DRAFT RED HERRING PROSPECTUS
Dated: March 31, 2021
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Please read Section 32 of the Companies Act, 2013
100% Book Built Offer

Jana Small Finance Bank
A SCHEDULED COMMERCIAL BANK

JANA SMALL FINANCE BANK LIMITED

Our Bank was incorporated as 'Janalakshmi Financial Services Private Limited' on July 24, 2006 at Bengaluru, Karnataka as a private limited company under the Companies Act, 1956, and was granted the certificate of incorporation by the Registrar of Companies, Karnataka at Bengaluru ("**RoC**"). Janalakshmi Financial Services Private Limited, was granted a certificate of registration dated March 4, 2008 by Reserve Bank of India ("**RBI**") to commence the business of non-banking financial institution without accepting public deposits, and was converted into an NBFC-MFI with effect from September 5, 2013. Subsequently, pursuant to a Board resolution dated June 1, 2015 and a Shareholders' resolution dated June 29, 2015, our Bank was converted into a public limited company under the Companies Act, 1956 with effect from August 10, 2015, and the name of our Bank was changed from 'Janalakshmi Financial Services Private Limited' to 'Janalakshmi Financial Services Limited', and a fresh certificate of incorporation of our Bank was issued by the RoC under such name. Janalakshmi Financial Services Limited, was granted a fresh certificate of registration as a non-banking financial institution without accepting public deposits dated September 18, 2015 pursuant to such name change. Our Bank, then known as Janalakshmi Financial Services Limited, was granted an in-principle approval by the RBI to convert into a small finance bank ("**SFB**") on October 7, 2015. Thereafter, our Bank received the final approval, dated April 28, 2017 from the RBI, to establish and carry on business as an SFB. Pursuant to resolutions passed by the Board and Shareholders on May 30, 2017 and January 12, 2018 respectively, the name of our Bank was changed from 'Janalakshmi Financial Services Limited' to 'Jana Small Finance Bank Limited', and a fresh certificate of incorporation dated January 29, 2018 was issued by the RoC consequent upon the change of name. Our Bank commenced its business as an SFB with effect from March 28, 2018 and its name was included in the second schedule to the RBI Act pursuant to a notification dated July 16, 2019 issued by the RBI. For further details of changes in name and changes in the registered office of the Bank, see "*History and Certain Corporate Matters*" on page 190.

Registered and Corporate Office: The Fairway Business Park, #10/1, 11/2, 12/2B, off Domlur, Koramangala Inner Ring Road, Next to EGL, Challaghatta, Bengaluru 560 071, Karnataka, India; **Tel**: +91 80 4602 0100;
Website: www.janabank.com; **Contact Person**: Lakshmi R N, Company Secretary and Compliance Officer; **E-mail**: investor.grievance@janabank.com; **Corporate Identity Number**: U65923KA2006PLC040028

OUR PROMOTERS: JANA CAPITAL LIMITED AND JANA HOLDINGS LIMITED

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF JANA SMALL FINANCE BANK LIMITED ("BANK" OR "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) AGGREGATING UP TO ₹[●] MILLION ("OFFER") COMPRISING OF A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹7,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 9,253,659 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION (THE "OFFER FOR SALE"), COMPRISING UP TO 1,748,975 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY ALPHA TC HOLDINGS PTE LTD, UP TO 115,195 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY BADRI NARAYAN PILINJA, UP TO 126,482 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY BAJAJ ALLIANZ GENERAL INSURANCE COMPANY LIMITED – POLICYHOLDER FUND, UP TO 54,207 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY BAJAJ ALLIANZ GENERAL INSURANCE COMPANY LIMITED – SHAREHOLDER FUND, UP TO 542,064 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY BAJAJ ALLIANZ LIFE INSURANCE COMPANY LIMITED, UP TO 878,878 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY CLIENT ROSEHILL LIMITED, UP TO 984,455 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY CVCIGP II EMPLOYEE ROSEHILL LIMITED, UP TO 4,290 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY ENAM SECURITIES PRIVATE LIMITED, UP TO 141,285 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY GLOBAL FINANCIAL INCLUSION FUND, UP TO 413 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY GROWTH PARTNERSHIP II AJAY TANDON CO-INVESTMENT TRUST, UP TO 998 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY GROWTH PARTNERSHIP II SIVA SHANKAR CO-INVESTMENT TRUST, UP TO 315,427 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY HERO ENTERPRISE PARTNER VENTURES, UP TO 553,820 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED, UP TO 829,485 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY NORTH HAVEN PRIVATE EQUITY ASIA PLATINUM PTE. LTD., UP TO 986,216 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY QRG ENTERPRISES LIMITED, UP TO 1,652,101 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY TREE LINE ASIA MASTER FUND (SINGAPORE) PTE. LTD., UP TO 119,410 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY VALLABH BHANSHALI AND UP TO 199,958 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY VALLABH BHANSHALI HUF (COLLECTIVELY, THE "SELLING SHAREHOLDERS" AND SUCH EQUITY SHARES THE "OFFERED SHARES").

THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES, AGGREGATING UP TO ₹[●] MILLION (CONSTITUTING UP TO [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES ("EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". OUR BANK MAY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, OFFER A DISCOUNT OF UP TO ₹[●] OF THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT"). THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR BANK.

OUR BANK MAY, IN CONSULTATION WITH THE BRLMS, CONSIDER A PRE-IPO PLACEMENT OF AN AGGREGATE AMOUNT NOT EXCEEDING ₹5,000 MILLION, INCLUDING BY WAY OF A PROPOSED FURTHER ISSUE TO OUR PROMOTERS FOR AN AMOUNT AGGREGATING UP TO ₹4,000 MILLION AND A FURTHER ISSUE OF EQUITY SHARES FOR THE REMAINING AMOUNT (I.E. ₹5,000 MILLION LESS ANY AMOUNTS RAISED FROM THE PROPOSED FURTHER ISSUE, IF UNDERTAKEN) TO OUR PROMOTERS AND/OR OTHER INVESTORS. ANY PRE-IPO PLACEMENT TO THE PROMOTERS (INCLUDING THROUGH THE PROPOSED FURTHER ISSUE), IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR BANK IN CONSULTATION WITH THE BRLMS AND ANY PRE-IPO PLACEMENT TO INVESTORS OTHER THAN THE PROMOTERS, WILL BE AT A PRICE TO BE DECIDED BY OUR BANK AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMS. THE PRE-IPO PLACEMENT, IF UNDERTAKEN WILL BE COMPLETED PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC. IF THE PRE-IPO PLACEMENT IS UNDERTAKEN, THE AMOUNT RAISED FROM THE PRE-IPO PLACEMENT WILL BE REDUCED FROM THE FRESH ISSUE, SUBJECT TO THE MINIMUM OFFER SIZE CONSTITUTING AT LEAST [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR BANK. THE PRICE BAND SHALL BE DECIDED BY OUR BANK AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BRLMS AND THE MINIMUM BID LOT AND EMPLOYEE DISCOUNT (IF ANY) SHALL BE DECIDED BY OUR BANK IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN [●] EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER AND [●] EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER AND [●] EDITION OF [●], A KANNADA DAILY NEWSPAPER (KANNADA BEING THE REGIONAL LANGUAGE OF KARNATAKA, WHERE OUR REGISTERED AND CORPORATE OFFICE IS LOCATED) EACH WITH WIDE CIRCULATION AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH SEBI ICDR REGULATIONS.

In case of any revision in the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Bank and the Selling Shareholders in consultation with the BRLMs may, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to Designated Intermediaries and the Sponsor Bank.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Net Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") ("**QIB Portion**"), provided that our Bank and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("**Anchor Investor Portion**"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective ASBA accounts, and UPI ID (in case of RIBs) if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or under the UPI Mechanism, as applicable. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "*Offer Procedure*" on page 385.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Bank, there has been no formal market for the Equity Shares of our Bank. The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and Offer Price as determined and justified by our Bank and the Selling Shareholders, in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations, as stated under "*Basis for Offer Price*" on page 98 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Bank and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 23.

ISSUER'S AND THE SELLING SHAREHOLDERS'S ABSOLUTE RESPONSIBILITY

Our Bank, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Bank and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Selling Shareholders accepts responsibility for and confirms that the statements specifically made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus to the extent of information specifically pertaining to itself and its Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Bank has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Section 26(4) of the Companies Act 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 407.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE OFFER
AXIS CAPITAL	ICICI Securities	SBI Capital Markets Limited	KFINTECH
Axis Capital Limited 1st Floor, Axis House, C-2 Wadia International Centre P.B. Marg, Worli Mumbai 400 025 Maharashtra, India Tel: +91 22 4325 2183 E-mail: jana.ipo@axiscap.in Website: www.axiscapital.co.in Investor Grievance ID: complaints@axiscap.in Contact Person: Simran Gadh / Sagar Jatakiya SEBI Registration Number: INM000012029	**ICICI Securities Limited*** ICICI Centre H. T. Parekh Marg Churchgate Mumbai 400 020 Maharashtra, India Tel: +91 22 2288 2460 E-mail: jana.ipo@icicisecurities.com Website: www.icicisecurities.com Investor Grievance ID: customercare@icicisecurities.com Contact Person: Vaibhav Saboo/ Nidhi Wangnoo SEBI Registration Number: INM000011179	**SBI Capital Markets Limited** 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Maharashtra, India Tel: +91 22 2217 8300 E-mail: jana.ipo@sbicaps.com Website: www.sbicaps.com Investor Grievance ID: investor.relations@sbicaps.com Contact Person: Aditya Deshpande SEBI Registration Number: INM000003531	**KFin Technologies Private Limited**# Selenium, Tower B, Plot No. - 31 and 32 Financial District Nanakramguda, Serilingampally Hyderabad, Rangareddi 500 032 Telangana, India Tel: +91 40 6716 2222 E-mail: jana.ipo@kfintech.com Website: www.kfintech.com Investor grievance ID: einward.ris@kfintech.com Contact Person: M. Murali Krishna SEBI Registration Number: INR000000221 #*Formerly known as Karvy Fintech Private Limited*
BID/ OFFER SCHEDULE			
BID/ OFFER OPENS ON	[●][(1)]	**BID/ OFFER CLOSES ON**	[●][(2)]

** In compliance with the proviso to Regulation 21A of the SEBI Merchant Banker Regulations and Regulation 23(3) of the SEBI ICDR Regulations, ICICI Securities Limited will be involved only in marketing of the Offer. ICICI Securities has signed the due diligence certificate and has been disclosed as BRLM for the Offer.*

(1) *Our Bank and the Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date.*

(2) *Our Bank and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented or re-enacted from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder. Notwithstanding the foregoing, the terms used in "Industry Overview", "Key Regulations and Policies", "Statement of Special Tax Benefits", "Financial Statements", "Basis for Offer Price", "History and Certain Corporate Matters", "Selected Statistical Information", "Financial Indebtedness", "Other Regulatory and Statutory Disclosures", "Outstanding Litigation and Material Developments" and "Description of Equity Shares and Terms of Articles of Association" on pages 104, 177, 101, 241, 98, 190, 226, 351, 366, 354 and 400 respectively shall have the meaning ascribed to them in the relevant section.

General Terms

Term	Description
"our Bank", "the Bank", "the Issuer"	Jana Small Finance Bank Limited, a company incorporated under the Companies Act, 1956, having its Registered and Corporate Office at The Fairway Business Park, #10/1, 11/2, 12/2B, off Domlur, Koramangala Inner Ring Road, Next to EGL, Challaghatta, Bengaluru 560 071, Karnataka, India
"we", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Bank

Bank and Selling Shareholders Related Terms

Term	Description
"Articles of Association" or "AoA"	Articles of association of our Bank, as amended
Alpha TC	Alpha TC Holdings Pte Ltd
Audit Committee	The audit committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013, the Listing Regulations, guidelines issued by the RBI from time to time, and as described in "*Our Management*" on page 198
"Auditors" or "Statutory Auditors"	M/s MSKC & Associates (*formerly known as R K Kumar & Co*.), Chartered Accountants, current statutory auditors of our Bank
BAGIC	Collectively, Bajaj Allianz General Insurance Company Limited – Policyholder Fund and Bajaj Allianz General Insurance Company Limited – Shareholder Fund
BAGIC – Policyholder Fund	Bajaj Allianz General Insurance Company Limited – Policyholder Fund
BAGIC – Shareholder Fund	Bajaj Allianz General Insurance Company Limited – Shareholder Fund
BALIC	Bajaj Allianz Life Insurance Company Limited
"Board" or "Board of Directors"	Board of directors of our Bank as described in "*Our Management*" on page 198
CCPS	Compulsorily convertible preference shares
CRL	Client Rosehill Limited
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in "*Our Management*" on page 198
Director(s)	The directors on the Board of our Bank
Equity Shares	Equity shares of our Bank of face value of ₹10 each
ENAM	Enam Securities Private Limited
ERL	CVCIGP II Employee Rosehill Limited
ESOP 2017	Employees Stock Option Plan, 2017
ESOP 2018	Employees Stock Option Plan, 2018
GAWA 2	Global Financial Inclusion Fund
GP II Trust (Ajay Tandon)	Growth Partnership II Ajay Tandon Co-investment Trust
GP II Trust (Siva Shankar)	Growth Partnership II Siva Shankar Co-investment Trust
Group Companies	Our group companies identified in accordance with the SEBI ICDR Regulations, namely, Crossdomain Solutions Private Limited, Janaadhar (India) Private Limited, Jana Urban Foundation, Jana Urban Services for Transformation Private Limited, and Jana Urban Space Foundation (India), as disclosed in *"Our Group Companies"* on page 221

Term	Description
HarbourVest Entities	HarbourVest Partners Co-Investment Fund IV L.P., HarbourVest Partners Co-Investment IV AIF L.P., HarbourVest Skew Base AIF L.P., HIPEP VIII Partnership Fund L.P., HIPEP VIII Partnership AIF L.P., HarbourVest Asia Pacific Fund VIII L.P., HarbourVest Asia Pacific VIII AIF L.P. and HarbourVest Co-Investment Opportunities Fund L.P.
Hero Ventures	Hero Enterprise Partner Ventures
Hero Subscription Agreement	Securities subscription agreement dated March 29, 2019 entered into between the Bank, Ramesh Ramanathan, JUF and Hero Ventures, as amended by the letter amendment agreement dated March 25, 2021
HV Entities	HarbourVest Co-Invest 2017 Private Equity Parties L.P. and The Maple Fund L.P.
ICICI Prudential	ICICI Prudential Life Insurance Company Limited
Independent Directors	Independent directors on the Board, as described in "*Our Management*" on page 198
IPO Committee	The IPO committee of our Board, as described in "*Our Management*" on page 198
IRR Advisory	IRR Advisory Services Private Limited
IRR Report	Report titled '*Overview of Banking Sector in India*' dated March 12, 2021, issued by IRR Advisory
JCL	Jana Capital Limited
JHL	Jana Holdings Limited
JUF	Jana Urban Foundation
"Key Managerial Personnel" or "KMP"	Key managerial personnel of our Bank in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations, as described in "*Our Management*" on page 198
MD and CEO	Managing Director and Chief Executive Officer of our Bank, namely, Ajay Kanwal
"Memorandum of Association" or "MoA"	Memorandum of association of our Bank, as amended
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013, the Listing Regulations and guidelines issued by the RBI from time to time and as described in "*Our Management*" on page 198
North Haven	North Haven Private Equity Asia Platinum Pte. Ltd
Preference Shares	150,000,000 outstanding unsecured, fully paid-up, non-redeemable, non-cumulative compulsorily convertible preference shares of face value of ₹10 each issued by our Bank
Previous Scheme of Amalgamation	The scheme of amalgamation filed by our Promoters, JCL, JHL and their respective shareholders on November 6, 2020, as disclosed in "*Our Promoters and Promoter Group*" on page 217
Promoters	Our Promoters, namely, Jana Capital Limited and Jana Holdings Limited
Promoter Group	Entities constituting the promoter group of our Bank in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in "*Our Promoters and Promoter Group*" on page 217
QRG	QRG Enterprises Limited
RBI Final Approval	RBI letter dated April 28, 2017 bearing no. DBR.NBD(SFB-JFS) No. 12881/16.13.216/2016-17, pursuant to which RBI granted license no. MUM:134 to our Bank to carry on the SFB business in terms of Section 22 of the Banking Regulation Act
RBI In-Principle Approval	RBI letter dated October 7, 2015, bearing no. DBR.PSBD.NBC(SFB-JFS) No. 4918/16.13.216/2015-16 pursuant to which our Bank, then known as Janalakshmi Financial Services Limited was granted an in-principle approval, to establish and convert into an SFB under Section 22 of the Banking Regulation Act
Registered and Corporate Office	The registered and corporate office of our Bank located at The Fairway Business Park, #10/1, 11/2, 12/2B, off Domlur, Koramangala Inner Ring Road, Next to EGL, Challaghatta, Bengaluru 560 071, Karnataka, India
"Registrar of Companies" or "RoC"	Registrar of Companies, Karnataka at Bengaluru
Restated Financial Statements	Restated financial statements of our Bank as at and for the six-month periods ended September 30, 2020 and September 30, 2019, for the Fiscals 2020, 2019 and 2018 which comprises the restated summary statement of assets and liabilities as at September 30, 2020 and September 30, 2019 and March 31, 2020, March 31, 2019 and March 31, 2018, and the restated summary statements of profit and loss account and restated summary statement of cash flows for the six-month periods ended September 30, 2020 and September 30, 2019 and for the years ended March 31, 2020, March 31, 2019 and March 31, 2018 and the summary statement of significant accounting policies, and other explanatory information, notes thereto prepared in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, the SEBI ICDR Regulations, in pursuance of the SEBI Act, to the extent applicable and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by ICAI, as amended from time to time
RSU 2017	Restricted Stock Units – 2017 under the ESOP 2017
RSU 2018	Restricted Stock Units – 2018 under the ESOP 2018
Scheme of Amalgamation	Scheme of amalgamation proposed to be undertaken by our Promoters, JCL and JHL, for the proposed amalgamation of JHL with JCL, under the relevant provisions of the Companies Act, 2013, subject to the approval of the board of directors, the shareholders and the creditors of each of JCL and JHL, and

Term	Description
	receipt of the necessary statutory and regulatory and other consents and approvals (including from the RBI). For details, see "*Our Promoters and Promoter Group – Scheme of Amalgamation*" on page 219.
Selling Shareholders	Collectively, Alpha TC Holdings Pte Ltd, Badri Narayan Pilinja, Bajaj Allianz General Insurance Company Limited – Policyholder Fund, Bajaj Allianz General Insurance Company Limited – Shareholder Fund, Bajaj Allianz Life Insurance Company Limited, Client Rosehill Limited, CVCIGP II Employee Rosehill Limited, Enam Securities Private Limited, Global Financial Inclusion Fund, Growth Partnership II Ajay Tandon Co-investment Trust, Growth Partnership II Siva Shankar Co-investment Trust, Hero Enterprise Partner Ventures, ICICI Prudential Life Insurance Company Limited, North Haven Private Equity Asia Platinum Pte. Ltd, QRG Enterprises Limited, Tree Line Asia Master Fund (Singapore) Pte. Ltd., Vallabh Bhanshali and Vallabh Bhanshali HUF
Shareholders	Shareholders holding equity shares of our Bank from time to time
Stakeholders' Relationship Committee	Stakeholders' relationship committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations and as described in "*Our Management*" on page 198
Tree Line	Tree Line Asia Master Fund (Singapore) Pte. Ltd.

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by a Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
"Allot" or "Allotment" or "Allotted"	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹100 million
Anchor Investor Allocation Price	Price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers
Anchor Investor Application Form	Application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Bid/Offer Period	One Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price The Anchor Investor Offer Price will be decided by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Bank and the Selling Shareholders, in consultation with the Book Running Lead Managers, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations
"Application Supported by Blocked Amount" or "ASBA"	Application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorizing an SCSB to block the Bid Amount in the ASBA Account and will include applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism
ASBA Account	Bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of an RIB which is blocked upon acceptance of a UPI Mandate Request made by the RIBs using the UPI Mechanism
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Axis	Axis Capital Limited

Term	Description
Bankers to the Offer	Collectively, Escrow Collection Bank(s), Public Offer Bank(s), Sponsor Bank(s) and Refund Bank(s), as the case may be
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Structure*" beginning on page 381
Bid	Indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of Retail Individual Bidders Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid Eligible Employees applying in the Employee Reservation Portion can apply at the Cut Off Price and the Bid Amount shall be Cap Price, net of Employee Discount, if any, multiplied by the number of Equity Shares Bid for such Eligible Employee and mentioned in the Bid cum Application Form The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 (net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of Employee Discount). Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (net of Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of Employee Discount)
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Kannada national daily newspaper (Kannada also being the regional language of Bengaluru, where our Registered and Corporate Office is located), each with wide circulation, and in case of any such extension, the extended Bid/Offer Closing Date shall also be notified on the website and terminals of the Syndicate Members and communicated to the designated intermediaries and the Sponsor Bank. Our Bank and the Selling Shareholders, in consultation with the Book Running Lead Managers may, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/ Offer Closing Date shall also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members, which shall also be notified in an advertisement in same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Kannada national daily newspaper (Kannada also being the regional language of Bengaluru, where our Registered and Corporate Office is located), each with wide circulation
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with SEBI ICDR Regulations
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centres	Broker centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
"Book Running Lead Managers" or "BRLMs"	The book running lead managers to the Offer, namely, Axis Capital Limited, ICICI Securities Limited*, and SBI Capital Markets Limited **In compliance with the proviso to Regulation 21A of the SEBI Merchant Banker Regulations and Regulation 23(3) of the SEBI ICDR Regulations, ICICI Securities Limited will be involved only in marketing of the Offer. ICICI Securities has signed the due diligence certificate and has been disclosed as BRLM for the Offer.*
Broker Centres	Centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker

Term	Description
	The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
"CAN" or "Confirmation of Allocation Note"	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on/after the Anchor Investor Bid/ Offer Period
Cap Price	Higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Cash Escrow and Sponsor Bank Agreement	Agreement to be entered amongst our Bank, the Selling Shareholders, the Book Running Lead Managers, Syndicate Members, the Bankers to the Offer and Registrar to the Offer, *inter alia*, for collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of BSE and NSE
Cut-off Price	Offer Price, finalised by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers, which shall be any price within the Price Band Only Retail Individual Bidders Bidding in the Retail Portion and Eligible Employees Bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	Details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIBs using UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, in terms of the Red Herring Prospectus following which Equity Shares will be Allotted in the Offer
Designated Intermediary(ies)	In relation to ASBA Forms submitted by RIBs by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs and RTAs In relation to ASBA Forms submitted by QIBs and non-institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	[●]
"Draft Red Herring Prospectus" or "DRHP"	This draft red herring prospectus dated March 31, 2021 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto
Eligible Employees	Permanent employees, working in India or outside India (excluding such employees who are not eligible to invest in the Offer under applicable laws), of our Bank or our Promoters; or a Director of our Bank, whether whole-time or not, as on the date of the filing of the Red Herring Prospectus with the RoC and on date of submission of the Bid cum Application Form, but not including (i) Promoters; (ii) persons belonging to the Promoter Group; or (iii) Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Bank
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an Offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares

Term	Description
Employee Discount	A discount of up to [●]% to the Offer Price (equivalent of ₹[●] per Equity Share) as may be offered by our Bank, in consultation with the Book Running Lead Managers, to Eligible Employees and which shall be announced at least two Working Days prior to the Bid / Offer Opening Date
Employee Reservation Portion	The portion of the Offer being up to [●] Equity Shares aggregating ₹[●] million, available for allocation to Eligible Employees, on a proportionate basis
Escrow Account	Accounts to be opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank(s)	Bank(s) which are a clearing members and registered with SEBI as banker(s) to an issue and with whom the Escrow Account will be opened, in this case being [●]
First or sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	Lower end of the Price Band, subject to any revision(s) thereto, not being less than the face value of Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
I-SEC	ICICI Securities Limited* **In compliance with the proviso to Regulation 21A of the SEBI Merchant Banker Regulations and Regulation 23(3) of the SEBI ICDR Regulations, ICICI Securities will be involved only in marketing of the Offer. ICICI Securities has signed the due diligence certificate and has been disclosed as BRLM for the Offer.*
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price
Mutual Fund Portion	5% of the Net QIB Portion, or [●] Equity Shares which shall be available for allocation to Mutual Funds only, subject to valid Bids being received at or above the Offer Price
Net Offer	The Offer, less the Employee Reservation Portion
Net Proceeds	Proceeds of the Fresh Issue less the Bank's share of Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see "*Objects of the Offer*" on page 94
Net QIB Portion	The QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders or Eligible Employees and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	Portion of the Offer being not more than 15% of the Net Offer consisting of not more than [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
Non-Resident	Person resident outside India, as defined under FEMA
Offer	The initial public offer of up to [●] Equity Shares aggregating up to ₹[●] million, comprising of the Net Offer and the Employee Reservation Portion Our Bank may, in consultation with the BRLMs, consider a Pre-IPO Placement of an aggregate amount not exceeding ₹5,000 million, including by way of a Proposed Further Issue to our Promoters for an amount aggregating up to ₹4,000 million and a further issue of Equity Shares for the remaining amount (i.e. ₹5,000 million less any amounts raised from the Proposed Further Issue, if undertaken) to our Promoters and/or other investors. Any Pre-IPO Placement to the Promoters (including through the Proposed Further Issue), if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs and any Pre-IPO Placement to investors other than the Promoters, will be at a price to be decided by our Bank and the Selling Shareholders in consultation with the BRLMs The Pre-IPO Placement, if undertaken will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the minimum Offer Size constituting at least [●]% of the post-Offer paid-up equity share capital of our Bank
Offer Agreement	Agreement dated March 31, 2021 entered amongst our Bank, the Selling Shareholders and the Book Running Lead Managers, pursuant to which certain arrangements have been agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to 9,253,659 Equity Shares by the Selling Shareholders at the Offer Price aggregating up to ₹[●] million of the Offer
Offer Price	The final price at which Equity Shares will be Allotted to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price which will be decided by our Bank, the Selling Shareholders in consultation with the Book Running Lead Managers in terms of the Red Herring Prospectus and the Prospectus The Offer Price will be decided by our Bank and the Selling Shareholders, in consultation with the Book Running Lead Managers, on the Pricing Date in accordance with the Book Building Process and

Term	Description
	the Red Herring Prospectus A discount of up to [●]% on the Offer Price (equivalent of ₹[●] per Equity Share) may be offered to Eligible Employees bidding in the Employee Reservation Portion. This Employee Discount, if any, will be decided by our Bank, in consultation with the Book Running Lead Managers
Offer Proceeds	The gross proceeds of the Fresh Issue which shall be available to our Bank and the proceeds of the Offer for Sale which will be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" on page 94
Offered Shares	Up to 9,253,659 Equity Shares being offer for sale by the Selling Shareholders in the Offer for Sale
Pre-IPO Placement	A pre-Offer placement of Equity Shares by our Bank, in consultation with the BRLMs, of an aggregate amount not exceeding ₹5,000 million, including by way of a Proposed Further Issue to our Promoters for an amount aggregating up to ₹4,000 million and a further issue of Equity Shares for the remaining amount (i.e. ₹5,000 million less any amounts raised from the Proposed Further Issue, if undertaken) to our Promoters and/or other investors. Any Pre-IPO Placement to the Promoters (including through the Proposed Further Issue), if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs and any Pre-IPO Placement to investors other than the Promoters, will be at a price to be decided by our Bank and the Selling Shareholders in consultation with the BRLMs. The Pre-IPO Placement, if undertaken will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the minimum Offer Size constituting at least [●]% of the post-Offer paid-up equity share capital of our Bank
Price Band	Price band of a minimum price of ₹[●] per Equity Share (Floor Price) and the maximum price of ₹[●] per Equity Share (Cap Price) including any revisions thereof The Price Band will be decided by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers, and the minimum Bid Lot and Employee Discount, if any, will be decided by our Bank in consultation with the Book Running Lead Managers, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Kannada national daily newspaper (Kannada being the regional language of Karnataka, where our Registered and Corporate Office is located), each with wide circulation and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	Date on which our Bank in consultation with the BRLMs, will finalise the Offer Price
Proposed Further Issue	A further issuance of such number of Equity Shares aggregating up to ₹4,000 million proposed to be undertaken by our Bank to our Promoters prior to the filing of the Red Herring Prospectus, to inter-alia ensure compliance with the minimum promoter holding requirements under the SFB Licensing Guidelines. The Proposed Further Issue, if undertaken, will be at such price to be decided by our Bank, in consultation with the BRLMs and in compliance with applicable laws
Prospectus	Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	Bank account to be opened with the Public Offer Account Bank, under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts on the Designated Date
Public Offer Bank(s)	A bank which is a clearing member and registered with SEBI as a banker to an issue and with which the Public Offer Account will be opened, in this case being [●]
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not less than 75% of the Net Offer consisting of [●] Equity Shares which shall be available for allocation to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors)
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	Account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made
Refund Bank(s)	Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being [●]
Registered Brokers	Stock brokers registered under Securities and Exchange Board of India (Stock Brokers) Regulations, 1992, with the Stock Exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012 issued by SEBI

Term	Description
Registrar Agreement	Agreement dated March 30, 2021 entered amongst our Bank, the Selling Shareholders, and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of BSE and NSE, and the UPI Circulars
"Registrar to the Offer" or "Registrar"	KFin Technologies Private Limited (*formerly known as Karvy Fintech Private Limited*)
"Retail Individual Bidder(s)" or "RIB(s)"	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs)
Retail Portion	Portion of the Offer being not more than 10% of the Net Offer consisting of not more than [●] Equity Shares which shall be available for allocation to Retail Individual Bidders (subject to valid Bids being received at or above the Offer Price)
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s) QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/ Offer Closing Date
SBICAP	SBI Capital Markets Limited
Self-Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list shall be updated on SEBI website
Share Escrow Agent	Share escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, [●]
Share Escrow Agreement	Agreement to be entered amongst our Bank, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders
Sponsor Bank	[•], being a Banker to the Offer, appointed by our Bank to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI and carry out other responsibilities, in terms of the UPI Circulars
"Syndicate" or "Members of the Syndicate"	Together, the BRLMs and the Syndicate Members
Syndicate Agreement	Agreement to be entered amongst our Bank, the Book Running Lead Managers, the Syndicate Members and the Registrar to the Offer, in relation to collection of Bids by the Syndicate
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●]
Systemically Important Non-Banking Financial Company	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
Underwriters	[●]
Underwriting Agreement	Agreement to be entered amongst our Bank, the Selling Shareholders and the Underwriters to be entered into on or after the Pricing Date but prior to filing of the Prospectus with the RoC
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI Circulars	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, and any subsequent circulars or notifications issued by SEBI in this regard
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the RIB by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS directing the RIB to such UPI

Term	Description
	linked mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	The bidding mechanism that may be used by an RIB in accordance with the UPI Circulars to make an ASBA Bid in the Offer
Working Day	All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

Technical/Industry Related Terms/Abbreviations

Term/Abbreviation	Full Form/Description
AFS	Available for sale
ALCO	Asset liability management committee
ALM	Asset liability management
AML	Anti-money laundering
ANBC	Adjusted net bank credit
ATMs	Automated teller machines
Average Advances	Average balances are calculated as the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period
Average Interest-Earning Advances	Interest-earning assets (advances) calculated on the basis of the daily average balance of the relevant period
Average Shareholders' Funds	Share capital and reserves and surplus calculated on the basis of the daily average balances relevant period
Average Total Interest-Bearing Liabilities	Total assets calculated on the basis of the daily average balance of the relevant period
Average Total Interest-Earning Assets	Total interest-earning assets calculated on the basis of the daily average balance of the relevant period
Basel Committee / BCBS	Basel Committee on Banking Supervision
Basel Master Circular	Master Circular – Basel III Capital Regulations, RBI/2015-16/58, DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015
Branches	Our branches that make loans and accept deposits
Business Loans	Loans designed to help business owners with the expansion of their existing businesses and achieve long-term business goals
Capital Adequacy Ratio	Capital adequacy ratio
CASA	Current account and savings account
CASA Ratio	CASA to total deposits ratio
CFT	Combating financing of terrorism
CIBIL	Credit Information Bureau (India) Limited
COVID-19 Regulatory Packages	RBI's 'COVID-19 Regulatory Packages', which were announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020
Collection Efficiency	Aggregate loan amounts collected in the relevant period divided by the total amount of demand due for collection (had there been no Moratorium) in such period and is expressed as a percentage
Cost of Funds	Ratio of interest expended to Average Total Interest-Bearing Liabilities
CRAR	Capital to risk-weighted asset ratio
CRILC	Central Repository of Information on Large Credits
CRR	Cash reserve ratio
EMI	Equated monthly instalment
Enterprise Loans	MSE loans that are aimed at supporting small businesses in their growth phase by offering credit facilities for business purposes including business expansion, working capital requirement, plant/equipment and machinery purchase and other long-term business requirements like extension of office/home, etc.
FBIL	Financial Benchmark India Private Limited
FIMMDA	Fixed Income Money Market and Derivatives Association
GNPA	Gross NPAs
Gross Advances	Loans outstanding including direct assignments and netted off with Inter-Bank Participation Certificates with risk sharing and Securitization pool
GST	Goods and services tax
HFT	Held for Trading
HTM	Held to Maturity
IBPC	Inter-bank participatory certificates
ICAAP	Internal Capital Adequacy Assessment Process
Interest-Earning Balance with Reserve Bank of India and other Inter-Bank Funds	Interest earned/expended divided by the average balance, including balances with banks in other deposits accounts and money at call and short notice
KYC	Know your customer

Term/Abbreviation	Full Form/Description
LCR	Liquidity coverage ratio
MCLR	Marginal cost of funds based lending rate
Moratorium	A moratorium of six months on the payment of all instalments and interest on term loans falling due between March 1, 2020 and August 31, 2020 pursuant to the COVID-19 Regulatory Packages
MSE	Micro and small enterprise
Net Interest Income	Interest earned less interest expended
NNPA	Net NPAs
NPA / NPAs	Non-performing assets
NPI	Non-performing investments
PFIC	Passive foreign investment company
PDAI	Primary Dealers Association of India
POS	Point of sales
PSLC	Priority Sector Lending Certificates
Repo	Repurchase transactions in government securities and corporate debt securities
Reverse Repo	Reverse repurchase in government securities and corporate debt securities are reflected as borrowing
RWAs	Risk weighted assets
Secured Advances	Secured advances, which includes advances covered by bank/government guarantees
SLR	Statutory liquidity ratio
SMA	Special mention accounts
TBLR	Treasury bill based lending rate
YTM	Yield-to-Maturity

Conventional and General Terms or Abbreviations

Term	Description
₹/Rs./Rupees/INR	Indian Rupees
AIFs	Alternative Investments Funds
BSE	BSE Limited
Category I AIF	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category II AIF	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as “Category I Foreign Portfolio Investors” under the SEBI FPI Regulations
Category II FPIs	FPIs who are registered as “Category II Foreign Portfolio Investors” under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
CCIL	Clearing Corporation of India Limited
CDSL	Central Depository Services (India) Limited
CERSAI	Central Registry of Securitization Asset Reconstruction and Security Interest of India
CIN	Corporate Identity Number
Civil Code	The Code of Civil Procedure, 1908
Companies Act or Companies Act, 2013	Companies Act, 2013, along with the relevant rules made thereunder
Companies Act, 1956	Companies Act, 1956, along with the relevant rules made thereunder
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as the Department of Industrial Policy and Promotion*)
DP ID	Depository Participant Identification
DP/ Depository Participant	Depository participant as defined under the Depositories Act
EBITDA	Earnings before interest (net), taxes, depreciation and amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020 effective from October 15, 2020
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations there under
FEM NDI Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Regulations	The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 and the Foreign Exchange Management (Debt Instruments) Regulations, 2019, as applicable
FIMMDA	Fixed Income Money Market and Derivates Association of India
Financial Year/ Fiscal/ FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIR	First information report
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI(s)	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GAAR	General Anti Avoidance Rules
Gazette	Gazette of India
GoI or Government or Central Government	Government of India

Term	Description
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Ind AS/ Indian Accounting Standards	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015
India	Republic of India
Indian GAAP/ IGAAP	Generally Accepted Accounting Principles in India
IPC	Indian Penal Code, 1860
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT	Information Technology
IT Act	The Income Tax Act, 1961
KYC	Know your customer
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MCA	Ministry of Corporate Affairs
MICR	Magnetic Ink Character Recognition
Mutual Fund (s)	Mutual Fund(s) means mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996
“NA” or “N.A.”	Not applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
NBFC	Non-banking financial company
NBFC-CIC-ND-SI	Systemically Important Non-Deposit taking Core Investment Company
NBFC-ND-NOFHC	Non-Deposit taking Non-Banking Financial Company - Non-Operative Financial Holding Company
NBFC-ND-SI	Systemically Important Non-Deposit taking Non-Banking Financial Company
NEFT	National Electronic Funds Transfer
NPCI	National Payments Corporation of India
NRI	Person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
NRE Account	Non-resident rupee account
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/E	Price/earnings
P/E Ratio	Price/earnings ratio
PAN	Permanent account number
PAT	Profit after tax
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
Scheduled Commercial Bank	Banks which are included in the Second Schedule to the Reserve Bank of India Act, 1934
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Merchant Banker Regulations	SEBI (Merchant Bankers) Regulations, 1992
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
“SFB” or “Small Finance Bank”	Small finance bank within the meaning of the SFB Licensing Guidelines
SFB Licensing Guidelines	Guidelines for Licensing of Small Finance Banks in the Private Sector issued by the RBI on November 27, 2014 read with the Clarifications to Queries on Guidelines for Licensing of Small Finance Banks

Term	Description
	and Payment Banks in the Private Sector dated January 01, 2015, issued by the RBI, and such other applicable rules, guidelines, instructions and regulations governing SFBs in India
SFB Operating Guidelines	Operating Guidelines for Small Finance Bank dated October 6, 2016 issued by the RBI
State Government	The government of a state in India
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TAN	Tax deduction account number
U.S. Securities Act	U.S. Securities Act of 1933, as amended
U.S. QIBs	"Qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs"
U.S./USA/United States	United States of America
"URCs" or "Unbanked Rural Centres"	Unbanked rural centres
USD/US$	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(lll) of the SEBI ICDR Regulations

OFFER DOCUMENT SUMMARY

The following is a general summary of the terms of the Offer and is neither exhaustive, nor purports to contain a summary of all the disclosures in this Draft Red Herring Prospectus, Red Herring Prospectus or Prospectus, or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including "Risk Factors", "Objects of the Offer", "Our Business", "Industry Overview", "Capital Structure", "The Offer", "Financial Statements", "Outstanding Litigation and Material Developments" ,"Offer Procedure" and "Description of Equity Shares and Terms of Articles of Association" on pages 23, 94, 136, 104, 70, 57, 241, 354, 385 and 400 respectively.

<table>
<tr><td>Summary of the primary business of the Bank</td><td>We are one of the top four SFBs in India in terms of AUM and deposit size and have the second most geographically diversified portfolio with a pan-India presence as at the end of Fiscal 2020 (Source: IRR Report). We have the fastest growing deposit franchise among the SFBs in Fiscal 2020 (Source: IRR Report). We offer a range of digital products, services and platforms and our core banking is supported by integrated multi-channel operations. Our deep understanding of the financial needs of the underbanked and underserved customers allows us to continue focusing on serving their financial needs.</td></tr>
<tr><td>Summary of the Industry</td><td>SFBs offer basic banking services such as payment, accepting deposits and lending to the unserved and the underserved segments of the Indian economy, including small businesses, marginal farmers, micro and small industries, and the unorganised sector. SFBs are focused on serving the unbanked and underbanked customers at the bottom of the pyramid to drive financial inclusion. The growth in the SFB industry in the recent years is illustrated by the exponential growth in both advances and deposits as well as the growth of SFBs' share in total banking industry in terms of its credit and deposit. (Source: IRR Report)</td></tr>
<tr><td>Names of our Promoters</td><td>Jana Capital Limited and Jana Holdings Limited*

*Our Promoters, JHL and JCL propose to file the Scheme of Amalgamation with relevant regulatory authorities, pursuant to which JHL is proposed to be amalgamated with JCL. The Scheme of Amalgamation will be subject to the approval of the board of directors, the shareholders, and the creditors of each of JCL and JHL, and receipt of the necessary statutory and regulatory and other consents and approvals (including from the RBI). Upon the Scheme of Amalgamation coming into effect, it is proposed that JHL's shareholding and interest in the Bank will be transferred to, and vested in JCL and JCL shall become a direct shareholder and sole promoter of the Bank. For details, see "Our Promoters and Promoter Group – Scheme of Amalgamation" on page 219.</td></tr>
<tr><td>Offer size</td><td>Offer of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating up to ₹[●] million comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹7,000 million by our Bank and an Offer for Sale of up to 9,253,659 Equity Shares aggregating up to ₹[●] million by the Selling Shareholders. The Offer shall constitute [●]% of the post-Offer paid-up equity share capital of our Bank.

The Offer includes a reservation of up to [●] Equity Shares, aggregating up to ₹[●] million, net of employee discount, (constituting up to [●]% of the post-Offer paid-up equity share capital), for subscription by Eligible Employees.

The Offer less the Employee Reservation Portion is the Net Offer. The Net Offer shall constitute [●] % of the post-Offer paid-up equity share capital of our Bank.

Our Bank may, in consultation with the BRLMs, consider a Pre-IPO Placement of an aggregate amount not exceeding ₹5,000 million, including by way of a Proposed Further Issue to our Promoters for an amount aggregating up to ₹4,000 million and a further issue of Equity Shares for the remaining amount (i.e. ₹5,000 million less any amounts raised from the Proposed Further Issue, if undertaken) to our Promoters and/or other investors. Any Pre-IPO Placement to the Promoters (including through the Proposed Further Issue), if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs and any Pre-IPO Placement to investors other than the Promoters, will be at a price to be decided by our Bank and the Selling Shareholders in consultation with the BRLMs. The Pre-IPO Placement, if undertaken will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the minimum Offer Size constituting at least [●]% of the post-Offer paid-up equity share capital of our Bank</td></tr>
<tr><td>Objects of the Offer</td><td>The objects for which the Net Proceeds shall be utilised are as follows:
(In ₹ million)
<table>
<tr><th>Particulars</th><th>Amount to be funded from the Net Proceeds</th></tr>
<tr><td>For augmentation of our Bank's Tier – 1 capital base</td><td>[●][(1)]</td></tr>
</table>
(1) To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC</td></tr>
<tr><td>Aggregate pre-Offer shareholding of our Promoters and Promoter Group, and Selling Shareholders as a percentage of our paid-up equity share capital</td><td>a) The aggregate pre-Offer shareholding of our Promoters and Promoter Group as a percentage of the pre-Offer paid-up equity share capital of the Bank is set out below:
<table>
<tr><th>Name</th><th>No. of Equity Shares held</th><th>Percentage of the pre- Offer paid-up equity share capital (%)#</th></tr>
<tr><td colspan="3">Promoter</td></tr>
<tr><td>JHL*</td><td>21,344,374</td><td>42.08</td></tr>
<tr><td>Total</td><td>21,344,374</td><td>42.08</td></tr>
</table>
* Our Promoters, JHL and JCL propose to file the Scheme of Amalgamation with relevant regulatory authorities, pursuant to which JHL is proposed to be amalgamated with JCL. The Scheme of Amalgamation will be subject to the approval of the board of directors,</td></tr>
</table>

the shareholders, and the creditors of each of JCL and JHL, and receipt of the necessary statutory and regulatory and other consents and approvals (including from the RBI). Upon the Scheme of Amalgamation coming into effect, it is proposed that JHL's shareholding and interest in the Bank will be transferred to, and vested in JCL and JCL shall become a direct shareholder and sole promoter of the Bank. For details, see "Our Promoters and Promoter Group – Scheme of Amalgamation" on page 219.

#*Without taking into account Equity Shares to be issued upon conversion of the Preference Shares or vested stock options or units.*

b) The aggregate pre-Offer shareholding of our Selling Shareholders as a percentage of the pre-Offer paid-up equity share capital of the Bank is set out below:

Name	No. of Equity Shares held	Percentage of the pre- Offer paid-up capital (%)#
Alpha TC	1,748,975	3.45
Badri Narayan Pilinja	115,195	0.23
BAGIC – Policyholder Fund	252,963	0.50
BAGIC – Shareholder Fund	108,413	0.21
BALIC	1,084,128	2.14
CRL	1,757,755	3.47
ENAM	4,290	0.01
ERL	984,455	1.94
GAWA 2	141,285	0.28
GP II Trust (Ajay Tandon)	825	Negligible
GP II Trust (Siva Shankar)	1,995	Negligible
Hero Ventures	561,647	1.10
ICICI Prudential	1,107,639	2.18
North Haven	4,147,427	8.18
QRG	986,216	1.94
Tree Line	1,652,101	3.26
Vallabh Bhanshali	119,410	0.24
Vallabh Bhanshali HUF	199,958	0.39
Total	**14,974,677**	**29.52**

#*Without taking into account Equity Shares to be issued upon conversion of the Preference Shares or vested stock options or units.*

Summary of Selected Financial Information

The details of our share capital, net worth, the net asset value per Equity Share and total borrowings as at September 30, 2020 and September 30, 2019 and March 31, 2020, 2019, 2018, as per the Restated Financial Statements are as follows:

(₹ in million, except per share data)

Particulars	As at September 30, 2020	As at September 30, 2019	As at March 31,		
			2020	2019	2018
Share capital	2,007.27*	1,971.57*	2,007.19*	1,971.57*	392.89
Net worth	11,108.89*	6,051.67*	10,273.15*	6,608.75*	15,236.92
Net asset value per Equity Share	218.99	128.33	202.55	140.14	387.82
Total borrowings (as per balance sheet)	33,656.89	27,158.78	28,987.39	40,864.66	76,616.07

**Including the preference share capital aggregating to ₹1,500 million divided into 150,000,000 preference shares of ₹10 each*

The details of our total income, profit/(loss) after tax and earnings per Equity Share (basic and diluted) for the six months periods ended September 30, 2020 and September 30, 2019 and for the Fiscals 2020, 2019 and 2019 as per the Restated Financial Statements are as follows:

(₹ in million, except per share data)

Particulars	For the six months ended September 30, 2020	For the six months ended September 30, 2019	For the period ended March 31,		
			2020	2019	2018
Total income	13,345.17	10,865.29	24,247.66	13,682.68	15,970.49
Profit/(loss) after tax	824.35	(553.44)	301.32	(19,490.66)	(25,037.95)
Earnings per Equity Share					
- Basic	16.25	(11.74)	6.21	(471.84)	(787.88)
- Diluted	15.42	(11.74)	5.90	(471.84)	(787.88)

Auditor qualifications which have not been given effect to in the Restated Financial Statements

Nil

Summary table of outstanding litigations

A summary of outstanding litigation proceedings involving our Bank, Promoters and Directors as of the date of this Draft Red Herring Prospectus is provided below:

Litigation against our Bank

Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)
Criminal cases	13	N.A.
Material civil cases	3	131.43
Taxation matters	6	359.07
Outstanding actions by regulatory and statutory authorities	3	2.23

Litigation by our Bank

Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)
Criminal cases	15,497	1,529.46
Material civil cases	35	151.78

Litigation against our Directors

Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)
Criminal cases	1	N.A.
Outstanding actions by regulatory and statutory authorities	1	N.A.

For further details, see "*Outstanding Litigation and Material Developments*" on page 354

Risk Factors

For details of the risks applicable to us, see "*Risk Factors*" on page 23

Summary table of contingent liabilities

The following is a summary table of our contingent liabilities as of September 30, 2020:

(₹ in million)

Contingent Liabilities	As at September 30, 2020
Income tax liability	359.09
Bank guarantee given	12.50
Total	**371.59**

For further details, see "*Financial Statements – Annexure 23 – Notes forming part of the Restated Summary Restated Financial Statements - 13. Contingent liabilities*" on page 292.

Summary of related party transactions

A summary of related party transactions entered into by our Bank for the six-month periods ended September 30, 2020 and September 30, 2019 and the Fiscals 2020, 2019 and 2018 are as follows:

(₹ in million, except per share data)

Related Party	Nature of Transaction	Six-month period ended September 30, 2020	Six-month period ended September 30, 2019	Year Ended March 31, 2020	Year Ended March 31, 2019	Year Ended March 31, 2018
A. Private company in which director or his relative is member or director						
Jana Urban Services for Transformation Private Limited	Income from rent and amenities	-	-	-	-	1.37
	Receiving of services	-	-	-	0.40	213.48
	Reimbursement of expense	-	-	-	-	1.11
Jana Holding Limited	Reimbursement of expense	-	-	20.88	3.86	6.33
	Issue of equity shares	-	-	1,470.00	2,950.00	-
	Rendered professional services	0.06	-	0.13	0.12	-
Jana Urban Space Foundation (India)	Receiving of services	-	6.54	6.54	12.90	6.45
	Receiving of services	-	-	-	-	-

	Janaadhar (India) Private Limited	Paid towards amenities	-	-	-	-	1.82
		Reimbursement of expense	-	-	-	-	-
		Income from rent and amenities	-	-	-	-	2.42
	Cross Domain Solutions Private Limited	Receiving of services	-	14.70	14.70	30.54	32.16
	Jana Urban Foundation	Royalty payments	31.39	-	30.35	-	-
		Income from rent and amenities	-	-	-	-	0.07
		Reimbursement of expense	-	-	-	-	0.14
	Jana Capital Limited	Rendered professional services	0.03	0.03	0.06	0.06	-
		Reimbursement of expense	-	-	0.27	-	-
	B. Directors						
	Ramesh Ramanathan	Loan from director	-	-	-	-	-
		Loan repaid during the period / year	-	-	-	-	17.50
		Interest on loan	-	-	-	-	1.43
		Sitting Fees	-	-	-	-	-
	R. Srinivasan	Salary	-	-	-	-	27.70
	C. Key Managerial Personnel						
	V.S. Radhakrishnan	Salary	-	-	-	-	36.16
	Ajay Kanwal	Salary	23.47	20.73	94.68	41.50	35.20
	Jayasheel Bhansali	Salary	-	-	-	-	13.02
	Vivek Venkatesan	Salary	-	-	-	8.04	1.34
	Anurag Adlakha	Salary	-	4.11	4.11	3.87	-
	Kapil Krishan	Salary	6.00	3.10	9.78	-	-
	Richa Saxena	Salary	-	-	-	1.84	3.62
	Lakshmi R N	Salary	1.20	1.27	2.42	1.38	-
	D. Deposits of related parties						
	KMP	Deposit	2.16	8.52	7.28	6.60	-
		Interest	-	-	0.37	0.50	-
	Relatives of KMP	Deposit	0.34	0.28	0.34	2.04	-
		Interest	0.04	0.03	0.02	0.04	-
	Director	Deposit	5.80	5.37	5.37	5.00	-
		Interest	0.20	-	0.40	0.41	-
	Relatives of Director	Deposit	5.66	2.10	4.28	0.05	-
		Interest	0.06	0.00	0.03	0.00	-

Private company in which director or his relatives is member or director	Deposit	108.20	92.01	60.73	10.00	-
	Interest	3.90	-	1.97	0.50	-
E. Relatives of director						
Radha Ramanathan	Loan from director	-	-	-	-	-
	Loan repaid during the period / year	-	-	-	-	4.00
	Interest on loan	-	-	-	-	0.33
Swathi Ramanathan	Loan from director	-	-	-	-	-
	Loan repaid during the period / year	-	-	-	-	17.50
	Interest on loan	-	-	-	-	1.43

For further details, see "*Financial Statements*" on page 241

Details of all financing arrangements whereby the Promoters, members of the Promoter Group, the directors of our Promoters, our Directors and their relatives have financed the purchase by any other person of securities of the Bank other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus	Our Promoters, members of the Promoter Group, the directors of our Promoters, our Directors and their relatives have not financed the purchase by any other person of securities of our Bank other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.
Weighted average price at which the Equity Shares were acquired by our Promoters and Selling Shareholders, in the last one year	Our Promoters* and the Selling Shareholders have not acquired any Equity Shares in the last one year preceding the date of this Draft Red Herring Prospectus. * *Our Bank proposes to undertake the Proposed Further Issue to our Promoters prior to the filing of the Red Herring Prospectus, to inter-alia ensure compliance with the minimum promoters holding requirements under the SFB Licensing Guidelines. The Proposed Further Issue, if undertaken, will be at such price to be decided by our Bank in consultation with the BRLMs and in compliance with applicable laws.*
Average cost of acquisition of Equity Shares of our Promoters and the Selling Shareholders	The average cost of acquisition of Equity Shares held by our Promoters and the Selling Shareholders is as follows:

Name	Number of Equity Shares	Average cost of acquisition per Equity Share (in ₹)
Promoter#		
JHL	21,344,374	1,088.89
Selling Shareholders*		
Alpha TC	1,748,975	505.92
Badri Narayan Pilinja	115,195	374.12
BAGIC – Policyholder Fund	252,963	1,383.60
BAGIC – Shareholder Fund	108,413	1,383.60

BALIC	1,084,128	1,383.60
CRL	1,757,755	363.61
ENAM	4,290	366.40
ERL	984,455	363.61
GAWA 2	141,285	463.33
GP II Trust (Ajay Tandon)	825	359.70
GP II Trust (Siva Shankar)	1,995	362.76
Hero Ventures	561,647	955.25
ICICI Prudential	1,107,639	1,374.42
North Haven	4,147,427	871.58
QRG	986,216	673.66
Tree Line	1,652,101	587.80
Vallabh Bhanshali	119,410	364.16
Vallabh Bhanshali HUF	199,958	1,550.30

[#]As certified by MSKC & Associates pursuant to the certificate dated March 31, 2021
**As certified by JHS & Associates LLP, Chartered Accountants pursuant to the certificate dated March 31, 2021*

Size of the pre-IPO placement and allottees, upon completion of the placement	Our Bank may, in consultation with the BRLMs, consider a Pre-IPO Placement of an aggregate amount not exceeding ₹5,000 million, including by way of a Proposed Further Issue to our Promoters for an amount aggregating up to ₹4,000 million and a further issue of Equity Shares for the remaining amount (i.e. ₹5,000 million less any amounts raised from the Proposed Further Issue, if undertaken) to our Promoters and/or other investors. Any Pre-IPO Placement to the Promoters (including through the Proposed Further Issue), if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs and any Pre-IPO Placement to investors other than the Promoters, will be at a price to be decided by our Bank and the Selling Shareholders in consultation with the BRLMs. The Pre-IPO Placement, if undertaken will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the minimum Offer Size constituting at least [●]% of the post-Offer paid-up equity share capital of our Bank
Any issuance of Equity Shares in the last one year for consideration other than cash	Our Bank has not issued any Equity Shares in the last one year from the date of this Draft Red Herring Prospectus, for consideration other than cash.
Any split/consolidation of Equity Shares in the last one year	Our Bank has not split or consolidated the face value of the Equity Shares in the last one year.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Draft Red Herring Prospectus to "India" are to the Republic of India and all references to the "US", "U.S." "USA" or "United States" are to the United States of America.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Financial Data

Unless stated otherwise, the financial information in this Draft Red Herring Prospectus is derived from our Restated Financial Statements prepared in accordance with the IGAAP, and restated in accordance with Section 26 of Part I of Chapter III of the Companies Act, SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI. For further information, see "*Financial Statements*" beginning on page 241. Our Bank's Financial Year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular Financial Year, unless stated otherwise, are to the 12 month period ended on March 31 of that year.

There are significant differences between IGAAP, Ind AS, U.S. GAAP and IFRS. The Restated Financial Statements included in this DRHP have been compiled by the management from the audited financial statements of our Bank as at and for the six-month periods ended September 30, 2020 and September 30, 2019 and from the audit financial statements of our Bank as at for the financial years ended March 31, 2018, March 31, 2019 and March 31, 2020, prepared by our Bank in accordance with the provisions of Section 29 of the Banking Regulation Act 1949, accounting principles generally accepted in India including the Companies (Accounting Standard) Rules 2006 (as amended) specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to our Bank and circulars, guidelines and directions issued by Reserve Bank of India from time to time. Our Bank has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Bank's financial data. For risks in this regard, see *"Risk Factor – Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors outside India may be more familiar with and may consider material to their assessment of our financial condition, results of operations and cash flows."* on page 50. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. Our Bank does not provide reconciliation of its financial information to IFRS or U.S. GAAP.

Further, our Promoters, JCL and JHL are required to prepare their financial statements in accordance with Ind AS. Accordingly, we are also required to prepare financial statements in accordance with Ind AS for the limited purpose of inclusion in our Promoters' consolidated financial statements. Such Ind AS financial statements of us are prepared only for the limited purpose of inclusion in our Promoters' consolidated financial statements. There is not a significant difference in our Bank's business operations and that of our Promoters. Consequently, our Bank's Ind AS financial information may be extent indirectly available, as may be derived from or reflected in the consolidated Ind AS financial information of our Promoters. Investors are cautioned against placing reliance on such Ind AS financial information relating to our Bank and should rely solely on our Restated Financial Statements included in the Red Herring Prospectus for an assessment of our financial position and any investment decision. For further details, see "*Risk Factors – Banking companies in India, including us, may be required to report financial statements as per Ind AS in the future. Differences exist between Ind AS and Indian GAAP. In the future, if we are required to prepare our financial statements in accordance with Ind AS, there is a possibility that our financial condition, results of operations and cash flows could be worse than if we prepared our financial statements in accordance with Indian GAAP*" on page 43.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 23, 136 and 314 respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Financial Statements prepared in accordance with IGAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places.

Non-GAAP Financial Measures

We have included certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance (together, "**Non-GAAP Financial Measures**" and each, a "**Non-GAAP Financial Measure**") in this Draft Red Herring Prospectus. These Non-GAAP Financial Measures are not required by or presented in accordance with IGAAP. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. However, note that these Non-GAAP Financial Measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore, may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other small finance banks or financial services companies. See also "*Risk Factors – We have included certain Non-GAAP Financial Measures and certain other selected statistical information related to our business, financial condition, results of operation and cash flows in this Draft Red Herring Prospectus. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.*" on page 47.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India; and
- "USD" or "US$" or "$" are to United States Dollar, the official currency of the United States of America.

Our Bank has presented certain numerical information in this Draft Red Herring Prospectus in "lakh", "million" and "crores" units or in whole numbers where the numbers have been too small to represent in such units. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. One lakh represents 100,000 and one crore represents 10,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Exchange Rates

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and USD (in Rupees per USD):

Currency	As at				
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019[(2)]	March 31, 2018[(1)]
1 USD	73.80	70.69	75.39	69.17	65.04

Source: RBI reference rate and www.fbil.org.in

(1) *Exchange rate as on March 28, 2018, as RBI reference rate is not available for March 31, 2018, March 30, 2018 and March 29, 2018 being a Saturday and public holidays, respectively*

(2) *Exchange rate as on March 29, 2019, as RBI reference rate is not available for March 31, 2019 and March 30, 2019 being a Sunday and Saturday, respectively*

Industry and Market Data

Unless otherwise indicated, industry and market data used throughout this Draft Red Herring Prospectus has been obtained or derived from the report titled '*Overview of Banking Sector in India*' dated March 12, 2021 by IRR Advisory which has been commissioned by our Bank for an agreed fee, and which is subject to the following disclaimer:

"This report is prepared by IRR Advisory Services Pvt Ltd (IRR Advisory). IRR Advisory has taken utmost care to ensure accuracy and objectivity while developing this report. IRR Advisory is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that IRR advisory has no financial liability whatsoever to the user of this report. This report is for the information of the intended recipients only and no part of this report may be published or reproduced in any form or manner without prior written permission of IRR Advisory."

For risks in this regard, see "*Risk Factors – Statistical and industry data in this Draft Red Herring Prospectus is derived from the IRR Report which was commissioned by us for such purpose for an agreed fee. The IRR Report is not exhaustive and is based on certain assumptions and parameters/conditions. The data and statistics in the IRR Report may be inaccurate, incomplete or unreliable.*" on page 56.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Bank is conducted, and methodologies and assumptions may vary widely among different industry sources.

Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors*" on page 23.

