

<b>JANA SMALL FINANCE BANK LIMITED</b> (Formerly known as Janalakshmi Financial Services Limited)			
<b>Balance Sheet as at 31 March 2019</b>			
(₹ in Crores)			
	Schedule	As at 31.03.2019	As at 31.03.2018
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	197.16	39.29
Reserves and surplus	2	476.48	1,489.52
Deposits	3	4,198.70	0.45
Borrowings	4	4,086.47	7,661.61
Other liabilities and provisions	5	487.49	557.91
<b>TOTAL</b>		<b>9,446.30</b>	<b>9,748.78</b>
<b>ASSETS</b>			
Cash and balance with Reserve Bank of India	6	1,080.97	197.74
Balance with banks and money at call and short notice	7	87.59	919.47
Investments	8	1,468.13	1,997.48
Advances	9	6,217.08	6,028.32
Fixed assets	10	334.46	384.66
Other assets	11	258.07	221.11
<b>TOTAL</b>		<b>9,446.30</b>	<b>9,748.78</b>
Contingent liabilities	12	51.60	51.15
Significant accounting policies and notes to the financial statements	17 & 18		

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

As per our report of even date

for **S S R & Associates LLP**

Chartered Accountants

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



**N Sampath Ganesh**

Partner

Membership No: 042554

For and on behalf of the Board of Directors



**Ramesh Ramanathan**

Chairman

DIN: 00163276



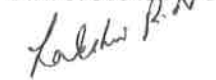
**Anurag Adlakha**

Chief Financial Officer

**Ajay Kanwal**

Managing Director & CEO

DIN: 07886434



**Lakshmi R N**

Company Secretary

Place: Mumbai;

Date : May 30, 2019

Place: Bengaluru

Date : May 30, 2019



<b>JANA SMALL FINANCE BANK LIMITED</b> (Formerly known as Janalakshmi Financial Services Limited) <b>Profit and Loss Account for the year ended 31 March 2019</b>			
			(₹ in Crores)
PARTICULARS	Schedule	Year ended 31.03.2019	Year ended 31.03.2018
<b>I. INCOME</b>			
Interest earned	13	1,250.54	1,554.79
Other income	14	117.73	42.26
<b>TOTAL</b>		<b>1,368.27</b>	<b>1,597.05</b>
<b>II. EXPENDITURE</b>			
Interest expended	15	813.63	1,163.89
Operating expenses	16	1,131.19	1,455.30
Provisions and contingencies (refer note 18.15)		1,372.51	1,481.66
<b>TOTAL</b>		<b>3,317.33</b>	<b>4,100.85</b>
<b>III. PROFIT</b>			
Net loss for the year		(1,949.06)	(2,503.80)
Balance in Profit and Loss Account brought forward		(2,181.75)	325.36
<b>TOTAL</b>		<b>(4,130.81)</b>	<b>(2,178.44)</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to Statutory Reserve		-	-
Dividend paid (refer note 18.36)		-	(2.75)
Dividend Distribution Tax (refer note 18.36)		-	(0.56)
Balance carried over to Balance Sheet		(4,130.81)	(2,181.75)
<b>V. EARNINGS PER EQUITY SHARE (Face value per share ₹ 10)</b>			
Basic		(471.84)	(787.88)
Diluted		(471.84)	(787.88)
Significant accounting policies and notes to the financial statements	17 & 18		

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

As per our report of even date

for **B S R & Associates LLP**

Chartered Accountants

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

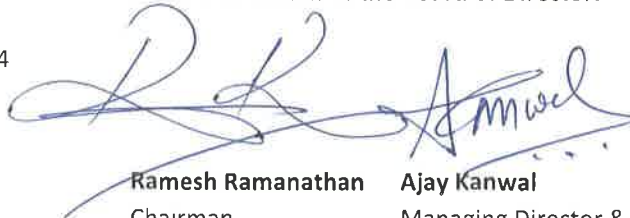


**N Sampath Ganesh**

Partner

Membership No: 042554

For and on behalf of the Board of Directors



**Ramesh Ramanathan**

Chairman

DIN: 00163276

**Anurag Adlakha**

Chief Financial Officer

**Ajay Kanwal**

Managing Director & CEO

DIN: 07886434

**Lakshmi R N**

Company Secretary

Place: Mumbai

Date : May 30, 2019

Place: Bengaluru

Date : May 30, 2019



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

**Cash Flow Statement for the year ended March 31, 2019**

(₹ in Crores)

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



<b>JANA SMALL FINANCE BANK LIMITED</b> (Formerly Known as Janalakshmi Financial Services Limited)			
<b>Cash Flow Statement for the year ended March 31, 2019</b>			
		(₹ in Crores)	
	Particulars	Year ended 31.03.2019	Year ended 31.03.2018
C.	<b>Cash Flow from financing activities</b>		
	Proceeds from issue of equity shares	7.87	11.82
	Proceeds from issue of compulsorily convertible preference shares	150.00	-
	Securities premium received	928.37	1,624.18
	Share issue expenses	-	(1.90)
	Proceeds from borrowings (including IBPC)	200.00	1,393.15
	(Repayment) of borrowings	(3,775.13)	(5,398.73)
	Dividends paid	-	(2.75)
	Tax on dividend	-	(0.56)
	<b>Net cash used in financing activities (C)</b>	<b>(2,488.89)</b>	<b>(2,374.79)</b>
	<b>Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)</b>	<b>51.35</b>	<b>(1,174.42)</b>
	Cash and cash equivalents as at beginning of the year	1,117.21	2,291.63
	Cash and cash equivalents as at end of the year	1,168.56	1,117.21

