

**JANA SMALL FINANCE BANK LIMITED**  
(Formerly Known as Janalakshmi Financial Services Limited)  
Balance Sheet as at March 31, 2020

(₹ In Crores)			
	Schedule	As at 31.03.2020	As at 31.03.2019
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	200.72	197.16
Reserves and surplus	2	842.79	476.48
Deposits	3	9,651.95	4,198.70
Borrowings	4	2,898.74	4,086.47
Other liabilities and provisions	5	552.91	487.49
<b>TOTAL</b>		<b>14,147.11</b>	<b>9,446.30</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	473.85	1,080.97
Balances with banks and money at call and short notice	7	506.46	87.59
Investments	8	2,650.03	1,468.13
Advances	9	9,959.24	6,217.08
Fixed assets	10	260.01	334.46
Other assets	11	297.52	258.07
<b>TOTAL</b>		<b>14,147.11</b>	<b>9,446.30</b>
Contingent liabilities	12	37.16	51.60
Bills for collection		-	-
Significant accounting policies and notes to accounts forming part of 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 MSKC & Associates  
(Formerly known as R.K. Kumar & Co.)  
Chartered Accountants  
ICAI Firm Registration No.0015955

*Tushar Kuranl*

Tushar Kuranl  
Partner  
Membership Number: 118580

For and on behalf of the Board of Directors

*Ramesh Ramanathan*  
Ramesh Ramanathan  
Chairman  
DIN: 00163276

*Ramaseshan*  
R Ramaseshan  
Independent Director  
DIN: 00200373

*Lakshmi R N*  
Lakshmi R N  
Company Secretary

*Ajay Kanwal*  
Ajay Kanwal  
Managing Director & CEO  
DIN: 07886434

*Kapil Krishan*  
Kapil Krishan  
Chief Financial Officer

Mumbai, May 04, 2020

Bengaluru, May 04, 2020



**JANA SMALL FINANCE BANK LIMITED**  
(Formerly Known as Janalakshmi Financial Services Limited)  
Profit and Loss Account for the year ended March 31, 2020

(₹ in Crores)

PARTICULARS	Schedule	Year ended 31.03.2020	Year ended 31.03.2019
<b>I. INCOME</b>			
Interest earned	13	1,991.52	1,250.54
Other Income	14	433.25	117.73
<b>TOTAL</b>		<b>2,424.77</b>	<b>1,368.27</b>
<b>II. EXPENDITURE</b>			
Interest expended	15	980.16	813.63
Operating expenses	16	1,164.08	1,131.19
Provisions and contingencies (refer note 18.15)		250.40	1,372.51
<b>TOTAL</b>		<b>2,394.64</b>	<b>3,317.33</b>
<b>III. PROFIT/(LOSS)</b>			
Net profit/(loss) for the year		30.13	(1,949.06)
Balance In Profit and Loss Account brought forward		(4,130.81)	(2,181.75)
<b>TOTAL</b>		<b>(4,100.68)</b>	<b>(4,130.81)</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to Statutory Reserve		7.53	-
Transfer to Capital Reserve		13.81	-
Transfer to Investment Fluctuation Reserve		4.64	-
Balance carried over to Balance Sheet		(4,126.66)	(4,130.81)
<b>V. EARNINGS PER EQUITY SHARE (refer note 18.2)</b>			
(Face value of per share ₹ 10 per share)			
Basic (₹)		6.21	(471.84)
Diluted (₹)		5.90	(471.84)
Significant accounting policies and notes to accounts forming part of 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 MSKC & Associates  
(Formerly known as R.K. Kumar & Co.)  
Chartered Accountants  
ICAI Firm Registration No.0015955

*Tushar Kurani*

Tushar Kurani  
Partner  
Membership Number: 118580

For and on behalf of the Board of Directors

*Ramesh Ramanathan*

Ramesh Ramanathan  
Chairman  
DIN: 00163276

*R Ramaseshan*  
R Ramaseshan  
Independent Director  
DIN: 00200373

Lakshmi R N  
Company Secretary

*Ajay Kanwal*

Ajay Kanwal  
Managing Director & CEO  
DIN: 07886434

*Kapil Krishan*  
Kapil Krishan  
Chief Financial Officer

Mumbai, May 04, 2020

Bengaluru, May 04, 2020



**JANA SMALL FINANCE BANK LIMITED**  
(Formerly Known as Janalakshmi Financial Services Limited)  
**Cash Flow Statement for the year ended March 31, 2020**

(₹ in Crores)

	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>A.</b>	<b>Cash flow from operating activities</b>		
	Net profit/(loss) before taxes	30.13	(1,949.06)
	Adjustments for:		
	Depreciation on bank's property	92.53	99.39
	Loss on sale of fixed assets	2.84	4.82
	Employee stock option expenses	3.69	7.64
	Provision for non performing assets	(69.08)	(1,279.11)
	Bad debts written off	299.52	2,643.26
	Provision for standard assets	21.85	4.40
	Premium amortisation on HTM investments	3.60	0.50
	<b>Operating profit / (loss) before working capital changes (i)</b>	<b>385.08</b>	<b>(468.16)</b>
	<b>Movement in working capital</b>		
	(Increase)/Decrease in investments	(921.13)	705.88
	(Increase)/Decrease in advances	(3,994.46)	(1,557.31)
	Increase/(Decrease) in deposits	5,453.25	4,198.24
	(Increase)/Decrease in other assets	(52.34)	(43.54)
	Increase/(Decrease) in other liabilities and provisions	65.42	(70.42)
	<b>Net change in working capital (ii)</b>	<b>550.73</b>	<b>3,232.86</b>
	<b>Direct taxes paid (net of refunds) (iii)</b>	<b>12.89</b>	<b>6.58</b>
	<b>Net cash flow from operating activities (i)+(ii)+(iii) (A)</b>	<b>948.70</b>	<b>2,771.27</b>
<b>B.</b>	<b>Cash flow used in investing activities</b>		
	Purchase of fixed assets	(21.11)	(54.72)
	Proceeds from sale of fixed assets	0.21	0.71
	(Increase)/Decrease of held-to-maturity securities	(264.38)	(177.03)
	<b>Net cash (used in) investing activities (B)</b>	<b>(285.28)</b>	<b>(231.03)</b>





**JANA SMALL FINANCE BANK LIMITED**  
(Formerly Known as Janalakshmi Financial Services Limited)  
**Cash Flow Statement for the year ended March 31, 2020**

(₹ in Crores)

	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
C.	<b>Cash Flow from financing activities</b>		
	Proceeds from issue of equity shares	3.56	7.87
	Proceeds from Issue of compulsorily convertible preference shares	-	150.00
	Securities premium received	335.03	928.37
	Share issue expenses	(2.54)	-
	Repayment borrowings (including IBPC)	(1,187.73)	(3,575.13)
	<b>Net cash used in financing activities (C)</b>	<b>(851.68)</b>	<b>(2,488.89)</b>
	<b>Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)</b>	<b>(188.25)</b>	<b>51.35</b>
	Cash and cash equivalents as at beginning of the year	1,168.56	1,117.21
	Cash and cash equivalents as at end of the year (refer note 2 below)	980.31	1,168.56

**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) Amendment Rules, 2016.

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)' with balances having original maturity of less than three months.

As per our report of even date

**For MSKC & Associates**  
(Formerly known as R.K. Kumar & Co.)  
Chartered Accountants  
ICAI Firm Registration No.001595S

*Tushar Kurani*

Tushar Kurani  
Partner  
Membership Number: 118580

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

*Ramesh Ramanathan*  
Ramesh Ramanathan  
Chairman  
DIN: 00163276

*R Ramaseshan*  
R Ramaseshan  
Independent Director  
DIN: 00200373

*Lakshmi R N*  
Lakshmi R N  
Company Secretary

*Ajay Kanwal*  
Ajay Kanwal  
Managing Director & CEO  
DIN: 07886434

*Kapil Krishan*  
Kapil Krishan  
Chief Financial Officer

Mumbai, May 04, 2020

Bengaluru, May 04, 2020



**JANA SMALL FINANCE BANK LIMITED**

(Formerly Known as Janalakshmi Financial Services Limited)

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020**

(₹ in Crores)