In accordance with the SEBI ICDR Regulations, "*Basis for Offer Price*" on page 98 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs or any of their affiliates have independently verified such information. Accordingly, no investment decision should be made solely on the basis of such information.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute "forward-looking statements". All statements regarding our expected financial condition and results of operations, business, plans and prospects are "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "likely to", "seek to", "shall", "objective", "plan", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements whether made by us or any third parties in this Draft Red Herring Prospectus are based on our current plans, estimates, presumptions and expectations and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including but not limited to, regulatory changes pertaining to the banking industry and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the banking/ NBFC industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Uncertainty in relation to the continuing effects of the COVID-19 pandemic and associated responses on our business;
- Our ability to control our non-performing assets in the future;
- Any adverse developments in the microfinance sector;
- Our ability to recover our unsecured AUM advances in a timely manner or at all;
- Our ability to comply with stringent regulatory requirements and prudential norms (including the SFB Licensing Guidelines), which we are subject to;
- Our ability to manage our interest rate risk ;
- Our ability to access funding on acceptable terms and competitive rates; and
- Our ability to enforce the sale of collateral in case of default by borrowers who have availed of secured loans.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 23, 136 and 314, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

These statements are based on our management's belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based on are reasonable, any of these assumptions could prove to be inaccurate and the forward looking statements based on these assumptions could be incorrect. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance. Neither our Bank, our Promoters, our Directors, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements of SEBI, our Bank and the Selling Shareholders shall ensure that investors in India are informed of material developments from the date of the Red Herring Prospectus until the date of Allotment.

SECTION II: RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before evaluating our business and making an investment in our Equity Shares pursuant to the Offer. This section should be read in conjunction with "Industry Overview", "Our Business", "Selected Statistical Information", "Summary of Financial Information", "Financial Statements", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 104, 136, 226, 59, 241 and 314 respectively, before making an investment decision in relation to the Equity Shares.

The risks and uncertainties described in this section are not the only risks that are relevant to us or the Equity Shares or the industry and segment in which we operate. Additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, financial condition, results of operations and cash flows. If any of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, financial condition, results of operations and cash flows could be adversely affected, and the trading price of the Equity Shares could decline and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors described below. However, there are certain risk factors where such implications are not quantifiable, and hence any quantification of the underlying risks has not been disclosed in such risk factors.

In making an investment decision, prospective investors must rely on their own examination of our Bank and the terms of the Offer, including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For details, see "Forward-Looking Statements" on page 22.

Unless otherwise indicated, industry and market data used in this section have been derived from the IRR Report prepared and released by IRR Advisory and commissioned by us in connection with the Offer for an agreed fee. None of our Bank, the BRLMs or any other person connected with the Offer has independently verified this information. Unless otherwise indicated, all financial, operational, industry and other related information derived from the IRR Report and included herein with respect to any particular year refers to such information for the relevant fiscal year.

Our fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or as the context otherwise requires, the financial information included herein is derived from the Restated Financial Statements, which are included in this Draft Red Herring Prospectus. We started operating as a small finance bank on March 28, 2018. As a result, our restated summary statements of profit and loss and cash flows for Fiscal 2018 reflect only three days of operations as a small finance bank. Accordingly, the financial and statistical data for Fiscal 2018 are not comparable with the financial and statistical data for Fiscals 2020 and 2019 and for the six months ended September 30, 2020 and 2019.

RISKS RELATING TO OUR BUSINESS

1. ***COVID-19 has had and could continue to have an adverse effect on our business, financial condition, results of operations and cash flows.***

   The outbreak of COVID-19, which emerged in late 2019, was declared a global pandemic on March 11, 2020 by the World Health Organization. The coronavirus (COVID-19) pandemic has caused severe adverse effects on economic activity, health and livelihood across the world. The initial signs of the disastrous consequences that COVID-19 would cause became apparent in early 2020 when global financial markets turned increasingly volatile with panic sell-offs, flight to safety and wealth erosion in equity markets across both advanced and emerging economies. Sovereign bond yields fell to record lows in most countries and as the outbreak spread quickly around the globe, lockdowns and social distancing stalled economic activity across the world *(Source: IRR Report).* The Government of India initiated a nation-wide lockdown from March 25, 2020 for three weeks on all services except for essential services (which included bank branches and ATMs), which was extended to May 31, 2020. Although the nation-wide lockdown was lifted on June 1, 2020, restrictions on non-essential activities and travel were imposed until August 31, 2020 in multiple states across specific districts that were witnessing increases in COVID-19 cases. On September 1, 2020, the Government notified all states to allow economic activities to function normally, while continuing with restrictions only in containment zones.

   As per provisional estimates released by the Ministry of Statistics and Programme Implementation, India's GDP at Constant (2011-12) Prices for the half year ended September 30, 2020 is estimated to have contracted by 15.7% compared to growth of 4.8% during the same period in 2019 and India's GDP at Current Prices for the half year ended September 30, 2020 is estimated to have contracted by 13.3% compared to growth of 7.0% during the same period in 2019. However, this severe economic downturn has not yet resulted in a material increase in our non-performing assets ("**NPAs**") due to the RBI's 'COVID-19 Regulatory Packages', which were announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020 (collectively, the "**COVID-19 Regulatory Packages**"), and the interim order passed by the Supreme Court of India in *Gajendra Sharma Vs Union of India & Anr*. Pursuant to the COVID-19 Regulatory Packages, lending institutions, including us, were permitted to grant a moratorium of six months on the payment of all instalments and interest on term loans falling due between March 1, 2020 and August 31, 2020 (the "**Moratorium**"). Lending institutions are required to exclude the Moratorium period, wherever granted in respect of term loans, from the number of days past-due for the purpose of asset classification under the RBI's Income Recognition and Asset Classification norms in respect of all accounts classified as standard or Special Mention Account ("**SMA**") as at February 29, 2020. For details on the Moratorium option exercised by our customers, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Financial Condition, Results of Operations and Cash Flows -RBI's COVID-19 Regulatory Package and the Supreme Court of India's Interim Order*" on page 320.

As per the COVID-19 Regulatory Packages, we were required to make provisions of not less than 10% of the amounts outstanding under SMA-0 to SMA-2 bucket by June 30, 2020. As at September 30, 2020, our exposure towards loans in SMA-0 to SMA-2 buckets was ₹1,377.92 million, of which ₹354.25 million was towards fully secured loans. As at September 30, 2020 and March 31, 2020, we had a general provision (including the COVID-19 regulatory provision prescribed by the RBI) of ₹1,100.00 million and ₹89.42 million towards the potential impact of COVID-19, respectively. The provisions made by us as at September 30, 2020 and March 31, 2020 were in excess of the RBI prescribed norms.

The Supreme Court of India in *Gajendra Sharma Vs Union of India & Anr.*,vide its interim order dated September 3, 2020, has directed banks that accounts that were not declared as NPAs as at August 31, 2020 shall not be declared as NPAs until further orders, pending disposal of the case by the Supreme Court. Pursuant to the order, we have not classified any account that has not been classified as an NPA as at August 31, 2020 as NPAs as per the RBI's prudential norms on income recognition, asset classification and provisioning pertaining to advances. Gross advances amounting to ₹243.25 million have crossed the 90 days overdue as at September 30, 2020 and continued to be classified as standard assets. However, if we had classified such borrower accounts as NPAs after August 31, 2020, the corresponding NPA provision of ₹60.81 million would have been made in the six months ended September 30, 2020 and as at September 30, 2020:

- our gross NPAs would have been ₹3,076.08 million compared to our actual gross NPAs of ₹2,832.83 million;
- our gross NPA ratio would have been 2.95% compared to our actual gross NPA ratio of 2.72%;
- our net NPAs would have been ₹1,034.97 million compared to our actual net NPAs of ₹852.56 million; and
- our net NPA ratio would have been 1.01% compared to our actual net NPA ratio of 0.83%.

The Supreme Court of India in *Small Scale Industrial Manufactures Association (Regd.) vs Union of India and others* vide a judgment dated March 23, 2021 has directed that the interim order granted on September 3, 2020 to not declare the accounts of borrowers as NPAs stands vacated. Moving forward from the date of the judgment on March 23, 2021, our Bank will resume recognizing overdue accounts not previously recognised as NPAs, as NPAs.

Additionally, in the above referenced judgment, the Supreme Court has directed that there shall not be any charge of interest on interest/ compound interest/ penal interest for the period during the Moratorium and any amount already recovered by way of interest on interest/ compound interest/ penal interest shall be refunded to the respective borrowers and to be given credit/adjusted in the next instalment of the loan account. Our Bank awaits further clarity from the RBI on this judgement before we assess its potential effect on our financial condition and results of operations.

On August 6, 2020, the RBI issued a circular that permits lenders to implement a resolution plan, along with asset classification benefits, for eligible corporate and individual borrower segments. Lenders have to ensure that the resolution facility is provided only to borrowers impacted by COVID-19. The resolution facility is applicable for accounts classified as standard and not in default for more than 30 days as at March 1, 2020. The resolution plan has to be finalized by December 31, 2020, and implemented within 180 days from the date of invocation. Restructuring of loans has also been allowed for micro, small and medium enterprises. The RBI has vide circular dated September 7, 2020 issued certain financial parameters to be mandatorily considered by lenders while finalizing the resolution plan in respect of eligible borrowers. As at September 30, 2020, out of a total of ₹104,190.65 million of our gross advances outstanding, ₹443.73 million, or 0.43%, were restructured under MSME restructuring of advances.

On October 23, 2020, the Government announced a scheme for the grant of ex-gratia payments to borrowers of certain loan accounts where the sanctioned limit and outstanding amount does not exceed ₹20 million (aggregate of all facilities with the lender) irrespective of whether they opted for the Moratorium or not of the difference between compound interest and simple interest charged on those loans for the six month period from March 1, 2020 to August 31, 2020. The scheme involves the lenders crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 to the accounts of such borrowers and the Government paying such credited amounts to the lenders.

In addition to the matters set forth above, COVID-19 and the lockdown and restrictions had the following material adverse effects on our business, financial condition, results of operations and cash flows:

- a decrease in collections on loan repayments and a decrease in collection efficiency (which was also due to the Moratorium);
- a decrease of disbursements of loans; and
- a decrease in the rate of growth of our deposits.

The collection of the repayment amounts of our group loans, agricultural and allied loans and is carried out by our employees collecting the cash from the borrowers at their homes or business premises. In addition, our employees on the ground are primarily responsible for sourcing borrowers for these loans. Due to the nation-wide lockdown, the collection and disbursement activities for these loans were almost stopped entirely during the month of April and were severely curtailed in May 2020. Effective June 1, 2020, loan collection and disbursement activities for these loans started functioning again in most of the centres except in those areas where the effect of COVID-19 was severe and the respective state governments imposed restrictions on various activities. As of February 28, 2021, there are still some area-wide lockdowns.

Set forth below is a table showing collections of advances and collection efficiency by unsecured advances and secured advances, which includes advances covered by bank/government guarantees ("**Secured Advances**") for the half years ended September 30, 2020 and 2019 and the percentage increase/(decrease) in collections of advances from the half year ended September 30, 2019 compared to the half year ended September 30, 2020. Collections were severely impacted by COVID-19. The quarterly collections are provided in the table below. Collection efficiency is calculated as the aggregate loan amounts collected in the relevant period divided by the total amount of demand due for collection (had there been no Moratorium) in such period and is expressed as a percentage ("**Collection Efficiency**"). The collection and demand due excludes the prepayments and gold loans.

(₹ in millions, except percentages)

	April 2020		**May 2020**		**June 2020**	
Particulars	**Amount**	**Collection Efficiency %**	**Amount**	**Collection Efficiency %**	**Amount**	**Collection Efficiency %**
Secured Advances	196.73	36.94%	187.48	38.88%	276.58	53.31%
Unsecured advances	306.32	4.81%	1,037.98	16.65%	3,248.65	49.52%
Total	**503.04**	**7.29%**	**1,225.47**	**18.25%**	**3,525.22**	**49.80%**
	July 2020		**August 2020**		**September 2020**	
Particulars	**Amount**	**Collection Efficiency %**	**Amount**	**Collection Efficiency %**	**Amount**	**Collection Efficiency %**
Secured Advances	386.04	69.66%	372.07	67.21%	542.24	97.75%
Unsecured advances	3,614.38	55.72%	3,948.07	61.63%	5,584.60	89.55%
Total	**4,000.42**	**56.82%**	**4,320.14**	**62.07%**	**6,126.84**	**90.22%**

Set forth below is a table showing disbursements of unsecured advances and Secured Advances for the half years ended September 30, 2020 and 2019 and the percentage increase/(decrease) from the prior period.

(₹ in millions, except percentages)

Particulars	**Six months ended September 30, 2020**	**Percentage increase / (decrease)**	**Six months ended September 30, 2019**
Unsecured advances	4,954.56	(84.79)	32,572.83
Secured Advances	11,646.84	19.72	9,728.22
Total	**16,601.40**	**(60.75)**	**42,301.06**

The following table sets forth, as at the dates indicated, deposits by each category of deposit and the percentage increase/(decrease) from the prior balance sheet date. As shown in the table below, there was an increase in our total deposits. However, the rate of growth of our deposits decreased from an increase of 28.64% from September 30, 2019 to March 31, 2020, to an increase of 5.99% from March 31, 2020 to September 30, 2020.

(₹ in millions, except percentages)

Particulars	**As at September 30, 2020**	**Percentage increase**	**As at March 31, 2020**	**Percentage increase**	**As at September 30, 2019**
Demand Deposits	3,914.12	41.17	2,772.72	64.11	1,689.57
Savings Bank Deposits	6,059.34	38.78	4,366.03	9.34	3,993.13
Term Deposits	92,325.63	3.29	89,380.72	28.89	69,347.83
Total	**102,299.09**	**5.99**	**96,519.47**	**28.64**	**75,030.53**

For more information on the effects of COVID-19 and the lockdown and restrictions as well as the Moratorium and the Supreme Court's interim order on our business, financial condition, results of operations and cash flows as at and for the six months ended September 30, 2020 and as at and for the year ended March 31, 2020, see "*Our Business -*

Overview -Recent Development - Effects of the COVID-19 pandemic on our business and operations", "*Financial Statements - Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements - 7.4 Disclosure on COVID 19*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors Affecting our Financial Condition, Results of Operations and Cash Flows-RBI's COVID-19 Regulatory Package and the Supreme Court of India's Interim Order*" on pages 144, 287 and 320, respectively. Further, the Statutory Auditors have included emphasis of matters in their audit reports on our audited financial statements for the six months ended September 30, 2020 and Fiscal 2020, noting that there are changes in customer behavior and pandemic fears, as well as restrictions on business and individual activities, which has led to significant volatility in global and Indian financial markets. The extent to which the COVID-19 pandemic will continue to impact the Bank's operations and financial results will depend on future developments, which are highly uncertain. The Statutory Auditors' opinions have not been modified in respect of this matter.

The extent to which the COVID-19 pandemic and the related economic crisis continues to adversely affect our businesses, results of operations, financial condition and cash flows will depend on future developments that cannot be predicted, including the scope and duration of the pandemic, future actions taken by governmental authorities, central banks and other third parties in response to the pandemic, and the effects on our customers, counterparties, employees and third-party service providers. In addition to the risks discussed above, the ongoing COVID-19 pandemic exposes us to the following risks, the occurrence of any of which could have an adverse effect on our business, financial condition, results of operations and cash flows:

- A decrease in cash flows and income of borrowers and the value of savings of borrowers could cause borrowers to default on repayments of advances, thereby increasing our NPAs and our provisions, and result in a decrease of eligible potential borrowers for new loans, thereby adversely affecting new loans.
- There could be a decrease in demand for our products due to lockdowns or other travel restrictions, an economic downturn or illness.
- We may be unable to maintain sufficient liquidity given the uncertain scope and duration of the COVID-19 pandemic.
- Our operations and the operations of our business correspondents and other third party service providers could be disrupted by social distancing, split-team, work from home and quarantine measures.
- We could incur increased costs to ensure that we comply with any health and safety rules or regulations adopted by the Government or state governments in response to the COVID-19 pandemic.
- The effects of the COVID-19 pandemic could heighten the other risks described in this "*Risk Factors*" section.

2. ***We made material provisions for non-performing assets and bad debts written off for the six months ended September 30, 2019 and Fiscals 2019 and 2018, which were the primary reasons for our net loss in these periods. If we are unable to control our NPAs in the future, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

On November 8, 2016, the Government announced the demonetisation of all ₹500 and ₹1,000 banknotes and the issuance of new ₹500 and ₹2,000 banknotes in exchange for the demonetised banknotes. The unavailability of currency in circulation resulting from demonetisation severely affected the repayment of our loans by many of our customers, particularly our group loan customers, which led to a large increase in NPAs and provisions and write-offs for NPAs for the six months ended September 30, 2019 and Fiscals 2019 and 2018. Our provision for non-performing assets and bad debts written off was ₹1,491.67 million for the half year ended September 30, 2019 and ₹13,641.54 million and ₹14,722.14 million for Fiscals 2019 and 2018, respectively. These provisions for non-performing assets and bad debts written off were the primary reasons our net loss for the six months ended September 30, 2019 was ₹553.44 million, and our net loss for the year for Fiscals 2019 and 2018 was ₹19,490.66 million and ₹25,037.95 million, respectively. For further details, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 241 and 314, respectively.

As at September 30, 2020 and March 31, 2020, 2019 and 2018, our net NPAs to net advances were 0.83%, 1.41%, 4.39% and 27.72%, respectively. Our NPAs may increase in the future, due to several factors, including adverse effects on our borrowers' businesses or incomes, including as a result of the COVID-19 pandemic, a rise in unemployment, slow business growth, changes in customer behaviour and demographic patterns and central and state government policies and regulations (including agricultural loan waivers that may affect our agricultural and allied loans advances in the short-term). Provisions for NPAs are created by a charge to our profit and loss account and are currently subject to minimum provisioning requirements, linked to the ageing of NPAs and other matters as specified in RBI circulars. In addition to the relevant regulatory minimum provisioning, we also consider our internal estimate for loan losses and risks inherent in the credit portfolio when deciding on the appropriate level of provisions. The determination of a suitable level of loan losses and provisions involves a degree of subjectivity and requires that we make estimates of current credit risks and future trends, all of which may be subject to material changes. Any incorrect estimation of risk may result in our provisions not being adequate to cover any further increase in the amount of NPAs or any further deterioration in our NPA portfolio. For the six months ended September 30, 2020 and September 30, 2019, our provision coverage ratio was 69.91% and 57.19%, respectively. For Fiscals 2020, 2019 and 2018, our provision coverage ratio was 56.24%, 47.74% and 47.49%, respectively. There can be no assurance that our provision coverage ratio will not decline in the future. We may need to make further provisions if there is dilution/ deterioration in the quality of our security or down-grading of the account or recoveries with respect to such NPAs do not materialize in time or at all. Accordingly, if we are unable to control the level of our NPAs, it would have an adverse effect on our financial condition, results of operations and cash flows.

3. ***Our business is significantly dependent on unsecured loans, especially group loans, and any adverse developments in the microfinance sector could adversely affect our business, financial condition, results of operations and cash flows.***

As at September 30, 2020 and March 31, 2020, 2019 and 2018, our unsecured loans AUM was ₹79,957.30 million, ₹85,134.39 million, ₹58,986.55 million and ₹75,459.44 million, respectively, which accounted for 70.99%, 75.35%, 90.48% and 98.82%, respectively, of our total AUM. As at September 30, 2020 and March 31, 2020, 2019 and 2018, our group loans AUM was ₹48,897.19 million, ₹51,563.39 million, ₹41,120.84 million and ₹61,449.94 million, respectively, which accounted for 43.41%%, 45.64%, 63.07% and 80.48%, respectively, of our total AUM. Demand for our unsecured loans, including group loans, is affected by a number of factors, including the rate of growth of the Indian economy, changes in regulations and policies, any adverse publicity or litigation relating to the microfinance sector and public criticism of the microfinance sector in general. Our target borrowers for unsecured loans have been adversely affected by the economic downturn caused by COVID-19 related measures, such as closure of non-essential services. The COVID-19 pandemic resulted in a decrease in demand for our Unsecured Loans, including group loans. Our disbursements for unsecured loans advances for the six months ended September 30, 2020 decreased to ₹4,954.56 million for the six months ended September 30, 2020 from ₹32,572.83 million for the six months ended September 30, 2019. Our disbursements for group loan advances for the six months ended September 30, 2020 decreased to ₹3,064.78 million for the six months ended September 30, 2020 from ₹18,591.33 million for the six months ended September 30, 2019. Any decline in the demand for our Unsecured Loans, especially group loans, would adversely affect our business, financial condition, results of operations and cash flows. As at September 30, 2020 and March 31, 2020, 2019 and 2018, the percentage of our gross unsecured loans advances that are NPAs to the total gross unsecured loans advances was 3.22%, 3.38%, 8.46% and 42.64%, respectively. Customers availing unsecured loans typically have limited sources of income and savings and, as such, generally do not have a high level of financial resilience. Our borrowers' ability to repay their loans can vary depending on various factors, including, any decreases in our borrowers' incomes, the occurrence of event-based risks and natural calamities, such as floods and cyclones, and the occurrence of epidemics or pandemics, such as COVID-19. If any of the foregoing occur, this could lead to an increase in our gross NPAs and our loan loss provisions, which would adversely affect our business, financial condition, results of operations and cash flows.

4. ***A majority of our AUM is unsecured. If we are unable to recover such AUM in a timely manner or at all, our financial condition, results of operations and cash flows would be adversely affected.***

Our group loans, agricultural and allied loans, and individual and micro business loans are unsecured and, as such, are at a higher credit risk than secured loans because they are not supported by collateral. Since these advances are unsecured, in the event of defaults by such customers, our ability to realise the amounts due to us would be restricted to initiating legal proceedings for recovery. There can be no guarantee as to the amount of our resources that would be utilised and the length of time it could take to conclude such legal proceedings or for the legal proceedings to result in a favourable decision to us. Any failure to recover the full amount of principal and interest on unsecured advances given to our customers could adversely affect our financial condition, results of operations and cash flows.

A bank missing its priority sector lending target is able to meet the target by buying inter-bank participatory certificates ("**IBPC**") issued by other banks that have already exceeded their regulatory targets for priority sector advances. We transfer advances through IBPCs. In accordance with the applicable RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by our Bank is reduced from our advances. IBPCs with risk sharing can be issued for 91-180 days and only in respect of advances classified as standard. In case of participation with non-risk sharing, the aggregate amount of participation is classified as borrowings. At the end of the term, the advances sold via IBPCs are sold back to the Bank that issued the IBPC. As at September 30, 2020 and March 31, 2020, 2019 and 2018, our unsecured advances and unsecured advances sold via risk sharing IBPC combined were ₹8,016.00 million, ₹10,158.17 million, nil and nil, respectively, which accounted for 10.08%, 11.99%, nil and nil of our unsecured advances and unsecured advances sold via risk sharing IBPCs combined, respectively.

5. ***We are subject to stringent regulatory requirements and prudential norms. If we are unable to comply with such regulations and norms, it may have an adverse effect on our business, financial condition, results of operations and cash flows.***

We are regulated under the Banking Regulation Act and have to comply with circulars and directives issued by the RBI that apply to Small Finance Banks. The Banking Regulation Act limits the flexibility of shareholders and management of a Small Finance Bank in many ways, including by way of specifying certain matters for which a banking company would require RBI approval. The RBI In-Principle Approval, RBI Final Approval, SFB Licensing Guidelines and SFB Operating Guidelines require us to comply with certain conditions in order to operate our business. For further details on these regulatory requirements and prudential norms, see "*Key Regulations and Policies*" on page

177. In case we fail to comply with the applicable directives and reporting requirements or meet the prescribed prudential norms, the RBI may charge penalties, restrict our banking activities or otherwise enforce increased scrutiny and control over our banking operations, including by way of withholding approvals, or issuing conditional approvals, in respect of any proposed actions for which we may seek RBI approval in the future, or in an extreme scenario the RBI has powers to supersede the Board and even cancel our banking license. If we are unable to comply with laws and regulations applicable to a Small Finance Bank, it may have an adverse effect on our business, financial condition, results of operations and cash flows.

In addition, we are subject to an evolving regulatory landscape with new regulations and/or policies being introduced from time to time. For example, a recently introduced regulation requires us implement an Aadhaar Data Vault, which is a centralized secure storage system for all the Aadhaar numbers collected and stored by us for specific purposes under the Aadhaar Act and Regulations, 2016. Further, pursuant to a compliance direction issued by the RBI under the Payment and Settlement Systems Act, 2007, we are required to enhance the security of card transactions. Although we are working towards implementing the measures needed in order for us to comply with these new regulations, we expect that we will be unable to comply with the above mentioned regulations by the applicable dates set forth in those regulations. In case we fail to fully comply with new regulations and/or policies in accordance with the stipulated dates, we may be subject to penalties or other regulatory action, which could have an adverse effect on our business, financial condition and results of operations.

We have highlighted below some of the more material rules and regulations that we need to comply with as a Small Finance Bank.

Restrictions relating to advances

The maximum loan size and investment limit exposure to a single and group obligor is restricted to 10% and 15% of our capital funds, respectively. In addition, at least 50% of our loan portfolio is required to constitute advances of up to ₹2.50 million.

We are also prohibited from exposure in terms of advances to our Directors, companies in which our Directors are interested, our Promoters, major shareholders (holding 10% or more of our paid-up equity share capital), and entities in which our Promoters and major shareholders have significant influence or control (as defined under applicable accounting standards).

Maintenance of cash reserve ratio ("CRR") and statutory liquidity ratio ("SLR")

With effect from March 27, 2021, we are required to maintain a CRR of a minimum of 3.50% of our demand and time liabilities with the RBI, on which no interest is paid. Further, we are also currently required to maintain an SLR equivalent to 18.00% of our net demand and time liabilities in cash and invested in Government and other RBI-approved securities. As at September 30, 2020 and March 31, 2020, 2019 and 2018 our CRR was 3.2%, 3.4%, 17.8% and 4.6%, respectively. As at September 30, 2020 and March 31, 2020, 2019 and 2018 our SLR was 33%, 23%, 23% and 26% of our net demand and time liabilities. In the event that the CRR or SLR requirements applicable to us are increased in the future, our ability to make advances would be correspondingly reduced, which may adversely affect our business, financial condition, results of operations and cash flows.

Maintenance of capital to risk (weighted) assets ratio ("CRAR")

As per the SFB Operating Guidelines and the Master Circular – Basel II Capital Regulations, we are required under applicable laws and regulations to maintain a minimum CRAR**,** which is currently 15% of the risk weighted assets ("**RWAs**"), on a continuous basis subject to any higher percentage as may be prescribed by the RBI from time to time, with Tier I capital of at least 7.5% of the RWAs and Tier II capital of not more than 100% of the Tier I capital. As at September 30, 2020 and March 31, 2020, 2019 and 2018, our CRAR was 20.09% (Tier 1 Capital of 14.24%), 19.25% (Tier 1 Capital of 13.12%), 18.02% (Tier 1 Capital of 11.74%) and 34.67% (Tier 1 Capital of 24.27%) respectively. Currently, the RBI does not require Small Finance Banks to provide any capital charge for operational risk or market risk weighted assets. However, there can be no assurance that the RBI will not require Small Finance Banks, including us, to provide capital charge for such risk in future and to migrate to Basel III approach for credit risk.

As we continue to grow our loan portfolio and asset base, we may be required to raise additional capital in order to continue to meet applicable CRARs with respect to our business. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favourable to us, or at all, which may adversely affect the growth of our business.

Maintenance of priority sector lending ("PSL") requirements

As a Small Finance Bank, we are required to extend 75% of our adjusted net bank credit ("**ANBC**") to the sectors eligible for classification as PSL by the RBI, such as agriculture, MSMEs, export credit, education, housing, social infrastructure and renewable energy. Further, the sub-targets applicable to various sectors are as under:

- 18.00% of the ANBC towards advances to agriculture, of which 8% of ANBC is prescribed for small and marginal farmers for Fiscal 2021 (which percentage is increasing in a phased manner: 9.00% for Fiscal 2022; 9.50% for Fiscal 2023; and 10.00% for Fiscal 2024);
- 7.50% of ANBC towards advances to micro enterprises; and
- 10.00% of ANBC towards advances to weaker sections for Fiscal 2021 (which percentage is increasing in a phased manner: 11.00% for Fiscal 2022; 11.50% for Fiscal 2023; and 12.00% for Fiscal 2024).

Advances by Small Finance Banks for lending to MFIs are not treated as PSL. As per RBI guidelines, co-lending of loans by Small Finance Bank is not permitted.

The PSL requirements applicable to a Small Finance Bank are significantly higher than the PSL limits applicable to other Scheduled Commercial Banks, which could subject us to higher delinquency rates and may limit our funding from securitizations and assignments to comply with such requirements. In case of any shortfall by us in meeting the PSL requirements, we would subsequently be required to place the allocated amount by RBI in an account with the NABARD under the Rural Infrastructure Development Fund Scheme, or with other institutions specified by the RBI, which may earn lower rates of interest, compared to other interest bearing securities. Our failure to comply with PSL requirements, may have an adverse effect on our business, financial condition, results of operations and cash flows.

Branches in Unbanked Rural Centres

At least 25% of our total Branches are required to be located in Unbanked Rural Centres. As at February 28, 2021, 27.1% of our total Branches were in Unbanked Rural Centres. We were required to convert all of our Asset Centres to Branches or merge them with an existing Branch on or before March 27, 2021. As at February 28, 2021, all Asset Centres have been converted into a Branch or merged with a Branch.

Restrictions relating to the Equity Shares

The RBI In-Principle Approval, RBI Final Approval, SFB Licensing Guidelines and SFB Operating Guidelines require us to comply with certain restrictions relating to the Equity Shares, including, among others:

- We are required to be owned and controlled by residents of India in accordance with FEMA at all times from the date of commencement of our business;
- Our Promoters hold 42.08% of our pre-Offer paid-up equity share capital and 40.10% of our total issued and paid-up equity share capital on a fully diluted basis, assuming conversion of the Preference Shares, and not taking into account vested stock options and units. Our Promoters' shareholding to the extent of 40% of our paid-up equity share capital is required to be locked in for a period of five years from the date of commencement of the Bank's business. In order to meet this minimum promoter shareholding requirement, our Promoters intend to subscribe to additional Equity Shares by way of the Proposed Further Issue. Our Promoters are required to reduce their shareholding to 40% of our paid-up equity share capital within a period of five years from the date of commencement of our business operations and thereafter required to reduce their shareholding to 30% and 26% of our paid-up equity share capital within a period of 10 years and 12 years, respectively, from the date of commencement of our business operations;
- We are required to maintain a minimum net worth of ₹1,000 million;
- No Shareholder will be entitled to exercise voting rights in excess of 26% of the total voting rights of all Shareholders;
- An investor proposing to acquire shares in our Bank (directly or indirectly) where the aggregate holding of such investor, their relatives, associate enterprise or PAC, entitles the investor to hold 5% or more of the paid-up share capital of our Bank or 5% or more of the voting rights in our Bank will need to apply for the RBI's approval; and
- Our Equity Shares were required to be listed on a stock exchange in India within three years from the date of commencement of our banking business, i.e., on or before March 27, 2021.

6. ***If we are unable to effectively manage our interest rate risk it would have an adverse effect on our Net Interest Margin, which would adversely affect our Net Interest Income and, in turn, our results of operations and cash flows. In addition, an increase in interest rates would result in a decrease in the value of our fixed income securities, which would adversely affect our financial condition, results of operations and cash flows.***

Our results of operations are substantially dependent upon the amount of our net interest income, which we define as interest earned less interest expended ("**Net Interest Income**"). Our Net Interest Income was ₹6,406.27 million and ₹4,182.76 million for the six months ended September 30, 2020 and 2019, respectively, and ₹10,113.71 million, ₹4,369.09 million and ₹3,909.01 million for Fiscals 2020, 2019 and 2018, respectively. Our Net Interest Income is significantly dependent on our average performing advances for a particular period and our Net Interest Margin. Our interest earning assets are our advances and investments. Our interest bearing liabilities are our deposits and our borrowings. As at September 30, 2020, our advances and investments were on fixed interest rates. As at September

30, 2020, our deposits and borrowings were on fixed interest rates.

Interest rates are highly sensitive and volatility in interest rates could be a result of many factors, including the RBI's monetary policies, further deregulation of the financial services sector in India, domestic and international economic and political conditions, inflation and economic policies in India.

In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our Cost of Funds, and conversely, in a declining interest rate environment, if our Cost of Funds does not decline simultaneously with or to the same extent as the yield on our interest-earning assets, our Net Interest Income and Net Interest Margin would be adversely impacted. While any reduction in the interest rates we pay on our deposits and borrowings may be passed on to customers for our loans, we are unable to pass on any increase in interest rates at which we lend to our customers who have existing loans on fixed interest rates. Competitive pressure may also require us to reduce the interest rates at which we lend to our customers without a proportionate reduction in interest rates at which we raise funds. Our customers may also prepay their loans to take advantage of a declining interest rate environment. An increase in the interest rates charged by us on our advances could result in our customers, particularly those with variable interest rate loans, prepaying their loans if less expensive loans are available from other sources.

If we are unable to effectively manage our interest rate risk it would have an adverse effect on our Net Interest Margin, which would adversely affect our Net Interest Income and, in turn, our results of operations and cash flows.

In addition, an increase in interest rates would result in a decrease in the value of our fixed income securities, which would adversely affect our financial condition, results of operations and cash flows. As at September 30, 2020, the value of our fixed income securities was ₹39,664.92 million. As a result of the RBI-mandated reserve requirements, we are also more structurally exposed to interest rate risks than banks in many other countries. Under the RBI regulations, our liabilities are subject to the SLR requirement such that a minimum specified percentage, currently 18,00%, of a bank's net demand and time liabilities, must be invested in Government securities and other approved securities. These securities generally carry fixed coupons.

7. ***We are involved in certain legal proceedings, any adverse developments related to which could adversely affect our reputation, business, financial condition, results of operations and cash flows.***

There are outstanding legal proceedings involving our Bank. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. We cannot assure you that these proceedings will be decided in our favour. Brief details of material outstanding litigation that have been initiated by and against our Bank, as applicable, are set forth below:

Litigation against our Bank

Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)
Criminal cases	13	N.A.
Material civil cases	3	131.43
Taxation matters	6	359.07
Outstanding actions by regulatory and statutory authorities	3	2.23

Litigation by our Bank

Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)
Criminal cases	15,497	1,529.46
Material civil cases	35	151.78

Litigation against our Directors

Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)
Criminal cases	1	N.A.
Outstanding actions by regulatory and statutory authorities	1	N.A.

As disclosed above, there is one criminal matter involving our Bank and our MD and CEO in relation to non-refunding of expenses incurred by the complainant, towards structural changes and renovation of premises taken on lease by the Bank. For details, see "*Outstanding Litigation and Material Developments*" on page 354. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. Such legal proceedings could divert our management's time and attention and cause us to incur expenses. Further, any adverse decision in any of these proceedings may have an adverse effect on our business, results of operations and financial condition.

Further, our Bank has initiated recovery proceedings against several borrowers under the SARFAESI Act, seeking directions to take physical possession of the secured asset under section 14 of the SARFAESI Act, before relevant courts across jurisdictions, to exercise the right over mortgaged property for recovery of amounts due from such borrowers. Additionally, there are 12 outstanding matters in appeal, before the Debt Recovery Tribunal of various jurisdictions, which are filed by the relevant borrowers under section 17 of the SARFAESI Act, contesting, *inter alia*, the action of our Bank in claiming rights over the mortgaged property, seeking temporary and permanent injunction towards any coercive action by our Bank against the Borrowers. The aggregate pecuniary amounts involved in such matters, including the aforesaid appeals, is ₹406.33 million. The underlying loans have been declared as NPAs by the Bank and adequate provisions have been provided for in our Restated Financial Statements. Please note that there is no assurance that we will be able to recover such amounts in a timely manner or at all. For details, see "*Outstanding Litigation and Material Developments – Litigation by our Bank – Civil Litigation*" on page 357.

As at September 30, 2020, our contingent liabilities for the litigation involving the Bank, as set forth above, were ₹359.09 million. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements as of and for subsequent periods that could increase our expenses and current liabilities.

For further information, see "*Outstanding Litigation and Material Developments*" on page 354.

8. ***We may not be able to comply with certain provisions of the SFB Licensing Guidelines. In the event of any non-compliance, we may be subject to various sanctions and penalties by the RBI and our business, financial condition, results of operations and cash flows could be adversely impacted.***

Under the provisions of the SFB Licensing Guidelines and the RBI Final Approval, our Equity Shares were required to be mandatorily listed on the stock exchanges within three years from the date of commencement of our banking business (which in our case was March 28, 2018), i.e., on or prior to March 27, 2021. However, we have not been able to complete our initial public offering within the timelines prescribed in the SFB Licensing Guidelines and the RBI Final Approval. Our Bank applied to the RBI for an extension of the listing timeline till March 28, 2022. However, the RBI did not accede to the request of our Bank. In the event we fail to make satisfactory progress towards the listing of Equity Shares or do not comply with the provisions of the extant RBI guidelines including the SFB Licensing Guidelines, the RBI may take regulatory action against us, which could include imposition of monetary penalties, revocation of the RBI Final Approval or such other penal actions and restrictions deemed fit by the RBI.

Our Promoters presently hold 42.08% of our pre-Offer paid-up equity share capital and 40.10% of our total issued and paid-up equity share capital on a fully diluted basis (assuming full conversion of the outstanding Preference Shares and not taking into account vested stock options and units). Our Promoters' shareholding to the extent of 40% of our paid-up equity share capital is required to be locked in for a period of five years from the date of commencement of the Bank's business, i.e., until March 27, 2023. While it is proposed that our Promoters will subscribe to additional Equity Shares pursuant to the Proposed Further Issue, in order to *inter-alia* ensure compliance with the minimum promoter holding requirements prescribed by the RBI, any inability of the Promoter to maintain the minimum promoter holding in our Bank could make us and/or our Promoters liable to regulatory action by the RBI. Any such actions by the RBI could adversely impact our business, financial condition, results of operation and cash flows. Also, see "*JHL, one of our Promoters, has encumbered 960,213 Equity Shares, representing 1.89% of our pre-Offer paid-up equity share capital and 1.82% of our total issued and paid-up equity share capital on a fully diluted basis as of the date of this Draft Red Herring Prospectus, by way of a pledge as collateral for certain debentures and loans, amounting to ₹4,801.72 million as of February 28, 2021, issued and owed by JHL. Any invocation of such encumbrances by the creditors would lead to a reduction in shareholding of our Promoters and could decrease our Promoters' influence over our Bank as well as result in us not complying with one of our regulatory requirements, which could have an adverse effect on our business, financial condition, results of operations and cash flows. In addition, a rapid sale of such Equity Shares by the creditors could result in a material decrease in the market price of the Equity Shares*" on page 32.

Further, pursuant to Section 12(1)(i) of the Banking Regulation Act, the subscribed share capital of a banking company is required to be not less than one-half of its authorised share capital, and the paid-up share capital is required to be not less than one-half of the subscribed share capital. The RBI pursuant to a letter dated July 19, 2019 stated that the Bank was in non-compliance of Section 12(1)(i) of the Banking Regulation Act from the date of commencement of our operations. Our Bank responded to this notice explaining the reasons for non-compliance (being a significant increase in authorised preference share capital by Janalakshmi Finance Services Limited to allow for issuance of convertible preference shares, and subsequently, conversion of such preference shares to equity capital at a premium), seeking approval of the RBI to reduce its authorised share capital to ₹3,500 million. The RBI approved the amendment, calling upon our Bank to complete the reduction by December 31, 2019. The Bank subsequently reduced its authorized share capital from ₹13,276,000,000 divided into 827,600,000 equity shares of ₹10 each and 500,000,000 preference shares of ₹10 each to ₹3,500,000,000 divided into 100,000,000 equity shares of ₹10 each and 250,000,000 preference shares of ₹10 each, but due to delays in MCA approval of the e-form SH-7, it was unable to effect this change by December 31, 2019. Through its letter dated January 17, 2020, the RBI granted a further extension to the deadline up to March 27, 2020, noting serious concerns on this non-compliance. Subsequently, our authorised share capital was reduced to the extent stated above on January 29, 2020. Similar non-compliance like this in future could result in further regulatory action from the RBI, which could adversely affect our business and reputation.

9. ***Our Promoters propose to undertake a scheme of amalgamation (i.e. the Scheme of Amalgamation) pursuant to which JHL, our Promoter is proposed to be amalgamated with its holding company and our other Promoter JCL. The Scheme of Amalgamation may not be completed in a timely manner, or at all, or deliver us the anticipated benefits.***

Our Promoters, JHL and JCL, and their respective shareholders, had filed a scheme of amalgamation under Section 233 of the Companies Act, 2013 before the Regional Director of the South East Region, Hyderabad ("**Regional Director**") on November 6, 2020 to amalgamate JHL, a wholly owned subsidiary of JCL, with JCL (the "**Previous Scheme of Amalgamation**"). It was proposed that upon consummation of the Previous Scheme of Amalgamation, JHL's entire shareholding in our Bank aggregating 21,344,374 Equity Shares of our Bank aggregating to 42.08% of the pre-Offer equity share capital of our Bank (40.10% of our pre-Offer capital on a fully diluted basis assuming full conversion of the outstanding Preference Shares and not taking into account vested stock options and units) would stand transferred to and vested in JCL such that JCL would become a direct shareholder in our Bank.

The Previous Scheme of Amalgamation was rejected by the Regional Director pursuant to the order dated March 26, 2021 ("**Rejection Order**"), on account of JCL being unable to comply with the requirements under Section 233(1)(d) of the Companies Act, 2013 which requires that a scheme of amalgamation be approved by majority representing nine-tenths in value of the creditors or class of creditors of respective companies indicated in a meeting convened by the amalgamating companies. For further details please see "*Our Promoters and Promoter Group*" on page 217.

The board of directors of JCL and JHL have thereafter pursuant to resolutions each dated March 30, 2021 taken note of the Rejection Order and accorded approval to file a fresh merger application (i.e. the Scheme of Amalgamation) with the Regional Director for the approval of the merger of JHL with JCL, as per Section 233 of the Companies Act, 2013, subject to the approval of the Scheme of Amalgamaton by the board of directors, shareholders, creditors of each of JCL and JHL, and such other authorities as may be required. It is intended that the effective ownership of the Promoters will continue to vest with JCL post completion of the Scheme of Amalgamation, and JHL will cease to exist.

The Scheme of Amalgamation will be subject to the approval of the board of directors, the shareholders and the creditors of each of JCL and JHL, and receipt of the necessary statutory and regulatory and other consents and approvals (including from the RBI). Our Promoters may not be able to undertake the transactions contemplated by the Scheme of Amalgamation in the manner envisaged unless they are able to obtain the relevant approvals, consents and waivers on terms that are acceptable to each of them. Accordingly, we cannot confirm that the Scheme of Amalgamation will be filed or consummated in a timely manner or at all.

It is proposed that the Bank will file the Red Herring Prospectus only after the Scheme of Amalgamation comes into effect, or if the Scheme of Amalgamation is withdrawn. In the event the Scheme of Amalgamation is unable to be completed at all, we will not be in compliance with the terms of the RBI Final Approval which requires our Bank to identify JCL as the sole Promoter of our Bank, compliance with certain regulatory requirements such as maintaining specified consolidated CRAR thresholds, as well as other undertakings provided by us to the RBI confirming that we will solely identify JCL as the Promoter of our Bank. Any failure by us to comply with the terms of the RBI Final Approval and/or other regulatory requirements could subject us to penalties and regulatory action which may have an adverse impact on our business and results of operations.

10. ***JHL, one of our Promoters, has encumbered 960,213 Equity Shares, representing 1.89% of our pre-Offer paid-up equity share capital and 1.82% of our total issued and paid-up equity share capital on a fully diluted basis as of the date of this Draft Red Herring Prospectus, by way of a pledge as collateral for certain debentures and loans, amounting to ₹4,801.72 million as of February 28, 2021, issued and owed by JHL. Any invocation of such encumbrances by the creditors would lead to a reduction in shareholding of our Promoters and could decrease our Promoters' influence over our Bank as well as result in us not complying with one of our regulatory requirements, which could have an adverse effect on our business, financial condition, results of operations and cash flows. In addition, a rapid sale of such Equity Shares by the creditors could result in a material decrease in the market price of the Equity Shares.***

As at the date of this Draft Red Herring Prospectus, JHL, one of our Promoters, holds 42.08% of our pre-Offer paid-up issued and paid-up equity share capital and 40.10% of our total issued and paid-up equity share capital on a fully diluted basis, assuming conversion of the Preference Shares, and not taking into account vested stock options and units. JHL has pledged 960,213 Equity Shares, representing 1.89% of our pre-Offer issued and paid-up equity share capital and 1.82% of our total issued and paid-up equity share capital on a fully diluted basis, assuming conversion of the Preference Shares, and not taking into account vested stock options and units, as of the date of this Draft Red

Herring Prospectus, in favour of ECL Finance Limited, Centrum Financial Services Limited and Centrum Retail Services Limited as collateral for certain debentures and payments issued and owed to such parties. As of February 28, 2021, the total outstanding with respect to such debentures and payments amounted to ₹4,801.72 million. Any fall in prices of our Equity Shares could result in a dilution in value of the collateral requiring JHL to cover such shortfall by either making additional cash payments or would lead to event of default by the Promoter.

Further, invocation of this pledge by the underlying lenders would reduce our Promoter's shareholding in our Bank. If such shareholding falls below 40% (as a result of invocation of the pledge, conversion of the Preference Shares, exercise of vested options or any other dilutive actions, provided that no further capital is infused by the Promoter in the Bank), we would no longer be in compliance with the minimum promoter holding/ lock-in stipulations under the SFB Licensing Guidelines. This could lead to regulatory action by the RBI and the imposition of penalties, which would adversely affect our business, reputation and results of operations.

Any default under the agreements pursuant to which the Equity Shares have been pledged will entitle the creditors to enforce the pledge over these Equity Shares and the title to the Equity Shares will be transferred to such parties, resulting in the dilution of JHL's shareholding in our Bank. As a result, we may not be able to conduct our business or implement our strategies as currently planned, which could have an adverse effect on our business. Pursuant to the SFB Licensing Guidelines, our Promoters' minimum initial contribution to the paid-up equity share capital of our Bank is required to be at least 40%, which is required to be held for a period of five years from the date of commencement of our business as a Small Finance Bank (i.e., until March 27, 2023). Any dilution in our Promoters' shareholding in our Bank by way of enforcing the pledges could result in our failure to comply with this regulatory requirement. Any non-compliance with this regulatory requirement may attract penal measures from the RBI, including cancellation of our Bank's bank licence, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

On November 20, 2020, the RBI released the Report of the Internal Working Group to Review Extant Ownership Guidelines and Corporate Structure for Indian Private Sector Banks ("**Report**"). Pursuant to the Report, it is proposed that pledge of shares by promoters during the lock-in period be disallowed if there are insufficient unencumbered shares to meet the lock-in requirements. In the event that such recommendations are legally enforced by the RBI, JHL may need to find an alternate means of providing collateral or security for its loans. Further, we cannot assure you that JHL will be able to offer alternate collateral that will be acceptable to such creditors.

Further, Equity Shares held by our Promoters (other than the Equity Shares forming part of the Promoters' Contribution) and the other pre-Offer Shareholders following the Offer, will be locked-in for a period of one year from the date of Allotment. Under the SEBI ICDR Regulations, in the event of invocation of pledge on the 960,213 Equity Shares mentioned above, the relevant creditors will not be able to transfer such Equity Shares till the expiry of the one-year period. Additionally, any transfer of the lock-in Equity Shares of the Promoters will have to be carried out in compliance with the provisions of SEBI ICDR Regulations. In addition, in terms of Regulation 21 of the SEBI ICDR Regulations, Equity Shares of the Promoters that are subject to post-Offer lock-in can only be pledged with certain categories of creditors, namely, public financial institutions, scheduled banks, housing finance companies or Systemically Important Non-Banking Financial Companies (collectively, the "**Eligible Lenders**"). Accordingly, any transfer of the JHL NCDs by their current holders that lead to the JHL NCDs being held by persons/ entities that are not Eligible Lenders as at the date of Allotment will render our Bank and our Promoters non-compliant with Regulation 21 of the SEBI ICDR Regulations. This may lead to regulatory action and penalties from SEBI and the Stock Exchanges, which may adversely affect our results of operations. Further, to remain compliant with Regulation 21 of the SEBI ICDR Regulations, our Promoter may be required to pre-pay all amounts due on the JHL NCDs, if transferred to persons other than Eligible Lenders.

Further, a rapid sale of such Equity Shares by such creditors could result in a material decrease in the trading price of the Equity Shares.

11. ***If we are unable to secure funding on acceptable terms and at competitive rates when needed, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

Our funding requirements historically have been met from a combination of shareholder capital, deposits, borrowings from other institutions, subordinated debt, borrowings from other banks, perpetual debt instruments, securitisation transactions, sale of IBPCs and cash flows from operations. There can also be no assurance that we will be able to raise adequate additional funding in the future on terms favourable to us, or at all, and this may hamper our growth plans, apart from those that can be funded by internal accruals.

ICRA Limited has rated our subordinated and non-convertible debentures as ICRA BBB (stable) as of March 23, 2021. Any downgrade in our debt ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis, which could adversely affect our business, financial condition, results of operations and cash flows.

12. ***If our borrowers who have availed secured loans default, there may be delays and difficulties in enforcing the sale of collateral and we may be unable to recover the expected value of the collateral, which could have a material adverse effect on our financial condition, results of operations and cash flows.***

As at September 30, 2020, ₹32,078.57 million of our advances were secured by tangible assets (mortgage of residential property or other approved collateral security), which represented 31.38% of our total net advances. However, we may be unable to realise the full value of the collateral or at all as a result of, among other factors: (i) delays in bankruptcy and foreclosure proceedings, including due to the introduction of any laws, rules or regulations that provide for moratoriums or exemptions on the sale of collateral in response to any adverse economic financial conditions, including in response to the COVID-19 pandemic; (ii) defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from third-parties); (iii) fraud by borrowers, including the pledging of fake gold; (iv) decreases in the value of the collateral; (v) errors in assessing the value of the collateral; (vi) an illiquid market for the sale of the collateral; (vii) current legislative provisioning coverage or changes thereto; and (viii) future judicial pronouncements. For details on the pledging of fake gold, see "-*We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, agents, customers or third parties, which could harm our reputation, business, financial condition, results of operations and cash flows*" on page 41.

As the underlying collateral on our affordable housing loans and most of our MSME loans are mortgages over the borrowers' residential or commercial property, any significant decline in property prices could adversely affect our ability to realise the full value of such collateral. As the underlying security on our gold loans is gold, any significant decline in gold prices could adversely affect our ability to realise the full value of such collateral. As at September 30, 2020, the loan to collateral value ratio at origination was 53.14% for our affordable housing loans, 49.87% for our MSME loans and 63.87% for our gold loans. As at December 31, 2020, as per our own internal product lending rules, our maximum loan to collateral value ratio at origination was 90% for our affordable housing loans (compared to a maximum of 90% as per RBI guidelines), and 90% for our gold loans (compared to a maximum of 90% as per RBI guidelines).

Furthermore, the process of litigation to enforce our legal rights against defaulting customers is generally a slow and potentially expensive process. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all. If we are unable to realise the full value of collateral, or otherwise recover the full amount owed to us by defaulting customers, it could have an adverse effect on our financial condition, results of operations and cash flows.

13. ***We depend on the accuracy and completeness of information about customers and any misrepresentation, inaccuracy, errors or incompleteness of such information could cause our business to suffer.***

Our business primarily involves lending money to smaller, relatively low income earning entrepreneurs and individuals, many of whom may not have any credit history supported by tax returns, credit card statements, statements of previous loan exposures or other related documents. They may also have limited formal education, and are generally unable to furnish detailed information for us to be able to assess their creditworthiness accurately. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information. It is therefore difficult to carry out a formal credit risk analysis on our customers based on financial information. In deciding whether to make advances to potential customers, we rely on information furnished to us by or on behalf of customers. We may also rely on certain representations as to the accuracy and completeness of that information. To further verify the information provided by potential customers, we conduct searches through credit bureaus for creditworthiness of our customers who have a credit history. If the information about a potential customer is not accurate and complete, we may make an advance that we otherwise would not have made if we had accurate and complete information, particularly if the potential customer does not have a credit history. Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our NPAs, which could adversely affect our business, financial condition, results of operations and cash flows.

14. ***We have not complied with certain covenants under our financing agreements in the past. Any non-compliance with covenants under our financing agreements that are not waived may be declared to be an event of default and lead to, amongst others, accelerated repayment schedule, securitization of assets charged and suspension of further drawdowns, which could adversely affect our business, financial condition, results of operations and cash flows.***

Some of the financing arrangements entered into by us include conditions that require us to obtain respective lenders' consent prior to carrying out certain activities and entering into certain transactions and in certain cases, where there is an event of default under the transaction documents, they also provide the lenders the right to appoint a nominee on the Board of Directors of our Bank or to send an observer, in the absence of the nominee to attend meetings of the Board. These covenants vary depending on the requirements of the financial institution extending such loan and the conditions negotiated under each financing agreement. Some of the corporate actions that require prior consents from certain lenders include, among others: change in our capital structure; change in our current ownership/control, including any direct or indirect change in our Promoters' shareholding; amending, modifying or otherwise changing our constitutional documents; undertaking or permitting any merger, de-merger, consolidation, reorganization, scheme of arrangement or compromise with our creditors or Shareholders or effecting any scheme of amalgamation or reconstruction; or declaration or payment of dividends. This is an indicative list and there may be other additional terms under the various borrowings. We are also required to maintain certain financial ratios and ensure compliance with regulatory requirements, such as maintenance of CAR, qualifying asset norms and ensuring positive net worth.

We have been in breach of covenants in relation to some of our debenture documentation and documentation in relation to external commercial borrowings in the past ("**Relevant Borrowings**"), including, breach with respect to compliance of maintaining the ratio of portfolio at risk and open loan exposure ratio, gross NPAs and net NPAs, and we have sought waivers to condone such breach. We have received waivers for breaches of covenants in respect of some recent quarter from the debenture-holders/ trustees pertaining to the Relevant Borrowings. The Relevant Borrowings represent ₹3,942.00 million of our borrowings and 8.35% of our total indebtedness as at February 28, 2021. Any non-compliance with a covenant that is not waived may restrict or delay certain actions or initiatives that we may propose to take from time to time and may lead to, amongst others, accelerated repayment schedule, securitization of assets charged and suspension of further drawdowns, which may adversely affect our business, financial condition, results of operations and cash flows.

Further, pursuant to clauses in certain financing agreements, any such non-compliances or defaults under such facilities may also trigger cross default or cross acceleration provisions under our other financing agreements. In addition, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. We cannot assure you that lenders will waive any future non-compliances.

Further, in respect of the Issue, we are *inter-alia* required to obtain consent for amending our charter documents and for any direct or indirect change in the shareholding of our Promoters under the terms of the servicing agreements entered into by us under an assignment transaction with Bank of Baroda ("**BoB**"). While we sought the requisite approvals from BoB in this regard in order to undertake these actions in furtherance of the Offer, BoB has refused to give the approvals sought in light of certain underlying disputes between BoB and our Bank. For further details, see "*Outstanding Litigation and Material Developments*" on page 354 for a summary of the underlying dispute with BoB. Non-compliance with the terms of the servicing agreement could result in the termination of our services as a servicer under the servicing agreements.

15. ***We are subject to inspections by various regulatory authorities, such as the RBI. Non-compliance with the observations of such regulators could adversely affect our business, financial condition, results of operations and cash flows.***

We are subject to periodic inspections by various regulatory authorities, including the RBI. Inspection by the RBI is a regular exercise for all banks and financial institutions pursuant to which the RBI may issue observations, directions and action plans on various matters, such as risk management systems, credit concentration risk, counterparty credit risk, internal controls, credit allocation and regulatory compliance. The RBI has conducted an inspection on us and issued report incorporating observations that are related to various matters, including: our internal controls and processes; management functions and policies; and other operational matters. The RBI inspection team shared its findings and recommendations with us and provided us an opportunity to provide clarifications, additional information and, where necessary, justifications for a different position, if any, than that observed by the RBI. The RBI incorporated such findings in its final inspection report and we are required to take the actions specified therein to the RBI's satisfaction. In its inspection report, the RBI has, among other things, observed certain deficiencies in our operations in relation to, among other things, classification of certain loans as priority sector, instances of delays in the reporting of frauds above ₹100,000 to the Board, lack of prescribed credit policy for loan review mechanism, absence of a policy for delegation of authority for Inter-Bank Participatory Certificates (IBPC) / Priority Sector Lending Certificates (PSLC) /securitisation transactions, deficiencies in evidencing the end use of funds for certain loans, advance disclosure of interest rates for bulk deposits on the website of the Bank not being made and clarifications sought in relation to the calculation of CRAR. We have responded to these observations with our compliances, wherever applicable, and are in the process of implementing the observations as per applicable timelines. We cannot assure you that RBI will not require us to take further actions to comply with their observations or that the RBI will not make similar or other observations in the future. Any significant deficiencies identified by the RBI in a final inspection report that we are unable to rectify to the RBI's satisfaction could lead to sanctions and penalties being imposed by the RBI on us, which could materially and adversely affect our reputation, business (including pending applications or requests with the RBI and our ability to obtain the regulatory permits and approvals required to expand our business), financial condition, results of operations and cash flows. See also "*Risk Factors - The RBI has issued a show-cause notice to us in relation to our alleged non-compliance of RBI directions governing interest rates chargeable on deposits. If any penalties or other directions are imposed by the RBI on us in relation the show cause notice, our reputation, business, financial condition, results of operations and cash flows could be adversely affected*" on page 35.

16. ***The RBI has issued a show-cause notice to us in relation to our alleged non-compliance of RBI directions governing interest rates chargeable on deposits. If any penalties or other directions are imposed by the RBI on us in relation to the show cause notice, our reputation, business, financial condition, results of operations and cash flows could be adversely affected.***

The RBI is empowered under the Banking Regulation Act, 1949, and the circulars, guidelines and notifications issued thereunder to impose penalties on banks and their employees to enforce applicable regulatory requirements.

The RBI issued a show cause notice to our Bank dated March 10, 2021, in which the RBI has alleged that in Fiscal 2019, our Bank (a) failed to disclose in advance, the schedule of interest rates charged by our Bank on bulk deposits; (b) paid interest on 1,519 bulk deposit accounts opened in the year at rates that differed from its scheduled interest rates; and (c) allowed negotiated deposit rates (that were higher than its approved rate card) to be offered by certain officials of our Bank (including the CEO) (the "**Show Cause Notice**"). The RBI has further stated that these actions are in violation of applicable RBI directions governing interest rates on deposits, and called upon us to explain why penalties under the Banking Regulation Act should not be imposed on us. We responded to the Show Cause Notice pursuant to a letter to the RBI dated March 31, 2021 and requested a personal hearing. We await the RBI's response to our letter. See also "*Outstanding Litigation and Material Developments*" on page 354.

These matters were highlighted by the RBI earlier in its annual financial inspection of our Bank for Fiscal 2019. We had responded to these observations by undertaking to duly comply with the RBI directions going forward. While we intend to respond to the Show Cause Notice as well, we cannot assure you that the RBI will accept our contentions. Under the Banking Regulation Act, violations of the nature alleged in the Show Cause Notice by a bank are punishable by penalties amounting to the higher of ₹10 million or twice the amount involved in the violations (if quantifiable), with a further penalty of ₹0.1 million for each day for which the violations continue. If any such penalty or other directions are imposed by the RBI, our reputation, business, financial condition, results of operations and cash flows could be adversely affected.

In addition, we cannot assure you that we will not be the subject of additional show cause notices in the future and any additional show cause notices imposed by the RBI could cause serious reputational harm to our Bank and adversely affect our business, financial condition, results of operations and cash flows.

See also "*We are subject to inspections by various regulatory authorities, such as the RBI. Non-compliance with the observations of such regulators could adversely affect our business, financial condition, results of operations and cash flows*" on page 35.

17. ***Weaknesses, disruption or failures in IT systems could adversely impact our business.***

As our vision is to become the leading digitized bank in India serving all customers and communities, we have been constantly upgrading our technology platforms. Practically all aspects of our sourcing and collections across assets and liabilities are digitized using mobile tablets, with an emphasis on straight through processing while incorporating fraud and regulatory checks. PAN validation, electronic-KYC, credit Bureau checks supporting multiple bureaus, AML checks and ID-dedupe are fully automated using a robust integration layer. We have partnered with two fintech companies to tap into an array of online APIs that provide customer financial and non-financial information sourced from various governmental agencies and other trusted service providers. We have also invested in various technology, infrastructure and tools to drive data analytics and to convert our data into impactful insights. We launched a video-KYC interface in July 2020.