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

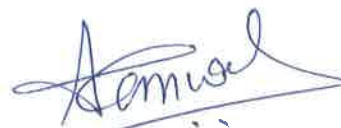


**N Sampath Ganesh**  
 Partner  
 Membership No: 042554

For and on behalf of the Board of Directors



**Ramesh Ramanathan**  
 Chairman  
 DIN: 00163276



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



**Anurag Adlakha**  
 Chief Financial Officer



**Lakshmi R N**  
 Company Secretary

Place: Mumbai  
 Date : May 30, 2019

Place: Bengaluru  
 Date: May 30, 2019



JANA SMALL FINANCE BANK LIMITED		
(Formerly Known as Janalakshmi Financial Services Limited)		
SCHEDULES FORMING PART OF BALANCE SHEET		
(₹ in Crores)		
PARTICULARS	As at 31.03.2019	As at 31.03.2018
<b>SCHEDULE 1 - CAPITAL</b>		
<b>Authorised Capital</b>		
<b>Equity</b>		
827,600,000 (March 31, 2018: 1,327,600,000) Class 'A' Equity Shares of ₹ 10 each	827.60	1,327.60
<b>Preference</b>		
500,000,000 (March 31, 2018: NIL) Preference Shares of ₹ 10 each	500.00	-
<b>Issued, Subscribed and Paid-Up Capital*</b>		
<b>Equity</b>		
47,156,727 (March 31, 2018: 39,288,630) Class 'A' Equity Shares of ₹ 10 each fully paid up	47.16	39.29
<b>Preference</b>		
150,000,000 (31 March 2018: NIL) 16% Non-Cumulative Compulsorily Convertible Preference Shares of ₹ 10/- each	150.00	-
* Refer note 18.1.2 Capital infusion		
<b>TOTAL</b>	<b>197.16</b>	<b>39.29</b>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>I. STATUTORY RESERVE</b>		
[Created pursuant to Section 17(2) of Banking Regulation Act, 1949]		
Opening balance	95.14	-
Transfer from Statutory Reserve [refer Schedule 2(II)]	-	95.14
Addition during the year	-	-
<b>TOTAL</b>	<b>95.14</b>	<b>95.14</b>
<b>II. STATUTORY RESERVE</b>		
[Created pursuant to Section 45 IC of Reserve Bank of India Act, 1934 as amended by RBI (Amendment) Act 1997]		
Opening balance	-	95.14
Addition during the year	-	-
Transfer to Statutory Reserve [Section 17(2) of Banking Regulation Act, 1949] [refer Schedule 2(I)]	-	(95.14)
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>III. SHARE PREMIUM</b>		
Opening balance	3,556.60	1,934.32
Add: Additions during the year	928.37	1,624.18
Less: Deductions during the year	-	(1.90)
<b>TOTAL</b>	<b>4,484.97</b>	<b>3,556.60</b>
<b>IV. 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>V. EMPLOYEE STOCK OPTIONS OUTSTANDING</b>		
Opening balance	5.12	-
Add: Employee Stock Option expense during the year	7.65	5.12
Less: Transfer to Share Capital/Securities Premium on exercise of stock options	-	-
<b>TOTAL</b>	<b>12.77</b>	<b>5.12</b>
<b>VI. BALANCE IN PROFIT &amp; LOSS ACCOUNT</b>	<b>(4,130.81)</b>	<b>(2,181.75)</b>
<b>TOTAL (I to VI)</b>	<b>476.48</b>	<b>1,489.52</b>



JANA SMALL FINANCE BANK LIMITED		
(Formerly Known as Janalakshmi Financial Services Limited)		
SCHEDULES FORMING PART OF BALANCE SHEET		
	(₹ in Crores)	
PARTICULARS	As at 31.03.2019	As at 31.03.2018
<b>SCHEDULE 3 - DEPOSITS</b>		
<b>A.I. Demand deposits</b>		
i. From banks	4.70	-
ii. From others	184.37	-
<b>II. Savings bank deposits</b>	<b>152.43</b>	<b>0.00</b>
<b>III. Term deposits</b>		
i. From banks	460.56	-
ii. From others	3,396.64	0.45
<b>TOTAL (I to III)</b>	<b>4,198.70</b>	<b>0.45</b>
<b>B. I. Deposits of branches in India</b>	<b>4,198.70</b>	<b>0.45</b>
II. Deposits of branches outside India	-	-
<b>TOTAL (I to II)</b>	<b>4,198.70</b>	<b>0.45</b>
<b>SCHEDULE 4 - BORROWINGS</b>		
<b>I. Borrowings in India</b>		
i. Reserve Bank of India	-	-
ii. Other banks*	1,525.90	3,564.05
iii. Other institutions and agencies^	2,422.26	3,967.21
<b>II. Borrowings outside India</b>	<b>138.31</b>	<b>130.35</b>
<b>TOTAL (I to II)</b>	<b>4,086.47</b>	<b>7,661.61</b>
Secured Borrowings included in (ii) & (iii) above is ₹ 767.00 crores (March 31, 2018: ₹ 2,878.16 crores)		
*Includes Sub-ordinated debt (Tier II capital) ₹ 203 crores (March 31, 2018: ₹ 203 crores)		
^ Includes sub-ordinated debt (Tier II capital) ₹ 548 crores (March 31, 2018: ₹ 548 crores)		
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>		
I. Bills payable	35.89	-
II. Inter office adjustments (net)	-	-
III. Interest accrued	186.58	246.84
IV. General provision against standard assets*	21.83	17.43
V. Others	243.19	293.64
*refer note 18.14 (provision on standard assets)		
<b>TOTAL (I to V)</b>	<b>487.49</b>	<b>557.91</b>





JANA SMALL FINANCE BANK LIMITED		
(Formerly Known as Janalakshmi Financial Services Limited)		
SCHEDULES FORMING PART OF BALANCE SHEET		
	(₹ in Crores)	
PARTICULARS	As at 31.03.2019	As at 31.03.2018
<b>SCHEDULE 6 - CASH AND BALANCE WITH RESERVE BANK OF INDIA</b>		
I. Cash in hand	30.37	7.73
II. Balances With Reserve Bank of India		
i. In Current account	1,050.60	190.01
ii. In Other accounts	-	-
<b>TOTAL (I to II)</b>	<b>1,080.97</b>	<b>197.74</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	46.76	53.64
b) In Other deposit accounts*	40.83	865.83
ii) Money at call and short notice		
a) With banks	-	-
b) With other institutions	-	-
<b>TOTAL (i to ii)</b>	<b>87.59</b>	<b>919.47</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>87.59</b>	<b>919.47</b>

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



JANA SMALL FINANCE BANK LIMITED		
(Formerly Known as Janalakshmi Financial Services Limited)		
SCHEDULES FORMING PART OF BALANCE SHEET		
	(₹ in Crores)	
PARTICULARS	As at 31.03.2019	As at 31.03.2018
<b>SCHEDULE 8 - INVESTMENTS</b>		
<b>I. Investments in India (net of provisions)</b>		
i) Government securities	1,468.03	1,997.38
ii) Other approved securities	-	-
iii) Shares	0.10	0.10
iv) Debentures and bonds	-	-
v) Subsidiaries/joint ventures/associates	-	-
vi) Others	-	-
<b>TOTAL</b>	<b>1,468.13</b>	<b>1,997.48</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>1,468.13</b>	<b>1,997.48</b>
<b>III. Investments</b>		
i) Gross value of investments		
a) In India	1,468.13	1,997.48
b) Outside India	-	-
<b>Total</b>	<b>1,468.13</b>	<b>1,997.48</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	1,468.13	1,997.48
b) Outside India	-	-
<b>Total</b>	<b>1,468.13</b>	<b>1,997.48</b>
<b>SCHEDULE 9 - ADVANCES (NET OF PROVISIONS)</b>		
<b>A. i) Bills purchased and discounted</b>		
ii) Cash credits, overdrafts and loans repayable on demand	80.45	-
iii) Term loans	6,136.63	6,028.32
<b>TOTAL</b>	<b>6,217.08</b>	<b>6,028.32</b>
<b>B. i) Secured by tangible assets</b>	675.78	125.14
ii) Covered by bank/government guarantees	-	-
iii) Unsecured	5,541.30	5,903.18
<b>TOTAL</b>	<b>6,217.08</b>	<b>6,028.32</b>
<b>C. I ADVANCES IN INDIA</b>		
i) Priority sector	5,578.15	5,377.74
ii) Public sector	-	-
iii) Banks	-	-
iv) Others	638.93	650.58
<b>II ADVANCES OUTSIDE INDIA</b>	-	-
<b>TOTAL</b>	<b>6,217.08</b>	<b>6,028.32</b>