PARTICULARS	As at 31.03.2020	As at 31.03.2019
<b>SCHEDULE 1 - CAPITAL</b>		
<b>Authorised Capital</b>		
<b>Equity</b>		
100,000,000 (March 31, 2019: 827,600,000) Class 'A' Equity Shares of ₹ 10 each	100.00	827.60
<b>Preference</b>		
250,000,000 (March 31, 2019: 500,000,000) Preference Shares of ₹ 10 each	250.00	500.00
<b>Issued, Subscribed and Paid-Up Capital*</b>		
<b>Equity</b>		
50,718,603 (March 31, 2019: 47,156,727) Class 'A' Equity Shares of ₹ 10 each fully paid up	50.72	47.16
<b>Preference</b>		
150,000,000 (31 March 2019: 150,000,000) 16% Non-Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up	150.00	150.00
* Refer note 18.1.2 Capital infusion		
<b>TOTAL</b>	<b>200.72</b>	<b>197.16</b>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>I. STATUTORY RESERVE</b>		
Opening balance	95.14	95.14
Add: Addition during the year	7.53	-
Less: Deductions during the year	-	-
<b>TOTAL</b>	<b>102.67</b>	<b>95.14</b>
<b>II. SHARE PREMIUM</b>		
Opening balance	4,484.97	3,556.60
Add: Additions during the year	335.29	928.37
Less: Deductions during the year	(2.54)	-
<b>TOTAL</b>	<b>4,817.72</b>	<b>4,484.97</b>
<b>III. GENERAL RESERVE</b>		
Opening balance	14.41	14.41
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
<b>TOTAL</b>	<b>14.41</b>	<b>14.41</b>
<b>IV. CAPITAL RESERVE</b>		
Opening balance	-	-
Add: Additions during the year (refer note 18.3.3)	13.81	-
Less: Deductions during the year	-	-
<b>TOTAL</b>	<b>13.81</b>	<b>-</b>
<b>V. INVESTMENT FLUCTUATION RESERVE</b>		
Opening balance	-	-
Add: Additions during the year	4.64	-
Less: Deductions during the year	-	-
<b>TOTAL</b>	<b>4.64</b>	<b>-</b>
<b>VI. EMPLOYEE STOCK OPTIONS OUTSTANDING</b>		
Opening balance	12.77	5.12
Add: Employee Stock Option expense during the year	3.69	7.65
Less: Transfer to Share Capital / Securities Premium on exercise of stock options	(0.26)	-
<b>TOTAL</b>	<b>16.20</b>	<b>12.77</b>
<b>VII. BALANCE IN PROFIT &amp; LOSS ACCOUNT</b>	<b>(4,126.66)</b>	<b>(4,130.81)</b>
<b>TOTAL (I to VII)</b>	<b>842.79</b>	<b>476.48</b>



**JANA SMALL FINANCE BANK LIMITED**

(Formerly Known as Janalakshmi Financial Services Limited)

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020**

PARTICULARS	(₹ in Crores)	
	As at 31.03.2020	As at 31.03.2019
<b>SCHEDULE 3 - DEPOSITS</b>		
<b>A. I. Demand deposits</b>		
i. From banks	30.40	4.70
ii. From others	246.88	184.37
<b>II. Savings bank deposits</b>	436.60	152.43
<b>III. Term deposits</b>		
i. From banks	1,753.54	460.56
ii. From others	7,184.53	3,396.64
<b>TOTAL (I to III)</b>	<b>9,651.95</b>	<b>4,198.70</b>
<b>B. I. Deposits of branches in India</b>	<b>9,651.95</b>	<b>4,198.70</b>
<b>II. Deposits of branches outside India</b>	-	-
<b>TOTAL (I to II)</b>	<b>9,651.95</b>	<b>4,198.70</b>
<b>SCHEDULE 4 - BORROWINGS</b>		
<b>I. Borrowings in India</b>		
i. Reserve Bank of India	-	-
ii. Other banks*	648.20	1,525.90
iii. Other institutions and agencies^	2,146.50	2,422.26
<b>II. Borrowings outside India</b>	<b>104.04</b>	<b>138.31</b>
<b>TOTAL (I to II)</b>	<b>2,898.74</b>	<b>4,086.47</b>
Secured Borrowings included in (ii) & (iii) above is ₹ 191.54 crores (March 31, 2019: ₹ 767.00 crores) *Includes Sub-ordinated debt (Tier II capital) ₹ 343 crores (March 31, 2019: ₹ 203 crores) ^ Includes sub-ordinated debt (Tier II capital) ₹ 358 crores (March 31, 2019: ₹ 548 crores)		
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>		
<b>I. Bills payable</b>	<b>60.51</b>	<b>35.89</b>
<b>II. Inter office adjustments (net)</b>	-	-
<b>III. Interest accrued</b>	<b>223.19</b>	<b>186.58</b>
<b>IV. Standard Asset- General Provision (Refer Note - 18.14)</b>	<b>43.68</b>	<b>21.83</b>
<b>V. Others (Including Provisions)</b>	<b>225.53</b>	<b>243.19</b>
<b>TOTAL (I to V)</b>	<b>552.91</b>	<b>487.49</b>



**JANA SMALL FINANCE BANK LIMITED**  
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**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020**

		(₹ In Crores)	
PARTICULARS	As at 31.03.2020	As at 31.03.2019	
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>			
I. Cash in hand (including cash at ATM)	97.60	30.37	
II. Balances with Reserve Bank of India			
i. In Current account	376.25	1,050.60	
ii. In Other accounts	-	-	
<b>TOTAL (I to II)</b>	<b>473.85</b>	<b>1,080.97</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	7.27	46.76	
b) In Other deposit accounts*	114.19	40.83	
ii) Money at call and short notice			
a) With banks	-	-	
b) With other institutions	-	-	
c) Lending under reverse repo (Reserve Bank of India)	385.00	-	
<b>TOTAL (I to II)</b>	<b>506.46</b>	<b>87.59</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>506.46</b>	<b>87.59</b>	

\* Deposit with banks ₹ 114.19 crores (March 31, 2019: ₹ 40.83 crores) is lien marked towards term loans availed from banks and financial institutions, security deposit, and cash collateral placed in connection with assignment/securitisation of receivables.



**JANA SMALL FINANCE BANK LIMITED**  
(Formerly Known as Janalakshmi Financial Services Limited)  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020**

PARTICULARS	(₹ in Crores)	
	As at 31.03.2020	As at 31.03.2019
<b>SCHEDULE 8 - INVESTMENTS</b>		
<b>I. Investments in India (net of provisions)</b>		
i) Government securities	2,649.93	1,468.03
ii) Other approved securities	-	-
iii) Shares	0.10	0.10
iv) Debentures and bonds	-	-
v) Subsidiaries / joint ventures	-	-
vi) Others	-	-
<b>TOTAL</b>	<b>2,650.03</b>	<b>1,468.13</b>
<b>II. Investments Outside India</b>		
i) Government securities	-	-
ii) Subsidiaries/joint ventures/associates	-	-
iii) Others (equity shares and bonds)	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL (I to II)</b>	<b>2,650.03</b>	<b>1,468.13</b>
<b>III. Investments</b>		
i) Gross value of investments		
a) In India	2,650.03	1,468.13
b) Outside India	-	-
<b>Total</b>	<b>2,650.03</b>	<b>1,468.13</b>
ii) Depreciation/provision for investments		
a) In India	-	-
b) Outside India	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
iii) Net value of investments		
a) In India	2,650.03	1,468.13
b) Outside India	-	-
<b>Total</b>	<b>2,650.03</b>	<b>1,468.13</b>
<b>SCHEDULE 9 - ADVANCES</b>		
<b>A. i) Bills purchased and discounted</b>	31.71	-
<b>ii) Cash credits, overdrafts and loans repayable on demand</b>	523.87	234.26
<b>iii) Term loans</b>	9,403.66	5,982.82
<b>TOTAL</b>	<b>9,959.24</b>	<b>6,217.08</b>
<b>B. i) Secured by tangible assets</b>	2,678.20	675.78
<b>ii) Covered by bank/government guarantees</b>	-	-
<b>iii) Unsecured (refer note 18.9.5)</b>	7,281.04	5,541.30
<b>TOTAL</b>	<b>9,959.24</b>	<b>6,217.08</b>
<b>C. I ADVANCES IN INDIA</b>		
i) Priority sector*	8,146.41	5,578.15
ii) Public sector	-	-
iii) Banks	-	-
iv) Others	1,812.83	638.93
* Priority sectors excluded ₹ 1,000 crores (March 31, 2019: ₹ 4,528.75 crores), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC). During the year ended March 31, 2020, the Bank has bought PSLC amounting to ₹ 600 crores (March 31, 2019: Nil), which is included in above.		
<b>II ADVANCES OUTSIDE INDIA</b>		
<b>TOTAL</b>	<b>9,959.24</b>	<b>6,217.08</b>





**JANA SMALL FINANCE BANK LIMITED**  
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**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020**

PARTICULARS	(₹ In Crores)	
	As at 31.03.2020	As at 31.03.2019
<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	603.24	538.66
ii) Additions during the year	23.30	81.71
	<b>626.54</b>	<b>620.37</b>
iii) Deductions during the year	(9.16)	(17.13)
iv) Depreciation to date	(357.96)	(271.22)
v) Capital Work in Progress	0.59	2.44
<b>TOTAL*</b>	<b>260.01</b>	<b>334.46</b>
*Includes leased assets of ₹ 23.68 crores (March 31, 2019 ₹ 28.91 crores)		
<b>GRAND TOTAL (I to II)</b>	<b>260.01</b>	<b>334.46</b>
<b>SCHEDULE 11 - OTHER ASSETS</b>		
I. Inter office adjustments (net)	-	-
II. Interest accrued	50.51	22.12
III. Tax paid in advance / tax deducted at source (net of provisions)	62.42	49.53
IV. Stationery and stamps	-	-
V. Non Banking Assets acquired in satisfaction of claims	-	-
VI. Others	184.59	186.42
<b>TOTAL</b>	<b>297.52</b>	<b>258.07</b>
<b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>		
I. Claims against the bank not acknowledged as debts	-	-
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	-	-
IV. Liability on account of outstanding derivative contracts	-	-
V. Guarantees given on behalf of constituents	-	-
a) In India	-	-
b) Outside India	-	-
VI. Acceptances, endorsements and other obligations	-	-
VII. Other items for which the Bank is contingently liable	37.16	51.60
<b>TOTAL</b>	<b>37.16</b>	<b>51.60</b>