Our core banking system and other key processes and critical application systems, such as anti-money laundering check, helpdesk service centre, sourcing for customers, lead life-cycle management, loan processing, treasury operations support, internet banking, loan disbursement and collection, customer relationship management, and asset liability management are supported by third-party technology platforms. We have collaborated with software solution providers and software service providers for these functions. Any failure by our third party vendors to perform any of these functions could adversely affect our business, financial condition and results of operations.

Our online delivery channels are subject to various risks, such as network connectivity failure, information security issues and browser compatibility issues. We may also be subject to disruptions of our IT systems arising from events that are wholly or partially beyond our control or the control of our third party vendors (including, for example, damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, sabotage, computer viruses, hacking, cyber-attacks or similar events, or loss of support services from other third parties, such as internet backbone providers). In the event we experience material interruptions in our IT systems in the future, this could give rise to deterioration in customer service and to loss or liability to us and it could adversely affect our business, financial condition, results of operations and cash flows.

We have a data centre in Bengaluru that is managed for us by a third party. As part of our business continuity measures, we have a disaster recovery centre in Mumbai that is managed for us by a third party. However, if for any reason the switch over to the back-up system does not take place or if a calamity occurs in both Bengaluru and Mumbai such that our data is compromised at both places, it would have an adverse effect on our business, financial condition, results of operations and cash flows.

18. ***We may face cyber threats attempting to exploit our network to disrupt services to customers and/ or theft of sensitive internal data or customer information, which may cause damage to our reputation and adversely affect our financial condition, results of operations and cash flows.***

We offer online banking services to our customers. Our online banking channel includes multiple services, such as opening of digital deposit accounts, electronic funds transfer, bill payment services, usage of debit cards on-line, requesting account statements, and requesting cheque books. We also communicate with our customers using digital channels like emails and SMS. We are therefore exposed to various cyber threats, including (a) phishing and Trojans targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt extract account sensitive information; and (b) hacking, wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; and (c) data theft, wherein cyber criminals may attempt to enter our network with the intention of stealing our data or information. We have reported one cyber security incident to the RBI Cyber Security and Information Technology Examination on July 26, 2019 following the exposure of test data hosted on a third party cloud server. However, no customer data was exposed as a result of this incident. In addition, we also face the risk of our customers incorrectly blaming us and terminating their accounts with us for any cyber security breaches that may have occurred on their own system or with that of an unrelated third party or through compromise of their security details by them. Cyber security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive financial and personal information) of our customers and employees. The frequency of such cyber threats may increase in the future with the increased digitization of our services. Although we intend to continue to strengthen our security technology and implement better operational procedures to prevent break-ins, damage and failures, there can be no assurance that instances of IT infringements and security breaches will not take place in the future or that our security measures will be adequate or successful. Any cyber security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

19. ***We face intense competition in all our principal products and services and if we are unable to compete effectively it would adversely affect our business, financial condition, results of operations and cash flows.***

We face intense competition in all our principal products and services. There are multiple players in the microfinance sector with varied organisational structures. Loans in the microfinance sector are offered by Small Finance Banks as well as other banks, non-banking finance company-microfinance institutions ("**NBFC-MFIs**"), other non-banking finance companies and non-profit organisations. The 10 Small Finance Banks, including our Bank, cumulatively accounted for approximately 17.5% of the total gross loan portfolio of the MFI industry as at the end of Fiscal 2020 *(Source: IRR Report)*. Banks provide loans under the self-help group or joint liability group model. However, they also give microfinance loans directly or through business correspondents to meet their priority-sector lending targets. NBFC-MFIs and non-profit MFIs are the only two players with loan portfolios exclusively focused towards microfinance (*Source: IRR Report*). We primarily compete with other Small Finance Banks as well as other banks and NBFCs for providing secured loans to businesses, gold loans and affordable housing loans and we also compete with housing finance companies for providing affordable housing loans. For more details, see "*Our Business – Competition*" on page 175.

Our competitors in the organized sector may have a better brand recognition, greater business experience, more diversified operations, a greater customer and depositor base, a larger branch network and better access to funding and at lower costs than we do. Furthermore, certain requirements that are applicable to Small Finance Banks in terms of the SFB Operating Guidelines and other banking laws and regulations are significantly more stringent in comparison to Scheduled Commercial Banks and NBFCs. Ensuring compliance with these laws and regulations has and will continue to limit our revenue, thereby making it more difficult to compete with other players in the organized sector. For further details, see "*We are subject to stringent regulatory requirements and prudential norms. If we are unable to comply with such laws, regulations and norms it may have an adverse effect on our business, financial condition, results of operations and cash flows*" on page 35. In addition, we compete with informal sources of lending for microfinance loans, including moneylenders, landlords, local shopkeepers and traders.

On December 5, 2019, the RBI issued guidelines for on-tap licensing of Small Finance Banks, which allow applicants to apply for a Small Finance Bank license at any time, subject to the fulfilment of certain eligibility criteria and other conditions. We expect this to increase competition for us. Further, consolidation in the industry driven by the merger of other banks is likely to further increase competition by creating larger, more homogeneous and potentially stronger competitors in the market. Increases in operations of existing competitors or the entry of additional banks offering similar or a wider range of products and services could also increase competition. Further, with the advent of technology-based initiatives and alternative modes of banking, we may face increased competition in this sector, which may in turn impact our results of operations. We also face competition from specialized fintech companies who could disrupt our origination, sales and distribution process.

If we are unable to compete effectively, it would adversely affect our business, financial condition, results of operations and cash flows.

20. ***If we fail to increase our CASA Ratio we may have a higher cost of funds than our primary competitors, which could adversely affect our ability to compete for market share unless we decrease our Net Interest Margin.***

We have been able to leverage the strength of the "Jana" brand to rapidly grow our deposit portfolio since we commenced operations as a Small Finance Bank on March 28, 2018. As an NBFC-MFI, we were unable to accept deposits as per applicable laws in India. Since becoming a Small Finance Bank, we have placed a strong emphasis on increasing our retail deposits, as they have lower rates of interest compared to wholesale deposits. In particular, CASA tends to provide a stable and low-cost source of deposits compared to wholesale deposits. As at September 30, 2020, our CASA to total deposits ratio ("**CASA Ratio**") was 9.75% and our Cost of Funds was 9.12%. The CASA Ratio for the overall industry has decreased from 30.7% in Fiscal 2018 to 20.0% in Fiscal 2020 *(Source: IRR Report)*. One of our strategies is to increase our CASA in order to reduce our Cost of Funds and we have made significant progress in this by increasing our CASA Ratio from 8.13% as at March 31, 2019 to 9.75% as at September 30, 2020. For details, see "*Our Business – Strategies - Increase our CASA*" on page 143. If are unable to increase our CASA Ratio to the desired extent, we may have a higher cost of funds than our competitors, which could adversely affect our ability to compete for market share unless we decrease our Net Interest Margin. While we believe that the interest rate a borrower will be charged on a loan is not the only consideration a borrower takes into account when deciding between competing offers, we believe it is an important consideration. Therefore, if we are unable to increase our CASA Ratio to the desired extent, it could adversely affect our business, financial condition, results of operations and cash flows.

21. ***If we fail to adapt to technological advancements in the financial services sector it could affect the performance and features of our products and services and reduce our appeal to customers.***

Our continued success will depend, in part, on our ability to respond to technological advancement in the way customers prefer to execute their financial services. Technological innovation in digital wallets, mobile operator banking, advancements in blockchain technology, payment banks, fintech companies and internet banking through smart phones could disrupt the banking industry as a whole. If we fail to keep pace with technological advancements in the financial services sector quickly and effectively it could affect the performance and features of our products and services and reduce our appeal to existing and potential customers, thereby adversely affecting our business, financial condition, results of operations and cash flows.

22. ***We incur significant operating expenses and any increase in these operating expenses without a corresponding increase in income will adversely affect our financial condition, results of operations and cash flows.***

For the six months ended September 30, 2020 and September 30, 2019, our operating expenses to net income was 68.90% and 85.41%, respectively. For Fiscals 2020, 2019 and 2018, our operating expenses to net income was 80.58%, 203.95% and 335.97%, respectively. Our operating expenses are significant as the cost of sourcing and servicing our unsecured loan customers is high. Any increase in our operating expenses without a corresponding increase total income will adversely affect our financial condition, results of operations and cash flows.

23. ***Our non-convertible debentures are listed on the BSE and we are subject to rules and regulations with respect to such listed non-convertible debentures. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, which may have an adverse effect on our business, results of operations, financial condition and cash flows.***

Our non-convertible debentures are listed on the debt segment of BSE. We are required to comply with various applicable rules and regulations, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and applicable provisions of the Listing Regulations, in terms of our listed non-convertible debentures. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, including, without limitation, restrictions on the further issuance of securities and the freezing of transfers of securities, which may have an adverse effect on our business, results of operations, financial condition and cash flows.

For details of such listed non-convertible debentures, see "*Financial Indebtedness – Details of listed non-convertible debentures issued by the Bank*" on page 353.

24. ***We have introduced several new products and services since April 1, 2017 and we cannot assure you that such products and services will be profitable in the future. Further, we may be unable to successfully diversify our product portfolio or enter into new lines of business, which may adversely affect our business, financial condition, results of operations and cash flows.***

We have introduced several new products and services since April 1, 2017, such as gold loans in Fiscal 2018, affordable housing loans and loans against fixed deposits and distribution of insurance products as a corporate agent in Fiscal 2019, and term loans to NBFC in Fiscal 2020. For a table showing the income from the above referenced products and services and such income as a percentage of our total income, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Increase in Product Offerings*" on page 323. In addition, we launched two-wheeler loans and supply chain finance in December 2020.

We cannot assure you that such products and services will be successful, whether due to factors within or outside of our control, such as general economic conditions, a failure to understand customer demand and market requirements. In the event that we fail to develop and launch new products or services successfully, we may lose any or all of the investments that we have made in promoting them and training our employees, and our reputation would be harmed. Further, we require approval from regulatory authorities before we commence offering certain products and services, such as mutual fund distribution. If we fail to obtain such approvals, we may lose a part or all of the costs incurred in the development of such offerings. If we are unable to effectively manage any of these issues it could adversely affect our business, financial condition, results of operations and cash flows.

25. ***We may be unable to maintain or renew our statutory and regulatory permits, licences and approvals required to operate our business, which may adversely affect our business, financial condition, results of operation and cash flows.***

We have obtained certain statutory and regulatory permits and approvals to operate our business. These include approvals from the RBI for various aspects of our banking operations (including for services such as Centralised Payment Systems viz. NEFT, RTGS and limited foreign exchange business as per AD-II category license), approvals to commence and operate mobile banking services and registrations from other regulatory authorities, such as the IRDAI for acting as a Category Corporate Agent (Composite) and PFRDA to transact in pension schemes. Further, in relation to our Branches, certain approvals, such as licenses under the Shops and Establishments Act, may have lapsed in their normal course and our Bank has either made an application to the appropriate authorities for renewal of such registration or in the process of making such application. Our RBI license conditions also require us to comply with certain terms and conditions. For instance, under the provisions of the SFB Licensing Guidelines and the RBI Final Approval, our Equity Shares were required to be mandatorily listed on the stock exchanges within three years from the date of commencement of our banking business (which in our case was March 28, 2018), i.e., on or prior to March 27, 2021. However, we have not been able to complete our initial public offering within the timelines prescribed in the SFB Licensing Guidelines and the RBI Final Approval. For further details, see "*We may not be able to comply with certain provisions of the SFB Licensing Guidelines. In the event of any non-compliance, we may be subject to various sanctions and penalties by the RBI and our business, financial condition, results of operations and cash flows could be adversely impacted*" on page 31. In the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the RBI may impose monetary or other penalties on our Bank and place restrictions on our Bank's operations. This may result in the interruption of some or all of our operations. Further, our approvals and licenses are subject to numerous conditions, some of which are onerous and may require us to incur substantial expenditure in order to comply with such conditions. We cannot assure you that the approvals, licenses, registrations or permits issued to us will not be suspended or revoked, or that applicable penalties will not be imposed on us in the event of non-compliance with any terms and conditions. We may also incur substantial costs related to litigation if we are subject to significant regulatory action, which may adversely affect our business, future financial performance and results of operations.

26. ***There have been irregularities in certain regulatory filings made by us with the RoC under applicable law. Further, certain of our statutory and regulatory records are not traceable. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Bank in the future in relation to such missing corporate records or irregular filings.***

We manage our internal compliance by monitoring and evaluating internal controls and ensuring all relevant statutory and regulatory compliances. However, there can be no assurance that deficiencies in our internal controls will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. For instance, we are unable to trace certain corporate and other documents in relation to our Bank, including certified true copies of the board and shareholders' resolutions approving further issue of equity shares and CCPS allotted on March 31, 2008 and March 4, 2010, certified true copies of the shareholders' resolutions approving further issue of equity shares and CCPS allotted on November 10, 2006 and March 26, 2009, valuation reports for the Equity Shares allotted on November 10, 2006, March 31, 2008, March 4, 2010, June 23, 2011, and CCPS allotted on July 12, 2012. In the absence of such records, we have relied on returns of allotment, minutes of the meetings of the Board, minutes of the meetings of the general meetings of the Bank, and statutory registers in order to ascertain details of such allotments. We cannot assure you that these documents will be made available in the future or that we will not be subject to any penalties imposed by the relevant regulatory authorities in this respect.

We have also, in certain cases, filed incorrect or incomplete returns of allotment with the RoC. For instance, we have indicated incorrect details as regards the issue price in the return of allotment filed in respect of the allotment of Equity Shares made on March 4, 2010. We have also not attached valuation reports, where available and applicable, to the returns of allotment filed the Companies Act. There can be no assurance that the RoC will not take an adverse view of these irregularities, or that we will not be subject to any penalties by the RoC in this respect.

With the expansion of our operations there can be no assurance that such non-compliances will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such non-compliances, in a timely manner or at all. Any penalty or regulatory action taken against us may adversely impact our cash flows and results of operations.

27. ***We may face asset liability mismatches, which could affect our liquidity and consequently may adversely affect our financial condition, results of operations and cash flows.***

We face liquidity risks due to mismatches in the maturity of our assets and liabilities. For details on the maturity profile of our liabilities and assets as at September 30, 2020, see "*Selected Statistical Information – Asset Liability Gap and Interest Sensitivity Data*" on page 233. We may rely on funding options with a short-term maturity period for extending long-term loans, which may lead to an asset liability mismatch for certain periods. Mismatches between our assets and liabilities are compounded in case of pre-payments of the advances we grant to our customers. Further, asset liability mismatches create liquidity surplus or liquidity crunch situations and depending upon the interest rate movement, such situations may adversely affect our Net Interest Income. If we are unable to obtain additional borrowings or renew our existing credit facilities for matching tenures of our loan portfolio in a timely and cost-effective manner or at all, it may lead to mismatches between our assets and liabilities, which could adversely affect our financial condition, results of operations and cash flows.

28. ***Customers located in the States of Tamil Nadu, Karnataka and Maharashtra represent a significant portion of our advances and deposits and any adverse developments in these states, such as an economic downturn, political unrest, natural disasters or epidemics, could adversely affect our business, financial condition and results of operations.***

As at February 28, 2021, our Branches in Tamil Nadu, Karnataka and Maharashtra represented 13.26%, 8.35% and 11.62% of our total our Branches. As at September 30, 2020, advances to customers in Tamil Nadu, Karnataka and Maharashtra represented 20.27%, 18.52% and 14.02% of our gross advances, respectively, and deposits by our customers in Tamil Nadu, Karnataka and Maharashtra, represented 11.52%, 12.71% and 14.73% of our total deposits, respectively. Any adverse developments in Tamil Nadu, Maharashtra or Karnataka, such as a slowdown in economic activity, political unrest, natural disasters or epidemics, such as COVID-19, could adversely affect our business, financial condition and results of operations**.** The market for our products in these states may perform differently from, and be subject to, market, regulatory and legal developments that are different from the requirements in other states of India.

29. ***Deterioration in the performance of any industry sector in which we have significant exposure may adversely affect our financial condition, results of operations and cash flows.***

The following table presents our sector-wise outstanding gross advances and the proportion of these gross advances to our outstanding domestic gross advances as at the dates indicated.

(₹ in millions, except percentages)

	As at September 30, 2020		**As at March 31,**					
			2020		**2019**		**2018**	
	Advances	**% of Total**	**Advances**	**% of Total**	**Advances**	**% of Total**	**Advances**	**% of Total**
Agricultural and Allied Activities (1)	16,597.76	15.93	25,672.84(2)	25.32	5,261.53	8.14	4,207.25	5.58
Advances to Services Sector	16,590.97	15.92	19,215.75	18.95	9,011.84	13.94	4,460.60	5.92
Advances to Industry Sector	4,315.54	4.14	4,238.43	4.18	551.85	0.85	1,085.03	1.44
Personal Loan and Others	66,686.38	64.00	52,269.65	51.55	49,840.74	77.07	65,649.71	87.07
Total Gross Advances	**104,190.65**	**100.00**	**101,396.67**	**100.00**	**64,665.96**	**100.00**	**75,402.59**	**100.00**

Note:The above categorization is based on the sectoral classification as per the restated financial statements.

1. *Includes loans purchased under Direct Assignment.*
2. *Includes Priority Sector Lending Certificates purchased for ₹6,000.00 million.*

Despite monitoring our level of exposure to industry sectors, any significant deterioration in the performance of a particular sector in which we have significant exposure would adversely impact the ability of borrowers within that sector to service their debt obligations to us. As a result, we would experience increased delinquency risk, which may adversely affect our financial condition, results of operations and cash flows.

30. ***If our risk management policies are ineffective, it could adversely affect our business, financial condition, results of operations and cash flows.***

We have devoted significant resources to develop our risk management policies and procedures and plan to continue to do so in the future. For details on our risk management policies, see "*Our Business – Risk Management Architecture*" on page 169. Despite this, our policies and procedures to identify, monitor, manage and mitigate risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may be unable to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses.

Management of operations, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. If we are unable to develop and implement effective risk management policies, it could adversely affect our business, financial condition, results of operations and cash flows.

31. ***We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, agents, customers or third parties, which could harm our reputation, business, financial condition, results of operations and cash flows.***

We are exposed to many types of operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, agents, customers or third parties. Operational risks can result from a variety of factors, including failure to obtain proper internal authorisations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions. For details, see "*Our Business – Risk Management Architecture – Operational Risk*" on page 170. Although we intend to continue to enhance our technology-based security measures and improve our operational procedures to prevent fraud, break-ins, damage and failures, there can be no assurance that these security measures and operational procedures will be adequate. Any failure to mitigate such risks may adversely affect our financial condition, results of operations and cash flows.

In the past, we have been subject to individual acts of fraud and theft of a non-material nature but which on an aggregate basis are more material. For instance, in August 2020, the Board was informed that certain gold valuers connived with employees at our Bank to facilitate some borrowers to pledge fake gold to obtain gold loans aggregating to approximately ₹52 million, which represented approximately 0.95% of our gold loans as at September 30, 2020. These frauds would normally have been discovered when the gold valuers are rotated or through the audit mechanism. However, the audit of the gold loan book had not happened at the desired frequency of every quarter until the current Head of Audit took over in September 2019, and gold valuers had not been rotated. We now require the rotation of valuers and have made quarterly audits mandatory. However, there can be no assurance that these measures will prevent all gold loan fraud in the future. As at September 30, 2020, we had recovered ₹4.91 million of the fraudulent gold loans from the gold valuers and borrowers and we intend to bring more claims to recover more money. In addition, we have filed a claim with National Insurance Company Limited for payment of ₹47 million as result of these frauds. However, there can be no assurance that we will recover all of the money from the fraudulent gold loans.

As of the date of this Draft Red Herring Prospectus, there are 140 First Information Reports ("**FIR**") registered by our Bank under Section 154 of the Code of Criminal Procedure, 1973 ("**CrPC**") and 21 cases are filed before the Judicial Magistrates under Section 156 of the CrPC against employees, third parties and customers. Further, there are 11,761 cases filed by our Bank for alleged violation of Section 138 of the Negotiable Instruments Act, 1881 for recovery of amounts due to our Bank for which cheques issued in favour of our Bank by our customers/debtors have been dishonoured with a total pecuniary value involved in all these matters aggregating to ₹871.99 million and there are 3,575 police complaints filed by our Bank against employees in relation to alleged violations arising in the ordinary course of business operations of the Bank, including, among others, cases filed under the IPC alleging criminal breach of trust, cheating, forgery, criminal conspiracy, misappropriation of money and embezzlement of money. For more details in relation to criminal cases filed by us, see "*Outstanding Litigation and Material Developments – Litigation by our Bank – Criminal Litigation*" on page 358.

Our security systems and measures undertaken to detect and prevent the occurrence of these risks may be insufficient to prevent or deter such activities in all cases. Furthermore, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our reputation, business, financial condition, results of operations and cash flows.

32. ***We are dependent on our senior management and other key personnel and the loss of, or our inability to retain or attract, such persons could adversely affect our business, financial condition, results of operations and cash flows.***

Our performance depends largely on the efforts and abilities of our senior management and other key personnel, including our operational, credit managers and branch managers. We believe that the inputs and experience of our senior management, in particular, and other key personnel are valuable for the development of our business and operations and the strategic directions taken by us. For details in relation to the experience of our Key Managerial Personnel, see "*Our Management*" on page 198. Further, the terms of employment of certain of our Key Managerial Personnel, namely, Ajay Kanwal, Ravi Duvvuru and Mahalingam Ramachandran, are on a contractual basis, and can be extended by mutual consent, subject to the terms and conditions of their respective appointments. The attrition of our Key Managerial Personnel was 1 out of 14 in the six months ended September 30, 2020 and 5 out of 14 in Fiscal 2020. We cannot assure you that we will be renewing the terms of employment of our Key Managerial Personnel or that these individuals or any other member of our senior management team will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with us.

Further, we may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources and impose significant costs on us, thereby adversely affecting our business, financial condition, results of operations and cash flows.

33. ***The RBI is required to approve candidates proposed to be appointed as chairman, managing director and executive director. Additionally, the RBI has the power and the authority to remove any employee or managerial person under certain circumstances.***

The Banking Regulation Act confers powers on the RBI to remove from office any director, chairman, chief executive officer or other officers or employees of a bank in certain circumstances such as, if the RBI is satisfied that it is in the public interest or to prevent the affairs of the Bank being conducted in a manner detrimental to the interests of the depositors. RBI also has the powers to supersede the board of directors of a bank and appoint an administrator to manage the bank for a period of up to 12 months in certain circumstances, and to penalize the management by way of freezing remuneration levels and/ or other measures. The RBI may exercise powers of supersession where it is satisfied, in consultation with the central government that it is in the public interest to do so, to prevent the affairs of any bank from being conducted in a manner that is detrimental to the interest of the depositors, or for securing the proper management of any bank. Should any of the steps as explained herein be taken by RBI, our reputation, business, results of operations, financial conditions and cash flows would be materially and adversely affected.

34. ***Materialization of contingent liabilities not provided for as per AS 29-Provisions, Contingent Liabilities and Contingent Assets could adversely affect our financial condition, results of operations and cash flows.***

As at September 30, 2020, we had contingent liabilities not provided for as per AS 29-Provisions, Contingent Liabilities and Contingent Assets amounting to ₹371.59 million. If any of these contingent liabilities materialize, our financial condition, results of operations and cash flows would be adversely affected. The table below sets forth details of our contingent liabilities not provided for as per AS 29-Provisions, Contingent Liabilities and Contingent Assets as of September 30, 2020.

(₹ in millions)

Contingent Liabilities	**As at September 30, 2020**
Claims against the Bank not acknowledged as debts	-
Other items for which the Bank is contingently liable	371.59
Of which:	
Income tax liability[(1)]	*359.09*
Bank guarantee given	*12.50*
Total	**371.59**

Note:

1. *We are a party to various taxation matters in respect of which appeals are pending. We expect the outcome of the appeals to be favourable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and the provisions of the Income Tax Act, 1961.*

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

35. ***Banking companies in India, including us, may be required to report financial statements as per Ind AS in the future. Differences exist between Ind AS and Indian GAAP. In the future, if we are required to prepare our financial statements in accordance with Ind AS, there is a possibility that our financial condition, results of operations and cash flows could be worse than if we prepared our financial statements in accordance with Indian GAAP.***

We currently prepare our financial statements under Indian GAAP. However, the Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for the implementation of Ind AS for Scheduled Commercial Banks, insurance companies and NBFCs, which is also applicable to our Bank. Such roadmap provided that these institutions were required to prepare Ind AS financial statements for accounting periods commencing April 1, 2018 (including comparative financial statements for the corresponding periods in the previous year). The RBI, by its circular dated February 11, 2016, required all Scheduled Commercial Banks to comply with Ind AS for financial statements commencing April 1, 2018 and also required such entities to prepare and submit proforma Ind AS financial statements to the RBI since the six months ended September 30, 2016. We have been required to submit such proforma Ind AS financial statements since we became a scheduled bank on July 16, 2019. However, the RBI, through its notification dated March 22, 2019, decided to defer the implementation of Ind AS until further notice for all Scheduled Commercial Banks (except Regional Rural Banks). Under applicable regulations, Scheduled Commercial Banks, including our Bank, cannot adopt Ind AS financial statements until allowed by the RBI. Accordingly, we continue to prepare and present our financial statements under Indian GAAP, while still submitting proforma Ind AS financial statements to the RBI.

Our Promoters, JCL and JHL, are required to prepare their financial statements in accordance with Ind AS. Accordingly, we are also required to prepare financial statements in accordance with Ind AS for the limited purpose of inclusion in our Promoters' consolidated financial statements. There is not a significant difference in our Bank's business operations and that of our Promoters. Consequently, our Bank's Ind AS financial information is available to the extent that it can be derived from or is reflected in the consolidated Ind AS financial information of our Promoters. Potential investors are cautioned against placing reliance on such Ind AS financial information relating to our Bank and should rely solely on our Restated Financial Statements included in the Red Herring Prospectus for an assessment of our financial condition, results of operations and cash flows and for making any investment decision.

Ind AS is different in many respects from Indian GAAP. If the RBI decides to implement the adoption of Ind AS for Scheduled Commercial Banks, there can be no assurance that the transition to Ind AS would not further increase our provisioning requirements in the future. Further, we may encounter difficulties in the process of implementing and enhancing our management information systems for the adoption of Ind AS. Our management may also have to divert significant time and additional resources in order to implement Ind AS on a timely and successful basis. Therefore, our transition to Ind AS reporting could have an adverse effect on our business, results of operations and cash flows. Furthermore, if we are required to prepare our financial statements in accordance with Ind AS, there is a possibility that our financial condition, results of operations and cash flows could be worse than if we prepared our financial statements in accordance with Indian GAAP.

36. ***We depend on our brand recognition. Negative publicity about our brand, third parties who use the "Jana" brand, including Jana Capital Limited, Jana Holding Limited, Jana Urban Foundation and Jana Urban Services Foundation, and third parties whose products we distribute could adversely affect our reputation and, in turn, our business, financial condition, results of operation and cash flows.***

We have invested in promoting the "Jana" brand for our Bank, and we expect to continue to invest in increasing our brand awareness. With the market becoming increasingly competitive, we believe that maintaining and enhancing our brand will become more important for our business. Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. If we experience any negative publicity, it could adversely affect our brand and ability to attract and retain customers. In addition, the brand "Jana" is used by other entities, including Jana Capital Limited, Jana Holdings Limited, Jana Urban Foundation and Jana Urban Services Foundation. We have no control over the operations of these entities and in case any of these entities do something that adversely affects their reputation it could have an adverse impact on our reputation, and, in turn, on our business, financial condition, results of operations and cash flows.

Furthermore, we distribute several third-party products, including life insurance and general insurance. We have no control over the actions of such third parties. Any regulatory action taken against such third parties or any adverse publicity relating to such party could, in turn, result in negative publicity about us and adversely impact our reputation.

37. ***We did not have adequate controls in relation to compliances with certain provisions of the Companies Act, applicable FEMA regulations, Banking Regulation Act and regulatory filings as a result of which there have been certain non-compliances under these laws. Consequently, we may be subject to regulatory actions and penalties for any past or future non-compliance and our business, financial condition and reputation may be adversely affected.***

In the past, our controls and compliances for managing our secretarial records and compliances have been inadequate as a result of which there have been factual inaccuracies, non-compliances with certain provisions of the Companies Act, 1956, Companies Act, 2013, the FEMA regulations, and the Banking Regulation Act, and delays and failures in making certain regulatory filings by our Company.

For instance, our Bank received a show-cause notice dated March 15, 2016 ("**SCN**") from the RBI pursuant to which the RBI observed that our Bank received foreign inward remittances equivalent to ₹8,948.09 million on various dates between March 2007 and November 2014 for issue of Equity Shares to the overseas investors and that the Bank reported the foreign inward remittances and the Form FC-GPR on various dates with delay beyond the prescribed period in contravention of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000 ("**RBI Notification**"), issued under the FEMA Act. Pursuant to the SCN, the RBI advised our Bank to compound the contraventions. Our Bank pursuant to the compounding application dated April 28, 2016 sought compounding for delay in reporting the receipt of foreign inward remittances and delay in submission of Form FC-GPRs to the RBI. The RBI compounded the contraventions under the RBI Notification and levied a penalty of ₹0.16 million on the Bank.

Further, our Bank (then Janalakshmi Financial Services Limited) received a letter from the (erstwhile) FIPB dated August 11, 2016 observing our Bank had undertaken marketing of micro-insurance, pension funds and third party savings products which were not covered in the 18 activities that NBFCs with automatic route FDI were permitted to indulge in pursuant to the RBI Notification. In its letter, the FIPB advised our Bank to compound this violation with the RBI (which the RBI reiterated through its letter dated February 20, 2017). Subsequently, our Bank filed a compounding application dated March 3, 2017 for compounding of contraventions. The contravention was compounded by the RBI by its order dated July 17, 2017 under Section 13 of the FEMA Act levying a compounding fee of ₹1.36 million.

We are also regulated under the Banking Regulation Act and have to comply with circulars and directives issued by the RBI that apply to scheduled commercial banks. For instance, pursuant to Section 12(1)(i) of the Banking Regulation Act, the subscribed share capital of a banking company is required to be not less than one-half of its authorised share capital, and the paid-up share capital is required to be not less than one-half of the subscribed share capital. The RBI pursuant to a letter dated July 19, 2019 found the Bank was in non-compliance of Section 12(1)(i) of the Banking Regulation Act as of the date of commencement of operations. The Bank subsequently reduced its authorized share capital from ₹13,276 million divided into 827,600,000 equity shares of ₹10 each and 500,000,000 preference shares of ₹10 each to ₹3,500 million divided into 100,000,000 equity shares of ₹10 each and 250,000,000 preference shares of ₹10 each.

38. ***If we fail to successfully enforce our intellectual property rights or the agreement pursuant to which we have the non-exclusive license to use the trademarks " " and "JANA" is terminated, our business, results of operations and cash flows would be adversely affected.***

We have entered into a trademark licence agreement dated November 5, 2019 with JUF (the "**Trademark Agreement**"), pursuant to which JUF, the owner of the trademarks, has granted our Bank a non-exclusive, non-transferable, non-assignable license to use the trademarks "J" and "JANA" with further rights of adding any suffix/prefix to "J" logo and word "JANA" or file any device/logo mark within India, subject to prior intimation to JUF. The royalty payable by our Bank pursuant to the Trademark Agreement is 0.40% per annum (excluding GST) of our revenue from our operations, subject to an overall cap of ₹250 million per annum. While the Trademark Agreement is valid in perpetuity, the terms of payment of royalty may be reviewed with the mutual consent of Jana Urban Foundation and our Bank to decide the quantum of payment, periodicity of payment, and rebranding at the earlier of five years from the effective date or when our Bank proposed to transition to a universal bank. The Trademark Agreement may be terminated by Jana Urban Foundation if we are in material breach of the agreement and we have not cured such breach within 30 days of receiving notice of such a breach from Jana Urban Foundation.

We have also obtained trademark registrations for "*Jana Small Finance Bank*" (under class 36). The logo, , is registered in our name with the trademark registry under class 36, which is valid up to April 26, 2028. For further information, see "*Our Business – Intellectual Property"* on page 176. The registrations provided to our trademarks are for a limited duration of 10 years, and are required to be renewed from time to time. There can be no assurance that we will be able to successfully renew our registrations in a timely manner or at all. We may apply for the registration of other wordmarks or trademarks in the future and there can be no assurance that such applications will be granted. We may not be able to prevent infringement of our trademarks and our action under law may not provide sufficient protection until such time that the registration is granted.

If a dispute arises with respect to any of our intellectual property rights or proprietary information, we will be required to produce evidence to defend or enforce our claims, and we may become party to litigation, which may strain our resources and divert the attention of our management. We cannot assure you that any infringement claims that are material will not arise in the future or that we will be successful in defending any such claims when they arise. Unauthorized use of our intellectual property rights by third parties could adversely affect our reputation. We may be required to resort to legal action to protect our intellectual property right, which may strain our resources and divert the attention of our management. Any adverse outcome in such legal proceedings or our failure to successfully enforce our intellectual property rights may adversely affect our ability to use intellectual property, which could have an adverse effect on our business, results of operations and cash flows.

39. ***We may breach third-party intellectual property rights.***

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights, which may force us to alter our technologies, obtain licenses or cease some of our operations. We may be subject to claims by third parties, both inside and outside India, if we breach their intellectual property rights by using slogans, names, designs, software or other such rights that are of a similar nature to the intellectual property these third parties may have registered or are using. We might also be in breach of such third-party intellectual property rights due to accidental or purposeful actions by our employees where we may also be subjected to claims by such third parties.

Any legal proceedings that result in a finding that we have breached third parties' intellectual property rights, or any settlements concerning such claims, may require us to provide financial compensation to such third parties or stop using the relevant intellectual property (including by way of temporary or permanent injunction) or make changes to our marketing strategies or to the brand names of our products, any of which may have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

40. ***Any non-compliance with mandatory AML, KYC and CFT laws and regulations could expose us to liability and harm our business and reputation.***

In accordance with the requirements applicable to banks in India, we are mandated to comply with applicable anti-money laundering ("**AML**"), know your client ("**KYC**") and combatting financing of terrorism ("**CFT**") regulations. These laws and regulations require us, among other things, to adopt and enforce AML, KYC and CFT policies and procedures. Our reputation and business could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

Although we believe that we have adequate internal policies, process, systems and controls in place to prevent and detect AML and CFT activity and ensure KYC compliance, if we fail to comply with such laws and regulations, for any reason, we may be subject to regulatory actions, including imposition of fines and other penalties by the regulatory authorities and relevant government agencies to whom we report.

41. ***We lease or licence all of our business premises and any failure to renew such leases or licences or their renewal on terms unfavourable to us may adversely affect our business, financial condition and results of operations and cash flows.***

Our Corporate Office and Registered Office are located on leased premises. As at February 28, 2021, we had 611 Branches, all of which were located on leased premises. As at February 28, 2021, we had 134 brown label ATMs, all of which were on leased/licensed premises. Termination of or a failure to renew a lease or licence agreement would require us to shift the concerned Branch or brown label ATM to new premises. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease or licence agreements or the landlord does not have the title of the property and the actual owner of the property evicts us. If we are required to relocate a significant number of our Branches or brown label ATMs, this may cause a disruption to our operations or result in increased costs, or both, which may adversely affect our business, financial condition and results of operations. In addition, we may not be able to renew our leases or licences on terms that are favourable to us, which would lead to an increase in costs, thereby adversely affecting our financial condition, results of operations and cash flows.

42. ***Some of our lease/ license agreements have not been registered.***

Some of our lease/ license agreements have not been registered in terms of the Registration Act, 1908. Accordingly, registration charges, and penalties, if any, will have to be paid on such documents upon registration as per the applicable State Registration and Stamp Act. Accordingly, such documents may not be produced for enforcement before a court of law until the applicable registration charges, and consequent penalties are paid on such documents. Further, this may affect our ability to renew such agreements or result in us being required to enter into a new agreement and consequently, we may experience business disruption. This may affect our business, financial condition and result of operations.

43. ***Although none of our employees are in a union, we may face labour disruptions that could interfere with our operations and have an adverse impact on our business, financial condition, results of operations and cash flows.***

Although none of our employees are in a union, we are exposed to the risk of labour disruptions. While our relations have been good with our employees, we cannot guarantee that our employees will not participate in work stoppages or other industrial action in the future. Any such event could disrupt our operations, possibly for a significant period of time, and result in increased wages and other benefits, which could have an adverse effect on our business, financial condition, results of operations and cash flows. Additionally, the Bank is also involved in certain legal proceedings with its employees, which are primarily in relation to termination and determination of remuneration of the concerned employees.

44. ***If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have an adverse effect on our financial condition, results of operations and cash flows.***

We have insurance policies covering 130.51% of our tangible fixed assets, capital works in progress and cash in hand as at September 30, 2020. We do not have insurance policies covering any of our other assets. For details on the insurance policies that we hold, see "*Our Business – Insurance*" on page 175. While we are covered by a range of insurance policies that we believe are consistent with industry practice in India and in accordance with the guidelines provided by RBI to cover risks associated with our business, we cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. Even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, or at all. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have an adverse effect on our financial condition, results of operations and cash flows.

45. ***Any non-compliance with law or unsatisfactory service by the third-party service providers engaged by us for certain services could have an adverse impact on our business, results of operations and cash flows.***

We enter into outsourcing arrangements with third party vendors and independent contractors, in compliance with the RBI guidelines on outsourcing. These vendors and contractors provide services that include, among others, IT and IT support, collections, loan sourcing, ATM maintenance, card related services, business correspondents, facility management services related to information technology, software services and service centre. We are also dependent on various vendors for certain elements of our operations, including, treasury operation, human resources, implementing IT infrastructure and hardware, branch roll-outs, networking, managing our data centre, and back-up support for disaster recovery. As a result of outsourcing such services, we are exposed to various risks, including strategic, compliance, operational, fraud, theft, embezzlement, legal and contractual risks. Any failure by a service provider to provide a specified service or a breach in security/ confidentiality or non-compliance with legal and regulatory requirements, may result in financial loss or loss of reputation. We cannot assure you that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligation. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreement with us, our business, financial condition, results of operations and cash flows may be adversely affected. We cannot assure you that the terms of such agreements will not be breached, and in case of any dispute, it may result in litigation costs, which could adversely affect our results of operations and cash flows.

The "Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Bank" issued by the RBI on March 11, 2015 places obligations on banks and their directors and senior management for ultimate responsibility for the outsourced activity. Banks are required to ensure outsourced service providers obtain prior approval for the use of subcontractors. The RBI has also directed banks to review the subcontracting arrangements and ensure that such arrangements are compliant with aforementioned RBI guidelines. If our third-party service providers act negligently or unlawfully, we would be exposed to the risk of vicarious liability as well as actions being taken against by the RBI, which could adversely affect our business, financial condition, results of operations and cash flows.

46. ***Our Promoters will continue to exercise significant influence over our Bank after the completion of the Offer.***

As at the date of this Draft Red Herring Prospectus, our Promoters hold 42.08% of the issued, subscribed and paid-up equity share capital of our Bank (40.10% of our pre-Offer capital on a fully diluted basis assuming full conversion of the outstanding Preference Shares and not taking into account vested stock options and units). Upon completion of the Offer, our Promoters will continue to hold minimum capital as prescribed by the RBI. As per applicable law, our Promoters' voting rights in our Bank are capped to 26% of the total voting rights of our Bank (i.e., the maximum voting rights permitted to be exercised by any shareholder in a banking company). As long as our Promoters continue to hold a significant ownership stake in us, our Promoters have the ability to significantly influence the outcome of any matter submitted to shareholders for approval, including the appointment of Directors and matters relating to sale of all or part of our business, mergers, or acquisitions; and changes to our capital structure or financing. The trading price of our Equity Shares could be adversely affected if potential new investors are disinclined to invest in us because they perceive there to be disadvantages in our Promoters holding a large percentage of our Equity Shares.

47. ***Our Promoters, Promoter Group and certain of our Directors and Key Managerial Personnel have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.***

Our Promoters, Promoter Group and certain of our Directors and Key Managerial Personnel may be regarded as having an interest in our Bank other than reimbursement of expenses incurred and normal remuneration or benefits. In particular, our Bank and JUF have entered into the trademark license agreement dated November 5, 2019 (the "**Trademark Agreement**") pursuant to which an amount of royalty of 0.40% per annum (excluding GST) of revenue from operations, subject to an overall cap of ₹250 million per annum to be reviewed annually is payable by the Bank to JUF. During Fiscal 2020 and the six months ended September 30, 2020, our Bank has paid an aggregate amount, including taxes payable, of ₹32.85 million and ₹33.92 million, respectively to JUF under the Trademark Agreement. Our Promoters and certain of our Directors and Key Managerial Personnel may be deemed to be interested to the extent of Equity Shares held by them as well as to the extent of any dividends, bonuses, or other distributions on such Equity Shares. Further, our Directors (excluding our Independent Directors) and Key Managerial Personnel are also entitled to participate in ESOP 2017 and ESOP 2018, and are interested in our Bank to the extent of employee stock options held by them and the Equity Shares arising out of the exercise of such employee stock options. We cannot assure you that our Promoters, Directors and our Key Managerial Personnel will exercise their rights as shareholders to the benefit and best interest of our Bank. For further details, see "*Capital Structure*", "*Our Management – Interests of Directors*" and "*Our Promoters and Promoters Group – Interests of our Promoters*" on pages 70, 202 and 220, respectively.

48. ***We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.***

We have entered into various transactions with related parties, including for payment of salaries and wages of key management persons, and royalty agreement, all of which have been approved by the Board. While we believe that all such transactions have been conducted on an arm's length basis in compliance with the Companies Act, 2013 and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although going forward, all related party transactions that we may enter into, will be subject to board or shareholder approval, as necessary under the Companies Act, 2013 and the SEBI Listing Regulations, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Such related party transactions may potentially involve conflicts of interest. For further details, see "*Other Financial Information – Related Party Transactions*" on page 313. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of public shareholders and will not have an adverse effect on our business, financial condition, results of operations and cash flows.

49. ***Any future hedging strategies may not be successful in preventing losses.***

We are currently not permitted to invest in certain financial instruments including derivatives, except for the purpose of hedging activities. In the future, should the guidelines applicable to Small Finance Banks be modified, we may utilize a variety of financial instruments for hedging different financial risks including undertaking the use of interest rate futures and derivatives for proprietary hedging. While we may enter into such transactions to seek to reduce interest rate risks, or the risks posed by the occurrence of certain other events, unanticipated changes in interest rates or the non-occurrence of other events being hedged may result in our poorer overall performance than if we had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the position being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the positions being hedged. Such imperfect correlation may prevent us from achieving the intended hedge or expose us to additional risk of loss.

50. ***We have included certain Non-GAAP Financial Measures and certain other selected statistical information related to our business, financial condition, results of operation and cash flows in this Draft Red Herring Prospectus. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.***

Certain Non-GAAP Financial Measures (such as collection efficiencies on a monthly basis) and certain other statistical information relating to our business, financial condition, results of operation and cash flows have been included in this section and elsewhere in this Draft Red Herring Prospectus. For information on the non-GAAP financial measures, see "*Selected Statistical Information-Non-GAAP Financial Measures*" on page 226. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These Non-GAAP Financial Measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

51. ***We have not been able to obtain certain records of the educational qualifications of one of our Directors and have relied on an affidavit furnished by such Director for details of their profiles included in this Draft Red Herring Prospectus.***

One of our Non-Executive Non-Independent Directors, Vijayalatha Reddy, has been unable to trace copies of documents pertaining to her educational qualifications, namely the bachelor's degree in English literature from Madras University and master's degree in English literature from Bangalore University. Accordingly, reliance has been placed on an affidavit furnished by her to us and the BRLMs to disclose details of her educational qualifications in this Draft Red Herring Prospectus. We and the BRLMs have been unable to independently verify these details prior to inclusion in this Draft Red Herring Prospectus. Further, there can be no assurances that Vijayalatha Reddy will be able to trace the relevant documents pertaining to her educational qualifications in the future, or at all.

EXTERNAL RISKS

52. ***Any downturn in the macroeconomic environment in India and globally would adversely affect our business, financial condition, results of operations and cash flows.***

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Therefore, any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operations and cash flows. The Indian economy could be adversely affected by various factors, such as the impact of COVID-19 or other pandemics, epidemics, political and regulatory changes, including adverse changes in the Government's liberalisation policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, volatility in interest rates, volatility in commodity and energy prices, a loss of investor confidence in other emerging market economies and any worldwide financial instability. In addition, an increase in India's trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could increase interest rates and adversely affect liquidity, which could adversely affect the Indian economy and thereby adversely affect our business, financial condition, results of operations and cash flows.

Also see " *– COVID-19 has had and could continue to have an adverse effect on our business, financial condition, results of operations and cash flows.*" on page 23.

53. ***The occurrence of natural disasters and man-made disasters could adversely affect our business, financial condition results of operations and cash flows. In addition, terrorist attacks and other acts of violence or war as well as civil unrest or rioting in India could create a perception that investment in Indian companies involves a higher degree of risk, thereby adversely affecting the market price of the Equity Shares.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, fires, explosions, pandemics (such as COVID-19) and epidemics, and man-made disasters, including acts of terrorism, other acts of violence and war, could adversely affect our business, financial condition, results of operations and cash flows. In addition, terrorist attacks and other acts of violence or war as well as civil unrest or rioting in India could create a perception that investment in Indian companies involves a higher degree of risk, thereby adversely affecting the market price of the Equity Shares.

54. ***Changing laws, rules and regulations and legal uncertainties, including any adverse application of tax laws and regulations across the multiple states we operate in, could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

Our business and financial condition could be materially adversely affected by changes in the laws, rules, regulations or directions applicable to us and our general and microfinance businesses, or the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations.

The governmental and regulatory bodies may notify new regulations and/ or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently, or change the manner in which we conduct KYC or authenticate our customers. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations, including foreign investment laws governing our business, operations and investments in our Bank by non-residents, could result in us being deemed to be in contravention of such laws and/ or may require us to apply for additional approvals.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, turnover tax, goods and service tax, stamp duty and other special taxes and surcharges that are introduced on a temporary or permanent basis from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Moreover, the central and state tax schemes in India are extensive and subject to change from time to time. For instance, the Government of India implemented a comprehensive national goods and services tax ("**GST**") regime with effect from July 1, 2017 that combines taxes and levies by the central and state governments into a unified rate structure. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If the tax costs associated with certain transactions because of a particular tax risk materializing are greater than anticipated, it could affect the profitability of such transactions.

Further, the Government of India has announced the union budget for Fiscal 2022, pursuant to which the Finance Bill, 2021 (**"Finance Bill"**), has introduced various amendments. The Finance Bill has received assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021. We have not fully determined the impact of these recent and proposed laws and regulations on our business.

We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time-consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

55. ***Financial difficulty and other problems in certain long-term lending institutions and investment institutions in India could have a negative impact on our business, financial condition, results of operations and cash flows.***

As an Indian Small Finance Bank, we are exposed to the risks of the Indian financial system, which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions, such as clearing agencies, banks, securities firms and exchanges, may be closely related as a result of credit, trading, clearing or other relationships. Our transactions with these financial institutions expose us to credit risk in the event of default by the counterparty, which can be exacerbated during periods of market illiquidity. As the Indian financial system operates within an emerging market, we face risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs, notwithstanding the existence of a national deposit insurance scheme. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions and banks in general and specific categories of financial institutions. This in turn could adversely affect our business, financial condition, results of operations, cash flows and the trading price of our Equity Shares.

56. ***Our ability to borrow in foreign currencies is restricted by Indian law.***

Indian banks and companies are subject to foreign exchange regulations that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our ability to borrow in foreign currencies and, therefore, could negatively affect our ability to obtain financing on competitive terms. In addition, we cannot assure you that any required approvals for borrowing in foreign currency will be granted to us without onerous conditions, or at all. Such, and other, limitations on raising foreign capital may adversely affect our business results of operations, financial condition and cash flows.

57. ***A third party could be prevented from acquiring control over our Bank because of anti-takeover provisions under Indian law and the provisions of the Banking Regulation Act.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Bank. These provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Bank. Further, given that our Bank is governed by the RBI, any significant change in shareholding would require the RBI's prior approval. Consequently, even if a potential takeover of our Bank would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the regulatory framework applicable to us.

58. ***Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors outside India may be more familiar with and may consider material to their assessment of our financial condition, results of operations and cash flows.***

The Restated Financial Statements have been compiled by the management from the audited interim financial statements as at and for each of the six month periods ended September 30, 2020 and 2019 and the audited financial statements as at and for each of the years ended March 31, 2020, 2019 and 2018. The above mentioned audited financial statements have been prepared in accordance with the requirements prescribed under the Banking Regulation Act. The accounting and reporting policies used in the preparation of these financial statements conform in all material aspects with Indian GAAP, the circulars and guidelines issued by the RBI from time to time and the Accounting Standards prescribed under Section 133 of the Companies Act (as amended), read with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules 2016 to the extent applicable and other relevant provisions of the Companies Act and current practices prevailing within the banking industry in India. The Restated Financial Statements have been prepared in accordance with the requirements of section 26 of Part 1 of Chapter III of the Companies Act, the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019). Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors outside India may be familiar. If the Restated Financial Statements were to be prepared in accordance with such other accounting principles, our results of operations, financial condition and cash flows may be substantially different. Prospective investors should review the accounting policies applied in the preparation of the Restated Financial Statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons unfamiliar with Indian GAAP on the financial information presented in the Draft Red Herring Prospectus should accordingly be limited.

59. ***It may not be possible for investors to enforce any judgment obtained outside India against us, the Directors or the Key Managerial Personnel in India respectively, except by way of a law suit in India.***

Our Bank is incorporated under the laws of India, all of our assets are located in India and the majority of our Directors and all Key Managerial Personnel are residents of India. The enforcement of civil liabilities by overseas investors in the Equity Shares, including the ability to effect service of process and to enforce judgments obtained in courts outside of India may be adversely affected by the fact that the Bank is incorporated under the laws of the Republic of India and all of its executive officers and directors reside in India. As a result, it may be difficult to enforce the service of process upon the Bank and any of these persons outside of India or to enforce outside of India, judgments obtained against the Bank and these persons in courts outside of India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13, 14 and Section 44A of the Code of Civil Procedure, 1908 ("**Civil Code**") on a statutory basis. Section 44A of the Civil Code provides that where a certified copy of a decree of any superior court, within the meaning of that Section, is obtained in any country or territory outside India which the government has by notification declared to be in a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees and does not apply to decrees for amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment).

The United Kingdom, Singapore and Hong Kong, among others, have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Code. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and/ or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

Further, there are considerable delays in the disposal of suits by Indian courts. It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment.

RISKS RELATING TO THE EQUITY SHARES AND THE OFFER

60. ***The determination of the Price Band is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares upon listing on the Stock Exchanges. Investors bear the risk of fluctuations in the price of Equity Shares and there can be no assurance that a liquid market for our Equity Shares will develop following the listing of our Equity Shares on the Stock Exchanges.***

There has been no public market for our Equity Shares prior to the Offer. The determination of the Price Band is based on various factors and assumptions and will be determined by our Bank and the Selling Shareholders in consultation with the BRLMs. Furthermore, the Offer Price of the Equity Shares will be determined by our Bank and the Selling Shareholders, in consultation with the BRLMs, through the Book Building Process. This price will be based on numerous factors, as described under in "*Basis for Offer Pric*e" on page 98. This price may not necessarily be indicative of the market price of the Equity Shares after the Offer is completed. You may not be able to re-sell your Equity Shares at or above the Offer price and may as a result lose all or part of your investment.

The price at which the Equity Shares will trade at after the Offer will be determined by the marketplace and may be influenced by many factors, including:

- our financial condition, results of operations and cash flows;
- the history of and prospects for our business;
- an assessment of our management, our past and present operations and the prospects for as well as timing of our future revenues and cost structures;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial condition, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements of significant claims or proceedings against us;
- new laws and government regulations that directly or indirectly affect our business;
- additions or departures of Key Managerial Personnel;
- changes in interest rates;
- fluctuations in stock market prices and volume; and
- general economic conditions.

The Indian stock markets have, from time to time, experienced significant price and volume fluctuations that have affected market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our financial condition, results of operations and cash flows.

The Equity Shares are expected to trade on NSE and BSE after the Offer, but there can be no assurance that active trading in our Equity Shares will develop after the Offer, or if such trading develops that it will continue. Investors may not be able to sell our Equity Shares at the quoted price if there is no active trading in our Equity Shares.

61. ***Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.***

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately six Working Days from the Bid/ Offer Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid/ Offer Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise any delay in commencing trading in the Equity Shares would restrict investors' ability to dispose their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

62. ***We have issued Equity Shares at a price that may be lower than the Offer Price in the last 12 months.***

Except as disclosed below, our Bank has not issued any Equity Shares in the last 12 months immediately preceding the date of this Draft Red Herring Prospectus at a price that may be lower than the Offer Price.

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason for allotment
May 12, 2020	7,806	10	10	Cash	Allotment pursuant to exercise of RSUs under the ESOP 2018(1)
August 13, 2020	431	10	10	Cash	Allotment pursuant to exercise of RSUs under the ESOP 2018(2)
November 6, 2020	417	10	10	Cash	Allotment pursuant to exercise of RSUs under the ESOP 2018(3)

(1) *Allotment of 7,228 equity shares to Ajay Pareek and 578 equity shares to Alexander John*
(2) *Allotment of 431 equity shares to VidyasagarBedida*
(3) *Allotment of 417 equity shares to Amit Raj Bakshi*

For further information, see *"Capital Structure"* on page 70. The price at which Equity Shares have been issued by us in the preceding one year is not necessarily indicative of the Offer Price.

63. ***Our funding requirements and the proposed deployment of Net Proceeds have not been appraised and our management will have broad discretion over the use of the Net Proceeds.***

We intend to utilize the Net Proceeds to augment our Bank's Tier - I capital base to meet our Bank's future capital requirements, which are expected to arise out of growth in our Bank's assets, primarily our Bank's advances and investment portfolio, and to ensure compliance with applicable RBI regulations and guidelines. For further details, see "*Objects of the Offer - Net Proceeds*" on page 94. As stipulated in Regulation 41 of the ICDR Regulations, we are not required to appoint a monitoring agency for the use of the Net Proceeds and we do not intend to do so. Our proposed deployment of the Net Proceeds has not been appraised and it is based on management estimates. Under the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for the Offer and deployment of the Fresh Issue proceeds will be entirely at the discretion of our Bank. Our management will therefore have broad discretion to use the Net Proceeds. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use of the Net Proceeds to achieve profitable growth in our business. Accordingly, the use of the Net Proceeds may not result in the growth of our business or increased profitability.

64. ***We will not receive any proceeds from the Offer for Sale.***

The Offer consists of a Fresh Issue and an Offer for Sale. Each of the Selling Shareholders will be entitled to their respective portion of the proceeds from the Offer for Sale in proportion of the Equity Shares offered by the respective Selling Shareholders as part of the Offer for Sale. Our Bank will not receive any proceeds from the Offer for Sale. See "*Objects of the Offer*" on page 94.

65. ***Our ability to pay dividends in the future will depend on our financial condition, results of operations, cash flows, capital requirements, capital expenditures and restrictive covenants of our financing arrangements, as well as compliance with applicable RBI regulations.***

We have not adopted a formal dividend policy. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and lenders and will depend on factors that our Board and shareholders deem relevant, including, among others, our future financial condition, results of operations, cash flows, capital requirements, capital expenditures, business prospects and restrictive covenants under our financing arrangements. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. In addition, the declaration and payment of dividends is subject to relevant RBI regulations (including RBI circular DBOD.NO.BP.BC. 88 / 21.02.067 / 2004-05 dated May 4, 2005, as amended) The RBI vide its circular dated April 17, 2020 has decided that banks shall not make any further dividend pay-outs from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board did not propose any dividend for the year ended March 31, 2020. We cannot assure you that we will be able to pay dividends at any point in the future.

66. ***Any future issuance of Equity Shares or securities convertible into Equity Shares by us or sales of Equity Shares by our Promoters could adversely affect the trading price of our Equity Shares and in the case of the issuance of Equity Shares or securities convertible into Equity Shares by us result in the dilution of our then current Shareholders.***

As disclosed in "*Capital Structure*" on page 70, an aggregate of 20% of our fully diluted post-Offer capital (assuming conversion of the Preference Shares and exercise of all vested employee stock options, if any, under the ESOP 2018 and the ESOP 2017) held by our Promoters shall be considered as minimum Promoters' contribution and locked in for a period of three years and the balance Equity Shares held by our Promoters and the other pre-Offer Shareholders following the Offer will be locked-in for one year from the date of Allotment. There can be no assurance that we will not issue additional Equity Shares or securities convertible into Equity Shares or that our Promoters will not sell their Equity Shares during the lock-in period. Furthermore, our Promoters are required to reduce their shareholding to 40% of our paid-up equity share capital within a period of five years from the date of commencement of our business operation, which was on March 28, 2018, and thereafter required to reduce its shareholding to 30% and 26% of our paid-up equity share capital within a period of 10 years and 12 years, respectively, from the date of commencement of our business operations. Any future issuances of Equity Shares or convertible securities could dilute the holdings of our Shareholders and adversely affect the trading price of the Equity Shares. Such securities may also be issued at prices below the Offer Price. Sales of Equity Shares by the Promoters could also adversely affect the trading price of our Equity Shares.

In addition, there can be no assurance that the Promoters will not pledge or encumber additional Equity Shares than already pledged or encumbered as at the date of this Draft Red Herring Prospectus. A rapid sale of any Equity Shares acquired by lenders as a result of invoking a pledge could result in a material decrease in the market price of the Equity Shares. Further, one of our Promoters has borrowed amounts that may be repaid from the proceeds of sale of its shareholding in our Bank in future, which may affect the trading price of our Equity Shares. For details on the Equity Shares already pledged by our Promoters, see "- *JHL, one of our Promoters, has encumbered 960,213 Equity Shares, representing 1.89% of our pre-Offer paid-up equity share capital and 1.82% of our total issued and paid-up equity share capital on a fully diluted basis as of the date of this Draft Red Herring Prospectus, by way of a pledge as collateral for certain debentures and loans, amounting to ₹4,801.72 million as of February 28, 2021, issued and owed by JHL. Any invocation of such encumbrances by the creditors would lead to a reduction in shareholding of our Promoters and could decrease our Promoters' influence over our Bank as well as result in us not complying with one of our regulatory requirements, which could have an adverse effect on our business, financial condition, results of operations and cash flows. In addition, a rapid sale of such Equity Shares by the creditors could result in a material decrease in the market price of the Equity Shares."* on page 32.

67. ***You will be subject to Indian stamp duty on the sale or transfer of the Equity Shares.***

The Government announced the interim Union budget for Fiscal 2020 and the Finance Act, 2019 (the "**Finance Act**"), which introduced various amendments. The Finance Act stipulates the sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

68. ***You may be subject to Indian taxes arising out of capital gains on the sale of Equity Shares acquired in the Offer.***

Under current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months that are sold using any other platform other than on a recognised stock exchange and on which no STT has been paid, are subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. In cases where the seller is a non-resident, capital gains arising from the sale of the equity shares may be partially or wholly exempt from taxation in India in cases where such exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Historically, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares.

69. ***QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. QIBs can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Therefore, QIBs and Non-Institutional Bidders would not be able to withdraw or lower their Bids, notwithstanding adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations or financial condition, or otherwise, between the dates of the submission of their Bids and the Allotment.

While our Bank is required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment, within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by the SEBI, events affecting the Bidders' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Bank may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

70. ***Fluctuations in the exchange rate between the Rupee and other currencies could have an adverse effect on the value of the Equity Shares in those currencies, independent of our results of operations.***

The Equity Shares will be quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend received by investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rate between the Rupee and other currencies (such as the U.S. dollar, the Euro, the pound sterling, the Hong Kong dollar and the Singapore dollar) has changed substantially in the past and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares in foreign currency terms, independent of our operating results.

