recommending to the board, all remuneration, in whatever form, payable to whole time directors and material risk takers.
  - h. Administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Bank
  - i. Carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable; and
  - j. Performing such other functions as may be necessary or appropriate for the performance of its duties.

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 programmes for new directors and continuing education programmes 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 measurable 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:**

As on 31<sup>st</sup> March 2023, the composition of the Risk Management Committee was as follows:

Mr. Ajay Kanwal  
Mr. R. Ramaseshan  
Mr. Rahul Khosla  
Dr. Subhash C. Khuntia  
Mr. K Srinivas Nayak

The Committee met 4 (Four) times during the year under review. The dates of the meeting were 12<sup>th</sup> May 2021, 7<sup>th</sup> September 2021, 11<sup>th</sup> November 2021 and 8<sup>th</sup> February 2022.

#### **Terms of reference of the Committee:**

The Committee of the Bank will be governed by the terms of reference as specified by SEBI LODR Regulations and applicable provisions of Banking Regulation Act, 1949 (As amended), applicable RBI guidelines/ circulars/ notifications issued from time to time and any other applicable law or enactment for the time being in force and issued by Board from time to time.

- To ensure that all the current and future material risk exposures of the Bank are assessed, identified, quantified, appropriately mitigated and managed;
- To establish a framework for the risk management process and to ensure its implementation in the Bank;
- To ensure that the Bank is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
- Review and recommend changes, from time to time, to the Risk Management plan and/ or associated frameworks, processes and practices of the Bank;
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices;
- Perform other activities related to this charter as requested by the Board of Directors or to address issues related to any significant subject within its term of reference.
- Evaluate overall risks faced by the bank and determining the level of risks which will be in the best interest of the bank.
- Identify, monitor and measure the risk profile of the bank.
- Develop policies and procedures, verify the models that are used for pricing complex products, review the risk models as development takes place in the markets and also identify new risks.
- Design stress scenarios to measure the impact of unusual market conditions and monitor variance between the actual volatility of portfolio value and that predicted by the risk measures.
- Monitor compliance of various risk parameters by operating Departments.
- Review the outsourcing functions of the Bank
- Review of risk management practices, procedures and systems to ensure that same are adequate to limit all potential risks, faced by the bank to prudent levels (Annually). (Risk Management Framework to be reviewed for adequacy).
- Limit Management Framework to be defined by outlining of the tolerance limits. Any exceptions and breaches to be reported on a quarterly basis.



### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

As on 31<sup>st</sup> March 2023, the composition of the Corporate Social Responsibility Committee was as follows:

Mrs. Chitra Talwar - Committee Chairman  
Dr. Subhash C. Khuntia  
Mr. Ajay Kanwal  
Mr. Rahul Khosla

The Committee did meet 2 (two) times during the year under review. The dates of the meeting were 4<sup>th</sup> August 2022 and 24<sup>th</sup> February 2023.

#### **The terms of reference of the committee include:**

- a. Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Bank in areas or subject specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules thereunder;
- b. Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Bank in the three immediately preceding financial years;
- c. Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programmes or activities undertaken by the Bank;
- d. Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
- e. Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
- f. Identifying and appointing the corporate social responsibility team of the Bank including corporate social responsibility manager, wherever required; and
- g. Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Bank."

### **INFORMATION TECHNOLOGY STRATEGY COMMITTEE:**

As on 31<sup>st</sup> March 2023, the composition of the Information Technology Strategy Committee was as follows:

Ms. Chitra Talwar (Committee Chairman)  
Dr. Subhash C. Khuntia  
Mr. Ajay Kanwal  
Mr. R. Ramaseshan

The Committee met 4 (Four) times during the year under review. The dates of the meeting were 16<sup>th</sup> May 2022; 4<sup>th</sup> August 2022; 9<sup>th</sup> November 2022 and 7<sup>th</sup> February 2023.

#### **Terms of reference:**

The Committee is 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 :**

As on 31<sup>st</sup> March 2023, the composition of the Customer Service Committee was as follows:

Ms. Chitra Talwar (Committee Chairman)  
 Dr. Subhash C. Khuntia  
 Mr. Ajay Kanwal

The Committee met 4 (Four) times during the year under review. The dates of the meeting were 16<sup>th</sup> May 2022; 4<sup>th</sup> August 2022; 9<sup>th</sup> November 2022 and 7<sup>th</sup> February 2023.

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**

As on 31<sup>st</sup> March 2023, the composition of the Committee for Monitoring Large Value Frauds was as follows:

Dr. Subhash Khuntia (Committee Chairman)  
Mr. Ajay Kanwal  
Mr. Ramesh Ramanathan  
Mr. R Ramaseshan  
Ms. Chitra Talwar

The Committee 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**

As on 31<sup>st</sup> March 2023, the composition of the Credit Committee was as follows:

Mr. Ramesh Ramanathan (Committee Chairman)

Ms. Chitra Talwar

The Committee met 3 (Three) times during the year under review. The dates of the meeting were 16<sup>th</sup> May 2022; 4<sup>th</sup> August 2022 and 9<sup>th</sup> November 2022.

**The terms of reference of the Committee are as under:**

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

#### **WILLFUL DEFAULTERS COMMITTEE**

As on 31<sup>st</sup> March 2023, the composition of the Willful Defaulters Committee was as follows:

Mr. Ajay Kanwal - Committee Chairman  
Mr. R. Ramaseshan  
Ms. Chitra Talwar

The Committee did not meet during the year under review.

**The terms of reference of the Committee are as under:**

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

- To review the order of the executive level committee that identifies accounts to be reported as willful default to comply with the regulatory guidelines. The Order shall become final only after it is confirmed by the Review Committee.

#### **IPO COMMITTEE**

As on 31<sup>st</sup> March 2023, the composition of the IPO Committee was as follows:

Mr. Rahul Khosla - Committee Chairman  
Dr. Subhash C. Khuntia  
Mr. Ajay Kanwal  
Mr. Ramesh Ramanathan

The Committee did not meet during the year under review.

**The terms of reference of the Committee are as under:**

- a. To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, the RBI, SEBI, the relevant registrar of companies and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications/ amendments as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus as applicable;
- b. To finalize, settle, approve, adopt and file in consultation with the BRLMs where applicable, the DRHP, the RHP, the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/ corrections/



modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;

- c. To decide in consultation with the BRLMs on the actual Offer size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band (including offer price for anchor investors), bid period, Offer price, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer;
- d. To appoint and enter into and terminate arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, public offer account bank, sponsor bank, advertising agency, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer, including any successors or replacements thereof, and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLMs;
- e. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the Prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreements with the registrar to the offer and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/ intermediaries in connection with the Offer with the power to authorise one or more officers of the Bank to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;
- f. To seek, if required, the consent and/ or waiver of the lenders of the Bank, customers, parties with whom the Bank has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/ or waivers that may be required in relation to the Offer or any actions connected therewith;
- g. To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Bank to execute all documents/ deeds as may be necessary in this regard;
- h. To open and operate bank accounts of the Bank in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Bank to execute all documents/ deeds as may be necessary in this regard;
- i. To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;
- j. To accept and appropriate the proceeds of the Offer in accordance with the Applicable Laws;
- k. To approve code of conduct as may be considered necessary by the IPO Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Bank and other employees of the Bank;
- l. To approve the implementation of any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the applicable laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Bank with the relevant stock exchanges, to the extent allowed under law;
- m. To issue receipts/ allotment letters/ confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Bank with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Bank to sign all or any of the afore stated documents;
- n. To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;
- o. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/ confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs;
- p. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and/ or modify, as the case maybe, agreements and/ or such other documents as may be required with

- the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Bank to execute all or any of the aforesaid documents;
- q. To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Bank where necessary;
  - r. To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit;
  - s. To submit undertaking/ certificates or provide clarifications to the SEBI, Registrar of Companies, Karnataka at Bengaluru and the relevant stock exchange(s) where the Equity Shares are to be listed;
  - t. To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the Listing Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the Listing Committee shall be conclusive evidence of the authority of the Listing Committee in so doing;
  - u. To delegate any of its powers set out under (a) to (q) hereinabove, as may be deemed necessary and permissible under Applicable Laws to the officials of the Bank;
  - v. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI Listing Regulations or any other Applicable Laws;
  - w. To approve the list of 'group of companies' of the Bank, identified pursuant to the materiality policy adopted by the Board, for the purposes of disclosure in the DRHP, RHP and Prospectus;
  - x. Deciding, negotiating and finalising the pricing and all other related matters regarding the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with applicable laws;
  - y. taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;
  - z. to withdraw the DRHP or the RHP or to decide to not proceed with the Offer at any stage in accordance with Applicable Laws and in consultation with the BRLMs; and
  - aa. To appoint, in consultation with the BRLMs, the registrar and other intermediaries to the Offer, in accordance with the provisions of the SEBI Regulations and other Applicable Laws including legal counsels, banks or agencies concerned and entering into any agreements or other instruments for such purpose, to remunerate all such intermediaries/ agencies including the payments of commissions, brokerages, etc. and to terminate any agreements or arrangements with such intermediaries/ agents."

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

As on 31<sup>st</sup> March 2023, the composition of the Stakeholders Relationship Committee was as follows:

Dr. Subhash C. Khuntia (Committee Chairman)  
Mr. Ajay Kanwal  
Mr. R. Ramaseshan

The Committee met once during the year under review on 6<sup>th</sup> February 2023.

#### **The terms of reference of the Committee are as under:**

Terms of reference of the Stakeholders Relationship Committee shall include the following:

- a. To resolve the grievances of the security holders of the Bank including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints.
- b. To review of measures taken for effective exercise of voting rights by shareholders.



- c. To review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent.
- d. To review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Bank.
- e. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- f. To redress of shareholders' and investors' complaints/ grievances such as transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- g. To approve, register, refuse to register transfer or transmission of shares and other securities;
- h. To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Bank;
- i. Allotment and listing of shares, approval of transfer or transmission of shares, debentures or any other securities;
- j. To authorise affixation of common seal of the Bank;
- k. To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/ security(ies) certificate(s) of the Bank after split/ consolidation/ rematerialization and in Replacement of those which are defaced, mutilated, torn or old, decrepit, worn out or where the pages on reverse for recording transfers have been utilized;
- l. To approve the transmission of shares or other securities arising as a result of death of the sole/ any joint shareholder;
- m. To dematerialize or rematerialize the issued shares;
- n. To Ensure proper and timely attendance and redressal of investor queries and grievances;
- o. To carry out any other functions contained in the SEBI Listing Regulations, Companies Act, 2013 and/ or equity listing agreements (if applicable), as and when amended from time to time; and
- p. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

#### **MEETING OF INDEPENDENT DIRECTORS:**

Independent Directors of the Bank met during the year on 16<sup>th</sup> February 2023 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.

During the financial year ended 31<sup>st</sup> March, 2023 independent directors did not have any pecuniary relationship with the Bank; neither did they have any transactions with the Bank.

#### **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:

<b>General Meeting</b>	<b>Body</b>	<b>Date, Time &amp; Venue</b>	<b>No. of Special Resolution passed</b>
Extra - Ordinary General Meeting		1 <sup>st</sup> August 2022 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	1
16 <sup>th</sup> Annual General Meeting		30 <sup>th</sup> May 2022 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,	4

	Next to EGL Business Park, Challaghatta, Bengaluru - 560071	
15 <sup>th</sup> Annual General Meeting	19 <sup>th</sup> August 2021 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	3
Extra - Ordinary General Meeting	25 <sup>th</sup> March 2021 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
14 <sup>th</sup> Annual General Meeting	5-Jun-2020 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	1

### WHISTLE BLOWER POLICY

The Bank has a whistle blower policy, which was approved by the Board on 8<sup>th</sup> 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.

### CEO and CFO Certificate:

A certificate dated 29<sup>th</sup> April 2023 pursuant to the Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part B of Schedule II thereof, from the Managing Director & CEO and the Chief Financial Officer on the financial statements of the Bank for the financial year ended 31<sup>st</sup> March 2023, was placed before the Board at its meeting held on 29<sup>th</sup> April 2023

### Code of Conduct:

The Bank has laid down Code of Conduct for Board of Directors and Senior Management. The same is available on the website of the Bank at [www.janabank.com](http://www.janabank.com).

Certificate by the Managing Director & Chief Executive Officer of the Bank regarding compliance with the Code of Conduct for Directors and Senior Management is given below:

This is to confirm that:

The Bank has obtained from the Directors and Senior Management personnel affirmation that they have complied with the Code of Conduct for Directors and Senior Management of the Bank for of the financial year ended 31<sup>st</sup>March, 2023

**COMPLIANCES:**

There have been no instances of non-compliance by the Bank on any matter related to 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:	.....
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 31<sup>st</sup> March 2023 :**

**Jana Small Finance Bank Limited**

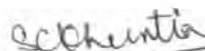
**Shareholding Pattern as on 31-Mar-2023**

Sr No.	Name of the Equity Shareholder	No of Shares	% holding
	<b>Domestic Investor</b>		
1	Jana Holdings Limited	2,35,75,790	42.88%
2	QRG Investments and Holdings Limited (earlier known as QRG Enterprises Limited)	11,50,586	2.09%
3	Vallabh Bhanshali	1,19,410	0.22%
4	Enam Securities Private Limited	4,290	0.01%
5	Badri Narayan Pulinja	1,15,195	0.21%
6	Vallabh Bhanshali HUF	1,99,958	0.36%
7	Growth Partnership II Shiv Shankar Co-investment Trust	1,995	0.004%
8	Growth Partnership II Ajay Tandon Co-investment Trust	825	0.002%
9	Bajaj Allianz Life Insurance Company Ltd	12,04,586	2.19%
10	Bajaj Allianz General Insurance Company Ltd - Policyholder Fund	2,52,963	0.46%
11	Bajaj Allianz General Insurance Company Limited - Shareholder Fund	1,08,413	0.20%
12	ICICI Prudential Life Insurance Company Ltd	12,92,246	2.35%
13	ICICI Lombard General Insurance Company Ltd	3,61,376	0.66%
14	Hero Enterprise Partner Ventures	5,61,647	1.02%
15	Ashwin Khorana	650	0.0012%
16	Venkatesh Iyer S	509	0.0009%
17	Debdoot Banerjee	229	0.0004%
18	Ananth Kumar M S	289	0.0005%
19	Harnath Kummamuru	453	0.0008%
20	Ajay Pareek	7,228	0.0131%
21	Alexander John	578	0.0011%
22	Vidyasagar Bedida	431	0.0008%
23	Amit Raj Bakshi	417	0.0008%
24	Ravi Duvvuru	6,236	0.0113%
25	Sandeep Arora	1,488	0.0027%
26	Amit Lamba	434	0.0008%
27	Sahil Jain	17,226	0.0313%
28	Ashwin P Kedia	34,451	0.0627%
29	Sachin Rashmikant Shah	17,226	0.0313%
30	Pankaj Bhalla	253	0.0005%
	<b>Foreign Investor</b>		
31	TPG Asia VI SF Pte. Ltd	54,57,125	9.93%
32	North Haven Private Equity Asia Platinum Pte. Ltd	41,47,427	7.54%
33	Caladium Investment Pte. Ltd	7,62,608	1.39%
34	Client Rosehill Limited	17,57,755	3.20%
35	Alpha TC Holdings Pte Ltd	17,48,975	3.18%
36	CVCI GP II Employee Rosehill Limited	9,84,455	1.79%
37	Treeline Asia Master Fund (Singapore) Pte. Ltd.	16,52,101	3.00%
38	Global Financial Inclusion Fund (GLOBAL IMPACT FUNDS SCA SICAR)	1,41,285	0.26%

39	HarbourVest Partners Co-Investment Fund IV L.P.	25,04,249	4.55%
40	HarbourVest Partners Co-Investment IV AIF L.P.	6,57,676	1.20%
41	HarbourVest Skew Base AIF L.P.	77,846	0.14%
42	HIPEP VIII Partnership Fund L.P.	3,03,543	0.55%
43	HIPEP VIII Partnership AIF L.P.	2,02,362	0.37%
44	HarbourVest Asia Pacific Fund VIII L.P.	44,265	0.08%
45	HarbourVest Asia Pacific VIII AIF L.P.	82,208	0.15%
46	HarbourVest Co-Investment Opportunities Fund L.P.	3,16,193	0.58%
47	HarbourVest Co-Invest 2017 Private Equity Partners L.P.	6,32,382	1.15%
48	The Maple Fund L.P.	6,32,382	1.15%
49	Manipal Research & Management Services International	1,56,500	0.28%
50	Amansa Holdings Pte. Ltd	36,79,988	6.69%
	<b>Total</b>	<b>5,49,78,703</b>	<b>100.00%</b>

Sr No.	Name of the Compulsorily Convertible Preference Shares	No of Shares	% holding
	<b>Domestic Investor</b>		
1	Hero Enterprise Partner Ventures	15,00,00,000	55.56%
2	TPG Asia VI SF Pte. Ltd	12,00,00,000	44.44%
	<b>Total</b>	<b>27,00,00,000</b>	<b>100.00%</b>



**Dr. Subhash C Khuntia**  
Non Executive Chairman



**Ajay Kanwal**  
MD & CEO

Date : 9<sup>th</sup> May 2023





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

**Form No. MR - 3**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2023**

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

To,  
The Members,

**Jana Small Finance Bank Limited**

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **Jana Small Finance Bank Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance's 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 **31<sup>st</sup> March, 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31<sup>st</sup> March, 2023** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **[Not Applicable]**;





- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **[Applicable to the extent of filing of Draft Red Herring Prospectus]**;
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021 **[Not Applicable]**;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2021;
  - (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, 2021 **[Not Applicable]**; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **[Not Applicable]**;
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **[To the extent Applicable to Non-Convertible Debentures and High Value Debt listed entity]**.
- (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 and notifications and circulars issued by the Reserve Bank of India;
  - c) The Banking Regulation (Amendment) Ordinance, 2020
  - 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) The Payment and Settlement Systems Act, 2007;



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.

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:

1. *As per the Small Finance Bank Licensing Guidelines issued by the Reserve Bank of India ("RBI"), Equity Shares of the Bank are required to be listed on a Stock Exchange within Three Years from the date of Commencement of Banking Business i.e., March 27, 2021. The Bank has filed Draft Red Herring Prospectus (DRHP) with Securities Exchange Board of India (SEBI) on March 31, 2021.*

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

- i. The Bank has appointed Mr. K Srinivas Nayak and Mr. P Vijaya Kumar as an Independent Director of the Company by passing Special Resolution.
- ii. The Bank has passed the Special Resolution for raising funds through issue of Debt instruments from eligible investors of an amount not exceeding Rs. 500 Crore for the FY 2022-23.
- iii. The Bank has increased its Authorised Share Capital.
- iv. The Bank has passed the Special Resolution for issue and allot preference Shares to TPG and HV Entities through Preferential basis.



- v. The Bank has passed the Special Resolution for reappointed Mr. R Ramaseshan as an Independent Director of the Bank.



Nagendra D. Rao  
Practising Company Secretary  
Membership No. FCS – 5553  
Certificate of Practice – 7731  
Peer Reviewed Unit  
Peer Review Certificate No.: 672/2020  
UDIN: F005553E000273251

Place : Bengaluru  
Date : May 09, 2023

“Vagdevi”, 543/A, 7th Main,  
3rd Cross, S.L.Bhyrappa Road,  
Hanumanthnagar,  
Bengaluru – 560 019.

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



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

Practising Company Secretary

**Annexure – 1**

To,

The Members

**Jana Small Finance Bank Limited**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**Disclaimer**

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



Nagendra D. Rao  
Practising Company Secretary  
Membership No. FCS – 5553  
Certificate of Practice – 7731  
Peer Reviewed Unit  
Peer Review Certificate No.: 672/2020  
UDIN: F005553E000273251

Place : Bengaluru  
Date : May 09, 2023



**Independent Auditor's Report**  
**To the Members of Jana Small Finance Bank Limited**  
**Report on the Audit of the Financial Statements**

**Opinion**

1. We have audited the accompanying financial statements of Jana Small Finance Bank Limited (the "Bank") which comprise the Balance Sheet as at March 31, 2023, the statement of Profit and Loss Account, the statement of Cash Flows for the year then ended, and notes to the Financial Statements including a summary of significant accounting policies and other explanatory information ("the Financial Statements").
2. 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 as well as the Companies Act, 2013 ("the Act") and the circulars and guidelines issued by Reserve Bank of India, in the manner so required for banking companies and are in conformity with accounting principles generally accepted in India including the accounting standards specified under Section 133 of the Act as applicable to banks and give a true and fair view of the state of affairs of the Bank as at March 31, 2023, and its profit and its cash flows for the year ended on that date.

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the 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 ("ICAI") 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**

4. 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 year. 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. We have determined the matters described below to be the key audit matters.

**Identification and Provisioning of Non-performing Advances (NPA):**

Total NPA as at March 31, 2023: 709.19 Crores  
Provision for NPA as at March 31, 2023: 241.19 Crores  
(Refer Schedule 18.7(a))





**M M Nissim & Co LLP**  
Chartered Accountants  
Barodawala Mansion,  
B-Wing, 3rd Floor,  
81, Dr. Annie Besant Road  
Worli, Mumbai - 400 018

**Brahmayya & Co.,**  
Chartered Accountant  
Khivraj Mansion,  
10/2, Kasturba Road,  
Bengaluru- 560 001

Key Audit Matter	How our audit addressed the key audit matter
<p>Identification of NPA and measurement of provision on account of NPA is made based on the assessment of various criteria stipulated in the Reserve Bank of India ('RBI') guidelines on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances' ('IRACP').</p> <p>The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.</p> <p>The provision against advances is based on criteria such as past due status, out of order status etc. The provision in respect of such NPAs are made based on ageing and classification of NPAs, recovery estimates, value of security, nature of loan products and other qualitative factors and is subject to minimum provisioning levels prescribed by the RBI and approved policy of the bank in this regard. In addition to this, for restructured accounts, provision is made for erosion/ diminution in fair value of restructured loans, in accordance with the RBI guidelines. Further, NPA classification is made borrower wise whereby if one facility of the borrower becomes NPA then all facilities of such a borrower will be treated as NPA.</p> <p>We have identified 'Identification of NPA and Provisioning on Advances' as</p>	<ul style="list-style-type: none"> <li>• Tested the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring, and recovery of loans, monitoring overdue/stressed accounts, identification of NPA, provision for NPA, and valuation of security including collateral. Testing of Application controls includes testing of automated controls, reports and system reconciliations.</li> <li>• Evaluated the governance process and tested controls over calculations of provision on non-performing advances, basis of provisioning in accordance with the Board approved policy.</li> <li>• Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per the IRACP norms and Bank policy.</li> </ul> <p>Performed other substantive procedures including but not limited to the following:</p> <ul style="list-style-type: none"> <li>❖ Selected sample of performing loans and assessed them independently as to whether these should be classified as NPA;</li> <li>❖ For sample selected, examined the security valuation, financial statements and other qualitative information of the borrowers;</li> <li>❖ Considered the accounts reported by the Bank and other Banks as Special Mention Accounts ("SMA") in RBI's Central Repository of Information on Large Credits (CRILC) to identify stress;</li> <li>❖ Performed inquiries with the credit and risk departments to ascertain if there were</li> </ul>



<p>a key audit matter in view of the significant level of estimation involved, as well as the stringent compliances laid down by the RBI in this regard.</p>	<p>indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needs to be considered as NPA;</p> <ul style="list-style-type: none"> <li>❖ Assessed the appropriateness of asset classification and adequacy of related provisioning by performing procedures such as computation of overdue ageing, assessment of borrower level, NPA identification and verification of applicable provision rates as per IRACP norms and Bank's Policy on test check basis; and</li> <li>❖ Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.</li> </ul>
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<b>Information Technology ("IT") Systems and Controls impacting Financial Reporting</b>	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>The Bank has a complex IT architecture to support its day-to-day business operations. High volume of transactions are processed and recorded on single or multiple applications.</p> <p>The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner.</p> <p>Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.</p>	<p>Our procedures with respect to this matter included the following:</p> <p>In assessing the controls over the IT systems of the Bank, we involved our technology specialists to obtain an understanding of the IT environment, IT infrastructure and IT systems. We evaluated and tested relevant IT general controls over the "in-scope" IT systems and IT dependencies identified as relevant for our audit of the financial statements and financial reporting process of the Bank. On such "in-scope" IT systems, we have tested key IT general controls with respect to the following domains:</p> <ul style="list-style-type: none"> <li>• Program change management, which includes that program changes are moved to the production environment as per defined procedures and relevant segregation of environment is ensured.</li> <li>• User access management, which includes user access provisioning, de-provisioning, access review, password</li> </ul>





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 and its impact on the financial reporting system.

management, sensitive access rights and segregation of duties to ensure that privilege access to applications, operating systems and databases in the production environment were granted only to authorized personnel.