JANA SMALL FINANCE BANK LIMITED		
(Formerly Known as Janalakshmi Financial Services Limited)		
SCHEDULES FORMING PART OF BALANCE SHEET		
	(₹ in Crores)	
PARTICULARS	As at 31.03.2019	As at 31.03.2018
<b>SCHEDULE 10 - FIXED ASSETS</b>		
<b>I. Premises</b>		
i) At cost as on 31 March of the preceding year	-	-
ii) Additions during the year	-	-
iii) Deductions during the year	-	-
iv) Depreciation to date	-	-
v) Capital Work in Progress	-	-
<b>TOTAL</b>	-	-
<b>II. Other fixed assets (including furniture and fixtures)</b>		
i) At cost as on 31 March of the preceding year	538.66	314.17
ii) Additions during the year	81.71	272.73
	<b>620.37</b>	<b>586.90</b>
iii) Deductions during the year	(17.13)	(48.24)
iv) Depreciation to date	(271.22)	(178.81)
v) Capital Work in Progress	2.44	24.81
<b>TOTAL*</b>	<b>334.46</b>	<b>384.66</b>
*Includes leased assets of ₹ 28.91 crores (March 31, 2018 ₹ 7.38 crores)		
<b>GRAND TOTAL (I to II)</b>	<b>334.46</b>	<b>384.66</b>
<b>SCHEDULE 11 - OTHER ASSETS</b>		
I. Inter office adjustment (net)	-	-
II. Interest accrued	22.12	0.74
III. Tax paid in advance and tax deducted at source (net)	49.53	42.95
IV. Stationery and stamps	-	-
V. Non Banking Assets acquired in satisfaction of claims	-	-
VI. Others	186.42	177.42
<b>TOTAL</b>	<b>258.07</b>	<b>221.11</b>
<b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>		
I. Claims against the bank not acknowledged as debts	-	18.30
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	-	-
IV. Liability on account of outstanding derivative contracts	-	-
V. Guarantees given on behalf of constituents	-	-
a) In India	-	-
b) Outside India	-	-
VI. Acceptances, endorsements and other obligations	-	-
VII. Other items for which the Bank is contingently liable	51.60	32.85
<b>TOTAL</b>	<b>51.60</b>	<b>51.15</b>



JANA SMALL FINANCE BANK LIMITED		
(Formerly Known as Janalakshmi Financial Services Limited)		
SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT		
	(₹ in Crores)	
PARTICULARS	Year ended 31.03.2019	Year ended 31.03.2018
<b>SCHEDULE 13 - INTEREST EARNED</b>		
I. Interest/discount on advances/bills	1,121.68	1,418.15
II. Income on investments	103.20	96.43
III. Interest on balances with Reserve Bank of India and other inter bank funds	25.66	40.15
IV. Others	-	0.06
<b>TOTAL</b>	<b>1,250.54</b>	<b>1,554.79</b>
<b>SCHEDULE 14 - OTHER INCOME</b>		
I. Commission, exchange and brokerage	78.14	33.57
II. Profit/ (loss) on sale of investments (net)	7.58	18.37
III. Profit/ (loss) on revaluation of investments (net)	-	-
IV. Profit/ (loss) on sale of land, buildings and other assets(net)	(4.82)	(17.75)
V. Profit on exchange / derivative transactions (net)	-	-
VI. Income earned by way of dividends etc. from subsidiaries/joint ventures abroad/in India	-	-
VII. Miscellaneous Income# # Includes PSLC income ₹ 16.06 crores (March 31, 2018: nil) , recoveries from written off accounts ₹ 13.96 crores (March 31, 2018: ₹ 6.48 crores), lease income ₹ 6.27 crores (March 31, 2018: ₹ 0.71 crores)	36.83	8.07
<b>TOTAL</b>	<b>117.73</b>	<b>42.26</b>
<b>SCHEDULE 15 - INTEREST EXPENDED</b>		
I. Interest on deposits	146.05	0.00
II. Interest on Reserve Bank of India/inter-bank borrowings	304.04	619.74
III. Other interest (debentures and other borrowings)	363.54	544.15
<b>TOTAL</b>	<b>813.63</b>	<b>1,163.89</b>
<b>SCHEDULE 16 - OPERATING EXPENSES</b>		
I. Payments to and provisions for employees (refer note 18.4)	602.27	674.98
II. Rent, taxes and lighting	109.50	140.55
III. Printing and stationery	6.60	4.32
IV. Advertisement and publicity	35.26	71.90
V. Depreciation on bank's property (including leased assets)	99.39	83.95
VI. Director's Fees, allowances and expenses	0.26	0.25
VII. Auditors' fees and expenses	0.81	0.66
VIII. Law charges	9.66	8.22
IX. Postage, courier, telephones etc.	33.27	31.90
X. Repairs and maintenance	44.53	39.77
XI. Insurance	1.50	2.04
XII. Travel and conveyance	47.05	60.99
XIII. Professional fees	81.90	287.97
XIV. Other expenditure	59.19	47.78
<b>TOTAL</b>	<b>1,131.19</b>	<b>1,455.30</b>



**JANA SMALL FINANCE BANK LIMITED**

(Formerly known as Janalakshmi Financial Services Limited)

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

**SCHEDULE - 17**

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

**1. BACKGROUND:**

Jana Small Finance Bank Limited (Formerly known as Janalakshmi Financial Services Limited - the "Company"), headquartered in Bangalore, engaged in providing a wide range of banking and financial services. Originally incorporated on July 24, 2006, the Company registered as a Non-Banking Financial Company (NBFC) with the Reserve Bank of India on March 4, 2008. The Company got classified as a NBFC-MFI effective from September 5, 2013. The Company became a public limited company under the provisions of Companies Act, 2013, with effect from August 10, 2015.