71. ***Investors will not, without prior approval of the RBI, be able to acquire Equity Shares if such acquisition would result in an individual or group holding 5% or more of our share capital or voting rights directly or indirectly. Further, no shareholder will be permitted to exercise voting rights in excess of 26% of the total voting rights of our Bank.***

The Banking Regulation Act, read with the SFB Licensing Guidelines, requires any person to seek prior approval of the RBI, to acquire or agree to acquire shares or voting rights of a bank, either directly or indirectly, beneficial or otherwise, by himself or acting in concert with other persons, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in the aggregate shareholding of such persons to be 5% or more of the paid-up share capital of a bank or entitles them to exercise 5% or more of the voting rights in a bank. Such approval may be granted by the RBI if it is satisfied that the applicant meets certain fitness and propriety tests. The RBI may require the proposed acquirer to seek further RBI approval for subsequent acquisitions. Further, the RBI may, by passing an order, restrict any person holding more than 5% of our total voting rights from exercising voting rights in excess of 5%, if such person is deemed not to be fit and proper by the RBI. Further, as per the Banking Regulations Act read with gazette notification DBR.PSBD.No.1084/16.13.100/2016-17 dated July 21, 2016, no shareholder in a bank can exercise voting rights on poll in excess of 26% of total voting rights of all the shareholders of the bank. For more details, see "*Key Regulations and Policies*" on page 177. Consequently, even if a potential takeover of our Bank would result in the purchase of Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the regulatory framework applicable to us.

72. ***The individual investment limit and aggregate foreign investment limit for registered FPIs in our Bank is currently 10% and 49%, respectively, of the total paid-up equity share capital of our Bank.***

Foreign investment in India is governed by the provisions of FEMA along with the rules, regulations and notifications made by the RBI thereunder, including FEM NDI Rules, and the Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India from time to time. Under the current FDI Policy (effective October 15, 2020) 49% foreign direct investment is permitted in companies, such as our Bank, under the automatic route and up to 74% is permitted under the government approval route.

In terms of the SEBI (Foreign Portfolio Investors) Regulations, 2019, the issue of Equity Shares to a single FPI including its investor group (which means the same multiple entities registered as foreign portfolio investors having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our Bank's post-Offer paid-up equity share capital on a fully diluted basis. Further, in terms of the FEMA Regulations, the total holding by each FPI, or an investor group, shall be below 10% of the total paid-up equity share capital, on a fully diluted basis, of our Bank and the total holdings of all FPIs put together can be up to 74% of the paid-up equity share capital of our Bank, being the sectoral cap applicable to our Bank. Further, under the FDI Policy, at least 26% of the paid-up capital of our Bank is required to be held by residents. Also, see "*Investors will not, without prior approval of the RBI, be able to acquire Equity Shares if such acquisition would result in an individual or group holding 5% or more of our share capital or voting rights directly or indirectly. Further, no shareholder will be permitted to exercise* *voting rights in excess of 26% of the total voting rights of our Bank*" on page 54. As per the circular issued by SEBI on November 24, 2014, the above investment restrictions shall also apply to subscribers of P-Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Notes. In the event an investor has investments as a FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Notes investments in our Bank.

73. ***Foreign investors are subject to investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.***

Under foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified under applicable law. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions, then prior approval of the relevant regulatory authority is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020, which came into effect from April 22, 2020, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 398. Our ability to raise foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, financial condition, results of operations and cash flows.

74. ***Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, 2013, a company incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our Bank filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless our Bank makes such a filing. Our Bank may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in our Bank would be reduced.

75. ***Withholding may be imposed on payments on the Equity Shares under the U.S. Foreign Account Tax Compliance Act.***

Certain U.S. tax provisions in U.S. Foreign Account Tax Compliance Act, which is commonly referred to as FATCA, may impose 30% withholding on "foreign passthru payments" made by a "foreign financial institution" (an "**FFI**"). Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether or to what extent payments on the Equity Shares would be considered foreign passthru payments. Withholding on foreign passthru payments would not be required with respect to payments made before the date that is two years after the date of publication in the Federal Register of final regulations defining the term "foreign passthru payment." The United States has entered into an intergovernmental agreement with India (the "**IGA**"), which potentially modifies the FATCA withholding regime described above. We have registered as an FFI with the U.S. Internal Revenue Service and we believe that we may be subject to diligence, reporting and withholding obligations under the FATCA rules and the IGA. It is not yet clear how the IGA will address foreign passthru payments. Prospective investors in the Equity Shares should consult their tax advisors regarding the potential impact of FATCA, the IGA and any non-U.S. legislation implementing FATCA on their investment in the Equity Shares.

76. ***Our Bank may be classified as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. holders of Equity Shares.***

Our Bank will be classified as a PFIC for any taxable year if either: (a) at least 75% of its gross income is "passive income" for purposes of the PFIC rules or (b) at least 50% of the value of its assets (determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income; however, under final and proposed U.S. Treasury Regulations and a notice from the U.S. Internal Revenue Service, special rules apply to income derived in the active conduct of a banking business. Based on the current and anticipated composition of the income, assets (including their expected values) and operations of our Bank and the application to our Bank of the relevant PFIC rules governing banks referred to above, our Bank does not expect to be treated as a PFIC for the current taxable year or in the foreseeable future. Whether our Bank is treated as a PFIC is a factual determination that must be made annually after the close of each taxable year. This determination will depend on, among other things, the composition of the income and assets, as well as the value of the assets (which may fluctuate with our Bank's market capitalization) of our Bank from time to time. In addition, the manner in which the PFIC rules governing banks apply to our Bank is unclear in some respects. Some of the administrative guidance governing the application of the PFIC rules to banks is in the form of proposed U.S. Treasury Regulations and may change significantly when finalized, and new or revised regulations or pronouncements interpreting or clarifying the PFIC bank provisions may be forthcoming. Therefore, there can be no assurance that our Bank will not be classified as a PFIC in any taxable year. If our Bank were treated as a PFIC for any taxable year during which a U.S. Holder held Equity Shares, certain adverse U.S. federal income tax consequences would apply to such U.S. Holder.

77. ***Statistical and industry data in this Draft Red Herring Prospectus is derived from the IRR Report which was commissioned by us for such purpose for an agreed fee. The IRR Report is not exhaustive and is based on certain assumptions and parameters/conditions. The data and statistics in the IRR Report may be inaccurate, incomplete or unreliable.***

    This Draft Red Herring Prospectus includes information that is derived from the IRR Report, which was prepared by IRR Advisory pursuant to an engagement with us. IRR Advisory is not in any manner related to us, our Directors or our Promoters. The IRR Report is subject to various limitations and based upon certain assumptions that are subjective in nature. While we have taken reasonable care in the reproduction of the information from the IRR Report, none of our Bank or the BRLMs or any of our or their respective affiliates or advisors or any other person connected with the Offer has independently verified data and statistics obtained from the IRR Report. While we have no reason to believe the data and statistics in the IRR Report are incorrect, we cannot assure you that they are accurate, complete or reliable and, therefore, we make no representation or warranty, express or implied, as to the accuracy, completeness or reliability of such data or statistics. Therefore, discussions of matters relating to India, its economy and the industry in which we currently operate are subject to the caveat that data and statistics upon which such discussions are based may be inaccurate, incomplete or unreliable. Further, there can be no assurance that such data and statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other reports. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Red Herring Prospectus.

SECTION III: INTRODUCTION

THE OFFER

The following table sets forth details of the Offer:

Equity Shares Issued	
Offer of Equity Shares[#]*	Up to [●] Equity Shares, aggregating up to ₹[●] million
The Offer consists of:	
Fresh Issue[(1)]	Up to [●] Equity Shares, aggregating up to ₹7,000 million
Offer for Sale[(2)]	Up to 9,253,659 Equity Shares, aggregating up to ₹[●] million
of which:	
A) Employee Reservation Portion[(3)(4)]	Up to [●] Equity Shares, aggregating up to ₹[●] million
B) Net Offer	Up to [●] Equity Shares, aggregating up to ₹[●] million
The Net Offer consists of:	
A) QIB Portion[(5)(6)]	Not less than [●] Equity Shares
of which:	
- Anchor Investor Portion	Up to [●] Equity Shares
- Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	[●] Equity Shares
of which:	
- Mutual Fund Portion	[●] Equity Shares
- Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion	Not more than [●] Equity Shares
C) Retail Portion	Not more than [●] Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer upon conversion of the Preference Shares (assuming maximum conversion)	532,272,570[#] Equity Shares[(7)]
Equity Shares outstanding after the Offer	[●] Equity Shares
Utilisation of Net Proceeds of the Offer	See "*Objects of the Offer*" on page 94 for information about the use of the proceeds from the Offer.

\# *Our Bank may, in consultation with the BRLMs, consider a Pre-IPO Placement of an aggregate amount not exceeding ₹5,000 million, including by way of a Proposed Further Issue to our Promoters for an amount aggregating up to ₹4,000 million and a further issue of Equity Shares for the remaining amount (i.e. ₹5,000 million less any amounts raised from the Proposed Further Issue, if undertaken) to our Promoters and/or other investors. Any Pre-IPO Placement to the Promoters (including through the Proposed Further Issue), if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs and any Pre-IPO Placement to investors other than the Promoters, will be at a price to be decided by our Bank and the Selling Shareholders in consultation with the BRLMs. The Pre-IPO Placement, if undertaken will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the minimum Offer Size constituting at least [●]% of the post-Offer paid-up equity share capital of our Bank*

* *In terms of the Banking Regulation Act and circulars issued thereunder, prior approval from the RBI is required for any issue/ acquisition of shares which results in a person holding (by himself or acting in concert with any other person) 5.00% or more of the paid-up Equity Share capital or voting rights of our Bank.*

(1) *The Offer has been authorized by our Board pursuant to a resolution passed on March 22, 2021 and the Fresh Issue has been authorised by our Shareholders pursuant to a special resolution passed on March 25, 2021*

(2) *Each of the Selling Shareholders has authorised and consented to participate in the Offer for Sale. Each Selling Shareholder severally and not jointly confirms that the Offered Shares have been held by such Selling Shareholder for a period of at least one year prior to filing of this Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations.*

Sr. No.	Name of the Selling Shareholders	No. of Equity Shares offer in the Offer for Sale	Date of consent letter	Date of corporate action/board resolution/ power of attorney, where applicable
1.	Alpha TC	Up to 1,748,975 Equity Shares	March 30, 2021	March 26, 2021
2.	Badri Narayan Pilinja	Up to 115,195 Equity Shares	March 30, 2021	NA
3.	BAGIC – Policyholder Fund	Up to 126,482 Equity Shares	March 30, 2021	November 6, 2019
4.	BAGIC – Shareholder Fund	Up to 54,207 Equity Shares	March 30, 2021	November 6, 2019
5.	BALIC	Up to 542,064 Equity Shares	March 30, 2021	December 6, 2011
6.	CRL	Up to 878,878 Equity Shares	March 30, 2021	March 17, 2021
7.	ENAM	Up to 4,290 Equity Shares	March 30, 2021	March 19, 2021
8.	ERL	Up to 984,455 Equity Shares	March 30, 2021	March 17, 2021
9.	GAWA 2	Up to 141,285 Equity Shares	March 30, 2021	March 30, 2021
10.	GP II Trust (Ajay Tandon)	Up to 413 Equity Shares	March 30, 2021	July 12, 2007
11.	GP II Trust (Siva Shankar)	Up to 998 Equity Shares	March 30, 2021	October 12, 2009
12.	Hero Ventures	Up to 315,427 Equity Shares	March 30, 2021	March 27, 2021
13.	ICICI Prudential	Up to 553,820 Equity Shares	March 30, 2021	July 21, 2020
14.	North Haven	Up to 829,485 Equity Shares	March 30, 2021	March 23, 2021
15.	QRG	Up to 986,216 Equity Shares	March 30, 2021	March 26, 2021
16.	Tree Line Asia Master Fund (Singapore) Pte. Ltd.	Up to 1,652,101 Equity Shares	March 30, 2021	March 18, 2021
17.	Vallabh Bhanshali	Up to 119,410 Equity Shares	March 30, 2021	NA

18.	Vallabh Bhanshali HUF	Up to 199,958 Equity Shares	March 30, 2021	NA

(3) *The Employee Reservation Portion shall not exceed 5.00% of our post-Offer paid-up Equity Share capital. Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer. For further details, see "Offer Structure" on page 381.*

(4) *Our Bank may, in consultation with the BRLMs, offer an Employee Discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share), which shall be announced two Working Days prior to the Bid/Offer Opening Date.*

(5) *Our Bank and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB Portion will accordingly be reduced for any Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see "Offer Procedure" on page 385.*

(6) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Bank, in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids. Any undersubscription in the Employee Reservation Portion shall be added to the Net Offer. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the Allotment for the valid Bids will be made in the first instance towards subscription for 90% of the Fresh Issue. If there remain any balance valid Bids in the Offer, the Allotment for the balance valid Bids will be made first towards Equity Shares offered pursuant to the Fresh Issue, and only then, towards the Offer for Sale. For further details, see "Offer Structure" on page 381.*

(7) *As of the date of this Draft Red Herring Prospectus, there are 150,000,000 outstanding Preference Shares, held by Hero Ventures. The Preference Shares held by Hero Ventures shall be converted into a maximum of 2,500,000 Equity Shares in accordance with the SEBI ICDR Regulations prior to the filing of the Red Herring Prospectus with the RoC. The details of the conversion price will be updated in the Red Herring Prospectus prior to filing with the RoC. For details, see "History and Certain Corporate Matters" and "Capital Structure" on pages 190 and 70.*

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be Allocated on a proportionate basis. For further details, see "*Offer Structure – Basis of Allotment*" on page 381. For details of the terms of the Offer, see "*Terms of the Offer*" beginning on page 377.

SUMMARY OF FINANCIAL INFORMATION

The summary financial information presented below should be read in conjunction with "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 241 and 314.

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RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(₹ in Millions)

	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
CAPITAL AND LIABILITIES					
Capital	2,007.27	1,971.57	2,007.19	1,971.57	392.89
Reserves and surplus	9,255.16	4,221.78	8,427.93	4,764.93	14,895.27
Deposits	1,02,299.09	75,030.53	96,519.47	41,986.96	4.53
Borrowings	33,656.89	27,158.78	28,987.39	40,864.66	76,616.07
Other liabilities and provisions	6,281.60	4,345.34	5,529.23	4,874.79	5,579.09
TOTAL	**1,53,500.01**	**1,12,728.00**	**1,41,471.21**	**94,462.91**	**97,487.85**
ASSETS					
Cash and Balances with Reserve Bank of India	3,627.36	4,704.74	4,738.43	10,809.64	1,977.44
Balances with banks and money at call and short notice	2,123.66	380.47	5,064.57	875.97	9,194.66
Investments	39,664.92	25,863.50	26,500.35	14,681.26	19,974.79
Advances	1,02,210.39	75,910.57	99,592.38	62,170.79	60,283.15
Fixed assets	2,360.74	2,978.13	2,600.09	3,344.55	3,846.59
Other assets	3,512.94	2,890.59	2,975.39	2,580.70	2,211.22
TOTAL	**1,53,500.01**	**1,12,728.00**	**1,41,471.21**	**94,462.91**	**97,487.85**
Contingent liabilities	371.59	401.08	371.59	516.08	511.52
Bills for collection	-	-	-	-	

RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(₹ in Millions)

PARTICULARS	Half year ended September 30, 2020	Half year ended September 30, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
I. INCOME					
Interest earned	12,565.15	8,726.68	19,915.19	12,505.39	15,547.88
Other income	780.02	2,138.61	4,332.47	1,177.29	422.61
TOTAL	**13,345.17**	**10,865.29**	**24,247.66**	**13,682.68**	**15,970.49**
II. EXPENDITURE					
Interest expended	6,158.88	4,543.92	9,801.48	8,136.30	11,638.87
Operating expenses	4,951.45	5,399.31	11,640.80	11,311.95	14,553.01
Provisions and contingencies	1,410.49	1,475.50	2,504.06	13,725.09	14,816.56
TOTAL	**12,520.82**	**11,418.73**	**23,946.34**	**33,173.34**	**41,008.44**
III. PROFIT/(LOSS)					
Net profit/(loss) for the period / year	824.35	(553.44)	301.32	(19,490.66)	(25,037.95)
Add/(Less): Prior period item					
Balance in Profit and Loss Account brought forward	(41,266.55)	(41,308.09)	(41,308.09)	(21,817.43)	3,253.58
Transfer from Investment Fluctuation Reserve					
TOTAL	**(40,442.20)**	**(41,861.53)**	**(41,006.77)**	**(41,308.09)**	**(21,784.37)**
IV. APPROPRIATIONS					
Transfer to Statutory Reserve	-	-	75.34	-	-
Transfer to Capital Reserve	-	-	138.09	-	-
Transfer to Investment Fluctuation Reserve	-	11.19	46.36	-	-
Transfer to General Reserve	-	-	-	-	-
Dividend paid	-	-	-	-	(27.46)
Dividend Distribution Tax	-	-	-	-	(5.59)
Balance carried over to Balance Sheet	(40,442.20)	(41,872.72)	(41,266.55)	(41,308.09)	(21,817.43)
TOTAL					
V. EARNINGS/(LOSS) PER EQUITY SHARE (refer Annexure 23.2)					
(Face value of per share ₹ 10 per share)					
Basic (₹)*	16.25	(11.74)	6.21	(471.84)	(787.88)
Diluted (₹)*	15.42	(11.74)	5.90	(471.84)	(787.88)
* Half yearly Earnings / (Loss) per equity share is not annualised					

RESTATED SUMMARY STATEMENT OF CASH FLOWS

(₹ in Millions)

S. No.	Particulars	Half year ended September 30, 2020	Half year ended September 30, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
A.	**Cash flow from operating activities**					
	Net profit/(loss) before taxes	824.35	(553.44)	301.32	(19,490.66)	(24,111.39)
	Adjustments for:					
	Depreciation on bank's property	420.46	481.80	925.34	993.86	839.51
	Loss on sale of fixed assets	19.21	5.21	28.39	48.20	177.38
	Employee stock option expenses	2.88	13.93	36.89	76.51	51.24
	Provision for non-performing assets	176.02	(454.10)	(690.78)	(12,791.08)	12,097.54
	Bad debts written off	169.04	1,945.77	2,995.21	26,432.62	1,619.89
	Provision for standard assets	1,052.92	60.36	218.55	43.96	131.80
	Premium amortisation on HTM investments	26.56	14.57	35.98	4.99	-
	Operating profit / (loss) before working capital changes (i)	**2,691.44**	**1,514.10**	**3,850.90**	**(4,681.60)**	**(9,194.03)**
	Movement in working capital					
	(Increase)/Decrease in investments	83.76	4.18	(9,211.27)	7,058.81	(16,498.36)
	(Increase)/Decrease in advances	(4,015.99)	(15,291.81)	(39,944.57)	(15,573.13)	42,003.07
	Increase/(Decrease) in deposits	5,779.62	33,043.57	54,532.50	41,982.43	4.53
	(Increase)/Decrease in other assets	(548.95)	(432.98)	(523.37)	(435.38)	611.23
	Increase/(Decrease) in other liabilities and provisions	752.37	(529.45)	654.23	(704.16)	(2,509.63)
	Net change in working capital (ii)	**2,050.81**	**16,793.51**	**5,507.52**	**32,328.57**	**23,610.84**
	Direct taxes paid (net of refunds) (iii)	**11.40**	**123.09**	**128.88**	**65.79**	**149.72**
	Net cash flow generated from / (used in) operating activities (i)+(ii)+(iii) (A)	**4,753.65**	**18,430.70**	**9,487.29**	**27,712.76**	**14,566.53**
B.	**Cash flow from investing activities**					
	Purchase of fixed assets	(200.57)	(121.73)	(211.36)	(547.07)	(2,707.46)
	Sale of Government Securities	-	-	-		-
	Proceeds from sale of fixed assets	0.32	1.14	2.09	7.05	7.61
	(Increase)/Decrease in capital work in progress	-	-	-	-	137.25
	(Increase)/Decrease of held-to-maturity securities	(13,274.89)	(11,200.99)	(2,643.80)	(1,770.28)	-
	Net cash flow generated from / (used in) investing activities (B)	**(13,475.14)**	**(11,321.58)**	**(2,853.07)**	**(2,310.29)**	**(2,562.60)**
C.	**Cash flow from financing activities**					
	Proceeds from issue of equity shares	0.08	-	35.62	78.68	118.24
	Proceeds from issue of compulsorily convertible preference shares	-	-	-	1,500.00	-
	Securities premium received	-	-	3,350.22	9,283.81	16,241.76
	Share issue expenses	-	(3.64)	(25.44)	-	(19.00)
	Proceeds/(Repayment) from borrowings (including IBPC)	4,669.42	(13,705.88)	(11,877.23)	(35,751.46)	(40,056.10)
	Dividends paid	-	-	-	-	(27.46)
	Tax on dividend	-	-	-	-	(5.59)
	Net cash flow generated from / (used in) financing activities (C)	**4,669.51**	**(13,709.52)**	**(8,516.83)**	**(24,888.97)**	**(23,748.14)**
	Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	**(4,051.98)**	**(6,600.40)**	**(1,882.61)**	**513.50**	**(11,744.21)**
	Cash and cash equivalents as at beginning of the period / year	9,803.00	11,685.61	11,685.61	11,172.10	22,916.31
	Cash and cash equivalents as at end of the period / year	5,751.02	5,085.21	9,803.00	11,685.61	11,172.10

GENERAL INFORMATION

Registered and Corporate Office

Jana Small Finance Bank Limited
The Fairway Business Park
#10/1, 11/2, 12/2B
Off Domlur, Koramangala Inner Ring Road
Next to EGL, Challaghatta
Bengaluru 560 071
Karnataka, India
Registration Number: 040028
CIN: U65923KA2006PLC040028
RBI License Number: MUM:134

Address of the RoC

Our Bank is registered with the RoC situated at the following address:

Registrar of Companies, Karnataka
"E" Wing, 2nd Floor
Kendriya Sadana
Koramangala
Bengaluru 560 034
Karnataka, India

Company Secretary and Compliance Officer

Lakshmi R N
Jana Small Finance Bank Limited
The Fairway Business Park
#10/1, 11/2, 12/2B
Off Domlur, Koramangala Inner Ring Road
Next to EGL, Challaghatta
Bengaluru 560 071
Karnataka, India
Tel: +91 80 4602 0100
Email: investor.grievance@janabank.com

Board of Directors

As on the date of this Draft Red Herring Prospectus, our Board of Directors comprises of the following:

Name	Designation	DIN	Address
Ramesh Ramanathan	Part-time Chairman and Non-Executive Director	00163276	#3/7, Flat No. 402, Lyndhurst Apartment, Walton Road, Bengaluru 560 001, Karnataka, India
Ajay Kanwal	Managing Director and Chief Executive Officer	07886434	12, Narooma Road, Singapore 298 307
Vikram Gandhi	Non-Executive Independent Director	05168309	Honeycomb Unit 6A, Albany, Joe Lewis Drive & Ernie's Way, P O Box SP 63158, Nassau, The Bahamas
Vijayalatha Reddy	Non-Executive Independent Director	06778078	No. 119, Cunningham Road, Bengaluru 560 052, Karnataka, India
Ramalingam Ramaseshan	Non-Executive Independent Director	00200373	No.10, 5 C Cross, 16 Main, IAS Colony, BTM Layout, Bengaluru 560 076, Karnataka, India
Chitra Talwar	Non-Executive Independent Director	07156318	Apt 8B, Sky Gardens, Rhenius Street, Richmond Town, Bengaluru 560 025, Karnataka, India
Eugene Emmanuel Karthak	Non-Executive Independent Director	08743508	BB3F DDA Flats, Munirka, New Delhi 110 067, India
Peruvemba Ramachandran Seshadri	Non-Executive Independent Director	07820690	107, Sowmya Springs, Bangalore 560 004, Karnataka, India
Rahul Khosla	Non-Executive Non-Independent Director	03597562	N31, Panchshila Park, New Delhi 110 017

For further details of our Directors, see "*Our Management*" on page 198.

Filing

A copy of this Draft Red Herring Prospectus will be filed electronically on the platform provided by SEBI and at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure – Division of Issues and Listing – CFD."

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act, 2013 would be filed with the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be filed with the RoC at its office.

Book Running Lead Managers

Axis Capital Limited
1st Floor, Axis House,
C-2 Wadia International Centre
P.B. Marg, Worli
Mumbai 400 025
Maharashtra, India
Tel: +91 22 4325 2183
E-mail: jana.ipo@axiscap.in
Website: www.axiscapital.co.in
Investor Grievance ID: complaints@axiscap.in
Contact Person: Simran Gadh / Sagar Jatakiya
SEBI Registration Number: INM000012029

ICICI Securities Limited*
ICICI Centre
H. T. Parekh Marg
Churchgate
Mumbai 400 020
Maharashtra, India
Tel: +91 22 2288 2460
E-mail: jana.ipo@icicisecurities.com
Website: www.icicisecurities.com
Investor Grievance ID: customercare@icicisecurities.com
Contact Person: Vaibhav Saboo/ Nidhi Wangnoo
SEBI Registration Number: INM000011179
**In compliance with the proviso to Regulation 21A of the SEBI Merchant Banker Regulations and Regulation 23(3) of the SEBI ICDR Regulations, ICICI Securities Limited will be involved only in marketing of the Offer. ICICI Securities has signed the due diligence certificate and has been disclosed as BRLM for the Offer.*

SBI Capital Markets Limited
202, Maker Tower 'E'
Cuffe Parade
Mumbai 400 005
Maharashtra, India
Tel: +91 22 2217 8300
E-mail: jana.ipo@sbicaps.com
Website: www.sbicaps.com
Investor Grievance ID: investor.relations@sbicaps.com
Contact Person: Aditya Deshpande
SEBI Registration Number: INM000003531

Syndicate Members

[●]

Legal Counsel to our Bank as to Indian Law

Cyril Amarchand Mangaldas
3rd Floor, Prestige Falcon Towers
19, Brunton Road
Bengaluru 560 025
Karnataka
India
Tel: +91 80 6792 2000

Legal Counsel to the BRLMs as to Indian Law

IndusLaw
2nd Floor
Block D, The MIRA
Mathura Road
New Delhi -110 065
Tel.: +91 11 4782 1000

Legal Counsel to the Selling Shareholders as to Indian Law

AZB & Partners
AZB House, Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013

International Legal Counsel to the BRLMs

Duane Morris & Selvam LLP
16 Collyer Quay
#17-00, Singapore – 049 318
Tel: +65 6311 0030

Statutory Auditors to our Bank

MSKC & Associates
(*formerly known as R. K. Kumar & Co.*)
602 Floor 6, Raheja Titanium
Western Express Highway, Geetanjali Railway Colony
Ram Nagar, Goregaon (E)
Mumbai 400 063
Tel: +91 22 6831 1600
E-mail: TusharKurani@bdo.in
Firm Registration Number: 001595S
Peer Review Number: 011948

Except as stated below, there is no change in our auditors in the last three years:

Particulars	Date of change	Reason for change
MSKC & Associates (*formerly known as R. K. Kumar & Co.*) 602, Floor 6, Raheja Titanium Western Express Highway, Geetanjali Railway Colony Ram Nagar, Goregaon (E) Mumbai 400 063 Tel: +91 22 6831 1600 Email: TusharKurani@bdo.in Firm Registration Number: 001595S Peer Review Number: 011948	October 16, 2019	Appointment as Statutory Auditors of the Bank*
B S R & Associates LLP, Chartered Accountants Embassy Golf Links Business Park, Pebble Beach B Block, 3rd Floor, Off Intermediate Ring Road Bengaluru 560 071 India Tel: +91 80 6833 5000 Email: rjalexander@bsraffiliates.com Firm Registration Number: India 116231W/W-100024 Peer Review Number: 011719	October 11, 2019	Resignation as the statutory auditor of the Bank due to non-receipt of approval from RBI

**MSKC & Associates (formerly known as R. K. Kumar & Co.) were appointed on October 16, 2019 at the AGM of the Bank on account of casual vacancy due to the resignation of B S R & Associates LLP. Subsequently, MSKC & Associates (formerly known as R. K. Kumar & Co.) were appointed as the Statutory Auditor at the AGM held on June 5, 2020 until the next AGM.*

Registrar to the Offer

KFin Technologies Private Limited*
Selenium Tower B, Plot No. 31 and 32
Financial District
Nanakramguda, Serilingampally,
Hyderabad, Rangareddi 500 032
Telangana, India
Tel: +91 40 6716 2222

E-mail: jana.ipo@kfintech.com
Website: www.kfintech.com
Investor grievance ID: einward.ris@kfintech.com
Contact Person: M. Murali Krishna
SEBI Registration No.: INR000000221
Formerly known as Karvy Fintech Private Limited

Bankers to the Offer

Escrow Collection Bank(s)

[●]

Refund Bank(s)

[●]

Public Offer Bank(s)

[●]

Sponsor Bank

[●]

Designated Intermediaries

Self-Certified Syndicate Banks

The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, (other than through the UPI Mechanism), a list of which is available on the website of SEBI at (www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34) and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs (through the UPI Mechanism), a list of which is available on the website of SEBI at (https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) or such other website as updated from time to time.

Applications through UPI in the Offer can be made only through the SCSBs' mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list shall be updated on SEBI website.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) as updated from time to time.

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and on the website of NSE at www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

Experts

Except as stated below, our Bank has not obtained any expert opinions:

Our Bank has received written consent dated March 30, 2021 from our Statutory Auditors namely, M/s MSKC & Associates, Chartered Accountants, holding a valid peer review certificate from the Institute of Chartered Accountants of India, to include their name as an "expert" as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in relation to the Restated Financial Statements, the examination report on the Restated Financial Statements dated March 22, 2021, and the report on the statement of special tax benefits dated March 30, 2021 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U. S. Securities Act.

Monitoring Agency

In terms of the proviso to Regulation 41(1) of the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for this Offer.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

Credit Rating

As this is an issue of Equity Shares, there is no credit rating required for the Offer.

IPO Grading

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

Trustees

As this is an issue of Equity Shares, the appointment of trustees is not required.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Inter-se allocation of responsibilities

The following table sets forth the inter-se allocation of responsibilities for various activities among the Book Running Lead Managers:

S. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, due diligence of the Bank including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing	Axis, SBICAP	Axis
2.	Drafting and approval of all statutory advertisement	Axis, SBICAP	Axis
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report	Axis, SBICAP	SBICAP
4.	Appointment of intermediaries - Registrar to the Offer, advertising agency, Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	Axis, SBICAP	SBICAP
5.	International institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • preparation of road show presentation and frequently asked questions • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	Axis, SBICAP, I-SEC*	SBICAP
6.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	Axis, SBICAP, I-SEC*	I-SEC
7.	Non-institutional and retail marketing of the Offer, which will cover, *inter alia*, • Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows; • Finalising centres for holding conferences for brokers, etc.;	Axis, SBICAP, I-SEC*	Axis

S. No.	Activity	Responsibility	Coordinator
	• Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material; and • Finalising collection centres		
8.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation	Axis, SBICAP	Axis
9.	Managing the book and finalization of pricing in consultation with the Bank	Axis, SBICAP	Axis
10.	Post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Bank about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable. Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the initial and final post-Offer report to SEBI, release of 1% security deposit post closure of the Offer	Axis, SBICAP	SBICAP

* *In compliance with the proviso to Regulation 21A of the SEBI Merchant Banker Regulations and Regulation 23(3) of the SEBI ICDR Regulations, ICICI Securities will be involved only in marketing of the Offer. ICICI Securities has signed the due diligence certificate and has been disclosed as BRLM for the Offer.*

Book Building Process

Book Building Process, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band will be decided by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers, and the minimum Bid Lot and Employee Discount, will be decided by our Bank in consultation with the Book Running Lead Managers, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Kannada national daily newspaper (Kannada being the regional language of Karnataka, where our Registered and Corporate Office is located), each with wide circulation and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Bank and the Selling Shareholders, in consultation with the BRLMs after the Bid/ Offer Closing Date.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs. In addition to this, the RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders (subject to the Bid Amount being up to ₹200,000) and Eligible Employees Bidding in the Employee Reservation Portion (subject to the Bid Amount being up ₹500,000, net of Employee Discount, if any) can revise their Bids during the Bid/Offer Period and withdraw their Bids on or before the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis.

For further details on the method and procedure for Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 381 and 385, respectively.

Illustration of Book Building and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure*" on page 385.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Bank intends to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and offered in the Offer. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.)

Name, Address, Telephone Number and Email Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
[●]	[●]	[●]

The abovementioned underwriting commitments are indicative and will be finalised after pricing of the Offer, the Basis of Allotment and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board, the resources of the abovementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board/ IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Bank.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Bank, as on the date of this Draft Red Herring Prospectus, is set forth below:

(in ₹, except share data)

Sr. No.	Particulars	Aggregate value at face value	Aggregate value at Offer Price*
A.	**AUTHORIZED SHARE CAPITAL[(1)]**		
	100,000,000 equity shares of face value of ₹10 each	1,000,000,000	-
	250,000,000 preference shares of face value of ₹ 10 each	2,500,000,000	-
	Total	**3,500,000,000**	-
B.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	50,727,257 Equity Shares	507,272,570	-
	150,000,000 Preference Shares	1,500,000,000	-
	Total	**2,007,272,570**	-
C.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER (UPON CONVERSION OF THE PREFERENCE SHARES)[(2)]**		
	53,227,257[#] Equity Shares (assuming maximum conversion of the Preference Shares)	532,272,570[#]	-
D.	**PRESENT OFFER**		
	Offer of up to [●] Equity Shares[(3)(4)#]	[●]	[●]
	of which		
	Fresh Issue of up to [●] Equity Shares aggregating up to ₹7,000 million[(3)#]	[●]	[●]
	Offer for Sale of up to 9,253,659 Equity Shares aggregating up to ₹[●] million [(4)]	[●]	[●]
E.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	[●] Equity Shares (assuming full subscription in the Offer)	[●]	[●]
F.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		48,189,074,151.68
	After the Offer		[●]

* *To be updated upon finalisation of the Offer Price*

[#] *Our Bank may, in consultation with the BRLMs, consider a Pre-IPO Placement of an aggregate amount not exceeding ₹5,000 million, including by way of a Proposed Further Issue to our Promoters for an amount aggregating up to ₹4,000 million and a further issue of Equity Shares for the remaining amount (i.e. ₹5,000 million less any amounts raised from the Proposed Further Issue, if undertaken) to our Promoters and/or other investors. Any Pre-IPO Placement to the Promoters (including through the Proposed Further Issue), if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs and any Pre-IPO Placement to investors other than the Promoters, will be at a price to be decided by our Bank and the Selling Shareholders in consultation with the BRLMs. The Pre-IPO Placement, if undertaken will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the minimum Offer Size constituting at least [●]% of the post-Offer paid-up equity share capital of our Bank.*

(1) *For details in relation to the changes in the authorised share capital of our Bank, see "History and Certain Corporate Matters – Amendments to the Memorandum of Association" on page 191.*

(2) *As of the date of this Draft Red Herring Prospectus, 150,000,000 outstanding Preference Shares are held by Hero Ventures. The Preference Shares held by Hero Ventures shall be converted into a maximum of 2,500,000 Equity Shares as per the Hero Subscription Agreement (as amended by way of the letter amendment agreement dated March 25, 2021), prior to the filing of the Red Herring Prospectus with the RoC. The details of the conversion price will be updated in the Red Herring Prospectus prior to filing with the RoC. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 190.*

(3) *The Offer has been authorized by our Board pursuant to a resolution passed on March 22, 2021 and the Fresh Issue has been approved by the Shareholders pursuant to a special resolution passed on March 25, 2021. Each of the Selling Shareholders have confirmed and authorised their respective participation in the Offer for Sale. Our Board has taken on record the Offer for Sale by the Selling Shareholders pursuant to its resolution dated March 30, 2021. For further details, see "Other Regulatory and Statutory Disclosures" on page 366.*

(4) *Each of the Selling Shareholders, severally and not jointly, confirms that the Offered Shares have been held by such Selling Shareholders for a period of at least one year prior to filing of this Draft Red Herring Prospectus and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations. For details on the confirmation and authorization of each of the Selling Shareholders for their participation in the Offer for Sale, see "Other Regulatory and Statutory Disclosures – Authority for the Offer" on page 366.*

Notes to the Capital Structure

1. Share Capital History of our Bank

(a) ***Equity share capital***

The history of the equity share capital of our Bank is set forth in the table below:

Date of allotment#	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
November 10, 2006	10,000	10	10	Cash	Initial subscription to the Memorandum of Association (1)	10,000	100,000
November 10, 2006	136,500	10	10	Other than cash	Further issue(2)	146,500	1,465,000
November 10, 2006	85,096	10	260	Cash	Further issue(3)	231,596	2,315,960
November 10, 2006	103,500	10	10	Cash	Further issue(4)	335,096	3,350,960
March 31, 2008	107,212	10	260	Cash	Private placement (5)	442,308	4,423,080
March 4, 2010	24,111	10	1537	Cash	Further issue(6)	466,419	4,664,190
March 4, 2010	120,241	10	1922	Cash	Further issue(7)	586,660	5,866,600
March 4, 2010	55,505	10	1,441	Cash	Conversion of 800 CCPS(8)	642,165	6,421,650
June 22, 2010	72,645	10	1,921.73	Cash	Conversion of 1,396 CCPS(9)	714,810	7,148,100
On June 7, 2011, all 714,810 outstanding equity shares of face value of ₹10 each of the Bank were reclassified as 714,810 Class A equity shares of face value of ₹10 each.							
June 13, 2011	222,853	10	1,958.01	Cash	Further issue(10)	937,663	9,376,630
June 13, 2011	47,830	10	1,958.01	Cash	Further issue(11)	985,493	9,854,930
On July 12, 2012, all 222,853 outstanding Class B equity shares of face value of ₹10 each and all 47, 830 outstanding Class C equity shares of face value of ₹10 each were reclassified as Class A equity shares of face value of ₹10 each, resulting in a total number of 985,493 outstanding Class A equity shares of face value of ₹10 each.							
July 12, 2012	127,788	10	1,110	Cash	Further issue(12)	1,113,281	11,132,810
July 12, 2012	327,513	10	1,831.98	Cash	Further issue (13)	1,440,794	14,407,940
July 12, 2012	158,561	10	10	Cash	Further issue (14)	1,599,355	15,993,550
August 14, 2013	296,095	10	12.51	Cash	Rights issue(15)	1,895,450	18,954,500
August 14, 2013	1,168,887	10	1,900	Cash	Further issue (16)	3,064,337	30,643,370
August 14, 2013	18,422	10	10	Cash	Conversion of 3,722,481 Class A CCPS, 2,084,822 Class B CCPS, 5,486 Class C CCPS, 2,743 Class D CCPS (17)	3,082,759	30,827,590
October 28, 2014	167,229	10	10	Cash	Conversion of 42,431,000 CCDs(18)	3,249,988	32,499,880
November 10, 2014	964,330	10	4,000	Cash	Private placement (19)	4,214,318	42,143,180
November 11, 2014	101,910	10	16.56	Cash	Rights issue(20)	4,316,228	43,162,280
March 18, 2016	12	10	10	Cash	Conversion of 24,729,130 Class B CCPS, 17,467,430 Class C CCPS, 9,672,741 Class D CCPS, 5,417,339 Class E CCPS, 280 Class G CCPS, 8,135,260 Class I CCPS, 11,192,030	4,316,240	43,162,400

Date of allotment#	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
					Class H CCPS, and 39,002,120 Class K CCPS (21)		
April 13, 2016	1,144,350	10	8,738.58	Cash	Private placement (22)	5,460,590	54,605,900
April 13, 2016	201	10	10	Cash	Conversion of 3,143,830 Class A CCPS, 50,000 Class F CCPS and 40,000 Class J CCPS (23)	5,460,791	54,607,910
April 13, 2016	32,090	10	10	Cash	Conversion of 15,975,780 CCDs(24)	5,492,881	54,928,810
March 27, 2017	21,971,524	10	NA	NA	Bonus issue of four Class A equity shares as bonus shares for every one Class A equity share (25)	27,464,405	274,644,050
January 10, 2018	8,528,475	10	10	Cash	Conversion of 1,180,000,000 Class A CCPS (26)	35,992,880	359,928,800
January 16, 2018	1,850,246	10	1,383.60	Cash	Private placement (27)	37,843,126	378,431,260
March 27, 2018	1,445,504	10	1,383.60	Cash	Private placement (28)	39,288,630	392,886,300
August 29, 2018	2,213,428	10	1,383.60	Cash	Private placement (29)	41,502,058	415,020,580
November 30, 2018	1,048,127	10	1,383.42	Cash	Rights issue (30)	42,550,185	425,501,850
December 21, 2018	361,423	10	1,383.42	Cash	Rights issue(31)	42,911,608	429,116,080
December 27, 2018	268,175	10	1,383.42	Cash	Rights issue(32)	43,179,783	431,797,830
January 4, 2019	279,018	10	1,383.42	Cash	Rights issue(33)	43,458,801	434,588,010
January 21, 2019	104,929	10	1,383.42	Cash	Rights issue(34)	43,563,730	435,637,300
February 1, 2019	70,724	10	1,383.42	Cash	Rights issue(35)	43,634,454	436,344,540
February 28, 2019	946,282	10	951.09	Cash	Rights issue(36)	44,580,736	445,807,360
March 30, 2019	2,575,991	10	951.09	Cash	Private placement (37)	47,156,727	471,567,270
October 30, 2019	2,365,705	10	951.09	Cash	Rights issue(38)	49,522,432	495,224,320
November 29, 2019	1,043,695	10	951.09	Cash	Rights issue(39)	50,566,127	505,661,270
December 5, 2019	150,537	10	951.09	Cash	Rights issue(40)	50,716,664	507,166,640
January 31, 2020	1,939	10	10	Cash	Allotment pursuant to exercise of RSUs under the ESOP 2018 (41)	50,718,603	507,186,030
May 12, 2020	7,806	10	10	Cash	Allotment pursuant to exercise of RSUs under the ESOP 2018(42)	50,726,409	507,264,090
August 13, 2020	431	10	10	Cash	Allotment pursuant to	50,726,840	507,268,400

Date of allotment[#]	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
					exercise of RSUs under the ESOP 2018(43)		
November 6, 2020	417	10	10	Cash	Allotment pursuant to exercise of RSUs under the ESOP 2018(44)	50,727,257	507,272,570
On March 25, 2021, all 50,727,257 Class A equity shares were reclassified as 50,727,257 ordinary Equity Shares.							
Total	**50,727,257**					**50,727,257**	**507,272,570**

(1) *Allotment of 10 equity shares to Raghunath Srinivasan and 9,990 equity shares to Janalakshmi Social Services*

(2) *Allotment of 136,500 equity shares to Janalakshmi Social Services. As Janalakshmi Social Services had incurred a sum aggregating ₹2.60 million toward pre-incorporation/ pre-operative capital expenditure, our Bank, pursuant to a resolution of the Board dated November 10, 2006, approved allotment of equity shares up to an amount of ₹1.37 million in lieu of reimbursement of the expenditure.*

(3) *Allotment of 85,096 equity shares to Caspian Advisors Private Limited*

(4) *Allotment of 103,500 equity shares to Janalakshmi Social Services*

(5) *Allotment of 44,229 equity shares to Michael and Susan Dell Foundation and 62,983 equity shares to Lok Capital LLC*

(6) *Allotment of 24,111 equity shares to Bellwether Micro Finance Fund Private Limited*

(7) *Allotment of 12,055 equity shares to Narayan Ramachandran, 12,055 equity shares to Badri Narayan Pilinja, and 96,131 equity shares to Tree Line Asia Master Fund (Singapore) Pte Ltd*

(8) *Allotment of 20,814 equity shares to Michael and Susan Dell Foundation and 34,691 equity shares to Bellwether Micro Finance Private Limited*

(9) *Allotment of 72,645 equity shares to Tree Line Asia Master Fund (Singapore) Pte Ltd*

(10) *Allotment of 105 Class B equity shares to CVCIGP II Ajay Tandon Trust, 210 Class B equity shares to CVCIGP II Siva Shankar Trust, 79,891 Class B equity shares to CVCIGP II Employee Rosehill Limited and 142,647 Class B equity shares to CVCIGP II Client Rosehill Limited*

(11) *Allotment of 23 Class C equity shares to CVCIGP II Ajay Tandon Trust, 45 Class C equity shares to CVCIGP II Siva Shankar Trust, 17,146 Class C equity shares to CVCIGP II Employee Rosehill Limited and 30,616 Class C equity shares to CVCIGP II Client Rosehill Limited*

(12) *Allotment of 60 Class A equity shares to CVCIGP II Ajay Tandon Trust, 121 Class A equity shares to CVCIGP II Siva Shankar Trust, 45,811 Class A equity shares to CVCIGP II Employee Rosehill Limited, and 81,796 Class A equity shares to CVCIGP II Client Rosehill Limited*

(13) *Allotment of 16,376 Class A equity shares to Tree Line Asia Master Fund (Singapore) Pte Ltd, 27,292 Class A equity shares to Enam Shares and Securities Private Limited, 120,088 Class A equity shares to GAWA Microfinance Fund I and 163,757 Class A equity shares to India Financial Inclusion Fund*

(14) *Allotment of 158,561 Class A equity shares to Janalakshmi Social Services*

(15) *Allotment of 296,095 Class A equity shares to Jana Urban Foundation*

(16) *Allotment of 100 Class A equity shares to QRG Enterprises Limited, 49,243 Class A equity shares to India Financial Inclusion Fund, 84,856 Class A equity shares to CVCIGP II Employee Rosehill Limited, 151,512 Class A equity shares to CVCIGP II Client Rosehill Limited, 302,803 Class A equity shares to Alpha TC Holdings Pte Ltd and 580,373 Class A equity shares to MSPEA Platinum Pte Ltd*

(17) *Allotment of nine Class A equity shares to CVCIGP II Ajay Tandon Trust, 17 Class A equity shares to CVCIGP II Siva Shankar Trust, 6,604 Class A equity shares to CVCIGP II Employee Rosehill Limited and 11,792 Class A equity shares to CVCIGP II Client Rosehill Limited*

(18) *Allotment of 167,229 Class A equity shares to QRG Enterprises Limited*

(19) *Allotment of 100 Class A equity shares to QRG Enterprises Limited, 34,574 Class A equity shares to Global Financial Inclusion Fund, 129,660 Class equity shares to Alpha TC Holdings Pte Ltd, 178,379 Class A equity shares to MSPEA Platinum Pte Ltd and 621,617 Class A equity shares to TPG Asia VI SF Pte Ltd.*

(20) *Allotment of 101,910 Class A equity shares to Jana Urban Foundation*

(21) *Allotment of 12 Class A equity shares to Jana Urban Foundation*

(22) *Allotment of 18,309 Class A equity shares to Vallabh Bhanshali HUF, 62,745 Class A equity shares to QRG Enterprises Limited, 215,324 Class A equity shares to North Haven Private Equity Asia Platinum Pte Ltd, 423,986 Class A equity shares to TPG Asia VI SF Pte Ltd and 423,986 Class A equity shares to Caladium Investment Pte Ltd.*

(23) *Allotment of one Class A equity share to India Financial Inclusion Fund and 200 Class A equity shares to QRG Enterprises Limited*

(24) *Allotment of 32,090 Class A equity shares to QRG Enterprises Limited*

(25) *Allotment of 660 Class A equity shares to Growth Partnership II Ajay Tandon Co-investment Trust, 1,596 Class A equity shares to Growth Partnership II Siva Shankar Co-investment Trust, 3,432 Class A equity shares to Enam Securities Private Limited, 73,236 Class A equity shares to Vallabh Bhanshali HUF, 92,156 Class A equity hares to Badri Narayan Pilinja, 95,528 Class A equity Shares to Vallabh Bhanshali, 113,028 Class A equity shares to Global Financial Inclusion Fund, 196,976 Class A equity shares to India Financial Inclusion Fund, 442,408 Class A equity shares to Caladium Investment Pte Ltd, 608,028 Class A equity shares to QRG Enterprises Limited, 787,564 Class A equity shares to CVCIGP II Employee Rosehill Limited, 864,352 Class A equity shares to Tree Line Asia Master Fund (Singapore) Pte Ltd, 1,399,180 Class A equity shares to Alpha TC Holdings Pte Ltd, 1,406,204 Class A equity shares to Client Rosehill Limited, 2,758,940 Class A equity shares to North Haven Private Equity Asia Platinum Pte Ltd, 2,766,860 Class A equity shares to TPG Asia VI SF Pte Ltd, and 10,361,376 Class A equity shares to Jana Holdings Limited. Each of the Class A equity shares of ₹10 each, allotted, were fully paid up.*

(26) *Allotment of 108,413 Class A equity shares to Vallabh Bhanshali HUF, 144,550 Class A equity shares to QRG Enterprises Limited, 209,598 Class A equity shares to Caladium Investment Pte Ltd, 361,376 Class A equity shares to Bajaj Allianz General Insurance Company Limited, 361,376 Class A equity shares to Tree Line Asia Master Fund (Singapore) Pte Ltd, 361,376 Class A equity shares to ICICI Lombard General Insurance Company Limited, 722,752 Class A equity shares to North Haven Private Equity Asia Platinum Pte Ltd, 722,752 Class A equity shares to ICICI Prudential Life Insurance Company Limited, 845,620 Class A equity shares to TPG Asia VI SF Pte Ltd, 1,084,128 Class A equity shares to Bajaj Allianz Life Insurance Company Limited and 3,606,534 Class A equity shares to Jana Holdings Limited*

(27) *Allotment of 22,923 Class A equity shares to HarbourVest Asia Pacific Fund VIII LP, 42,572 Class A equity shares to HarbourVest Asia Pacific VIII AIF LP, 49,122 Class A equity shares to HarbourVest Skew Base AIF LP, 104,793 Class A equity shares to HIPEP VIII Partnership AIF LP, 157,189 Class A equity shares to HIPEP VIII Partnership Fund LP, 163,739 Class A equity shares to HarbourVest Co-Investment Opportunities Fund LP, 271,806 Class A equity shares to HarbourVest Partners Co-investment IV AIF LP and 1,038,102 Class A equity shares to HarbourVest Partners Co-Investment Fund IV LP*

(28) *Allotment of 361,376 Class A equity shares to ICICI Prudential Life Insurance Company Limited and 1,084,128 Class A equity shares to Jana Holdings Limited*

(29) *Allotment of 9,962 Class A equity shares to HarbourVest Asia Pacific Fund VIII LP, 18,500 Class A equity shares to HarbourVest Asia Pacific VIII AIF LP, 21,347 Class A equity shares to HarbourVest Skew Base AIF LP, 45,540 Class A equity shares HIPEP VIII Partnership AIF LP, 68,309 Class A equity shares to HIPEP VIII Partnership Fund LP, 71,156 Class A equity shares to HarbourVest Co-investment Opportunities Fund LP, 216,774 Class A equity shares to HarbourVest Partners Co-investment IV AIF LP, 469,789 Class A equity shares to The Maple Fund LP, 469,789 Class A equity shares to HarbourVest Co-invest 2017 Private Equity Partners LP and 822,262 Class A equity shares to HarbourVest Partners Co-investment Fund IV LP*

(30) *Allotment of 1,048,127 Class A equity shares to Jana Holdings Limited*

(31) *Allotment of 361,423 Class A equity shares to Jana Holdings Limited*

(32) *Allotment of 268,175 Class A equity shares to Jana Holdings Limited*

(33) *Allotment of 279,018 Class A equity shares to Jana Holdings Limited*

(34) *Allotment of 104,929 Class A equity shares to Jana Holdings Limited*

(35) *Allotment of 70,724 Class A equity shares to Jana Holdings Limited*

(36) *Allotment of 2,857 Class A equity shares to HarbourVest Asia Pacific Fund VIII LP, 5,306 Class A equity shares to HarbourVest Asia Pacific VIII AIF LP, 13,062 Class A equity shares to HIPEP VIII Partnership AIF LP, 19,593 Class A equity shares to HIPEP VIII Partnership Fund LP, 20,410 Class A equity shares to HarbourVest Co-investment Opportunities Fund LP, 23,511 Class A equity shares to ICICI Prudential Life Insurance Company Limited, 40,820 Class A equity shares to The Maple Fund LP, 40,820 Class A equity shares to HarbourVest Co-invest 2017 Private Equity Partners LP, 42,452 Class A equity shares to HarbourVest Partners Co-investment IV AIF LP, 81,631 Class A equity shares to QRG Enterprises Limited, 283,885 Equity Shares to TPG Asia VI SF Pte Ltd, 161,650 Class A equity shares to HarbourVest Partners Co-investment Fund IV LP and 210,285 Class A equity shares to Tree Line Asia Master Fund (Singapore) Pte Ltd.*

(37) *Allotment of 315,427 Class A equity shares to Hero Enterprise Partner Ventures and 2,260,564 Class A equity shares to Amansa Holdings Pte Limited*

(38) *Allotment of 3,030 Class A equity shares to HarbourVest Asia Pacific Fund VIII LP, 5,628 Class A equity shares to HarbourVest Asia Pacific VIII AIF LP, 13,854 Class A equity shares to HIPEP VIII Partnership AIF LP, 20,781 Class A equity shares to HIPEP VIII Partnership Fund LP, 21,647 Class A equity shares to HarbourVest Co-investment Opportunities Fund LP, 43,293 Equity Shares to The Maple Fund LP, 43,293 Class A equity shares to HarbourVest Co-invest 2017 Private Equity Partners LP, 45,025 Class A equity shares to HarbourVest Partners Co-investment IV AIF LP, 171,447 Class A equity shares to HarbourVest Partners Co-investment Fund IV LP, 473,140 Class A equity shares to TPG Asia VI SF Pte Ltd and 1,524,567 Class A equity shares to Jana Holdings Limited*

(39) *Allotment of 2,412 Class A equity shares to HarbourVest Asia Pacific VIII AIF LP, 5,937 Class A equity shares to HIPEP VIII Partnership AIF LP, 9,277 Class A equity shares to HarbourVest Co-investment Opportunities Fund LP, 18,554 Class A equity shares to The Maple Fund LP, 21,029 Class A equity shares to Jana Holdings Limited, 73,479 Class A equity shares to HarbourVest Partners Co-investment Fund IV LP and 893,711 Equity Shares to Amansa Holdings Pte Ltd*

(40) *Allotment of 1,298 Class A equity shares to HarbourVest Asia Pacific Fund VIII LP, 8,906 Class A equity shares to HIPEP VIII Partnership Fund LP, 18,554 Class A equity shares to HarbourVest Co-invest 2017 Private Equity Partners LP and 121,779 Class A equity shares to TPG Asia VI SF Pte Ltd*

(41) *Allotment of 229 Class A equity shares to Debdoot Banerjee, 262 Class A equity shares to Harnath Kummamuru, 289 Class A equity shares to Ananth Kumar MS, 509 Class A equity shares to Venkatesh Iyer S and 650 Class A equity shares to Ashwin Korana*

(42) *Allotment of 7,228 Class A equity shares to Ajay Pareek and 578 Class A equity shares to Alexander John*

(43) *Allotment of 431 Class A equity shares to VidyasagarBedida*

(44) *Allotment of 417 Class A equity shares to Amit Raj Bakshi*

#*Corporate secretarial records and other records in relation to certain allotments are not traceable. For details, see "Risk Factors - We did not have adequate controls in relation to compliances with certain provisions of the Companies Act, applicable FEMA regulations, Banking Regulation Act and regulatory filings as a result of which there have been certain non-compliances under these laws. Consequently, we may be subject to regulatory actions and penalties for any past or future non-compliance and our business, financial condition and reputation may be adversely affected." on page 44*

(b) ***Preference share capital***

The history of the preference share capital of our Bank is set forth in the table below:

Date of allotment	**Number of preference shares allotted/(converted)**	**Face value per preference share (₹)**	**Issue price per preference share (₹)**	**Nature of consideration**	**Nature of transaction**	**Cumulative number of preference shares**	**Cumulative paid-up preference share capital (in ₹)**
March 26, 2009	800	10	100,000	Cash	Preferential allotment of 800 CCPS(1)	800	8,000
March 4, 2010	(800)	10	NA	NA	Conversion of 800 CCPS(2)	Nil	Nil
March 4, 2010	1,396	10	100,003.09	Cash	Preferential allotment 1,396 CCPS(3)	1,396	13,960
June 22, 2010	(1,396)	10	NA	NA	Conversion of 1,396 CCPS(4)	Nil	Nil
July 12, 2012	5,815,532	10	10	Cash	Preferential allotment of 3,722,481 Class A CCPS, 2,084,822 Class B CCPS, 5,486 Class C CCPS, 2,743 Class D CCPS(5)	5,815,532	58,155,320
August 14, 2013	(5,815,532)	10	NA	NA	Conversion of 3,722,481	Nil	Nil

Date of allotment	Number of preference shares allotted/(converted)	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Nature of transaction	Cumulative number of preference shares	Cumulative paid-up preference share capital (in ₹)
					Class A CCPS, 2,084,822 Class B CCPS, 5,486 Class C CCPS, 2,743 Class D CCPS[6]		
August 14, 2013	60,480,470	10	10	Cash	Preferential allotment of 3,143,830 Class A CCPS, 24,729,130 Class B CCPS, 17,467,430 Class C CCPS, 9,672,741 Class D CCPS, 5,417,339 Class E CCPS, and 50,000 Class F CCPS[7]	60,480,470	604,804,700
November 10, 2014	60,538,690	10	10	Cash	Private placement of 40,000 Class J CCPS, 2,169, 280 Class G CCPS, 8,135,260 Class I CCPS, 11,192,030 Class H CCPS, and 39,002,120 Class K CCPS [8]	121,019,160	1,210,191,600
March 18, 2016	(117,785,330)	10	NA	NA	Conversion of 24,729,130 Class B CCPS, 17,467,430 Class C CCPS, 9,672,741 Class D CCPS, 5,417,339 Class E CCPS, 280 Class G CCPS, 8,135,260 Class I CCPS, 11,192,030 Class H CCPS, and 39,002,120 Class K CCPS [9]	3,233,830	32,338,300
April 13, 2016	(3,233,830)	10	NA	NA	Conversion of 3,143,830 Class A CCPS, 50,000 Class F CCPS and 40,000 Class J CCPS[10]	Nil	Nil
September 28, 2017	547,000,000	10	10	Cash	Rights issue of 547,000,000 Class A CCPS[11]	547,000,000	5,470,000,000
October 6, 2017	383,000,000	10	10	Cash	Rights issue of 383,000,000	930,000,000	9,300,000,000

Date of allotment	Number of preference shares allotted/(converted)	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Nature of transaction	Cumulative number of preference shares	Cumulative paid-up preference share capital (in ₹)
					Class A CCPS (12)		
November 2, 2017	100,000,000	10	10	Cash	Rights issue of 100,000,000 Class A CCPS (13)	1,030,000,000	10,300,000,000
December 29, 2017	100,000,000	10	10	Cash	Rights issue of 100,000,000 Class A CCPS(14)	1,130,000,000	1,130,000,000
January 3, 2018	50,000,000	10	10	Cash	Rights issue of 50,000,000 Class A CCPS (15)	1,180,000,000	11,800,000,000
January 10, 2018	(1,180,000,000)	10	NA	NA	Conversion of 1,180,000,000 Class A CCPS (16)	Nil	Nil
March 30, 2019	150,000,000*	10	10	Cash	Private placement of 150,000,000 Preference Shares(17)	150,000,000	1,500,000,000
Total	**150,000,000**					**150,000,000**	**1,500,000,000**

* *As of the date of this Draft Red Herring Prospectus, 150,000,000 outstanding Preference Shares are held by Hero Ventures. The Preference Shares held by Hero Ventures shall be converted into a maximum of 2,500,000 Equity Shares as per the Hero Subscription Agreement (as amended by way of the letter amendment agreement dated March 25, 2021), prior to the filing of the Red Herring Prospectus with the RoC. The details of the conversion price will be updated in the Red Herring Prospectus prior to filing with the RoC. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 190.*

(1) *Allotment of 300 CCPS to Michael and Susan Dell Foundation and 500 CCPS to Bellwether Microfinance Fund Private Limited*

(2) *Allotment of 20,814 equity shares to Michael and Susan Dell Foundation and 34,691 equity shares to Bellwether Micro Finance Private Limited upon conversion of 800 CCPS*

(3) *Allotment of 1,396 CCPS to Tree Line Asia Master Fund (Singapore) Pte Ltd*

(4) *Allotment of 72,645 equity shares to Tree Line Asia Master Fund (Singapore) Pte Ltd on conversion of 1,396 CCPS*

(5) *Allotment of 2,743 Class D CCPS to CVCIGP II Ajay Tandon, 5,486 Class C CCPS to CVCIGP II Siva Shankar Trust, 2,084,822 Class B CCPS to CVCIGP II Employee Rosehill Limited and 3,722,481 Class A CCPS to CVCIGP II Client Rosehill Limited*

(6) *Allotment of nine Class A equity shares to CVCIGP II Ajay Tandon Trust, 17 Class A equity shares to CVCIGP II Siva Shankar Trust, 6,604 Class A equity shares to CVCIGP II Employee Rosehill Limited and 11,792 Class A equity shares to CVCIGP II Client Rosehill Limited pursuant to conversion of 5,815,532 the Class A, Class B, Class C and Class D CCPS*

(7) *Allotment of 50,000 Class F CCPS to QRG Enterprises Limited, 3,143,830 Class A CCPS to India Financial Inclusion Fund, 5,417,339 Class E CCPS to CVCIGP II Employee Rosehill Limited, 9,672,741 Class D CCPS to CVCIGP II Client Rosehill Limited, 17,467,430 Class C CCPS to Alpha TC Holdings Pte Ltd and 24,729,130 Class B CCPS to MSPEA Platinum Pte Ltd*

(8) *Allotment of 40,000 Class J CCPS to QRG Enterprises Limited, 2,169,280 Class G CCPS to Global Financial Inclusion Fund, 8,135,260 Class I CCPS to Alpha TC Holdings Pte Ltd, 11,192,030 Class H CCPS to MSPEA Platinum Pte Ltd and 39,002,120 Class K CCPS to TPG Asia VI SF Pte Ltd*

(9) *Allotment of Class A 12 equity shares to Jana Urban Foundation pursuant to conversion of 117,785,330 CCPS*

(10) *Allotment of one Class A equity share to India Financial Inclusion Fund and 200 Class A equity shares to QRG Enterprises Limited on conversion of 3,233,830 CCPS*

(11) *Allotment of 15,000,000 Class A CCPS to Vallabh Bhanshali HUF, 20,000,000 Class A CCPS to QRG Enterprises Limited, 50,000,000 Class A CCPS to Tree Line Asia Master Fund (Singapore) Pte Ltd, 29,000,000 Class A CCPS to Caladium Investments Pte Ltd, 117,000,000 Class A CCPS to TPG Asia VI SF Pte Ltd, and 316,000,000 Class A CCPS to Jana Holdings Limited*

(12) *Allotment of 50,000,000 Class A CCPS to Bajaj Allianz General Insurance Company Limited, 150,000,000 Class A CCPS to Bajaj Allianz Life Insurance Company Limited and 183,000,000 Class A CCPS to Jana Holdings Limited*

(13) *Allotment of 100,000,000 Class A CCPS to North Haven Private Equity Asia Platinum Pte Ltd*

(14) *Allotment of 100,000,000 Class A CCPS to ICICI Prudential Life Insurance Company Limited*

(15) *Allotment of 50,000,000 Class A CCPS to ICICI Lombard General Insurance Company Limited*

(16) *Allotment of 108,413 Class A equity shares to Vallabh Bhanshali HUF, 144,550 Class A equity shares to QRG Enterprises Limited, 209,598 Class A equity shares to Caladium Investment Pte Ltd, 361,376 Class A equity shares to Bajaj Allianz General Insurance Company Limited, 361,376 Class A equity shares to Tree Line Asia Master Fund (Singapore) Pte Ltd, 361,376 Class A equity shares to ICICI Lombard General Insurance Company Limited, 722,752 Class A equity shares to North Haven Private Equity Asia Platinum Pte Ltd, 722,752 Class A equity shares to ICICI Prudential Life Insurance Company Limited, 845,620 Class A equity shares to TPG Asia VI SF Pte Ltd, 1,084,128 Class A equity shares to Bajaj Allianz Life Insurance Company Limited and 3,606,534 Class A equity shares to Jana Holdings Limited on conversion of 1,180,000,000 Class A CCPS*

(17) *Allotment of 150,000,000 Preference Shares to Hero Enterprise Partner Ventures*

2. Issue of Equity Shares or Preference Shares at a price lower than the Offer Price in the last year

Except for the below, our Bank has not issued any Equity Shares or Preference Shares which may be at a price lower than the Offer Price during a period of one year preceding the date of this Draft Red Herring Prospectus.