- Program development, which includes controls over IT application development or implementation and related infrastructure, which are relied upon for financial reporting.
- IT operations, which includes job scheduling, monitoring and backup and recovery.

We also evaluated the design and tested the operating effectiveness of relevant key IT dependencies within the key business process, which included testing automated controls, automated calculations/ accounting procedures, interfaces, segregation of duties and system generated reports, as applicable.

We communicated with those charged with governance and management and tested a combination of compensating controls or remediated controls and/or performed alternative audit procedures, where necessary.

#### Other Information

5. The Bank's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Financial Statements and our auditor's report thereon. the Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Financial Statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements:**

6. The Bank's Board of Directors are responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation and presentation of these Financial Statements that give a true and fair view of the financial position, financial performance 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, and the provisions of Section 29 of the Banking Regulations Act, 1949 and 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.
7. In preparing the Financial Statements, the 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 and Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

8. 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.





9. 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 internal financial controls with reference to the 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 of the Bank.
  - 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.
10. 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.
11. 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.
12. 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 year and are therefore the key audit matters. We describe these matters in our auditor's 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**

13. In our opinion, the Balance Sheet and the Statement of Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act.
14. As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949, 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;
  - (c) During the course of our audit, we have visited 23 branches to examine the books of account and other records maintained at the branch and performed other relevant audit procedures. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally at the Bank's Head Office located in Bengaluru, as all the necessary records and data required for the purposes of our audit are available there.
15. 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 Statement of Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the guidelines prescribed by RBI;
  - (e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the



- (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
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. The Bank has disclosed the impact of pending litigations on its financial position in its Financial Statements - Refer Schedule 18.13 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.;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank;
  - iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the 18.22(w) no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the 18.22(w), no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
  - v. The Bank has not declared any dividend during the year; and
  - vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for maintaining books of account in accounting software having a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled, is applicable to the Bank only





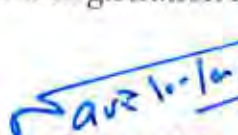
**M M Nissim & Co LLP**  
Chartered Accountants  
Barodawala Mansion,  
B-Wing, 3rd Floor,  
81, Dr. Annie Besant Road  
Worli, Mumbai - 400 018

**Brahmayya & Co.,**  
Chartered Accountant  
Khivraj Mansion,  
10/2, Kasturba Road,  
Bengaluru- 560 001

with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

16. In our opinion and to the best of our information and according to the explanations given to us, the provisions of Section 197 of the Act are not applicable to the Bank by virtue of Section 35B(2A) of the Banking Regulation Act, 1949. Accordingly, the reporting under Section 197(16) of the Act regarding payment/ provision for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act, is not applicable.


For **M M Nissim & Co LLP**  
Chartered Accountants  
(Firm Registration No. 107122W/ W100672)

  
**Navin Kumar Jain**  
Partner

Membership No. 090847  
UDIN: 23090847BGXVAR7847  
Place: Bengaluru  
Date: April 29, 2023



For **Brahmayya & Co.,**  
Chartered Accountants  
(Firm Registration No. 000515S)

  
**G. Srinivas**  
Partner

Membership No. 086761  
UDIN: 23086761BGWJIN2751  
Place: Bengaluru  
Date: April 29, 2023



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**Annexure A to Independent Auditor's Report**

Referred to in paragraph 16(f) of the Independent Auditor's Report of even date to the members of Jana Small Finance Bank Limited on the Financial Statements for the year ended March 31, 2023

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to Financial Statements of Jana Small Finance Bank Limited ("the Bank") as of March 31, 2023, in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

3. 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements was established and maintained and if such controls operated effectively in all material respects.





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4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 internal financial controls with reference to Financial Statements, 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Banks's internal financial controls system with reference to Financial Statements.

#### **Meaning of Internal Financial Controls with reference to financial statements**

6. A Banks'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 Banks's internal financial controls with reference to Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with 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**

7. 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.






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Chartered Accountant  
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### Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system with reference to Financial statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **M M Nissim & Co LLP**  
Chartered Accountants  
(Firm Registration No. 107122W/ W100672)

  
**Navin Kumar Jain**

Partner

Membership No. 090847


UDIN: 23090847BGXVAR7847

Place: Bengaluru

Date: April 29, 2023



For **Brahmayya & Co.,**  
Chartered Accountants  
(Firm Registration No. 000515S)

  
**G. Srinivas**

Partner

Membership No. 086761

UDIN: 23086761BGWJIN2751

Place: Bengaluru

Date: April 29, 2023



**JANA SMALL FINANCE BANK LIMITED**  
**Profit and Loss Account for the year ended March 31, 2023**

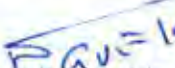
(₹ in 000's)

PARTICULARS	Schedule	Year ended 31.03.2023 (Audited)	Year ended 31.03.2022 (Audited)
<b>I. INCOME</b>			
Interest earned	13	3,07,50,103	2,72,65,351
Other income	14	62,48,647	32,37,632
<b>TOTAL</b>		<b>3,69,98,750</b>	<b>3,05,02,983</b>
<b>II. EXPENDITURE</b>			
Interest expended	15	1,41,49,901	1,33,67,509
Operating expenses	16	1,28,45,104	1,13,88,210
Provisions and contingencies		74,44,032	56,93,206
<b>TOTAL</b>		<b>3,44,39,037</b>	<b>3,04,48,925</b>
<b>III. PROFIT/(LOSS)</b>			
Net profit for the quarter/year		25,59,713	54,058
Balance in Profit/(loss) brought forward		(4,08,30,298)	(4,08,31,582)
<b>TOTAL</b>		<b>(3,82,70,585)</b>	<b>(4,07,77,524)</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to Statutory Reserve		6,39,928	13,497
Transfer to Capital Reserve		9,363	30,546
Transfer to Investment Reserve Account		89	2,937
Transfer to Investment Fluctuation Reserve		1,58,771	5,794
Balance carried over to Balance Sheet		(3,90,78,736)	(4,08,30,298)
<b>V. EARNINGS PER EQUITY SHARE</b>			
(Face value of per share ₹ 10 per share)			
Basic (₹)		47.47	1.06
Diluted (₹)		42.64	0.99


Significant accounting policies and notes to the financial 17 & 18  
The schedules referred to above form an integral part of the Financial Statements

As per our report of even date

For M M Nissim & Co LLP  
Chartered Accountants  
ICAI Firm Registration No.107122W/W100672

  
Navin Kumar Jain  
Partner  
Membership Number: 090847  
Bengaluru, April 29, 2023

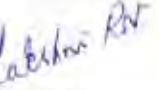
For Brahma & Co.,  
Chartered Accountants  
ICAI Firm Registration No:0005155

  
G. Srinivas  
Partner  
Membership No: 086761  
Bengaluru, April 29, 2023

For and on behalf of the Board of Directors

  
Dr. Subhash Khuntia  
Part-time Chairman  
DIN: 05344972

  
K. Srinivas Nayak  
Independent Director  
DIN: 0009094351

  
Lakshmi R N  
Company Secretary

  
Ajay Kaewal  
Managing Director & CEO  
DIN: 07086434

  
Buvanesh Tharashankar  
Chief Financial Officer



**JANA SMALL FINANCE BANK LIMITED**  
Balance Sheet as at March 31, 2023

(₹ in 000's)			
	Schedule	As at 31.03.2023 (Audited)	As at 31.03.2022 (Audited)
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	32,49,787	20,14,116
Reserves and surplus	2	1,47,22,765	99,92,874
Deposits	3	16,33,40,158	13,53,64,912
Borrowings	4	6,27,74,600	4,50,98,320
Other liabilities and provisions	5	1,23,49,586	94,16,864
<b>TOTAL</b>		<b>25,64,36,896</b>	<b>20,18,87,086</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	1,01,09,394	1,53,00,194
Balances with banks and money at call and short notice	7	1,07,63,690	70,728
Investments	8	5,22,12,244	5,06,52,606
Advances	9	17,75,95,554	13,00,66,746
Fixed assets	10	12,77,487	17,16,470
Other assets	11	44,78,527	40,80,342
<b>TOTAL</b>		<b>25,64,36,896</b>	<b>20,18,87,086</b>
Contingent liabilities	12	7,71,752	4,17,430
Bills for collection		-	-

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 M M Nissim & Co LLP

Chartered Accountants

ICAI Firm Registration No.107122W/W100672

Navin Kumar Jain  
Partner

Membership Number: 090847  
Bengaluru, April 29, 2023

For Brahmayya & Co.,  
Chartered Accountants

ICAI Firm Registration No:0005155

G. Srinivas  
Partner

Membership No: 036761

Bengaluru, April 29, 2023

For and on behalf of the Board of Directors

Dr. Subhash Khuntia  
Part-time Chairman  
DIN: 05344972

K. Srinivas Nayak  
Independent Director  
DIN: 0009094351

Lakshmi R N  
Company Secretary

Ajay Kantal  
Managing Director & CEO  
DIN: 07886434

Buvanesh Tharashankar  
Chief Financial Officer





**JANA SMALL FINANCE BANK LIMITED**  
Cash Flow Statement for the period ended March 31, 2023

(₹ in 000's)

	Particulars	Year ended 31.03.2023 (Audited)	Year ended 31.03.2022 (Audited)
<b>A.</b>	<b>Cash flow from operating activities</b>		
	Net profit before taxes	25,59,713	54,058
	Adjustments for:		
	Depreciation on fixed assets	6,86,888	8,08,153
	Loss on sale of fixed assets	9,747	2,076
	Employee stock option expenses	45,977	24,194
	Provision for non performing assets	4,56,878	2,87,048
	Bad debts written off	63,89,553	58,53,286
	Provision for standard assets (Including standard restructured accounts)	5,95,272	(4,57,705)
	Premium amortisation on HTM investments	31,300	29,447
	<b>Operating profit before working capital changes (i)</b>	<b>1,07,75,328</b>	<b>66,00,557</b>
	<b>Movement in working capital</b>		
	(Increase)/Decrease in investments	24,96,046	91,93,454
	(Increase)/Decrease in advances	(5,43,75,239)	(2,00,89,497)
	Increase/(Decrease) in deposits	2,79,75,246	1,15,07,400
	(Increase)/Decrease in other assets	(3,04,560)	(9,58,925)
	(Increase)/Decrease in lien marked fixed deposits	(1,82,476)	1,14,007
	Increase/(Decrease) in other liabilities and provisions	23,37,450	22,46,770
	<b>Net change in working capital (ii)</b>	<b>(2,20,53,533)</b>	<b>20,13,209</b>
	<b>Direct taxes (paid)/refund (iii)</b>	<b>(93,625)</b>	<b>(27,671)</b>
	<b>Net cash flow from operating activities (i)+(ii)+(iii) (A)</b>	<b>(1,13,71,830)</b>	<b>85,86,095</b>
<b>B.</b>	<b>Cash flow used in investing activities</b>		
	Purchase of fixed assets	(2,60,455)	(4,08,420)
	Proceeds from sale of fixed assets	2,803	2,291
	(Increase)/Decrease of held-to-maturity securities	(40,86,984)	(1,28,97,555)
	<b>Net cash (used in) investing activities (B)</b>	<b>(43,44,636)</b>	<b>(1,33,03,684)</b>



**JANA SMALL FINANCE BANK LIMITED**  
Cash Flow Statement for the period ended March 31, 2023

(₹ in 000's)

	Particulars	Year ended 31.03.2023 (Audited)	Year ended 31.03.2022 (Audited)
C.	<b>Cash Flow from financing activities</b>		
	Proceeds from issue of equity shares	35,671	6,843
	Proceeds from issue of compulsorily convertible preference shares	12,00,000	-
	Securities premium received (Net of issue expenses)	21,24,201	6,53,131
	Proceeds from issue of Tier II capital bonds	-	5,00,000
	Increase / (decrease) in other borrowings	1,76,76,280	(35,55,168)
	<b>Net cash used in financing activities (C)</b>	<b>2,10,36,152</b>	<b>(23,95,194)</b>
	<b>Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)</b>	<b>53,19,686</b>	<b>(71,12,783)</b>
	Cash and cash equivalents as at beginning of the period/year (refer note 2 & 3)	1,53,49,136	2,24,61,919
	Cash and cash equivalents as at end of the year (refer note 2 & 3)	2,06,68,822	1,53,49,136

**Notes:**

1. The above Cash Flow Statement has been prepared under the Indirect method as set out in Accounting Standard 3 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Account) Rules, 2014 and Companies (Accounting Standards) Rules, 2021.
2. Cash and Cash Equivalents comprises of 'Cash & Balances with Reserve Bank of India (Schedule 6)' and 'Balances with Banks and Money at Call and Short Notice (Schedule 7)'.
3. Cash and Cash Equivalents excludes lien marked Deposits of ₹ 20.43 crore and ₹ 2.18 crores respectively as on March 31, 2023 and March 31, 2022.

As per our report of even date

**For M M Nissim & Co LLP**

Chartered Accountants

ICAI Firm Registration No.107122W/W100672

Navin Kumar Jain

Partner

Membership Number: 090847

Bengaluru, April 29, 2023

**For Brahmayya & Co.,**

Chartered Accountants

ICAI Firm Registration No:0005155

G. Srinivas

Partner

Membership No: 086761

Bengaluru, April 29, 2023

**For and on behalf of the Board of Directors**

Dr. Subhash Khuntia

Part-time Chairman

DIN: 05344972

K. Srinivas Nayak

Independent Director

DIN: 0009094351

Lakshmi R N

Company Secretary

Bengaluru, April 29, 2023

Ajay Kanwal

Managing Director & CEO

DIN: 07886434

Buvanesh Tharashankar

Chief Financial Officer





JANA SMALL FINANCE BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2023

(₹ in 000's)

PARTICULARS	As at 31.03.2023 (Audited)	As at 31.03.2022 (Audited)
<b>SCHEDULE 1 - CAPITAL</b>		
<b>Authorised Capital</b>		
<b>Equity</b>		
100,000,000 (March 31, 2022: 100,000,000) Equity Shares of ₹ 10 each	10,00,000	10,00,000
<b>Preference</b>		
450,000,000 (March 31, 2022: 250,000,000) Preference Shares of ₹ 10 each	45,00,000	25,00,000
<b>Issued, Subscribed, Called up and Paid-Up Capital</b>		
<b>Equity</b>		
54,978,703 (March 31, 2022: 51,411,564) Equity Shares of ₹ 10 each fully paid up	5,49,787	5,14,116
<b>Preference</b>		
270,000,000 (31 March 2022: 150,000,000) 16% Non-Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up	27,00,000	15,00,000
<b>TOTAL</b>	<b>32,49,787</b>	<b>20,14,116</b>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>I. STATUTORY RESERVE</b>		
Opening balance	12,51,028	12,37,531
Add: Additions during the year	6,39,928	13,497
Less: Deductions during the year	-	-
<b>TOTAL</b>	<b>18,90,956</b>	<b>12,51,028</b>
<b>II. CAPITAL RESERVE</b>		
Opening balance	2,00,074	1,69,528
Add: Additions during the year	9,363	30,546
Less: Deductions during the year	-	-
<b>TOTAL</b>	<b>2,09,437</b>	<b>2,00,074</b>
<b>III. SHARE PREMIUM</b>		
Opening balance	4,88,45,491	4,81,89,124
Add: Additions during the year	21,37,580	6,56,367
Less: Deductions during the year	(7,850)	-
<b>TOTAL</b>	<b>5,09,75,221</b>	<b>4,88,45,491</b>
<b>IV. GENERAL RESERVE</b>		
Opening balance	1,44,101	1,44,101
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
<b>TOTAL</b>	<b>1,44,101</b>	<b>1,44,101</b>
<b>V. INVESTMENT RESERVE</b>		
Opening balance	2,937	-
Add: Additions during the year	89	2,937
Less: Deductions during the year	-	-
<b>TOTAL</b>	<b>3,026</b>	<b>2,937</b>
<b>VI. INVESTMENT FLUCTUATION RESERVE</b>		
Opening balance	2,18,117	2,12,323
Add: Additions during the year	1,58,771	5,794
Less: Deductions during the year	-	-
<b>TOTAL</b>	<b>3,76,888</b>	<b>2,18,117</b>



JANA SMALL FINANCE BANK LIMITED  
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2023

PARTICULARS	(₹ in 000's)	
	As at 31.03.2023 (Audited)	As at 31.03.2022 (Audited)
<b>VII. EMPLOYEE STOCK OPTIONS RESERVE</b>		
Opening balance	1,61,424	1,40,481
Add: Employee Stock Option expense during the year	45,989	24,194
Less: Transfer to Share Capital / Securities Premium on exercise of stock options	(5,541)	(3,251)
<b>TOTAL</b>	<b>2,01,872</b>	<b>1,61,424</b>
<b>VIII. BALANCE IN PROFIT &amp; LOSS ACCOUNT</b>	<b>(3,90,78,736)</b>	<b>(4,08,30,298)</b>
<b>TOTAL (I to VIII)</b>	<b>1,47,22,765</b>	<b>99,92,874</b>
<b>SCHEDULE 3 - DEPOSITS</b>		
<b>A. I. Demand deposits</b>		
i. From banks	7,29,307	6,92,268
ii. From others	63,94,568	69,69,236
<b>II. Savings bank deposits</b>	<b>2,58,85,692</b>	<b>2,28,29,219</b>
<b>III. Term deposits</b>		
i. From banks	3,63,57,094	2,53,37,752
ii. From others	9,39,73,497	7,95,36,437
<b>TOTAL (I to III)</b>	<b>16,33,40,158</b>	<b>13,53,64,912</b>
<b>B. i. Deposits of branches in India</b>	<b>16,33,40,158</b>	<b>13,53,64,912</b>
ii. Deposits of branches outside India	-	-
<b>TOTAL (I to II)</b>	<b>16,33,40,158</b>	<b>13,53,64,912</b>
<b>SCHEDULE 4 - BORROWINGS</b>		
<b>I. Borrowings in India</b>		
a. Reserve Bank of India	80,00,000	80,00,000
b. Other banks*	30,80,000	31,44,500
c. Other institutions and agencies^	5,16,94,600	3,39,53,820
<b>II. Borrowings outside India</b>	<b>-</b>	<b>-</b>
<b>TOTAL (I and II)</b>	<b>6,27,74,600</b>	<b>4,50,98,320</b>
Secured Borrowings included in (I)(c) above is Nil (March 31, 2022: ₹ 13 crores)		
*Includes Sub-ordinated debt (Tier II capital) ₹ 303 crores (March 31, 2022: ₹ 303 crores)		
^ Includes sub-ordinated debt (Tier II capital) ₹ 127 crores (March 31, 2022: ₹ 153 crores)		



**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2023**

PARTICULARS	(₹ in 000's)	
	As at 31.03.2023 (Audited)	As at 31.03.2022 (Audited)
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>		
I. Bills payable	49,59,028	42,59,459
II. Inter office adjustments (net)	-	-
III. Interest accrued	30,86,486	23,55,746
IV. Others (including provisions)	29,47,464	20,40,373
V. Standard Asset- General Provision	13,56,608	7,61,285
<b>TOTAL (I to V)</b>	<b>1,23,49,586</b>	<b>94,16,864</b>
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
I. Cash in hand	4,99,000	7,78,170
II. Balances with Reserve Bank of India		
a. In Current account	57,10,394	52,22,024
b. In Other accounts	39,00,000	93,00,000
<b>TOTAL (I to II)</b>	<b>1,01,09,394</b>	<b>1,53,00,194</b>
<b>SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>		
I. In India		
i) Balances with banks		
a) In Current accounts	41,364	48,942
b) In Other deposit accounts*	17,27,549	21,786
ii) Money at call and short notice		
a) With banks	-	-
b) With other institutions	89,94,777	-
c) Lending under reverse repo (Reserve Bank of India)	-	-
<b>TOTAL (i to ii)</b>	<b>1,07,63,690</b>	<b>70,728</b>
II. Outside India		
i) In Current accounts	-	-
ii) In Other deposit accounts	-	-
iii) Money at call and short notice	-	-
<b>TOTAL (i to iii)</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL (I to II)</b>	<b>1,07,63,690</b>	<b>70,728</b>

\* As of March 31, 2023, includes deposit with Banks of ₹ 20.43 crores lien marked towards guarantee issued by other banks on behalf of the Bank (March 31, 2022: ₹ 2.18 crores).