Pursuant to the resolution passed by the shareholders at the Extraordinary General Meeting (EGM) held on January 12, 2018 and the issue of small finance bank license by Reserve Bank of India (RBI) on April 28, 2017 under section 22(1) of the Banking Regulation Act, 1949 "Janalakshmi Financial Services Limited" (the "Company") converted itself into a Small Finance Bank with effect from March 28, 2018. Accordingly, the name of the Company was changed to Jana Small Finance Bank Limited (the "Bank").

**2. BASIS OF PREPARATION:**

The Bank's financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and on going concern basis (refer note 18.37), unless otherwise stated and in conformity with Generally Accepted Accounting Principles (GAAP), which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by the Reserve Bank of India (RBI), Banking Regulation Act 1949, Accounting Standards specified under Section 133 of Companies Act, 2013 in so far as they apply to the banks and the current practices prevalent within the banking industry in India.

**Use of Estimates:**

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

**3. REVENUE RECOGNITION:**

- i. Interest income on loans, advances and investments is recognized in the Profit and Loss Account on accrual basis except income on advances, investments and other assets classified as Non-Performing Assets (NPAs), which is recognized upon realization, as per the prudential norms prescribed by the RBI. Unrealized Interest on NPA is reversed in the Profit and Loss Account and is recognized only on receipt basis.
- ii. Penal interest is recognized on realization.
- iii. Income on non-coupon bearing discounted instruments is recognized over the tenure of the instruments so as to provide a constant periodic rate of return.
- iv. Loan processing fees is recognised upfront when it becomes due.
- v. Dividend is accounted on an accrual basis where the right to receive the dividend is established.
- vi. Interest incomes on deposits with banks and financial institutions is recognized on a time proportion basis taking into account the amount outstanding and the implicit rate of interest.
- vii. All other fees are accounted for as and when they become due.



## JANA SMALL FINANCE BANK LIMITED

(Formerly known as Janalakshmi Financial Services Limited)

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

### 4. INVESTMENTS:

#### **Classification:**

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

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

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

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

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

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

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

#### **Acquisition Cost:**

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

The cost of investments is determined on weighted average basis.

#### **Valuation:**

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

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



## JANA SMALL FINANCE BANK LIMITED

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### Investments (contd.)

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

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

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

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

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

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

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

### ***Disposal of Investments:***

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

## **5. ADVANCES CLASSIFICATION AND PROVISIONING:**

### ***Classification:***

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPA is made at rates as prescribed by the RBI and as per Bank's internal credit policy.

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





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***Floating Provisions:***

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

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

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

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

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

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

**7. FIXED ASSETS AND DEPRECIATION:**

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





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Depreciation on fixed asset is charged over the estimated useful life on a straight line basis after retaining a residual value of 0.01%, except for leasehold improvements which are fully depreciated.

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

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

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

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

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

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

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

**8. IMPAIRMENT OF ASSETS (Other than loans and advances):**

In accordance with AS-28- Impairment of assets, Bank assesses at each Balance Sheet date whether there is any indication of impairment of assets based on internal / external factors. Impairment loss, if any, is provided in the Profit and Loss Account to the extent of carrying amount of assets exceeds their estimated recoverable amount, which is higher of an asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

**9. FOREIGN CURRENCY TRANSACTIONS:**

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

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

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



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**10. EMPLOYEE BENEFITS:**

***Defined contribution plan:***

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

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

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

***Short term employee benefits:***

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

**11. INCOME TAXES:**

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

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

**12. EARNING PER SHARE:**

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

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



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

In accordance with AS 29 - Provisions, Contingent Liabilities and Contingent Assets, the Bank creates a provision when there is a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the 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 benefits of ownership of the leased term are classified as operating leases in accordance with Accounting Standard 19, Leases. Lease rentals on assets under operating lease is charged off to the Profit and Loss Account on a straight-line basis in accordance with the AS-19.

***Finance Lease:***

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

**15. CASH AND CASH EQUIVALENTS:**

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

**16. CASHFLOW STATEMENT:**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Bank are segregated.



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**17. SHARE ISSUE EXPENSES:**

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

**18. SEGMENT INFORMATION:**

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

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

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

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

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

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

**19. CORPORATE SOCIAL RESPONSIBILITY:**

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

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

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

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

**21. EXTERNAL COMMERCIAL BORROWINGS:**

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



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

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

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

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

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Common equity tier I capital ratio (%)	12.27%	24.27%
Tier I capital ratio (%)	12.27%	24.27%
Tier II capital ratio (%)	6.54%	10.40%
Total capital ratio as per Basel-II (CRAR) (%)*	18.81%	34.67%
Amount of tier II capital raised through debt capital instruments during the year	-	-
Subordinated debt (Tier II capital) outstanding as at March 31, 2019 is ₹ 751 crores (March 31, 2018 : ₹ 751 crores).		

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

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

**1.2 Capital Infusion**

During the year ended the Bank has issued equity shares having face value of ₹ 10 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 (March 31, 2018 : ₹ 456 crores). 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 (March 31, 2018 : Nil).

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

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

Particulars	March 31, 2019		March 31, 2018	
	Equity shares	Amount	Equity shares	Amount
Equity shares at the beginning of the year	392,88,630	39.29	274,64,405	27.46
Addition pursuant to conversion of CCPS into equity shares	-	-	85,28,475	8.53
Addition pursuant to equity shares issued during the year	78,68,097	7.87	32,95,750	3.30
Equity shares outstanding at the end of the year	471,56,727	47.16	392,88,630	39.29

**2. Earnings per equity share**

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

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

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

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

**3. Reserves****Share premium account**

Share issue expenses amounting to Nil (March 31, 2018: ₹ 1.90 crores) are adjusted from securities premium account in terms of section 52 (2) (c) of the Companies Act, 2013.

**Drawdown of reserves**

During the year ended March 31, 2019; there were no drawdown from reserves (March 31, 2018 : Nil).