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason for allotment
May 12, 2020	7,806	10	10	Cash	Allotment pursuant to exercise of RSUs under the ESOP 2018(1)
August 13, 2020	431	10	10	Cash	Allotment pursuant to exercise of RSUs under the ESOP 2018(2)
November 6, 2020	417	10	10	Cash	Allotment pursuant to exercise of RSUs under the ESOP 2018(3)

(4) *Allotment of 7,228 Class A equity shares to Ajay Pareek and 578 Class A equity shares to Alexander John*

(5) *Allotment of 431 Class A equity shares to VidyasagarBedida*

(6) *Allotment of 417 Class A equity shares to Amit Raj Bakshi*

None of the abovementioned allottees are part of the Promoter Group of the Bank.

3. **Issue of Equity Shares for consideration other than cash or out of revaluation of reserves**

(a) Our Bank has not issued any Equity Shares out of revaluation of reserves since its incorporation.

(b) Except as stated below, our Bank has not issued any Equity Shares for consideration other than cash, as of the date of this Draft Red Herring Prospectus:

Date of allotment	No. of Equity Shares allotted	Face Value per Equity Share (₹)	Issue price (₹)	Reason for allotment	Benefits accrued to our Bank	Allottee
November 10, 2006	136,500	10	10	Further Issue	Adjustment of pre-incorporation expenses incurred	Janalakshmi Social Services

4. **Issue of Equity Shares pursuant to schemes of arrangement**

Our Bank has not allotted any Equity Shares pursuant to a scheme of amalgamation approved under Sections 230 to 234 of the Companies Act, 2013, or sections 391-394 of the Companies Act, 1956.

5. **History of the equity share capital held by our Promoters**

JCL and JHL are the Promoters of our Bank. JCL, along with its nominees, holds 100% of the issued and paid-up share capital of JHL.

As on the date of this Draft Red Herring Prospectus, JHL, holds 21,344,374 Equity Shares equivalent to 42.08% of the issued, subscribed, and paid-up equity share capital of our Bank (40.10% of our pre-Offer capital on a fully diluted basis assuming full conversion of the outstanding Preference Shares and not taking into account vested stock options and units). While JCL does not directly hold any Equity Shares in the Bank as on the date of this Draft Red Herring Prospectus, all such Equity Shares are presently held by JHL, and therefore indirectly by JCL.

6. **Build-up of the shareholding of our Promoters in our Bank**

The details regarding the Equity Shareholding of our Promoters, JCL and JHL, since incorporation of our Bank is set forth in the table below:

Date of allotment/transfer and date on which Equity Shares were made fully paid-up^	Nature of transaction	No. of Equity Shares	Nature of consideration	Face Value per Equity Share (₹)	Offer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
JCL							
March 31, 2016	Transfer from JUF to JCL	1,137,746	Cash	10	10	2.24	[●]
August 19, 2016	Transfer from Enam Securities Private Limited to JCL	26,434	Cash	10	6,612	Negligible	[●]
August 24, 2016	Transfer from QRG Enterprises Limited to JCL	164,783	Cash	10	6,612	0.32	[●]

Date of allotment/transfer and date on which Equity Shares were made fully paid-up^	Nature of transaction	No. of Equity Shares	Nature of consideration	Face Value per Equity Share (₹)	Offer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
August 25, 2016	Transfer from V.S. Radhakrishnan to JCL	1	Cash	10	6,333	Negligible	[●]
August 25, 2016	Transfer from North Haven Private Equity Asia Platinum Pte Ltd to JCL	225,735	Cash	10	8,739	0.44	[●]
September 9, 2016	Transfer from TPG Asia VI SF Pte Ltd	517,818	Cash	10	8,739	1.02	[●]
September 9, 2016	Transfer from Caladium Investment Pte Ltd to JCL	517,818	Cash	10	8,739	1.02	[●]
September 14, 2016	Transfer from Raghunath Srinivasan to JCL	9	Cash	10	6,333	Negligible	[●]
September 15, 2016	Transfer to JHL#	(2,590,344)	Cash	10	4,747.74	(5.10)	[●]
Total (A)		-				-	
JHL							
September 15, 2016	Transfer from JCL to JHL	2,590,344	Cash	10	4,747.74	5.10	[●]
March 27, 2017	Bonus issue to JHL	10,361,376	NA	10	NA	20.42	[●]
January 10, 2018	Allotment to JHL pursuant to conversion of CCPS	3,606,534	Cash	10	10	7.10	[●]
March 27, 2018	Preferential allotment to JHL	1,084,128	Cash	10	1,383.60	2.13	[●]
October 4, 2018	Transfer from North Haven Private Equity Asia Platinum Pte Ltd to JHL	24,000	Cash	10	1,383.42	0.04	[●]
November 30, 2018	Rights issue	1,048,127	Cash	10	1,383.42	2.06	[●]
December 21, 2018	Rights issue	361,423	Cash	10	1,383.42	0.71	[●]
December 27, 2018	Rights issue	268,175	Cash	10	1,383.42	0.52	[●]
January 4, 2019	Rights issue	279,018	Cash	10	1,383.42	0.55	[●]
January 21, 2019	Rights issue	104,929	Cash	10	1,383.42	0.20	[●]
February 1, 2019	Rights issue	70,724	Cash	10	1,383.42	0.13	[●]
October 30, 2019	Rights issue	1,524,567	Cash	10	951.09	3.00	[●]
November 29, 2019	Rights issue	21,029	Cash	10	951.09	0.04	[●]
Total (B)		**21,344,374***				**42.08**	[●]
Total (A+B)		**21,344,374***				**42.08**	

**Our Promoters, JHL and JCL propose to file the Scheme of Amalgamation, pursuant to which JHL is proposed to be amalgamated with JCL. The Scheme of Amalgamation will be subject to the approval of the board of directors, the shareholders, and the creditors of each of JCL and JHL, and receipt of the necessary statutory and regulatory and other consents and approvals (including from the RBI). Upon the Scheme of Amalgamation coming into effect, it is proposed that JHL's shareholding and interest in the Bank (comprising of 21,344,374 Equity Shares aggregating to 42.08% of the total issued and paid-up equity share capital of the Bank as on the date of this Draft Red Herring Prospectus, and 40.10% of the total issued and paid-up equity share capital of the Bank on a fully diluted basis taking into account conversion of the Preference Shares but not considering vested options and units), will be transferred to, and vested in JCL and JCL shall become a direct shareholder and sole promoter of the Bank. The Bank will file the Red Herring Prospectus only after the Scheme of Amalgamation comes into effect, or if the Scheme of Amalgamation is withdrawn. For details, see "Our Promoters and Promoter Group – Scheme of Amalgamation" on page 219.*

 # The entire shareholding of JCL in our Bank was transferred to JHL.

^ With respect to the build-up of the shareholding of the Promoters in our Bank, reliance has been placed on the register of members of the Bank, demat account statements of our Promoters, regulatory filings with the RBI, share transfer forms, where available, and confirmations provided by our Promoters. In the past, there have been inconsistencies and irregularities in the regulatory filings made by us. For details, see "Risk Factors – There have been irregularities in certain regulatory filings made by us with the RoC under applicable law. Further, certain of our statutory and regulatory records are not traceable. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Bank in the future in relation to such missing corporate records or irregular filings." on page 39.

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of allotment or transfer of such Equity Shares.

As at the date of this Draft Red Herring Prospectus, JHL, one of our Promoters, has pledged 960,213 Equity Shares aggregating to 1.89% of the total issued and paid-up equity share capital of our Bank, on a fully diluted basis in favour of Catalyst Trusteeship Services Limited, debenture trustee for the benefit of ECL Finance Limited, Centrum Financial Services Limited and Centrum Retail Services Limited as collateral for certain debentures and payments issued and owed to such parties. As of February 28, 2021, the total outstanding with respect to such debentures and payments amounted to ₹4,801.72 million. For further details, see "*Risk Factors - JHL, one of our Promoters, has encumbered 960,213 Equity Shares, representing 1.89% of our Pre-Offer paid-up equity share capital and 1.82% of our total issued and paid-up capital on a fully diluted basis as of the date of this Draft Red Herring Prospectus, by way of a pledge as collateral for certain debentures and loans, amounting to ₹4,801.72 million as of February 28, 2021, issued and owed by JHL. Any invocation of such encumbrances by the creditors would lead to a reduction in shareholding of our Promoters and could decrease our Promoters' influence over our Bank as well as result in us not complying with one of our regulatory requirements, which could have an adverse effect on our business, financial condition, results of operations and cash flows. In addition, a rapid sale of such Equity Shares by the creditors could result in a material decrease in the market price of the Equity Shares.*" on page 32.

Except as disclosed above, none of the Equity Shares held by our Promoters are pledged or otherwise encumbered. It is clarified that the Equity Shares forming part of the Promoters' Contribution (defined below) are not subject to any pledge.

Our Promoters do not hold any Preference Shares as of the date of this Draft Red Herring Prospectus.

7. Details of Promoters' Contribution and lock-in

i. Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer equity share capital of our Bank held by our Promoters (assuming conversion of the Preference Shares and exercise of all vested employee stock options, if any, under the ESOP 2018 and the ESOP 2017), shall be locked in for a period of three years as minimum promoters' contribution from the date of Allotment ("**Promoters' Contribution**") and the shareholding of the Promoters in excess of 20% of the fully diluted post-Offer equity share capital (assuming conversion of the Preference Shares and exercise of all vested employee stock options, if any, under the ESOP 2018 and the ESOP 2017) shall be locked in for a period of one year from the date of Allotment.

ii. Details of the Equity Shares to be locked-in for three years from the date of Allotment as Promoters' Contribution are set forth in the table below:

Name of Promoter	Number of Equity Shares locked-in	Date of allotment of Equity Shares and when made fully paid-up*	Nature of allotment	Face Value per Equity Share (₹)	Offer/ Acquisition price per Equity Share (₹)	Percentage of the pre-Offer paid-up capital (%)	Percentage of the post-Offer paid-up capital (%)**
JCL*	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]		[●]	[●]	[●]	[●]

** All Equity Shares allotted to JCL were fully paid-up at the time of allotment. Our Promoters, JHL and JCL propose to file the Scheme of Amalgamation, pursuant to which JHL is proposed to be amalgamated with JCL. The Scheme of Amalgamation will be subject to the approval of the board of directors, the shareholders, and the creditors of each of JCL and JHL, and receipt of the necessary statutory, regulatory and other consents and approvals (including from the RBI). Upon the Scheme of Amalgamation coming into effect, it is proposed that JHL's shareholding and interest in the Bank (comprising of 21,344,374 Equity Shares aggregating to 42.08% of the total issued and paid-up equity share capital of the Bank as on the date of this Draft Red Herring Prospectus, and 40.10% of the total issued and paid-up equity share capital of the Bank on a fully diluted basis taking into account conversion of the Preference Shares but not considering vested options and units), will be transferred to, and vested in JCL and JCL shall become a direct shareholder and sole promoter of the Bank. The Bank will file the Red Herring Prospectus only after the Scheme of Amalgamation comes into effect, or if the Scheme of Amalgamation is withdrawn. For details, see "Our Promoters and Promoter Group – Scheme of Amalgamation" on page 219.*

*** Assuming conversion of the Preference Shares, and exercise of vested stock options and units.*

iii. Our Bank undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' Contribution in terms of Regulation 15 of the SEBI ICDR Regulations.

iv. Our Promoters have given consent to include such number of Equity Shares held by it as may constitute 20% of the fully diluted post-Offer equity share capital of our Bank as Promoters' Contribution (assuming conversion of the Preference Shares and exercise of all vested employee stock options, if any, under the ESOP 2018 and the ESOP 2017).

v. In this connection, our Bank confirms the following:

(a) The Equity Shares offered for Promoters' Contribution do not include (i) Equity Shares acquired in the three immediately preceding years for consideration other than cash, where revaluation of assets or capitalisation of intangible assets was involved in such transaction, or (ii) Equity Shares resulting from bonus issue by utilization of revaluation reserves or unrealised profits of our Bank or bonus shares issued against Equity Shares, which are otherwise ineligible for computation of Promoters' Contribution.

(b) Our Promoters, JHL and JCL propose to file the Scheme of Amalgamation, pursuant to which JHL is proposed to be amalgamated with JCL. The Scheme of Amalgamation will be subject to the approval of the board of directors, the shareholders, and the creditors of each of JCL and JHL, and receipt of the necessary statutory, regulatory, and other consents and approvals (including from the RBI). Upon the Scheme of Amalgamation coming into effect, it is proposed that JHL's shareholding and interest in the Bank (comprising of 21,344,374 Equity Shares aggregating to 42.08% of the total issued and paid-up equity share capital of the Bank as on the date of this Draft Red Herring Prospectus and 40.10% of the total issued and paid-up equity share capital of the Bank on a fully diluted basis taking into account conversion of the Preference Shares but not considering vested options and units), will be transferred to, and vested in JCL and JCL shall become a direct shareholder and sole promoter of the Bank. The Bank will file the Red Herring Prospectus only after the Scheme of Amalgamation comes into effect, or if the Scheme of Amalgamation is withdrawn. For details, see "*Our Promoters and Promoter Group – Scheme of Amalgamation*" on page 219. The Equity Shares which will be acquired by JCL pursuant to the Scheme of Amalgamation, if consummated will be eligible for Promoters' contribution in terms of Regulation 15(1)(b)(ii) of the SEBI ICDR Regulations.

(c) The Promoters' Contribution does not include any Equity Shares acquired during the immediately preceding one year.

(d) Our Bank has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm.

(e) The Equity Shares forming part of the Promoters' Contribution are not subject to any pledge.

(f) All the Equity Shares held by JHL are in dematerialised form and all Equity Shares that will be held by JCL upon the Scheme of Amalgamation coming into effect, shall be held in dematerialised form.

vi. Other lock-in requirements:

(a) The entire pre-Offer equity share capital of our Bank (other than Promoters' Contribution, which will be locked-in in the manner described above for a period of three years from the date of Allotment), will be locked-in for a period of one year from the date of Allotment, except for (i) the Equity Shares offered and successfully transferred pursuant to the Offer for Sale; and (ii) any Equity Shares held by the eligible employees (whether currently employees or not) of our Bank which have been or will be allotted to them under the Bank's ESOP 2018, RSU 2018, ESOP 2017 and RSU 2017 prior to the Offer, and except as required under applicable law. Any unsubscribed portion of the Equity Shares offered pursuant to the Offer for Sale will be locked-in as required under the SEBI ICDR Regulations. For details, see "*Offer Procedure*" on page 385.

(b) Other than the Scheme of Amalgamation, pursuant to which JHL's shareholding and interest in the Bank, comprising of 21,344,374 Equity Shares aggregating to 42.08% of the total issued and paid-up equity share capital of the Bank as on date, shall stand transferred to, and vested in JCL, our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoters' Contribution from the date of filing the Draft Red Herring Prospectus, until the expiry of the lock-in specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

(c) Further, pursuant to the SFB Licensing Guidelines, our Promoter's minimum initial contribution to the paid-up equity share capital of our Bank is required to be at least 40% which is required to be held for a period of five years from the date of commencement of business i.e., until March 28, 2023. Our Promoters' shareholding in the Bank is required to be diluted thereafter, in accordance with the SFB Licensing Guidelines as described in "*Key Regulations and Policies*" on page 177.

(d) Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

(e) As required under Regulation 20 of the SEBI ICDR Regulations, our Bank shall ensure that details of the Equity Shares locked-in are recorded by the relevant Depository.

8. Shareholding Pattern of our Bank

The table below presents the equity shareholding pattern of our Bank as on the date of this Draft Red Herring Prospectus.

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up equity shares held (IV)	Number of Partly paid-up equity shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								Number of Voting Rights			Total as a % of (A+B+ C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
(A)	Promoters and Promoter Group	1*	21,344,374	-	-	21,344,374	42.08	21,344,374	-	21,344,374	42.08**	Nil	40.10		-	960,213	1.89	21,344,374
(B)	Public	42	29,382,883	-	-	29,382,883	57.92	29,382,883	-	29,382,883	57.92	2,500,000***	59.90***		-	-	-	29,382,883
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-
	Total	**43**	50,727,257	-	-	50,727,257	100.00	**50,727,257**	-	50,727,257	100.00	2,500,000***	100.00		-	960,213	1.89	50,727,257

**Our Promoters, JHL and JCL propose to file the Scheme of Amalgamation, pursuant to which JHL is proposed to be amalgamated with JCL. The Scheme of Amalgamation will be subject to the approval of the board of directors, the shareholders, and the creditors of each of JCL and JHL, and receipt of the necessary statutory and regulatory and other consents and approvals. Upon the Scheme of Amalgamation coming into effect, it is proposed that the whole of the undertaking and entire business of JHL as a going concern, including and not limited to JHL's shareholding and interest in the Bank (comprising of 21,344,374 Equity Shares aggregating to 42.08% of the total issued and paid-up equity share capital of the Bank as on the date of this Draft Red Herring Prospectus and 40.10% of the total issued and paid-up equity share capital of the Bank on a fully diluted basis taking into account conversion of the Preference Shares but not considering vested options and units), will be transferred to, and vested in JCL and JCL shall become a direct shareholder and sole promoter of the Bank. The Bank will file the Red Herring Prospectus only after the Scheme of Amalgamation comes into effect, or if the Scheme of Amalgamation is withdrawn. For details, see "Our Promoters and Promoter Group – Scheme of Amalgamation" on page 219.*

***As per the Banking Regulations Act read with gazette notification dated DBR.PSBD.No.1084/16.13.100/2016-17 dated July 21, 2016, no shareholder in a banking company can exercise voting rights on poll in excess of 26% of total voting rights of all the shareholders of the bank.*

**** As of the date of this Draft Red Herring Prospectus, there are 150,000,000 outstanding Preference Shares, held by Hero Ventures. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 190. The Preference Shares held by Hero Ventures shall be converted into a maximum of 2,500,000 Equity Shares in accordance with the SEBI ICDR Regulations prior to the filing of the Red Herring Prospectus with the RoC. The details of the conversion price will be updated in the Red Herring Prospectus prior to filing with the RoC.*

9. Details of Equity Shareholding of the major Shareholders of our Bank

(i) The Equity Shareholders holding 1% or more of the paid-up equity share capital of the Bank and the number of Equity Shares held by them as on the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of equity shares^	Percentage of the equity share capital on a fully diluted basis^
1.	Jana Holdings Limited	21,344,374	40.10
2.	TPG Asia VI SF Pte. Ltd	5,026,499	9.44
3.	North Haven Private Equity Asia Platinum Pte. Ltd	4,147,427	7.79
4.	Amansa Holdings Pte. Ltd	3,154,275	5.92
5.	Hero Enterprise Partner Ventures*	3,061,647	5.75
6.	HarbourVest Partners Co-Investment Fund IV L.P.	2,266,940	4.25
7.	Client Rosehill Limited	1,757,755	3.30
8.	Alpha TC Holdings Pte Ltd	1,748,975	3.28
9.	Tree Line Asia Master Fund (Singapore) Pte. Ltd.	1,652,101	3.10
10.	ICICI Prudential Life Insurance Company Ltd	1,107,639	2.08
11.	Bajaj Allianz Life Insurance Company Ltd	1,084,128	2.03
12.	QRG Enterprises Limited	986,216	1.85
13.	CVCIGP II Employee Rosehill Limited	984,455	1.84
14.	Caladium Investment Pte. Ltd	762,608	1.43
15.	HarbourVest Partners Co-Investment IV AIF L.P.	595,353	1.11
16.	HarbourVest Co-Invest 2017 Private Equity Partners L.P.	572,456	1.07
17.	The Maple Fund L.P.	572,456	1.07
	Total	**50,825,304**	**95.48**

^Based on the beneficiary position statement dated March 30, 2021. The percentage of the equity share capital on a fully diluted basis has been calculated on the basis of total Equity Shares held by a shareholder assuming conversion of the Preference Shares, and not taking into account vested stock options and units.

**As of the date of this Draft Red Herring Prospectus, there are 150,000,000 outstanding Preference Shares, held by Hero Ventures. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 190. The Preference Shares held by Hero Ventures shall be converted into a maximum of 2,500,000 Equity Shares in accordance with the SEBI ICDR Regulations prior to the filing of the Red Herring Prospectus with the RoC. The details of the conversion price will be updated in the Red Herring Prospectus prior to filing with the RoC.*

(ii) The Equity Shareholders who held 1% or more of the paid-up equity share capital of the Bank and the number of Equity Shares held by them 10 days prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of equity shares^	Percentage of the equity share capital on a fully diluted basis^
1.	Jana Holdings Limited	21,344,374	40.10
2.	TPG Asia VI SF Pte. Ltd	5,026,499	9.44
3.	North Haven Private Equity Asia Platinum Pte. Ltd	4,147,427	7.79
4.	Amansa Holdings Pte. Ltd	3,154,275	5.92
5.	Hero Enterprise Partner Ventures*	3,061,647	5.75
6.	HarbourVest Partners Co-Investment Fund IV L.P.	2,266,940	4.25
7.	Client Rosehill Limited	1,757,755	3.30
8.	Alpha TC Holdings Pte Ltd	1,748,975	3.28
9.	Tree Line Asia Master Fund (Singapore) Pte. Ltd.	1,652,101	3.10
10.	ICICI Prudential Life Insurance Company Ltd	1,107,639	2.08
11.	Bajaj Allianz Life Insurance Company Ltd	1,084,128	2.03
12.	QRG Enterprises Limited	986,216	1.85
13.	CVCIGP II Employee Rosehill Limited	984,455	1.84
14.	Caladium Investment Pte. Ltd	762,608	1.43
15.	HarbourVest Partners Co-Investment IV AIF L.P.	595,353	1.11
16.	HarbourVest Co-Invest 2017 Private Equity Partners L.P.	572,456	1.07
17.	The Maple Fund L.P.	572,456	1.07
	Total	**50,825,304**	**95.48**

^Based on the beneficiary position statement dated March 19, 2021. The percentage of the equity share capital on a fully diluted basis has been calculated on the basis of total Equity Shares held by a shareholder assuming conversion of the Preference Shares, and not taking into account vested stock options and units.

**As of the date of this Draft Red Herring Prospectus, there are 150,000,000 outstanding Preference Shares, held by Hero Ventures. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 190. The Preference Shares held by Hero Ventures shall be converted into a maximum of 2,500,000 Equity Shares in accordance with the SEBI ICDR Regulations prior* *to the filing of the Red Herring Prospectus with the RoC. The details of the conversion price will be updated in the Red Herring Prospectus prior to filing with the RoC.*

(iii) The Equity Shareholders who held 1% or more of the paid-up equity share capital of our Bank and the number of equity shares held by them one year prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of equity shares	Percentage of the equity share capital on a fully diluted basis^
1.	Jana Holdings Limited	21,344,374	40.24
2.	TPG Asia VI SF Pte. Ltd	5,026,499	9.48
3.	North Haven Private Equity Asia Platinum Pte. Ltd	4,147,427	7.82
4.	Amansa Holdings Pte. Ltd	3,154,275	5.95
5.	Hero Enterprise Partner Ventures*	2,637,718	4.97
6.	HarbourVest Partners Co-Investment Fund IV L.P.	2,266,940	4.27
7.	Client Rosehill Limited	1,757,755	3.31
8.	Alpha TC Holdings Pte Ltd	1,748,975	3.30
9.	Tree Line Asia Master Fund (Singapore) Pte. Ltd.	1,652,101	3.11
10.	ICICI Prudential Life Insurance Company Ltd	1,107,639	2.09
11.	Bajaj Allianz Life Insurance Company Ltd	1,084,128	2.04
12.	QRG Enterprises Limited	986,216	1.86
13.	CVCIGP II Employee Rosehill Limited	984,455	1.86
14.	Caladium Investment Pte. Ltd	762,608	1.44
15.	HarbourVest Partners Co-Investment IV AIF L.P.	595,353	1.12
16.	HarbourVest Co-Invest 2017 Private Equity Partners L.P.	572,456	1.08
17.	The Maple Fund L.P.	572,456	1.08
	Total	**50,401,374**	**95.02**

^Based on the beneficiary position statement dated March 30, 2020. The percentage of the Equity Share capital on a fully diluted basis has been calculated on the basis of total Equity Shares held by a shareholder (not taking into account vested stock options and units) and such number of Equity Shares which would have resulted from the conversion of the Preference Shares held by such shareholder, assuming conversion on the date one year prior to the filing of the Draft Red Herring Prospectus.

**As of the date of this Draft Red Herring Prospectus, there are 150,000,000 outstanding Preference Shares, held by Hero Ventures. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 190. The Preference Shares held by Hero Ventures shall be converted into a maximum of 2,500,000 Equity Shares in accordance with the SEBI ICDR Regulations prior to the filing of the Red Herring Prospectus with the RoC. The details of the conversion price will be updated in the Red Herring Prospectus prior to filing with the RoC.*

(iv) The Equity Shareholders who held 1% or more of the paid-up equity share capital of the Bank and the number of equity shares held by them two years prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of equity shares	Percentage of the equity share capital on a fully diluted basis^
1.	Jana Holdings Limited	19,798,778	40.63
2.	TPG Asia VI SF Pte. Ltd	4,431,580	9.09
3.	North Haven Private Equity Asia Platinum Pte. Ltd	4,147,427	8.51
4.	Amansa holdings Pte. Ltd.	22,60,564	4.64
5.	HarbourVest Partners Co-Investment Fund IV L.P.	2,022,014	4.15
6.	Hero Enterprise Partner Ventures*	18,92,565	3.88
7.	Client Rosehill Limited	1,757,755	3.61
8.	Alpha TC Holdings Pte Ltd	1,748,975	3.59
9.	Tree Line Asia Master Fund (Singapore) Pte. Ltd.	1,652,101	3.39
10.	ICICI Prudential Life Insurance Company Ltd	1,107,639	2.27
11.	Bajaj Allianz Life Insurance Company Ltd	1,084,128	2.22
12.	QRG Enterprises Limited	986,216	2.02
13.	CVCIGP II Employee Rosehill Limited	984,455	2.02
14.	Caladium Investment Pte. Ltd	762,608	1.56
15.	HarbourVest Partners Co-Investment IV AIF L.P.	531,032	1.09
16.	HarbourVest Co-Invest 2017 Private Equity Partners L.P.	510,609	1.05
17.	The Maple Fund L.P.	510,609	1.05

Sr. No.	Name of the Shareholder	Number of equity shares	Percentage of the equity share capital on a fully diluted basis^
18.	**Total**	**46,189,055**	**94.78**

^Based on the beneficiary position statement dated March 30, 2019. The percentage of the Equity Share capital on a fully diluted basis has been calculated on the basis of total equity shares held by a shareholder and such number of Equity Shares which would have resulted from the conversion of the Preference Shares held by such shareholder, assuming conversion on the date two years prior to the filing of the Draft Red Herring Prospectus.

**As of the date of this Draft Red Herring Prospectus, there are 150,000,000 outstanding Preference Shares, held by Hero Ventures. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 190. The Preference Shares held by Hero Ventures shall be converted into a maximum of 2,500,000 Equity Shares in accordance with the SEBI ICDR Regulations prior to the filing of the Red Herring Prospectus with the RoC. The details of the conversion price will be updated in the Red Herring Prospectus prior to filing with the RoC.*

Our Promoters, JHL and JCL propose to file the Scheme of Amalgamation with relevant regulatory authorities, pursuant to which JHL is proposed to be amalgamated with JCL. The Scheme of Amalgamation will be subject to the approval of the board of directors, the shareholders, and the creditors of each of JCL and JHL, and receipt of the necessary statutory and regulatory and other consents and approvals (including from the RBI). Upon the Scheme of Amalgamation coming into effect, it is proposed that JHL's shareholding and interest in the Bank will be transferred to, and vested in JCL and JCL shall become a direct shareholder and sole promoter of the Bank. The tables indicating equity shareholding of our Bank above reflect JHL's shareholding in our Bank, which is slated to be transferred to JCL upon the Scheme of Amalgamation coming into effect.

10. Details of Equity Shares held by our Promoters, our Promoter Group, Directors, Key Managerial Personnel and directors of our Promoters

i. Our Promoters, members of our Promoter Group, Directors, Key Managerial Personnel and directors of our Promoters do not hold any Equity Shares, or employee stock options or restricted stock units under ESOP 2017 and ESOP 2018, in our Bank other than as disclosed below:

Name	No. of Equity Shares	Options under ESOP 2017	Stock units under RSU 2017	Options under ESOP 2018	Stock units under RSU 2018	Percentage of the pre-Offer equity share capital (%)	Percentage of the post-Offer of equity share capital (%)
Ajay Kanwal	Nil	567,647	61,193	Nil	Nil	-	[●]
Kapil Krishan	Nil	Nil	Nil	21,029	526	-	[●]
Lakshmi R N	Nil	210	Nil	1,248	Nil	-	[●]
Sudhir Madhavan	Nil	7,886	Nil	12,919	1,506	-	[●]
Sandeep Arora	Nil	1,051	841	6,262	578	-	[●]
Satish Ramachandran	Nil	2,629	Nil	1,577	NIL	-	[●]
Ravi Duvvuru	Nil	46,652	Nil	5,310	1,031	-	[●]
Rincoo Ji Vachha	Nil	10,514	Nil	10,488	642	-	[●]
Rajesh Rao	Nil	Nil	Nil	8,192	985	-	[●]
Krishnan Subramania Raman	Nil	89,294	Nil	3,154	631	-	[●]
Ashish Gopal Saxena	Nil	Nil	Nil	10,514	1,051	-	[●]
Gopal Tripathi	Nil	7,886	Nil	13,044	1,767	-	[●]
Amit Lamba	Nil	2,629	Nil	3,933	434	-	[●]
Mahalingam Ramachandran	Nil	2,629	Nil	1,051	Nil	-	[●]
Rajesh Kumar Srivastava	Nil	5,205	Nil	Nil	Nil	-	[●]
Total	**Nil**	**7,44,232**	**62,034**	**98,721**	**9,151**		

ii. Set out below are the details of the Equity Shares held by our Promoters, directors of our Promoters and the members of our Promoter Group in our Bank:

Name	No. of Equity Shares	Percentage of the pre-Offer equity share Capital (%)
Promoters and Promoter Group		
JHL	21,344,374	42.08
Total	21,344,374	42.08

11. Except for ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited, who are associates of one of the BRLMs in terms of the SEBI Merchant Bankers Regulations, namely, ICICI Securities Limited, holding 1,107,639 Equity Shares and 361,376 Equity Shares respectively, cumulatively representing 2.90% of the pre-Offer equity share capital of the Bank, none of the BRLMs or their respective associates, as defined in the SEBI Merchant Bankers Regulations hold any Equity Shares in our Bank as on the date of this Draft Red Herring Prospectus.

12. There are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus and all Equity Shares were fully paid-up as on the date of allotment.

13. Other than as disclosed in this section, our Bank has not made any public or rights issue of any kind or class of securities since its incorporation.

14. Other than as disclosed in this section, our Bank has not made any bonus issue of any kind or class of securities since its incorporation.

15. None of the members of our Promoter Group, directors of our Promoters, our Directors, or their relatives have purchased or sold any securities of our Bank during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

16. As of the date of the filing of this Draft Red Herring Prospectus, our Bank has 43 Shareholders.

17. Our Bank, our Directors and the BRLMs have not made any or entered into any buy-back arrangements for purchase of Equity Shares.

18. All Equity Shares issued pursuant to the Offer will be fully paid-up at the time of Allotment.

19. Except the (i) Equity Shares allotted pursuant to the Offer, (ii) conversion of vested employee stock options or restricted stock units, if any, granted under the ESOP 2018 and ESOP 2017, (iii) the conversion of the Preference Shares prior to filing of the RHP, and (iv) Pre-IPO Placement, if any, there will be no further issue of Equity Shares whether by way of issue of bonus shares, rights issue, preferential issue or any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus until the listing of the Equity Shares on the Stock Exchanges pursuant to the Offer.

20. Our Bank shall ensure that all transactions in Equity Shares by our Promoters and members of our Promoter Group between the date of filing of this Draft Red Herring Prospectus and the date of closing of the Offer shall be reported to the Stock Exchanges within 24 hours of such transaction.

21. There have been no financing arrangements whereby our Promoters, members of the Promoter Group, the directors of our Promoters, our Directors, and their relatives have financed the purchase by any other person of securities of our Bank other than in the normal course of the business of the financing entity, during a period of six months preceding the date of filing of this Draft Red Herring Prospectus.

22. Our Bank presently does not intend or propose and is not under negotiations or considerations to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. Provided, however, that the foregoing restrictions do not apply to: (a) the issuance of any Equity Shares under the Offer; and (b) any issuance pursuant to the exercise of vested employee stock options or restricted stock units, if any under the ESOP 2018 and ESOP 2017.

23. Except as disclosed in this section, as on the date of this Draft Red Herring Prospectus, there are no other outstanding convertible securities or any other right granted by the Bank which would entitle any person any option to receive Equity Shares.

24. ESOP

A. ESOP 2018

Our Bank has, pursuant to the resolutions passed by the Board on March 27, 2018 and Shareholders on April 4, 2018, adopted the ESOP 2018. The ESOP 2018 was subsequently amended pursuant to the Board and Shareholders dated August 13, 2020 and March 25, 2021, respectively. The Bank may grant an aggregate number of up to 2,023,697 employee stock options in one or more tranches under the ESOP 2018. Upon exercise and payment of the exercise price, the option holder will be entitled to be allotted one Equity Share per employee stock option. Accordingly, the number of Equity Shares that may be issued under the ESOP 2018 shall not exceed 2,023,697 Equity Shares. The objectives of the ESOP 2018 are, among others, to attract and retain employees with employee stock options as a compensation tool. Through the ESOP 2018, our Bank intends to offer an opportunity of sharing the value created with those employees who have contributed or are expected to contribute to the growth and development of our Bank.

RSU 2018

Further, the Bank has adopted the Restricted Stock Units – 2018 ("**RSU 2018**"), which is a part of the ESOP 2018. The terms and conditions set out in the ESOP 2018 apply *mutatis mutandis* to the RSU 2018, and any RSU grants made under the RSU 2018 shall be made in accordance with the ESOP 2018. The grants made under the RSU 2018 are made from the ESOP 2018 pool of options.

B. ESOP 2017

Our Bank, pursuant to the resolutions passed by the Board on June 27, 2017 and Shareholders on June 30, 2017, adopted the ESOP 2017. The ESOP 2017 was subsequently amended pursuant to the Board and Shareholders dated August 13, 2020 and March 25, 2021, respectively. The maximum number of options available for grant under the ESOP 2017 is 5% of the paid-up capital of the Bank. Upon exercise and payment of the exercise price, the option holder will be entitled to be allotted one Equity Share per employee stock option. Accordingly, the number of Equity Shares that may be issued under the ESOP 2017 shall not exceed 5% of the paid-up capital of the Bank. The objectives of the ESOP 2017 are, among others, to attract and retain the talented human resources by offering them the opportunity to acquire a continuing equity interest in the Bank. Through the ESOP 2017, our Bank intends to offer an opportunity for investment in the Bank's common stock in recognition of their efforts to grow and build the Bank.

RSU 2017

Further, the Bank has adopted the Restricted Stock Units – 2018 ("**RSU 2017**"), which is a part of the ESOP 2017. The terms and conditions set out in the ESOP 2017 apply *mutatis mutandis* to the RSU 2017, and any RSU grants made under the RSU 2017 shall be made in accordance with the ESOP 2017. The grants made under the RSU 2017 are made from employee stock option pool set out in the ESOP 2017.

The ESOP 2018 and ESOP 2017, each as amended, have been framed in compliance with the SEBI SBEB Regulations. The details of the ESOP 2018,the RSU 2018, the ESOP 2017 and the RSU 2017 are as follows:

Particulars	Details (As on March 31, 2021)
Options granted	Cumulative options granted:

Financial Year	ESOP 2017	RSU 2017	ESOP 2018	RSU 2018	Grand Total
2017-2018	686,179	44,370	---	---	730,549
2018-2019	---	---	590,417	25,182	615,599

	<table><tr><td>2019-2020</td><td>1,019,469</td><td>17,664</td><td>289,414</td><td>11,203</td><td>1,337,750</td></tr><tr><td>2020-2021</td><td>25,512</td><td>1,041</td><td>-</td><td>1,041</td><td>27,594</td></tr><tr><td>**Grand Total**</td><td>**1,731,160**</td><td>**63,075**</td><td>**879,831**</td><td>**37,426**</td><td>**2,711,492**</td></tr></table>
Exercise price of options (In ₹)	<table><tr><th>ESOP 2017</th><th>RSU 2017</th><th>ESOP 2018</th><th>RSU 2018</th></tr><tr><td>November 30, 2017: ₹1,383.60 July 31, 2018: ₹1,383.42 December 31, 2018: ₹ 951.09 June 30, 2019: ₹951.09 March 31, 2020: ₹960.59</td><td>₹10</td><td>November 30, 2017: ₹1,383.60 July 31, 2018: ₹1,383.42 December 31, 2018: ₹ 951.09 June 30, 2019: ₹951.09 March 31, 2020: ₹960.59</td><td>₹10</td></tr></table>
Options vested and not exercised	<table><tr><th>ESOP 2017</th><th>RSU 2017</th><th>ESOP 2018</th><th>RSU 2018</th></tr><tr><td>696,437</td><td>62,034</td><td>141,719</td><td>2,601</td></tr></table>
Vesting Period	<table><tr><th>ESOP 2017 and ESOP 2018</th><th>RSU 2017 and RSU 2018</th></tr><tr><td>25% after one year from the date of grant 25% after two years from the date of grant 25% after three years from the date of grant Balance 25% after four years from the date of grant</td><td>One year from the date of grant</td></tr></table>
Options exercised	<table><tr><th>ESOP 2017</th><th>RSU 2017</th><th>ESOP 2018</th><th>RSU 2018</th></tr><tr><td>-</td><td>-</td><td>-</td><td>10,593</td></tr></table>

Total number of Equity Shares arising as a result of exercise of options granted	ESOP 2017: 1,458,049; RSU 2017: 63,075; ESOP 2018: 394,822; RSU 2018: 25,249
Options forfeited/lapsed	ESOP 2017: 273,111; RSU 2017: -; ESOP 2018: 485,009; RSU 2018: 12,177
Variation in terms of options	Nil
Money realized by exercise of options	ESOP 2017: -; RSU 2017: -; ESOP 2018: -; RSU 2018: 105,930
Total no. of options in force	ESOP 2017: 1,458,049; RSU 2017: 63,075; ESOP 2018: 394,822; RSU 2018: 14,656
Employee wise details of options granted to (Net of cancelled/ forfeited options)	
(i) Key Managerial personnel	

Total number of Equity Shares arising as a result of exercise of options granted

ESOP 2017	RSU 2017	ESOP 2018	RSU 2018
1,458,049	63,075	394,822	25,249

Options forfeited/lapsed

ESOP 2017	RSU 2017	ESOP 2018	RSU 2018
273,111	-	485,009	12,177

Money realized by exercise of options

ESOP 2017	RSU 2017	ESOP 2018	RSU 2018
-	-	-	105,930

Total no. of options in force

ESOP 2017	RSU 2017	ESOP 2018	RSU 2018
1,458,049	63,075	394,822	14,656

(i) Key Managerial personnel

Financial Year 2017-2018		
Employee Name	**ESOP 2017**	**RSU 2017**
Ajay Kanwal	567,647	44,370
K S Raman	78,780	-
Ravi Duvvuru	36,138	-

Financial Year 2018-2019		
Employee Name	**ESOP 2017**	**RSU 2017**
Nil	Nil	Nil

Employee Name	ESOP 2018	RSU 2018
Ajay Pareek (resigned)	-	7,228

Alexander John (resigned)	-	578
Amit Lamba	3,252	434
Ashwin Khorana (resigned)	-	650
Gopal Tripathi	8,312	1,450
Lakshmi R N	361	-
Rajesh Rao	5,421	459
Rincoo Ji Vachha	7,228	-
Sandeep Arora	5,421	578
Sudhir Madhavan	3,614	1,446
Venkatesh Iyer S (resigned)	-	509

Financial Year 2019-2020				
Employee Name	**ESOP 2017**	**RSU 2017**	**ESOP 2018**	**RSU 2018**
Ajay Kanwal	-	16,823	-	-
Amit Lamba	2,629	-	681	-
Ashish Saxena	-	-	10,514	1,051
Gopal Tripathi	7,886	-	4,732	317
Kapil Krishan	-	-	21,029	526
K S Raman	10,514	-	3,154	631
Lakshmi R N	210	-	887	-
M Ramachandran	2,629	-	1,051	-
Rajesh Rao	-	-	2,771	526
Ravi Duvvuru	10,514	-	5,310	1,031
Rincoo Ji Vachha	10,514	-	3,260	642
Sandeep Arora	1,051	841	841	-
Satish G R	2,629	-	1,577	-
Sudhir Madhavan	7,886	-	9,305	60

Financial Year 2020-2021 (As on March 31, 2021)				
Employee Name	**ESOP 2017**	**RSU 2017**	**ESOP 2018**	**RSU 2018**
Rajesh Kumar Srivastava	5,205	-	-	-

(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

Financial Year 2019-2020		
Employee Name	**ESOP 2018**	**RSU 2018**
Nagarjuna S	-	1,470

Financial Year 2020-2021 (As on March 31, 2021)		
Employee Name	**ESOP 2018**	**RSU 2018**
Litesh Majethia	-	1,041
Employee Name	**ESOP 2017**	**RSU 2017**
Litesh Majethia	5,205	-

Murali Chowdareddy	6,246	1,041

(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Bank at the time of grant

Financial Year 2017-2018		
Employee Name	**ESOP 2017**	**RSU 2017**
Ajay Kanwal	567,647	44,370

Fully diluted EPS (Face value of ₹ 10 per Equity Share) pursuant to issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard 'Earning per Share'

	As at and for the half year ended September 30, 2020	**As at and for the half year ended September 30, 2019**
Diluted earnings/(loss per share of ₹ 10 each)	15.42	(11.74)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Diluted earnings/(loss per share of ₹ 10 each)	5.90	(471.84)	(787.88)

Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if our Bank had used fair value of options and impact of this difference on profits and EPS (face value ₹10 per Equity Share)

Particulars	**Half year ended September 30, 2020**	**Half year ended September 30, 2019**
Profit/(loss) after tax as reported (₹ In Millions)	824.35	(553.44)
Add: Incremental ESOP cost using fair value method (net of tax) (₹ In Millions)	143.20	77.90
Profit/(loss) after tax (adjusted) (₹ In Millions)	681.15	(631.34)
Earnings/(loss) Per Share		
Basic		
- As reported	**16.25**	**(11.74)**
- Adjusted for ESOP cost using fair value method	13.43	(13.39)
Diluted		
- As reported	**15.42**	**(11.74)**
- Adjusted for ESOP cost using fair value method	12.75	(13.39)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Profit/(loss) after tax as reported (₹ In Millions)	301.32	(19,490.66)	(25,037.95)

Add: Incremental ESOP cost using fair value method (net of tax) (₹ In Millions)	106.50	78.40	87.30
Profit/(loss) after tax (adjusted) (₹ In Millions)	194.82	19,569.06	25,125.25
Earnings/(loss) Per Share			
Basic			
- As reported	6.21	(471.84)	(787.88)
- Adjusted for ESOP cost using fair value method	4.01	(473.74)	(790.63)
Diluted			
- As reported	5.90	(471.84)	(787.88)
- Adjusted for ESOP cost using fair value method	3.82	(473.74)	(790.63)

Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option

The Black-Scholes model has been used for computing the fair value of option granted.

Particulars	**ESOP 2017 and ESOP (RSU) 2017**	**ESOP 2018 and ESOP (RSU) 2018**
Half year ended	**YTD Sep-20**	**YTD Sep-19**
Variables	**Tranche 4**	**Tranche 4**
1. Risk Free Interest Rate	6.08%	6.57%
2. Expected Life (in years)	4.50	4.50
3. Expected Volatility	61.87%	47.31%
4. Dividend Yield	0.00%	0.00%
5. The weighted average fair value of options granted ₹	571.23	575.06

Year ended March 31, 2020	**ESOP 2017 and ESOP (RSU) 2017**	**ESOP 2018 and ESOP (RSU) 2018**		**ESOP 2017 and ESOP (RSU) 2017 & ESOP 2018 and ESOP (RSU) 2018**
Variables	**Tranche 1**	**Tranche 1**	**Tranche 2**	**Tranche 3**
1. Risk Free Interest Rate	7.76%	7.92%	8.16%	7.92%
2. Expected Life (in years)	4.50	4.50	4.50	4.50
3. Expected Volatility	24.36%	50.63%	48.47%	56.96%

4. Dividend Yield	0.00%	0.00%	0.00%	0.00%
5. The weighted average fair value of options granted ₹	498.85	753.98	751.56	449.81

Variables	ESOP 2018 and ESOP (RSU) 2018		ESOP 2017 and ESOP (RSU) 2017	ESOP 2017 and ESOP (RSU) 2017
Particulars	**Tranche 1**	**Tranche 2**	**Tranche 1**	
Year ended	**March 31, 2019**	**March 31, 2019**	**March 31, 2019**	**March 31, 2018**
1. Risk Free Interest Rate	7.92%	8.16%	7.76%	7.76%
2. Expected Life (in years)	4.50	4.50	4.50	4.50
3. Expected Volatility	50.63%	48.47%	24.36%	24.36%
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%
5. The weighted average fair value of options granted ₹	1,383.60	1,383.42	1,383.60	1,383.60

Impact on profits and EPS (face value ₹10 per Equity Share) of the last three years if our Bank had followed the accounting policies specified in Regulation 15 of the ESOP Regulations in respect of options granted in the last three years

Particulars	Half year ended September 30, 2020	Half year ended September 30, 2019
Profit/(loss) after tax as reported (₹ In Millions)	824.35	(553.44)
Add: Incremental ESOP cost using fair value method (net of tax) (₹ In Millions)	143.20	77.90
Profit/(loss) after tax (adjusted) (₹ In Millions)	681.15	(631.34)
Earnings/(loss) Per Share		
Basic		
- As reported	**16.25**	**(11.74)**
- Adjusted for ESOP cost using fair value method	13.43	(13.39)
Diluted		
- As reported	**15.42**	**(11.74)**
- Adjusted for ESOP cost using fair value method	12.75	(13.39)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
Profit/(loss) after tax as reported (₹ In Millions)	301.32	(19,490.66)	(25,037.95)
Add: Incremental ESOP cost using fair value method (net of tax) (₹ In Millions)	106.50	78.40	87.30
Profit/(loss) after tax (adjusted) (₹ In Millions)	194.82	19,569.06	25,125.25
Earnings/(loss) Per Share			
Basic			

	- As reported	6.21	(471.84)	(787.88)
	- Adjusted for ESOP cost using fair value method	4.01	(473.74)	(790.63)
	Diluted			
	- As reported	5.90	(471.84)	(787.88)
	- Adjusted for ESOP cost using fair value method	3.82	(473.74)	(790.63)
Intention of the Key managerial personnel and whole time directors who are holders of Equity Shares allotted on exercise of options granted to sell their equity shares within three months after the date of listing of Equity Shares pursuant to the Offer	There is no intention of any of the Key Managerial Personnel to sell their Equity Shares within three months after the date of listing.			
Intention to sell Equity Shares arising out of an employee stock option scheme within three months after the listing of Equity Shares, by Directors, senior management personnel and employees having Equity Shares arising out of an employee stock option scheme amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	There is no intention of any of the Directors, senior management personnel and employees to sell their Equity Shares within three months after the date of listing.			

OBJECTS OF THE OFFER

In terms of the SFB Licensing Guidelines and the RBI Final Approval, the Bank was required to list its Equity Shares on the Stock Exchanges within a period of three years from the date of commencement of business as a SFB, i.e. by March 27, 2021.

The Offer comprises of the Fresh Issue and the Offer for Sale.

Offer for Sale

Each of the Selling Shareholders will be entitled to their respective portion of the proceeds from the Offer for Sale in proportion of the Equity Shares offered by the respective Selling Shareholders as part of the Offer for Sale. Our Bank will not receive any proceeds from the Offer for Sale.

Objects of the Offer

Our Bank proposes to utilize the Net Proceeds from the Fresh Issue towards augmenting our Bank's Tier – 1 capital base to meet our Bank's future capital requirements. Further, the proceeds from the Fresh Issue will also be used towards meeting the expenses in relation to the Offer.

Our Bank expects to receive the benefits of listing the Equity Shares on the Stock Exchanges.

Net Proceeds

The details of the proceeds from the Fresh Issue are summarized in the following table:

Particulars	Estimated amount (₹ in million) (2)
Gross proceeds of the Fresh Issue(1)	7,000
(Less) Fresh Issue expenses	[●]
Net Proceeds	**[●]**

(1) *Includes the proceeds, if any, received pursuant to the Pre-IPO Placement (including the Proposed Further Issue). Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement (including the Proposed Further Issue), we may utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer prior to completion of the Offer. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the minimum Offer Size constituting at least [●]% of the post-Offer paid-up equity share capital of our Bank.*

(2) *To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*

Requirements of funds and utilisation of Net Proceeds

The objects of the Offer are to augment our Bank's Tier – 1 capital base to meet our Bank's future capital requirements such as organic growth and expansion and to comply with the regulatory requirements for enhanced capital base, as may be prescribed in the future.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million.

The Offer related expenses primarily include fees payable to the BRLMs and legal counsel, fees payable to the Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Other than (a) listing fees; (b) audit fees of statutory auditors (to the extent not attributable to the Offer); and (c) expenses for any product or corporate advertisements consistent with past practice of the Bank (other than the expenses relating to marketing and advertisements undertaken in connection with the Offer) which will be borne by the Bank, and (d) fees and expenses in relation to the legal counsel to the Selling Shareholders which shall be borne by the respective Selling Shareholders, all costs, charges, fees and expenses associated with and incurred in connection with the Offer, including issue advertising, printing, road show expenses, accommodation and travel expenses, stamp, transfer, issuance, documentary, registration, costs for execution and enforcement of this Agreement, Registrar's fees, fees to be paid to the BRLMs, fees and expenses of legal counsels to the Bank and the BRLMs, fees and expenses of the auditors, fees to be paid to SCSBs (processing fees and selling commission), brokerage for Syndicate Members, commission to Registered Brokers, Collecting DPs and Collecting RTAs, and payments to consultants, and advisors, shall be shared among the Bank and each of the Selling Shareholders in proportion to the number of Equity Shares sold by them in the Offer, in accordance with the applicable Law. The Bank agrees to advance the cost and expenses of the Offer and will be reimbursed by the Selling Shareholders for their respective proportion of such costs and expenses only upon the consummation of the Offer.

In the event that the Offer is postponed or withdrawn or abandoned for any reason or the Offer is not successfully completed, the Bank shall pay all costs, charges, fees and expenses in relation to the Offer.

The estimated Offer related expenses are as under:

Activity	Estimated expenses[(1)] (₹ in million)	As a % of the total estimated Offer expenses[(1)]	As a % of the total Offer size[(1)]
BRLMs fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs and Bankers to the Offer and fee payable to the Sponsor Bank for Bids made by RIBs using UPI [(2)]	[●]	[●]	[●]
Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs[(3)(4)]	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to the other advisors to the Offer	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Fee payable to legal counsels	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

(1) *Amounts will be finalised on determination of Offer Price*

(2) *Selling commission payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the SCSBs, would be as follows:*

*Portion for Retail Individual Bidders**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Eligible Employees**	*[●]% of the Amount Allotted (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of BSE or NSE.

(3) *No processing fees shall be payable by our Bank and the Selling Shareholders to the SCSBs on the applications directly procured by them Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSBs for blocking, would be as follows:*

*Portion for Retail Individual Bidders**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Eligible Employees**	*[●]% of the Amount Allotted (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

(4) *Selling commission on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:*

*Portion for Retail Individual Bidders**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Eligible Employees**	*[●]% of the Amount Allotted (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

Processing fees payable for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows:

Sponsor Bank	*[●]% of the Amount Allotted (plus applicable taxes)*

The Selling Commission payable to the Syndicate / sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / sub-Syndicate Member, is bid by an SCSBs, the Selling Commission will be payable to the SCSBs and not the Syndicate / Sub-Syndicate Member.

Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for Non-Institutional Bidders which are procured by them and submitted to SCSBs for blocking and Retail Individual Bidders (using the UPI Mechanism), would be as follows: ₹[●] plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.

The selling commission and Bidding Charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

Means of finance

The fund requirements set out for the aforesaid objects of the Offer are proposed to be met entirely from the Net Proceeds. Accordingly, our Bank confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable accruals as required under the SEBI ICDR Regulations.

Interim use of Net Proceeds

Our Bank, in accordance with the policies established by the Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Bank will deposit the Net Proceeds only with one or more scheduled commercial banks included in the second schedule of the RBI Act as may be approved by our Board or IPO Committee.

In accordance with Section 27 of the Companies Act, 2013, our Bank confirms that it shall not use the Net Proceeds for buying, trading, or otherwise dealing in the equity shares of any other listed company or for any investment in equity markets.

Bridge Financing Facilities

Our Bank has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any bank/ financial institution.

Monitoring of Utilization of Funds

In terms of the proviso to Regulation 41(1) of the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for this Offer. To the extent applicable, our Bank will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilised.

Our Bank will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Bank for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulations 18(3) and 32(3) of the Listing Regulations, our Bank shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds.

On an annual basis, our Bank shall prepare a statement of funds utilized for purposes other than those stated in the Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. The statement shall be certified by the Statutory Auditor of our Bank.

Further, in accordance with Regulation 32(1) of the Listing Regulations, our Bank shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the Net Proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilization of the Net Proceeds from the objects of the Offer as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Directors' report, after placing the same before the Audit Committee.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act and applicable rules, our Bank shall not vary the objects of the Offer without our Bank being authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and applicable rules.

The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Kannada, being the regional language of Karnataka, where the Registered and Corporate Office is situated in accordance with the Companies Act and applicable rules. Our Promoters or controlling shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, in accordance with our Articles of Association and the SEBI ICDR Regulations.

Other Confirmations

No part of the Net Proceeds will be paid by us as consideration to our Promoters, Promoter Group, the Directors and Key Managerial Personnel, except in the normal course of business and in compliance with applicable law.

Our Bank has not entered into and is not planning to enter into any arrangement/ agreements with the Promoters, Promoter Group, Directors, Key Managerial Personnel and Group Companies in relation to the utilisation of the Net Proceeds. Further there is no existing or anticipated interest of such individuals and entities in the objects of the Offer as set out above.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Bank and the Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price of the Price Band. Investors should also see "*Our Business*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 136, 23, 314 and 241, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are:

- New age digitalised bank
- Robust risk and governance framework
- Professional and experienced management and Board, backed by reputed Shareholders
- Customer-centric organization with more than 14 years' experience in serving underbanked and underserved customers
- Pan-India presence with strong brand recognition
- Fast growing retail deposit base and diversified liability franchise
- Strong execution ability

For details, see "*Our Business – Strengths*" on page 138.