**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2023**

PARTICULARS	(₹ in 000's)	
	As at 31.03.2023 (Audited)	As at 31.03.2022 (Audited)
<b>SCHEDULE 8 - INVESTMENTS</b>		
<b>I. Investments in India (net of provisions)</b>		
i) Government securities	4,92,77,437	4,97,27,381
ii) Other approved securities	-	-
iii) Shares	-	-
iv) Debentures and bonds	-	-
v) Subsidiaries and/or joint ventures	-	-
vi) Others (Security Receipts, Pass Through Certificates)	29,34,807	9,25,225
<b>TOTAL</b>	<b>5,22,12,244</b>	<b>5,06,52,606</b>
<b>II. Investments Outside India</b>	-	-
<b>TOTAL</b>	-	-
<b>GRAND TOTAL (I to II)</b>	<b>5,22,12,244</b>	<b>5,06,52,606</b>
<b>III. Investments</b>		
i) Gross value of investments		
a) In India	5,22,12,244	5,06,52,725
b) Outside India	-	-
<b>Total</b>	<b>5,22,12,244</b>	<b>5,06,52,725</b>
ii) Depreciation/provision for investments		
a) In India	-	119
b) Outside India	-	-
<b>Total</b>	-	<b>119</b>
iii) Net value of investments		
a) In India	5,22,12,244	5,06,52,606
b) Outside India	-	-
<b>Total</b>	<b>5,22,12,244</b>	<b>5,06,52,606</b>
<b>SCHEDULE 9 - ADVANCES (Net of Provisions)</b>		
<b>A. i) Bills purchased and discounted</b>	65,934	13,79,679
ii) Cash credits, overdrafts and loans repayable on demand	73,11,866	71,47,777
iii) Term loans	17,02,17,754	12,15,39,290
<b>TOTAL</b>	<b>17,75,95,554</b>	<b>13,00,66,746</b>
<b>B. i) Secured by tangible assets *</b>	9,44,53,471	6,80,53,637
ii) Covered by bank/government guarantees	36,00,952	25,86,380
iii) Unsecured	7,95,41,131	5,94,26,729
<b>TOTAL</b>	<b>17,75,95,554</b>	<b>13,00,66,746</b>
<b>* Including Advance against book debt</b>		



**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2023**

(₹ in 000's)

PARTICULARS	As at 31.03.2023 (Audited)	As at 31.03.2022 (Audited)
<b>C. I ADVANCES IN INDIA</b>		
i) Priority sector*	14,22,88,724	9,64,35,285
ii) Public sector	-	-
iii) Banks	-	1,86,391
iv) Others*	3,53,06,830	3,34,45,070
* Priority sectors includes ₹ 3,575 crores (March 31, 2022; ₹ 1,010 crores), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC).		
<b>C. II ADVANCES OUTSIDE INDIA</b>	-	-
<b>TOTAL</b>	<b>17,75,95,554</b>	<b>13,00,66,746</b>
<b>SCHEDULE 10 - FIXED ASSETS</b>		
<b>I. Premises</b>	-	-
i) Cost as at the end of the preceding year	-	-
ii) Additions during the year	-	-
iii) Deductions during the year	-	-
iv) Depreciation to date	-	-
v) Capital Work in Progress	-	-
<b>TOTAL</b>	-	-
<b>II. Other fixed assets (including furniture and fixtures)</b>		
i) Cost as at the end of the preceding year	66,86,187	64,40,273
ii) Additions during the year	4,05,301	4,59,845
iii) Deductions during the year	70,91,488	69,00,118
iv) Depreciation to date	(7,52,933)	(2,13,931)
v) Capital Work in Progress	(51,12,513)	(49,81,490)
	51,445	11,773
<b>TOTAL*</b>	<b>12,77,487</b>	<b>17,16,470</b>
*Includes leased assets of Nil (March 31, 2022: ₹ 13.22 crores)		
<b>GRAND TOTAL (I and II)</b>	<b>12,77,487</b>	<b>17,16,470</b>
<b>SCHEDULE 11 - OTHER ASSETS</b>		
I. Inter office adjustments (net)	-	-
II. Interest accrued	22,63,038	19,60,805
III. Tax paid in advance / tax deducted at source (net of provisions)	7,04,169	6,10,543
IV. Stationery and stamps	-	-
V. Non Banking Assets acquired in satisfaction of claims	-	-
VI. Others*	15,11,320	15,08,994
* Includes deposit with RIDF and other funds of ₹ 1.75 crores (March 31, 2022: ₹ 1.38 crores)		
<b>TOTAL</b>	<b>44,78,527</b>	<b>40,80,342</b>
<b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>		
I. Claims against the bank not acknowledged as debts	5,59,662	3,04,690
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	-	-
IV. Liability on account of outstanding derivative contracts	-	-
V. Guarantees given on behalf of constituents		
a) In India	26,500	25,000
b) Outside India	-	-
VI. Acceptances, endorsements and other obligations	-	-
VII. Other Items for which the Bank is contingently liable	1,85,590	87,740
<b>TOTAL</b>	<b>7,71,752</b>	<b>4,17,430</b>





**JANA SMALL FINANCE BANK LIMITED**

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2023**

('₹ in 000's)

PARTICULARS	Year ended 31.03.2023 (Audited)	Year ended 31.03.2022 (Audited)
<b>SCHEDULE 13 - INTEREST EARNED</b>		
I. Interest/discount on advances/bills*	2,72,16,067	2,41,20,339
II. Income on investments	32,52,084	25,59,535
III. Interest on balances with Reserve Bank of India and other inter-bank funds	2,81,580	5,85,090
IV. Others	372	387
* Includes interest recoveries from technically written off accounts		
<b>TOTAL</b>	<b>3,07,50,103</b>	<b>2,72,65,351</b>
<b>SCHEDULE 14 - OTHER INCOME</b>		
I. Commission, exchange and brokerage	30,84,026	24,13,708
II. Profit / (loss) on sale of investments (net)	29,597	46,521
III. Profit / (loss) on revaluation of investments (net)	-	-
IV. Profit / (loss) on sale of land, buildings and other assets (net)	(9,747)	(2,066)
V. Profit on exchange / derivative transactions (net)	-	-
VI. Income earned by way of dividends from subsidiaries/joint ventures abroad/in India	-	-
VII. Miscellaneous income*		
# Includes Profit on sale of assets to ARCs ₹ 186.59 crores (March 31, 2022: ₹ Nil), PSLC income ₹ 49.52 crores (March 31, 2022: ₹ 12.71), recoveries from written off accounts ₹ 70.65 crores (March 31, 2022: ₹ 57.42 crores), and lease income ₹ 6.04 crores (March 31, 2022: ₹ 7.25 crores)	31,44,771	7,79,469
<b>TOTAL</b>	<b>62,48,647</b>	<b>32,37,632</b>
<b>SCHEDULE 15 - INTEREST EXPENDED</b>		
I. Interest on deposits	1,00,24,054	93,04,237
II. Interest on Reserve Bank of India/inter-bank borrowings	3,48,547	30,07,747
III. Other Interest (including interest on debentures and other borrowings)	37,77,300	10,55,525
<b>TOTAL</b>	<b>1,41,49,901</b>	<b>1,33,67,509</b>
<b>SCHEDULE 16 - OPERATING EXPENSES</b>		
I. Payments to and provisions for employees (refer note 18.4 and 18.15)	77,75,785	69,89,890
II. Rent, taxes and lighting [refer note 18.22(q)]	9,77,058	9,15,632
III. Printing and stationery	95,176	89,670
IV. Advertisement and publicity	2,11,581	1,05,901
V. Depreciation on bank's property (including leased assets)	6,86,888	8,08,153
VI. Director's fees, allowances and expenses	6,377	5,515
VII. Auditors' fees and expenses	12,418	10,028
VIII. Law charges	1,03,051	75,876
IX. Postage, telegram, telephone etc.	1,75,952	1,63,299
X. Repairs and maintenance	2,82,192	2,70,869
XI. Insurance	1,74,244	1,64,910
XII. Other expenditure	23,44,382	17,88,467
(a). Travel and conveyance	4,78,288	3,50,393
(b). Professional fees (includes cost of outsourced technology support services)	14,79,645	10,55,121
(c). Others	3,86,449	3,82,953
<b>TOTAL</b>	<b>1,28,45,104</b>	<b>1,13,88,210</b>



## JANA SMALL FINANCE BANK LIMITED

Schedule to the Financial Statements for the year ended March 31, 2023

### SCHEDULE - 17

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2023

#### **1. CORPORATE INFORMATION:**

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").

The Bank has received scheduled Bank status with effect from 16 July, 2019 vide publication in the Gazette of India (Part III - Section 4) dated July 27 - August 02, 2019. Accordingly, Jana Small Finance Bank Limited is included in the second schedule of the Reserve Bank of India Act, 1934.

#### **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, 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 read with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules 2021, 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. Further, charges and penal interest on advances is recognized on receipt basis.

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

iii. Processing fees on loan, direct assignment and securitisation is recognised upfront when it becomes due.

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

v. 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.

vi. PSLC related income and expenses is recognised as and when they become due.

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





## JANA SMALL FINANCE BANK LIMITED

Schedule to the Financial Statements for the year ended March 31, 2023

### SCHEDULE - 17

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2023

#### **4. INVESTMENTS:**

##### **Classification:**

In accordance with RBI guidelines, 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 accounted on "Settlement Date" of accounting except in the case of equity shares where trade date accounting is followed.

##### **Basis of classification:**

- i. Investments that the Bank intends to hold till maturity are classified under "Held to Maturity (HTM)" category.
- ii. Investments that are held 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:**

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.

##### **Valuation:**

Investments classified under AFS and HFT categories are marked to market individually and depreciation/appreciation is aggregated for each group and net depreciation in each group is provided and net appreciation is ignored.

Traded investments (if any) are valued based on the trades / quotes on the recognised stock exchanges or prices published by Financial Benchmarks India Pvt. Ltd. (FBIL) with Fixed Income Money Market and Derivatives Association (FIMMDA) as the calculating agent.

The market value of unquoted government of India securities, state government securities etc. which are directly issued by the government of India is computed as per the prices published by FBIL with FIMMDA as the calculating agent.

Unquoted equity shares are valued at the break-up value, if the latest Balance sheet is available or at ₹ 1 for each company 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 provided earlier.



## JANA SMALL FINANCE BANK LIMITED

Schedule to the Financial Statements for the year ended March 31, 2023

### SCHEDULE - 17

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2023

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". Any diminution, other than the temporary, in the value of investments in HTM category is provided for.

Security receipts (SR) are valued as per the net asset value provided by the issuing Asset Reconstruction Company from time to time.

Non-performing investments are identified and provision are made thereon based on the RBI guidelines. The provision on such non-performing investments are not set off against the appreciation in respect of other performing investments. 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. Cost of investments is based on the weighted average cost method.

#### *Repurchase and reverse repurchase transactions:*

In accordance with the RBI guidelines, repurchase (Repo) and reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

## 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 and same is charged to the Profit and Loss Account under Provisions and Contingencies.

Non-performing advances are written-off in accordance with Bank's policies. Amounts recovered against debts written-off are recognised in the Profit and Loss account as "Miscellaneous income" under Other Income (Schedule 14).

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advances/securities, which would generally include, among others, alteration of repayment period/ repayable amount/ the amount of instalments/ rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision including diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines.

The Bank maintains a general provision on standard advances at the rates prescribed by the 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.





## JANA SMALL FINANCE BANK LIMITED

Schedule to the Financial Statements for the year ended March 31, 2023

### SCHEDULE - 17

**Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2023**

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'.

#### ***Floating Provisions:***

Provisions made, if any, 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:**

Assets transferred through securitisation and direct assignment of cash flows are de-recognised when they are sold (true). On sale of stressed assets, if the sale is at a price below the net book value (i.e., funded outstanding less specific provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year when the sum of cash received by way of initial consideration and / or redemption or transfer of security receipts issued by SC/RC exceeds the net book value of the loan at the time of transfer.

In respect of stressed assets sold under an asset securitisation, where the investment by the bank in security receipts (SRs) backed by the assets sold by it is more than 10 percent of such SRs, provisions held are higher of the provisions required in terms of net asset value declared by the Securitisation Company ('SC') / Reconstruction Company ('RC') and provisions as per the extant norms applicable to the underlying loans, notionally treating the book value of these SRs as the corresponding stressed loans assuming the loans remained in the books of the Bank.

The Bank invests in Pass Through Certificates (PTCs) issued by other Special Purpose Vehicles (SPVs). These are accounted at acquisition cost and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised based on effective interest rate method.

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.

Direct Assignment portfolio bought by the Bank, if any, are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

#### **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.

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 and software which are fully depreciated.



**JANA SMALL FINANCE BANK LIMITED**

Schedule to the Financial Statements for the year ended March 31, 2023

**SCHEDULE - 17****Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2023**

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	Remaining primary lease 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 fully 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.





**JANA SMALL FINANCE BANK LIMITED**

Schedule to the Financial Statements for the year ended March 31, 2023

**SCHEDULE - 17**

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2023

**10. EMPLOYEE BENEFITS:**

***Defined contribution plan:***

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

***Defined benefit plan and compensated absences:***

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

***Short term employee benefits:***

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

**11. INCOME TAXES:**

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

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

**12. EARNINGS PER SHARE:**

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

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

**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 events 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 balance 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.



## JANA SMALL FINANCE BANK LIMITED

Schedule to the Financial Statements for the year ended March 31, 2023

### SCHEDULE - 17

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2023

A disclosure for contingent liability is made when there is:

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

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

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

#### **14. ACCOUNTING FOR LEASE:**

##### ***Operating Lease:***

Leases, where the lessor effectively retains substantially all the risks and rewards 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.

##### ***Asset given on finance lease***

In case of assets given under finance lease, leased assets are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return. The principal amount received reduces the net investment in the lease and interest is recognised as revenue.

#### **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. CASH FLOW 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.

#### **17. SHARE ISSUE EXPENSES:**

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





**JANA SMALL FINANCE BANK LIMITED**

Schedule to the Financial Statements for the year ended March 31, 2023

**SCHEDULE - 17**

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2023

**18. SEGMENT INFORMATION:**

The disclosure relating to segment information is in accordance with Accounting Standard-17, Segment Reporting and as per the 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 all advances to companies and statutory bodies, which are not included under Retail Banking.

(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 incurred towards corporate social responsibility are recognised as and when becomes due.

**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. Share based payments to Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function Staff, new stock options granted to Whole Time Directors, Chief Executive Officers and Material Risk Takers on or after April 01, 2021, are recognised at fair value on the date of grant using Black-Scholes model. Share based expense is 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. BORROWING COST:**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.



**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**  
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*

**Schedule 18 - Notes forming part of the Financial Statements for the year ended March 31, 2023**

**1 Capital**

**1.1 Capital Adequacy Ratio (CAR)**

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

Particulars	March 31, 2023	March 31, 2022
Common equity tier 1 capital	1,437.48	986.93
Tier 1 capital	1,707.48	1,136.93
Tier 2 capital	333.47	330.39
Total capital (Tier 1 + Tier 2)	2,040.95	1,467.32
Total Risk Weighted Assets (RWAs)	13,112.36	9,613.11
Common equity tier 1 capital ratio (%) (Common equity tier 1 as a percentage of RWAs)	10.96%	10.27%
Tier 1 capital ratio (%) (Tier 1 Capital as a percentage of RWAs)	13.02%	11.83%
Tier 2 capital ratio (%) (Tier 2 Capital as a percentage of RWAs)	2.55%	3.43%
Capital to RWAs ratio (%) (CRAR) (Total Capital as a percentage of RWAs)	15.57%	15.26%
Leverage Ratio	6.65%	5.63%
Percentage of the shareholding of Government of India	-	-
Amount of tier 2 capital raised through debt capital instruments during the year	-	50.00

During the year the Bank has renewed subordinated debt (Tier 2 capital) amounting to Nil (March 31, 2022: ₹ 75 crores) and repaid ₹ 26 crores (March 31, 2022: ₹ 255 crores). Subordinated debt (Tier 2 capital) outstanding as at March 31, 2023 is ₹ 430 crores (March 31, 2022: ₹ 456 crores).

1. The Capital Adequacy Ratio (CAR) has been computed in accordance with RBI Circular No. RBI/2016-17/B1 DBR.NBD.No. 26/16.13.218/2016-17 dated October 6, 2016 on Operating Guidelines for Small Finance Banks. As per the said circular, prudential regulatory framework will largely be drawn from the Basel standards for capital requirements and Basel II standardized approach for credit risk. Further, the RBI vide its Circular No. DBR.NBD.No.4502/16.13.218/2017-18 dated November 08, 2017 has provided an exemption to all Small Finance Banks whereby no separate capital charge is prescribed for market risk and operational risk.

2. 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.

3. Sub-ordinated debt inclusion in Tier 2 capital has been limited to 50% of Tier 1 capital.

In accordance with the RBI guidelines, banks are required to make Pillar 3 disclosures under the Basel III Framework and Net Stable Funding Ratio (NSFR) Disclosures. These disclosures are available on the Bank's website at the following link: <https://www.janabank.com/regulatory-disclosures/>. These disclosures have not been subjected to audit by the statutory auditors of the Bank.

**1.2 Capital Infusion**

During the year ended March 31, 2023, the Bank has issued equity shares having face value of ₹ 10 each for cash pursuant to preferential allotment of 2,58,115 equity shares at ₹ 968.56 each aggregating to ₹ 25.00 crores and 33,03,306 equity shares pursuant to rights issue at ₹ 580.55 each aggregating to ₹ 191.77 crores.

During the year ended March 31, 2023, the Bank has issued 120,000,000 compulsorily convertible cumulative preference shares aggregating to ₹ 120.00 crores having face value of ₹ 10 each (March 31, 2022: Nil).

Further, during the year ended the Bank has allotted 5,718 equity shares (March 31, 2022: 2,884) respectively with respect of stock options exercised aggregating to ₹ 0.56 crores (March 31, 2022: ₹ 0.32 crores).

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

Particulars	March 31, 2023		March 31, 2022	
	No. of Equity shares	Amount	No. of Equity shares	Amount
Equity shares as at the beginning of the year	5,14,11,564	51.41	5,07,27,257	50.73
Addition pursuant to stock option exercised	5,718	0.01	2,884	0.00
Addition pursuant to rights issue of equity shares issued during the year	33,03,306	3.30	-	-
Addition pursuant to preferential issue of equity shares issued during the year	2,58,115	0.26	6,81,473	0.68
Equity shares outstanding as at the end of the year	5,49,78,703	54.98	5,14,11,564	51.41

Particulars	March 31, 2023		March 31, 2022	
	No. of Preference shares	Amount	No. of Preference shares	Amount
Preference shares as at the beginning of the year	15,00,00,000	150.00	15,00,00,000	150.00
Deduction pursuant to conversion of CCPS into Equity Share Capital	-	-	-	-
Addition pursuant to Preference shares issued during the year	12,00,00,000	120.00	-	-
Preference shares outstanding as at the end of the year	27,00,00,000	270.00	15,00,00,000	150.00





**JANA SMALL FINANCE BANK LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

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

**2. Earnings per equity share**

Particulars	March 31, 2023	March 31, 2022
Net profit after tax (₹ in crores)	255.97	5.40
Weighted average number of equity shares in computing the basic earnings per share	5,39,19,271	5,08,19,200
<b>Basic earnings per share ₹</b>	<b>47.47</b>	<b>1.06</b>
Weighted average number of equity shares in computing the diluted earnings per share	6,00,34,836	5,44,92,436
<b>Diluted earnings per share ₹</b>	<b>42.64</b>	<b>0.99</b>
Nominal value per share ₹	10.00	10.00

1. 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.

2. Diluted earnings per equity share is computed by dividing net profit or loss for the year attributable to equity shareholders 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. The dilutive impact is on account of stock options granted to employees and Non-Cumulative Compulsorily Convertible Preference Shares.

**3. Reserves**

**3(a) Statutory Reserve**

The Bank has transferred ₹ 63.99 crores (March 31, 2022: ₹ 1.35 crores) to statutory reserves pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

**3(b) Capital Reserve**

The Bank has transferred ₹ 0.94 crores (March 31, 2022: ₹ 3.05 crores) to capital reserves, being the profit from sale of HTM investments, net of taxes and appropriation to statutory reserve, as per the RBI regulations.

**3(c) Share premium account**

During the year share premium account balance increased by ₹ 213.76 crores pursuant to issue of shares (March 31, 2022: ₹ 65.64 crores). Bank has adjusted the share issue expenses amounting to ₹ 0.79 crores (March 31, 2022: Nil) from securities premium account in terms of section 52 (2) (c) of the Companies Act, 2013.

**3(d) Investment Reserve**

The Bank has transferred ₹ 0.01 crores (March 31, 2022: ₹ 0.29 crores) to Investment Reserve, being the excess depreciation provisions created on 'AFS' or 'HFT' categories of investment than the required amount for the year, as per the RBI regulations.

**3(e) Investment Fluctuation Reserve**

As per RBI master direction, Banks were required to create an IFR with effect from 2018-19 to reach a level of 2% of HFT and AFS portfolio within a period of three years, where feasible. IFR shall be created by transferring an amount not less than the lower of the following:

- Net profit on sale of investments during the year
- Net profit for the year less mandatory appropriations

The Bank has transferred ₹ 15.88 crores for the year ended March 31, 2023 (March 31, 2022: ₹ 0.58 crores) to investment fluctuation reserves.

**3(f) Drawdown of Reserves**

During the year ended March 31, 2023, there were no drawdown from reserves (March 31, 2022: Nil).



**JANA SMALL FINANCE BANK LIMITED**
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*
**4. Employees Stock Option Plan Scheme**

The Bank has share-based payment schemes for its employees. Schemes in operations during the year are Employee stock option plan scheme 2017, Employee stock option plan scheme 2018, Restrictive Stock Units Scheme 2017 and Restrictive Stock Units Scheme 2018.

The details of the Employee Stock Option Plan Schemes (ESOP) and Restrictive Stock Unit Scheme (RSU) during the year ended March 31, 2023

Particulars	ESOP 2017	ESOP 2018	RSU 2017	RSU 2018
Grant date	Various dates	Various dates	Various dates	Various dates
Total options under the plan	18,67,579	20,23,697	Sub-set of ESOP 2017	Sub-set of ESOP 2018
Number of options granted during the year	4,546	4,70,215	16,088	16,349
Method of settlement	Equity	Equity	Equity	Equity
Vesting	25% after one year from the date of grant 25% after two years from the date of grant 25% after three years from the date of grant Balance 25% after four years from the date of grant		One year from the date of grant	
Exercisable period	The Exercise period shall be subject to a maximum period of 5 years commencing from, the date of vesting of such Option or 2 years from the date of Listing, whichever is later.		The Exercise period shall be subject to a maximum period of 5 years commencing from, the date of vesting of such Option or 2 years from the date of Listing, whichever is later.	
Vesting conditions	Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be  The NRC shall have the power to accelerate Vesting of all Unvested Options of an Employee who is considered a Good Leaver.		Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be  The NRC shall have the power to accelerate Vesting of all Unvested Options of an Employee who is considered a Good Leaver.	
Exercise price per option for the options granted during the year(₹)	960.59, 968.56 and 580.55		10.00	





**JANA SMALL FINANCE BANK LIMITED**
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*
**The details of the Employee Stock Option Plan Schemes (ESOP) and Restrictive Stock Unit Scheme (RSU) during the year ended March 31, 2022**

Particulars	ESOP 2017	ESOP 2018	RSU 2017	RSU 2018
Grant Date	Various dates	Various dates	Various dates	Various dates
Option available under the plan	18,67,579	20,23,697	Sub-set of ESOP 2017	Sub-set of ESOP 2018
Number of Options granted	1,86,094	1,815	17,688	9,189
Method of Settlement	Equity	Equity	Equity	Equity
Vesting	25% after one year from the date of grant 25% after two years from the date of grant 25% after three years from the date of grant Balance 25% after four years from the date of grant		One year from the date of grant	
Exercisable period	The Exercise period shall be subject to a maximum period of 5 years commencing from the date of Vesting of such Option or 2 years from the date of Listing, whichever is later.		The Exercise period shall be subject to a maximum period of 5 years commencing from the date of Vesting of such Option or 2 years from the date of Listing, whichever is later.	
Vesting conditions	Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be. The NRC shall have the power to accelerate Vesting of all Unvested Options of an Employee who is considered a Good Leaver.		Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be. The NRC shall have the power to accelerate Vesting of all Unvested Options of an Employee who is considered a Good Leaver.	
Exercise price per option for the options granted during the year(₹)	960.59 and 966.56		10.00	

**The following are the outstanding options as at year ended March 31, 2023:**

Particulars	As at and for the year ended March 31, 2023			
	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Total Options granted and outstanding at the beginning of the year	14,60,064	3,24,958	79,922	20,115
Add: Options granted during the year	4,545	4,70,215	16,088	16,349
Less: Options forfeited / lapsed during the year	2,48,793	1,16,113	1,041	3,147
Less: Options exercised during the year	-	-	-	5,718
Options Outstanding as at end of the year	12,15,817	6,79,060	94,969	27,599
- Vested	7,83,621	1,52,487	78,881	12,573
- Yet to vest	4,32,196	5,26,573	16,088	15,026

**The following are the outstanding options as at and for the year ended March 31, 2022:**

Particulars	As at and for the year ended March 31, 2022			
	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Total Options granted and outstanding at the beginning of the year	14,51,448	3,93,039	63,075	14,656
Add: Options granted during the year	1,86,094	1,815	17,688	9,189
Less: Options forfeited / lapsed during the year	1,77,478	69,896	-	1,687
Less: Options exercised during the year	-	-	841	2,043
Options Outstanding as at end of the year	14,60,064	3,24,958	79,922	20,115
- Vested	7,98,301	1,80,921	71,083	10,926
- Yet to vest	6,61,763	1,44,037	8,839	9,189

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.