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**4. Employees Stock Option Scheme**

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

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

Particulars	ESOP 2018	ESOP 2018(RSU)
Grant Date	Various dates	Various dates
Number of Options granted	5,89,402	25,182
Method of Settlement	Equity	Equity
	25% after one year from the date of grant	One year from the date of grant
	25% after two years from the date of grant	
Vesting	25% after three years from the date of grant	
	Balance 25% after four years from the date 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 (₹)	1245.08 - 1245.24	10.00

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

Particulars	ESOP 2017	ESOP 2017(RSU)
Grant Date	Various dates	Various dates
Number of Options granted	6,86,179	54,206
Method of Settlement	Equity	Equity
	25% after one year from the date of grant	27,103 on 01-Aug-2018
	25% after two years from the date of grant	27,103 on 01-Aug-2019
Vesting	25% after three years from the date of grant	
	Balance 25% after four years from the date 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 (₹)	1,245.24 - 1383.60	10.00

The following are the outstanding options as at year end:

Particulars	March 31, 2019			
	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Total Options granted and outstanding at the beginning of the year	6,86,179	-	54,206	-
Add: Options granted during the year	-	5,89,402	-	25,182
Less: Options forfeited / lapsed during the year	-	1,40,000	-	1,915
Less : Options exercised during the year	-	-	-	-
Options Outstanding as at end of the year	6,86,179	4,49,402	54,206	23,267
- Vested	1,71,541	-	54,206	-
- Yet to Vest	5,14,638	4,49,402	-	23,267





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

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee stock option expenditure	3.23	0.28
RSU expenditure	4.42	4.84
<b>Total</b>	<b>7.65</b>	<b>5.12</b>

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee stock options outstanding	7.65	5.12

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

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

Particulars	Employee stock option scheme 2018		Employee stock option scheme 2017
	Tranche 1	Tranche 2	Tranche 1
1.Risk Free Interest Rate	7.92%	8.16%	7.76%
2.Expected Life (in years)	4.50	4.50	4.50
3.Expected Volatility	50.63%	48.47%	24.36%
4.Dividend Yield	0.00%	0.00%	0.00%
5.The weighted average fair value of options granted ₹	1383.60	1383.42	1383.60

The guidance note issued by the Institute of Chartered Accountants of India requires the disclosure of pro forma net results and Earnings Per Share (EPS) both basic and diluted, had the Company adopted the fair value method amortizing the stock compensation expense thereon over the vesting period, the reported loss would have been higher by ₹ 7.84 crores (March 31, 2018: ₹ 8.73 crores). The basic and diluted EPS would have been ₹ (473.74) and ₹ (473.74) respectively [March 31, 2018: ₹ (790.63) and ₹ (790.63)].

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



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

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

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

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

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

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

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

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

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

Issuer	Amount	Extent of private placement#	Extent of "below investment grade securities"	Extent of "unrated" securities#	Extent of "unlisted" securities#
1 Public sector undertakings	-	-	-	-	-
2.Financial institutions	-	-	-	-	-
3.Banks	-	-	-	-	-
4.Private corporate	-	-	-	-	-
5.Subsidiaries / Joint ventures	-	-	-	-	-
6.Others	0.10	-	-	-	0.10
7.Provision held towards depreciation	-	-	-	-	-
<b>Total</b>	<b>0.10</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, 2019, there are no non performing Non - SLR investments (March 31, 2018: 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, 2019	March 31, 2018
i) The notional principal of swap agreement	125.97	125.97
ii) Losses which would be incurred if counter parties failed to fulfil their obligation under the agreements	12.34	4.38
iii) collateral required by the Bank upon entering into swaps	7.37	7.01
iv) concentration of credit risk arising from the swaps	Nil	Nil
v) fair value of the swap book	12.34	4.38

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

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, 2019		March 31, 2018	
		Currency Derivative	Interest Rate Derivative	Currency Derivative	Interest Rate Derivative
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	125.97*	-	125.97*	-
	b) For trading	NA	-	NA	-
(ii)	Marked to Market Positions				
	a) Asset (+)	12.34	-	4.38	-
	b) Liability (-)	-	-	-	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	NA	-	NA	-
(v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	-	-	-	-
	b) on trading	NA	-	NA	-

\* Pertains to cross currency interest rate swap



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

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

Particulars	March 31, 2019	March 31, 2018
(i) Net NPAs to Net Advances (%)	4.39%	27.72%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	3,182.83	81.77
(b) Additions during the year	560.53	4,436.32
(c) Reductions during the year*	(3,220.77)	(1,335.26)
(d) Closing balance	522.59	3,182.83
(iii) Movement of Net NPAs		
(a) Opening balance	1,670.89	64.43
(b) Additions during the year	420.40	2,781.08
(c) Reductions during the year*	(1,818.21)	(1,174.62)
(d) Closing balance	273.08	1,670.89
(iv) Movement of provisions for NPAs (excluding provision on standard assets)		
(a) Opening balance	1,511.94	17.34
(b) Provision made during the year	1,380.85	1,655.24
(c) Write off/ write back of excess provision	(2,643.28)	(160.64)
(d) Closing balance	249.51	1,511.94

\*Balancing figure

**7.2 Movement of Non Performing Assets**

Particulars	March 31, 2019	March 31, 2018
Gross NPA's as on April 1 of particular year	3,182.83	81.77
Additions (fresh NPAs) during the year	560.53	4,436.32
Sub Total (A)	3,743.36	4,518.09
Less :-		
(i) Upgradation	56.22	308.47
(ii) Recoveries (excluding Recoveries made from upgraded accounts)*	521.27	866.15
(iii) Technical / Prudential write offs	2,514.25	-
(iv) Write offs other than those under (iii) above	129.03	160.64
Sub Total (B)	3,220.77	1,335.26
Gross NPAs as on 31st March of the following year (A-B)	522.59	3,182.83

\*Balancing figure

Particulars	March 31, 2019	March 31, 2018
Opening balance of technical / prudential write-offs	-	-
Add :Technical / Prudential write-offs during the year	2,514.25	-
Sub - Total (A)	2,514.25	-
Recoveries made from technically/ prudentially written off accounts during the year (B)	8.32	-
Closing balance (A-B)	2,505.93	-





**7.3 Particulars of Accounts Restructured**

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

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	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	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 level	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**7.3.1 Particulars of Accounts Restructured for Micro, Small and Medium Enterprises (MSME) sector** (Circular issue dated January 1, 2019)  
The Bank has restructured accounts during the year ended March 31, 2019 (March 31, 2018: Nil)

No of Accounts Restructured	Outstanding Amount	Provision Amount
58	0.98	0.05



7.3 Particulars of Accounts Restructured contd..

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

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	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 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 of restructured accounts during the FY No. of borrowers Amount outstanding Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31 of the FY (closing figures) No. of borrowers Amount outstanding Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-





#### 7.4 Details of Non Performing Financial Assets Purchased / Sold

The Bank has not purchased or sold any non performing financial assets during the year ended March 31, 2019 (March 31, 2018 : Nil).

#### 7.5 Floating provision

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

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

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

#### 7.7 Disclosures on Flexible Structuring of Existing Loans

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

#### 7.8 Disclosures on Strategic Debt Restructuring (SDR) Scheme (accounts which are currently under the stand-still period)

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

#### 7.9 Disclosures on change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

There were no accounts during the year ended March 31, 2019 where change in ownership outside SDR Scheme was made, (March 31, 2018: Nil).