<b>JANA SMALL FINANCE BANK LIMITED</b> (Formerly Known as Janalakshmi Financial Services Limited)		
<b>SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020</b>		
	(₹ in Crores)	
<b>PARTICULARS</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
<b>SCHEDULE 13 - INTEREST EARNED</b>		
I. Interest/discount on advances/bills	1,832.80	1,121.68
II. Income on investments	145.96	103.20
III. Interest on balances with Reserve Bank of India and other inter-bank funds	12.76	25.66
IV. Others	0.00	-
<b>TOTAL</b>	<b>1,991.52</b>	<b>1,250.54</b>
<b>SCHEDULE 14 - OTHER INCOME</b>		
I. Commission, exchange and brokerage	235.96	78.14
II. Profit / (loss) on sale of investments (net)	23.05	7.58
III. Profit / (loss) on revaluation of investments (net)	-	-
IV. Profit / (loss) on sale of land, buildings and other assets(net)	(2.84)	(4.82)
V. Profit on exchange / derivative transactions (net)	-	-
VI. Income earned by way of dividends from subsidiaries/joint ventures abroad/in India	-	-
VII. Miscellaneous income <sup>#</sup>		
# Includes PSLC income ₹ 0.10 crores (March 31, 2019: ₹ 16.06 crores), recoveries from written off accounts ₹ 169.70 crores (March 31, 2019: ₹ 13.96 crores), lease income ₹ 7.25 crores (March 31, 2019: ₹ 6.27 crores)	177.08	36.83
<b>TOTAL</b>	<b>433.25</b>	<b>117.73</b>
<b>SCHEDULE 15 - INTEREST EXPENDED</b>		
I. Interest on deposits	640.90	146.05
II. Interest on Reserve Bank of India/inter-bank borrowings	106.81	304.04
III. Others (Including interest on debentures and other borrowings)	232.45	363.54
<b>TOTAL</b>	<b>980.16</b>	<b>813.63</b>
<b>SCHEDULE 16 - OPERATING EXPENSES</b>		
I. Payments to and provisions for employees (refer note 18.4)	623.74	602.27
II. Rent, taxes and lighting (refer note 18.24)	110.94	109.50
III. Printing and stationery	10.62	6.60
IV. Advertisement and publicity	11.36	35.26
V. Depreciation on bank's property (including leased assets)	92.53	99.39
VI. Director's Fees, allowances and expenses	0.24	0.26
VII. Auditors' fees and expenses	0.65	0.81
VIII. Law charges	6.50	9.66
IX. Postage, courier, telephones etc.	24.81	33.27
X. Repairs and maintenance	41.03	44.53
XI. Insurance	6.87	1.50
XII. Travel and conveyance	40.92	47.05
XIII. Professional fees	143.90	81.90
XIV. Other expenditure	49.97	59.19
<b>TOTAL</b>	<b>1,164.08</b>	<b>1,131.19</b>



**SCHEDULE - 17**

**Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2020**

**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 now 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 (refer note 18.44), unless otherwise stated and in conformity with Generally Accepted Accounting Principles (GAAP), which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by the Reserve Bank of India (RBI), Banking Regulation Act 1949, Accounting Standards specified under Section 133 of Companies Act, 2013 in so far as they apply to the banks and the current practices prevalent within the banking industry in India.

**SIGNIFICANT ACCOUNTING POLICIES**

***Use of Estimates:***

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

**3. REVENUE RECOGNITION:**

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

ii. Penal interest is recognized on realization.

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

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

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

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

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



**Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2020 (Contd.)**

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

##### **Classification:**

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

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

##### **Transfer between categories:**

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

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

##### **Acquisition Cost:**

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

The cost of investments is determined on weighted average basis.

##### **Valuation:**

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

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





**Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2020 (Contd.)**

**Investments (contd.)**

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

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

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

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

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

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

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

**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 for as interest expense and revenue on reverse repo transactions is accounted for 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.

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).

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

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

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

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



**Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2020 (Contd.)**

**Floating Provisions:**

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

**6. SECURITISATION AND TRANSFER OF ASSETS:**

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

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

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

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

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 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 which are fully depreciated.

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

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



**Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2020 (Contd.)**

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.



**Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2020 (Contd.)**

**10. EMPLOYEE BENEFITS:**

***Defined contribution plan:***

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

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

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

***Short term employee benefits:***

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

**11. INCOME TAXES:**

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

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

**12. EARNINGS PER SHARE:**

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

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





**Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2020 (Contd.)**

**13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

In accordance with AS 29 - Provisions, Contingent Liabilities and Contingent Assets, the Bank creates a provision when there is a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the 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.

A disclosure for contingent liability is made when there is:

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

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

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

**14. ACCOUNTING FOR LEASE:**

***Operating Lease:***

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

**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 from Share Premium Account in terms of Section 52 of the Companies Act, 2013.



**Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2020 (Contd.)**

**18. SEGMENT INFORMATION:**

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

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

(b) **Corporate / Wholesale Banking** includes 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 towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss Account.

**20. EMPLOYEE STOCK OPTION PLAN and RESTRICTED STOCK UNITS:**

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

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

**21. 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.

**22. EXTERNAL COMMERCIAL BORROWINGS:**

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



**JANA SMALL FINANCE BANK LIMITED**

(Formerly Known as Janalakshmi Financial Services Limited)

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

(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, 2020****1 Capital****1.1 Capital Adequacy Ratio (CAR)**

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

Particulars	March 31, 2020	March 31, 2019
Common equity tier I capital ratio (%)	13.12%	12.27%
Tier I capital ratio (%)	13.12%	12.27%
Tier II capital ratio (%)	6.13%	6.54%
<b>Total capital ratio as per Basel-II (CRAR) (%)</b>	<b>19.25%</b>	<b>18.81%</b>
Amount of tier II capital raised through debt capital instruments during the year	225.00	-

Subordinated debt (Tier II capital) outstanding as at March 31, 2020 is ₹ 701 crores (March 31, 2019 : ₹ 751 crores).

1. The Capital Adequacy Ratio [CRAR] of the Bank, calculated as per the Standardised approach for Credit Risk under Basel II regulation is set out above. Market Risk and Operational Risk are not considered for computation of Risk Weighted Assets as per Guidelines applicable for Small Finance Banks in accordance with RBI Circular No. RBI/2016-17/81 DBR. NBD.No.26/16.13.218/2016-17 dated October 6, 2016. No Capital Conservation Buffer and Counter - Cyclical Capital Buffer is applicable on Small Finance Bank (SFB) as per operating guidelines issued on Small Finance Banks by RBI.

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 II capital has been limited to 50% of Tier I capital.

**1.2 Capital Infusion**

During the year ended March 31, 2020 the Bank has issued equity shares having face value of ₹ 10 each for cash pursuant to rights issue of 35,59,937 equity shares at ₹ 951.09 each aggregating to ₹ 338.58 crores pursuant to Board's approval.

During the previous year ended March 31, 2019 the Bank has issued equity shares having face value of ₹ 10 each for cash pursuant to a private placement of equity, 2,213,428 shares at ₹ 1,383.60 each, 2,132,396 shares at ₹ 1,383.42 each and 3,522,273 shares ₹ 951.09 each aggregating to ₹ 936.25 crores pursuant to Board and shareholders approval. Further bank has issued 150,000,000 16% non-cumulative compulsorily convertible preference shares at ₹ 10 each aggregating to ₹ 150 crores for cash pursuant to private placement.

During the year ended March 31, 2020, the Bank has allotted 1,939 equity shares in respect of stock options exercised, (March 31, 2019 : Nil).

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

Particulars	March 31, 2020		March 31, 2019	
	No. of Equity shares	Amount	No. of Equity shares	Amount
Equity shares as at the beginning of the year	47,156,727	47.16	39,288,630	39.29
Addition pursuant to equity shares issued during the year	3,561,876	3.56	7,868,097	7.87
<b>Equity shares outstanding as at the end of the year</b>	<b>50,718,603</b>	<b>50.72</b>	<b>47,156,727</b>	<b>47.16</b>



**JANA SMALL FINANCE BANK LIMITED**  
(Formerly Known as Janalakshmi Financial Services Limited)  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**  
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*

**2. Earnings per equity share**

Particulars	March 31, 2020	March 31, 2019
Net profit/(loss) after tax (₹ in crores)	30.13	(1,949.06)
Weighted average number of equity shares in computing the basic earnings per share	48,548,128	41,307,710
Basic earnings per share ₹	6.21	(471.84)
Weighted average number of equity shares in computing the diluted earnings per share*	51,057,018	41,307,710
Diluted earnings per share ₹	5.90	(471.84)
Nominal value per share ₹	10.00	10.00

\* For the previous year, dilutive earnings per share is same as basic earnings per share as the results are anti dilutive.

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 in 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 Perpetual Non-Cumulative Compulsorily Convertible Preference Shares

**3. Reserves**

**3.1 Share premium account**

Share issue expenses amounting to ₹ 2.54 crores (March 31, 2019: Nil) are adjusted from securities premium account in terms of section 52 (2) (c) of the Companies Act, 2013.