**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**  
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Employee Stock Option expenditure	2.68	1.00
Restrictive Stock Units expenditure	1.92	1.42
<b>Total</b>	<b>4.60</b>	<b>2.42</b>

Particulars	March 31, 2023	March 31, 2022
Amount of Employee stock options and restrictive stock units outstanding	20.19	16.14

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 from April 1, 2022 to March 31, 2023

Particulars	ESOP 2017 & 2018 and ESOP (RSU) 2017 & 2018
<b>Variables</b>	
1. Risk free interest rate	5.79% - 7.14%
2. Expected life (in years)	3.75 & 1
3. Expected volatility	40.56% - 44.71%
4. Dividend yield	0.00%
5. The weighted average fair value of options granted ₹	317.46

The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are from April 1, 2021 to March 31, 2022

Particulars	ESOP 2017 & 2018 and ESOP (RSU) 2017 & 2018
<b>Variables</b>	
1. Risk Free Interest Rate	5.74% - 6.26%
2. Expected Life (in years)	4.50
3. Expected Volatility	68.09% - 70.42%
4. Dividend Yield	0.00%
5. The weighted average fair value of options granted ₹	623.19

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 profit would have been lower by ₹ 10.04 crores (March 31, 2022: reported profit would have been lower by ₹ 14.03 crores). The basic and diluted EPS for the year ended March 31, 2023 would have been ₹ 45.61 and ₹ 40.97 respectively (March 31, 2022: ₹ (1.70) and ₹ (1.70)).

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.



**JANA SMALL FINANCE BANK LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

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

**5. Investments**

**5(a) Composition of Investment Portfolio**

As at March 31, 2023

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others (Security Receipts, PTC)	Total investments in India	Government securities	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
<b>Held to Maturity</b>												
Gross	3,348.48	-	-	-	-	-	3,348.48					
Less: Provision for non-performing Investments (NPI)							-					
<b>Net</b>	<b>3,348.48</b>						<b>3,348.48</b>					
<b>Available for Sale</b>												
Gross	1,579.27					293.48	1,872.75					
Less: Provision for depreciation and NPI							-					
<b>Net</b>	<b>1,579.27</b>					<b>293.48</b>	<b>1,872.75</b>					
<b>Held for Trading</b>												
Gross												
Less: Provision for depreciation and NPI							-					
<b>Net</b>												
<b>Total Investments</b>	<b>4,927.74</b>					<b>293.48</b>	<b>5,221.22</b>					
Less: Provision for non-performing Investments							-					
Less: Provision for depreciation and NPI							-					
<b>Net</b>	<b>4,927.74</b>					<b>293.48</b>	<b>5,221.22</b>					





**JANA SMALL FINANCE BANK LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

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

**5(a) Composition of Investment Portfolio (contd)..**

As at March 31, 2022

	Investments in India						Investments outside India			
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others (Security Receipts)	Total investments in India	Government securities	Subsidiaries and/or joint ventures	Others
<b>Held to Maturity</b>										
Gross	2,942.91	-	-	-	-	-	2,942.91	-	-	-
Less: Provision for non-performing investments (NPI)							-			
<b>Net</b>	<b>2,942.91</b>	-	-	-	-	-	<b>2,942.91</b>	-	-	-
<b>Available for Sale</b>										
Gross	2,029.84					92.52	2,122.37			
Less: Provision for depreciation and NPI	(0.01)						(0.01)			
<b>Net</b>	<b>2,029.83</b>	-	-	-	-	<b>92.52</b>	<b>2,122.35</b>	-	-	-
<b>Held for Trading</b>										
Gross										
Less: Provision for depreciation and NPI										
<b>Net</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Investments</b>	<b>4,972.75</b>	-	-	-	-	<b>92.52</b>	<b>5,065.27</b>	-	-	-
Less: Provision for non-performing investments	(0.01)	-	-	-	-	-	(0.01)	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	<b>4,972.74</b>	-	-	-	-	<b>92.52</b>	<b>5,065.26</b>	-	-	-





**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**  
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*

**5(b) Movement of provision for depreciation and Investment Fluctuation Reserve**

Particulars	March 31, 2023	March 31, 2022
<b>i) Movement of provisions held towards depreciation on investments</b>		
a) Opening balance	0.01	0.40
b) Add: Provision made during the year	-	-
c) Less: Write-off/write back of excess provision during the year	0.01	0.39
d) Closing balance	-	0.01
<b>ii) Movement of Investment Fluctuation Reserve (IFR)</b>		
a) Opening balance	21.81	21.23
b) Add: Amount transferred during the year	15.88	0.58
c) Less: Drawdown	-	-
d) Closing balance	37.69	21.81
<b>iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current Category</b>	2.01%	1.03%

**5(c) Sale and Transfers to/from HTM Category**

During the year ended March 31, 2023, the Bank has not transferred securities from held-to-maturity (HTM) category to available-for-sale (AFS) category.

During the year ended March 31, 2023, the Bank has undertaken 15 transactions for sale of securities with a net book value of ₹ 131.71 crores, which was 4.48 % of the HTM portfolio at April 1, 2022. The above sale is excluding sale to RBI under pre-announced open market operation auctions and repurchase of government securities by Government of India, as permitted by RBI guidelines.

During the year ended March 31, 2022, the Bank has not transferred securities from held-to-maturity (HTM) category to available-for-sale (AFS) category.

During the year ended March 31, 2022, the Bank has not undertaken any transactions for sale of securities of the HTM portfolio at April 1, 2021. The above sale is excluding sale to RBI under pre-announced open market operation auctions and repurchase of government securities by Government of India, as permitted by RBI guidelines.

In accordance with the RBI guidelines, sales from, and transfers to / from, HTM category exclude the following from the 5% cap:

1. One-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year with approval of the Board of Directors;
2. Sales to the RBI under pre-announced open market operation auctions;
3. Repurchase of Government securities by Government of India from banks;
4. Additional shifting of securities explicitly permitted by the RBI from time to time;
5. Repurchase of state development loans by respective state governments under buy back /switch operations; and
6. Direct sales from HTM for bringing down SLR holdings in the HTM category.

**5(d) Non-SLR Investment Portfolio**

The NPA in non-SLR investment is given below -

Particulars	March 31, 2023	March 31, 2022
a) Opening balance	-	-
b) Add: Addition during the year	-	-
c) Less: reductions during the year	-	-
d) Closing balance	-	-
e) Total Provision held	-	-

**(iii) Issuer-wise composition of non-SLR investments**

As on March 31, 2023, the Bank held below non-SLR investments:

Issuer	Amount	Extent of private placement#	Extent of "below investment graded" securities#	Extent of "unrated" securities#	Extent of "unlisted" securities#
1. Public sector undertakings	-	-	-	-	-
2. Financial institutions	-	-	-	-	-
3. Banks	-	-	-	-	-
4. Private corporates	-	-	-	-	-
5. Subsidiaries / Joint ventures	-	-	-	-	-
6. Others (Security Receipts, PTC)	293.48	-	-	-	293.48
7. Provision held towards depreciation	-	-	-	-	-
<b>Total</b>	<b>293.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>293.48</b>

# Amounts reported under these columns above are not mutually exclusive



**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**  
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*

During the previous year ended March 31, 2022, the Bank held below non-SLR investments:

Issuer	Amount	Extent of private placement#	Extent of "below investment graded" securities#	Extent of "unrated" securities#	Extent of "unlisted" securities#
1. Public sector undertakings	-	-	-	-	-
2. Financial institutions	-	-	-	-	-
3. Banks	-	-	-	-	-
4. Private corporates	-	-	-	-	-
5. Subsidiaries / Joint ventures	-	-	-	-	-
6. Others (Security Receipts)	92.52	-	-	-	92.52
7. Provision held towards depreciation	-	-	-	-	-
<b>Total</b>	<b>92.52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92.52</b>

# Amounts reported under these columns above are not mutually exclusive.

**5(e) Repo/ Reverse Repo Transactions**

Details of repo / reverse repo deals (in face value terms) (Including LAF and TREPS) done during the year ended March 31, 2023.

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as at March 31, 2023
<b>Securities sold under repo</b>				
i. Government securities				
a) MSF (Repo with RBI)	1.00	650.00	4.93	-
b) Tri-Party Repo (TREPS)	14.00	969.51	200.58	-
c) Market Repo (CROMS)	0.95	384.95	55.05	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities (SLTRO)	800.00	800.00	800.00	800.00
<b>Securities purchased under reverse repo</b>				
i. Government securities				
a) LAF (Reverse Repo with RBI)	250.00	930.00	44.84	-
b) Tri-Party Repo (TREPS)	49.99	899.48	31.29	899.48
c) Market Repo (CROMS)	9.91	99.84	5.50	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

Details of repo / reverse repo deals (in face value terms) (Including LAF and TREPS) for the year ended March 31, 2022:

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as at March 31, 2022
<b>Securities sold under repo</b>				
i. Government securities				
a) MSF (Repo with RBI)	0.00	53.00	0.23	-
b) Tri-Party Repo (TREPS)	0.05	499.96	251.07	-
c) Market Repo (CROMS)	0.99	200.94	34.06	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	150.00	800.00	2.19	800.00
<b>Securities purchased under reverse repo</b>				
i. Government securities				
a) LAF (Reverse Repo with RBI)	16.85	2,276.00	335.93	930.00
b) Tri-Party Repo (TREPS)	-	-	-	-
c) Market Repo (CROMS)	-	-	-	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

**6. Derivatives**

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

**c) Forward rate agreement/ Interest rate swap/ Cross Currency Interest Rate Swap**

The bank has not entered into any forward rate agreement, interest rate swaps or Cross Currency Interest Rate Swap agreement during the year ended March 31, 2023 and previous year ended March 31, 2022.

**b) Exchange Traded Interest Rate Derivatives**

The bank has not entered into any exchange traded interest rate derivatives during the year ended March 31, 2023 and previous year ended March 31, 2022.

**c) Disclosures on Risk Exposure in Derivatives**

**(i) Qualitative Disclosure**

**(ii) Quantitative Disclosure**

The bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations during the year ended March 31, 2023 and previous year ended March 31, 2022.

**d) Credit default swaps**

The Bank has not transacted in credit default swaps during the year ended March 31, 2023 and previous year ended March 31, 2022.





**JANA SMALL FINANCE BANK LIMITED**
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*
**7. Asset Quality**
**7(a) Classification of advances and provisions held**

As at March 31, 2023

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-performing Advances	
<b>Gross Standard Advances and NPAs</b>						
Opening Balance	12,493.42	744.44	12.46	-	756.90	13,250.32
Add: Additions during the year#					1,311.14	
Less: Reductions during the year#*					-1,358.85	
Closing balance	17,291.55	694.01	15.15	0.03	709.19	18,000.74
Reductions in Gross NPAs due to:*						
i) Upgradation					160.11	
ii) Recoveries (excluding recoveries from upgraded accounts)					559.78	
iii) Technical/ Prudential Write-offs					607.73	
iv) Write-offs other than those under (iii) above					31.23	
<b>Provisions (excluding Floating Provisions)</b>						
Opening balance of provisions held	76.13	232.88	10.77	-	243.65	319.78
Add: Fresh provisions made during the year\$					684.64	
Less: Excess provision reversed/ Write-offs					687.10	
Closing balance of provisions held	135.66	234.69	6.47	0.03	241.19	376.85
<b>Net NPAs</b>						
Opening Balance		511.56	1.69	-	513.25	
Add: Fresh additions during the year					956.74	
Less: Reductions during the year*					-1,001.99	
Closing Balance		459.32	8.68	-	468.00	

As at March 31, 2022

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-performing Advances	
<b>Gross Standard Advances and NPAs</b>						
Opening Balance	10,993.33	800.33	51.91	5.74	857.88	11,851.31
Add: Additions during the year#					1,304.24	
Less: Reductions during the year#*					-1,405.37	
Closing balance	12,493.42	744.44	12.46	-	756.90	13,250.32
*Reductions in Gross NPAs due to:						
i) Upgradation					248.31	
ii) Recoveries (excluding recoveries from upgraded accounts)					571.68	
iii) Technical/ Prudential Write-offs					552.63	
iv) Write-offs other than those under (iii) above					32.70	
<b>Provisions (excluding Floating Provisions)</b>						
Opening balance of provisions held	121.90	209.86	23.71	5.74	239.31	361.21
Add: Fresh provisions made during the year \$					622.97	
Less: Excess provision reversed/ Write-offs					-618.64	
Closing balance of provisions held	76.13	232.88	10.77	-	243.65	319.78
<b>Net NPAs</b>						
Opening Balance		590.47	28.20	-	618.67	
Add: Fresh additions during the year					945.18	
Less: Reductions during the year*					-1,050.60	
Closing Balance		511.56	1.69	-	513.25	

# Additions and reductions does not include accounts which turned NPA during a particular month and subsequently moved out of NPA in the same month.

\* Balancing figure

\$ Represent provision made during the year (including write offs) as per the Profit &amp; Loss account.



**JANA SMALL FINANCE BANK LIMITED**
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*
**Floating Provision as at March 31, 2023**

Particulars	Standard	Non-Performing			Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-performing Advances
Opening Balance					-
Add: Additional provisions made during the year					-
Less: Amount drawn down during the year					-
Closing balance of floating provisions					-

**Floating Provision as at March 31, 2022**

Particulars	Standard	Non-Performing			Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-performing Advances
Opening Balance					-
Add: Additional provisions made during the year					-
Less: Amount drawn down during the year					-
Closing balance of floating provisions					-

**Technical or prudential write offs**

Movement in the stock of technical and prudentially written-off accounts and recoveries made thereon is as given below:

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level.

Particulars	March 31, 2023	March 31, 2022
Opening balance of technical / prudential write-offs accounts	3,136.63	2,663.85
Add: Technical / Prudential write-offs during the year	607.73	552.63
Sub - Total (A)	3,744.36	3,216.48
Recoveries made from technical/ prudential written off accounts during the year	70.65	57.42
Actual Write-offs during the year	175.19	22.43
Sale to technical write off accounts to ARCs	2,815.71	-
Sub - Total (B)	3,061.55	79.85
Closing balance (A-B)	682.81	3,136.63

Ratios (in per cent)	March 31, 2023	March 31, 2022
Gross NPA to Assets Under Management (AUM)	3.71%	4.98%
Net NPA to Net Assets Under Management (AUM)	2.48%	3.43%
Gross NPA to Gross Advances	3.94%	5.71%
Net NPA to Net Advances	2.64%	3.95%
Provision coverage ratio (Including Technical write off)	88.88%	86.82%
Provision coverage ratio (Excluding Technical write off)	34.01%	37.15%





**JANA SMALL FINANCE BANK LIMITED**
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*
**7(b) Sector-wise advances**

Sector	March 31, 2023		
	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A. Priority Sector</b>			
1. Agriculture and allied activities	4,190.01	125.32	2.99%
2. Advances to industries sector eligible as priority sector lending	1,269.96	15.85	1.25%
(i) Food Processing	139.21	1.86	1.34%
(ii) Textiles	169.92	1.13	0.67%
3. Services	3,172.53	67.85	2.14%
(i) Retail Trade	1,459.51	17.52	1.20%
4. Personal loans*	5,821.13	444.04	7.63%
<b>Sub total (A)¶</b>	<b>14,453.63</b>	<b>653.06</b>	<b>4.52%</b>
<b>B. Non Priority Sector</b>			
1. Agriculture and allied activities	0.17	0.15	88.24%
2. Industry	48.29	0.63	1.30%
3. Services	1,771.16	37.50	2.12%
(i) NBFCs	1,284.04	-	0.00%
4. Personal loans*	1,727.49	17.85	1.03%
<b>Sub total (B)</b>	<b>3,547.11</b>	<b>56.13</b>	<b>1.58%</b>
<b>Total (A+B)</b>	<b>18,000.74</b>	<b>709.19</b>	<b>3.94%</b>

\*Personal loan includes housing loans

¶ Priority sectors includes ₹ 3,575 crores, in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC)

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports, which has been furnished by the Management and has been relied upon by the auditors.

Sector	March 31, 2022		
	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A. Priority Sector</b>			
1. Agriculture and allied activities	2,532.02	156.65	6.19%
2. Advances to industries sector eligible as priority sector lending	940.45	9.59	1.02%
(i) Textiles	121.24	2.11	1.74%
3. Services	1,388.84	41.87	3.01%
(i) Retail Trade	871.34	14.83	1.81%
4. Personal loans*	5,009.87	515.42	10.29%
<b>Sub total (A)¶</b>	<b>9,871.18</b>	<b>723.53</b>	<b>7.33%</b>
<b>B. Non Priority Sector</b>			
1. Agriculture and allied activities	-	-	-
2. Industry	79.51	0.11	0.14%
3. Services	1,750.02	6.31	0.36%
(i) NBFCs	760.45	-	0.00%
(ii) Retail Trade	663.70	4.24	0.64%
4. Personal loans*	1,549.61	26.95	1.74%
<b>Sub total (B)</b>	<b>3,379.14</b>	<b>33.37</b>	<b>0.99%</b>
<b>Total (A+B)</b>	<b>13,250.32</b>	<b>756.90</b>	<b>5.71%</b>

\*Personal loan includes housing loans

¶ Priority sectors includes ₹ 1,010 crores, in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC)

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports, which has been furnished by the Management and has been relied upon by the auditors.



**JANA SMALL FINANCE BANK LIMITED****SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

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

**7(c) Overseas Assets, NPAs and Revenue**

The Bank does not hold any overseas assets / NPA as at March 31, 2023 and no overseas operations were undertaken during the year ended March 31, 2023 hence revenue from overseas operation is Nil. (March 31, 2022: Nil)

**7(d) Details of Resolution Plan implemented under Prudential Framework for Resolution of Stressed Assets**

There were no accounts that have been restructured under prudential framework on resolution of stressed assets as per the circular no. RBI/2018-19/203 DBR.No.BP.BC.45/21-04.048/2018-19 dated June 07, 2019 during the year ended March 31, 2023. (March 31, 2022: Nil)

**7(e) Divergence in the asset classification and provisioning**

RBI vide its circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and Notification dated April 01, 2019, has directed banks shall make suitable disclosures, if either or both of the following conditions are satisfied:

(a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, and

(b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

The Bank has been subjected to annual financial inspection (AFI) by the RBI during the financial year 2022-23 with respect to financial year 2021-22. There has been no material divergence observed by the RBI on the Bank's asset classification and provisioning under the prudential norms on income recognition asset classification and provisioning that require such disclosures.

**7(f) Details of Non Performing Financial Assets Purchased / Sold**

Details of loans transferred excluding through Inter-Bank Participation Certificate (IBPC) during the year ended March 31, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

The Bank has not purchased any non performing financial assets during the year ended March 31, 2023.

During the year ended March 31, 2023 the Bank has sold non performing assets as below.

Particulars Non-Performing Assets sold	To ARCs	To permitted transferees	To other transferees (please specify)
No. of accounts	2,102	-	-
Aggregate principal outstanding of loans transferred	305.41	-	-
Weighted average residual tenor of the loans transferred	13.49	-	-
Net book value of loans transferred (at the time of transfer)	241.41	-	-
Aggregate consideration	254.28	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-
Quantum of Excess provision reversed to Profit and Loss Account	-	-	-

During the year ended March 31, 2022 the Bank has sold non performing assets as below.

Particulars Non-Performing Assets sold	To ARCs	To permitted transferees	To other transferees (please specify)
No. of accounts	911	-	-
Aggregate principal outstanding of loans transferred	131.49	-	-
Weighted average residual tenor of the loans transferred	13.02	-	-
Net book value of loans transferred (at the time of transfer)	98.18	-	-
Aggregate consideration	108.85	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-
Quantum of Excess provision reversed to Profit and Loss Account	-	-	-

The Bank has not purchased / transferred any Special Mention Account (SMA) and loan not in default.

The Bank has not acquired any loans through assignment.

The Bank has not acquired any stressed loan.

**7(g) Fraud accounts**

Particulars	March 31, 2023	March 31, 2022
Number of cases Reported	891	772
Opening Balance	1.73	6.51
Amount of Fraud	2.29	5.56
Recovery / Write off of provision	(2.49)	(10.34)
Closing Balance	1.53	1.73
Unamortised provision debited from 'other reserves' as at the end of the year	Nil	Nil



**JANA SMALL FINANCE BANK LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

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

**7(h) Disclosure under Resolution Framework for COVID-19 related stress**

The disclosure requirements as required by RBI circular dated August 6, 2020 (Resolution Framework 1.0) and May 5, 2021 (Resolution Framework 2.0) as at March 31, 2023 is given below for the half year ending March 31, 2023:

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year i.e. September 30, 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2023	Of (A) amount written off during the half-year#	Of (A) amount paid by the borrowers during the half-year^	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	54.35	13.70	0.04	9.21	31.45
Corporate Loans*	—	—	—	—	—
of which, MSMEs	—	—	—	—	—
Others	123.43	38.22	0.15	41.01	44.20
<b>Total</b>	<b>177.79</b>	<b>51.92</b>	<b>0.19</b>	<b>50.22</b>	<b>75.65</b>

\* As defined in section 3(7) of the Insolvency and Bankruptcy Code, 2016

# represents debt that slipped into NPA and was subsequently written off during the half-year

^ Includes change in balances on account of interest

**7(i) Particulars of accounts restructured for 'Micro, Small and Medium Enterprises (MSME) sector based on RBI guidelines dated January 01, 2019 and further extended by RBI circular dated February 11, 2020 & August 06, 2020.**

The Bank has restructured accounts as below.

Particulars*	March 31, 2023	March 31, 2022
No of Accounts Restructured	1,859	6,407
Outstanding Amount	110.54	250.47
Provision Amount	9.54	20.25

\* Represents active accounts





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**B. Disclosures relating to securitisation**

**Details of Sales**

During the period ended March 31, 2023 the Bank has entered into securitisation transactions other than Direct assignments (as mentioned below) in accordance with the guidelines issued by the RBI (Dec 31, 2021 : Nil)

Particular	March 31, 2023	March 31, 2022
(i) No. of SPEs holding assets for securitisation transactions originated by the bank during the year.	2	-
(ii) Total amount of securitised assets as per books of the SPEs (outstanding as on balance sheet date)	188.10	41.74
(iii) Total amount of exposures retained by the Bank to comply with minimum retention requirement (MRR) as on the date of balance sheet	34.26	-
(a) Off Balance Sheet Exposure	16.87	-
First loss	16.87	-
Others	-	-
(b) On Balance Sheet Exposure	17.39	-
First loss	17.39	-
Others	-	-
(iv) Amount of exposures to securitisation transaction other than MRR	23.38	23.38
(a) Off Balance Sheet Exposure	23.38	23.38
I. Exposure to own Securitisations	23.38	23.38
First loss	23.38	23.38
Others (Guarantees provided by Banks on behalf of the bank)	-	-
II. Exposure to Third Party Securitisations	-	-
First loss	-	-
Others	-	-
(b) On Balance Sheet Exposure	-	-
I. Exposure to own Securitisations	-	-
First loss	-	-
Others (Guarantees provided by Banks on behalf of the bank)	-	-
II. Exposure to Third Party Securitisations	-	-
First loss	-	-
Others	-	-
(v) Sale consideration received for the securitised assets during the year	297.13	-
(vi) Gain/loss on sale on account of securitisation	-	-
(vii) Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	Nil	Nil
(viii) Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.		
(a) Amount paid	Nil	Nil
(b) Repayment received	Nil	Nil
(c) Outstanding amount	Nil	Nil
(ix) Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	3.65%	Nil
(x) Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans, etc	Nil	Nil
(xi) Investor complaints:		
(a) Directly/Indirectly received and;	Nil	Nil
(b) Complaints outstanding	Nil	Nil

**Details of direct assignment transactions**

The details of direct assignment activity of the Bank as an originator as per RBI guidelines to the Guidelines on Securitisation is given below.