Quantitative Factors

The information presented below relating to our Bank is based on the Restated Financial Statements. For details, see "*Financial Statements*" on page 241.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

A. Basic and Diluted Earnings Per Share ("EPS") as adjusted for change in capital:

Fiscal Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2018	(787.88)	(787.88)	1
March 31, 2019	(471.84)	(471.84)	2
March 31, 2020	6.21	5.90	3
Weighted Average	**(285.49)**	**(285.64)**	
Six months period ended September 30, 2019*	**(11.74)**	**(11.74)**	
Six months period ended September 30, 2020*	**16.25**	**15.42**	

** Not annualized*

$$\text{Basic earnings per share (₹)} = \frac{\text{Restated net profit/(loss) available to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year/period}}$$

$$\text{Diluted earnings per share (₹)} = \frac{\text{Restated net profit/(loss) available to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the year/period}}$$

NOTES:
(1) *Basic and diluted earnings per Equity Share are computed in accordance with Accounting Standard 20 'Earnings per Share'.*
(2) *The above statement should be read with significant accounting policies and notes on Restated Financial Statements as appearing in the Financial Statements.*

B. Price/Earning ("P/E") ratio in relation to the in relation to Price Band of ₹ [●] to ₹[●] per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic EPS for year ended March 31, 2020	[●]	[●]
Based on diluted EPS for year ended March 31, 2020	[●]	[●]

Industry Peer Group P/E ratio

Particulars	Industry P/E
Highest	53.68

Lowest	10.51
Average	25.28

Note:The industry high and low has been considered from the industry peer set provided later in this section. The industry composite has been calculated as the arithmetic average of P/E for industry peer set disclosed in this section. For further details, see "– Comparison with listed industry peers" on page 99

C. Return on Net Worth ("RoNW")

As per Restated Financial Statements:

Fiscal Year ended	RoNW (%)	Weight
March 31, 2018	(164.32)	1
March 31, 2019	(294.92)	2
March 31, 2020	2.93	3
Weighted Average	**(124.23)**	
Six months period ended September 30, 2019*	(9.15)	
Six months period ended September 30, 2020*	7.42	

**Not annualized*

$$\text{Return on net worth (\%)} = \frac{\text{Restated profit after tax, attributable to equity shareholders}}{\text{Net worth as restated at the end of year/period}}$$

D. Net Asset Value ("NAV") per Equity Share

Fiscal year ended/ Period ended	(₹)
As on March 31, 2020	202.55
As at September 30, 2020	218.99
After Offer	At Floor Price: [●]
	At Cap Price: [●]
Offer Price	[●]

Note:
Offer Price per Equity Share will be determined on conclusion of the Book Building Process
Net asset value per equity share represents restated net worth at the end of the year/period divided by total number of equity shares outstanding at the end of year/period

E. Comparison with Listed Industry Peers

The following peer group has been determined on the basis of companies listed on Indian stock exchanges, whose business profile is comparable to our businesses:

Name of the company	Total Income (₹ in million)	Face Value per Equity Share (₹)	P/E	EPS (Basic) (₹)	RoNW (%)	NAV (₹)
Jana Small Finance Bank	24,247.66	10.00	[●]	6.21	2.93%	202.55
Peer Group						
Equitas Small Finance Bank	29,277.96	10.00	24.29	2.39	8.88%	26.05
Ujjivan Small Finance Bank Limited	30,258.14	10.00	14.68	2.19	10.98%	18.45
CreditAccess Grameen Limited	17,054.80	10.00	29.73	23.20	11.27%	189.90
Spandana Sphoorty Financial Limited	14,695.06	10.00	10.51	56.21	13.38%	408.29
Bandhan Bank Limited	30,237.37	10.00	18.78	18.78	19.90%	94.37
AU Small Finance Bank Limited	49,919.76	10.00	53.68	22.78	15.42%	143.92

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports/ financial results as available of the respective company for the year ended March 31, 2020 submitted to stock exchanges or on the respective company's website as available

Financial information for Jana Small Finance Bank Limited is based on the Restated Financial Statements as at and for the year ended March 31, 2020.

Notes:

1. *Basic EPS refers to the Basic EPS sourced from the annual report/ financial results of the respective company for the year ended March 31, 2020*
2. *P/E Ratio has been computed based on the closing market price of equity shares on BSE on March 22, 2021 divided by the Basic EPS provided under Note 1.*
3. *RoNW is computed as net profit after tax (or total comprehensive income, as applicable) divided by closing net worth.*
4. *Net worth has been computed as sum of share capital, reserves and surplus, money received against share warrants and employee stock options outstanding, as applicable*
5. *Net Asset Value ("NAV") is computed as the closing net worth divided by the equity shares outstanding as on March 31, 2020.*

F. The Offer price is [●] times of the face value of the Equity Shares

The Offer Price of ₹[●] has been determined by our Bank and the Selling Shareholders, in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 23, 136, 314 and 241, respectively, to have a more informed view.

STATEMENT OF SPECIAL TAX BENEFITS

To

The Board of Directors,
Jana Small Finance Bank Limited
The Fairway, Ground & First Floor,
Survey No. 10/1, 11/2 & 12/2B,
Off Domlur, Koramangala Inner Ring Road,
Next to Embassy Golf Links Business Park,
Challaghatta, Bangalore -560071

Re: Proposed initial public offering of equity shares of face value of Rs. 10 each (the "Equity Shares" and such offering, the "Offer") of 'Jana Small Finance Bank Limited' (the "Bank")

Statement of possible special tax benefits available to Jana Small Finance Bank Limited and its shareholders prepared in accordance with the requirements under Schedule VI (Part A)(9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("SEBI ICDR Regulations")

Dear Sirs,

1. We, MSKC & Associates (Formerly known as R.K. Kumar & Co.) ("the Firm"), Chartered Accountants, the statutory auditors of Jana Small Finance Bank Limited (the "Bank"), hereby confirm that the enclosed statement prepared and issued by the Bank, which provides the possible special tax benefits under direct and indirect tax laws presently in force in India, available to the Bank and its shareholders. Several of these benefits are dependent on the Bank and its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the relevant statues. Hence, the ability of the Bank or its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Bank and its shareholders face in the future, the Bank and its shareholders may or may not choose to fulfil.

2. The benefits discussed in the enclosed Statement are not exhaustive and the preparation of the contents stated is the responsibility of the Bank's Management. We are informed that this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the distinct nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this statement. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Bank or the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency.

3. We do not express any opinion or provide any assurance as to whether:

    1. the Bank or its shareholders will continue to obtain these benefits in future; or
    2. the conditions prescribed for availing the benefits have been/would be met with; or
    3. the revenue authorities will concur with the views expressed herein.

4. The contents of the enclosed statement are based on information, explanations and representations obtained from the Bank and on the basis of our understanding of the business activities and operations of the Bank. We have relied upon the information and documents of the Bank being true, correct and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the Bank.

5. This certificate is addressed to Board of Directors and issued at specific request of the Bank. The enclosed statement is intended solely for your information and for inclusion in the draft red herring prospectus, red herring prospectus, the prospectus and any other material in connection with the proposed initial public offering of equity shares of the Bank, and is not to be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Yours faithfully,

For MSKC & Associates (Formerly known as R.K. Kumar & Co.)
Chartered Accountants
Firm Registration Number: 001595S

Tushar Kurani
Partner
Membership No.: 118580
UDIN: 21118580AAAABK7839

Place: Mumbai
Date: March 30, 2021

Encl: Annexure - Statement of Special Tax Benefits

ANNEXURE

Statement of Special Tax Benefits

SPECIAL TAX BENEFITS TO THE BANK

UNDER THE INCOME TAX LAWS

No special tax benefits available to the Bank

UNDER THE INDIRECT TAX LAWS

No special tax benefits available to the Bank

SPECIAL TAX BENEFITS TO SHAREHOLDERS OF THE BANK

There are no special direct and indirect tax benefits available to the shareholders of the Bank.

Notes:

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above Statement covers only relevant direct and indirect special tax benefits and does not cover any benefit under any other law.

3. The above Statement of possible special tax benefits is as per the current direct and indirect tax laws relevant for the financial year 20-21. Several of these benefits are dependent on the Bank fulfilling the conditions prescribed under the relevant tax laws.

4. This Statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Bank.

5. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

For and on behalf of **Jana Small Finance Bank Limited**

Authorised Signatory

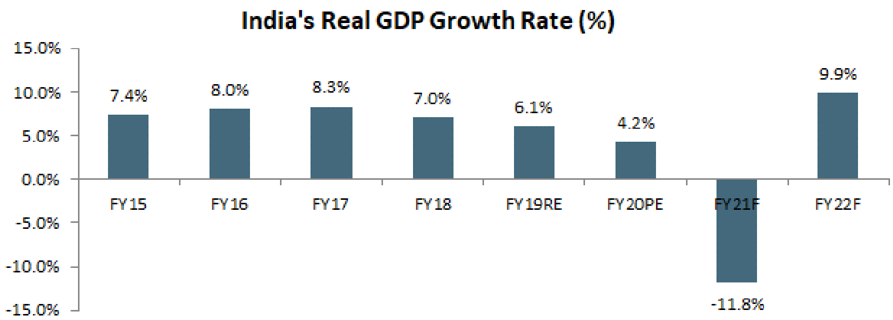
Place: Bengaluru
Date: March 30, 2021

SECTION IV: ABOUT OUR BANK

INDUSTRY OVERVIEW

OVERVIEW OF INDIAN ECONOMY

India is the world's third largest economy in terms of its purchasing power parity with a population of over 1.3 billion (bn) and has been one of the leading growing economies, posting an average of 7.0% GDP growth since beginning of this millennium *(source: India Ratings & Research)*. However, India's GDP growth rate has seen a downward trend over the past few quarters since Q1FY19, which has been further exacerbated by the COVID-19 pandemic and the resultant lockdowns. The economic loss for India due to COVID-19 in FY21 is estimated to be Rs. 18.44 trillion (tn) *(source: India Ratings & Research)*. As shown in the chart below, while the Indian GDP is expected to rebound and grow at 9.9% y-o-y in FY22, mainly due to the weak base of FY21, the GDP in value terms in both FY21 and FY22 is expected to be lower than FY20.



Source: NSO, Ind-Ra, IRR Advisory *RE: Revised estimates, PE: Provsional estimates, F: Forecast*

Note: The year of constant price is 2011-12

Likewise, on an annualised basis, Private Final Consumption Expenditure (PFCE) growth had declined to 5.3% in FY20 from 8.1% in FY17. The decline was sharper on a quarterly basis whereby PFCE growth declined to negative 26.7% in Q1FY21 from 11.2% in Q3FY17.

Particulars (%)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21 (P)
Gross value added at FY12 prices	6.1	7.2	8.0	8.0	6.6	6.0	3.9	-12.2
Agriculture	5.6	-0.2	0.6	6.8	5.9	2.4	4.0	3.5
Industry	3.8	7.0	9.6	7.7	6.3	4.9	0.9	-24.2
Services	7.7	9.8	9.4	8.5	6.9	7.7	5.5	-9.9
Real GDP	6.4	7.4	8.0	8.3	7.0	6.1	4.2	-11.8
Private final consumption expenditure (PFCE)	7.3	6.4	7.9	8.1	7.0	7.2	5.3	-12.8
Government final consumption expenditure	0.6	7.6	7.5	6.1	11.8	10.1	11.8	12.5
Gross fixed capital formation (GFCF)	1.6	2.6	6.5	8.5	7.2	9.8	-2.8	-27.3
Nominal GDP	13.0	11.0	10.5	11.8	11.2	11.0	7.2	-9.1
Average wholesale inflation	5.2	1.3	-3.7	1.7	2.9	4.3	1.5	-1.7
Average retail inflation	9.4	5.9	4.9	4.5	3.6	3.4	5.2	5.1
Year-end interest rate (10-yr G-sec)	8.8	7.8	7.5	6.7	7.4	7.5	6.1	6.3-6.4
Average exchange rate (INR/USD)	60.5	61.1	65.5	67.1	64.5	69.9	70.9	74.5
Fiscal deficit (central government, % of GDP)	4.4	4.0	3.9	3.5	3.5	3.4	4.6	8.2
Current account deficit (CAD, % of GDP)	1.7	1.3	1.1	0.6	1.8	2.1	0.8	-0.3

Note: Negative CAD in FY21 represents current account surplus.

P: Projected

Source: India Ratings & Research

The Indian economy is slowly coming out of the impact of COVID-19, and the indicators like mobility, private and government consumption are gradually recovering.

Government announces stimulus packages to combat the pandemic

In response to the disruption of COVID-19, reliefs and economic stimulus measures are announced on a continuous basis to re-package some of the old measures and push some new reforms in agriculture and public sector enterprises and to generate employment and provide liquidity support to stressed sectors, such as tourism, aviation and construction, and boost the housing market. The overall cost of the measures announced by the Government of India (GoI) since the COVID-19 pandemic hit India is now nearly Rs. 30tn, or 15.0% of the country's GDP.

As per IRR Advisory, India is expected to see a V shaped recovery and the revival of growth in FY22 should help India regain the position of the fastest growing emerging economy, surpassing China's projected growth rate of 8.2% in FY21. The inherent potential of the Indian economy remains strong in terms of domestic demand, demographic advantages and lower exposure to external vulnerabilities and India looks set to become a USD5.0tn economy by 2027.

The steps taken by Reserve Bank of India (RBI) to combat the crisis

The measures announced by the RBI under the Regulatory Package for COVID-19, such as enhanced Marginal Standing Facility and reduction in Cash Reserve Ratio helped inject liquidity into the banking system, stabilised the financial markets and reposed public confidence in the wake of the COVID-19 pandemic. The stimulus through Targeted Long-Term Repo Operation (TLTRO), special refinance facilities of Rs. 500.0bn to National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI) and National Housing Bank (NHB) to enable them to meet sectoral credit needs, reduced policy rates and other liquidity enhancing measures, eased cash flow constraints and provided impetus for credit growth. Further, the RBI's dispensation allowing exclusion of assets under moratorium till 31st August 2020 from non-performing assets (NPA) classification norms also prevented a sudden surge in credit costs. The RBI's ban on dividend pay-out from profits for the fiscal year ended 31st March, 2020 by banks will help banks conserve capital and retain their capacity to absorb losses in an environment of heightened uncertainty.

Investment revival would be pushed beyond FY22

IRR Advisory believes that the new global political order – 'China + 1' – whereby global manufacturers are looking to reduce their dependence on China as the dominant supplier of raw material/ intermediate/ finished goods supplier - will not move India's capex needle much in the near term. This is because the relocation of manufacturing base is largely guided by the two factors viz. proximity to existing location and efficiency gain.

While the RBI's statistics show that the decline in India's savings rate is primarily because of a decline in household savings, a closer look at the data suggests that household savings may not be a big concern from an investment perspective. Household savings which include not only individual households but also non-corporate businesses including the unregistered Micro Small and Medium Enterprises (MSME) sector are held in both physical and financial form. In more recent years, decline in savings in physical rather than financial assets have dragged overall household savings. In fact, since 2011-12, household savings in financial assets has hovered around 7.0% of GDP, with relatively muted year-on-year variations.

The financial saving patterns of Indians (as % of Gross National Disposable Income) is shown below:

Sr. No.	Particulars	2012	2013	2014	2015	2016	2017	2018	2019	2020
a	**Gross financial saving**	**10.4**	**10.5**	**10.4**	**9.9**	**10.7**	**10.4**	**11.9**	**10.4**	**10.5**
1	Currency	1.2	1.1	0.9	1.0	1.4	-2.1	2.8	1.5	1.4
2	Deposits	6.0	6.0	5.8	4.8	4.6	6.3	3.1	4.1	3.6
3	Shares and Debentures	0.2	0.2	0.2	0.2	0.2	1.1	1.0	0.4	0.4
4	Claims on Government	-0.2	-0.1	0.2	0.0	0.5	0.7	0.9	1.0	0.0
5	Insurance Funds	2.2	1.8	1.8	2.4	1.9	2.3	2.0	1.3	1.7
6	Provident and Pension funds	1.1	1.5	1.5	1.5	2.1	2.1	2.1	2.1	2.1
b	**Financial Liabilities**	**3.2**	**3.2**	**3.1**	**3.0**	**2.7**	**3.0**	**4.3**	**4.0**	**2.9**
c	**Net Financial Saving**	**7.2**	**7.2**	**7.2**	**6.9**	**7.9**	**7.3**	**7.6**	**6.4**	**7.6**

Source: RBI

Agriculture – silver lining on the production side

IRR Advisory believes that the agricultural sector could become an engine for economic recovery. However, since a large part of the rural demand comes from just consumer nondurables and the share of agriculture in India's gross value added is about 17.0%.

Current account recording surplus

IRR Advisory expects India's current account to record surplus of USD8.4bn (0.3% of GDP) in FY21 (FY20: deficit of USD24.7bn, -0.9% of GDP). IRR Advisory estimates the 1QFY21 current account to record a surplus of USD18.9bn. This will be the second consecutive quarter of India's current account recording a surplus (Q4FY20: USD0.558bn). Due to the current account recording a surplus, it is expected to push the forex reserve up by USD75.7bn in FY21. The foreign institutional investment (FII) have returned and pumped in USD10.6bn into the Indian capital market during June-August 2020.

Stronger Rupee

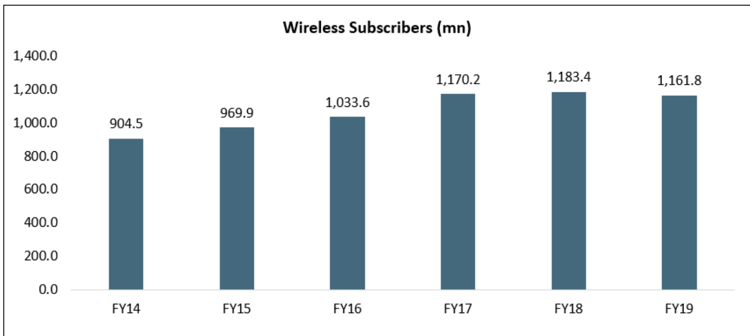
The RBI has allowed the rupee to appreciate, and between end-March 2020 and end-August 2020, it appreciated 3.0%. It appears to IRR Advisory that the RBI is using a stronger rupee to fight imported inflation. Although this will have a negative impact on exports, IRR Advisory believes global factors in combination with inflation differential will still weaken the rupee by 5.2% y-o-y in FY21 and it expects an average of 74.54/USD in FY21 as against 70.88/USD in FY20.

Digitalisation and banking

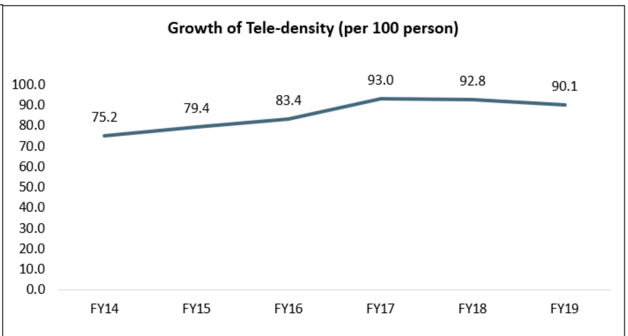
India's track record of adoption of digital technology is reflected in IMD's World Digital Competitiveness Ranking, 2020 in which it ranks 19th in a list of countries with population of 20 mn or more, well ahead of most emerging market peers. India has been one of the fastest growing market for digital transactions, with a rich variety of digital payment options. As per the RBI, during the five-year period 2014-19, digital transactions per capita per annum increased from 2.4 in FY15 to 22.4 in FY19. During FY20, the first eleven months witnessed a y-o-y growth in volume of digital transactions in excess of 45.0%. Digital transactions got a boost as people avoided use of cash for the fear of virus transmission through currency notes and preferred online shopping, keeping in view social distancing norms.

Digital payment enablers

The increasing mobile density and mobile internet users are being leveraged upon by payment systems providers. Banks have been offering mobile banking services through all three channels – SMS, USSD (Unstructured Supplementary Services Data) and mobile applications.



Source: TRAI



Source: TRAI

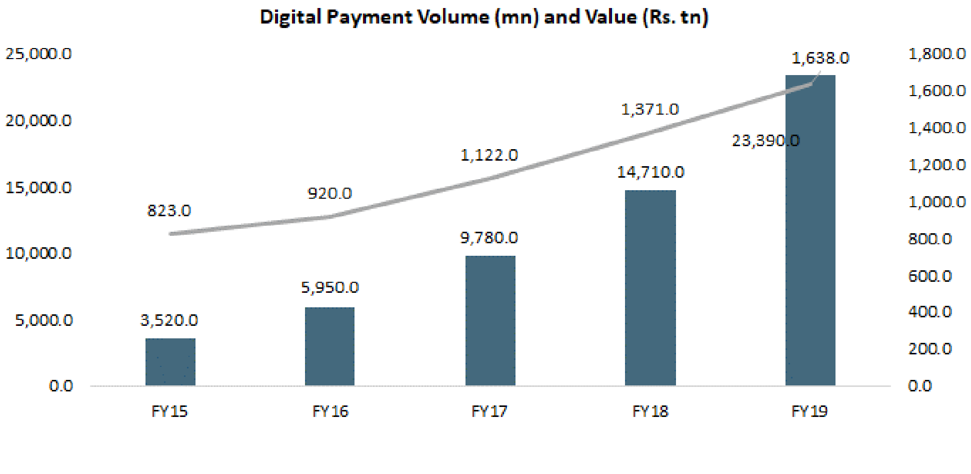
The increase in smartphones has led to numerous innovations in payment mechanisms, such as tokenisation and scanning of QR code for making payments using smartphones.

Segment		Category	Internet Subscribers		% Growth
			FY18	FY19	
Wired		Broadband	18.0	18.4	2.6%
		Narrowband	3.3	3.3	-0.9%
		Total	21.2	21.7	2.1%
Wireless	Fixed Wireless (Wi-Fi, Wi-Max, Radio & VSAT)	Broadband	0.5	1.3	183.8%
		Narrowband	0.0	0.0	-42.9%
		Total	0.5	1.3	177.1%
	Mobile Wireless (Phone + Dongle)	Broadband	394.2	543.6	37.9%
		Narrowband	78.1	70.2	-10.1%
		Total	472.2	613.7	30.0%
Total Internet Subscribers		Broadband	412.6	563.3	36.5%
		Narrowband	81.4	73.4	-9.8%
		Total	494.0	636.7	28.9%

Source: TRAI

Progress in digitisation

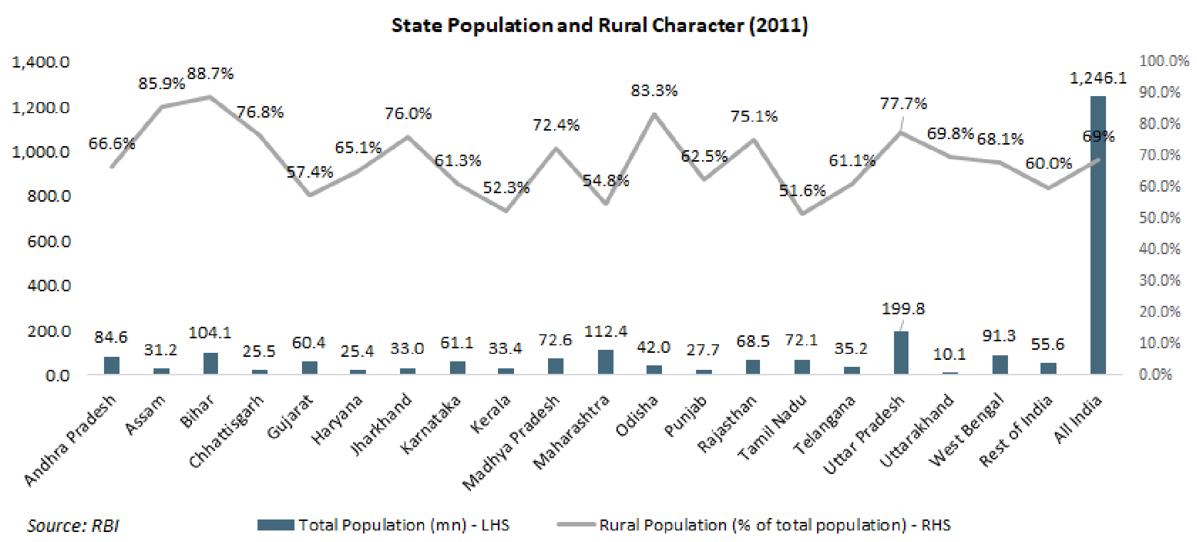
As per the RBI, the digital payments in the country have witnessed a CAGR of 61.0% and 19.0% in terms of volume and value, respectively over the period FY15-FY19, demonstrating a steep shift towards digital payments. Within the digital payments, retail electronic payments comprising credit transfers (NEFT, fast payments (IMPS and UPI)) and direct debits (ECS, NACH) have shown a rapid growth at a CAGR of 65.0% and 42.0% in terms of volume and value, respectively over the same period. Stored value cash issued in the form of wallets and prepaid cards demonstrated an increased adoption with a CAGR of 96.0% and 78.0% in terms of volume and value, respectively.



Source: RBI

FINANCIAL INCLUSION

The nationalization of banks was the initial baby steps in the process of financial inclusion through opening of branches in rural areas. A quick glance at the demographic profile of India reveals that some of the most populated states in India still retain a predominantly rural characteristic:



Source: RBI

The "Pradhan Mantri Jan-Dhan Yojana" (PMJDY) scheme is announced to combat black money in the economy and provide 75mn unbanked Indians with zero-balance bank accounts— delivering access to a full range of financial services, including pension, credit and insurance. PMJDY aimed at providing banking service points throughout rural India by mapping over 600,000 villages into 160,000 Sub Service Areas (SSAs). In addition to PMJDY, the GoI has enacted initiatives to expand quality and delivery of digital financial services (DFS) through Aadhaar biometric identification. These initiatives have helped to grow the financial inclusion market in India and encourage previously underbanked populations such as women, rural and below poverty individuals to access formal financial institutions.

Credit outstanding and GDP growth (FY19)

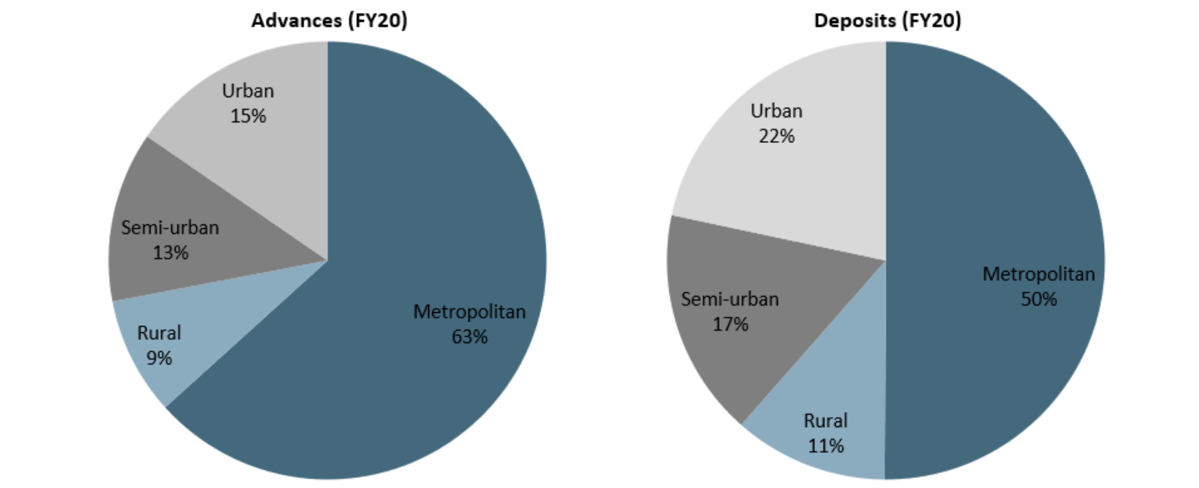
States	Urban credit	Rural credit	Rural Population in the state	Rural Share in total credit	Rural Share in total credit accounts	State GDP (Rs. bn)	State GDP CAGR Growth (FY17-FY19)	State's deposit share	State's credit share	State's GDP Share	Credit Deposit ratio of SCB (Place of sanction)
	Rs. bn										
Andhra Pradesh	3,336.3	725.0	66.6%	17.9%	36.9%	8,629.6	12.3%	2.4%	3.9%	4.7%	121.6%
Assam	519.6	187.0	85.9%	26.5%	47.4%	3,158.8	11.4%	1.2%	0.7%	1.7%	44.3%
Bihar	964.7	390.7	88.7%	28.8%	51.6%	5,303.6	12.2%	2.8%	1.3%	2.9%	34.7%
Chhattisgarh	906.9	94.4	76.8%	9.4%	30.0%	3,040.6	10.1%	1.1%	1.0%	1.7%	111.4%
Gujarat	5,074.9	377.6	57.4%	6.9%	19.2%	15,029.0	13.5%	5.4%	5.2%	8.2%	78.8%
Haryana	2,410.8	304.1	65.1%	11.2%	23.7%	7,341.6	14.3%	3.3%	2.6%	4.0%	61.6%
Jharkhand	536.1	132.4	76.0%	19.8%	51.3%	2,972.0	12.2%	1.7%	0.6%	1.6%	27.7%
Karnataka	6,228.2	714.5	61.3%	10.3%	34.2%	15,443.0	13.0%	7.4%	6.6%	8.5%	69.7%
Kerala	3,432.2	86.9	52.3%	2.5%	3.7%	7,816.0	11.0%	3.9%	3.4%	4.3%	65.9%
Madhya Pradesh	2,363.2	376.5	72.4%	13.7%	30.7%	8,095.0	11.6%	2.9%	2.6%	4.4%	67.9%
Maharashtra	27,722.9	539.3	54.8%	1.9%	8.9%	26,327.0	9.4%	20.3%	27.0%	14.5%	105.2%
Odisha	1,054.5	292.2	83.3%	21.7%	54.4%	4,922.0	12.0%	2.5%	1.3%	2.7%	38.7%
Punjab	1,815.0	527.0	62.5%	22.5%	28.4%	5,263.0	11.0%	3.0%	2.2%	2.9%	60.3%
Rajasthan	2,748.7	596.5	75.1%	17.8%	37.8%	9,425.0	11.3%	3.0%	3.2%	5.2%	81.4%
Tamil Nadu	8,724.6	934.4	51.6%	9.7%	26.2%	6,302.0	11.9%	6.4%	9.2%	3.5%	110.3%
Telangana	4,676.1	430.9	61.1%	8.4%	31.4%	8,610.0	14.4%	3.6%	4.9%	4.7%	106.3%
Uttar Pradesh	3,591.5	1,116.6	77.7%	23.7%	46.8%	16,682.0	13.7%	8.3%	4.5%	9.2%	42.7%
Uttarakhand	418.7	124.4	69.8%	22.9%	35.8%	2,458.0	12.3%	1.1%	0.5%	1.3%	37.6%
West Bengal	3,482.7	548.2	68.1%	13.6%	46.3%	10,898.0	11.8%	6.2%	3.9%	6.0%	49.4%
All India	**95,405.9**	**9,089.7**	**68.8%**	**8.7%**	**28.8%**	**1,82,191.8**	**12.0%**	**100.0%**	**100.0%**	**100.0%**	**78.3%**

Source: RBI

Note: GDP is nominal and it is calculated on the current prices with base year 2011-12

The top 6 states of Maharashtra (14.5%), Andhra Pradesh (4.7%), Gujarat (8.2%), Karnataka (8.5%), Rajasthan (5.2%), and Uttar Pradesh (9.2%) account for 50.3% of the total GDP of the country. The credit share of these states is Maharashtra (27.0%), Andhra Pradesh (4.7%), Gujarat (5.2%), Karnataka (6.6%), Rajasthan (3.2%), Uttar Pradesh (4.5%), accounting for 51.2% of the total credit of the country. As per census 2011, rural account for 68.8% of the total population and around 47.0% of the GDP of the country in FY19. The rural share in total credit is only around 9.0% in FY20. Also, there is less competition for banking services in rural areas as compared to urban areas which opens up a huge market opportunity for Small Finance Banks (SFBs) to extend financial inclusion in rural areas. Credit Deposit (C-D) ratio is the ratio of how much a bank lends out of the deposits it has mobilised. A high C-D ratio implies a healthy credit penetration in those states while some states have a low C-D ratio, implying increased credit disbursal opportunities for SFBs in those states.

Credits and deposits across regions in FY20

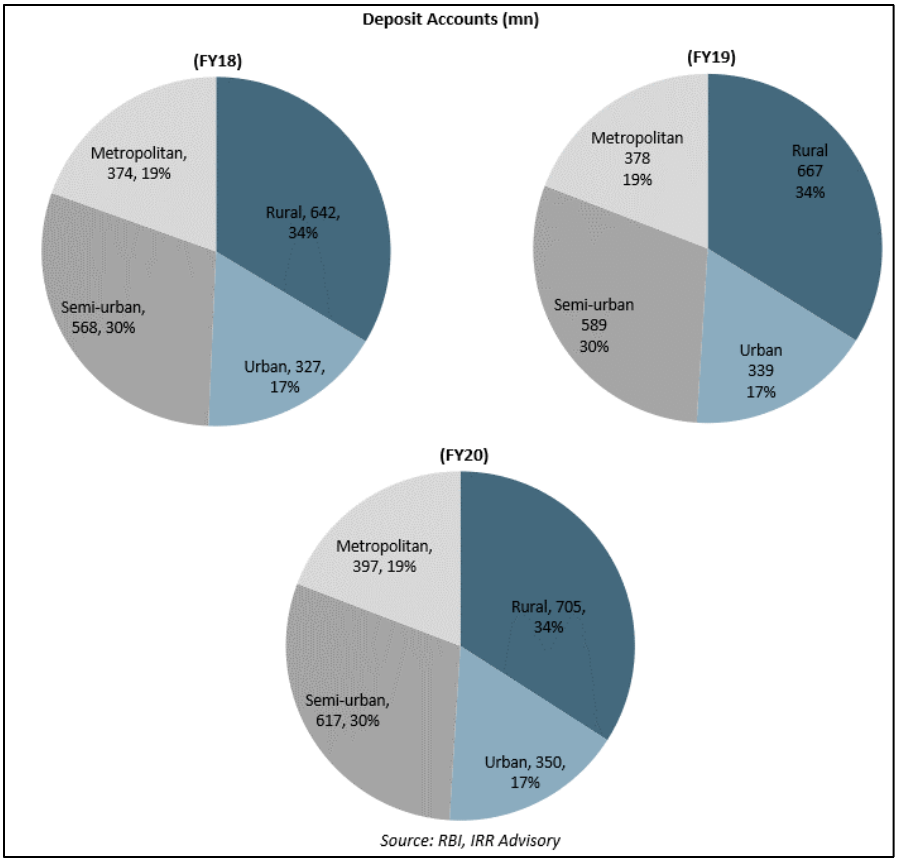


Source: RBI, IRR Advisory

Note: 'Rural' group includes all centres with population of less than 10,000, 'Semi-urban' group includes centres with population of 10,000 and above but less than 0.1 million, 'Urban' group includes centres with population of 0.1 million and above but less than 1 million 'Metropolitan' group includes centres with population of 1 million and more

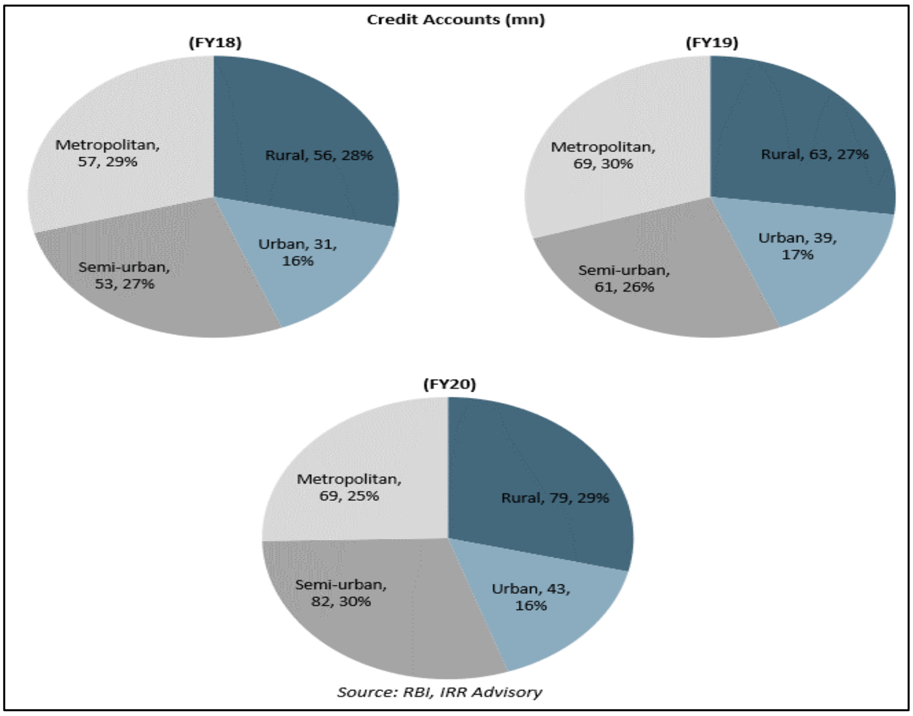
Metropolitan cities account for 50.0% of the deposits while advances are 63.0% of the total credit of the country. More concentration of credit is in the top 5 cities of the country. The rest of the country account for only 37.0% of the credit.

Number of deposit accounts region-wise for the last 3 years



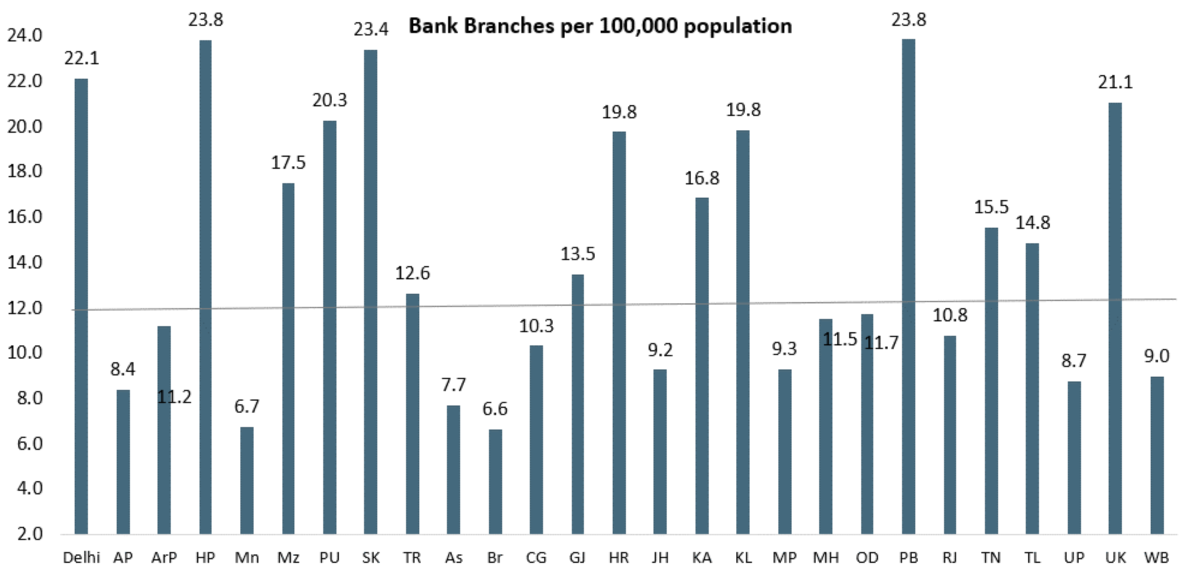
The deposit accounts have increased with the CAGR of 4.0% during the period FY18-FY20 from 1,912mn in FY18 to 2,069mn in FY20. The growth rate of debit accounts in rural, urban, semi-urban and metropolitan region during the same period was 4.8%, 3.5%, 4.2% and 3.1% respectively.

Number of credit accounts region-wise for the last 3 years



The credit accounts have increased with the CAGR of 9.7% during the period FY18-FY20 from 197mn in FY18 to 273mn in FY20. The growth rate of credit accounts in rural, urban, semi-urban and metropolitan region during the same period was 18.4%, 19.2%, 24.1% and 9.7% respectively.

Branch network and infrastructure in regions with lower credit and deposit share (FY19)



Source: RBI

Note: AP: Andhra Pradesh, ArP: Arunachal Pradesh, BR: Bihar, CG: Chhattishgarh, GJ: Gujarat, HP: Himachal Pradesh, HR: Haryana, RJ: Rajasthan, SK: Sikkim, JK: Jammu and Kashmir, JH: Jharkhand, KA: Karnataka, KL: Kerala, MH: Maharashtra, MP: Madhya Pradesh, MN: Manipur, MZ: Mizoram, OD: Odisha, PB: Punjab TR:Tripura, TN: Tamil Nadu, UK: Uttarakhand, UP: Uttar Pradesh, WB: West Bengal

As seen above, generally the north, south, east and north-east region has a relatively high branch network as compared to India's average. In the western region, the bank branches per 100,000 population is low because these states are densely populated.

Further steps taken by the GoI to support financial inclusion

Three ambitious Jan Suraksha Schemes or Social Security Schemes pertaining to Insurance and Pension Sector were announced by the Government in the Budget for FY16 to provide life and accident risk insurance and social security at a very affordable cost.

<u>Pradhan Mantri Suraksha Bima Yojana (PMSBY)</u>

PMSBY is available to people in the age group of 18 to 70 years with a bank/post office account. The risk coverage under the scheme is Rs. 200,000 for accidental death and full disability and Rs. 100,000 for partial disability.

<u>Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)</u>

The scheme is available to people in the age group of 18 to 50 years having a bank/Post office account. Risk coverage under this scheme is for Rs. 200,000 in case of death of the insured, due to any reason.

<u>Atal Pension Yojana (APY)</u>

APY aims to provide monthly pension to eligible subscribers not covered under any organized pension scheme. APY is open to all bank and post office account holders in the age group of 18 to 40 years.

<u>Stand Up India Scheme</u>

Stand Up India Scheme caters to promoting entrepreneurship amongst women, Scheduled Castes & Scheduled Tribes category. The scheme is built on the concept of providing handholding support to those borrowers who might have a project in mind but lack the confidence and capability to start up.

<u>Pradhan Mantri Mudra Yojana (PMMY)</u>

For achieving sustained expansion in the flow of credit to the non-corporate small business sector, loans up to Rs. 1.0mn without collateral are extended to borrowers under PMMY.

<u>Microfinance industry</u>

The microfinance industry provides credit to entrepreneurs and small businesses lacking access to banking and related services.

No doubt that India has significantly improved the financial inclusion of the marginalised sections. The efficacy of Digital India vis-à-vis financial inclusion can be measured by the growth in digital transactions and the proportion of the poor and their ability to access banking facilities. According to the World Bank's Global Financial Inclusion Database or Global Findex report (2017), 80.0% Indian adults have a bank account—27 points higher than the 53.0% estimated in the Findex 2014 round. However, there are contrasting statistics. According to the same report, about 190mn adults in India do not have a bank account, making India the world's second largest nation in terms of unbanked population after China. The combination of a huge informal sector along with a high dependence on cash mode of transaction poses an impediment to digital financial inclusion.

Payment Banks
Payments Banks (PBs) were set up to improve financial inclusion by harnessing technology services via mobile phones. PBs cannot undertake lending activities and their design is functionally equivalent to that of pre-paid instrument (PPI) providers which are permitted to receive cash payments from customers, store them in a digital wallet, and allow customers to pay for goods and services from this wallet.

Priority sector lending
Priority Sector Lending is an important role given by RBI to the banks for providing a specified portion of the bank lending to few specific sectors like agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low-income groups and weaker sections.

OVERVIEW OF INDIAN BANKING INDUSTRY

The banking industry is regulated by the RBI which is the central bank of India established on 1st April 1935 under the Reserve Bank of India Act, 1934. Scheduled commercial banks (SCBs), cooperative credit institutions and other financial institutions come under the ambit of the RBI. The Indian banking system consists of 12 public sector banks, 22 private sector banks, 44 foreign banks, 56 regional rural banks, 1,485 urban cooperative banks and 96,000 rural cooperative banks in addition to cooperative credit institutions.

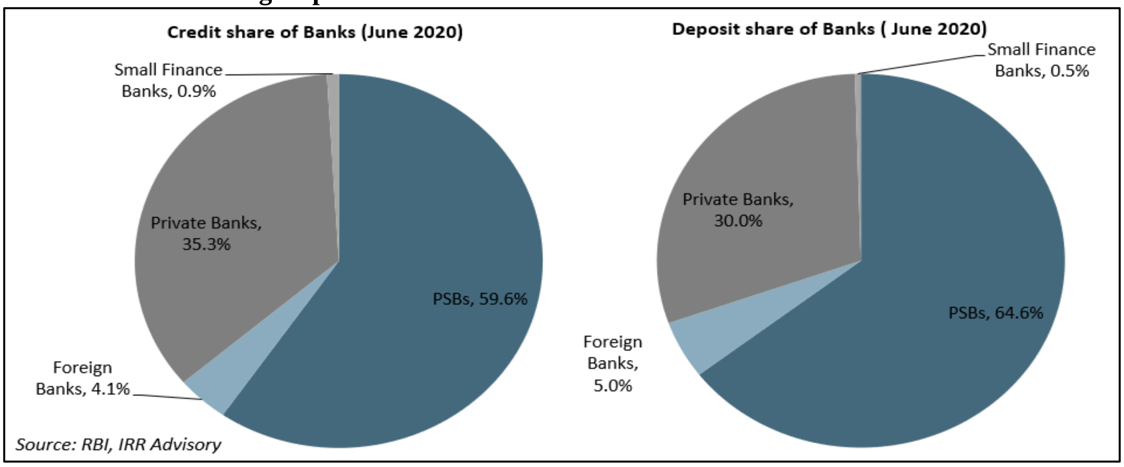
Evolution of banking in India

In July 1969, the GoI nationalized fourteen commercial banks in order to promote inclusive banking. Another six banks were nationalized in 1980. In 1991, post liberalization of the Indian economy, there was a remarkable change in the approach of the government with the economy opening up and foreign and private investors being encouraged to invest in India. This marked the entry of private players in the banking sector. Subsequently, in order to drive financial inclusion, the RBI introduced two new set of players – the Payments Bank and Small Finance Bank.

'On-tap SBFs' licensing in the private sector

There are significant untapped opportunities in the informal/semi-formal sectors, and efficiency of SFBs delivery model can be used for the underserved segment. The RBI announced 'on tap' licensing of SFBs to further financial inclusion and widen competition. More players will now be able to apply for an SFB license, subject to the fulfilment of regulatory conditions. Based on CMIE, SFBs have shown high double-digit growth in credit and deposits due to small base effect. In addition, the Government announced positive schemes to extend hand holding support to MSMEs in Union Budget 2020, which further stimulate the SFB business.

Share of various bank groups in credit disbursement



Profitability of banks in FY21

As per CMIE, net profits of banking industry tripled in the September 2020 quarter compared to the September 2019 quarter. It reported a 228.0% growth in its net profits. As a result, net profit margin of the industry expanded to 8.2% in the September 2020 quarter compared to just 1.92% in the year-ago quarter. However, actual stress in the banking sector would be realized in subsequent quarters since the moratorium is now over and reclassification of accounts start based on repayment pattern.

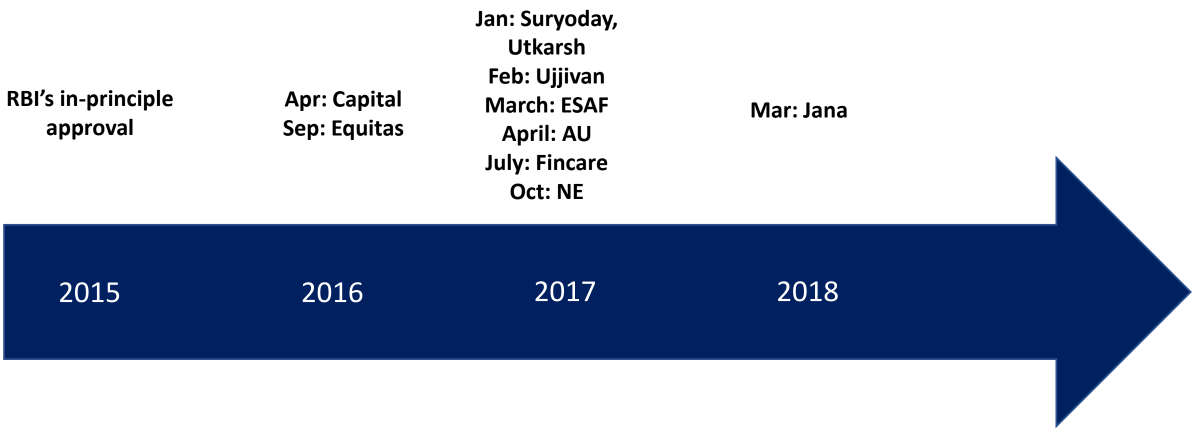
SMALL FINANCE BANKS

The RBI approved setting up of SFBs in 2015 so as to offer basic banking services such as accepting deposits and lending to the unserved and the under-served sections, including small businesses, marginal farmers, micro and small industries, and the unorganised sector. SFBs are authorised to perform all the banking functions – payments, accepting deposits and lending. This makes them functionally identical to SCBs.

Given the SFBs' financial inclusion focus, SFBs have higher minimum targets for priority sector lending – at 75.0% of its Adjusted Net Bank Credit compared to the 40.0% for the SCBs. Further, at least 25.0% of new banking branches need to be opened in unbanked rural centres. Also, to benefit small borrowers, SFBs have a restriction on their loan portfolio that requires 50.0% of the portfolio to be comprised of loans and advances of up to Rs. 2.5mn. Additionally, there are some differences in prudential requirements as well for SFBs. The minimum paid-up equity capital for SFBs is Rs. 1.0bn, one-fifth of the requirement for SCBs. The minimum capital adequacy ratio for SFBs is set at 15.0%, higher than the 9.0% required for SCBs.

When the RBI came out with its eligibility criteria for SFBs, there were ten applicants who had received the in-principle approval and all of them have converted to SFBs and are operational. The ten SFBs include AU Small Finance Bank (AU SFB), Capital Small Finance Bank (Capital SFB), Equitas Small Finance Bank (Equitas SFB), ESAF Small Finance Bank (ESAF SFB), Fincare Small Finance Bank (Fincare SFB), Jana Small Finance Bank (Jana SFB), North East Small Finance Bank (NESFB), Suryoday Small Finance Bank (Suryoday SFB), Ujjivan Small Finance Bank (Ujjivan SFB) and Utkarsh Small Finance Bank (Utkarsh SFB). Out of the 10 SFBs, there are eight former microfinance players including non-banking financial company-microfinance institutions (NBFC-MFIs), one former local area bank and one former NBFC.

All SFBs, like commercial banks, deal with basic lending and deposit activities like loans and deposits. However, what makes these products stand out is that SFBs are required to focus their products more towards the priority sector, which includes facilitating funds to poor people for housing, lending for agriculture and allied activities, funding to micro and small industries, and weaker sections of the society. These directives are regulated by the RBI. Further, SFBs can deal in other fee-based products like distribution of mutual funds, pension products, insurance products, foreign exchange, and debit cards. SFBs have been successful in developing effective strategies to leverage their regional strength and reach out to select low-income client base. However, while SFBs can provide better last-mile connectivity to their customers vis-à-vis banks, the SFBs do face competition from NBFCs. NBFCs further do not have to maintain CRR and do not have priority sector lending targets. However, unlike NBFCs who are only able to provide only niche products, SFBs can provide the entire gamut of banking products and can therefore target a better share of the customer's wallet. The timelines of the operational inception of the various SFBs are shown below:



Key advantages & challenges for a NBFC upon conversion to SFB

Advantages

- SFBs target the low-income segment and offer them differentiated products. Unlike the NBFCs which expand horizontally with a special focus product, SFBs expand vertically and horizontally which enables them to have a good mix of medium and low value customers. Also, with major focus on rural and microfinance borrowers, which have a low credit penetration and less migration from one player to another, small finance banks can build loyal customer relationships. Along with this, there is less competition for banking services in rural as compared to urban areas, this presents SFBs with significant growth opportunities in rural areas.
- Akin to commercial banks, SFBs can undertake all banking activities, including lending and taking deposits. Access to deposits, resulting in lower cost of fund allows small finance banks to compete with other players in the underpenetrated regions.
- Low cost of client acquisition over the long term due to wider reach, customer-centric approach and technology usage.

Challenges

- The COVID-19 crisis has reiterated the underlying risks of the business models of most SFBs –'high touch' operations, personalised doorstep services, including centre meetings, driven predominantly by cash collection processes for the microfinance segment of customers.
- Extending 75.0% of Adjusted Net Bank Credit (ANBC) to sectors eligible for classification as priority sector lending (PSL). NBFCs do not have any such targets.
- Maintaining at least 25.0% of their branches in unbanked rural areas. SFBs, in view of the regulatory requirements of branch opening, further poses operational challenges.
- At least 50.0% of loan portfolio to comprise loans and advances of up to Rs. 2.5mn while no such regulation is imposed on the NBFCs.
- Maintain minimum Capital Adequacy Ratio (CAR) of 15.0% of its risk-weighted assets (RWA)
- While SFBs have to maintain minimum 3.5% of CRR and 18% of SLR, NBFCs do not have to maintain any CRR and SLR
- Building a liability profile and venturing into new products will be a challenge.

Digital initiatives by SFBs

In response to COVID-19, SFBs are making continued efforts on contactless and digital banking services. Their key digital offerings include an instant Savings Accounts, vehicle and consumer finance loan. In FY20, as per annual report of one of the leading SFB, it opened approximately 93.0% of Savings Account through TABs. Cashless disbursements have also increased in the industry. Leading SFBs are offering consumer durable loans in partnership with leading digital platform, which offers cashless Equal Monthly Instalment (EMI) options to customers.

SFBs have developed digital payments system for the customers through UPI QR codes, enabling small shopkeepers to accept cashless payments from their customers through the QR Codes.

Distribution outlets for SFBs

SFBs are expanding distribution and opening new bank branches to widen geographic footprint in newer regions. SFBs are converting their MFI branches to banking outlets. To promote non-branch delivery channels and encourage cashless transactions and adoption of digital platforms in a big way among customers, network of e-kiosks is set-up to provide round the clock access to customers in their neighbourhoods. SFBs are getting into strategic partnerships with Fintech companies to increase customer acquisition, reduce processing and on-boarding costs. Right combination of physical and digital channels and partnerships to expansion are used by SFBs.

While SFBs aim at increasing penetration in Tier I and Tier II markets where branches are already present. Region specific product offerings basis impact of COVID-19 are being designed to rapidly penetrate into these markets. SFBs are initiating deposit and withdrawal facilities in the centre meetings, which were earlier largely used for repayment collections.

SFBs have employed business correspondents to collect repayments. Along with repayments, through regular meetings with microfinance customers, the business correspondents are able to understand them better. The business correspondents' constant engagement with microfinance customers leads to a lower risk of delinquencies. SFBs are also increasing their distribution within the existing region and expanding to new states by selectively opening additional branches, ATMs, and entering into relationships with new business correspondent entities. In order to expand its outreach to MSME borrowers, SFBs are strengthening their Direct Sales Agent (DSA) network. The DSA network will enable the MSME vertical to reach out to the places and to the new set of borrowers without adding much to the fixed cost.

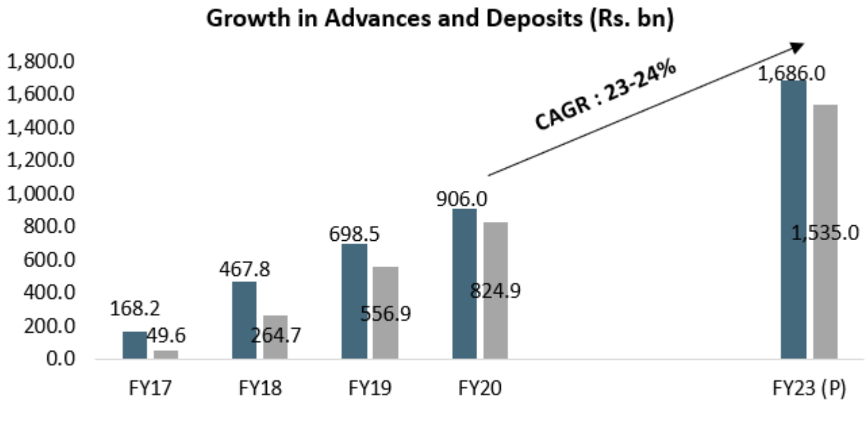
Comparison of different business models including MFI, SFB and commercial bank

The business model of most SFBs majorly works on high touch operations, personalised doorstep services, including centre meetings, driven predominantly by cash collection processes from the customers. SFBs primarily focuses on the micro and small enterprises that belong to the underbanked and unbanked segment of the society. Similarly, MFI also caters to low and middle-income individuals, daily wage earners and self-employed individuals engaged in small and medium enterprises with high touch operations, business correspondents and centre meetings. Unlike SFBs, MFIs cannot accept deposits which increases the cost of funds for the institutions. Additionally, SFBs offers full bouquet of financial products and services due to resource consisting majorly of deposits at low cost. On the other hand, majority of MFIs are over-dependent on a mono-product strategy.

Commercial Bank's primary focus areas are upper middle and high class. Over time, the lower middle and the upper middle class have also become the most significant portions of commercial bank's target market. With growing digitalisation, the pace of opening new branches by SCBs in rural regions has slowed down.

SFB growth and the outlook

Industry Last 3 years CAGR and future projections



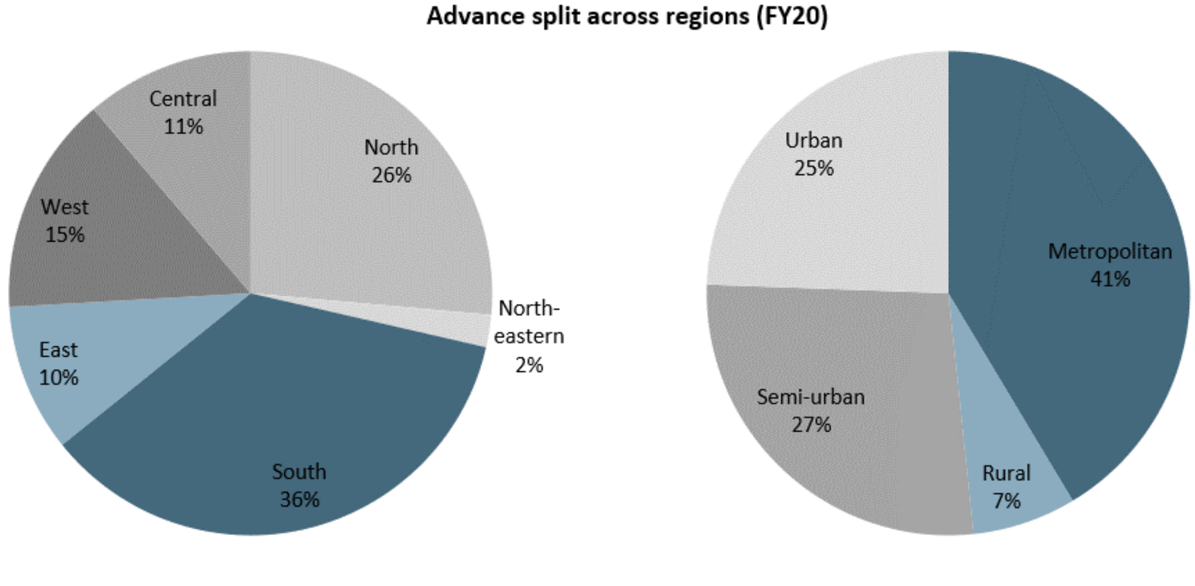
Source: RBI, IRR Advisory

The exponential growth in the SFB industry is illustrated by the growth in both loans and deposits. The advances and deposits in the SFB industry has increased with the CAGR of 75.3% and 155.3% respectively during the period FY16-FY20. It is expected to grow with the CAGR of 23.0-24.0% during the period FY20-FY23. SFBs' share in total banking industry has increased from 0.3% in FY19 to 0.5% in FY20 in case of credit, and deposits share has increased from 0.6% in FY19 to 0.9% in FY20 and reporting offices share has increased from 1.5% in FY19 to 2.8% in FY20.

With rural economy holding up during the pandemic, both deposits and advances are expected to show robust growth and total advances and deposit base are expected to grow to approximately Rs. 1.7tn and Rs. 1.5tn by FY23. Factors that will support the growth of the SFBs include robust rural growth, new product offerings and associated cross-selling opportunities in both liability and asset side, geographical diversification and opening of new branches, knowledge of local stakeholders, access to low-cost funds, improved risk management systems and expansion of organized credit channels.

The business strategy of the SFBs varies amongst them. Jana, the 4th largest player has a diversified book with the top three states of Tamil Nadu (20.2%), Karnataka (16.8%) and Maharashtra (13.8%) accounting for more than half of their portfolio. MFI loans (74.7%), small business loans (13.5%) and mortgage (6.5%) comprise the bulk of Jana's loan book. The five players account for almost 80.7% of the total SFB AUM as on FY20.