**3.2 Statutory Reserve**

The Bank has transferred ₹ 7.53 crores (March 31, 2019: Nil) to statutory reserves pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

**3.3 Capital Reserve**

The Bank has transferred ₹ 13.81 crores (March 31, 2019: Nil) to capital reserves, being the profit from sale of HTM investments, net of taxes and appropriation to statutory reserve, as per the RBI regulations.

**3.4 Investment Fluctuation Reserve**

In accordance with RBI guidelines, banks are required to create an Investment Fluctuation Reserve (IFR) equivalent to 2% of their HFT and AFS investment portfolios, within a period of three years starting fiscal 2019. Accordingly, the Bank has transferred ₹ 4.64 crores (March 31, 2019: Nil) to investment reserves.

**3.5 Drawdown of Reserves**

During the year ended March 31, 2020; there were no drawdown from reserves (March 31, 2019 : Nil).





**JANA SMALL FINANCE BANK LIMITED**

(Formerly Known as Janalakshmi Financial Services Limited)

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

(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 ended March 31, 2020 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.

Particulars	ESOP 2017	ESOP 2018	RSU 2017	RSU 2018
Grant Date	Various dates	Various dates	Various dates	Various dates
Option available under the plan	1,867,579	2,023,697	Sub-set of ESOP 2017	Sub-set of ESOP 2018
Number of Options granted	1,019,469	294,525	841	11,203
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	Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be		
Exercise Price Per Option (₹)	951.09	10.00		

The details of the Employee Stock Option Plan Schemes (ESOP) and Restrictive Stock Unit Scheme (RSU) during the previous year.

Particulars	ESOP 2018	RSU 2017
Grant Date	Various dates	Various dates
Number of Options granted	589,402	25,182
Method of Settlement	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.	Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be.
Exercise Price Per Option (₹)	1245.24, 1245.08 and 951.09	10.00

The following are the outstanding options as at year end:

Particulars	March 31, 2020			
	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
(i) Outstanding at the beginning of the year	686,179	449,402	54,206	23,267.00
(ii) Granted during the year	1,019,469	294,525	841	11,203
(iii) Forfeited, expired and lapsed during the year	14,143	240,307	9,836	8,762
(iv) Exercised during the year	-	-	-	1,939
(v) Outstanding at the end of the year	1,691,505	503,620	45,211	23,769
- Vested	341,276	63,729	44,370	15,891
- Yet to Vest	1,350,229	439,891	841	7,878



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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employee Stock Option expenditure	0.48	3.23
Restrictive Stock Units expenditure	3.21	4.42
<b>Total</b>	<b>3.69</b>	<b>7.65</b>

Particulars	March 31, 2020	March 31, 2019
Employee stock options and restrictive stock options outstanding	16.20	12.77

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

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

Particulars	ESOP 2017	Employee stock option plan scheme (ESOP) 2018		ESOP 2017 and 2018 Scheme
Variables	Tranche 1	Tranche 1	Tranche 2	Tranche 3
1. Risk Free Interest Rate	7.76%	7.92%	8.16%	7.92%
2. Expected Life (in years)	4.50	4.50	4.50	4.50
3. Expected Volatility	24.36%	50.63%	48.47%	56.96%
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%
5. The weighted average fair value of options granted ₹	498.85	753.98	751.56	449.81

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 ₹ 10.65 crores (March 31, 2019: reported loss would have been higher ₹ 7.84 crores). The basic and diluted EPS would have been ₹ 4.01 and ₹ 3.82 respectively [March 31, 2019: ₹ (473.74) and ₹ (473.74)].

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



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**5. Investments**

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

Particulars	March 31, 2020	March 31, 2019
<b>(1) Value of Investments</b>		
i) Gross value of investments	2,650.03	1,468.13
- In India	2,650.03	1,468.13
- Outside India	-	-
(ii) Provisions for depreciation on investments	-	-
- In India	-	-
- Outside India	-	-
(iii) Net value of investments	2,650.03	1,468.13
- In India	2,650.03	1,468.13
- Outside India	-	-
<b>2) Movement of provisions held towards depreciation on investments</b>		
i) Opening balance	-	-
ii) Add: Provision made during the year	-	-
iii) Less: Write-off/write back of excess provision during the year	-	-
iv) Closing balance	-	-

**5.2 Repo/ Reverse Repo Transactions**

Details of repo / reverse repo deals (in face value terms) (including LAF and TREPS) done during the year ended March 31, 2020, (March 31, 2019: Nil).

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as at March 31, 2020
<b>Securities sold under repo</b>	-	-	-	-
i. Government securities	-	-	-	-
a) MSF (Repo with RBI)	2.00	2.00	0.01	-
b) Tri-Party Repo (TREPS)	5.00	649.91	27.53	-
c) Market Repo (CROMS)	4.99	72.99	0.60	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
<b>Securities purchased under reverse repo</b>	-	-	-	-
i. Government securities	-	-	-	-
a) LAF (Reverse Repo with RBI)	10.00	565.00	64.08	385.00
b) Tri-Party Repo (TREPS)	3.50	599.67	15.86	-
c) Market Repo (CROMS)	4.00	372.96	12.73	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

**5.3 Sale and Transfers to/from HTM Category**

During the year ended March 31, 2020, there was no sale and transfers to/from HTM category in excess of 5% of the book value of investments held in the HTM category at the beginning of the year. (March 31, 2019: Nil)

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

- 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;
- Sales to the RBI under pre-announced open market operation auctions;
- Repurchase of Government securities by Government of India from banks;
- Additional shifting of securities explicitly permitted by the RBI from time to time; and
- Direct sales from HTM for bringing down SLR holdings in the HTM category.

**5.4 Issuer-wise composition of non-SLR investments**

During the year ended March 31, 2020, the Bank has following non-SLR investments- As at March 31, 2020

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 corporate	-	-	-	-	-
5.Subsidiaries / Joint ventures	-	-	-	-	-
6.Others	0.10	-	-	-	0.10
7.Provision held towards depreciation	-	-	-	-	-
<b>Total</b>	<b>0.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.10</b>

During the previous year ended March 31, 2019, the Bank has following non-SLR investments- As at March 31, 2019

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	0.10	-	-	-	0.10
7.Provision held towards depreciation	-	-	-	-	-
<b>Total</b>	<b>0.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.10</b>

# Amounts reported under these columns above are not mutually exclusive

**5.5 Non performing Non-SLR investments**

During the year ended March 31, 2020; there are no non performing Non - SLR investments (March 31, 2019: Nil).



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**6. Derivatives**

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

**a) Cross Currency Interest Rate Swap**

Particulars	March 31, 2020	March 31, 2019
i) The notional principal of swap agreements	86.68	125.97
ii) Losses which would be incurred if counter parties failed to fulfil their obligation under the agreements	17.36	12.34
iii) collateral required by the Bank upon entering into swaps	7.73	7.37
iv) concentration of credit risk arising from the swaps	Nil	Nil
v) fair value of the swap book	17.36	12.34

**The nature and terms of the Cross Currency Interest Rate Swap**

Nature	Terms	Benchmark	No. of deals
Hedging	Fixed payable vs fixed receivable	USD MIFOR	2

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

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

**Quantitative Disclosure**

Sr. No.	Particulars	March 31, 2020		March 31, 2019	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	86.68*	-	125.97*	-
	b) For trading	-	-	NA	-
(ii)	Marked to Market Positions				
	a) Asset (+)	17.36	-	12.34	-
	b) Liability (-)	-	-	-	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	NA	-	NA	-
(v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	-	-	-	-
	b) on trading	NA	-	NA	-

\* Pertains to cross currency interest rate swap





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**7. Asset Quality**

**7.1 Non Performing Assets**

Particulars	March 31, 2020	March 31, 2019
(i) Net NPAs to Net Advances (%)	1.41%	4.39%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	522.59	3,182.83
(b) Additions during the year#	230.42	560.53
(c) Reductions during the year*	(432.20)	(3,220.77)
(d) Closing balance	320.81	522.59
(iii) Movement of Net NPAs		
(a) Opening balance	273.08	1,670.89
(b) Additions during the year#	178.34	420.40
(c) Reductions during the year*	(311.04)	(1,818.21)
(d) Closing balance	140.38	273.08
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	249.51	1,511.94
(b) Provision made during the year	230.44	1,380.85
(c) Write off/ write back of excess provisions	(299.52)	(2,643.28)
(d) Closing balance	180.43	249.51

# 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

**7.2 Movement of Non Performing Assets**

Particulars	March 31, 2020	March 31, 2019
Gross NPAs as on April 1 of particular year	522.59	3,182.83
Additions (fresh NPAs) during the year#	230.42	560.53
<b>Sub Total (A)</b>	<b>753.01</b>	<b>3,743.36</b>
Less :		
(i) Upgradations	29.48	56.22
(ii) Recoveries (excluding recoveries made from upgraded accounts)*	103.20	521.27
(iii) Technical / Prudential write offs (refer note 7.2A)	235.67	2,514.25
(iv) Write offs other than those under (iii) above	63.85	129.03
<b>Sub Total (B)</b>	<b>432.20</b>	<b>3,220.77</b>
<b>Gross NPAs as on March 31 of the following year (Closing balance) (A-B)</b>	<b>320.81</b>	<b>522.59</b>

# 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

**7.2A 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. The financial accounting systems of the Bank are integrated and there are no write-offs done by the Bank which remain outstanding in the books of the branches.