Particular	March 31, 2023	March 31, 2022
(i) No. of accounts	3,544	652
(ii) Aggregate value of accounts sold to SC	514.49	2.66
(iii) Aggregate Consideration	514.49	2.66
(iv) Aggregate gain / loss over net book Value	-	-

**Details of book value of investment in security receipts (SRs) backed by NPAs**

Outstanding value of investments in Security Receipts as on March 31, 2023, is ₹ 276.61 crores in Security Receipts (March 31, 2022: ₹ 92.52 crores)



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**9. Exposures**

**9(a) Exposure to real estate sector**

Category	March 31, 2023	March 31, 2022
<b>A) Direct exposure</b>	<b>2,417.34</b>	<b>1,753.21</b>
(i) Residential mortgages*	2,417.34	1,753.21
(of which housing loans eligible for inclusion in priority sector advances)	1,656.75	1,254.82
(ii) Commercial real estate	-	-
(iii) Investments in mortgage backed securities (MBS) and other securitised exposure	-	-
a) Residential	-	-
b) Commercial real estate	-	-
<b>B) Indirect exposure</b>	<b>-</b>	<b>-</b>
Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies (HECs)	-	-

\* Includes only housing loan

**9(b) Exposure to Capital Market**

During the year ended March 31, 2023, the bank has 'Nil' exposure to capital market instruments (March 31, 2022 : Nil)

**9(c) Risk Category wise Country Exposure**

The Bank's exposures are concentrated in India, hence country risk exposure as at March 31, 2023 is Nil (March 31, 2022 : Nil).

**9(d) Unsecured Advances**

Particular	March 31, 2023	March 31, 2022
Total unsecured advances of the bank	7,954.11	5,942.67
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
Estimated value of such intangible securities	-	-

**9(e) Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the Bank**

During the year ended March 31, 2023 and previous year ended March 31, 2022, the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed under extant RBI guidelines.

**9(f) Factoring Exposure**

The Bank does not have any factoring exposure as at March 31, 2023 (March 31, 2022 : Nil).

**9(g) Intra Group Exposure**

The Bank does not have any intra group exposure as at March 31, 2023 (March 31, 2022 : Nil).

**9(h) Unhedged Foreign currency Exposure**

The Bank doesn't have any unhedged foreign currency exposure as at March 31, 2023 (March 31, 2022 : Nil).

**10. Concentration of Deposits, Advances, Exposures and NPA's**

**10(a) Concentration of deposits**

Particulars	March 31, 2023	March 31, 2022
Total deposits of twenty largest depositors	2,382.06	1,786.10
Percentage of deposits of twenty largest depositors to total deposits of the Bank	14.58%	13.19%

**10(b) Concentration of advances**

Particulars	March 31, 2023	March 31, 2022
Total advances to twenty largest borrowers*	1,121.92	815.08
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	6.23%	6.17%

\*Advances comprise credit exposure (funded and non-funded credit limits) including derivative transactions if any, computed as per current exposure method in accordance with RBI guidelines.

**10(c) Concentration of Exposures**

Particulars	March 31, 2023	March 31, 2022
Total exposure to twenty largest borrowers / customers*	1,121.92	815.08
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	6.23%	6.17%

\*Exposures comprise credit exposure (funded and non-funded credit limits) including derivative transactions and investment exposure if any, in accordance with RBI guidelines.

**10(d) Concentration of NPAs**

Particulars	March 31, 2023	March 31, 2022
Total Exposure to the top twenty NPA accounts	33.39	15.00
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs	4.70%	1.98%





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## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

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### 11. 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, 2023	Deposits	Advances*	Investments	Borrowings	Balances with banks and money at call and short notice	Foreign currency assets	Foreign currency liabilities
Day - 1	76.86	8.42	2,545.88	-	903.43	-	-
2 to 7 Days	419.90	(281.03)	59.26	7.00	-	-	-
8 to 14 Days	376.20	61.22	53.09	12.38	-	-	-
15 to 30 Days	291.06	253.40	55.96	-	-	-	-
31 Days and up to 2 months	488.89	459.85	91.46	269.04	5.70	-	-
More than 2 months and up to 3 months	625.44	463.39	98.90	66.55	153.38	-	-
Over 3 months and up to 6 months	2,018.15	1,511.86	271.68	606.69	-	-	-
Over 6 months and up to 1 year	4,008.81	3,078.12	540.13	976.71	11.69	-	-
Over 1 Year and up to 3 years	7,586.15	5,031.85	1,136.49	3,906.28	1.67	-	-
Over 3 Years and up to 5 years	434.72	1,616.63	367.35	426.42	0.25	-	-
Over 5 years	7.84	5,555.85	1.02	6.39	0.25	-	-
<b>Total</b>	<b>16,334.02</b>	<b>17,759.56</b>	<b>5,221.22</b>	<b>6,277.46</b>	<b>1,076.37</b>	-	-

As at March 31, 2022	Deposits	Advances*	Investments	Borrowings	Balances with banks and money at call and short notice	Foreign currency assets	Foreign currency liabilities
Day - 1	52.49	44.34	2,886.96	-	5.06	-	-
2-7 Days	414.19	(330.13)	64.23	11.45	-	-	-
8-14 Days	318.64	(223.59)	49.13	2.50	-	-	-
15-30 Days	271.06	218.72	45.86	-	-	-	-
31 Days and up to 2 months	659.92	(57.42)	111.76	91.83	-	-	-
More than 2 months and up to 3 months	776.95	383.79	124.97	52.50	-	-	-
Over 3 months and up to 6 months	1,489.72	968.56	212.32	372.55	-	-	-
Over 6 months and up to 1 year	3,446.62	2,489.50	505.37	482.44	-	-	-
Over 1 Year and up to 3 years	5,628.58	4,167.55	944.51	2,681.80	1.51	-	-
Over 3 Years and up to 5 years	469.31	1,469.29	107.96	716.42	-	-	-
Over 5 years	9.01	3,876.06	12.19	98.34	0.50	-	-
<b>Total</b>	<b>13,536.49</b>	<b>13,006.67</b>	<b>5,065.26</b>	<b>4,509.83</b>	<b>7.07</b>	-	-

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.

\*Negative number in advances indicates amount due under Inter-Bank Participation Certificate with risk sharing.





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**12. Liquidity Coverage Ratio**

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

Particulars	June 30, 2022		September 30, 2022		December 31, 2022		March 31, 2023	
	Total unweighted value	Total weighted value (average)	Total unweighted value	Total weighted value (average)	Total unweighted value	Total weighted value (average)	Total unweighted value	Total weighted value (average)
<b>1 Total High Quality Liquid Assets (HQLA)</b>	4,571.51	4,571.51	5,237.26	5,237.26	4,914.43	4,914.43	4,414.98	4,414.98
<b>Cash Outflows</b>								
<b>2 Retail deposits and deposits from small business customers, of which:</b>								
(i) Stable deposits	8,115.46	554.60	8,413.48	572.21	8,879.51	599.55	9,209.43	632.44
(ii) Less stable deposits	5,138.95	256.95	5,382.76	269.14	5,667.89	283.39	5,970.18	298.51
<b>3 Unsecured wholesale funding, of which:</b>	2,976.51	297.65	3,030.72	303.07	3,161.62	316.16	3,239.25	323.93
(i) Operational deposits (all counterparties)	1,109.83	106.20	1,081.30	103.23	1,196.25	114.60	1,356.19	130.42
(ii) Non-operational deposits (all counterparties)	1,109.83	106.20	1,081.30	103.23	1,196.25	114.60	1,356.19	130.42
(iii) Unsecured debt								
<b>4 Secured wholesale funding</b>	436.93	436.93	443.42	443.42	202.56	202.56	306.81	306.81
<b>5 Additional requirements, of which</b>	105.64	5.28	108.77	5.44	108.02	5.40	107.89	5.39
(i) Outflows related to derivative exposures and other collateral requirements								
(ii) Outflows related to loss of funding on debt products								
(iii) Credit and liquidity facilities	105.64	5.28	108.77	5.44	108.02	5.40	107.89	5.39
<b>6 Other contractual funding obligation</b>	119.48	119.48	182.90	182.90	76.91	76.91	180.97	180.97
<b>7 Other contingent funding obligations</b>	37.21	1.78	34.37	1.64	34.37	1.64	34.94	1.67
<b>8 Total cash outflows</b>	<b>9,924.55</b>	<b>1,224.27</b>	<b>10,264.24</b>	<b>1,308.84</b>	<b>10,447.62</b>	<b>1,000.66</b>	<b>11,196.23</b>	<b>1,247.70</b>
<b>Cash Inflows</b>								
<b>9 Secured lending (e.g. reverse repo)</b>								
<b>10 Inflows from fully performing exposures</b>	623.90	311.95	686.91	343.45	858.22	429.11	765.01	382.51
<b>11 Other cash inflows</b>	0.56	0.56	0.39	0.39	0.38	0.38	0.28	0.28
<b>12 Total cash inflows</b>	<b>624.46</b>	<b>312.51</b>	<b>687.30</b>	<b>343.84</b>	<b>858.60</b>	<b>429.49</b>	<b>765.29</b>	<b>382.79</b>
<b>21 Total HQLA</b>	<b>4,571.51</b>	<b>4,571.51</b>	<b>5,237.26</b>	<b>5,237.26</b>	<b>4,914.43</b>	<b>4,914.43</b>	<b>4,414.98</b>	<b>4,414.98</b>
<b>22 Total Net Cash Outflows</b>	<b>9,300.09</b>	<b>911.76</b>	<b>9,576.94</b>	<b>965.00</b>	<b>9,589.02</b>	<b>571.17</b>	<b>10,430.94</b>	<b>864.91</b>
<b>23 Liquidity Coverage Ratio (%)</b>		<b>501.39%</b>		<b>542.72%</b>		<b>860.41%</b>		<b>510.46%</b>



12. Liquidity Coverage Ratio contd..

Particulars	June 30, 2021		September 30, 2021		December 31, 2021		March 31, 2022	
	Total unweighted value	Total weighted value (average)	Total unweighted value	Total weighted value (average)	Total unweighted value	Total weighted value (average)	Total unweighted value	Total weighted value (average)
1 Total High Quality Liquid Assets (HQLA)	6,658.65	6,688.65	5,895.18	5,895.18	5,689.71	5,689.71	4,807.91	4,807.91
<b>Cash Outflows</b>								
2 Retail deposits and deposits from small business customers, of which:	7,420.60	499.07	7,661.02	516.25	7,884.26	538.39	7,671.59	533.83
(i) Stable deposits	4,859.67	242.98	4,997.11	249.86	5,000.76	250.04	5,056.63	253.33
(ii) Less stable deposits	2,560.93	256.09	2,663.91	266.39	2,883.50	288.35	2,614.96	280.50
3 Unsecured wholesale funding, of which:	1,074.05	104.00	1,035.86	96.96	1,054.49	101.60	997.84	95.44
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	1,074.05	104.00	1,035.86	96.96	1,054.49	101.60	997.84	95.44
(iii) Unsecured debt	-	-	-	-	-	-	-	-
4 Secured wholesale funding	120.77	120.77	96.87	96.87	338.41	338.41	274.12	274.12
5 Additional requirements, of which	60.71	3.04	55.14	2.76	70.35	3.52	85.88	4.29
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	60.71	3.04	55.14	2.76	70.35	3.52	85.88	4.29
6 Other contractual funding obligation	350.49	350.49	267.94	267.94	112.09	112.09	259.71	259.71
7 Other contingent funding obligations	37.44	1.83	39.06	1.91	39.66	1.91	39.66	1.91
8 Total cash outflows	9,064.06	1,079.20	9,156.49	982.69	9,499.26	1,095.92	9,528.80	1,169.30
<b>Cash Inflows</b>								
9 Secured lending (e.g. reverse repo)	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	626.70	348.35	735.47	367.73	738.28	369.14	605.55	302.78
11 Other cash inflows	1.03	1.03	0.24	0.24	0.99	0.99	0.39	0.39
12 Total cash inflows	627.73	349.38	735.71	367.97	739.27	370.13	605.94	303.17
21 Total HQLA	6,608.65	6,688.65	5,895.18	5,895.18	5,689.71	5,689.71	4,807.91	4,807.91
22 Total Net Cash Outflows	8,366.33	729.82	8,420.78	614.72	8,759.99	725.79	8,922.86	866.13
23 Liquidity Coverage Ratio (%)		916.18%		959.00%		783.93%		555.10%

Notes:

\* Average weighted and unweighted amounts are calculated taking three point averages for all quarters for the relevant period and not as simple average based on daily observation for the respective quarters. As in date balances have been considered to compute the monthly averages which in turn is used as an average for the quarter.

The disclosure of average weighted and unweighted amounts are calculated as simple average based on daily observation for the respective quarters.

Qualitative disclosure on LCR

- 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 (subject to Note\* mentioned above). 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 (FALLCRB). Bank is presently funded through deposits, IBPC and long term borrowings viz. Debentures, TDRPs and money market operations. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.





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**13. Contingent liabilities**

Contingent liabilities	March 31, 2023	March 31, 2022
Income tax liability	55.97	30.47
Guarantees given on behalf of constituents	2.65	2.50
Others	18.56	8.77
<b>Total</b>	<b>77.18</b>	<b>41.74</b>

In February 2019, the Honourable 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.

**Description of contingent liabilities**

<b>1. Claims against the Bank not acknowledged as debts - taxation</b>	The Bank is a party to various taxation matters in respect of which appeals are pending. The Bank expects the outcome of the appeals to be favorable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and taxation laws.
<b>2. Claims against the Bank not acknowledged as debts - others</b>	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
<b>3. Guarantees given on behalf of constituents, acceptances, endorsements and other obligations</b>	As a part of its commercial banking activities, the Bank issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
<b>4. Other items for which the Bank is contingently liable</b>	These include: a) Guarantees given by Bank b) Credit enhancements in respect of securitised-out loans; c) Bills rediscounted by the Bank; d) Capital commitments.

**14. Employee benefits**
**Employment benefits - Gratuity**

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

The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS-15.

During the year ended March 31, 2023 and March 31, 2022, the Bank does not have unamortised gratuity and pension liability.

**Expenses recognised in the Profit and Loss Account**

Particulars	March 31, 2023	March 31, 2022
Current service cost	4.45	3.17
Interest cost on benefit obligation	(0.02)	0.11
Past service cost vested benefit recognised during the year	-	-
Net actuarial loss recognized in the year	1.96	5.09
<b>Employer Expenses</b>	<b>6.39</b>	<b>8.37</b>

**Net Liability/ (Asset) recognised in the Balance Sheet**

Particulars	March 31, 2023	March 31, 2022
Present value of Defined Benefit Obligation	23.98	23.02
Fair value of plan assets	26.15	23.44
Net (asset) / liability recognized in balance sheet	(2.17)	(0.42)
Less: Unrecognised Past Service Cost	-	-
<b>(Asset)/Liability recognized in balance sheet</b>	<b>(2.17)</b>	<b>(0.42)</b>

**Reconciliation of Defined Benefit Obligation (DBO)**

Particulars	March 31, 2023	March 31, 2022
Present Value of DBO at start of year	23.02	18.21
Interest cost	1.19	0.70
Current service cost	4.45	3.17
Past service cost vested benefit recognised during the year	-	-
Benefits paid	(6.60)	(3.82)
Actuarial loss/(gain)	1.92	4.76
<b>Present Value of DBO at end of year</b>	<b>23.98</b>	<b>23.02</b>





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**Reconciliation of Fair Value of Plan Assets**

Particulars	March 31, 2023	March 31, 2022
Fair Value of Plan Assets at start of year	23.44	15.37
Expected return on plan assets	1.21	0.59
Contributions by employer	8.14	11.63
Benefits paid	(6.60)	(3.82)
Actuarial gain / (loss)	(0.04)	(0.33)
Fair value of plan assets at end of year	26.15	23.44

**Investment details of plan assets**

Particulars	March 31, 2023	March 31, 2022
Balance with Life Insurance Corporation of India (LIC)	26.15	23.44

Information of investment details of plan assets are not available, hence not disclosed and the obligation is funded with LIC.

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

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.20%	5.15%
Expected rate of return on assets	7.20%	5.15%
Employee turnover (in service 0 years and below)	42%	42%
Employee turnover (in service 1 years to 2 years)	39%	39%
Employee turnover (in service 3 years to 4 years)	31%	31%
Employee turnover (in service 5 years and above)	23%	23%
Salary growth rate	6.00%	6.00%
Mortality Rate During Employment - Indian Assured Lives Mortality (IALM)	IALM 2012-14 (Urban)	IALM 2012-14 (Urban)
Expected average remaining working lives of employees	2 Years	2 Years

**Experience Adjustments for the year ended March 31, 2023**

Particulars	FY 22-23	FY 21-22	FY 20-21	FY 19-20	FY 18-19
Present Value of DBO at the end of the year	23.98	23.02	18.21	11.41	7.66
Fair Valuation of Plan Assets	26.15	23.44	15.37	13.06	14.54
Funded Status [Surplus/(Deficit)]	2.17	0.42	(2.84)	1.66	6.89
Experience adjustment on plan liabilities : Gain / (Loss)	(3.54)	(3.54)	(3.45)	(1.71)	(1.74)
Experience adjustment on plan Assets : Gain / (Loss)	(0.33)	(0.33)	(0.52)	(1.04)	(0.69)

**Defined Contribution Plan - Provident Fund**

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 has recognised ₹ 39.00 crores (March 31, 2022: ₹ 37.99 crores) towards Provident Fund contributions.

**Employee benefits - compensated absences**

The actuarial liability in respect of privilege leave granted to employees of the Bank and outstanding as at March 31, 2023 is ₹ 7.20 crores (March 31, 2022: ₹ 6.52 crores)

**Assumption used in determining the privilege leave liability**

	March 31, 2023	March 31, 2022
Discount rate	7.20%	5.15%
Salary escalation rate	6%	6%
Attrition rate:		
For service 0 years and below	42%	42%
For service 1 years to 2 years	39%	39%
For service 3 years to 4 years	31%	31%
For service 5 years and above	23%	23%



**15. Disclosures 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. As at March 31, 2023, the NRC had five members of which three 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 was approved by the Board on February 8, 2018, pursuant to the guidelines issued by RBI, to cover all employees of the Bank.

The Remuneration policy was amended by the Board on August 13, 2020 to align the policy in line with current regulatory amendments. Compensation Policy covers 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, 2023 was 18,184 (March 31, 2022: 15,641), 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 and Key features and objectives of remuneration policy**

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

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

**Effective governance of compensation:**

The NRC shall oversee the framing, review and implementation of the compensation policy.

**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 reviewed the Bank's remuneration policy during the year under review

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

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

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

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

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

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

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





**15. Disclosures 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:**

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

**e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:**

The Bank's remuneration policy covers Whole Time Directors / Chief Executive Officer/ Other Material Risk Takers of the Bank.

**f) Description of the different forms of variable remuneration (i.e., cash and types of share-linked instruments) that the bank utilizes and the rationale for using these different forms.**

Variable remuneration includes following distinct forms:-

**1. Statutory Bonus:**

Statutory Bonus is paid as per Payment of Bonus Act, 1965.

**2. Variable Pay :**

Variable pay component ensures that we reward the employees based on the individual achievements and the Bank's performance measured against goals established for the performance year.

**a) Cash Bonus:**

The budget for Annual Cash Bonus, will depend on the bank's profitability. The actual pay-out to the individual will further depend on his/her performance, and at the sole discretion of the management.

**b) Incentives:**

All Business roles up to the level of Zonal Business Heads are eligible for Incentives. Pay out of Incentive for aggregator roles depends upon average incentives earned by the front line team. These incentives are capped to ensure integrity and compliance.

For the front line field roles like CREC, CRES, BDE, Area Heads in Collections, Assets and Liabilities Collections, Incentives are paid on a monthly basis. Roles in operations such as CRE, Teller, BQM or other aggregator roles in Business like Branch Sales Manager, Regional Heads and Zonal Heads, a portion of monthly incentives are retained and is paid after the end of performance year.

Any addition/modification would be approved by the MD & CEO.

**c) Share-linked Instruments:**

Currently ESOPs/ RSUs are granted to employees by the management, based on the Board approved schemes. Share-linked instruments will be fair valued on the date of grant by the bank. As per the Good Leavers policy of the Bank, payment towards any deferred instrument or cash bonus will require approval of the MD & CEO.

**3. Rewards & Recognition:**

The Bank may, with the approval of the MD & CEO, run various contests for its employees to support the achievement of the Bank's on-going business objectives. These contests may carry financial/other rewards as permitted by extant regulations.





**JANIA SMALL FINANCE BANK LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

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

**15. Disclosures on Remuneration (Contd.)**

The quantitative disclosures covers details of Whole Time Directors / Chief Executive Officer/ Other Material Risk Takers of the Bank. Key Material 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.

**B) Quantitative Disclosure**

Sr. No.	Subject	March 31, 2023		March 31, 2022	
		Number of meetings held by the NRC during the financial year and remuneration paid to its members	Number of meetings: 6 Remuneration paid: ₹ 0.05 crores	Number of meetings: 5 Remuneration paid: ₹ 0.04 crores	
(a)	Number of employees having received a variable remuneration award during the financial year	None	None	None	
(b) (i)	Number and total amount of sign on awards made during the financial year	None	None	None	
(b) (ii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	None	None	None	
(b) (iii)	Details of severance pay, in addition to accrued benefits, if any	None	None	None	
(b) (iv)	Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms	None	None	None	
(c) (i)	Total amount of deferred remuneration paid out in the financial year	None	None	None	
(d) (i)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non deferred	Fixed Pay : ₹ 23.41 crores Car EMI : ₹ 0.50 crores Variable pay : ₹ 0.96 crores Deferred pay : ₹ 0.90 crores	Fixed Pay : ₹ 21.50 crores Car EMI : ₹ 0.39 crores Variable pay : ₹ 4.30 crores Deferred pay : Nil	Fixed Pay : ₹ 21.50 crores Car EMI : ₹ 0.39 crores Variable pay : ₹ 4.30 crores Deferred pay : Nil	
(e) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments	None	None	None	
(e) (ii)	Total amount of reductions during the financial year due to ex post explicit adjustments	None	None	None	
(e) (iii)	Total amount of reductions during the financial year due to ex post implicit adjustments	None	None	None	

1. The remuneration 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.

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



**JANA SMALL FINANCE BANK LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

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

**15. Disclosures on Remuneration (Contd.)**

**(C) Remuneration paid to other directors for the year ended March 31, 2023**

Sr. No.	Particulars of Remuneration	Name of the Directors						Total Amount
1	Independent Directors	Vikram Gandhi	R. Ramaseshan	Chitra Talwar	Eugene Karthak	Dr. Subhas Khuntia	K. Srinivas Nayak	P. Vijaya Kumar
	Fee for attending board committee meetings	0.02	0.11	0.10	0.00	0.10	0.08	0.01
	Commission	-	-	-	-	-	-	-
	Others, (Professional Fees)	-	-	-	-	0.15	0.00	0.00
	<b>Total (1)</b>	<b>0.02</b>	<b>0.11</b>	<b>0.10</b>	<b>0.00</b>	<b>0.25</b>	<b>0.08</b>	<b>0.01</b>
2	Other Non-Executive Directors	Ramesh Ramanathan	Rahul Khosla					
	Fee for attending board committee meetings	-	0.02					
	Commission	-	-					
	Others, please specify	-	-					
	<b>Total (2)</b>	<b>-</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.02</b>
	<b>Total (1)+(2)</b>	<b>0.02</b>	<b>0.13</b>	<b>0.10</b>	<b>-</b>	<b>0.25</b>	<b>0.08</b>	<b>0.01</b>

**Remuneration paid to other directors for the year ended March 31, 2022**

Sr. No.	Particulars of Remuneration	Name of the Directors						Total Amount
1	Independent Directors	Vikram Gandhi	R. Ramaseshan	Chitra Talwar	Eugene Karthak	P. R. Seshadri	Dr. Subhas Khuntia	
	Fee for attending board committee meetings	0.04	0.08	0.08	0.05	0.08	0.05	0.38
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	0.07	0.07
	<b>Total (1)</b>	<b>0.04</b>	<b>0.08</b>	<b>0.08</b>	<b>0.05</b>	<b>0.08</b>	<b>0.12</b>	<b>0.45</b>
2	Other Non-Executive Directors	Ramesh Ramanathan	Rahul Khosla					
	Fee for attending board committee meetings	-	0.06					0.06
	Commission	-	-					-
	Others, please specify	-	-					-
	<b>Total (2)</b>	<b>-</b>	<b>0.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.06</b>
	<b>Total (1)+(2)</b>	<b>0.04</b>	<b>0.14</b>	<b>0.08</b>	<b>0.05</b>	<b>0.08</b>	<b>0.12</b>	<b>0.51</b>

Overall Ceiling as per the Act (sitting fees not to exceed ₹ 100,000 per meeting). The Bank pays sitting fees to Non-Executive Directors which is below the ceiling of ₹ 100,000 per meeting as prescribed under the Companies Act, 2013.