#### 7.10 Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

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

### 8. Securitisation and related disclosures

#### 8.1 Details of Sales

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

#### 8.2 Details of direct assignment transactions

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

### 9. Exposure

#### 9.1 Exposure to Real Estate Sector

Category	March 31, 2019	March 31, 2018
<b>A) Direct exposure</b>	<b>56.37</b>	<b>10.52</b>
(i) Residential mortgages	54.04	3.35
(of which housing loans eligible for inclusion in priority sector advances)	54.04	3.35
(ii) Commercial real estate	2.33	7.17
(iii) Investments in mortgage backed securities (MBS) and other securitised	-	-
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 Company (HFCs).	-	-

#### 9.2 Capital Market Exposure

As at March 31, 2019, the Bank has investments in equity instruments of Alpha Micro Finance Consultants Private Limited, 100,000/- shares of ₹ 10 each fully paid up full paid up ₹ 0.10 crores Exposure (March 31, 2018 : ₹ 0.10 crores).

#### 9.3 Risk Category wise Country Exposure

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

#### 9.4 Intra Group Exposure

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

#### 9.4 Unsecured Advances

Advances for which intangible collaterals such as rights, licenses, authority etc. are charged in favour of the Bank in respect of projects financed by the Bank, are reckoned as unsecured advances under Schedule 9 of the Balance Sheet in line with extant RBI guidelines. There are no such advances given during the year and outstanding as on March 31, 2019 (March 31, 2018 : Nil).



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

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

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

Particulars	March 31, 2019	March 31, 2018
Total deposits of twenty largest depositors*	736.48	0.45
Percentage of deposits of twenty largest depositors to total deposits of the Bank	17.54%	100.00%

\*Note: The bank commenced its operations on March 28, 2018 and had a limited deposit transactions and hence the total number of depositor's are nominal and hence covers full portfolio for March 31, 2018.

**10.2 Concentration of advances**

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

**10.3 Concentration of exposure**

Particulars	March 31, 2019	March 31, 2018
Total exposure to twenty largest borrowers / customers*	183.07	147.95
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	2.83%	1.95%

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

**10.4 Concentration of NPAs**

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

**11. Sector-wise advances**

Particulars	March 31, 2019		
	Total outstanding 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>

Particulars	March 31, 2018		
	Total outstanding advances	Gross NPAs	Percentage of gross NPAs to total advances in that sector
<b>A. Priority Sector</b>			
1. Agriculture and allied activities	420.72	113.10	26.88%
2. Advances to industries sector eligible as priority sector lending	-	-	-
3. Services	446.06	59.40	13.32%
4. Personal loans	6,553.10	3,010.01	45.93%
<b>Sub total (A)</b>	<b>7,419.88</b>	<b>3,182.51</b>	<b>42.89%</b>
<b>B. Non Priority Sector</b>			
1. Agriculture and allied activities	-	-	-
2. Industry	108.50	-	-
3. Services	-	-	-
4. Personal loans	11.87	0.32	2.68%
<b>Sub total (B)</b>	<b>120.37</b>	<b>0.32</b>	<b>0.26%</b>
<b>Total (A+B)</b>	<b>7,540.25</b>	<b>3,182.83</b>	<b>42.21%</b>



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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, 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>	-	-

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

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



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**13. Contingent liabilities**

Contingent liabilities	March 31, 2019	March 31, 2018
Income tax liability	38.85	19.33
Bank guarantee given	12.75	13.52
Others*	-	18.30
<b>Total</b>	<b>51.60</b>	<b>51.15</b>

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

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

**14. Provision on Standard Assets**

Particulars	March 31, 2019	March 31, 2018
Provision towards standard assets	21.83	17.43

During the previous year ended March 31, 2018 the Bank has reversed excess standard assets provision of ₹ 87.29 crores applying standard asset provisioning percentage as per RBI guidelines applicable to a banking company.

During the year ended March 31, 2019 the Bank has created standard asset provision applying standard asset provisioning percentage as per RBI guidelines applicable to a banking company. Before conversion into a small finance bank, standard assets provision was created as per RBI guidelines applicable to NBFC - MFI.

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

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

Particulars	March 31, 2019	March 31, 2018
Provision towards NPA (including bad debts write off)	1,364.15	1,472.21
Provision for standard assets	4.40	(87.29)
Provision towards income tax*	-	(8.28)
Deferred tax charge / (benefit)	-	100.94
Other provision and contingencies (refer note 18.32)	3.96	4.08
<b>Total</b>	<b>1,372.51</b>	<b>1,481.66</b>

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

**16. Business ratio**

Particulars	March 31, 2019	March 31, 2018
Interest income as a percentage to working funds <sup>1</sup>	10.57%	12.74%
Non-interest income as a percentage to working funds <sup>1,2</sup>	1.00%	0.35%
Operating profit <sup>3</sup> as a percentage to working funds	(4.87%)	(8.38%)
Return on average assets	(16.48%)	(20.52%)
Business <sup>3</sup> (deposit plus net advances) per employee <sup>4</sup> (in ₹ Crores)	0.62	0.36
Profit per employee <sup>4</sup> (in ₹ Crores)	(0.12)	(0.15)
Provision coverage ratio (including floating provision)	47.74%	47.49%

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

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

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

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

5. Productivity ratios are based on average employee number.

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



*Handwritten signature/initials*



**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. The scheme is funded with Life Insurance Corporation of India. The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet.

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

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

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

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

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

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

**Reconciliation of Fair Value of Plan Assets**

Particulars	March 31, 2019	March 31, 2018
Fair Value of Plan Assets at start of year	9.59	8.80
Expected return on plan assets	0.74	0.60
Contributions by employer	6.74	4.44
Benefits paid	(1.84)	(3.61)
Actuarial gain /( loss)	(0.69)	(0.64)
<b>Fair value of plan assets at end of year</b>	<b>14.54</b>	<b>9.59</b>

**Investment details of plan assets**

Particulars	March 31, 2019	March 31, 2018
Balance with Life Insurance Corporation of India	14.54	9.59

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





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

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.22%	7.68%
Expected rate of return on assets	7.22%	7.68%
Employee turnover (in service for 4 years and below)	45.00%	39.00%
Employee turnover (in service for above 4 years)	1.00%	1.00%
Salary growth rate	6.00%	6.00%
Mortality Rate - Indian Assured Lives Mortality Ultimate (IALM)	IALM (2006-08)	IALM (2006-08)
Expected average remaining working lives of employees	6 Years	7 Years

**Experience Adjustments**

Experience Adjustments	FY 18-19	FY 17-18	FY 16-17	FY 15-16	FY 14-15
Present Value of OBO at the end of the year	7.66	5.65	5.83	2.92	1.48
Fair Valuation of Plan Assets	14.54	9.59	8.74	2.28	1.14
Funded Status [Surplus/(Deficit)]	6.88	3.94	2.91	(0.64)	(0.34)
Experience adjustment on plan liabilities : Gain / (Loss)	(1.74)	(3.16)	(1.01)	-0.04	0.21
Experience adjustment on plan Assets : Gain / (Loss)	(0.69)	(0.64)	0.07	(0.09)	-0.07

**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 recognised ₹ 24.22 crores (March 31, 2018: ₹ 27.44 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, 2019 is ₹ 5.10 Crores (March 31, 2018 : ₹ 14.99 Crores).