Particulars	March 31, 2020	March 31, 2019
Opening balance of technical / prudential write-offs accounts as at April 1 of particular year	2,505.93	-
Add: Technical / Prudential write-offs during the year	235.67	2,514.25
<b>Sub - Total (A)</b>	<b>2,741.60</b>	<b>2,514.25</b>
Recoveries made from technical/ prudential written off accounts during the year	169.15	8.32
Actual Write-offs during the year	49.85	-
<b>Sub - Total (B)</b>	<b>219.00</b>	
<b>Closing balance as at March 31 (A-B)</b>	<b>2,522.60</b>	<b>2,505.93</b>



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**7.3 Disclosure on accounts subjected to restructuring for the year ended March 31, 2020**

The Bank has restructured accounts during the year ended March 31, 2020, excluding the standard MSME accounts restructured based on RBI circular dated January 01, 2019

Sl. No.	Type of Restructuring → Asset Classification → Details ↓	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	
1	Restructured Accounts as on April 1 of the FY (opening figures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding (opening figures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	Fresh restructuring during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Upgradations to restructured standard category during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Restructured standard advances which cease to attract provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	Downgradations of restructured accounts during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Write-offs/Recovery/Sale of restructured accounts during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8	Restructured Accounts as on March 31 of the FY (closing figures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

**7.3.1 Particulars of accounts restructured for 'Micro, Small and Medium Enterprises (MSME) sector based on RBI guidelines dated January 01, 2019.**

The Bank has restructured accounts during the year ended March 31, 2020 and previous year ended March 31, 2019.

Particulars	March 31, 2020	March 31, 2019
No of Accounts Restructured	136	58
Provision Amount	0.08	0.98
Outstanding Amount	1.59	0.05



7.3 Particulars of Accounts Restructured contd..

The Bank has restructured accounts during the year ended March 31, 2019																			
Sl No.	Type of Restructuring → Asset Classification → Details ↓	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total		
		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total			
1	Restructured Accounts as on April 1 of the FY (opening figures)																		
		No. of borrowers																	
		Amount outstanding																	
	Provision there on																		
2	Fresh restructuring during the year																		
		No. of borrowers																	
		Amount outstanding																	
	Provision there on																		
3	Upgradations to restructured standard category during the FY																		
		No. of borrowers																	
		Amount outstanding																	
	Provision there on																		
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY																		
		No. of borrowers																	
		Amount outstanding																	
	Provision there on																		
5	Downgradations of restructured accounts during the FY																		
		No. of borrowers																	
		Amount outstanding																	
	Provision there on																		
6	Write-offs/Recovery/Sale of restructured accounts during the FY																		
		No. of borrowers																	
		Amount outstanding																	
	Provision there on																		
7	Increase/(Decrease) in borrower outstanding level of existing restructured cases during the FY																		
		No. of borrowers																	
		Amount outstanding																	
	Provision there on																		
8	Restructured Accounts as on March 31 of the FY (closing figures)																		
		No. of borrowers																	
		Amount outstanding																	
	Provision there on																		





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**7.4 Disclosure on COVID - 19 (RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20)**

The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets. Governments, including the Bank, have introduced a variety of measures to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, which are highly uncertain at this point of time.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank had granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The Bank holds provisions as at March 31, 2020 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.

**Particulars of Moratorium/Deferment extended in SMA categories**

Particulars	Total
Amounts in SMA/overdue categories, where the moratorium / deferment was extended	158.61
Amount where asset classification benefits is extended	28.93
Provisions made during the Q4 FY 19-20	8.94*
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of the aforementioned circular.	-

Above disclosure includes all the accounts which were standard but overdue as at February 29, 2020 and remained overdue as at March 31, 2020.

\*It includes an additional general provision of 20% amounting to Rs 1.01 Crore on overdue standard advances with days past due between 71 and 90 (both inclusive) as at February 29, 2020 and remained overdue as at March 31, 2020.

**7.5 Details of Non Performing Financial Assets Purchased / Sold**

The Bank has not purchased or sold any non performing financial assets during the year ended March 31, 2020 (March 31, 2019 : Nil).

**7.6 Floating provisions**

The Bank has not created any floating provision during the year ended March 31, 2020 (March 31, 2019 : Nil).

Particulars	March 31, 2020	March 31, 2019
(a) Opening balance in floating provision account	-	-
(b) The quantum of floating provision made in accounting year	-	-
(c) Amount of draw down made during the accounting year	-	-
(d) Closing balance in floating provision account	-	-

**7.7 Disclosures Resolution of Stressed Assets**

The scheme has implemented via circular No RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated June 07, 2019. There were no accounts during the year ended March 31, 2020 were restructured under prudential framework on resolution of stressed assets.

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

During the year ended March 31, 2020 the Bank has not sold any financial assets to Securitisation/ Reconstruction Companies (SC/ RC) in accordance with the guidelines issued by the RBI (March 31, 2019 : Nil).

**8.2 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, 2020	March 31, 2019
(i) No. of accounts	-	-
(ii) Aggregate value (net of provision) of accounts sold to SC/RC	-	-
(iii) Aggregate Consideration	-	-
(iv) Aggregate gain / loss over net book Value	-	-





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

During the year the Bank has not Invested in security receipts (March 31, 2019: Nil).

**9. Exposures**

**9.1 Exposure to Real Estate Sector**

Category	March 31, 2020	March 31, 2019
<b>A) Direct exposure</b>	<b>989.32</b>	<b>56.37</b>
(i) Residential mortgages	988.99	54.04
(of which housing loans eligible for inclusion in priority sector advances)	518.48	54.04
(ii) Commercial real estate	0.33	2.33
(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 (HFCs).	-	-

**9.2 Exposure to Capital Market**

As at March 31, 2020, the Bank has Investments in equity instruments of Alpha Micro Finance Consultants Private Limited, 100,000/- shares of ₹ 10 each fully paid up full paid up ₹ 0.10 crores Exposure (March 31, 2019 : ₹ 0.10 crores).

**9.3 Risk Category wise Country Exposure**

The Bank's exposures are concentrated in India, hence country risk exposure as at March 31, 2020 is Nil (March 31, 2019 : Nil).

**9.4 Intra Group Exposure**

The Bank does not have any group entities, hence intra group exposure as at March 31, 2020 is Nil (March 31, 2019 : Nil).

**9.5 Unsecured Advances**

The Bank has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. (March 31, 2019: Nil). The unsecured advances of ₹ 7,281.04 crores (March 31, 2019 ₹ 5,541.30 crores) as disclosed in Schedule 9 are without any collateral security.

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

During the year ended March 31, 2020, the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed under extant RBI guidelines (March 31, 2019 : Nil).

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

**10.1 Concentration of deposits**

Particulars	March 31, 2020	March 31, 2019
Total deposits of twenty largest depositors	1,709.11	736.48
Percentage of deposits of twenty largest depositors to total deposits of the Bank	17.71%	17.54%

**10.2 Concentration of advances\***

Particulars	March 31, 2020	March 31, 2019
Total Advances to twenty largest borrowers	305.14	177.19
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	3.01%	2.74%

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



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**10.3 Concentration of Exposures\***

Particulars	March 31, 2020	March 31, 2019
Total exposure to twenty largest borrowers / customers*	305.14	183.07
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	3.00%	2.83%

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

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

**10.4 Concentration of NPAs**

Particulars	March 31, 2020	March 31, 2019
Total Exposure to top four NPA accounts	9.05	3.06

**11. Sector-wise advances**

Sector	March 31, 2020		
	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	2,567.28	47.48	1.85%
2. Advances to Industries sector eligible as priority sector lending	341.85	33.18	9.71%
3. Services	1,129.11	38.54	3.41%
(i) Retail Trade	383.38	21.32	5.56%
4. Personal loans*	4,273.46	152.28	3.56%
<b>Sub total ( A )</b>	<b>8,311.70</b>	<b>271.48</b>	<b>3.27%</b>
<b>B. Non Priority Sector</b>			
1. Agriculture and allied activities	-	-	0.00%
2. Industry	82.00	21.00	25.61%
3. Services	792.47	11.90	1.50%
4. Personal loans*	953.50	16.43	1.72%
<b>Sub total ( B )</b>	<b>1,827.97</b>	<b>49.33</b>	<b>2.70%</b>
<b>Total (A+B)</b>	<b>10,139.67</b>	<b>320.81</b>	<b>3.16%</b>

Sector	March 31, 2019		
	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	526.15	38.41	7.30%
2. Advances to industries sector eligible as priority sector lending	-	-	-
3. Services	895.96	76.59	8.55%
4. Personal loans*	4,405.97	399.01	9.06%
<b>Sub total ( A )</b>	<b>5,828.08</b>	<b>514.01</b>	<b>8.82%</b>
<b>B. Non Priority Sector</b>			
1. Agriculture and allied activities	-	-	-
2. Industry	55.18	1.89	3.42%
3. Services	5.23	-	-
4. Personal loans*	578.10	6.69	1.16%
<b>Sub total ( B )</b>	<b>638.51</b>	<b>8.58</b>	<b>1.34%</b>
<b>Total (A+B)</b>	<b>6,466.59</b>	<b>522.59</b>	<b>8.08%</b>

\*Personal loan includes Housing loans

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.