**JANA SMALL FINANCE BANK LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

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

**16. Segment Reporting**

**Business Segments**

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 the RBI. The Bank operates in the following segments:

**a) Treasury**

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

**b) Retail Banking**

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

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

**c) Wholesale Banking**

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

**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.





**JANA SMALL FINANCE BANK LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

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

**Part A: Business segments:**

Segment reporting for the year ended March 31, 2023 and March 31, 2022 is given below:

Particulars	March 31, 2023	March 31, 2022
<b>1 Segment Revenue:</b>		
(a) Treasury	1,096.84	1,371.26
(b) Corporate/Wholesale Banking	155.26	129.14
(c) Retail Banking	4,571.18	3,806.51
(i) Digital Banking Units	0.47	
(ii) Other Retail Units	4,570.71	
(d) Other Banking operations	33.17	28.61
<b>Total Revenue</b>	<b>5,856.45</b>	<b>5,335.52</b>
Less: Inter Segment Revenue	-2,156.58	-2,285.23
<b>Income from Operations</b>	<b>3,699.87</b>	<b>3,050.29</b>
<b>2 Segment Results (net of provisions)</b>		
(a) Treasury	24.38	124.56
(b) Corporate/Wholesale Banking	31.41	7.36
(c) Retail Banking	170.14	-142.10
(i) Digital Banking Units	-0.08	
(ii) Other Retail Units	170.22	
(d) Other Banking operations	30.04	15.59
(e) Unallocated	0.00	0.00
<b>Profit/(Loss) before tax</b>	<b>255.97</b>	<b>5.41</b>
<b>3 Segment Assets</b>		
(a) Treasury	7,354.35	6,605.94
(b) Corporate/Wholesale Banking	1,805.88	1,395.22
(c) Retail Banking	16,299.33	11,989.65
(i) Digital Banking Units	6.02	
(ii) Other Retail Units	16,293.31	
(d) Other Banking operations	0.00	5.84
(e) Unallocated	184.12	192.06
<b>Total</b>	<b>25,643.68</b>	<b>20,188.71</b>



**JANA SMALL FINANCE BANK LIMITED**
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

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

Particulars	March 31, 2023	March 31, 2022
<b>4 Segment Liabilities</b>		
(a) Treasury	6,457.52	4,627.53
(b) Corporate/Wholesale Banking	19.16	11.77
(c) Retail banking	17,328.19	14,322.65
(i) Digital Banking Units	4.98	
(ii) Other Retail Units	17,323.21	
(d) Other banking operations	0.00	0.00
(e) Unallocated	41.56	26.06
<b>Total</b>	<b>23,846.43</b>	<b>18,988.01</b>
<b>5 Capital Employed</b>		
(a) Treasury	896.82	1,978.41
(b) Corporate/Wholesale Banking	1,786.72	1,383.45
(c) Retail banking	-1,028.86	-2,333.00
(i) Digital Banking Units	1.04	
(ii) Other Retail Units	-1,029.89	
(d) Other banking operations	0.00	5.84
(e) Unallocated	142.57	166.00
<b>Total</b>	<b>1,797.25</b>	<b>1,200.70</b>

**Part B: Geographic segments**

The business operations of the Bank are only in India hence geographical segment is not applicable.

**Segment Notes:**

1. The Reportable segments are identified into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations in compliance with the RBI guidelines.
2. RBI vide its circular dated April 7, 2022 on establishment of Digital Banking Units (DBUs), the RBI has prescribed reporting of Digital Banking Segment as a sub-segment of Retail Banking Segment. During the year ended March 31, 2023, the Bank has commenced operation at three DBU and the segment information disclosed above is related to the said DBUs.
2. The Bank has formulated and implemented Funds Transfer Pricing (FTP) methodology and the allocation of revenue and cost on account of FTP is made between the segments.
3. Unallocated assets and liabilities pertains to the assets and liabilities not identifiable to the particular segment.



**JANA SMALL FINANCE BANK LIMITED**
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*
**17. Related party disclosures**

Related Party Transaction Disclosures as per Accounting Standard 18 read with RBI Master Direction on Financial Statements – Presentation and Disclosures, the Bank's related parties are disclosed below:

Director	Key management personnel
Mr. Ramesh Ramanathan, Director	Mr. Ajay Kanwal, Managing Director and Chief Executive Officer
Mr. R. Ramaseshan	Mr. Kapil Krishan, Chief Financial Officer (upto October 31, 2021)
Ms. Chitra Talwar	Mr. Buvanesh Tharashankar, Chief Financial Officer (w.e.f. February 9, 2022)
Mr. Rahul Khosla	Ms. Lakshmi R N, Company Secretary
Dr. Subhash Chandra Khuntia (w.e.f. July 28, 2021)	
Mr. P R Seshadri (upto March 29, 2022)	
Mr. Eugene Karthak (upto April 5, 2022)	
Mr. Vikram Gandhi (upto February 7, 2023)	
Mr. K. Srinivas Nayak (w.e.f. May 06, 2022)	
Mr. P. Vileya Kumar (w.e.f. March 24, 2023)	

Entities in which director or his relative is member or director	
Jana Holding Limited	Crossdomain Solutions Pvt Ltd
Jana Capital Limited	Rashtriya E-market Services Pvt.Ltd
Jana Urban Space Foundation (India)	National Commodity Clearing Limited
Jana Urban Services for Transformation Private Limited	Magic Wand Empowerment Private Limited
Jana Urban Foundation (Section 25 Company - not for profit)	RTD Investments Pte. Ltd., Singapore
Janaadhar (India) Pvt. Ltd	Whiteboard Consulting & Advisory Services Limited Pte Singapore
Janagraha Centre for Citizenship and democracy	Nageshwara Acqa LLP
Eidion Solutions Pvt Ltd	Growth Source Financial Technologies Private Limited
West End Housing Finance Limited	42 card solutions (Private) Limited (Shareholder)
Invest Assets Securitization and Reconstruction Private Limited	Goa Institute of Management (Adjunct Faculty)
S K Singh & Co, LLP, Advocates	Orocorp Finance Private Limited
VSG Capital Advisors Pvt Ltd	Orocorp Technologies (P) Limited
L & T Infrastructure Developments Projects Ltd	Swarnapragati Housing
Janaadhar (India ) Pvt Ltd	Greenway Grameen infra Pvt. Ltd(Member)
Asha Impact Advisory Services Private Limited	Avanti Learning Centres Private Limited (Member)
Grameen Capital India Private Limited	Saahas Waste Management Private Limited (Member)
Grameen Impact Investments India Private Limited	Asha Impact
VSG Capital Advisors (HK) Ltd	SFI Impact Foundation
KEC International Limited	Asha Circle LLP
Vastu Housing Finance Corp. Ltd(Member)	Asha Impact Consulting LLP
VSG Capital Advisors Pvt Ltd	Asha Impact Initiatives LLP

Relatives of key management personnel, directors and their interested entities	
Swathi Ramanathan	Tanya Ghosh
T S Ramanathan	Aditi Khosla
Radha Ramanathan	Urvashi Bawa
Rishab Ramanathan	D V Manjunath
Shunori Ramanathan	D M Rahul
Ravi Ramanathan	Padmeja Khuntia (w.e.f. July 28, 2021)
Rishi Ajay Kanwal	Sarthak Khuntia (w.e.f. July 28, 2021)
Chamanlal Kanwal	Shruti Khuntia (w.e.f. July 28, 2021)
Geeta Kanwal	Prashanth Halappa (w.e.f. July 28, 2021)
Dhiraj Kanwal	Sarat Chandra Khuntia (w.e.f. July 28, 2021)
Kriti Kanwal	Sudhir Chandra Khuntia (w.e.f. July 28, 2021)
Poonam Kumar Saidha	Surbodh Chandra Khuntia (w.e.f. July 28, 2021)
Sanjay Chamanlal Kanwal	Shantisudha Khuntia (w.e.f. July 28, 2021)
Uma Ramaseshan	Karen Nayak (w.e.f. May 06, 2022)
Ajay Ramaseshan	Kumbha Ramachandra Nayak (w.e.f. May 06, 2022)
Dr. Mohan Ramalingam	Kasturi R Nayak (w.e.f. May 06, 2022)
Mrs. Nagalakshmi Raju	Neha Nayak Kennard (w.e.f. May 06, 2022)
Rajiv Talwar	Meghna Nayak (w.e.f. May 06, 2022)
Arjun Talwar	Andrew Kennard (w.e.f. May 06, 2022)
Shruti Talwar	Maya Snyam (w.e.f. May 06, 2022)
S. Ramagopal	Pammi Kamalamma (w.e.f. March 24, 2023)
Dr. Natarajan	Pammi Sridhartha (w.e.f. March 24, 2023)
Major Ashok Sivakumaran	Pammi Sridevi (w.e.f. March 24, 2023)
Anand Sivakumaran	Pammi Bhaskar Rao (w.e.f. March 24, 2023)
Mehreen T Khosla	Sinha Satyavathi (w.e.f. March 24, 2023)
Sarup Rani Khosla	Anirudh Buvanesh (w.e.f. February 9, 2022)
Aman Khosla	Chandra Tharashankar (w.e.f. February 9, 2022)
Swinder Singh Gandhi (upto February 7, 2023)	Kiran Kyrie Gandhi (upto February 7, 2023)
Baljeet Swinder Gandhi (upto February 7, 2023)	Prithvi Swinder Gandhi (upto February 7, 2023)
Ranika Rishi Gandhi (upto February 7, 2023)	Kabir Kyle Gandhi (upto February 7, 2023)





JANA SMALL FINANCE BANK LIMITED  
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)  
(All amounts are in Indian Rupees in Crores unless otherwise stated)

The Bank's related party balances and transactions for the year ended March 31, 2023 are summarised as follows:

Items / Related party	Public limited company in which director or his relative is member or director and the holding company	Directors	Key management personnel (KMP)	Relatives of KMP & their interested entities	Total
Deposits (transaction during the year)	7.52	1.20	1.39	0.81	10.92
Deposits (Highest balance outstanding)	109.55	1.66	1.70	1.06	113.97
Deposits Closing balance	7.70	1.25	1.39	0.83	11.17
Interest paid on deposits	0.18	0.05	0.01	0.01	0.25
Equity investments Transaction during the year	100.00	-	-	-	100.00
Equity investments outstanding balance at the end of the year	2,490.17	-	-	-	2,490.17
Equity investments maximum outstanding amount during the year	2,490.17	-	-	-	2,490.17
Royalty Payment Transaction during the year	9.96	-	-	-	9.96
Royalty Payment highest balance outstanding during the year	3.51	-	-	-	3.51
Royalty Payments Closing balance	2.74	-	-	-	2.74
Remuneration Paid*	-	-	8.13	-	8.13

The Bank's related party balances and transactions for the year ended March 31, 2022 are summarised as follows:

Items / Related party	Public limited company in which director or his relative is member or director and the holding company	Directors	Key management personnel (KMP)	Relatives of KMP & their interested entities	Total
Deposits (transaction during the year)					
Deposits (highest balance outstanding)	184.85	11.93	1.59	1.84	200.21
Deposits Closing balance	7.79	2.21	0.77	0.51	11.28
Interest on deposits	0.15	0.11	-	0.01	0.27
Equity investments Transaction during the year	66.00	-	-	-	66.00
Equity investments maximum outstanding amount during the year	2,390.17	-	-	-	2,390.17
Equity investments outstanding balance at the end of the year	2,390.17	-	-	-	2,390.17
Other transactions (Royalty Payment) transaction value during the year	5.50	-	-	-	5.50
Other transactions (Royalty Payment) maximum outstanding during the year	2.88	-	-	-	2.88
Other transactions (Royalty Payment) Closing balance	2.10	-	-	-	2.10
Remuneration	-	-	7.09	-	7.09

- \* Remuneration paid excludes value of employee stock options exercised during the year.
- Bonus and retiral benefits for key managerial personnel are accrued as a part of an overall pool and are not allocated against the key managerial personnel. These will be paid based on approval from RBI.



**JANA SMALL FINANCE BANK LIMITED**
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*
**18. Disclosure of Complaints**
**a) Summary information on complaints received by the bank from customers and from the Offices of Ombudsman**

Particulars	March 31, 2023	March 31, 2022
<b>Complaints received by the bank from its customers</b>		
1. Number of complaints pending at beginning of the year	201	211
2. Number of complaints received during the year	5,708	5,890
3. Number of complaints disposed during the year	5,678	5,900
3.1 Of which, number of complaints rejected by the bank	0	0
4. Number of complaints pending at the end of the year	231	201
<b>Maintainable complaints received by the bank from OBOs</b>		
5. Number of maintainable complaints received by the bank from OBOs	227	155
5.1 Of 5, number of complaints resolved in favour of the bank by OBOs	215	147
5.2 Of 5, number of complaints resolved through conciliation/mediation/advisories issued by OBOs	11	8
5.3 Of 5, number of complaints resolved after passing of Awards by OBOs against the bank	-	-
6. Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

**Note:**

1. Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the Scheme.
2. The above disclosure does not include 889 complaints which were closed within next working day (As per the section 16.5 of the RBI's Master Circular on Customer Service in banks dated July 01, 2015, all complaints redressed within next working day need not be included in the statement of complaints).

**b) Top five grounds of complaints received by the bank from customers**

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
<b>March 31, 2023</b>					
Deposit Accounts	13	1,476	-23%	8	-
ATM / Debit Cards	20	951	5%	29	1
Loans & advances	31	1,485	14%	12	-
Net Banking / Mobile Banking / Point of Sales	52	1,467	9%	57	-
Staff Behaviour	3	155	-21%	-	-
Others	82	174	-26%	125	-
<b>Total</b>	<b>201</b>	<b>5,708</b>	<b>-3%</b>	<b>231</b>	<b>1</b>

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
<b>March 31, 2022</b>					
Deposit Accounts	38	1,913	43%	13	-
ATM / Debit Cards	30	902	-67%	20	-
Loans & advances	44	1,300	7%	31	-
Net Banking / Mobile Banking / Point of Sales	81	1,345	-3%	52	-
Staff Behaviour	6	196	-44%	3	-
Others	52	234	-5%	82	-
<b>Total</b>	<b>211</b>	<b>5,890</b>	<b>-19%</b>	<b>201</b>	<b>-</b>

**19. Off balance sheet SPVs**

During the year ended March 31, 2023, there are no off balance sheet SPVs sponsored by the Bank, which needs to be consolidated as per accounting norms (March 31, 2022: Nil).



**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**  
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*

**20. Transfers to Depositor Education and Awareness Fund (DEAF)**

During the year ended March 31, 2023, no amount was required to be transferred to Depositor Education and Awareness Fund. (March 31, 2022: Nil)

**21. Penalties levied by the RBI**

During the year ended March 31, 2023, no penalty was imposed by the Reserve Bank of India on the Bank. (March 31, 2022: Nil)

**22. Other Disclosures**

**a) Business ratio**

Particulars	March 31, 2023	March 31, 2022
(i) Interest income as a percentage to working funds <sup>1</sup>	13.61%	13.48%
(ii) Net interest income as a percentage to working funds <sup>2</sup>	7.35%	6.87%
(iii) Non-interest income as a percentage to working funds <sup>1</sup>	2.77%	1.60%
(iv) Cost of Deposits	6.93%	7.19%
(v) Net Interest Margin <sup>2</sup>	7.84%	7.26%
(vi) Operating profit <sup>3</sup> as a percentage to working funds <sup>1</sup>	4.43%	2.84%
(vii) Return on average assets <sup>4</sup>	1.13%	0.03%
(viii) Return on Equity Ratio <sup>5</sup>	16.70%	0.47%
(ix) Debt-Equity Ratio <sup>6</sup>	3.49	3.97
(x) Business <sup>7</sup> (deposit plus net advances) per employee <sup>8</sup> (in ₹ crores)	1.85	1.44
(xi) Profit per employee <sup>8</sup> (in ₹ crores)	0.0156	0.0003
(xii) Provision coverage ratio <sup>8</sup>	34.01%	32.19%

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

2. Net Interest Income/ Average Earning Assets. Net Interest Income = Interest Income – Interest Expense

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

4. Return on average assets is computed with reference to average working funds.

5. Return on equity ratio is computed with reference to monthly average of total equity (including reserve & surplus).

6. Debt equity ratio is computed with reference to total borrowings to total equity as of financial year end.

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

8. Productivity ratios are based on average employee number.

9. Provision coverage ratio does not include technical write offs. Including technical write off, Provision coverage ratio is 88.89% (March 31, 2022: 86.82%).

**b) Bancassurance business**

Nature of Income	March 31, 2023	March 31, 2022
Towards selling of life insurance policies	20.68	16.71
Towards selling of non-life insurance policies	6.45	4.65
<b>Total</b>	<b>27.13</b>	<b>21.36</b>

**c) Marketing and distribution**

The Bank has not received any fees/remuneration in respect of Marketing and Distribution function (excluding bancassurance business) during the year ended March 31, 2023 (March 31, 2022: Nil).

**d) Priority Sector Lending Certificates ("PSLCs")**

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets in such transactions. The details of purchase / sale of PSLC during the year are as under:

PSLC Category	March 31, 2023		March 31, 2022	
	PSLC Bought	PSLC Sold	PSLC Bought	PSLC Sold
Agriculture	1,100.00	-	-	100.00
Small and Marginal Farmers	-	1,425.00	-	-
Micro Enterprises	-	700.00	-	400.00
General	-	1,450.00	-	510.00
<b>Total</b>	<b>1,100.00</b>	<b>3,575.00</b>	<b>-</b>	<b>1,010.00</b>





**JANA SMALL FINANCE BANK LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

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

**e) Provisions and Contingencies**

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

Particulars	March 31, 2023	March 31, 2022
(i) Provision for NPL	-	-
(ii) Provision towards NPA (including bad debts written off)	684.64	614.02
(iii) Provision made towards Income tax	-	-
(iv) Other Provisions and Contingencies	-	-
Provision for standard assets*	81.89	2.59
Provision for restructured standard assets (including DIFV)	(22.36)	(48.35)
Provisions for depreciation on investment	(0.01)	(0.39)
Provisions for frauds and others	0.24	1.46
<b>Total</b>	<b>744.40</b>	<b>569.32</b>

\* Provision is maintained at rates higher than the regulatory minimum, on standard advances based on evaluation of the risk and stress in unsecured advances in SMA category as approved by the Board. Additional provision of ₹ 71 crores on standard advances is made as at March 31, 2023 (March 31, 2022: Nil)

**f) Disclosure of material items**

(i) Details of "Miscellaneous Income" under the head "Schedule 14-Other Income" exceeding one per cent of total income

Particulars	March 31, 2023	March 31, 2022
Income from Sale of PSL Certificates	49.52	12.71
Income of Sale of assets to ARCs	186.59	-
Recoveries from written off accounts	70.65	57.42

(ii) Details of "Other expenditure" under the head "Schedule 16-Operating Expenses" exceeding one percent of the total income

Particulars	March 31, 2023	March 31, 2022
Travel and conveyance	47.83	35.04
Professional fees (including technology expense)	147.96	105.51

(iii) Details of Other Liabilities and Provisions "Others" exceeds one per cent of the total assets.

Particulars	March 31, 2023	March 31, 2022
Expense Provision	115.51	75.72
Employees related provision	40.45	29.22
TDS and GST Provision	19.55	16.41
Provision for Rent Equalisation	15.18	16.78
Insurance related liability	4.83	5.47
Pending Settlement Transactions	1.94	2.63
Others	97.28	57.82
<b>Total</b>	<b>294.74</b>	<b>204.05</b>

**g) Inter-bank Participation (IBPC) with risk sharing**

The Bank has raised funds through of issue of IBPCs with risk sharing. The outstanding balance of IBPC (risk sharing) is ₹ 1,135.00 crores as on March 31, 2023, (March 31, 2022: ₹ 1,962.75 crores).

**h) Implementation of IFRS converged Indian Accounting Standards (Ind AS)**

The Ministry of Corporate Affairs, in its press release dated January 18, 2016, had issued a roadmap for implementation of Indian Accounting Standards (IND-AS) for scheduled commercial banks, insurers/insurance companies and non-banking financial companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. This roadmap required these institutions to prepare IND-AS based financial statements for the accounting periods beginning April 1, 2018 with comparatives for the periods beginning April 1, 2017. The implementation of IND-AS by banks requires certain legislative changes in the format of financial statements to comply with the disclosures required under IND-AS. In April 2018, the RBI deferred the implementation of IND-AS by a year by when the necessary legislative amendments were expected. The legislative amendments recommended by the RBI are under consideration by the Government of India. Accordingly, the RBI, through its circular dated March 22, 2019, deferred the implementation of IND-AS until further notice.

**i) Payment of DICGC Insurance Premium**

Particulars	March 31, 2023	March 31, 2022
i) Payment of DICGC Insurance Premium (Including GST)	16.06	15.25
ii) Arrears in Payment of DICGC Premium	-	-
<b>Total</b>	<b>16.06</b>	<b>15.25</b>

**j) Proposed Dividend**

During the year ended March 31, 2023 the Bank has not proposed any dividend (March 31, 2022: Nil)

**k) Disclosure of Letters of Comfort (LoC) issued by the Bank**

The Bank has not issued letter of comfort during the year ended March 31, 2023. (March 31, 2022: Nil)



**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**  
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*

**l) Investor education and protection fund**

There is no amount required to be transferred to Investor Education and Protection Fund by the Bank for the year ended March 31, 2023, (March 31, 2022: Nil)

**m) Details of payments to Auditors as per the Profit and Loss Account**

Particulars	March 31, 2023	March 31, 2022
Audit Fees	1.18	0.96
Tax audit fees	0.02	0.02
Other services	0.02	0.01
Out-of-pocket expenses	0.02	0.01
<b>Total</b>	<b>1.24</b>	<b>1.00</b>

**n) Long term contracts**

The Bank has a process whereby periodically all long term contracts including derivative contracts if any, are assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that no provision is required under any law or accounting standard on such long term contracts as on March 31, 2023 (March 31, 2022: Nil).

**o) Provision for credit card and debit card reward points**

The Bank is not providing any reward points on debit cards. Further the Bank has not issued any credit card during year ended March 31, 2023, (March 31, 2022: Nil).

**p) 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.

The Bank has carried forward business losses on which, the net deferred tax asset amounting to ₹ 1,076.79 crores as at March 31, 2023 (₹ 1,028.11 crores as at March 31, 2022) has not been recognised in the absence of virtual certainty. The said amount is available for set off against future income tax liability subject to availability of sufficient taxable income in the years of set off.

**q) 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, 2023	March 31, 2022
Not later than one year	5.26	5.11
Later than one year but not later than five years	8.89	14.16
Later than five years	-	-
Minimum lease payments recognised in Profit and Loss Account	75.41	70.86
- Of which lease expense pertaining to non-cancellable leases	5.24	4.06

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.