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

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

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

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





18. Disclosure on Remuneration

A) Qualitative Disclosures

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

**Name, composition and mandate of the main body overseeing remuneration**

The Nomination and Remuneration Committee (NRC) of the Board is the main body overseeing remuneration. The mandate is to support the achievement of the Bank's on going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. As on March 31, 2019, the NRC had four members of which two are Independent Directors. The functions of the Committee include recommendation of appointment of Directors to the Board, evaluation of performance of the Board, its Committees and directors including the Managing Director & CEO, overseeing the grant of options under the Employees Stock Option Scheme.

**External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process**

Not Applicable

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

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

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

All permanent employees of the Bank are covered. The total number of permanent employees of the Bank at March 31, 2019 was 15,947, who were live as on reporting date including those on probation and confirmed employees.

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

**Key features and objectives of remuneration policy:**

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

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

**Effective governance of compensation:**

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.



**Discussion of the ways in which these measures affect remuneration:**

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

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

Not applicable

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

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

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

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

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

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

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

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

Not Applicable.

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

Not Applicable.

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

Not Applicable



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**18. Disclosure on Remuneration contd..**

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

**B) Quantitative Disclosure**

Sr. No	Subject	March 31, 2019	March 31, 2018
(a)	Number of meetings held by the NRC during the financial year and remuneration paid to its members	Number of meetings: 1 Remuneration paid: ₹ 0.01 crores	Number of meetings: 6 Remuneration paid: ₹ 0.03 crores#
(b) (i)	Number of employees having received a variable remuneration award during the financial year.	None	Total Employees = 1
(b) (ii)	Number and total amount of sign on awards made during the financial year	None	None
(b) (iii)	Details of guaranteed bonus, if any, paid as joining /sign on bonus	None	None
(b) (iv)	Details of severance pay, in addition to accrued benefits, if any	None	None
(c) (i)	Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms	567,647 shares granted under ESOP scheme and 54,206 units under RSU scheme during the previous year, yet to be exercised.	567,647 shares granted under ESOP scheme and 54,206 units under RSU scheme during the year, yet to be exercised.
(c) (ii)	Total amount of deferred remuneration paid out in the financial year	None	Long term incentive paid ₹ 2.10 crores
(d) (i)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non deferred.	Fixed Pay : ₹ 4.02 crores Car EMI : ₹ 0.13 crores	Fixed Pay : ₹ 3.91 crores Variable Pay : ₹ 1.13 crores Deferred Pay : ₹ 2.10 crores
(e) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	None	None
(e) (ii)	Total amount of reductions during the financial year due to ex post explicit adjustments.	None	None
(e) (iii)	Total amount of reductions during the financial year due to ex post implicit adjustments	None	None

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

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

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

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

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



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**19. Segment Reporting**

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

**a) Treasury**

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

**b) 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 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018
Revenue	136.72	155.01	7.94	17.66	1,217.07	1,423.35	6.54	1.03	1,368.27	1,597.05
Result	(49.88)	(84.97)	(2.06)	3.48	(1,897.25)	(2,152.69)	0.13	0.41	(1,949.06)	(2,233.77)
Unallocated result										(177.38)
Operating profit									(1,949.06)	(2,411.14)
Income taxes										92.66
Extraordinary profit/loss										-
Net profit									(1,949.06)	(2,503.80)
Other information:										
Segment assets	2,630.68	3,141.72	56.36	117.72	6,428.45	6,107.28	27.80	9.12	9,143.29	9,375.84
Unallocated assets									303.01	372.94
<b>Total assets</b>	<b>2,630.68</b>	<b>3,141.72</b>	<b>56.36</b>	<b>117.72</b>	<b>6,428.45</b>	<b>6,107.28</b>	<b>27.80</b>	<b>9.12</b>	<b>9,446.30</b>	<b>9,748.78</b>
Segment liabilities	4,269.00	7,988.98	3.17	3.68	4,484.88	225.41			8,757.05	8,218.07
Unallocated liabilities									15.60	1.90
Capital and reserves	(1,638.32)	(4,847.26)	53.18	114.04	1,943.57	5,881.87	27.80	9.12	386.23	1,157.77
Unallocated capital and reserves									287.42	371.04
<b>Total liabilities</b>	<b>2,630.68</b>	<b>3,141.72</b>	<b>56.35</b>	<b>117.72</b>	<b>6,428.45</b>	<b>6,107.28</b>	<b>27.80</b>	<b>9.12</b>	<b>9,446.30</b>	<b>9,748.78</b>

1. The Reportable segments are identified into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations in compliance with the RBI guidelines.
2. The Bank is in the process of formulating and implementing Funds Transfer Pricing (FTP) methodology and hence the adjustment of revenue and cost on account of FTP is not adjusted in between segments.
3. Bank Launch & Bank Branch Expenses had been classified as unallocated expenses as the Bank as on 31 March 2018 had not started full fledged banking operations. During the year ended March 31, 2019, these expenses have been considered in respective segments.
4. Unallocated assets and liabilities pertains to the assets and liabilities not identifiable to the particular segment.



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**20. Liquidity Coverage Ratio**

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

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)*
1 Total High Quality Liquid Assets (HQLA)	1,133.58	1,133.58	994.60	994.60	1,253.45	1,253.45	1,361.92	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	51.14	2.28	35.89	1.52	32.85	1.37	35.46	1.51
8 Total cash outflows	500.60	394.86	1,064.60	364.95	1,487.79	240.88	2,307.99	360.33
<b>Cash Inflows</b>								
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
21 Total HQLA	1,133.58	1,133.58	994.60	994.60	1,253.45	1,253.45	1,361.92	1,361.92
22 Total Net Cash Outflows	125.15	112.45	584.09	124.00	1,051.30	60.22	1,854.18	132.58
23 Liquidity Coverage Ratio (%)	-	1008.07%	-	802.10%	-	2081.45%	-	1027.24%





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

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

\* Average weighted and unweighted amounts are calculated taking three point averages for all quarters for the period ended March 31, 2019.

\*\* LCR for the previous year ended March 31, 2018 has been computed as at March 31, 2018 since the Bank commenced operations on March 28, 2018.