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**12. Asset Liability Management (ALM)**

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

As at March 31, 2020	Deposits	Advances	Investments*	Borrowings	Foreign currency assets	Foreign currency liabilities
Day - 1	36.25	3.29	635.17	-		
2-7 Days	241.87	(80.36)	40.56	-		
8-14 Days	364.16	22.93	60.29	-		
15-30 Days	272.50	(397.22)	59.74	36.75		
31 Days and up to 2 months	722.08	(149.67)	130.97	31.06		
More than 2 months and up to 3 months	300.71	508.04	72.31	77.82		
Over 3 months and up to 6 months	1,376.64	1,256.86	237.31	113.91		
Over 6 months and up to 1 year	1,651.36	2,641.45	349.93	529.99		
Over 1 Year and up to 3 years	4,518.27	4,616.83	927.00	1,404.20		
Over 3 Years and up to 5 years	164.30	274.28	100.84	480.00		
Over 5 years	3.81	1,262.81	35.91	225.01		
<b>Total</b>	<b>9,651.95</b>	<b>9,959.24</b>	<b>2,650.03</b>	<b>2,898.74</b>	-	-

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

\* Investments does not include balances with RBI and other Banks

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.

RBI vide its circular dated March 27, 2020 on 'Covid-19 Regulatory Package' permitted the Banks to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. The Bank in line with the said circular has offered moratorium to all its customers for the said period and has incorporated the effect of the moratorium on the respective maturity buckets presented above. The Bank estimates that considerable portion of the cash flows impacted by the moratorium will be received within 1-3 years from the balance sheet date and the same has been factored in the above disclosure.



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**13. Contingent liabilities**

Contingent liabilities	March 31, 2020	March 31, 2019
Income tax liability	35.91	38.85
Bank guarantee given	1.25	12.75
Others	-	-
<b>Total</b>	<b>37.16</b>	<b>51.60</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.

**14. Provisions on Standard Assets**

Particulars	March 31, 2020	March 31, 2019
Provisions towards Standard Assets	43.68	21.83

**15. Provisions and Contingencies**

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

Particulars	March 31, 2020	March 31, 2019
Provision for Non-Performing Asset (including bad debts written off)	230.44	1,364.15
Provision for Standard Assets	21.85	4.40
Other provision and contingencies (refer note 18.31)	(1.89)	3.96
<b>Total</b>	<b>250.40</b>	<b>1,372.51</b>

**16. Business ratio**

Particulars	March 31, 2020	March 31, 2019
Interest income as a percentage to working funds <sup>1</sup>	13.01%	10.57%
Non-interest income as a percentage to working funds <sup>1</sup>	2.83%	1.00%
Operating profit <sup>2</sup> as a percentage to working funds	1.83%	(4.87%)
Return on average assets	0.20%	(16.48%)
Business <sup>3</sup> (deposit plus net advances) per employee <sup>4</sup> (in ₹ crores)	1.16	0.62
Profit per employee <sup>4</sup> (in ₹ crores)	0.00	(0.12)
Provision coverage ratio (including floating provision)	56.24%	47.74%

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

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

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

4. Productivity ratios are based on average employee number.

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





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

The Bank has non-contributory defined benefit arrangement providing gratuity benefits expressed in terms of final monthly salary and years of service. 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 financial year ended March 31, 2020 and March 31, 2019, the Bank does not have unamortised gratuity and pension liability.

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

Particulars	March 31, 2020	March 31, 2019
Current service cost	1.94	1.72
Interest cost on benefit obligation	(0.49)	(0.31)
Past service cost vested benefit recognised during the period	-	-
Net actuarial loss recognized in the year	4.28	2.39
<b>Employer Expenses</b>	<b>5.73</b>	<b>3.80</b>

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

Particulars	March 31, 2020	March 31, 2019
Present value of Defined Benefit Obligation	11.41	7.66
Fair value of plan assets	13.06	14.54
Net (asset) / liability recognized in balance sheet	(1.66)	(6.88)
Less: Unrecognised Past Service Cost	-	-
<b>(Asset)/Liability recognized in balance sheet</b>	<b>(1.66)</b>	<b>(6.88)</b>

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

Particulars	March 31, 2020	March 31, 2019
<b>Present Value of DBO at start of year</b>	<b>7.66</b>	<b>5.65</b>
Interest cost	0.55	0.43
Current service cost	1.94	1.72
Past service cost vested benefit recognised during the period	-	-
Benefits paid	(1.98)	(1.84)
Actuarial loss/(gain)	3.24	1.70
<b>Present Value of DBO at end of year</b>	<b>11.41</b>	<b>7.66</b>



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**Reconciliation of Fair Value of Plan Assets**

Particulars	March 31, 2020	March 31, 2019
Fair Value of Plan Assets at start of year	14.54	9.59
Expected return on plan assets	1.04	0.74
Contributions by employer	0.50	6.74
Benefits paid	(1.98)	(1.84)
Actuarial gain / ( loss)	(1.04)	(0.69)
Fair value of plan assets at end of year	13.06	14.54

**Investment details of plan assets**

Particulars	March 31, 2020	March 31, 2019
Balance with Life Insurance Corporation of India	13.06	14.54

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

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

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.43%	7.22%
Expected rate of return on assets	6.43%	7.22%
Employee turnover (in service for 4 years and below)	45.00%	45.00%
Employee turnover (in service for above 4 years)	1.00%	1.00%
Salary growth rate	6.00%	6.00%
Mortality Rate - Indian Assured Lives Mortality (IALM) Ultimate	IALM (2006-08)	IALM (2006-08)
Expected average remaining working lives of employees	6 Years	6 Years

**Experience Adjustments**

Particulars	FY 19-20	FY 18-19	FY 17-18	FY 16-17	FY 15-16
Present Value of DBO at the end of the year	11.41	7.66	5.65	5.83	2.92
Fair Valuation of Plan Assets	13.06	14.54	9.59	8.74	2.28
Funded Status [Surplus/(Deficit)]	1.66	6.89	3.94	2.91	(0.64)
Experience adjustment on plan liabilities : Gain / (Loss)	(1.71)	(1.74)	(3.16)	(1.01)	(0.04)
Experience adjustment on plan Assets : Gain / ( Loss )	(1.04)	(0.69)	(0.64)	0.07	(0.09)

**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 ₹ 25.87 crores (March 31, 2019: ₹ 24.22 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, 2020 is ₹ 4.76 Crores (March 31, 2019 : ₹ 5.10 Crores).

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

Discount rate : 6.43% (March 31, 2019: 7.22%)

Salary Escalation rate : 6% (March 31, 2019: 6%)

Attrition rate: In service for 4 years and below 45%, above 4 years 1% (March 31, 2019: 4 years and below 45%, above 4 years 1%)



**18. 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. The mandate is to support the achievement of the Bank's on going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. As at March 31, 2020, 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, approved by the Board on February 8, 2018, pursuant to the guidelines issued by RBI, to cover all employees of the Bank.

**Type of employees covered and number of such employees**

All permanent employees of the Bank are covered. The total number of permanent employees of the Bank at March 31, 2020 was 16,212, 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. The committee shall work in close coordination with Risk Management Committee of the small finance bank, in order to achieve effective alignment between remuneration and risks.

**Alignment of compensation philosophy with prudent risk taking:**

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

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

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

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

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

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

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

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

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

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



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**18. 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 overview of main performance metrics for the Bank, top level business lines and individuals from overview:**

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

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

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

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

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

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

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

Not Applicable.

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

Not Applicable.

- f)

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

Not Applicable





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**18. Disclosures on Remuneration contd..**

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

**B) Quantitative Disclosure**

Sr. No.	Subject	March 31, 2020	March 31, 2019
(a)	Number of meetings held by the NRC during the financial year and remuneration paid to its members	Number of meetings: 4 Remuneration paid: ₹ 0.02 crores	Number of meetings: 1 Remuneration paid: ₹ 0.01 crores
(b) (i)	Number of employees having received a variable remuneration award during the financial year	None	None
(b) (ii)	Number and total amount of sign on awards made during the financial year	None	None
(b) (iii)	Details of guaranteed bonus, if any, paid as joining /sign on bonus	None	None
(b) (iv)	Details of severance pay, in addition to accrued benefits, if any	None	None
(c) (i)	Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms	567,647 shares granted under ESOP scheme and 44,370 units under RSU scheme in previous years yet to be exercised. There are no grants during the year. Out of the stock options granted 2,83,829 shares are unvested.	567,647 shares granted under ESOP scheme and 54,206 units under RSU scheme during the previous year, yet to be exercised.
(c) (ii)	Total amount of deferred remuneration paid out in the financial year	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 : ₹ 4.74 crores Car EMI : ₹ 0.13 crores Variable pay : ₹ 1.20 crores <sup>3</sup>	Fixed Pay: ₹ 4.02 crores Car EMI : ₹ 0.13 crores
(e) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments	None	None
(e) (ii)	Total amount of reductions during the financial year due to ex post explicit adjustments	None	None
(e) (iii)	Total amount of reductions during the financial year due to ex post implicit adjustments	None	None

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

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

3. Variable pay does not include the amount payable for the financial year 2019-20



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**19. 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.