The Bank has not sub-leased any of the properties taken on lease. There are no provisions relating to contingent rent.

**r) Corporate Social Responsibility (CSR)**

Gross amount required to be spent on CSR activities by the Bank for the year ended March 31, 2023 is ₹ 0.87 crores. (March 31, 2022: Nil) under section 135 of the Companies Act, 2013.

**i) Amount spent during the year ended March 31, 2023**

Particulars	Amount spent	Amount unpaid /provision	Total
i) Construction /acquisition of asset	0.68	-	0.68
ii) on purpose other than (i) above	0.19	-	0.19
<b>Total</b>	<b>0.87</b>	<b>-</b>	<b>0.87</b>

**ii) Amount spent during the year ended March 31, 2022**

Particulars	Amount spent	Amount unpaid /provision	Total
i) Construction /acquisition of asset	-	-	-
ii) on purpose other than (i) above	0.12	-	0.12
<b>Total</b>	<b>0.12</b>	<b>-</b>	<b>0.12</b>

As part of organisational effort to rationalize costs, the Management took a strategic decision to limit the CSR expenditure during the current year and previous year.





**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**  
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*

**s) 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 for the year ended March 31, 2023 (March 31, 2022: Nil). The above is based on the information available with the Bank which has been relied upon by the auditors.

**t) Change in accounting policy**

The Bank has followed consistently the same significant accounting policies in the preparation of annual financial results for the year ended March 31, 2023.

**u) Code on Social Security**

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and postemployment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. The effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are not yet issued. The Bank will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**v) Listing requirement for equity shares of the Bank**

As per Small Finance Bank Licensing Guidelines issued by the RBI, the equity shares of the Bank were required to be listed on a stock exchange in India within three years from the date of commencement of banking business i.e., by March 27, 2021. The Bank had filed draft red herring prospectus (DRHP) with Securities Exchange Board of India (SEBI) on March 31, 2021 and received SEBI's approval dated July 9, 2021 to raise funds through IPO. The said DRHP has expired on July 8, 2022. The Bank has re-initiated the process of preparing and filing of the DRHP with SEBI.

**w) Disclosure under Rule 11 (e) of the Companies (Audit and Auditors) Rules, 2014**

The Bank, as part of its normal banking business, grants loans and advances to its constituents including foreign entities with permission to lend or invest or provide guarantee or security or the like in other entities identified by such constituents. Similarly, the Bank accepts deposits from its constituents, who may instruct the Bank to lend/invest/provide guarantee or security or the like against such deposit in other entities identified by such constituents. These transactions are part of Bank's normal banking business, which is conducted after exercising proper due diligence including adherence to "Know Your Customer" guidelines as applicable in respective jurisdiction.

Other than the nature of transactions described above, the Bank has not advanced / lent / invested / provided guarantee or security to or in any other person with an understanding to lend/invest/provide guarantee or security or the like to or in any other person. Similarly, other than the nature of transactions described above, the Bank has not received any funds from any other person with an understanding that the Bank shall lend or invest or provide guarantee or security or the like to or in any other person.

**x) Comparatives**

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

As per our report of even date

For M M Nissim & Co LLP

Chartered Accountants

ICAI Firm Registration No. 107122W/W100672

Navin Kumar Jain

Partner

Membership Number: 090847

Bengaluru, April 29, 2023

For Brahmayya & Co.,

Chartered Accountants

ICAI Firm Registration No:0005155

G. Srinivas

Partner

Membership No: 086761

Bengaluru, April 29, 2023

For and on behalf of the Board of Directors

*Subhash Khuntia*

Dr. Subhash Khuntia

Part-time Chairman

DIN: 05344972

*K. Srinivas Nayak*

K. Srinivas Nayak

Independent Director

DIN: 0009094351

*Lakshmi R.N.*

Lakshmi R.N.

Company Secretary

Bengaluru, April 29, 2023

*Ajay Karmal*

Ajay Karmal

Managing Director & CEO

DIN: 07886434

*Buvanesh Tharashanker*

Buvanesh Tharashanker

Chief Financial Officer





## **NOTICE**

Notice is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of Jana Small Finance Bank Limited will be held at shorter notice, on Friday, 23<sup>rd</sup> June 2023 at 3:30 p.m at the Registered Office of the Bank situated at The Fairway Business Park, First Floor, # 10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru – 560071, to transact the following business:

### **ORDINARY BUSINESS:**

#### **1. Approval and Adoption of Audited Financial Statements of the Bank for the year ended 31<sup>st</sup> March 2023 along with Auditors' Report and Directors' Report:**

To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2023 and Profit and Loss Account of the Bank for the year ended 31<sup>st</sup> March 2023, together with Cash Flow Statement for the year ended 31<sup>st</sup> March 2023, Notes to Financial Statements, Directors' Report and Auditors' Report thereon and if thought fit, to pass the following resolution as an Ordinary Resolution.

**"RESOLVED THAT** the Bank do hereby adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2023, the Profit & Loss Account for the year ended on that date along with Cash Flow Statement, Notes to Financial Statements, Directors' Report and Auditors' Report thereon for the year ending on that date."

#### **2. Appointment of Mr. Rahul Khosla (DIN- 03597562) as a Director who retires by rotation:**

To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution.

**"RESOLVED THAT** pursuant to the provisions of the Section 152 of the Companies Act, 2013, Mr. Rahul Khosla (DIN- 03597562), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Bank."

### **SPECIAL BUSINESS:**

#### **3. To pay fees or compensation exceeding fifty percent (50%) of the total remuneration payable to all the Non-Executive Directors, to Dr. Subhash C. Khuntia (DIN: 05344972) :**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to Regulation 17 (6) (a) and (ca) and other applicable Regulation(s), if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Provisions(s), if any, of the Companies Act, 2013 and Rules made thereunder, the consent of the Members of the Bank be and is hereby accorded to pay fees or compensation, if any to Dr. Subhash C. Khuntia (DIN: 05344972), Independent and Non- Executive Director, exceeding fifty percent (50%) of the total annual remuneration / fees payable to all the Non-Executive Directors during the Financial Year 2023-24.

**RESOLVED FURTHER THAT** Mr. Ajay Kanwal, Managing Director & Chief Executive Officer and Mrs. Lakshmi R N, Company Secretary of the Bank be and are hereby severally authorized for and on behalf of the Bank to do or cause to do all acts, matters, deeds and things and to execute all

paise ki kadar

#### **Registered Office:**

**Jana Small Finance Bank Ltd.**

The Fairway Business Park, # 10/1, 11/2 & 12/2B, Off Domlur,  
Koramangala Inner Ring Road, Next to Embassy Golf Links,  
Challaghatta, Bengaluru -560071.

**CIN No.** U65923KA2006PLC040028

**T** +91 80 4602 0100

**E** info@janabank.com

**W** www.janabank.com

documents and to take all steps and do all things and give such directions as may be required, necessary, expedient or desirable for giving effect to the above resolutions and make all such filings as are required under the Companies Act, 2013.”

#### 4. Amendment to Articles of Association

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** in terms of Section 14 of Companies Act, 2013 read with Rules made thereunder and Regulation 35B of Banking Regulation Act, 1949 Shareholders hereby approve to amend the Articles of Association of the Bank which shall be subject to approval of Reserve Bank of India.

**RESOLVED FURTHER THAT** Shareholders hereby approve the amendment as follows:

102        **MANAGING DIRECTOR, WHOLE TIME DIRECTOR & OTHER KEY MANAGERIAL PERSONNEL**

The Board of Directors may, in accordance with the Act and subject to the provisions of the Banking Act and such guidelines as may be issued by the Reserve Bank of India from time to time appoint a Managing Director for a term of not more than five years at a time.

In addition to Managing Director, the Board may appoint Whole Time Director/s (either named as Executive Director/s or Deputy Managing Director/s or by whatever name called) on Board who shall be in whole time employment of the Bank and shall not be subject to retirement by rotation. Further, such appointee shall may be entrusted with such powers as the Board may deem fit from time to time and who shall exercise such powers subject to superintendence, control and direction of the Board of Directors and whose terms of appointment and remuneration structure shall be as defined by the Reserve Bank of India.

- (a) The Managing Director or the Whole Time Director/s (either named as Executive Director/s or Deputy Managing Director/s or by whatever name called) as the case may be shall have the knowledge and experience as required under Section 10B (4) of the Banking Regulation Act, 1949. If a Managing Director/ a Whole Time Director ceases to hold office as Director he shall ipso facto and immediately cease to be a Managing Director/ Whole Time Director as the case may be.
- (b) In the event of any vacancy arising in the office of Managing Director/ Whole Time Director, the vacancy shall be filled by the Board of Directors and the Managing Director/ Whole Time Director so appointed shall hold the office for such period as the Board of Directors may fix.
- (c) When the Managing Director has been appointed and holding office as such, he/she shall have subject to the supervision, control and directions of the Board, the management of the whole of the business of the Company.

103        **Remuneration of Managing Director and/ Whole Time Director/ s**

The Managing Directors ~~s~~ and/ Whole Time Director/s shall, each of them, be paid for

their respective services such remuneration on such terms as the Company may, by resolution of Shareholders, from time to time determine in accordance with the Act and the Banking Act and such guidelines as may be issued by the RBI or such other authority, from time to time.

105 Expenses to be charged to the Company

The Managing Directors and/ Whole Time Director/s shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. Further, Managing Director shall be entitled to appoint part-time employees in connection with management of the affairs of the Company and shall be entitled to be paid by the Company for any remuneration that they may pay to such part-time employees.

106 Power of Managing Director and/ Whole Time Director

The Managing Director and/ Whole Time Director, shall, subject to the supervision and control of the Directors have power to do all acts and things which the Managing Director and / Whole Time Director shall think usual necessary or desirable in the management of the affairs of the Company. Without prejudice to their general powers conferred hereby, they shall have the following powers subject to the supervision and control of the Directors:

- (a) to pay the costs, charges, and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company and subsequent to the registration fees and stamps paid in respect thereof and the costs of advertising, printing, stationery, brokerage, legal charges, furniture and fittings of office and such other costs.
- (b) to sell for cash or on credit and either wholesale or in retail and for ready or future delivery and realize the proceeds of sale of property, movable or immovable or any rights or privileges belonging to the Company, or in which the Company is interested or over which the Company may have any such powers of disposal and to exchange any such property or rights belonging to the Company for other property or rights.
- (c) to determine, from time to time who shall be entitled to sign on the Company's dividend warrants, releases, contracts, and documents and to give the necessary authority for such purposes.
- (d) to execute all deeds, agreements, contracts, receipt and other documents that may be necessary or expedient for the purposes of the Company and to make and give receipts, releases and other discharges for moneys or goods or property received in the usual course of business of the Company or lent or payable to or belonging to the Company and for the claims and for the claims and demands of the Company.
- (e) to institute, conduct, defend, compound or abandon any actions, suits and legal proceedings by or against the Company or its officers, or otherwise



concerning the affairs of the Company and also to compound or compromise or submit to arbitration the same actions suits and legal proceedings.

- (f) to enter into, vary or cancel all manner of contracts on behalf of the Company.
- (g) to engage and in their discretion to remove, suspend, dismiss and remunerate bankers, legal advisers, accountants, managers, cashiers, clerks, agents, commission agents, dealers, brokers, foremen, servants, employees or vary description and to employ and remunerate such professional or technical or skilled assistants as from time to time may in their opinion be necessary or advisable in the interests of the Company and upon such terms as to duration of employment, remuneration or otherwise and may require security in such instances and to such amounts as the Managing Directors think fit.
- (h) to acquire by purchase, lease, exchange, pledge, hypothecation or otherwise transfer lands, estates, fields, buildings, office showrooms, godowns and other buildings in the State of Karnataka or elsewhere Machinery, Engine, Plant, Rolling Stock, Tools, Machine Tools, Outfits, Stores, Hardware and any other materials of whatever description either on credit or for cash and for present or future delivery.
- (i) to plant, develop, improve, cut down, process, sell or otherwise dispose of the products of the Company and to incur all expenses in this behalf.
- (j) to erect, maintain, repair, equip, alter and extend buildings and machinery in the State of Karnataka or in any other place.
- (k) to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.
- (l) to pay all moneys due by the Company and look after the finance of the Company.
- (m) to open current and time-deposit accounts or other accounts with banker or bankers at their choice, and to operate on such accounts and also when necessary to overdraw or take loans on such account on the security of the Company or of any of its assets.
- (n) to draw, accept, endorse, discount, negotiate and discharge on behalf of the Company all bills of exchange, promissory notes, cheques, hundies, drafts, railway receipts, dock warrants, delivery orders, Government promissory notes, other Government instruments, bonds, debentures or debenture-stocks of Corporation, local bodies, port trusts, improvement trusts or other corporate bodies and to execute transfer deeds for transferring stocks, shares or stock certificates of the Government and other local or corporate bodies in connection with any business or any subject of the Company.
- (o) subject to Article 59 to borrow from time to time such sums of money for the purposes of the Company upon such terms as may be expedient and with or without security.



- (p) to receive and give effectual receipts and discharge on behalf of and against the Company for moneys, funds, goods, or property lent, payable or belonging to the Company or for advances against and with or without security.
- (q) to make or receive advance of money, goods, machinery, plant and other things by way of sale, mortgage, hypothecation, lien, pledge, deposit or otherwise in such manner and on such terms as the Managing Director may deem fit.
- (r) to submit to arbitration and enforce the fulfillment of awards regarding any claims in which the Company may be interested, to adjust, settle or compromise any claims due to or by the Company and to give to debtors of the Company time for payment.
- (s) to institute, appear in or defend any legal proceeding in the name of and on behalf of the Company to sign any pledging and other documents to engage and to instruct any advocates, solicitors and lawyers and to execute any vakalat or other authority in their favour and to compound and compromise any claim suit or proceedings.
- (t) to make all manner of insurances.
- (u) to delegate all or any of the powers, authorities and discretions for the time being vested in the Managing Director and also from time to time provide by the appointment of an attorney or attorneys to sign, seal, execute, deliver register or causes to be registered all instruments, deeds, documents or writings, usually necessary or expedient for any of the purposes of the Company and not requiring the common seal of the Company.

Provided that the Board may from time to time revoke withdraw alter or vary all or any of the above powers.

Clause 2 "Key Personnel" means the Chairman, the Executive Vice-Chairman, the Chief Executive Officer, the Managing Director, Whole Time Director (designated as Executive Director/s or Deputy Managing Director/s or any other name), the Chief Financial Officer and Company Secretary in each case by whatever title or equivalent title so given from time to time or any one of them as the context requires.

**RESOLVED FURTHER THAT** the Managing Director & CEO and Company Secretary are severally authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution".

#### **5. Approval for reduction in Exercise Price for ESOPs granted to employees pursuant to the ESOP Plan 2017 and ESOP Plan 2018**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 62 and all other applicable provisions, if any, of the Companies Act, 2013 ("**Act**") including any statutory modification(s) or re-enactment of the Act, for the time being in force, the Companies (Share Capital and Debentures) Rules, 2014 ("**SCD Rules**"), the provisions of the Securities and Exchange Board of India (Share Based





Employee Benefits) Regulations, 2021, including any modifications thereof or supplements thereto (as applicable) (“**SEBI Regulations**”) and in accordance with the provisions of the Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**the Board**” which term shall be deemed to include the Nomination and Remuneration Committee (NRC)), consent of the members of the Company be and is hereby accorded to the Board to revise the exercise price of employee stock options (“**ESOP(s)**”) granted by the Company to its employees/ESOP holders as of the date of this resolution, that was issued pursuant to the Employee Stock Option Plan – 2017 (“**ESOP Plan 2017**”) and the Jana -Employee Stock Option Plan – 2018 (“**ESOP Plan 2018**”), and that were adopted by the Company on June 30, 2017 and April 04, 2018 respectively.

**RESOLVED FURTHER THAT** the Board and/or NRC be and are hereby authorized to revise, update, amend and/or modify the original grant letters (recording the original exercise price) that were issued to the ESOP holders or issue any other form of communication as may be required (including but not limited to new grant letters) to the ESOP holders, to intimate them of the change in exercise price and to give effect to the change in exercise price in accordance with the ESOP Plan 2017, ESOP Plan 2018 and applicable laws.”

**RESOLVED FURTHER THAT** the Board and/or NRC be and are hereby authorised on behalf of the Company to make any / further modifications, changes, variations, alterations or revisions in the ESOP Plan 2017 and ESOP Plan 2018 from time to time as permitted under and in due compliance with provisions of the Act, SCD Rules and other applicable laws and to do all such acts, deeds, matters and things and sign deeds, documents, letters and such other papers as may be necessary, desirable and expedient, as it may in its absolute discretion deem fit or necessary or desirable for giving effect to the reduction of exercise price of the ESOPs granted and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

#### **6. Approval of the Equity and Preference Shareholders for the Amendment to the terms of Compulsorily Convertible Preference shares issued by the Company :**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 48 and Section 55 and other applicable provisions of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014 (as amended from time to time and/or other applicable provisions of laws and statutory and/or regulatory requirements), and the articles of association of the Company, the approval of the equity shareholders be and is hereby accorded to amend the terms of Compulsory Convertible Preference Shares (“**CCPS**”) issued by the Company, as detailed below:





Existing Terms	Revised Terms
<p>The Investor CCPS shall have principal loss absorption through conversion to common shares at 4 (Four) objective pre-specified trigger point(s) set out below.</p> <p><b><u>Terms of Conversion</u></b></p> <p><b><u>Voluntary Conversion</u></b></p> <p>The Investor shall have the right to require an automatic conversion of the Investor CCPS at any time at its discretion on or after April 1, 2023. In case of such conversion, the conversion price of the Investor CCPS shall be determined by a merchant banker appointed by the Investor or INR 3000 crores, whichever is lower.</p> <p><b><u>Mandatory Conversion</u></b></p> <p>The Investor CCPS shall mandatorily convert into Equity Shares of the Banking Company on the earlier of:</p> <ol style="list-style-type: none"> <li>1 (one) day prior to the date on which the final prospectus in relation to a potential initial public offer of the securities of the Banking Company ("IPO") is filed with the relevant Registrar of Companies ("RoC");</li> <li>August 31, 2029, if the IPO is not completed by August 31, 2029;</li> <li>the Banking Company having Common Equity Tier 1 capital of 7% (seven percent) of the risk weighted assets of the Banking Company or such regulatory minimum trigger point as is prescribed as per the extant RBI directions/ operating guidelines at the relevant time;</li> <li>the date on which the RBI determines that the Banking Company has reached a point of non-viability (in terms of the Basel III Guidelines) and requires the Investor CCPS</li> </ol>	<p>The Investor CCPS shall have principal loss absorption through conversion to common shares at 4 (Four) objective pre-specified trigger point(s) set out below.</p> <p><b><u>Terms of Conversion</u></b></p> <p><b><u>Voluntary Conversion</u></b></p> <p>The Investor shall have the right to require an automatic conversion of the Investor CCPS at any time at its discretion on or after April 1, 2023. In case of such conversion, the conversion price of the Investor CCPS shall be INR 2045 crores (INR 389.26 per share).</p> <p><b><u>Mandatory Conversion</u></b></p> <p>The Investor CCPS shall mandatorily convert into Equity Shares of the Banking Company on the earlier of:</p> <ol style="list-style-type: none"> <li>1 (one) day prior to the date on which the final prospectus in relation to a potential initial public offer of the securities of the Banking Company ("IPO") is filed with the relevant Registrar of Companies ("RoC");</li> <li>August 31, 2029, if the IPO is not completed by August 31, 2029;</li> <li>the Banking Company having Common Equity Tier 1 capital of 7% (seven percent) of the risk weighted assets of the Banking Company or such regulatory minimum trigger point as is prescribed as per the extant RBI directions/ operating guidelines at the relevant time;</li> <li>the date on which the RBI determines that the Banking Company has reached a point of non-viability (in terms of the Basel III Guidelines) and requires the Investor CCPS to be converted into equity shares in</li> </ol>

<p>to be converted into equity shares in accordance with Annex 16 of the Basel III Guidelines.</p> <p><b>Conversion Price if IPO occurs before August 31, 2029</b></p> <ol style="list-style-type: none"> <li>1. The conversion price of the Investor CCPS shall be at the valuation of INR 3000 Crores or the IPO Price, whichever is lower.</li> <li>2. The term “<b>IPO Price</b>” shall mean the simple average of IPO price band set out in the final prospectus filed by the Banking Company with the relevant RoC.</li> <li>3. The Investor CCPS shall convert into Equity Shares of the Banking Company basis the lower of the abovementioned prices (“<b>IPO Converted Shares</b>”).</li> </ol> <p><b>Conversion Price if IPO does not occur before August 31, 2029</b></p> <ol style="list-style-type: none"> <li>1. If the IPO is not completed for any reason whatsoever on or prior to August 31, 2029, then the conversion price (“<b>Valuation Price</b>”) shall be determined by a merchant banker appointed by the Investor) or INR 3000 crores, whichever is lower.</li> <li>2. The Investor CCPS shall convert into Equity Shares of the Banking Company basis the Valuation Price (“<b>Valuation Converted Shares</b>”).</li> </ol> <p><b>Conversion Price in any other scenario of mandatory conversion</b></p> <ol style="list-style-type: none"> <li>1. The conversion price (“<b>Other Scenario Conversion Price</b>”) shall be determined by a merchant banker appointed by the Investor or INR 3000 crores, whichever is lower.</li> <li>2. The Investor CCPS shall convert into equity shares of the Banking Company basis the Other Scenario Conversion Price (“<b>Other Scenario Converted Shares</b>”).</li> </ol>	<p>accordance with Annex 16 of the Basel III Guidelines.</p> <p><b>Conversion Price if IPO occurs before August 31, 2029</b></p> <ol style="list-style-type: none"> <li>1. The conversion price of the Investor CCPS shall be at the valuation of INR 2045 Crores (INR 389.26 per share).</li> </ol> <p><b>Conversion Price if IPO does not occur before August 31, 2029</b></p> <ol style="list-style-type: none"> <li>1. If the IPO is not completed for any reason whatsoever on or prior to August 31, 2029, then the conversion price (“<b>Valuation Price</b>”) shall be INR 2045 crores (INR 389.26 per share).</li> <li>2. The Investor CCPS shall convert into Equity Shares of the Banking Company basis the Valuation Price (“<b>Valuation Converted Shares</b>”).</li> </ol> <p><b>Conversion Price in any other scenario of mandatory conversion</b></p> <ol style="list-style-type: none"> <li>1. The conversion price (“<b>Other Scenario Conversion Price</b>”) shall be at INR 2045 crores (INR 389.26 per share).</li> <li>2. The Investor CCPS shall convert into equity shares of the Banking Company basis the Other Scenario Conversion Price (“<b>Other Scenario Converted Shares</b>”).</li> </ol>
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**RESOLVED FURTHER THAT** the amended terms of CCPS as set forth be and are hereby approved by the equity shareholders.

**RESOLVED FURTHER THAT** the approval of the preference holders be and hereby accorded to amend the terms of Compulsory Convertible Preference Shares ("CCPS") issued by the Company as set forth hereinabove.

**RESOLVED FURTHER THAT** the Managing Director & CEO and Company Secretary are severally authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution".