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

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

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

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



21. Related party disclosure

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

A Names of the related party where control exists	Nature of relationship
i. Mr. Ramesh Ramanathan	Non Executive Chairman
ii. Mr. Ajay Kanwal	Managing Director & Chief Executive Officer (w.e.f. August 01, 2017)
iii. Mr. R. Srinivasan	Executive Vice Chairman (up to July 31, 2017)
iv. Mr. V.S. Radhakrishnan	Managing Director & Chief Executive Officer (up to July 31, 2017) and Non Executive Vice Chairman (w.e.f. August 01, 2017 up to November 30, 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. Mr. Vivek Venkatesan	Chief Financial Officer (upto December 31, 2018)
vii. Mr. Anurag Adlakha	Chief Financial Officer (w.e.f. January 03, 2019)
viii. Ms. Richa Saxena	Company Secretary (upto July 06, 2018)
ix. Ms. Lakshmi R N	Company Secretary (w.e.f. August 08, 2018)

Name of related party	Nature of transaction	Transaction value for the year ended March 31, 2019	Outstanding amount as at March 31, 2019	Transaction value for the year ended March 31, 2018	Outstanding amount as at March 31, 2018
<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	-	-	0.14	-
	Receiving of services	0.04	-	21.35	-0.01
	Reimbursement of expense	-	-	0.11	-
	Reimbursement of expense	0.39	0.14	0.63	-
2. Jana Holding Limited	Issue of equity shares (2,132,396 equity shares)	295.00	2,177.17	150.00	1,878.85
	Issue of compulsorily convertible preference shares (49.9 crores number of CCPS converted into 3,606,534 number of equity shares)	-	-	499.00	-
	Rendered professional services	0.01	0.00	-	-
3. Jana Urban Space Foundation (India)	Receiving of services	1.29	0.12	0.65	0.01
4. Janaadhar (India) Private Limited	Paid towards amenities	-	-	0.18	-
	Income from rent and amenities	-	-	0.24	-
5. Cross Domain Solutions Private Limited	Receiving of services	3.05	0.25	3.22	-
6. Jana Urban Foundation	Income from rent and amenities	-	-	0.01	-
	Reimbursement of expense	-	-	0.01	-
7. Jana Capital Limited	Rendered professional services	0.01	0.00	-	-
<b>B. Directors</b>					
1. Mr. Ramesh Ramanathan	Loan repaid during the year	-	-	1.75	-
	Interest on loan	-	-	0.14	-
2. Mr. R. Srinivasan	Salary	-	-	2.77	-
<b>C. Key Management Personnel* (KMP)</b>					
1. Mr. V.S. Radhakrishnan	Salary	-	-	3.62	-
2. Mr. Ajay Kanwal	Salary	4.15	-	3.52	-
3. Mr. Jayasheel Bhansali	Salary	-	-	1.30	-
4. Mr. Vivek Venkatesan (upto 31-12-2018)	Salary	0.80	-	0.13	-
5. Mr. Anurag Adlakha (w.e.f 03-01-2019)	Salary	0.39	-	-	-
6. Ms. Richa Saxena (upto 06-07-2018)	Salary	0.18	-	0.36	-
7. Ms. Lakshmi R N (w.e.f 08-08-2018)	Salary	0.14	-	-	-
<b>D. Deposits of related parties</b>					
KMP	Deposit	0.66	0.71	-	-
	Interest	0.05	-	-	-
Relative of KMP	Deposit	0.20	0.21	-	-
	Interest	0.00	-	-	-
Director	Deposit	0.50	0.54	-	-
	Interest	0.04	-	-	-
Relative of Director	Deposit	0.01	0.01	-	-
	Interest	0.00	-	-	-
Private company in which director or his relative is member or director	Deposit	1.00	1.05	-	-
	Interest	0.05	-	-	-
<b>E. Relatives of director</b>					
1. Mrs. Radha Ramanathan	Loan repaid during the year	-	-	0.40	-
	Interest on loan	-	-	0.03	-
2. Mrs. Swathi Ramanathan	Loan repaid during the year	-	-	1.75	-
	Interest on loan	-	-	0.14	-

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



*Handwritten signature/initials*



## 22. Deferred Tax Assets

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

## 23. Unhedged Foreign currency Exposure

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

## 24. Leases

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

Particulars	March 31, 2019	March 31, 2018
Not less than one year	9.82	10.85
Later than one year but not later than five years	31.57	35.80
Later than five years	7.10	13.90

The terms of renewal and escalation clauses are those normally prevalent in similar agreements, there are no undue restrictions or onerous clauses in the agreement. All other operating lease agreements entered into by the Bank are cancellable in nature. Accordingly the lease rental payments for assets taken on an operating lease ₹ 87.06 crores (March 31, 2018 ₹ 118.64 crores) have been recognised as "Rent" in the statement of profit and loss account. The rental expenses under the non-cancellable operating lease paid during the year was ₹ 10.44 crores (March 31, 2018 ₹ 11.98 crores).

## 25.(A) Customer Complaints

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

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

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

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

## 26. Corporate Social Responsibility (CSR)

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

### b) Amount spent during the year on:

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

### c) Amount spent during the previous year on:

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

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

## 27. Off balance sheet SPV and Para banking activities

There are no off balance sheet SPVs sponsored by the Bank, which needs to consolidated as per accounting norms. During the year ended March 31, 2019, the Bank has not undertaken any Para banking activities (March 31, 2018: Nil).

## 28. Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments, (March 31, 2018: Nil)



**JANA SMALL FINANCE BANK LIMITED**

(Formerly known as Janalakshmi Financial Services Limited)

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

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

**29. Depositor Education and Awareness Fund**

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

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

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

**31. Fraud cases reported**

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

**32. Insurance business**

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

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

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

**34. Penalties levied by the RBI**

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

**35. Letter of Comfort**

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

**36. Proposed dividend**

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

According to the revised AS 4 - 'Contingencies and events occurring after the balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted for proposed dividend (including tax) as a liability for the year ended March 31, 2017. The same has been appropriated from the balance in profit &amp; loss account in the year 2017-18

**37. Going concern assertion**

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

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

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

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

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

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

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

**38. Comparatives**

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

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

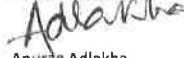
  
N Sampath Ganesh  
Partner

Membership No: 042554

For and on behalf of the Board of Directors

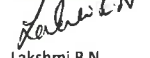
  
Ramesh Ramanathan  
Chairman

DIN: 00163276

  
Anurag Adlakha  
Chief Financial Officer

  
Ajay Kanwal  
Managing Director & CEO

DIN: 07886434

  
Lakshmi R N  
Company Secretary

Place: Mumbai  
Date : May 30, 2019

Place: Bengaluru  
Date : May 30, 2019