Advance split across regions for SFBs



Source: RBI, IRR Advisory

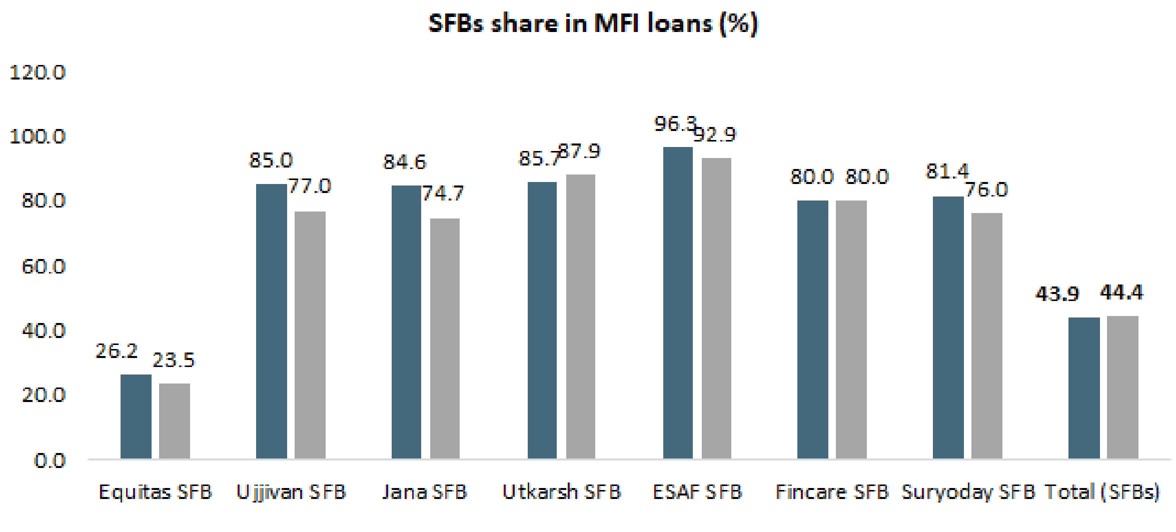
Note: 'Rural' group includes all centres with population of less than 10,000, 'Semi-urban' group includes centres with population of 10,000 and above but less than 0.1 million, 'Urban' group includes centres with population of 0.1 million and above but less than 1 million 'Metropolitan' group includes centres with population of 1 million and more

South account for 36.0% of the total advances of SFB due to major presence of players like Ujjivan SFB, Equitas SFB, Jana SFB and ESAF SFB in the region. North region account for 26.0% due to presence of AU SFB which is the market leader in SFB segment. AU SFB has disbursed 76.0% of their total loan portfolio in the northern region. North-eastern region just account for 2.0%. Majority of the financial institutions believe that Eastern India and Norther-eastern region offers the maximum potential for growth in future due to relative saturation in the southern markets. Utkarsh SFB has a very strong presence in the eastern India (Eastern UP, Bihar and Jharkhand) and it presents a significant strategic advantage as competition is low because major players are in southern or northern region.

Although majority of Indian households are located in rural areas, the banking infrastructure investment in these regions is relatively low and thus there is a gap in the demand and supply of financial services in the backward regions of the country. As per IRR Advisory, despite a significant contribution of nearly 47.0% to India's GDP, rural areas have only 9.0% share of total credit outstanding. The loans share of SFBs in rural region is further low at 7.0%. Further, rural areas in India have lower financial inclusion compared to urban areas. This presents SFBs significant growth opportunities in rural and unserved areas. Particularly, bank credit and deposit penetration are low in the northern and eastern zones of the country. In addition, the pace of opening new branches by SCBs in these regions has slowed down in recent times. This provides ample headroom for SFBs to take the banking services to the remotest locations of the country.

Though SFBs have 57.0% of branches in rural and semi-urban and unbanked areas of the country, advances comprise of only 34.0% of the total loan disbursed in this region. The rural and semi-urban centres face relatively lower competition and help bring a large number of customers under the umbrella of services. One of the major reasons for low advances of specifically SFBs to rural region is because SFBs are in nascent stage of their operations. Although majority of SFBs have been in MFI operations since inception and have 19.0% of total banking outlets (including branches) in rural areas. Public sector and private sector banks have a better brand recognition and greater business experience. Rural people lack brand awareness about SFBs which is changing currently. Leading SFBs are partnering organisations to sensitise customers towards financial discipline, educate them about the importance of savings, banking behaviour and responsible borrowing practices and are successful in attracting more rural customers.

SFBs share in MFI and Non-MFI going forward – Plans to diversify



Source: Company's Annual Reports

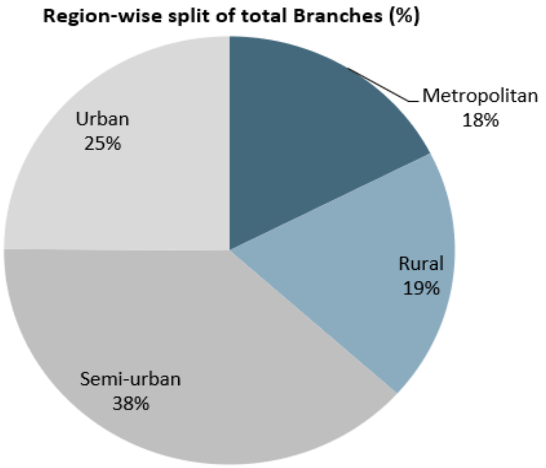
The market share of SFBs in MFI segment increased from 16.8% to 17.0% on a y-o-y basis as on 31st March, 2020. As per Microfinance Institutions Network (MFIN) estimates, microfinance currently reaches less than 20.0% of potential households. Although there is still a large gap to be met in terms of the reach of microfinance. The microfinance industry is prone to socio-political and operational risks, which negatively impact the operations and financial position of SFBs. SFBs have a high share of microfinance in their portfolio as eight out of 10 SFBs were MFIs initially, although they are now diversifying into other segments such as MSME financing, vehicle loans, affordable housing, to drive expansion of customer base and focus on higher ticket size loans. SFBs are lowering their exposure to the microfinance segment in order to limit the volatility in asset quality. Post demonetization, the quality of the bank's microfinance portfolio witnessed high deterioration.

As per the graph given above, the share of MFI in total lending portfolio of the SFBs has decreased for all the players except Utkarsh SFB. An important strategic focus for SFB is to diversify their fee and non-fund-based revenues. SFBs are leveraging their banking outlet network, digital channels and various diversified product and service portfolio to develop fee and commission-based business.

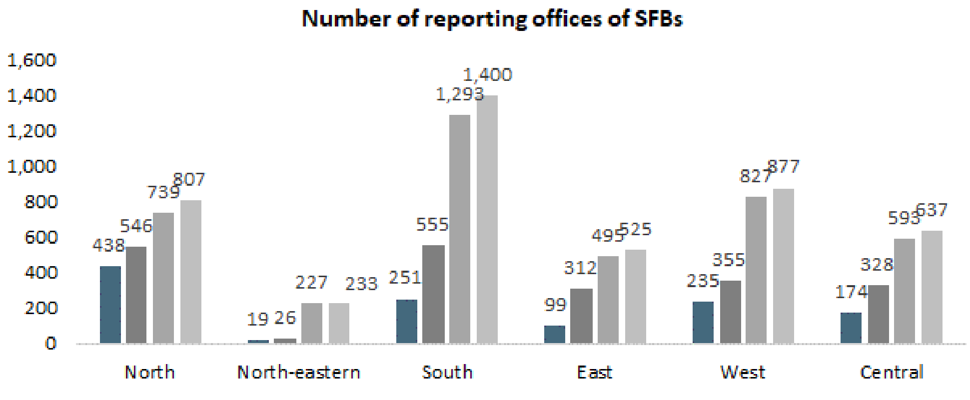
Network expansion and portfolio geographic diversification

Network expansion and geographic diversification is crucial because the leading SFB's business growth had moderated in the third and the fourth quarters of FY20.

Growth in network base of SFBs to curb geographic concentration of loan portfolio



Source: RBI, IRR Advisory



Source: RBI

SFBs wide network of banking outlets including outlets in Unbanked Rural Centres (URC) where these SFBs are the sole provider of banking services, offers a significant opportunity to expand their customer outreach and deepen their penetration in existing geographies.

Region wise split of SFBs total branches across metropolitan, urban, rural and semi urban regions

With majority of the branches in rural and semi-urban areas, SFBs are focused on the unbanked and underbanked customers at the bottom of the pyramid to drive financial inclusion. From the pie-chart, it can be seen that branch penetration in rural areas is far better at 19.0% as compared to advances share of just 7.0% in total credit SFB credit.

State wise split of the SFB industry AUM (FY20)

State/Union Territory	AUM (Rs. mn)	% Share
NCT of Delhi	19,396.8	2.0%
Punjab	49,431.0	5.2%
Haryana	26,730.8	2.8%
Chandigarh	2,108.6	0.2%
Jammu & Kashmir	-	-
Himachal Pradesh	1,984.5	0.2%
Rajasthan	1,51,153.0	15.9%
Assam	17,733.9	1.9%
Meghalaya	376.5	0.0%
Mizoram	84.3	0.0%
Arunachal Pradesh	214.9	0.0%
Nagaland	60.4	0.0%
Manipur	123.7	0.0%
Tripura	1,945.5	0.2%
Bihar	41,559.1	4.4%
Jharkhand	10,294.4	1.1%
West Bengal	28,023.9	3.0%
Odisha	13,301.8	1.4%
Sikkim	418.7	0.0%
Uttar Pradesh	28,969.4	3.1%
Uttarakhand	1,901.8	0.2%
Madhya Pradesh	65,029.5	6.9%
Chattisgarh	10,994.4	1.2%
Gujarat	60,513.0	6.4%
Maharashtra	78,264.5	8.2%
Goa	252.4	0.0%
Andhra Pradesh	2,764.1	0.3%
Telangana	2,221.9	0.2%
Karnataka	60,109.5	6.3%
Tamil Nadu	2,26,825.1	23.9%
Kerala	40,532.9	4.3%
Puducherry	5,873.2	0.6%
Total	**9,49,193.4**	**100.0%**

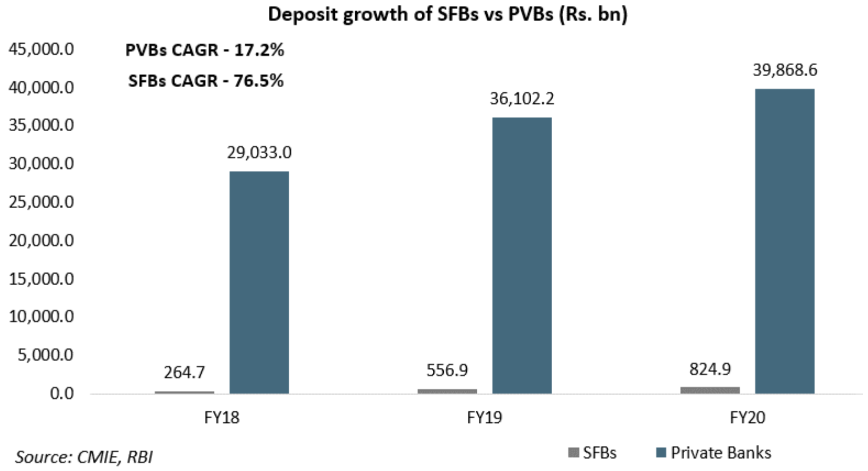
Source: RBI

Tamil Nadu has the highest share of 23.9% of the total AUM due to the presence of leading SFBs in the region. Ujjivan SFB, Equitas SFB, Jana SFB and EASF SFB have 16.2%, 54.0%, 20.2% and 23.8% of their loan portfolio in Tamil Nadu, respectively. Rajasthan, Punjab, Madhya Pradesh, Gujarat and Maharashtra have a share of 15.9%, 5.2%, 6.9%, 6.4% and 8.2%, respectively, due to presence of AU SFB and Jana SFB in the region. Unlike other SFBs, Jana SFB and Ujjivan SFB have a wider presence in the country. There are no SFBs with major share of their business operations in the north-eastern region. Majority of the financial institutions believe that eastern India offers the maximum potential for growth in future due to relative saturation in the southern markets. Currently, Utkarsh SFB has major part of their business operations in eastern India (Eastern UP, Bihar and Jharkhand).

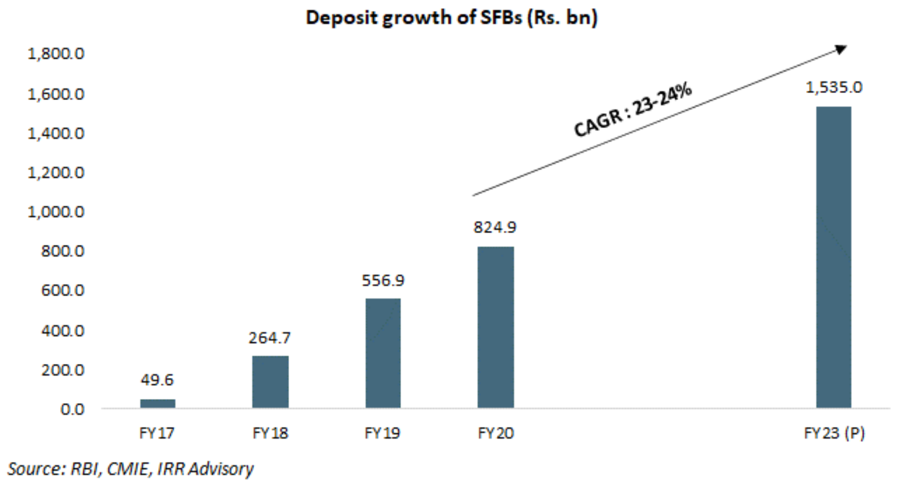
Deposit trends in SFB industry

SFBs deposits has grown at a CAGR of 76.5% in the period FY18-FY20. SFBs access to deposits, in particular retail deposits and CASA, should their reduce cost of funds over time SFBs, deposits share (deposits as a percentage of deposits and borrowings) has increased from 46.9% as at the end of FY18 to 73.6% as at the end of FY20. *(Source: Ace Equity)*

Deposit growth of SFBs vs private sector banks

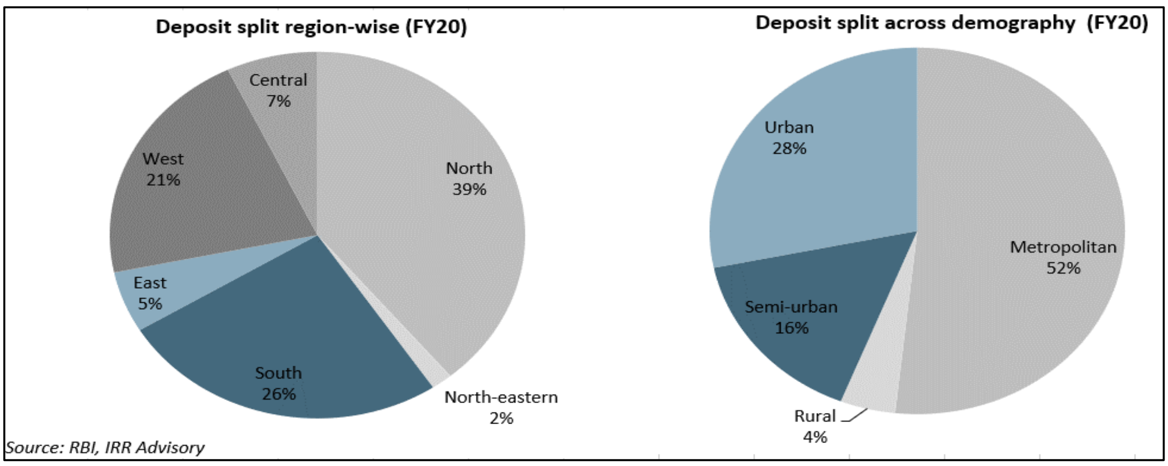


Deposit growth in last 3 years of SFB industry and future growth projection



SFBs deposits have increased at the annual rate of 48.1% in FY20 as compared to previous year.

Deposit split across regions and demography



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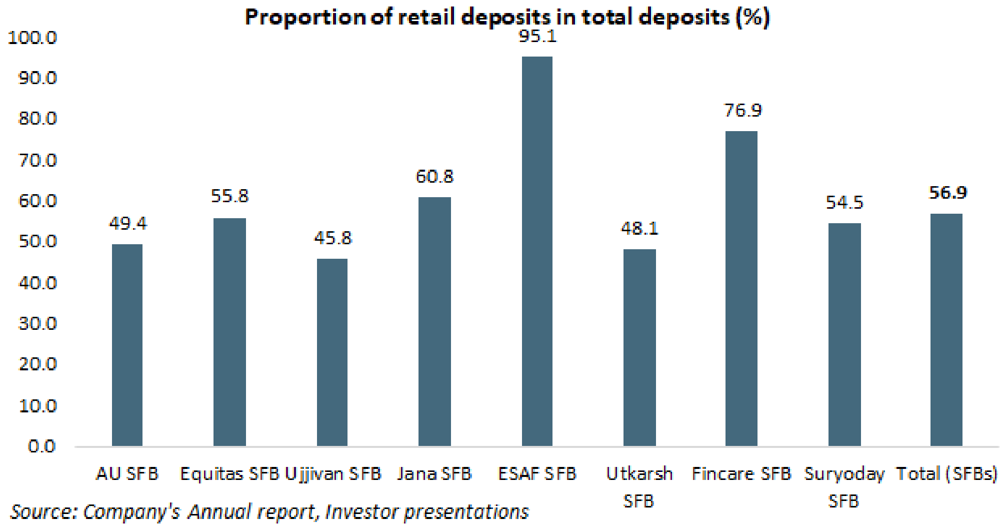
Looking into the demographics, metropolitan comprises of 52.0% of the total deposits and 41.0% of the total advances. As SFBs are operating with the objective of serving the under-served, semi-urban and rural area account for 20.0% of the total deposits while the advances of these segment account for 34.0% of the total advances which implies that more disbursements of loan in happening in the segment as compared to deposits collected.

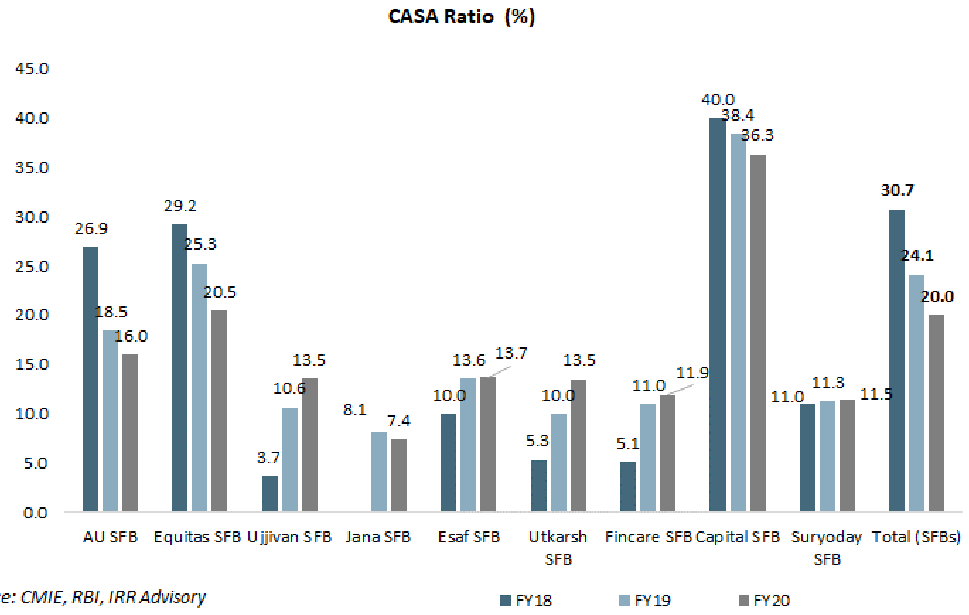
Retail Deposit % of total deposit of the SFB industry as of FY20



Source: Company's Annual report, Investor presentations
Note: Retail deposit includes CASA and retail term deposit

In deposit segment, SFBs have placed a strong emphasis on increasing their retail deposits, as they have lower rates of interest compared to wholesale deposits. Jana SFB has the highest share of retail deposits amongst the top four SFBs in terms of deposits.

Movement of CASA ratio in last 3 years



Source: CMIE, RBI, IRR Advisory

CASA tends to provide a stable and low-cost source of deposits compared to wholesale deposits. SFBs are trying to strengthen and diversify their liquidity profile in view of additional regulatory requirements through a mix of deposit mobilisation (CASA, Retail Deposit and Bulk Deposit).

Asset quality for the SFB industry: GNPA trend and credit cost in last 3 years

SFBs	FY18		FY19		FY20	
	GNPA Amount (Rs. mn)	GNPA (%)	GNPA Amount (Rs. mn)	GNPA (%)	GNPA Amount (Rs. mn)	GNPA (%)
AU SFB	2,697.4	2.0	4,701.4	2.0	4,577.8	1.7
Equitas SFB	2,125.3	2.7	2,957.1	2.5	4,173.2	2.7
Ujjivan SFB	2,759.2	3.7	978.5	0.9	1,371.4	1.0
Jana SFB	-	-	5,225.9	8.1	3,208.1	2.8
ESAF SFB	1,210.5	3.8	740.1	1.6	1,008.6	1.5
Fincare SFB	172.2	1.0	358.9	1.3	447.2	0.9
Utkarsh SFB	574.7	1.9	655.7	1.4	446.5	0.7
Suryoday SFB	565.7	3.5	496.2	1.8	1,012.5	2.8
Capital SFB	211.3	1.1	339.6	1.3	585.1	2.0
Total industry	**10,316.3**	**2.6**	**16,453.4**	**2.4**	**16,830.4**	**1.8**

Source: CMIE, Company's Annual Report, IRR Advisory

Apart from Equitas SFB and Capital SFB, all the players have improved on the GNPA% in FY20 as compared to FY18. Despite a challenging environment and change in NPA reporting to daily basis, GNPA /NNPA ratio of SFBs is improving.

Credit Cost (%)

Players	FY18	FY19	FY20
AU SFB	0.8	1.0	1.0
Equitas SFB	1.2	1.1	1.3
Ujjivan SFB	3.4	0.8	0.9
Jana SFB	25.1	4.1	2.2
Utkarsh SFB	1.0	1.5	0.6
ESAF SFB	1.6	1.0	1.1
Fincare SFB	2.5	11.9	0.7
Capital SFB	0.4	0.4	0.6
Suryoday SFB	1.8	1.8	2.6
Total (SFBs)	**4.9**	**1.8**	**1.2**

Source: Company's Annual Reports

Note: Credit cost = provisions for NPAs/Average Advances

In the wake of the COVID-19 pandemic and the ensuing nationwide lockdown since the last week of March 2020, SFBs expected the shutdown to adversely impact the portfolio quality, and therefore made a prudential provision leading to increase in provision by some of the SFBs.

Profitability of SFB industry in last 3 years and outlook going forward

Return on Assets (%)

Bank Name	FY18	FY19	FY20
A U SFB	2.0	1.5	1.6
Ujjivan SFB	NA	1.7	2.2
Equitas SFB	0.3	1.5	1.4
Jana SFB	NA	NA	0.3
Esaf SFB	0.7	1.5	2.2
Utkarsh SFB	NA	1.7	2.4
Fincare SFB	NA	3.0	2.4
Suryoday SFB	0.5	2.9	2.4
Capital SFB	0.6	0.5	0.5
Total	**-2.7**	**-0.5**	**1.6**

Source: CMIE

Return on Equity (%)

Bank Name	FY18	FY19	FY20
A U SFB	13.7	14.1	15.8
Ujjivan SFB	-4.8	13.1	13.9
Equitas SFB	1.6	9.8	9.8
Jana SFB	NA	NA	3.5
Esaf SFB	8.3	14.6	19.3
Utkarsh SFB	NA	15.9	19.0
Fincare SFB	NA	19.4	18.4
Suryoday SFB	1.9	12.2	11.4
Capital SFB	9.1	8.1	7.7
Total	**-20.2**	**3.5**	**13.7**

Source: CMIE

SFB's profitability has been low in FY18 on account of weak asset quality impacting income, low operating efficiencies and high credit costs. SFB's profitability revived in FY19 due to change in business segments, refurbished underwriting practices, proactive risk management systems and processes, and strong focus on portfolio monitoring and collection practices. In FY20, PAT of SFBs increased due to robust growth, improving cost efficiencies and stable asset quality.

Jana SFB is the fastest growing deposits franchise among SFBs (FY19-FY20)

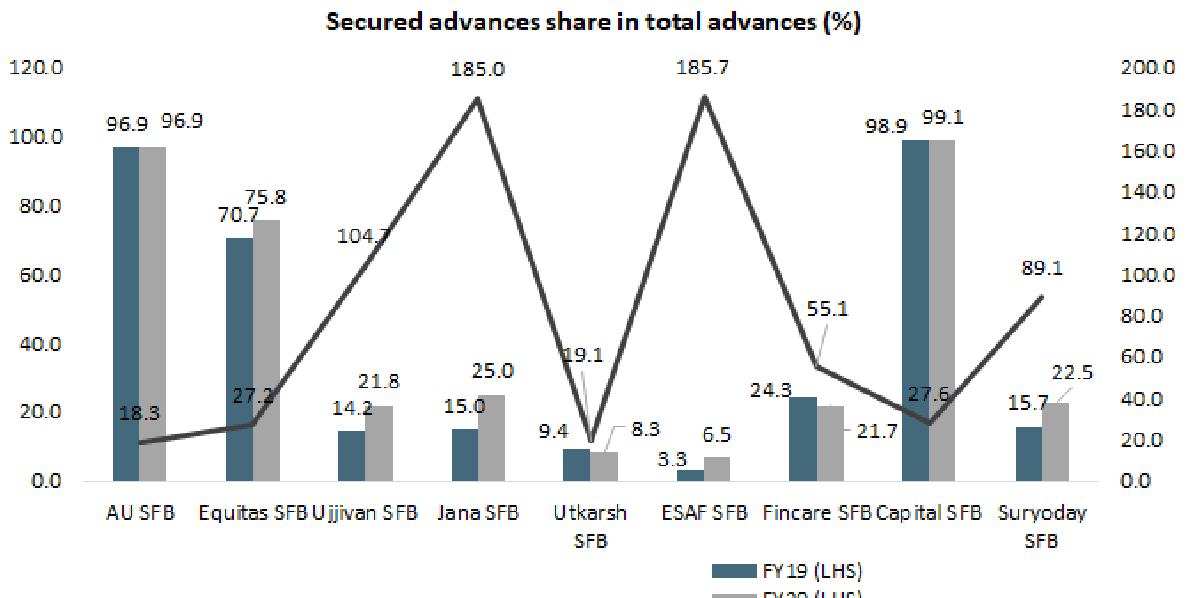
Players	AUM FY20 (Rs. bn)	On-book AUM growth (FY20) (y-o-y growth)	On-book AUM growth (FY2017-2020)	Disbursements FY20 (Rs. bn)	Disbursements (FY20) (y-o-y growth)	Deposit (Rs. bn) (FY20)	Deposit growth on-year (FY2019-2020)	Credit to deposit ratio (FY20)	Banking outlets (FY20)	Number of employees (FY20)	Capital adequacy ratio (CAR)	Tier 1 capital (FY20)	Presence in states/UTs (FY20)
SFBs													
AU SFB	308.9	27.4%	-	186.3	15.9%	261.6	34.7%	118.1%	647	18,191	22.0	18.4	14
Equitas SFB	137.5	17.5%	34.1%	99.1	15.5%	107.9	19.8%	127.4%	854	16,134	23.6	22.4	15
Ujjivan SFB	140.4	27.1%	33.8%	132.2	19.2%	107.8	46.1%	130.3%	575	19,358	28.8	28.0	24
Jana SFB	112.9	73.2%	-	100.0	62.9%	96.5	129.9%	117.0%	585	14,452	19.3	13.1	22
ESAF SFB	65.5	31.7%	64.1%	74.3	34.9%	70.3	62.8%	93.2%	454	3,337	24.0	20.4	18
Utkarsh SFB	66.6	40.4%	58.0%	65.6	44.5%	52.4	38.1%	127.2%	507	8,831	22.2	19.4	17
Fincare SFB	48.4	37.1%	-	49.6	49.1%	46.5	127.8%	104.0%	711	7,363	23.6	21.5	19
Suryoday SFB	35.3	18.9%	62.7%	30.9	8.2%	28.5	78.8%	124.0%	477	4,695	29.6	28.6	12
Capital SFB	33.1	26.8%	34.3%	-	-	44.5	21.3%	74.4%	150	1,646	17.5	10.5	5
Microfinance													
Credit Access Grameen	98.9	38.1%	38.0%		-	-	-	-	929	10,824	23.6	22.3	9
Spandana	68.2	53.7%	56.0%		61.7%	-	-	-	1,010	8,224	53.0	-	18
Universal banks													
Bandhan Bank	718.5	60.5%	60.5%		-	570.8	32.0%	117.0%	4,559	39,750	27.4	25.2	34

Source: Company's Annual Reports and Presentations, CMIE, Utkarsh SFB DRHP, Jana SFB

Note: Banking outlets include bank branches, utlra-small branches and asset centres as reported by the players

Jana SFB’s deposits grew with the annual growth rate of 129.9% and stood at Rs. 96.5bn on 31st March 2020 as compared to Rs. 42.0bn last year, fastest among all other SFBs. Jana SFB was followed by Fincare SFB and Suryoday SFB. Jana SFB witnessed highest disbursement growth rate and AUM growth in FY20 among SFBs. The asset book of Jana SFB continued to diversify with 25.0% of the book being secured in FY20 as compared to 15.0% in FY19. With high increase in advances, total secured advances have also increased with the annual rate of 185.0% from Rs. 10.0bn in FY19 to Rs. 28.6bn in FY20. Jana SFB's capital adequacy ratio stood at 19.3% (Tier-I at 13.1%) in FY20 but it has been able to raise capital and increase the profitability during the year.

Jana SFB is the 2nd fastest growing secured advances franchise among SFBs (FY19-FY20)



Source: CMIE, Company Annual Reports, IRR Advisory

The secured advances of Jana SFB have increased from 15.0% of total advances in FY19 to 25.0% in FY20. It has grown with the annual rate of 185.0% in FY20 which is just below the growth rate of ESAF SFB.

Jana SFB has the second most geographically diversified portfolio with pan India presence after Ujjivan among all SFBs.

Jana SFB has presence in 22 states/UTs and is second most geographically diversified SFB after Ujjivan which has a presence in 24 states/UTs.

Gross advance percentage share of SFBs in top three states (FY20)

Bank Name	States	Gross Advances Share	Top 3 states % share
AU SFB	Rajasthan	43.0%	71.0%
	Madhya Pradesh	17.0%	
	Maharashtra	11.0%	
	Others	29.0%	
Jana SFB	Tamil Nadu	20.2%	50.8%
	Karnataka	16.8%	
	Maharashtra	13.8%	
	Others	49.2%	
Ujjivan SFB	Tamil Nadu	15.8%	44.9%
	Karnataka	15.3%	
	West Bengal	13.8%	
	Others	55.1%	
Equitas SFB	Tamil Nadu	54.0%	78.0%
	Maharashtra	13.0%	
	Karnataka	11.0%	
	Others	22.0%	
ESAF SFB	Kerala	56.0%	84.8%
	Tamil Nadu	23.8%	
	Maharashtra	5.0%	
	Others	15.2%	
Utkarsh SFB	Uttar Pradesh	31.0%	77.0%*
	Bihar	46.0%	
	Others	23.0%	
Suryodaya SFB	Maharashtra	33.3%	76.8%
	Tamil Nadu	27.6%	
	Orissa	15.9%	
	Others	23.1%	

Source: Company's Annual Report, Jana SFB

Note: '' Date for Utkarsh SFB is available for Uttar Pradesh and Bihar only*

Jana SFB has major presence in Tamil Nadu (20.2% of AUM as the end of FY20) while its top 3 states in terms of AUM account for 50.8% of its total AUM as at the end of FY20.

The state mix of deposits for FY20 is given below (%):

SFBs	Bihar	Gujarat	Uttar Pradesh	Delhi NCR	Kerala	Madhya Pradesh	Maharashtra	Karnataka	Rajasthan	Tamil Nadu	West Bengal	Others
AU SFB	-	6.0	2.0	14.0	-	5.0	36.0	-	24.0	-	-	13.0
Equitas SFB	-	4.0	2.0	7.0	-	3.0	19.0	9.0	6.0	28.0	-	22.0
Jana SFB	2.3	2.0	6.4	7.6	-	2.8	13.3	11.7	3.0	12.3	10.9	27.7

Source: Company's Annual Report

Jana SFB is among the top 4 SFBs in India in terms of AUM & deposit size

Jana SFB is 4th in terms of AUM & deposit size as at the end of FY20 among all SFBs. As at the end of FY20, Jana SFB's AUM was Rs. 112.9bn and its deposits were Rs. 96.5bn. Jana SFB'S market share (advances and deposits combined) in the SFB segment as the end of FY20 was 11.5%, while the share of the top 3 players were AU SFB (31.1%), Equitas SFB (14.4%) and Ujjivan SFB (14.5%) *(Source: CMIE)*. Jana SFB converted 97 asset centres to full-fledged bank branches during FY20. As at the end of FY20, Jana SFB had 316 branches and 269 asset centres. As Jana SFB expands its liability-accepting branch footprint, IRR Advisory expects Jana SFB's deposits to increase.

Jana SFB has third highest share of retail deposit as a % of total deposits among all SFBs

Jana SFB's ratio of CASA to total deposits was 7.4% as at the end of FY20. Out of its total deposits of Rs. 96.5bn at the end of FY20, retail term deposits and bulk term deposits were 53.4% and 39.2% of total deposits, respectively. Only ESAF SFB and Fincare SFB have better retail deposit percentage than Jana SFB as at FY20.

Jana SFB has the highest share of retail deposits as a percentage of total deposits amongst the top 4 SFBs. Jana SFB has a share of 60.8% of retail deposits as a percentage of total deposits. This is the highest amongst the top 4 SFBs.

Deposits details of SFB and other players as at Fiscal end 2020

SFBs	Proportion of deposit to total loan book (%)	Proportion of deposit in total borrowing (%)	Proportion of retail deposits in total deposits (%)	CASA (% of deposits)	Retail TD (% of deposits)	Bulk TD (% of deposits)	Highest deposit rate (%), tenure (in years)	Concentration of top 20 accounts in total deposits
AU SFB	84.7	71.7	49.4	16.0	33.4	50.6	6.92%, 2-3 years	23.4%
Equitas SFB	78.5	67.7	55.8	20.5	35.3	44.2	7.0%, 3 years	32.0%
Ujjivan SFB	76.8	73.2	45.8	14.0	31.8	54.2	6.50%, 1-2 years	29.0%
Jana SFB	85.4	76.9	60.8	7.4	53.4	39.2	7.71%, 2-3 years	17.7%
ESAF SFB	107.3	85.3	95.1	13.7	81.4	4.9	6.50%, 1.5-2 years	11.2%
Utkarsh SFB	78.6	66.2	48.1	13.5	34.7	51.9	7.0%, 2 years	36.3%
Fincare SFB	96.1	78.0	76.9	11.9	65.0	23.1	6.50%, 3-5 years	18.1%
Suryoday SFB	80.7	69.2	54.5	11.5	43.0	45.6	7.50%, 5 years	38.8%
Capital SFB	134.4	91.3	-	36.3	-	-	6.40%, 2.5 years	7.6%
Bandhan Bank	79.4	77.7	78.4	36.8	41.6	21.6	6.0%, 1.5-3 years	15.7%

Source: Company's website, Annual Reports and Presentations, CMIE

In terms of operational characteristics, SFBs are yet to generate their brand presence like commercial banks and hence lag in CASA – the exceptions being Capital SFB. Capital SFB benefits from previously being a local area bank.

Operational efficiency of SFBs (FY20)

SFBs	Advances per employee (Rs. mn)	Deposit per employee (Rs. mn)
AU Small	14.8	14.4
Equitas SFB	8.5	6.7
Ujjivan SFB	7.3	5.6
Jana SFB	6.9	6.7
ESAF SFB	19.6	21.1
Utkarsh SFB	7.1	5.9
Fincare SFB	6.6	6.3
Suryoday SFB	7.5	6.1
Capital SFB	20.1	27.0
Bandhan Bank	17.0	14.0

Source: CMIE

Ujjivan, Equitas and AU have similar number of employees, though employees could be misleading given that some SFBs deploy outsourcing models.

Product mix of all SFBs and banks (FY20) (%)

SFBs	MFI	Vehicle loans	Mortgage	MSME	Large and mid-corporate loans	Gold loans	Others
AU SFB	-	40.0	2.0	43.0	-	1.0	14.0
Equitas SFB	23.5	24.5	-	45.2	5.3	-	1.5
Ujjivan SFB	77.0	-	11.0	7.0	4.0	-	1.0
Jana SFB	74.7	-	6.5	13.5	-	1.5	3.8
Utkarsh SFB	87.9	-	1.3	3.7	4.6	-	2.5
ESAF SFB	92.9	-	-	-	1.6	-	5.5
Fincare SFB	80.0	-	11.0	-	5.0	3.0	1.0
Suryoday SFB	76.0	10.0	5.0	5.0	-	-	4.0
Capital SFB	-	3.0	10.0	29.0	-	-	58.0
Bandhan Bank	64.0	-	25.0	4.0	5.0	1.0	1.0

Source: Company's Annual Reports and Presentations

Most of the SFBs were originally involved in the microfinance business, except Capital SFB (local area bank) and AU SFB (retail focussed NBFC). However, all the SFBs quickly scaled up their activities and built-up large customer bases. Jana SFB commenced operations as a small finance bank from March 28, 2018. The unsecured/ microfinance loans continue to remain the mainstay of Jana SFB, accounting for around 75.0% of its portfolio as the end of FY20 with the balance being constituted by MSE loans (13.5%), Affordable Housing (6.5%), Gold loans (1.5%) and others (3.8%). Jana SFB is focused to scale up its exposure to micro, small, and medium enterprises and housing finance, which would support portfolio diversification. Though the microfinance industry is prone to socio-political and operational risks, which could negatively impact Jana SFB's operations and financial position. However, IRR Advisory believes Jana SFB's geographically diversified portfolio would mitigate these risks to some extent as such issues have largely been region specific so far.

Profitability of players in FY20

Players	Yield on advances	NIMs	Non-interest income	Cost of borrowing	Opex	Opex per banking outlet (Rs. mn)	Cost to income	Credit cost	RoE	Post tax-RoA
AU SFB	14.4%	5.4%	1.7%	7.3%	3.1%	14.8	56.1%	0.3%	15.8%	1.6%
Equitas SFB	18.9%	9.1%	1.1%	8.0%	6.7%	10.8	66.4%	1.9%	9.8%	1.4%
Ujjivan SFB	20.0%	10.8%	2.0%	8.2%	6.2%	15.1	67.4%	2.3%	13.9%	2.2%
Jana SFB	22.7%	9.3%	3.7%	9.4%	9.9%	19.1	80.6%	3.0%	3.5%	0.3%
Utkarsh SFB	20.8%	9.6%	1.2%	8.2%	5.6%	8.1	57.6%	3.0%	19.0%	2.4%
ESAF SFB	18.4%	10.3%	2.0%	8.6%	9.2%	12.0	64.9%	2.1%	19.3%	2.2%
Fincare SFB	22.4%	9.7%	2.6%	8.7%	6.1%	4.2	59.4%	1.9%	18.4%	2.4%
Capital SFB	11.2%	4.2%	0.9%	6.4%	3.4%	2.5	75.5%	0.9%	7.7%	0.5%
Suryoday SFB	21.2%	10.7%	1.9%	8.1%	6.0%	13.2	47.1%	4.3%	11.4%	2.4%

Source: Company's Annual Reports and Presentations, Ace Equity Database, CMIE

In terms of financial performance, most of the SFBs who have been operating for over two years have posted return on equity (RoE) comparable to private sector banks, while maintaining asset quality. Among the SFBs, AU SFB has the largest AUM, despite lower number of branches, lesser geographical presence, and reduced customer base. This reflects the importance of the business model – AU's evolution into an SFB from an NBFC may have helped it in retaining its niche focus. Jana's asset quality has been a concern due to modest collections from overdue buckets, but the bank has strengthened its sourcing policies through improved field verification of borrowers, stricter eligibility criteria and reduction in loan size and tenure for new customers. Going forward, Jana SFB's cost of borrowings will decrease with increasing deposit base. The operating expenditure of the bank is on the higher side at 9.9%. Though it will impact the profitability, geographic diversification, decrease in cost of funds, increase in secured loans will increase the profitability of Jana SFB.

Asset quality and liquidity ratios (FY20)

Players	Provision Coverage Ratio (%)	Liquidity Coverage Ratio (%)	GNPA (%)	NNPA (%)
AU SFB	52.8	101.0	1.7	0.8
Equitas SFB	45.2	127.8	2.7	1.7
Ujjivan SFB	80.0	253.9	1.0	0.2
Jana SFB	56.2	744.0	2.8	1.4
Utkarsh SFB	75.2	220.5	0.7	0.2
ESAF SFB	79.9	176.1	1.5	0.6
Fincare SFB	91.1	221.5	0.9	0.4
Capital SFB	29.5	357.6	2.0	1.3
Suryoday SFB	84.7	153.5	2.8	0.6
Credit Access Grameen	-	-	1.6	0.4
Spandana	-	-	0.4	0.1
Bandhan Bank	60.8	129.4	1.5	0.6

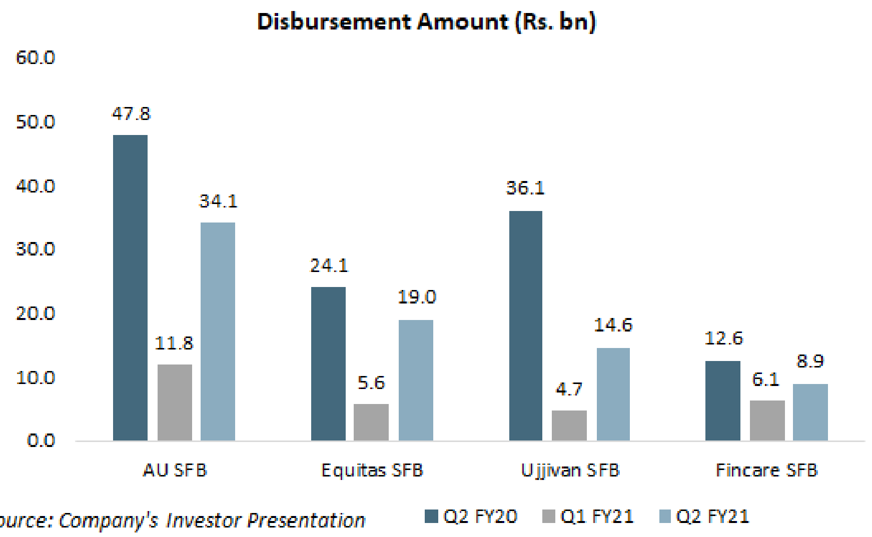
Source: Company's Annual Reports

COVID 19 related provisions created as of FY20

Bank Name	COVID 19 related Provisions (Rs. mn)	% of gross advances
A U SFB	2,780.0	1.0
Ujjivan SFB	1,000.0	2.2
Equitas SFB	1,706.3	1.0
Jana SFB	89.4	0.1
Esaf SFB	44.1	0.1
Utkarsh SFB	499.6	0.8
Fincare SFB	440.0	0.8
Suryoday SFB	399.0	1.1
Capital SFB	77.0	0.2

Source: Company's annual report

Disbursements of leading SFBs during H1 FY21



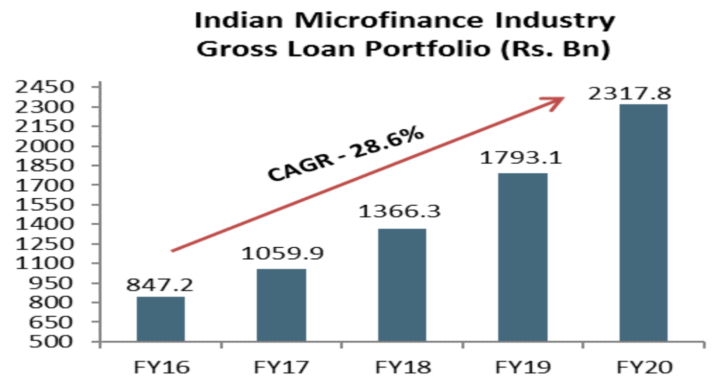
Source: Company's Investor Presentation

Disbursement is picking up as economic activity is improving in the country. SFBs are continuing disbursements majorly in the form of repeat loans and following robust lending policies. As per above graph, disbursement has picked up and increased substantially in Q2 FY21 as compared to Q1 FY21. Though it has not reached to the Q2 FY20 level yet.

MICROFINANCE INDUSTRY

Market size of microfinance industry in India

Microfinance industry consists of multiple players with diverse organizational structures. Loans in this sector are provided by Banks, SFBs, Non-banking financial company-microfinance institutions (NBFC-MFIs), other NBFCs and non-profit organizations. According to the Bharat Microfinance Report 2020 prepared by Sa-Dhan, MFIs operate in 29 States, 5 Union Territories and 627 districts in India. The sector served 58.9mn unique borrowers (an increase of 21.6% as of FY19) through 105.4mn loan accounts. The industry Gross Loan Portfolio (GLP) has grown at a CAGR of 28.6% during FY16 to FY20 period as depicted in the graph alongside.

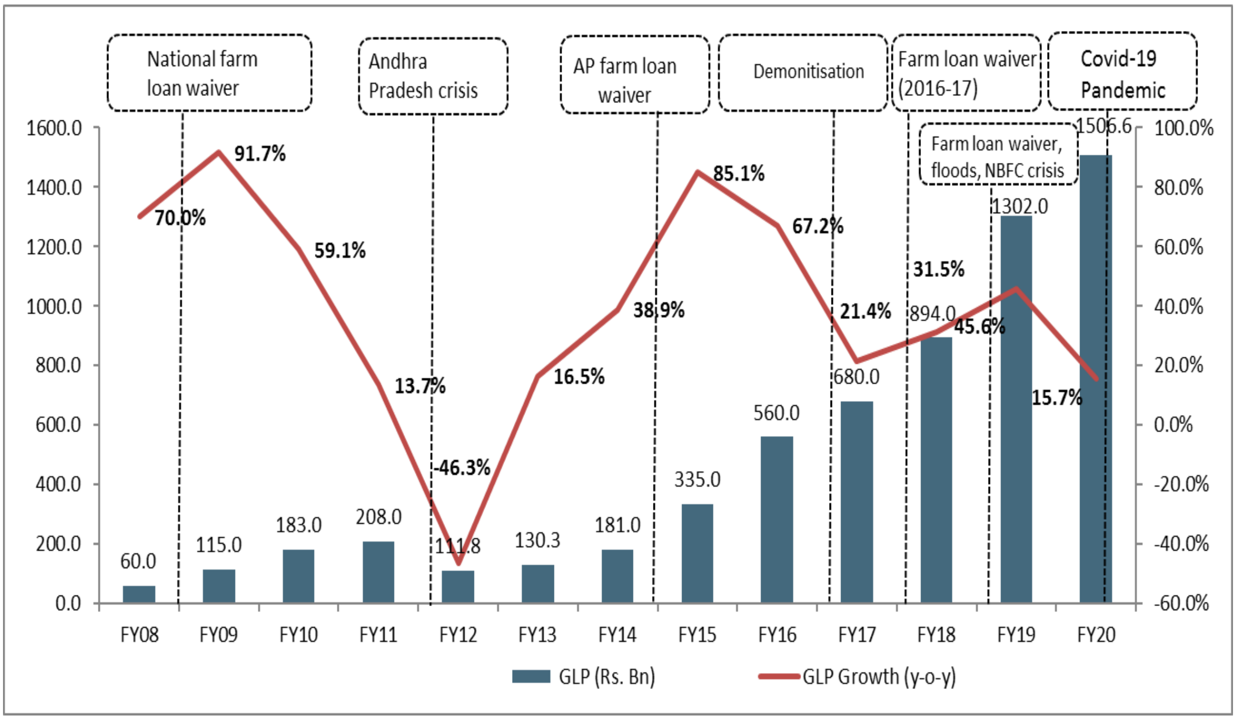


Source: Microfinance Institutions Network (MFIN)
Note: Data includes values for Banks, NBFCs, NBFC-MFI, Non-profit MFI and SFBs.

<u>MFI industry has shown resilience over the past decade</u>

Number of negative events in the past have influenced growth as well as asset quality of the microfinance sector including – National farm loan waiver, the AP crisis, farm loan waivers by several states, demonetisation in November 2016, floods in some states, recent economic slowdown and the COVID-19 outbreak. Despite these setbacks, the industry has evolved over the cycles and demonstrated resilience by adapting to changing dynamics.

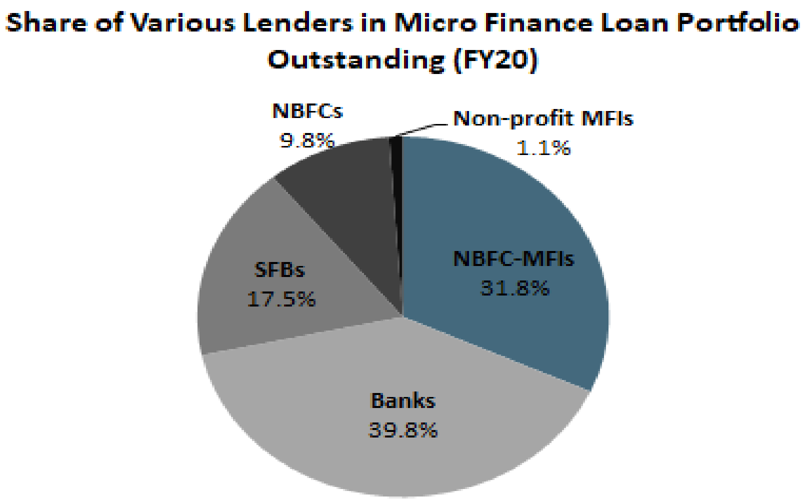
Trends in Gross Loan Portfolio (GLP) of Indian Microfinance



Source: Microfinance Institutions Network (MFIN), IRR Advisory

Note: Data includes values for NBFCs, NBFC-MFI, Non-profit MFI, SFBs and Bharat Financial Inclusion Ltd

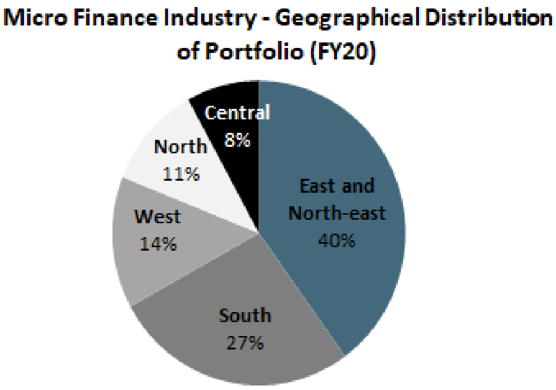
The pie chart given below provides the % share by each player in the microfinance loan portfolio outstanding during FY20. SFBs have a total loan amount outstanding of Rs. 405.6bn with total share of 17.5%.



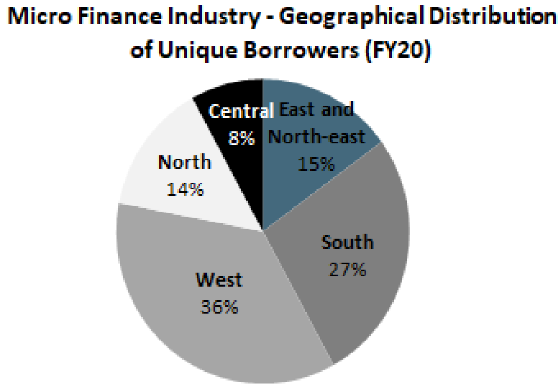
Source: Microfinance Institutions Network (MFIN)

Penetration of microfinance in India

As per Sa-Dhan Report FY20, microfinance operation in India is spread across 627 districts of 35 states and union territories. Banks are leading with 625 districts, followed by NBFC-MFIs with 606 districts, SFBs with 600 districts, NBFCs with 524 districts where as Non-Profit MFIs operate in 313 districts. Though government schemes and established financial institutions have enhanced access to microcredit for nearly 67% of the Indian population living in rural areas; the significant geographic concentration of MFIs within a few districts of the country (34% of the districts with microfinance presence contribute 80% of the portfolio) indicates the potential for achieving higher microfinance penetration. In terms of geographical spread, East, North-East and South India account for 61% of MFI's loan portfolio while the remaining 39% is spread across West, North and Central India as shown in the pie diagram alongside.



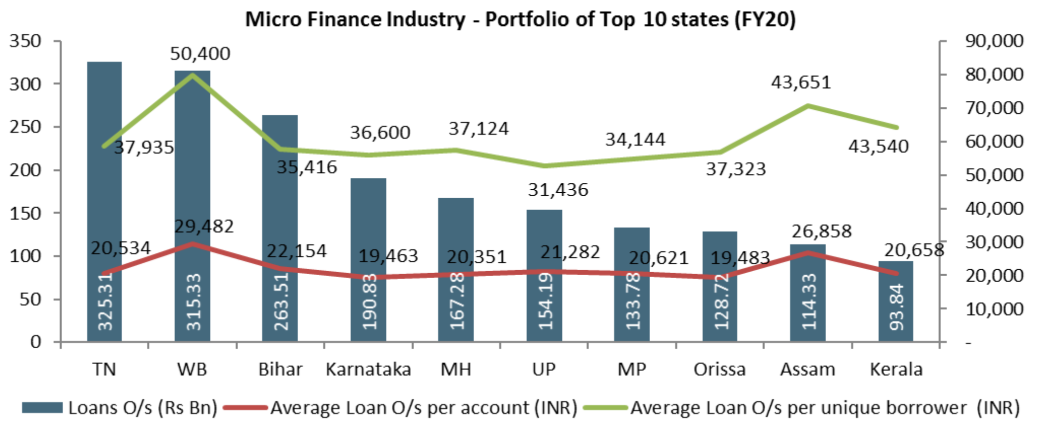
Source: Microfinance Institutions Network (MFIN)



Source: Microfinance Institutions Network (MFIN)

Top 10 states in terms of loan portfolio outstanding (FY20)

Among different states, Tamil Nadu holds the largest share of microfinance loan portfolio followed by West Bengal and Bihar. Top 10 states in terms of loan amount outstanding are highlighted in the graph below. Top 10 states account for 79% of the total loan amount outstanding. West Bengal has the highest average loan outstanding per unique borrower of Rs. 50,400 followed by Assam at Rs. 43,651 and Kerala at Rs. 43,540.



Source: Sa-Dhan Report FY20, Microfinance Institutions Network (MFIN), IRR Advisory

5-year growth outlook of the Indian microfinance industry

The microfinance sector is undergoing a multitude of changes amidst growing competition, rising expectations of masses, technological advancements and an evolving regulatory landscape. As per IRR Advisory, the sector is expected to widen the horizon beyond micro credit to transform the livelihoods of the unbanked regions. IRR Advisory expects the Indian microfinance industry to grow at a CAGR of 25.2% from Rs. 2,317.8bn in FY20 to reach Rs. 5,701.4bn in FY24P.

Key trends fostering growth of MFI sector

Increase in client base: As of FY20, the total number of micro credit client base of all lenders has reached to 104.1mn, posting a growth of 6% compared to 98.3mn in Q3F20.

Players tapping newer states and districts to widen client base: Many MFIs have opened branches in untapped districts to increase their penetration. This has led to a rise in customer base and number of active loan accounts. Players are shifting focus from highly penetrated states like AP, West Bengal and Tamil Nadu, and exploring few regions in Northern and Central India.

Increase in Average Ticket Size: The average ticket size of MFIs increased in FY20 to Rs. 35,474 from Rs. 23,586 in FY18. The ticket size increased in highly penetrated states where MFIs have been present for a long period and credit-worthiness of the client base is relatively well-established. Also, there is a gradual shift from demand of Rs. 20,000 - Rs. 30,000 ticket size loans to Rs. 30,000 - 40,000 ticket size loans by the customers. As of FY20, a major 31% of the lending was in the Rs. 30,000 - 40,000 ticket size bracket.

In the coming years, while states like Tamil Nadu, Karnataka and Odisha are likely to see high penetration levels of more than 70%, a majority of states in rest of the country which possess a significant potential for MFI growth are expected to remain underpenetrated, which gives significant headroom and opportunity for MFIs to grow. Growth is expected to be faster in rural areas, where ticket sizes are relatively low and the region is still underpenetrated.

Growth drivers of the microfinance industry

- Government support: Some of the key Government initiatives in the Microfinance landscape as per NABARD include evolution of Self-Help Group Movement, Swarna-Jayanti Gram Swarojgar Yojna (SGSY), digitization of SHGs through E-Shakti, introducing Joint Liability Groups for mid-segment clients, SIDBI Foundation for Micro Credit (SFMC), Micro Units Development & Refinance Agency Ltd (MUDRA), establishment of SFBs, setting up of Payment Banks and MFIN and Sa-Dhan.
- The RBI's efforts: The institutionalisation of the framework of business correspondents has been a major step towards enhancing access to banking services. With all these measures, the number of banking outlets in villages has gone up significantly.
- Financial inclusion Plan: Financial inclusion has become a focus area for banks, NBFCs, Financial Technology (FinTech's) and other financial entities.
- Easy availability of credit: Availability of credit is the key growth driver for the microfinance industry. The RBI has increased the lending limit for low-income borrowers from Rs. 0.1mn to Rs. 0.125mn and also increased eligible income limit from the current level of Rs. 0.1mn per annum for rural areas and Rs. 0.16mn per annum for urban/semi-urban areas to Rs. 0.125mn and Rs. 0.2mn, respectively.
- Increasing boost to women entrepreneurship: Around 85% of the microfinance borrowers are women entrepreneurs and women centric SHGs. Success of microlenders have largely been on financially supporting women entrepreneurs who are major contributors to the sectoral and overall economic growth.

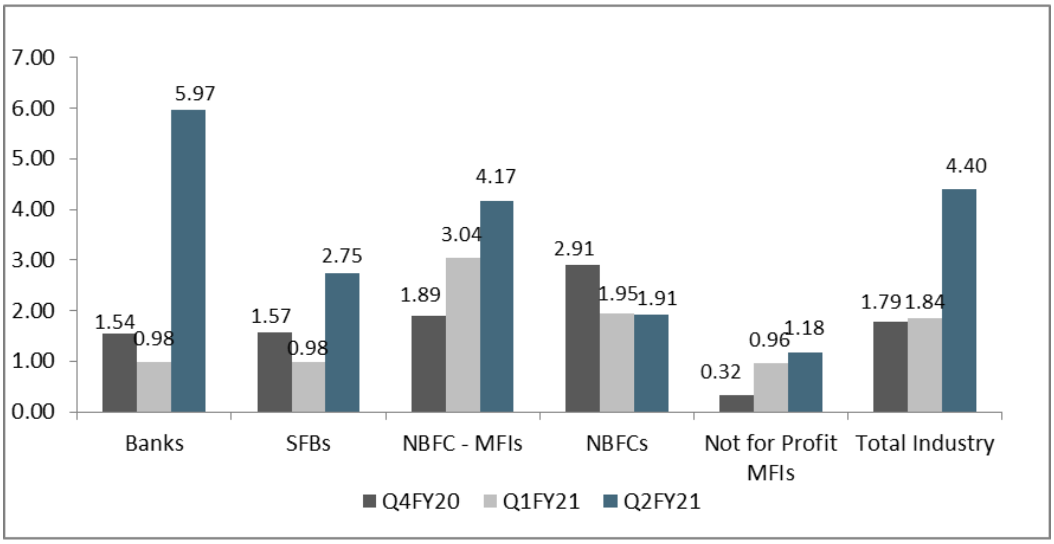
Portfolio quality of Indian microfinance industry

Portfolio at Risk (PAR), the primary indicator of risk for the sector, represents the portion of loans overdue. The portfolio quality of Indian MFIs has always been healthy, except during the periods of unforeseen events like the AP Microfinance Ordinance in 2010 and demonetization in 2016. PAR value increased sharply in 2017 due to unavailability of cash and slowdown in business activity of individuals post demonetisation. The industry average of PAR>30 was at 3.6% during the demonetisation period as per MFIN. Banks and MFIs managed to exchange notes of demonetized denominations, which gradually improved collection efficiency and reduced their overall PAR post the event. The asset quality of SFBs was affected since they were aggressively expanding, giving higher ticket loans in the months before demonetisation.

Asset quality of micro finance players for the last 3 quarters (PAR>30 days)

PAR>30 days for all the Microfinance players is depicted in the graph below. The PAR>30 for the industry increased from 1.79% in Q4FY20 to 4.40 in Q2FY21. PAR>30 was highest in Banks at 5.97%, followed by NBFCs-MFI at 4.17% in Q2FY21. SFBs depicted better PAR>30 levels at 2.75% in Q2FY21, lower than the industry average. The COVID-19 pandemic, nationwide lockdown and the subsequent disruption in the services and employment in the economy impacted the increase in PAR>30 levels in the latest quarter. The recovery in the economy and the availability of the COVID-19 vaccine would be a key monitorable impacting the asset quality of the microfinance players in the coming one year.