**7. Approval of Preferential issue :**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** in accordance with the provisions of sections 42, 55 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including but not limited to any statutory modifications or re-enactment thereof, for the time being in force), the Articles of Association of the company, the Securities Subscription Agreement to be entered, the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**") and regulations and rules made thereunder by the Reserve Bank of India ("**RBI**"), the guidelines and clarifications issued by the RBI, and any other statutory/regulatory authorities the shareholders hereby accord their consent to issue and allot following securities to under private placement basis to Dovetail India Fund, Mr. Deepak Talwar, Volrado Venture Partners Fund and Singularity Growth opportunities fund (up to 4 tranches):

- a) Upto 8,80,00,000 (Eight Crore Eighty Lakh) fully paid up Compulsorily Convertible Preference Shares having a face value of Rs. 10 (Rupees Ten only) per share, at a subscription price of Rs. 10 (Rupees Ten Only) per Share, aggregating to the subscription amount of Rs. 88,00,00,000 (Rupees Eighty Eight Crores) only to Dovetail India Fund.
- b) Upto 10,00,000 (Ten Lakh) fully paid up Compulsorily Convertible Preference Shares having a face value of Rs. 10 (Rupees Ten only) per share, at a subscription price of Rs. 10 (Rupees Ten Only) per Share, aggregating to the subscription amount of Rs. 1,00,00,000 (Rupees One Crores) only to Mr. Deepak Talwar.
- c) Upto 5,30,00,000 (Five Crore Thirty Lakh) fully paid up Compulsorily Convertible Preference Shares having a face value of Rs. 10 (Rupees Ten only) per share, at a subscription price of Rs. 10 (Rupees Ten Only) per Share, aggregating to the subscription amount of Rs. 53,00,00,000 (Rupees Fifty Three Crores) only to Volrado Venture Partners Fund.
- d) Upto 3,80,00,000 (Three Crore Eighty Lakh) fully paid up Compulsorily Convertible Preference Shares having a face value of Rs. 10 (Rupees Ten only) per share, at a subscription price of Rs. 10 (Rupees Ten Only) per Share, aggregating to the subscription amount of Rs. 38,00,00,000 (Rupees Thirty Eight Crores) only to Singularity Growth opportunities fund.

**RESOLVED FURTHER THAT:**

- a) The shares issued and allotted shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and subject to the Securities Subscription Agreement to be entered and shall rank pari passu with the existing Compulsorily Convertible Preference Shares of the Company, wherever applicable, in respect of all matters.



- b) The offer, issue and allotment of the shares shall be subject to applicable laws, guidelines, notifications, rules and regulations.

**RESOLVED FURTHER THAT** the names of investor be entered in the register of members of the Company as holders of its respective shares allotted to them, and that Ms. Lakshmi R.N, Company Secretary be authorized to initial the register of members so updated and amended and provide a certified extract of the updated register of members to the Investor.

**RESOLVED FURTHER THAT** subject to the approval of the shareholders of the Company, the private placement offer letter in Form PAS-4 and an application form, to be issued to the proposed investors, be and is hereby approved.

**RESOLVED FURTHER THAT** subject to the approval of the shareholders of the Company, the names of proposed investors be recorded in PAS-5 as offerees in relation to the respective securities offered to them, as set out above.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers to any Committee of Directors of the Company to give effect to the aforesaid resolutions

**RESOLVED FURTHER THAT** for the purpose of giving effect to the aforementioned resolutions the Board of the Company and/or such person(s) as the Board may appoint be and is / are hereby authorised to do all acts, matters, deeds and things and to take all such steps and do all such things and give all such directions as the Board may consider necessary, expedient or desirable in order to give effect to the above resolutions and also to settle any questions or difficulties that may arise in such manner as the Board in its absolute discretion may deem fit and take all steps which are incidental and ancillary in this connection.”

#### **8. To fix remuneration of Mr. Ajay Kanwal, Managing Director and Chief Executive Officer for the financial year 2023-24**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** subject to approval of the Reserve Bank of India, for the payment of remuneration to Mr. Ajay Kanwal, for the financial year 2023-24, on the terms and conditions approved by the Nomination and Remuneration Committee.

**RESOLVED FURTHER THAT** Shareholders hereby approve a consolidated remuneration of:

<u>Particulars</u>	<u>Amount in Rupees</u>
Fixed pay	- 6,02,12,716/- per annum
Variable pay (restricted to 80% of the fixed pay)	
Cash bonus	- 2,25,79,769/-
Restricted Stock Units (RSUs)	- 2,25,79,769/-
Corporate club membership	- 1,20,000/- (excluding applicable GST)

**RESOLVED FURTHER THAT** Mr. Ramesh Ramanathan, Director and Mrs. Lakshmi R N, Company Secretary of the Company be and is hereby severally authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required.”

**By the order of the Board  
For Jana Small Finance Bank Limited**



**Lakshmi R. N.  
Company Secretary  
ACS -14234**

**Place: Bengaluru  
Date: 20<sup>th</sup> June 2023**

**Note:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Bank.
2. The proxy in order to be valid shall be lodged at the registered office address of the Bank not less than 48 hours before the meeting.
3. Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013, is annexed to the Notice convening the Annual General Meeting.
4. In the case of corporate member, it is requested to send a certified copy of the Board Resolution authorising the representative to attend and vote on its behalf at the meeting.
5. The documents referred to in the Resolutions can be inspected at the Registered Office of the Bank in Bengaluru during 11 am to 5 pm on all working days of the Bank.
6. Ministry of Corporate Affairs vide General Circular No. 10/2022 dated 28<sup>th</sup> December 2022 extended the timeline for conducting Annual General Meeting (“AGM”) or Extra ordinary General Meeting (“EGM”) through video conference mode. Accordingly, the link to attend the meeting is: <https://bluejeans.com/555499750>.

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013.**

**Item no. 3:**

The Board recommends the special resolution as set out in item no. 3 for the approval of the Shareholders of the Bank.

As per the requirement of Regulation 17 (6) (a) and (ca) SEBI (LODR) Regulations, 2015, if any fees and compensation payable to a single Non-Executive Director exceeds fifty percent (50%) of the total remuneration payable to all the Non-Executive Directors, the same shall require approval of Shareholders by way of a Special Resolution.

Pursuant to above said provision, the Bank hereby seeking the approval of the shareholders for payment remuneration / fees to Dr. Subhash C Khuntia, which is likely to exceed fifty percent (50%) of the total remuneration payable to all the Non-Executive Directors during the financial year 2023-24.

Details of the remuneration / fees payable to Dr. Subhash C. Khuntia is given below:



S. No.	Particulars	Amount (in Rupees)
1	Part time Chairman Remuneration (Approved by the Reserve Bank of India)	15,00,000 p.a
2	Sitting fees for attending each Board meeting	50,000
3	Sitting fees for attending each Committee meeting	25,000

In view of the above, the Board recommends the special resolution as set out in item no. 3 for the approval of the Shareholders of the Bank.

Except Dr. Subhash Khuntia, no other Directors, Key Managerial Personnel or their relatives is concerned or interested financially or otherwise, in the said Resolution.

#### **Item no. 4:**

The Board recommends the special resolution as set out in item no. 4 for the approval of the Shareholders of the Bank.

With the view to create a bridge between the Board and top management of the Bank and to further strengthen the Banks Top Management team and to cater to the emerging needs of business and fast changing technology, it was thought fit to amend the Articles of Association (“AOA”) of the Bank to appropriately empower and to allow for creation of the post of Whole Time Director (namely, Deputy Managing Director; Executive Director etc.) in the Bank in addition to the position of Managing Director & CEO.

Further, the existing provisions in the AOA only provides for appointment of Chairman, Managing Director and Non-Executive Directors. Therefore, with the proposed resolution, it is sought to amend the AOA of the Bank to empower the Board for such appointment which will be subject to approval of Shareholders and Reserve Bank of India (“RBI”).

In compliance with Regulation 35B of Banking Regulations Act, 1949 Bank vide letter JSFB/ Compliance/ DOR/02/2023-24 dated 02<sup>nd</sup> May 2023 has submitted its request before RBI to approve the amendments in the AOA. The bank is in receipt of approval from the regulator on 13<sup>th</sup> June 2023.

None of Directors, Key Managerial Personnel or their relatives is concerned or interested financially or otherwise, in the said Resolution.

#### **Item No. 5**

The Board recommends the special resolution as set out in item no. 5 for the approval of the Shareholders of the Bank.

The Company had implemented equity-based compensation plans, i.e., the ESOP Plan 2017 and the ESOP Plan 2018, approved by the members of the Company by way of special resolution on June 30, 2017 and April 04, 2018. As per the ESOP Plan 2017 read with the EGM resolution passed by the shareholders of the Company to adopt the ESOP Plan 2017, the exercise price for an ESOP should be such price as determined by the NRC, which should not be less than the face value of the equity shares of the Company and not more than the fair value of the equity shares of the Company, as determined by an independent third party on the date of the grant. Similarly, as





per the ESOP Plan 2018 read with the EGM resolution passed by the shareholders of the Company to adopt the ESOP Plan 2018, the exercise price for an ESOP should be such price as determined by the NRC, which should not be less than the face value of the equity shares of the Company and not more than the fair value of the equity shares of the Company, as determined by an independent third party valuer. Accordingly, the exercise price of the ESOPs was determined by the NRC and intimated to the ESOP holders under the respective grant letters issued by the Company to them.

The Company has now in the interest of incentivising their employees for their contribution to the Company and in light of impending IPO filing, has decided to reduce the exercise price of the ESOPs granted to all ESOP holders pursuant to the ESOP Plan 2017 and the ESOP Plan 2018. As per provisions of Rule 12 (5) of the SCD Rules and the SEBI Regulations, a company can vary the terms of its employee stock options provided that such variation is not prejudicial to the interests of the employees and that the proposal is approved by the members by way of a special resolution. Given that the exercise price here is being reduced and as a result the payment obligation of an employee/ESOP holder reduces to exercise his/her ESOPs, the reduction of the exercise price will not be seen as an action that is detrimental or prejudicial to the interest of the shareholders of the Company.

In light of the above, the following actions are proposed to be undertaken:

a. Exercise Price

The exercise price of the ESOPs granted under the ESOP Plan 2017 and ESOP Plan 2018, shall be reduced from the original price as recorded in the respective grant letters issued to the ESOP holders to INR 302.98/- (Indian Rupees Three Hundred and Two and Ninety Eight only). The said amount is greater than the face value of equity shares of the Company i.e. INR 10/- (Indian Rupees Ten only) per equity share and less than the fair market value of an equity share of the Company as determined by an independent valuer, on the grant date.

b. Revision and re-issuance of the grant letters

Pursuant to the reduction of the exercise price, the Board and/or the NRC is authorised to either directly or through designated representatives issue revised grant letters and/or any other form of written communication to all ESOP holders/employees that hold ESOPs to intimate them of the change in exercise price, the rationale behind the reduction in exercise price and any other information as may be required to be intimated in connection with the ESOPs granted to them.

**Item No. 6**

The Board recommends the special resolution as set out in item no. 6 for the approval of the Shareholders of the Bank.

The Company has issued Compulsory Convertible Preference Shares ("CCPS") to various investors, previously. Now, it is proposed to amend the terms of such CCPS issued by the Company, as detailed below:



Existing Terms	Revised Terms
<p>The Investor CCPS shall have principal loss absorption through conversion to common shares at 4 (Four) objective pre-specified trigger point(s) set out below.</p> <p><b><u>Terms of Conversion</u></b></p> <p><b><u>Voluntary Conversion</u></b></p> <p>The Investor shall have the right to require an automatic conversion of the Investor CCPS at any time at its discretion on or after April 1, 2023. In case of such conversion, the conversion price of the Investor CCPS shall be determined by a merchant banker appointed by the Investor or INR 3000 crores, whichever is lower.</p> <p><b><u>Mandatory Conversion</u></b></p> <p>The Investor CCPS shall mandatorily convert into Equity Shares of the Banking Company on the earlier of:</p> <ol style="list-style-type: none"> <li>1 (one) day prior to the date on which the final prospectus in relation to a potential initial public offer of the securities of the Banking Company ("IPO") is filed with the relevant Registrar of Companies ("RoC");</li> <li>August 31, 2029, if the IPO is not completed by August 31, 2029;</li> <li>the Banking Company having Common Equity Tier 1 capital of 7% (seven percent) of the risk weighted assets of the Banking Company or such regulatory minimum trigger point as is prescribed as per the extant RBI directions/ operating guidelines at the relevant time;</li> <li>the date on which the RBI determines that the Banking Company has reached a point of non-viability (in terms of the Basel III Guidelines) and requires the Investor CCPS</li> </ol>	<p>The Investor CCPS shall have principal loss absorption through conversion to common shares at 4 (Four) objective pre-specified trigger point(s) set out below.</p> <p><b><u>Terms of Conversion</u></b></p> <p><b><u>Voluntary Conversion</u></b></p> <p>The Investor shall have the right to require an automatic conversion of the Investor CCPS at any time at its discretion on or after April 1, 2023. In case of such conversion, the conversion price of the Investor CCPS shall be INR 2045 crores (INR 389.26 per share).</p> <p><b><u>Mandatory Conversion</u></b></p> <p>The Investor CCPS shall mandatorily convert into Equity Shares of the Banking Company on the earlier of:</p> <ol style="list-style-type: none"> <li>1 (one) day prior to the date on which the final prospectus in relation to a potential initial public offer of the securities of the Banking Company ("IPO") is filed with the relevant Registrar of Companies ("RoC");</li> <li>August 31, 2029, if the IPO is not completed by August 31, 2029;</li> <li>the Banking Company having Common Equity Tier 1 capital of 7% (seven percent) of the risk weighted assets of the Banking Company or such regulatory minimum trigger point as is prescribed as per the extant RBI directions/ operating guidelines at the relevant time;</li> <li>the date on which the RBI determines that the Banking Company has reached a point of non-viability (in terms of the Basel III Guidelines) and requires the Investor CCPS to be converted into equity shares in</li> </ol>

<p>to be converted into equity shares in accordance with Annex 16 of the Basel III Guidelines.</p> <p><b>Conversion Price if IPO occurs before August 31, 2029</b></p> <ol style="list-style-type: none"> <li>1. The conversion price of the Investor CCPS shall be at the valuation of INR 3000 Crores or the IPO Price, whichever is lower.</li> <li>2. The term “<b>IPO Price</b>” shall mean the simple average of IPO price band set out in the final prospectus filed by the Banking Company with the relevant RoC.</li> <li>3. The Investor CCPS shall convert into Equity Shares of the Banking Company basis the lower of the abovementioned prices (“<b>IPO Converted Shares</b>”).</li> </ol> <p><b>Conversion Price if IPO does not occur before August 31, 2029</b></p> <ol style="list-style-type: none"> <li>1. If the IPO is not completed for any reason whatsoever on or prior to August 31, 2029, then the conversion price (“<b>Valuation Price</b>”) shall be determined by a merchant banker appointed by the Investor) or INR 3000 crores, whichever is lower.</li> <li>2. The Investor CCPS shall convert into Equity Shares of the Banking Company basis the Valuation Price (“<b>Valuation Converted Shares</b>”).</li> </ol> <p><b>Conversion Price in any other scenario of mandatory conversion</b></p> <ol style="list-style-type: none"> <li>1. The conversion price (“<b>Other Scenario Conversion Price</b>”) shall be determined by a merchant banker appointed by the Investor or INR 3000 crores, whichever is lower.</li> <li>2. The Investor CCPS shall convert into equity shares of the Banking Company basis the</li> </ol>	<p>accordance with Annex 16 of the Basel III Guidelines.</p> <p><b>Conversion Price if IPO occurs before August 31, 2029</b></p> <ol style="list-style-type: none"> <li>1. The conversion price of the Investor CCPS shall be at the valuation of INR 2045 Crores (INR 389.26 per share).</li> </ol> <p><b>Conversion Price if IPO does not occur before August 31, 2029</b></p> <ol style="list-style-type: none"> <li>1. If the IPO is not completed for any reason whatsoever on or prior to August 31, 2029, then the conversion price (“<b>Valuation Price</b>”) shall be INR 2045 crores (INR 389.26 per share).</li> <li>2. The Investor CCPS shall convert into Equity Shares of the Banking Company basis the Valuation Price (“<b>Valuation Converted Shares</b>”).</li> </ol> <p><b>Conversion Price in any other scenario of mandatory conversion</b></p> <ol style="list-style-type: none"> <li>1. The conversion price (“<b>Other Scenario Conversion Price</b>”) shall be at INR 2045 crores (INR 389.26 per share).</li> <li>2. The Investor CCPS shall convert into equity shares of the Banking Company basis the Other Scenario Conversion Price (“<b>Other Scenario Converted Shares</b>”).</li> </ol>
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Other Scenario Conversion Price (“Other Scenario Converted Shares”).	
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As per the provisions of section 48 of the Companies Act, 2013, the rights attached to the shares of any class may be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or by means of a special resolution passed at a separate meeting of the holders of the issued shares of that class. Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation.

Accordingly, the board of directors at their meeting held on 20th June 2023 have approved the modification to the terms of CCPS issued by the Company and recommended the same for approval of the equity shareholders by way of special resolution.

The special resolution for approval of the equity shareholders and preference shareholders is set forth in resolution no. 6 of this notice of the annual general meeting.

None of the directors or their relatives or key managerial persons of the Company or their relatives are concerned or interested in the passing of the resolutions in the items set out above.

#### Item No. 7

The resolution at item no. 7 is to issue and allot compulsorily convertible preference shares of the Bank (“Shares”) to the Investor for a consideration aggregating up to Rs. 180 crores (Rupees One Hundred and eighty crores only ). Information in relation to the issuance and allotment of the Shares are set out below:

- Nature of such shares: Non – cumulative, Non – participating , compulsorily, convertible
- The objects of the issue: For Banking business purposes
- Manner of issue: Private Placement
- The total number of securities proposed to be issued by way of preferential allotment are 18,00,00,000 ( Eighteen Crores) Compulsorily Convertible Preference Shares each of a nominal value of Rs. 10 each.
- The price or price band at/ within the allotment is proposed is:

Security	Price
Preference Shares	Rs. 10 per Share

- The allotment is proposed to be made to the following class/ classes of persons: Domestic and Foreign investors.
- Expected dilution in Equity share Capital upon conversion of Preference Shares: 59,40,986 Equity shares would be issued upon conversion considering the current valuation.
- The names of the proposed allottees and the percentages of post preferential offer capital that may be held by them are set out below:

Sl.no	Names of the Proposed allottees	% of holding
1	Dovetail India Fund	19.6%
2	Deepak Talwar	0.2%

3	Volrado Venture Partners Fund	11.8%
4	Singularity Growth opportunities fund	8.4%

- i. The allotment is proposed to be completed on or before 31<sup>st</sup> July 2023.
- j. There shall be no change in control of the Bank consequent to the preferential offer.
- k. The price of the Shares to be issued and allotted to the **Investors** has been arrived at by a registered valuer and the report in this regard has been provided.
- l. the terms of issue, including terms and rate of dividend on each share, etc.;
  - fully paid up, 16% Non-Cumulative Compulsorily Convertible Preference Shares
  - CCPS shall not be redeemable and shall compulsorily convert to equity shares
  - CCPS shall carry a preferential dividend computed at 16% p.a
  - Dividend shall not be cumulative
- m. the terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion;

The Investor CCPS shall mandatorily convert into Equity Shares of the Banking Company on the earlier of:

1. The Bank shall have the right to require an automatic conversion of the Investor CCPS at any time at its discretion on or before 31<sup>st</sup> July, 2023. In such case the conversion price of the Investor CCPS shall be at Rs. 302.98 per equity share.
  2. the Banking Company having Common Equity Tier 1 capital of 6% (Six percent) of the risk weighted assets of the Banking Company or such regulatory minimum trigger point as is prescribed as per the extant RBI directions/ operating guidelines at the relevant time;
  3. the date on which the RBI determines that the Banking Company has reached a point of non-viability (in terms of the Basel III Guidelines) and requires the Investor CCPS to be converted into equity shares in accordance with Annex 16 of the Basel III Guidelines.
- n. the manner and modes of redemption; Not applicable
  - o. Current shareholding pattern of the company:

#### Equity Shares

Sr. No	Category	Pre Issue		Post Issue	
		No of shares held	% of share holding	No of shares held	% of shareholding
<b>A</b>	<b>Promoters' holding:</b>				
1	Indian:				
	Individual	-	-	-	-
	Bodied Corporate	235,75,790	42.88%	235,75,790	42.88%
	<b>Sub Total</b>	<b>235,75,790</b>	<b>42.88%</b>	<b>235,75,790</b>	<b>42.88%</b>
2	Foreign Promoters	-	-		
	<b>Sub Total (A)</b>	<b>235,75,790</b>	<b>42.88%</b>	<b>235,75,790</b>	<b>42.88%</b>



<b>B</b>	<b>Non-Promoters' holding</b>				
1	Institutional Investors	2,01,90,434	36.73%	2,01,90,434	36.73%
2	Non Institution:				
	Private Corporate Bodies	1,06,86,998	19.44%	1,06,86,998	19.44%
	Directors and Relatives	-	-	-	-
	Indian Public	5,22,661	0.95%	5,22,661	0.95%
	Others (Including NRIs)	2,820	0.00%	2,820	0.00%
	<b>Sub Total (B)</b>				
	<b>GRAND TOTAL</b>	<b>5,49,78,703</b>	<b>100.00%</b>	<b>5,49,78,703</b>	<b>100.00%</b>

#### Compulsorily Convertible Preference Shares

Sr. No	Category	Pre Issue		Post Issue	
		No of shares held	% of share holding	No of shares held	% of shareholding
<b>A</b>	<b>Promoters' holding:</b>				
1	Indian:				
	Individual	-	-	-	-
	Bodied Corporate	-	-	-	-
	<b>Sub Total</b>	-	-	-	-
2	Foreign Promoters	-	-	-	-
	<b>Sub Total (A)</b>	-	-	-	-
<b>B</b>	<b>Non-Promoters' holding</b>				
1	Institutional Investors	12,00,00,000	44.44%	29,90,00,000	66.44%
2	Non				



	Institution:				
	Private Corporate Bodies	-	-	-	-
	Directors and Relatives	-	-	-	-
	Indian Public	15,00,00,000	55.56%	15,00,00,000	33.33%
	Others (Including NRIs)	-	-	10,00,000	0.02%
	<b>Sub Total (B)</b>	27,00,00,000	100.00%	45,00,00,000	100.00%
	<b>GRAND TOTAL</b>	27,00,00,000	100.00%	45,00,00,000	100.00%

The Board recommends the Resolutions at item no. 7 of the Notice for the approval of the shareholders.

None of the other Directors, Key Managerial Personnel or their relatives is interested or concerned financially or otherwise in the Resolution.

#### Item No. 8

The Board recommends the ordinary resolution as set out in item no. 8 for the approval of the Shareholders of the Bank.

The Nomination and Remuneration Committee of the Board of Directors (“Committee”) of the company vide their resolution dated 08<sup>th</sup> May 2023, had recommended the remuneration of Mr. Ajay Kanwal for the financial year 2023-24. While recommending the remuneration, the Committee reviewed the performance of Mr. Ajay and the Bank during the year 2022-23.

The Board of Directors of the Company vide their resolution dated 09<sup>th</sup> May 2023, has approved the proposal of remuneration and the same is placed before Shareholders for approval. The proposed remuneration shall be paid subject to approval of Reserve Bank of India in line with Regulation 35B of Banking Regulation Act, 1949.

The Brief Profile of Mr. Ajay Kanwal is as under:

Mr. Ajay Kanwal is a senior consumer and commercial banker with three decades of experience across Asia. He has held various leadership positions throughout his banking career and has a proven track record of planning and executing strategy to deliver P&L in a multicultural and volatile emerging market environment. Ajay has played a significant role in launching several strategic growth initiatives while building and managing diverse teams across geographies.

None of the directors or key managerial personnel of the Bank are in any way, concerned or interested, financially or otherwise, in the resolution No. 8 set out at in the notice.

**By the order of the Board  
For Jana Small Finance Bank Limited**

**Place: Bengaluru  
Date: 20<sup>th</sup> June 2023**



**Lakshmi R. N.  
Company Secretary  
ACS -14234**