**Geographical segments**

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

(₹ in Crores)									
Business Segments	Treasury		Corporate / Wholesale Banking		Retail Banking		Other Banking Operations		Total
Particulars	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020 Year ended 31.03.2019
Revenue	181.87	136.72	26.58	7.94	2,209.07	1,217.07	7.25	6.54	2,424.77 1,368.27
Result	(61.41)	(49.88)	5.26	(2.06)	84.26	(1,897.25)	2.02	0.13	30.13 (1,949.06)
Unallocated result									
Operating profit									30.13 (1,949.06)
Income taxes									
Extraordinary profit/loss									
Net profit									30.13 (1,949.06)
Other information:									
Segment assets	3,569.95	2,630.68	332.38	56.36	9,975.51	6,428.45	23.68	27.80	13,901.52 9,143.29
Unallocated assets									245.59 303.01
Total assets	3,569.95	2,630.68	332.38	56.36	9,975.51	6,428.45	23.68	27.80	14,147.11 9,446.30
Segment liabilities	3,001.04	4,269.00	1.51	3.17	10,072.59	4,484.88			13,075.14 8,757.05
Unallocated liabilities									28.46 15.60
Capital and reserves	568.91	(1,638.32)	330.87	53.18	(97.08)	1,943.57	23.68	27.80	826.38 386.23
Unallocated capital and reserves									217.13 287.42
Total liabilities	3,569.95	2,630.68	332.38	56.35	9,975.51	6,428.45	23.68	27.80	14,147.11 9,446.30

- The Reportable segments are identified into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations in compliance with the RBI guidelines.
- The Bank is in the process of formulating and implementing Funds Transfer Pricing (FTP) methodology and hence the adjustment of revenue and cost on account of FTP is not adjusted in between segments.
- Unallocated assets and liabilities pertain to the assets and liabilities not identifiable to the particular segment.



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**20. Liquidity Coverage Ratio**

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

Particulars	June 30, 2019**		September 30, 2019**		December 31, 2019**		March 31, 2020	
	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*
1 Total High Quality Liquid Assets (HQLA)	1,901.53	1,901.53	2,117.76	2,117.76	2,376.40	2,376.40	2,720.65	2,720.65
<b>Cash Outflows</b>	-	-	-	-	-	-	-	-
2 Retail deposits and deposits from small business customers, of which:	2,802.30	238.41	3,813.78	323.31	4,544.69	384.25	4,959.16	417.93
(i) Stable deposits	836.28	41.81	1,161.43	58.07	1,404.26	70.21	1,559.80	77.99
(ii) Less stable deposits	1,966.02	196.60	2,652.35	265.24	3,140.43	314.04	3,399.36	339.94
3 Unsecured wholesale funding, of which:	531.66	181.97	666.22	184.01	760.42	213.92	832.73	100.05
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	388.14	38.45	535.18	52.97	606.42	59.92	813.09	80.41
(iii) Unsecured debt	143.52	143.52	131.04	131.04	154.00	154.00	19.64	19.64
4 Secured wholesale funding	137.60	129.27	61.85	11.85	241.25	191.25	132.90	132.90
5 Additional requirements, of which	-	-	-	-	-	-	-	-
(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	-	-	-	-	-	-	-	-
6 Other contractual funding obligation	-	-	-	-	-	-	-	-
7 Other contingent funding obligations	48.35	2.25	49.68	2.23	40.10	1.76	39.61	1.92
8 Total cash outflows	3,519.91	551.90	4,591.53	521.40	5,586.46	791.18	5,964.40	652.80
<b>Cash Inflows</b>	-	-	-	-	-	-	-	-
9 Secured lending (e.g. reverse repo)	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	465.28	229.31	494.72	247.36	576.13	288.06	574.17	287.08
11 Other cash inflows	2.57	2.57	3.60	3.60	2.63	2.63	0.03	0.03
12 Total cash inflows	467.85	231.88	498.32	250.96	578.76	290.69	574.20	287.11
21 Total HQLA	1,901.53	1,901.53	2,117.76	2,117.76	2,376.40	2,376.40	2,720.65	2,720.65
22 Total Net Cash Outflows	3,052.06	320.02	4,093.21	270.44	5,007.70	500.49	5,390.20	365.69
23 Liquidity Coverage Ratio (%)		594.19%		783.09%		474.81%		743.98%





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**20. Liquidity Coverage Ratio contd..**

Particulars	June 30, 2018		September 30, 2018		December 31, 2018		March 31, 2019	
	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*
<b>1 Total High Quality Liquid Assets (HQLA)</b>	1,133.58	1,133.58	994.60	994.60	1,253.45	1,253.45	1,361.92	1,361.92
<b>Cash Outflows</b>								
2 Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	17.63	1.57	385.71	33.88	1,010.36	87.84	1,760.48	151.56
(ii) Less stable deposits	3.91	0.20	93.82	4.69	264.01	13.20	489.74	24.49
3 Unsecured wholesale funding, of which:	13.72	1.37	291.89	29.19	746.35	74.64	1,270.74	127.07
(i) Operational deposits (all counterparties)	189.01	148.19	457.67	144.22	412.90	119.99	445.25	140.46
(ii) Non-operational deposits (all counterparties)								
(iii) Unsecured debt	45.34	4.53	348.25	34.80	325.38	32.47	338.47	33.68
4 Secured wholesale funding	143.67	143.66	109.42	109.42	87.52	87.52	106.78	106.78
5 Additional requirements, of which	242.82	242.82	185.33	185.33	31.68	31.68	66.80	66.80
(i) Outflows related to derivative exposures and other collateral requirement	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6 Other contractual funding obligation	-	-	-	-	-	-	-	-
7 Other contingent funding obligations	-	-	-	-	-	-	-	-
8 Total cash outflows	51.14	2.28	35.89	1.52	32.85	1.37	35.46	1.51
<b>Cash Inflows</b>	500.60	394.86	1,064.60	364.95	1,487.79	240.88	2,307.99	360.33
9 Secured lending (e.g. reverse repo)	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	555.21	277.60	479.12	239.56	434.95	217.48	452.12	226.06
11 Other cash inflows	4.80	4.80	1.39	1.39	1.54	1.54	1.70	1.70
12 Total cash inflows	560.01	282.40	480.51	240.95	436.49	219.02	453.82	227.76
13 Total HQLA	1,133.58	1,133.58	994.60	994.60	1,253.45	1,253.45	1,361.92	1,361.92
14 Total Net Cash Outflows	125.15	112.45	584.09	124.00	1,051.30	60.22	1,854.18	132.58
15 Liquidity Coverage Ratio (%)	-	1008.07%	-	802.10%	-	2081.45%	-	1027.24%

**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 on date balances have been considered to compute the monthly averages which in turn is used as an average for the quarter. This methodology is consistent with computation in the FY 2018-19.

\*\* The disclosure for the quarter ended June 30, 2019, September 30, 2019 and December 31, 2019 is based on the average of monthly BLR return (BLR 1) for the respective quarters filed by the Bank with the RBI.

**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 borrowing), 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 (FALLCR). Bank is presently funded through deposits, TPC and long term borrowings viz Debentures, Term loans 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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**21. Related party disclosures**

As per AS-18, Related Party Disclosure, the Bank's related parties are disclosed below: as at and for the year ended 31 March 2020

A. Names of the related parties where control exists		Nature of relationship
i. Mr. Ramesh Ramanathan		Non Executive Chairman
ii. Mr. Ajay Kanwal		Managing Director & Chief Executive Officer (w.e.f. August 01, 2017)
B. Others - with whom transactions have taken place during the year		Nature of relationship
i. Jana Urban Services for Transformation Private Limited		Private company in which director or his relative is member or director
ii. Jana Urban Space Foundation (India)		Private company in which director or his relative is member or director (w.e.f. October 01, 2017)
iii. Cross Domain Solutions Private Limited		Private company in which director or his relative is member or director
iv. Jana Holding Limited		Public Limited company in which director or his relative is member or director and the holding company
v. Jana Capital Limited		Public Limited company in which director or his relative is member or director and the ultimate holding company
vi. Janaadhar (India) Pvt. Ltd		Private company in which director or his relative is member or director
vii. Jana Urban Foundation (Section 25 Company - not for profit)		Private company in which director or his relative is member or director
viii. Mr. Vivek Venkatesan		Chief Financial Officer (upto December 31, 2018)
ix. Mr. Anurag Adlakha		Chief Financial Officer (upto July 04, 2019)
x. Mr. Kapil Krishan		Chief Financial Officer (w.e.f. August 14, 2019)
xi. Ms. Richa Saxena		Company Secretary (upto July 06, 2018)
xii. Ms. Lakshmi R N		Company Secretary (w.e.f. August 08, 2018)

Name of related party	Nature of transactions	Transaction value for the year ended March 31, 2020	Outstanding amount as at March 31, 2020	Transaction value for the year ended March 31, 2019	Outstanding amount as at March 31, 2019
<b>A. Private company in which director or his relative is member or director</b>					
1. Jana Urban Services for Transformation Private Limited	Income from rent and amenities	-	-	-	-
	Receiving of services	-	-	0.04	-
	Reimbursement of expense	-	-	-	-
2. Jana Holding Limited	Reimbursement of expense	2.09	-	0.39	0.14
	Issue of equity shares (1,545,596 equity shares)	147.00	2,324.17	295.00	2,177.17
	Rendered professional services	0.01	0.00	0.01	0.00
3. Jana Urban Space Foundation (India)	Receiving of services	0.65	-	1.29	0.12
4. Cross Domain Solutions Private Limited	Receiving of services	1.47	-	3.05	0.25
5. Jana Urban Foundation (Section 25 Company - not for profit)	Royalty payments	3.03	1.93	-	-
6. Jana Capital Limited	Rendered professional services	0.01	0.00	0.01	0.00
	Reimbursement of expense	0.03	-	-	-
<b>B. Directors</b>					
<b>C. Key Management Personnel* (KMP)</b>					
1. Mr. Ajay Kanwal	Salary	9.47	4.60	4.15	-
2. Mr. Vivek Venkatesan	Salary	-	-	0.80	-
3. Mr. Anurag Adlakha	Salary	0.41	-	0.39	-
4. Mr. Kapil Krishan	Salary	0.98	0.02	-	-
4. Ms. Richa Saxena	Salary	-	-	0.18	-
7. Ms. Lakshmi R N	Salary	0.24	-	0.14	-
<b>D. Deposits of related parties</b>					
KMP	Deposit	0.73	0.77	0.66	0.71
	Interest	0.04	-	0.05	-
Relatives of KMP	Deposit	0.03	0.04	0.20	0.21
	Interest	0.00	-	0.00	-
Director	Deposit	0.54	0.58	0.50	0.54
	Interest	0.04	-	0.04	-
Relatives of Director	Deposit	0.43	0.43	0.01	0.01
	Interest	0.00	-	0.00	-
Private company in which director or his relatives is member or director	Deposit	6.07	6.27	1.00	1.05
	Interest	0.20	-	0.05	-

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



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**22. Deferred Tax Assets**

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

The Bank had brought forward losses for the year ended March 31, 2018 and March 31, 2019. The net deferred tax asset amounting to ₹1,085.9 crores as at March 31, 2020 has not been recognised. The said amount of ₹ 1,085.9 crores will be available to offset tax on future taxable income.

**23. Unhedged Foreign currency Exposure**

The Bank doesn't have any unhedged foreign currency exposure as at March 31, 2020 (March 31, 2019: Nil)

**24. Leases**

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

Particulars	March 31, 2020	March 31, 2019
Not less than one year	6.12	9.82
Later than one year but not later than five years	26.31	31.57
Later than five years	1.04	7.10

The terms of renewal and escalation clauses are those normally prevalent in similar agreements, there are no undue restrictions or onerous clauses in the agreement. All other operating lease agreements entered into by the Bank are cancellable in nature. Accordingly the lease rental payments for assets taken on an operating lease ₹ 88.10 crores (March 31, 2019 ₹ 87.06 crores) have been recognised as "Rent" in the statement of profit and loss account. The rental expenses under the non-cancellable operating lease paid during the year was ₹ 6.38 crores (March 31, 2019 ₹ 10.44 crores).

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

**25.(A) Customer Complaints**

Particulars	March 31, 2020	March 31, 2019
(a) No. of complaints pending at the beginning of the year	223	614
(b) No. of complaints received during the year	12,741	15,245
(c) No. of complaints redressed during the year	12,779	15,636
(d) No. of complaints pending at the end of the year	185	223

Customer complaints disclosed above includes all customer complaints pertaining to ATM cards. During the year, 4,351 complaints are received, 4,297 complaints are redressed and balance 54 complaints are pending at the end of the year. During the previous year, 434 complaints are received, 415 complaints are redressed and balance 19 complaints are pending at the end of the year. The above information is certified by the Management and relied upon by the auditors.

**25.(B) Award passed by the Banking Ombudsman**

Particulars	March 31, 2020	March 31, 2019
(a) No. of unimplemented Awards at the beginning of the year	-	-
(b) No. of Awards passed by the Banking Ombudsmen during the year	-	-
(c) No. of Awards implemented during the year	-	-
(d) No. of unimplemented Awards at the end of the year	-	-



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**26. Corporate Social Responsibility (CSR)**

a) Gross amount required to be spent by the Bank during the year ended March 31, 2020 is Nil (March 31, 2019 Nil) under section 135 of the Companies Act, 2013.

**b) Amount spent during the year ended March 31, 2020**

Particulars	Amount spent	Amount unpaid /provision	Total
i) Construction /acquisition of asset	-	-	-
ii) on purpose other than (i) above	0.17	-	0.17
<b>Total</b>	<b>0.17</b>	<b>-</b>	<b>0.17</b>

**c) Amount spent during the previous year ended March 31, 2019**

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

**27. Off balance sheet SPVs and Para banking activities**

There are no off balance sheet SPVs sponsored by the Bank, which needs to be consolidated as per accounting norms. During the year ended March 31, 2020, the Bank has not undertaken any Para banking activities (March 31, 2019: Nil).

**28. Small and micro Industries**

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments (March 31, 2019: Nil).

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

During the year end March 31, 2020, no amount was required to be transferred to Depositor Education and Awareness Fund. (March 31, 2019: Nil)

**30. Overseas Assets, NPAs and Revenue**

The Bank does not hold any overseas assets / NPA as at March 31, 2020 and no overseas operations were undertaken during the year ended March 31, 2020 hence revenue from overseas operation is 'Nil'. (March 31, 2019: Nil)

**31. Fraud cases reported**

During the year ended March 31, 2020, the Bank has reported 1,623 cases of fraud amounting to ₹ 7.83 crores (March 31, 2019 ₹ 4.98 crores). During the year, Bank has made a total provision of ₹ (1.89) crores (March 31, 2019 ₹ 3.96 crores), adjusted for recovery.

**32. Insurance business**

During the year ended March 31, 2020 the Bank has earned ₹ 11.17 crores income from selling life insurance policies (March 31, 2019: ₹ 1.19 crores)

**33. Priority Sector Lending Certificates ('PSLCs'):**

PSLC Category	March 31, 2020		March 31, 2019	
	PSLC Bought	PSLC Sold	PSLC Bought	PSLC Sold
Agriculture	600.00	-	-	-
Small and Marginal Farmers	-	-	-	350.00
Micro Enterprises	-	-	-	100.00
General	-	1,000.00	-	4,078.75
<b>Total</b>	<b>600.00</b>	<b>1,000.00</b>	<b>-</b>	<b>4,528.75</b>

**34. Inter-bank Participation (IBPC) with and without risk sharing**

During the year the bank has raised funds through issue of IBPCs with and without risk sharing. The outstanding balance of IBPC (risk sharing) and IBPC (non-risk sharing) is ₹ 1,116 crore and ₹ Nil respectively as on March 31, 2020. Outstanding balance of IBPC (risk sharing) and IBPC (non-risk sharing) was ₹ Nil and ₹ 200 crores respectively in previous year.



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**35. Details of payments to Auditors'**

Particulars	March 31, 2020	March 31, 2019
Audit Fees	0.60	0.63
Tax audit fees	-	0.04
Other services	0.05	0.08
Out-of pocket expenses	0.01	0.06
<b>Total</b>	<b>0.66</b>	<b>0.81</b>

**36. Long term contracts**

The Bank has a process whereby periodically all long term contracts including derivative contracts 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, 2020 and March 31, 2019.

**37. 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, 2020, (March 31, 2019: Nil)

**38. Credit default swaps**

The Bank has not transacted in credit default swaps during the period ended March 31, 2020, (March 31, 2019: Nil).

**39. 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 1st April 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 not yet received any communication on material divergence for the financial year 2018-19 from the RBI in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) hence disclosure is not provided.

**40. Penalties levied by the RBI**

During the year ended March 31, 2020, no penalty was imposed by the RBI on the Bank. (March 31, 2019: Nil)

**41. Proposed Dividend**

The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any further dividend pay-outs from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank has not proposed any dividend for the year ended March 31, 2020, (March 31, 2019: Nil)





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**42. Disclosure of Letters of Comfort (LoC) Issued by the Bank**

The Bank has not issued letter of comfort during the year ended March 31, 2020. (March 31, 2019: Nil)

**43. Investor education and protection fund**

There is no amount required to be transferred to Investor Education and Protection Fund by the Bank, (March 31, 2019: Nil).

**44. Going concern assertion**

The Bank has reported a net profit for the year ended March 31, 2020. In this context, the Bank's management has concluded the appropriateness of the going concern assumption in the preparation of the financials, based on the key actions undertaken such as, return to profitability, raising of further equity capital and maintenance of adequate liquidity surplus on an ongoing basis.

The Bank has raised equity capital of ₹ 339 crores during the year from the existing investors through rights issue.

**45. Comparatives**

Figures for the previous year have been regrouped and reclassified wherever necessary to conform with the current year's presentation. The previous year comparative numbers were audited by a firm of Chartered Accountants other than MSKC & Associates.

As per our report of even date

**For MSKC & Associates**

(Formerly known as R.K. Kumar & Co.)

Chartered Accountants

ICAI Firm Registration No.0015955

*Tushar Kurani*

Tushar Kurani

Partner

Membership Number: 118580

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

*Ramesh Ramanathan*

Ramesh Ramanathan

Chairman

DIN: 00163276

*R Ramaseshan*

R Ramaseshan

Independent Director

DIN: 00200373

*Lakshmi R N*

Lakshmi R N

Company Secretary

*Ajay Kanwal*

Ajay Kanwal

Managing Director & CEO

DIN: 07886434

*Kapil Krishan*

Kapil Krishan

Chief Financial Officer

*e*

Mumbai, May 04, 2020

Bengaluru, May 04, 2020