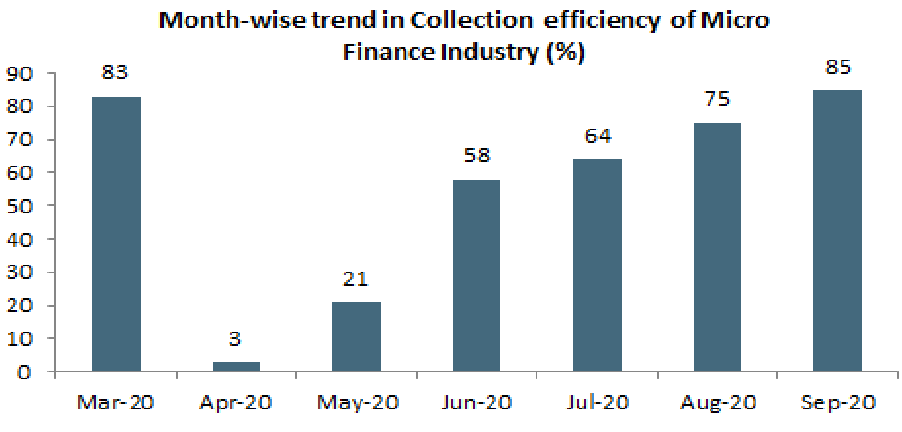
PAR>30 days trends of Key microfinance players (%)



Source: Microfinance Institutions Network (MFIN), IRR Advisory

Trends in collection efficiency post the onset of COVID-19

Credit costs for MFIs are expected to rise as per Indian Institute of Banking and Finance. Credit discipline was impacted by disruption to MFI operations in April because of nationwide lockdown due to COVID- 19 pandemic. Although MFIs have moved towards cashless disbursements over the years, loan collections are still cash intensive and are, therefore, prone to disruptions in collection infrastructure. Also, in view of difficulty in making loan repayments, a significant proportion of microfinance borrowers had availed loan moratorium. Against this backdrop, recent evidence points to a precipitous fall in collection efficiency of microfinance securitisation pools. The collection efficiency first fell to 83% in March 2020 and then moved sharply to a low of 3% in April 2020 before recovering to 21% in May 2020 and 58% in June 2020. The sector has shown signs of recovery from June 2020. The overall collection efficiency in the microfinance sector has improved to around 85% as of September 2020, up from around 75% in August. States such as UP, MP, Chhattisgarh, Gujarat, Rajasthan and Tamil Nadu are behaving quite well in terms of collection efficiency, with some of them such as Punjab, Haryana, Rajasthan and Gujarat inching closer towards 90% in terms of collections. Eastern and north-eastern region has been affected by floods and manpower reverse migration, which has impacted the income levels.



Source: RBI, IRR Advisory

Government measures for microfinance to counter COVID-19 crisis:

- All India financial Institutions such as NABARD, SIDBI and the NHB were provided with special refinance facility of Rs. 500bn at the repo rate by the GoI as a part of COVID-19 relief package.
- The government has provided 2% interest subvention to loans given under the Mudra-Shishu scheme. These loans are up to a ticket size of Rs. 50,000 and are primarily given by NBFC-MFIs catering to low income groups.
- The RBI kept repo rate unchanged at 4% and maintains accommodative stance during bi-monthly Monetary Policy Committee held in Dec 2020. RBI has taken various steps to encourage MFIs to lend to entities in need and mitigate the impact of cash losses during the lockdown. All these have ensured capital flows to a large section of borrowers and lenders at a cheaper cost.

MICRO SMALL AND MEDIUM ENTERPRISE

Overview of MSMEs in India

The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets. The registered micro enterprise units increased from 1.8mn in FY19 to 2.2mn in FY20 while small units went up from 0.24mn to 0.29mn. Medium-size businesses only increased from 9,403 units to 10,981 units during FY20 as per ministry of MSME.

Market size of MSME credit in India

IRR Advisory estimates the total market size of MSME credit at Rs. 170.0tn as of FY20. Only 10-15% of MSMEs in India receive formal credit (Banks and NBFCs) leaving more than 85% of these companies under-financed or financed through informal sources. The details of number of accounts and amount outstanding for Micro sector, Small, Medium and MSME sector by SCBs are given in the table below.

Bank Credit to MSMEs **(Amount in INR bn, No. in mn)**

Year	Micro Enterprises		Small Enterprises		Medium Enterprises		MSMEs	
	No. of accounts	Amount o/s	No. of accounts	Amount o/s	No. of accounts	Amount o/s	No. of accounts	Amount o/s
FY19	25.6	6591.0	2.3	6380.3	0.3	1974.2	32.1	15106.5
FY20 provisional	35.3	7169.6	2.3	6336.2	0.4	1954.9	38.0	15460.7

Source: RBI (Priority Sector returns submitted by SCBs)

While the Commercial banks provides mostly working capital, the MSME sector generally requires funds of two types viz. long-term fund for investment in fixed assets for setting up new unit or expansion/modernization of existing unit and secondly, working capital or short-term funds to manage day-to-day operations of their businesses.

Industry growth and outlook of the MSME credit growth in India

Credit growth to micro, small and medium enterprises (MSMEs) accelerated at a CAGR of 16.3% during FY17- FY20 period owing to the aggressive credit expansion by Private Banks (PVBs). MSME Segment is at Rs. 170.0tn total credit exposures as of FY20 (10-15% formal credit through banks and NBFCs; 85% informal credit). IRR Advisory estimates the MSME segment would receive government support and the total MSME credit exposure to grow at a CAGR of 12.5% to reach Rs. 215.0tn in FY22.

Growth drivers of Indian MSME market

Make in India initiative is a boost to MSME sector: The key objective of the Make in India initiative is to reduce imports and make India self-reliant.

Digitisation to foster growth: Digitisation has already created an excess of data points for lenders that would help improve the efficacy of credit assessment and gradually enable provision of credit to previously underserved customer segments.

Great export potential of MSME segment: Export Promotion from the small-scale sector has been accorded a high priority in the India's export promotion strategy.

E-Commerce is a key enabler for MSME products: E-commerce could provide Indian MSMEs an opportunity to attract consumers and organizations from India and across the globe.

Government support: The GoI announced the 'Atmanirbhar' stimulus package to reboot India's micro, small and medium enterprises (MSMEs) sector, which was recently reclassified on the basis of turnover and investment.

Regulatory and policy-level factors that are spurring the market

Credit to MSME sector has always been the priority area for the policy makers in the country, which is evident from the announcements in the recent Union Budgets, Monetary and Credit policies, stimulus package during global economic slowdown and COVID-19 relief measures. The GoI has shown strong commitment to double the credit flow to this sector in the next five years. Incentives for MSMEs in the 2020 Budget consist the following:

- No audit assessment for organisations with a yearly turnover of up to Rs. 50.0mn , with an aim to reduce the compliance burden; however, it will be applicable to only those businesses which carry out less than 5% of their business transactions in cash.
- Corporate tax for new organisations in the manufacturing has been reduced to 15%; for existing organisations, the rate has additionally been brought down to 22%.

- Dividend Distribution Tax has been removed.
- Application based Invoice Financing will be introduced for MSMEs to avoid issues relating to delayed payments and consequential cash flows mismatches.
- Government e-Marketplace (GeM) will create a Unified Procurement System for providing a single platform for procurement of goods, services and works National Logistics Policy will be released soon that will create a single window e-logistics market with emphasis on generation of employment, skills and making MSMEs competitive.

The Ministry of Micro, Small and Medium Enterprises (MSME) implements various programmes/ MSME schemes for the development and promotion of MSMEs across the country including Prime Minister Employment Generation Programme (PMEGP), Credit Guarantee Trust Fund for Micro & Small Enterprises (CGTMSE), Interest Subsidy Eligibility Certificate (ISEC); Market Promotion & Development Scheme (MPDA): Revamped Scheme of Fund for Regeneration of Traditional Industries (SFURTI), Financial Support to MSMEs in ZED Certification Scheme, Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE), Procurement and Marketing Support Scheme (P&MS), Entrepreneurship Skill Development Programme (ESDP), Assistance to Training Institutions (ATI), and Micro & Small Enterprises Cluster Development (MSE-CDP).

Covid-19 relief measures to MSME Sector

Out of the 15 relief measures announced by the Finance Minister in May 2020 under the mega Rs. 20.0tn stimulus package for the Covid-battered economy, six aimed at bringing lockdown-hit India's vast MSME sector back to life.

AFFORDABLE HOUSING FINANCE

Significant housing shortage in India

The Working Group estimated that the shortage of housing in rural India was of about 43.7mn housing units in 2012. The urban shortage has increased fast in recent times and continues to worsen as migration and natural population growth have intensified. The statistics depict that there were shortages of 7.0mn houses in urban areas in 1981. The number has steeply increased to 12.0mn houses in 2020; with most of the housing shortage in the Economically Weaker Section (EWS) and Lower Income Group Segment.

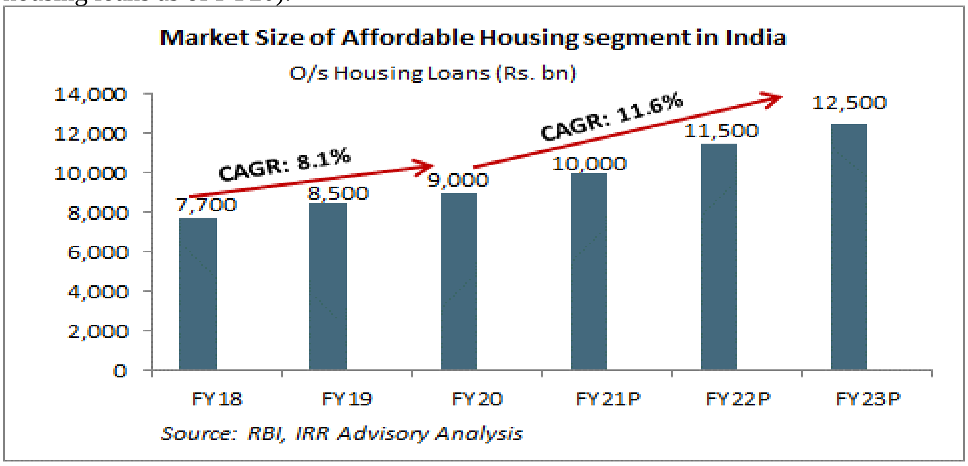
Market size of housing finance in India

The overall share of individual housing loans of Housing Finance Companies (HFCs) and Banks combined to GDP (at market price) stood at 9.8% at the end of FY20 with an outstanding of around Rs. 20,000bn. Within the housing finance market in India, the HFCs and Banks collectively constitute the majority share. The share of HFCs in the individual housing loans market increased from 38% in FY18 to 39% in FY20 while that of SCBs reduced from 62% in FY18 to 61% in FY20. During FY20 itself, HFCs and public sector banks collectively disbursed individual housing loans of around Rs. 4,050bn towards 3.5mn housing units.

Market size of affordable housing finance in India

As per the RBI incentive measures, the cost of affordable residential property should be less than Rs. 6.5mn in metro cities and Rs. 5.0mn in non-metros. Responding to policy efforts, affordable housing is currently driving home loan growth in India.

IRR Advisory estimates the affordable housing segment to be at Rs. 9,000.0 bn (45% of the total outstanding individual housing loans as of FY20).



The supportive policy framework for affordable housing coupled with the government's vision of 'Housing for All' by 2022 provides a growth outlook for the sector. The incentives announced in the budget coupled with policy iterations all along the year are expected to boost the segment as per IRR Advisory. IRR Advisory estimates the affordable housing segment to grow at a CAGR between 11-12% from Rs. 9.0tn in FY20 to reach Rs. 12.5tn in FY23.

Factors contributing to high competitiveness of SFBs in affordable housing finance include availability of funds at cheaper rates, target audience, technology aid and better availability of information and collection efficiency.

Regulatory and policy-level factors fostering the growth of housing finance

Housing and real estate are amongst the fastest moving sectors in the country and has received continued thrust through demand side and supply side interventions from the GoI, RBI and NHB.

Measures taken by the GoI

The GoI has announced various policy initiatives to support housing such as Real Estate (Regulation and Development) Act, 2016, PMAY(U), PMAY(G), Smart Cities Mission, introduction of Real Estate Investment Trusts (REITs) etc.

Progress of implementation of Real Estate (Regulation and Development) Act 2016 (RERA)

The RERA is one of the significant reforms implemented in the real estate sector. The core objective of this transformative legislation is to ensure regulation and promote real estate sector in an efficient and transparent manner and to protect the interest of home buyers.

Measures taken by the RBI

- The RBI enabled NBFCs and HFCs to develop alternative funding channels.
- The RBI has decided to rationalize the risk weights and link them to loan-to-value (LTV) ratios only for all new housing loans sanctioned up to March 31, 2022.

Measures taken by the NHB

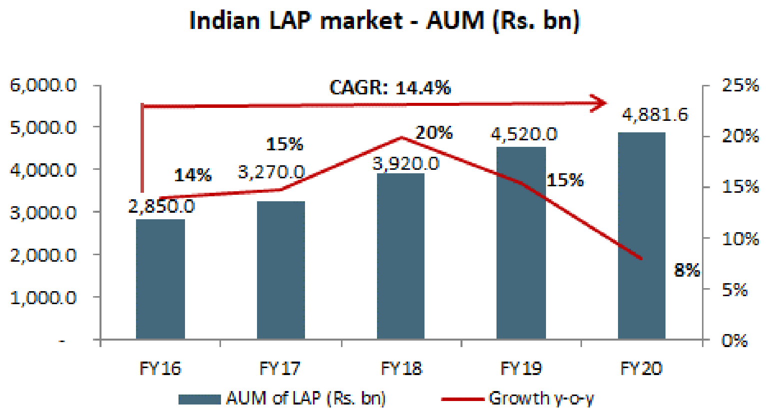
The NHB aims to promote a sound, healthy, viable and cost-effective housing finance system to cater to all segments of the population and to integrate the housing finance system with the overall financial system. Some of the recent measures of NHB include setting up the Affordable Housing Fund (AHF); launching a new scheme named Liquidity Infusion Facility (LIFt) for Housing Finance Companies (HFCs); launching the special refinance facility; and extending loans and advances to eligible entities for residential housing projects.

LOANS AGAINST PROPERTY

A Loan against property (LAP) is a secured loan that is sanctioned keeping an asset as mortgage with the lender. This asset can either be an owned land, a house, or any other commercial premises. The asset remains as collateral with the lender until the entire LAP amount is repaid.

Market size of LAP in India and last 5-year AUM performance

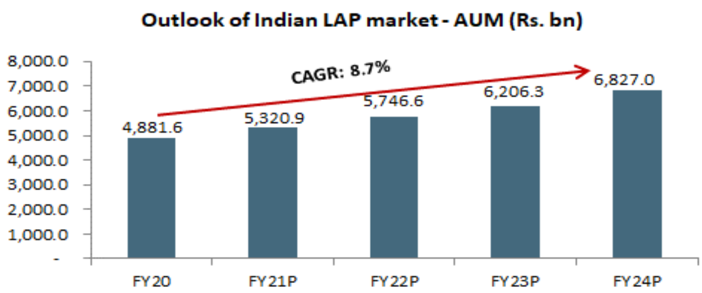
India LAP market is segmented based on property type, type of loan, interest rate, source, tenure, region and company. Based on sources of funds provided by the player, the market is further bifurcated into banks and housing finance companies (HFCs). Indian LAP market grew at a CAGR of 14.4% from Rs. 2,850.0bn in FY16 to reach Rs. 4,881.6bn in FY20. LAP growth between FY16 and FY19 was driven by rising penetration of formal channels and higher comfort for lenders to lend. However, the liquidity crunch in non-banking financial companies (NBFCs), coupled with poor sentiment in the property market have weakened the LAP market in FY19 and FY20.



Source: IRR Advisory

5-year outlook of the LAP market in India

IRR Advisory expects the LAP market to grow between 8-9% from Rs. 4,881.6bn in FY20 to Rs. 5,320.9bn in FY21P. Challenges for financial institutions is expected to continue in FY21 as well, given the stagnation of AUM of wholesale real estate credit due to factors including funding challenges and asset-side risks as per IRR Advisory estimates. Delinquencies in the LAP segment could go up, given the cash flow challenges in the SME segment.



Due to cautious lending approaches, strict underwriting process, reduction in the share of high-ticket sized loans; the growth of LAP market would be subdued in the coming years. IRR Advisory expects the LAP market to grow at a CAGR of 8.7% from Rs. 4,881.6bn in FY20 to Rs. 6,827.0bn in FY24P as depicted in the graph above. Financial Institutions with strong credit appraisal processes and practice to assess borrowers' cash flow, prudent LTV ratios both for stock and flow portfolios, geographically diversified portfolio, standardised valuation practices and largely residential mortgage loans would fare well on asset quality metrics. The companies with strong market knowledge and with established infrastructure are likely to price in the risk.

Key risk factors of Indian LAP market

- Concurrent rise in delinquencies: Slippages in LAP are rising concurrently across the years of origination, though LTVs of earlier vintage loans have reduced due to a secular rise in property prices and principal amortisation, indicating a cliff effect. Having said that, the portfolio with lower LTVs is likely to have a lower loss given default (LGD).
- Shrinking spreads leaving limited buffers to absorb shocks: LAP market is entering into a delicate phase, where though yields are shrinking, credit costs have started to build up.
- Increasing acceptance of non-residential properties as collateral may impact liquidation recovery: Collateral non-residential properties could go as high as 30% of the portfolio for some players. While LTVs are lower for non-residential properties, realisation on liquidation is also lower for these properties.
- Valuation practices are non-standardised: In a majority of cases, property valuation is outsourced to third-party valuation companies. The methodologies followed are not standardised yet.
- Stagnating collateral values creating refinancing pressure**:** Industry research suggests that over the last few years, portfolio churn among NBFCs has been the significant driver of incremental loan growth, with balance transfer driving the higher amount of borrowings.

GOLD LOANS

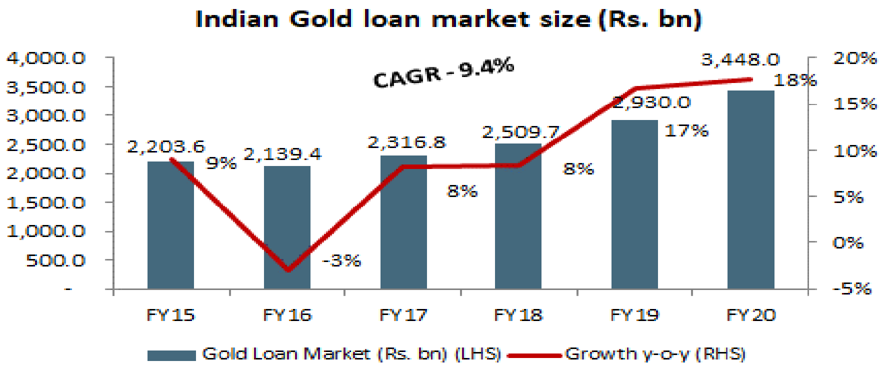
India is the world's second-largest gold consumer after China. Gold prices in India have been showing an overall upward trend since the last three decades. A host of factors like global uncertainties triggered by pandemic, weak dollar, low-interest rates and stimulus programmes have increased the appetite for gold.

Market size of gold loans in India

The pledging of gold ornaments and other gold assets to local pawnbrokers and money lenders to avail loans has been prevalent in Indian society over ages. Most of the gold in India is held by people in rural market. Rural residents and low-income groups are the major customers of gold loans, as gold is usually the only asset they possess, in some quantity. They also typically lack access to banking facilities. Thus, gold loan has emerged as one of the most reliable credit sources for these categories of customers. At a broader level, there are mainly two categories of gold loan providers: (i) Formal sector (banks, NBFCs and cooperatives); and (ii) Informal sector (local moneylenders).

Growth in gold loans market in the last five years

As per WGC report, the organized gold loan industry is around 35.0% and unorganized industry is around 65.0% of the total market. The total gold loan industry AUM grew at a CAGR of 8.3% from Rs. 2,203.6bn in FY15 to reach Rs. 3,448.0bn in FY20.



Source: IRR Advisory Analysis

NBFCs were marked by slowdown and weakening competitive positioning during FY12 and FY15 owing to withdrawal of eligibility for NBFCs under priority sector lending, the RBI putting a ceiling on LTV ratio that could be given out by NBFCs at 60%, as against 75% for banks and RBI norms for conducting gold loan auctions. IRR Advisory opines Indian Gold loan market of organised players has increased owing to increase in gold prices, good monsoon and favourable macroeconomic factors. During this period, NBFCs' focused on improving the business per branch, undertook aggressive marketing and diversified into new regions.

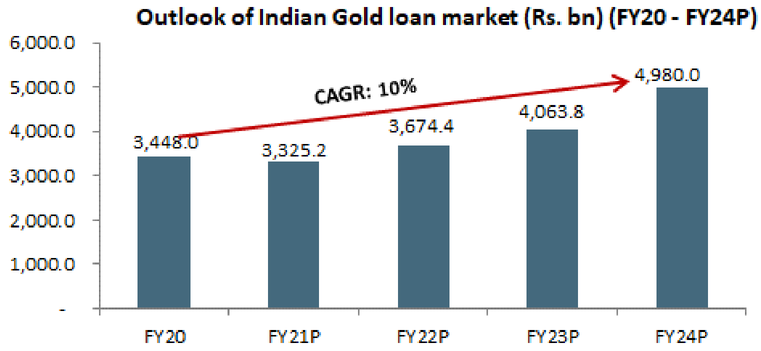
Key growth drivers for gold loans in India

- Lack of reach of banking to rural and lower-income groups: India, the reach of NBFCs in rural areas is comparatively higher than the banks. The relative ease in obtaining a loan approval has boosted the popularity of gold loans.
- Expected revival in rural consumption: WGC estimates that about 65% of the Indian household gold belongs to rural communities, who are the biggest purchasers of gold loan. Consumption growth in rural India had outpaced urban spending by the widest margin in last decade, encouraged by relatively good rainfall and an increase in government spending on infrastructure.
- Changing attitudes towards gold loan: The overall process to avail gold loans has become more formal and transparent with an entry of organized financial players.
- Ease of availability of gold loan: Financial institutions offer very competitive gold loan schemes with a wide range of tenures, interest slabs and repayment options making it very attractive for the customer. The ability to choose product features (repayment scheme, tenure) has facilitated increased gold loan penetration.
- Development of online gold loan market: Many new age FinTech companies and traditional players have started to offer innovative products such as online gold loans catering to the young and urban population.

Five-year outlook of the gold loan market in India

IRR Advisory has estimated that the gold loan market size will grow to Rs. 4,980.0bn by FY24P. As per IRR Advisory estimates, credit demand is expected to rise, and the gold loan industry is expected to grow over the next few years at a CAGR of 10% from Rs. 3,448.0bn in FY20 to Rs. 4,980.0bn in FY24P which would be driven by gold loan NBFCs moving into Non-Southern Indian territories, improving penetration, improving product awareness and building brand identity. Diversification into other regional geographies and untapped markets would be the key for industry AUM to grow.

Gold loan industry AUM projection from FY20 to FY24P is provided below:



Source: IRR Advisory Analysis

Since the COVID-19 outbreak of the pandemic, gold loans have become an easy way of accessing capital and both banks and NBFCs have reported higher disbursements and increasing revenue numbers from their gold loans portfolio.

Customer profile of gold loan market

According to 2001 Census of the GoI, there are in all 194mn households in India. About 138mn households (71%) live in the rural areas against 56mn (29%) in the urban areas. The classification of credit consumption by different category of customers is highlighted in the table below:

Credit Consumption pattern of Indian households

Category of Customers	Number of households (Mn)	% share of total household	Income Range	Credit Consumption	Providers of Credit
High Income Group	5.82	3%	>USD40,000 (>INR27.5 lakh)	Housing loan, Auto loan, Educational loan, Personal loan	Banks, NBFCs
Upper Middle Class	38.80	20%	USD8500-USD40,000 (INR5.5lakh - INR27.5lakh)	Housing loan, Auto loan, Educational loan, Personal loan, Gold loan	Banks, NBFCs
Lower Middle Class	58.20	30%	USD4000-USD8500 (INR2.5lakh - INR5.5lakh)	Housing loan, Auto loan, Educational loan, Personal loan, Gold loan	Co-operative Banks, NBFCs, Gold finance Companies
Lower Income Group	91.18	47%	<USD4000 (<INR2.5 lakh)	MFI loans, Gold loans, unsecured loans	Co-operative Banks, MFIs, Gold finance Companies
Total Households as per 2001 census	**194.00**	**100%**			

Source: Census of India, GoI

As seen above, gold loan companies mainly target the lower middle class and lower income group segment of the household, compromising 150mn households (77% of the total households).

To obtain a complete understanding of our Bank, prospective investors should read this section in conjunction with "Risk Factors", "Industry Overview", "Selected Statistical Information", "Restated Financial Statements" and "Management's Discussions and Analysis of Financial Condition and Results of Operations" on pages 23, 104, 226, 241 and 314, respectively.

This Draft Red Herring Prospectus contains certain forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For details, see "Forward-Looking Statements" on page 22.

Unless otherwise indicated, industry and market data used in this section have been derived from IRR Report prepared and released by IRR Advisory and commissioned by us in connection with the Offer for an agreed fee. None of our Bank, or the BRLMs, or any other person connected with the Offer has independently verified this information. Unless otherwise indicated, all financial, operational, industry and other related information derived from the IRR Report and included herein with respect to any particular year refers to such information for the relevant fiscal year.

Our Bank's fiscal year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is derived from our Restated Financial Statements included in this Draft Red Herring Prospectus.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

Overview

We are one of the leading Small Finance Banks of India in terms of assets under management and deposit size as at March 31, 2020. (*Source: IRR Report*). We have the second most geographically diversified portfolio with a pan-India presence among all Small Finance Banks in India as at March 31, 2020 (*Source: IRR Report*). As at February 28, 2021, we had 611 Branches, including 166 Branches in Unbanked Rural Centres, and 134 ATMs located in 229 districts in 19 states and three union territories. We have served over 8.00 million customers since 2008, including approximately 3.05 million active customers.

We were incorporated on July 24, 2006. We were registered as an NBFC on March 4, 2008 and were awarded non-banking finance company-microfinance institution ("**NBFC-MFI**") status on September 5, 2013. We started operating as a Small Finance Bank with effect from March 28, 2018 and became a Scheduled Commercial Bank on July 16, 2019. For more details on our history and our major events and milestones, see "*History and Certain Corporate Matters*" on page 190.

We have gained a deep understanding of the financial needs of the underbanked and underserved customers over the past 14 years. In this journey, apart from obtaining an in-depth understanding of the customer behaviour and requirements in the segment, we have taken multiple steps to improve the customer experience. This has been achieved through a combination of measures such as digital sourcing and digital disbursement of loans.

Our primary unsecured loan products are group loans (loans are offered to a group of women as per the Joint Liability Group ("**JLG**") model), agricultural and allied loans, and individual and micro business loans. Our primary secured loan products are affordable housing loans, MSME loans, gold loans, loans against fixed deposits, term loans to NBFCs, two-wheeler loans, and micro housing loans.

As at September 30, 2020 and March 31, 2020, 2019 and 2018, our gross AUM were ₹ 112,630.35 million, ₹ 112,986.69 million, ₹ 65,195.69 million and ₹ 76,358.90 million, respectively. Since becoming a Small Finance Bank, we have focused on increasing our AUM of secured advances to diversify our AUM and within unsecured advances we have focused on growing our AUM of agricultural and allied loans. As a result, our AUM of secured advances as a percentage of total AUM has increased from 1.18% as at March 31, 2018 to 29.01% as at September 30, 2020 and our AUM of agricultural and allied loans as a percentage of our AUM has increased from 5.51% as at March 31, 2018 to 16.13% as at September 30, 2020.

We have leveraged the strength of the "Jana" brand to rapidly grow our deposit portfolio since we commenced operations as a Small Finance Bank on March 28, 2018. We have the fastest growing deposit franchise among the Small Finance Banks in Fiscal 2020. We had the third highest share of retail deposits (comprising retail CASA and retail term deposits) as a percentage of total deposits among all Small Finance Banks as at March 31, 2020 (*Source: IRR Report*). Our retail liability products comprise saving accounts (including a digital only account), salary accounts, current accounts, term deposits (including a digital only account) and recurring deposits. Our liability products are equipped with digital self on-boarding channels in multiple languages and an assisted digital on-boarding channel.

As an NBFC-MFI, we were not permitted to accept deposits as per applicable laws in India. Since becoming a Small Finance Bank, we have placed a strong emphasis on increasing our retail deposits, as they have a longer tenor and provide sustainable source of liquidity. In particular, CASA tends to provide a stable and low-cost source of deposits compared to wholesale deposits. Our total deposits were ₹ 102,299.09 million, ₹ 96,519.47 million, ₹ 41,986.96 million and ₹ 4.53 million as at September 30, 2020 and March 31, 2020, 2019 and 2018, respectively. Our retail deposits (including CASA) as at September 30, 2020 and March 31, 2020, 2019 and 2018 represented 69.18%, 61.23%, 69.35% and 100.00% of our total deposits, respectively. Our CASA has increased from 0.44% of our total deposits as at March 31, 2018 to 9.75% of our total deposits as at September 30, 2020. Our deposits have enabled us to reduce our Cost of Funds from 11.68% as at March 31, 2018 to 9.12% as at September 30, 2020. Our access to deposits gives us a lower cost of funds compared to some NBFCs and MFIs. For details, see "*- Industry Overview - Comparison of different business models including MFI, SFB and commercial bank*" on page 113.

We are also a corporate agent for third-party life insurance products, general (non-life) insurance products and health insurance products, including COVID-19 insurance products. We also offer point of sales ("**POS**") terminals and Payment Gateway services through our merchant acquiring partners.

In addition to delivering our products and services through Branches and ATMs, we deliver our products and services through business correspondents, ATM cum debit cards, mobile banking platforms, internet banking portals and SMS alerts.

In line with our vision, we have been upgrading our technology platforms. A significant proportion of our sourcing and collections across assets and liabilities are digitalised using mobile tablets, with an emphasis on straight through processing while incorporating fraud and regulatory checks. PAN validation, e-KYC, credit bureau checks supporting multiple bureaus, and AML checks are fully automated using a robust integration layer. Our digital liability account opening platform, DIGIGEN (www.janadigi.com), was launched in April 2020 and provides a fully digital self on-boarding platform for opening accounts DIGIGEN, coupled with our video-KYC platform enables digital only deposit accounts to be opened by our customers. We have also invested in various technologies, infrastructure, and tools to drive data analytics and to convert our data into impactful insights on the behavioural trends of our customers and prospective customers.

The unavailability of currency in circulation resulting from Demonetisation severely affected the repayment of our loans by many of our customers, particularly our group loan customers, which led to a large increase in NPAs and provisions and write-offs for NPAs for the six months ended September 30, 2019 and Fiscal 2019 and 2018, resulting in losses for the six months ended September 30, 2019 and Fiscal 2019 and 2018. For further details, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 241 and 314, respectively. However, the Bank was profitable for the six months ended September 30, 2020 and for the year ended March 31, 2020.

After we were granted the RBI Final Approval to establish and carry on business as a Small Finance Bank on April 28, 2017, we recruited new members into our Key Managerial Personnel who had previously worked at other banks, such as Citibank, HSBC, Standard Chartered Bank, ING Vysya Bank Limited, State Bank of India, RBS, Kotak Mahindra Bank and the RBI. 12 out of 14 of our current Key Managerial Personnel have joined us since April 28, 2017. Since the new members have joined our Key Managerial Personnel team, we have: (a) introduced new credit policies and governance procedures, which we believe has led to improved field verification of borrowers, stricter loan eligibility criteria and a reduction in loan sizes and tenures for new borrowers of group loans; (b) increased our focus on collections by building a separate vertical for collections, supported by a specialised contact centre; (c) focused on increasing our secured advances to reduce the risk of loan losses and growing our agricultural and allied loans advances within the unsecured advances, which has helped to decrease our total gross NPAs as a percentage of gross advances from 42.21% as at March 31, 2018 to 2.72% as at September 30, 2020; (d) replaced high-cost borrowings with deposits; and (e) focused on increasing our cost efficiency and operating leverage.

Our Shareholders include TPG, HarbourVest group, Amansa Capital, Morgan Stanley and Hero Ventures. Our Shareholders have shown faith in our Bank and the new management team by supporting our Bank through investing ₹ 3,385.82 million, ₹ 9,362.50 million and ₹ 16,360.00 million in our Bank's equity capital in Fiscals 2020, 2019 and 2018, respectively. Further, our Bank has issued ₹ 1,500.00 million of noncumulative compulsorily convertible preference shares to certain of our Shareholders.

We place a strong emphasis on good corporate governance and six out of our nine Directors are independent Directors.

Set forth below are certain financial metrics as at the dates and for the periods indicated:

Particulars	As at and for the six months ended		As at and for the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
AUM (₹ in millions)	112,630.35	85,498.39	112,986.69	65,195.69	76,358.90
Advances (₹ in millions)	102,210.39	75,910.57	99,592.38	62,170.79	60,283.15
Disbursements (₹ in millions)	16,601.40	42,301.06	99,953.64	61,344.80	25,156.60
Gross NPAs as a percentage of gross advances	2.72%	4.58%	3.16%	8.08%	42.21%
Net NPAs as a percentage of net advances	0.83%	2.01%	1.41%	4.39%	27.72%
Yield on Average Interest Earning Assets	18.05%	19.32%	19.33%	16.53%	13.79%
Deposits (₹ in millions)	102,299.09	75,030.53	96,519.47	41,986.96	4.53
Credit to deposit ratio	99.91%	101.17%	103.18%	148.07%	NA
CASA plus retail term deposits as a percentage of total deposits	69.18%	65.20%	61.23%	69.35%	100.00%
Cost of Average Interest-Bearing Liabilities	9.12%	9.82%	9.57%	10.92%	11.68%
Net Interest Margin	9.36%	9.26%	9.81%	5.78%	3.47%
Net Worth (₹ in millions)	11,108.88	6,051.67	10,273.15	6,608.75	15,236.92
CRAR	20.09%	15.04%	19.25%	18.02%	34.67%
Number of active customers	3,046,103	2,416,436	3,070,554	2,251,710	4,226,807

Our Strengths

New age digitalised bank

We are a new age digitalised bank. Our core banking is supported by integrated multi-channel operations, both on mobile and internet. We leverage technology to identify potential opportunities, deliver products and services to our target customers, and improve customer satisfaction and business efficiency. Our back-end operations, including the core banking system, human resources, customer relationship management systems, anti-money laundering check system, lead management system, collection and disbursement systems, as well as treasury operations, are automated using robotic process automation technology and other automation processes, which has helped improve the internal turnaround time. Our new products are designed with API technology to increase operating efficiencies, deliver better quality services, and to allow us to integrate with the larger ecosystem leveraging on the API framework.

We offer our customers a number of digital products, services and platforms, including mobile banking and internet banking (retail and corporate). All banking and payment transactions, such as remittances can be completed through these platforms. Our customers are also able to register for deposit accounts on a unified payment interface-based mobile application. We have implemented technology solutions that enable us to execute cashless disbursement of loans. Our collections mechanism has also been largely digitized through the use of mobile applications. Apart from the standard digital payment services, including NEFT, RTGS, IMPS, e-NACH/NACH, we also provide a UPI QR code-based EMI payment service.

In line with our vision, all our products, especially liabilities products have a digital outlay. Our liability products suite includes a fully digital self on-boarding channel and also an assisted digital on-boarding channel dependent on the customer segment and their preference. Complete digitalization, customer ease, and safety are the backbone of our product design. Apart from introducing the standard banking products and services, we have also introduced features such as UPI QR code based EMI collection and savings account opening through Video-KYC.

Our account opening and loan underwriting process is digitalised right from our frontline sales team using tablet/mobile-based digital sourcing to our underwriters completing the approval and sanction of loans. We leverage technology for underwriting and credit sanctioning for our loan products based upon inputs from credit bureaus and/or our customer data analytics. Credit underwriting rules for many of our asset products are automated, which ensures fast turnaround times for loan applications. Our customer on-boarding process has been predominantly digitized for our unsecured loans. We provide customers (who do not open their accounts digitally or via video KYC) with pre-generated kits immediately upon opening current accounts and savings accounts. This enables them to use the ATM-cum-debit cards provided with the pre-generated kits without having to wait for the ATM-cum-debit card to be activated by us, thereby resulting in increased customer satisfaction.

We have the digital infrastructure, certification and technical capability to act as sponsor bank for enabling digital payments for financial institutions like co-operative banks/fintech companies. Average age of our employee base is around 30 years and the staff has adopted to the technology and hands on with the underwriting, collection, sourcing, and all other functions.

We secured a contract to provide the payment gateway to all their retailers for digital payments using any credit card issued in India.

We have a capability of presenting electronic standing instructions using NACH services interchangeably for the borrower and co-borrower/guarantor. This provides us flexibility to present NACH for EMI collections from either of the account depending upon customers instructions.

We remain focussed on innovating and improving our technology platforms. We provide our customers, including corporates and businesses, with an array of essential banking services on our corporate internet banking channel. Our corporate internet banking platform provides the power to execute critical banking transactions. This platform makes our current accounts well suited for corporates and MSME customers.

We have a video-KYC interface as well. With this video-KYC feature, our customer relationship executives and business development executives can connect with customers and prospective customers remotely. Our existing digital savings and fixed deposit bank account digital self-on-boarding platform, DIGIGEN, coupled with our video-KYC platform delivers the full feature account opening process to our customers in the safe confines of their homes or a place of their choice. With the help of our video-KYC and DIGIGEN platforms, we are able to provide geographically distant customers with an ability to open savings and fixed deposit accounts.

We constantly explore new partnership opportunities to add to our information technology capabilities. Our current partners include local and global information technology companies.

The following table sets forth information relating to the digitalization of our Bank:

Particulars	As at and for the six months ended		As at and for the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
Number of Internet Banking Transactions	58,093	30,536	75,643	13,712	NIL
Value of Internet Banking Transactions (₹ in millions)	4,695.62	2,615.63	5,903.95	1,127.19	NIL
Number of Mobile Banking Transactions	4,010,060	1,137,120	3,652,392	455,330	NIL
Value of Mobile Banking Transactions (₹ in millions)	24,207.43	11,571.73	28,995.75	7,925.83	NIL

Robust risk and governance framework

We adopt an integrated risk management approach. Our integrated risk management framework lays down our core principals in identifying, measuring, assessing, and managing the key risks. We have put in place detailed risk management policies and a governance structure for each type of key risks, including credit, operations, liquidity, interest, market, cyber and information security, and reputational risks. Our risk governance structure is clearly defined for each key risk. Our strong risk-focused culture involves reward programmes that incorporate risk-related objectives, and learning programmes to promote integrated risk management. We have designed, implemented, and maintained an effective risk programme and follow risk-based supervision. Each of our risk-related management committees is responsible for overseeing the management of risks on a regular basis and report to the Board. We have an independent system that is used to evaluate the effectiveness of our risk management policies.

We entrench risk ownership in every business function and every department has its own functional operations risk committee. Each of our Branches, customer service points, central processing units, and functional departments is responsible for the performance of its business operations and the management of the risks it takes within the established risk framework.

We have a robust credit assessment and evaluation process. Our credit decision for unsecured loans is highly automated, which significantly reduces human errors and standardizes the credit assessment procedure. Our credit team conducts field verification as part of the credit underwriting procedure, if necessary. For our secured loan portfolios, our detailed collateral valuation mechanism overseen by an in-house central valuation expert helps to ensure that the value of the collateral is accurate and up-to-date. The Bank has introduced new policies and procedures including establishing separate risk organisation and collection vertical, putting in place operational governance, defining risk appetite framework, introducing of co-borrower checks, and introducing geo-limits. This led to improved field verification of borrowers, stricter loan eligibility criteria, and a reduction in loan sizes and tenures for new borrowers of group loans. As at September 30, 2020, our gross NPAs for group loans advances made between April 1, 2018 and September 30, 2020 as a percentage of gross group loan advances made between April 1, 2018 and September 30, 2020 was 0.64% compared to our gross NPAs for group loans advances as a percentage of our gross group loan advances of 47.72% as at March 31, 2018.

We have a collections, recovery, and remediation policy to assist in repayment of loans by taking appropriate recovery measures to prevent loans from turning into NPAs. We undertake various collection strategies based on aging and severity of the cases, including SMS and tele-calling as well as field visits. We also concentrate on early detection of nascent sickness of MSMEs to reduce our NPAs and take adequate legal steps in case the borrowers are not forthcoming in clearing their outstanding dues. We have a separate collections team for collections of loans that are more than 30 days past due. All the employee productivity scorecards and performance measurements have a clawback clause which is directly linked to the collections.

Professional and experienced management and Board, backed by reputed Shareholders

We began recruiting new members into our Key Managerial Personnel who had previously worked at other banks, such as Citibank, HSBC Standard Chartered Bank, ING Vysya Bank Limited, ICICI Bank, HDFC Bank, State Bank of India, RBS, Kotak Mahindra Bank, and the RBI. 12 out of 14 of our current Key Managerial Personnel have joined us since April 28, 2017. We believe the new members of the senior management team introduced international best practices in risk management, compliance and governance, which has helped in our Bank's recovery from the adverse effects of Demonetization. Ajay Kanwal, our Managing Director and Chief Executive Officer, has more than 31 years' experience in financial services and was previously among other roles the regional CEO, ASEAN and South Asia at Standard Chartered Bank in India and Singapore before joining us in August 2017. Other members of our Key Managerial Personnel and senior management personnel have held various leadership positions in the banking sector, including at Standard Chartered Bank, State Bank of India, Citibank, Reserve Bank of India, HDFC Bank and Kotak Mahindra Bank. Our Key Managerial Personnel have an average of 27 years' working in financial services organizations and collectively have extensive experience in banking, credit evaluation, risk management, collections, operations, treasury and technology.

Our policy decisions are often driven by post data analytics, which are presented in various internal committees leading to data-led decision making.

We have an experienced Board comprising members with diverse business experience, many of whom have held senior positions in well-known financial services institutions, banks and the RBI. Mr. Ramesh Ramanathan, our founder, Part-time Chairman and a Non-Executive Director, previously held various positions in the capital market business at Citibank NA. For more details of our Board and Key Managerial Personnel, see "*Our Management"* on page 198.

Our Shareholders include TPG, HarbourVest group, Amansa Capital, Morgan Stanley, and Hero Ventures. Our Shareholders have shown faith in our Bank and the new management team by supporting our Bank through investing ₹ 3,385.82 million, ₹ 9,362.50 million and ₹ 16,360.00 million in our Bank's equity capital in Fiscals 2020, 2019 and 2018, respectively. Further, our Bank has issued ₹ 1,500.00 million of noncumulative compulsorily convertible preference shares to certain of our Shareholders.

Customer-centric organization with more than 14 years' experience in serving underbanked and underserved customers

We have more than 14 years' experience in serving underbanked and underserved customers and most of our asset products are catered for such customers. We provide banking services at our customers' doorsteps in urban and rural geographies, thereby driving financial inclusion for the underbanked and underbanked customer segment. An example of our customer-centric approach is the providing of multiple loan and liability banking options to underbanked and underserved customers to cater to their life stage requirements. We not only provide them unsecured group loans and agricultural and allied loans but also individual loans for various purposes and micro business loans as well as current accounts, savings accounts, and term deposits. Since we believe our customers prefer a single source for multiple financial services, our business model is centred on building a 'one-stop shop' to cater for our customers' different financial needs. As our customers have graduated from unsecured loans, we have expanded our asset products to cater for them as well as new customers. We launched gold loans in Fiscal 2018 and affordable housing loans and loans against fixed deposit in Fiscal 2019. Secured AUM has grown from ₹ 899.46 million as at March 31, 2018 to ₹ 32,673.05 million as at September 30, 2020, representing 1.18% and 29.01% of our AUM, respectively. We had the second fastest growing secured advances among all Small Finance Banks during Fiscal 2019 to Fiscal 2020 *(Source: IRR Report).*

The launch of our digital savings and fixed deposit bank account digital self-on-boarding platform, DIGIGEN, coupled with our video-KYC platform delivers the full account opening process to our customers in the safe confines of their homes or any other place of their choice.

We recognize that our business is driven by the acquisition of new customers and retention of existing ones. As part of our commitment to our customers, we have put in place a customer service policy that details our customer service delivery standards, defines how customer complaints and grievances shall be handled, and sets out our customers' rights. We aim to provide prompt, courteous, and efficient service to our customers, which in turn increases customer satisfaction, reduces customer grievances, and helps us to compete better in the market.

Pan-India presence with strong brand recognition

As of March 31, 2020, we have the second largest presence in India amongst Small Finance Banks in India in terms of the number of states and union territories where we have a Branch *(Source IRR Report).* As at February 28, 2021, we had 611 Branches, including 166 Branches in Unbanked Rural Centres, and 134 ATMs across 229 districts in 19 states and three union territories. We had served over 8.00 million customers since 2008, including approximately 3.05 million active customers.

Our diversified presence has resulted in a reduced geographical concentration risk. We have presence in 22 states and union territories and have the second most geographically diversified portfolio among all Small Finance Banks (*Source: IRR*

Report). The gross advance percentage share of our Bank in top three states is 50.8%, the second lowest among all Small Finance Bank, indicating a low concentration risk. (*Source: IRR Report*).

Our pan-India distribution network enables us to acquire more customers every year. In the six months ended September 30, 2020, we added 0.38 million new customers, which was comparatively lower compared to other periods due to restrictions of lock down during the period. In Fiscals 2020, 2019 and 2018, we added 2.61 million, 1.90 million and 0.25 million new customers, respectively. The following table sets forth certain information about our customer base:

Particulars	As at September 30, 2020	As at March 31,		
		2020	2019	2018
Only borrowers (a)	1,171,990	1,485,230	2,135,484	4,226,748
Only depositors (b)	340,059	277,878	87,538	59
Of which:				
CASA customers	*263,106*	*210,481*	*50,285*	*56*
Term deposit customers	*76,953*	*67,397*	*37,253*	*3*
Both borrowers and depositors (c)	1,534,054	1,307,446	28,688	-
Total (a+b+c)	**3,046,103**	**3,070,554**	**2,251,710**	**4,226,807**

We believe our brand recognition was enhanced through our sponsorship of the 'Jana Bankable player' award, which was provided by the Bank to the consistent performer of the match for all test matches and one day matches in India from July 2016 to July 2019.

In September 2020, we launched our "Jama Karo, Jana Karo" (which translates as "Think of Jana every time you think of saving") campaign. The campaign was intended to cover a spectrum of customers and potential customers. This campaign is also our first above the line brand campaign in multiple regional languages (Hindi, Tamil, Kannada, Marathi and Bengali). The key theme of this campaign was to invoke trust, with the goal of expanding our retail deposit business.

Fast growing retail deposit base and diversified liability franchise

We have the fastest growing deposit franchise among the Small Finance Banks and we are the top four in terms of deposit size as at March 31, 2020 among all Small Finance Banks (*Source: IRR Report*). We have been able to leverage the strength of the "Jana" brand to rapidly grow our deposit portfolio since we commenced operations as a Small Finance Bank in March 2018. As an NBFC, we were not permitted to accept deposits as per applicable laws in India.

As at September 30, 2020 and March 31, 2020, 2019 and 2018, our deposits were ₹102,299.09 million, ₹ 96,519.47 million, ₹ 41,986.96 million and ₹4.53 million, respectively. Our total retail deposits as at March 31, 2018, 2019 and 2020 and September 30, 2020 were ₹4.51 million, ₹25,704.86 million, ₹51,964.14 million and ₹60,794.84 million, respectively. As at September 30, 2020, we had 1,874,113 deposit customers, comprising 1,797,160 CASA customers and 76,953 term deposit customers. We believe our liability portfolio provides significant advantages, including greater customer retention and higher cross-selling opportunities.

We offer a diverse range of deposit products to appeal to different segments of our customer base. Our liability products comprise current accounts, savings accounts, and term deposits. We offer a variety of term deposits with multiple interest payment options, along with competitive interest rates. We also offer higher interest rates for senior citizens. As at September 30, 2020, 32.60% of our total term deposits are senior citizen deposits. As at September 30, 2020, 98.54% of our term deposits had a tenure of three months or more and 66.04% of our term deposits are less than ₹20 million ticket size.

We had the third highest share of retail deposits (comprising retail CASA and retail term deposits) as a percentage of total deposits among all Small Finance Banks as at March 31, 2020 (*Source: IRR Report*). Since becoming a Small Finance Bank, we have placed a strong emphasis on increasing our retail deposits, as they have lower rates of interest compared to wholesale deposits and are more likely to stay deposited with us over a longer period compared to wholesale deposits. Our retail deposits as at September 30, 2020 and March 31, 2020, 2019 and 2018 were ₹4.51 million, ₹25,704.86 million, ₹51,964.14 million and ₹60,794.84 million, respectively, and represented 59.43%, 53.84%, 61.22% and 100% of our total deposits, respectively. Our CASA as at September 30, 2020 and March 31, 2020, 2019 and 2018 was ₹9,973.46 million, ₹7,138.75 million, ₹3,414.99 million and ₹0.02 million, respectively, and represented 9.75%, 7.40%, 8.13%, and 0.44% of our total deposits, respectively. Our access to a low cost diversified retail deposit base has helped to decrease our Cost of Funds from 11.68% as at March 31, 2018 to 9.12% as at September 30, 2020.

Our deposit base comprises customers across segments and geographies. The contribution of the top 20 deposit accounts has been steadily declining and as at September 30, 2020 and March 31, 2020, 2019 and 2018, the top 20 deposit accounts represented 11.85%, 17.71%, 17.54% and 100% of our total deposits, respectively, resulting in low concentration risk. Our deposits are not concentrated in any one state and as at September 30, 2020, the highest concentration of deposits in one state (Maharashtra) was 14.73%. The gross advance percentage share of deposits of our Bank in the top three states is 50.8% as at March 30, 2020, which is the second lowest among all Small Finance Banks (*Source: IRR Report*). For details, see "- *Branches-Concentration of Deposits*" on page 164.

Our growing deposits have enabled us to repay a significant portion of the higher interest rate borrowings we had prior to becoming a Small Finance Bank. The table below presents the amount of our deposits and borrowings and as a percentage of total deposits and borrowings.

	As at September 30, 2020		As at March 31,					
			2020		**2019**		**2018**	
	Amount (in ₹ millions)	**% of total deposits and borrowings**	**Amount (in ₹ millions)**	**% of total deposits and borrowings**	**Amount (in ₹ millions)**	**% of total deposits and borrowings**	**Amount (in ₹ millions)**	**% of total deposits and borrowings**
Deposits	102,299.09	75.24%	96,519.47	76.90%	41,986.96	50.68%	4.53	0
Borrowings	33,656.89	24.76%	28,987.39	23.10%	40,864.66	49.32%	76,616.07	100.00%
Total	**135,955.98**	**100.00%**	**125,506.86**	**100.00%**	**82,851.62**	**100.00%**	**76,620.60**	**100.00%**

Our credit to deposit ratio was 99.91%, 103.18% and 148.07% as at September 30, 2020 and March 31, 2020 and 2019, respectively.

Strong execution ability

We have a demonstrated ability to scale-up our liability business significantly. The deposits base increased from ₹ nil when we started operating as a Small Finance Bank in March 2018 to ₹ 102,299.09 million as at September 30, 2020. We witnessed the highest disbursement growth rate and AUM growth in Fiscal 2020 among Small Finance Banks (*Source: IRR Report*). We were also able to avail re-finance of around ₹ 22,880 million from various institution such as NABARD and NHB post launch.

Further, we launched gold loans in Fiscal 2018 and affordable housing loans and loans against fixed deposit in Fiscal 2019, and term loans to NBFCs in Fiscal 2020. These secured asset products together constituted 29.67% of our gross advances as at September 30, 2020. Gross secured advances have grown from ₹ 899.46 million as at March 31, 2018 to ₹ 32,673.05 million as at September 30, 2020. The proportion of our secured AUM has increased from 1.18% as at March 31, 2018 to 29.01% as at September 30, 2020.

Since becoming a Small Finance Bank, we have converted 183 Asset Centres into Branches.

Our Strategies

Focus on increasing agricultural and allied loans in our unsecured advances

We plan to focus on increasing our agricultural and allied loans in our unsecured advances. Our agricultural and allied loans advances were ₹ 18,172.76 million, ₹ 19,673.36 million, ₹ 5,261.46 million and ₹ 4,207.25 million as at September 30, 2020 and March 31, 2020, 2019 and 2018, respectively, which represented 22.85%, 23.23%, 9.00% and 5.65% of our total unsecured advances, respectively. We significantly increased our agricultural and allied loans advances in Fiscal 2020 by setting up 98 Branches in Unbanked Rural Centres, out of which 22 Branches are managed by our business correspondents. We use a hub and spoke approach for our agricultural and allied loans advances, whereby the Branches that we manage are the hubs and the Branches managed by our business correspondents are the spokes. As at February 28, 2021, we had 166 Branches in Unbanked Rural Centres, of which 122 Branches were managed by our business correspondents. We plan to increase our agricultural and allied loans by opening new Branches in Unbanked Rural Centres.

Our Bank has traditionally remained focused on credit access to underserved and underbanked customers even in the rural geographies of the country. Our distribution model and digitalisation effort enables us to efficiently cater to a wide customer segment, ranging from agri-landless labourers to shared croppers, from dairy farmers to small cattle owners, from medium sized to small and marginal farmers with a range of agriculture and allied credit and banking products.

We have entered into partnerships specifically for agricultural and allied loans, such as tie-ups with business correspondents, and are working towards ensuring our visibility across the agricultural value chain.

Increase our operating leverage by offering all of our products in all of our Branches, by entering into alliances with Fintech companies and by appointing more business correspondents in rural areas.

Currently, many of our Branches do not offer the full suite of our products. By way of example, we currently offer affordable housing loans in only nine states and union territories. We plan to eventually have all of our Branches offer all of our products. We plan to do this by operationalising the new loan origination system and digital on-boarding including the video KYC of customers. This will enable us to increase our revenue from our existing Branches.

We plan to increase our advances both through own sourcing as well as sourcing through partnerships with Fintech companies and business correspondents. We plan to expand our branch network mainly through our partnerships with business correspondents. Entering into partnerships with Fintech companies and business correspondents presents opportunities for digital sourcing and geographic reach, respectively.

Entering into partnerships with Fintech companies presents us an opportunity to not only source customers digitally but also to underwrite customer segments using experience-based scorecards; thus bringing in innovation in technology and machine learning to reduce the turnaround time for loan applications, while keeping up the underwriting standards. Our strategy is to identify the niche and relevant Fintech players, agree on the sourcing and underwriting model and acquire customers based on agreed credit parameters.

One of our key strategic priorities is financial inclusion and expanding our distribution in rural areas. There are many NBFCs and MFIs that have their strength in terms of reach in rural areas and we plan to appoint some of them as our business correspondents to help us achieve our financial inclusion and rural expansion goals. Our strategy is to appoint business correspondents who are known to people in the village or city and who are aware of the financial requirements of the people in the local community. In addition, by selling through business correspondents, we increase our distribution network without having to incur the capital expenditure that we would incur to set up our own Branches. Our network of business correspondents enables us to have a wider reach, in terms of geographical spread and customer segment, within the state where we are operating.

We also plan to standardise the processes relating to initial file screening, verification activities including legal, valuation, and contact point verification across our secured loan products to decrease the cost of delivery of these products.

Increase our CASA

We have been able to leverage the strength of the “Jana” brand to rapidly grow our deposit portfolio since we commenced operations as a Small Finance Bank in March 2018. As an NBFC-MFI, we were not permitted to accept deposits as per applicable laws in India. Since becoming a Small Finance Bank, we have placed a strong emphasis on increasing our retail deposits, as they have lower rates of interest compared to wholesale deposits and are more likely to stay deposited with our Bank over a longer period compared to wholesale deposits. In particular, CASA tends to provide a stable and low-cost source of deposits compared to wholesale deposits. Our CASA was ₹ 9,973.46 million, ₹ 7,138.75 million, ₹ 3,415.00 million and ₹ 0.02 million as at September 30, 2020 and March 31, 2020, 2019 and 2018, respectively, which represented 9.75%, 7.40%, 8.13% and 0.44% of our total deposits, respectively, and 7.34%, 5.69%, 4.12% and 0.00% of our total deposits and borrowings, respectively. We plan to continue to increase our CASA in order to reduce our Cost of Funds. Our strategies for increasing our CASA include the following:

- Increase our marketing campaigns aimed at invoking trust and increasing our retail deposits. Since we became a Small Finance Bank on March 28, 2018, we have launched a number of marketing campaigns aimed at invoking trust and increasing our deposits. Our first marketing campaign slogan was “Paise ki Kadar” (which translates as “Value of Money”), by which we meant to convey that we value our customers’ hard earned money. Our second marketing campaign slogan was “Khata Nahi Nata” (which translates as “Not just an account, it’s a relationship”) lays the emphasis on relationship building with the customers instead of a simply transactional contract with the customer, by which we meant to convey that we do not treat our customers as just a number. Our third marketing campaign slogan is “Jama Karo, Jana Karo” (which translates as “Think of Jana every time you think of saving”). The campaign, which used a mix of television, print, digital and social media, was intended to cover a wide spectrum of customers and potential customers. This campaign is also our first above the line brand campaign in multiple regional languages (Hindi, Tamil, Kannada, Marathi and Bengali). Our marketing expenses for the six months ended September 30, 2020 and 2019 were ₹ 128.51 million and ₹ 20.55 million, respectively. Our marketing expenses for Fiscals 2020, 2019 and 2018 were ₹ 113.56 million, ₹ 352.60 million and ₹ 718.97 million, respectively.

- Continue to target new and existing customers to source CASA deposits by cross-selling our CASA products to customers who do not have a CASA account and offering existing CASA account holders additional types of CASA accounts, focusing on providing excellent customer service and offering competitive pricing.

- Continue to promote our digital only DIGIGEN saving accounts and fixed term deposit accounts, and expand our digital accounts to include more of our liability products, such as recurring fixed deposit accounts. Our digital liability account opening platform, DIGIGEN (www.janadigi.com), was launched in April 2020 and provides a fully digital self on-boarding platform for opening accounts instantly from everywhere in India. DIGIGEN, coupled with our video-KYC platform enables digital only deposit accounts to be opened from anywhere India. We offer digital account opening platform in multiple regional languages. DIGIGEN is available to customers in Hindi, Tamil and Kannada, apart from being available in English.

- Focus on newly set-up government and institutional banking group so we can service the banking needs of more central and state government departments and agencies as well as co-operative banks, NBFCs and MFIs.

Continued focus on digitized operations

Our journey as a financial institution, has been underpinned by a strong technology base with increasing digitization at its core. Our strategies for increasing digitization in our business include the following:

- Tab and mobile based sourcing, credit evaluation and collections to be significantly implemented across all asset products.

- Enhancing our loan origination system architecture while enabling deeper and instant credit decision making, which will allow online straight-through integration with our Fintech partners' ecosystems.

- Incorporation of fraud checks and regulatory compliance will continue with a deliberate focus to enhance and exploit AI/ML capabilities while avoiding any manual steps.

- Enhancing our self-fulfilment service request offerings through mobile and internet banking channels.

- In October 2020, we introduced certain robotic process automation capabilities in our back-office services. A number of manual processing steps have been automated, with an emphasis on reducing turnaround time and eliminating human errors. Our central processing centre is responsible for completing back office process activities on a loan application. These activities include verification of KYC and product related documents taken from the customer, follow ups with the sales and credit teams to complete the loan application related information, review and processing of loan sanctions, and management of post dated cheques and post disbursement documents on an application to application basis. We currently require a large number of employees to perform these tasks as they all currently require human intervention. As at February 28, 2021, our central processing centre has 264 employees. The automation project was focused on automating the processes of insurance claims, endorsing insurance coverage in systems, linking collaterals, core banking system postings, pre- and post-loan sanctions processes, and further funds transfer and disbursement. We plan to introduce more robotic process automation capabilities in a phased manner, including optical character recognition capabilities and other AI/ML techniques (e.g. face-match), wherever possible, with the intent to reduce turnaround time and human errors, which will ultimately lead to a superior customer experience.

- We have already digitized many Branch registers including: inward/outward mails register; vault/premises key movement register; Branch document register; security stock register; suspense cash register; issuance register; excess/short cash register; and mutilated cash register. We believe the digitization of these registers has enhanced the productivity of Branch operations, increased the accuracy of the data, made auditing of the data easier and made the central monitoring of these registers much easier.

Develop best in class analytics and modelling tools for more efficient risk management processes and increasing our customer wallet share

In order to ensure that the decisions that we make that are driven by data, we have invested in various technology, infrastructure and tools to drive data analytics and to convert our data into impactful insights. We plan to increase our investment in analytical infrastructure and modelling tools, as well the training of our employees in the use of these modelling tools. Our business intelligence and analytics team comprises 34 well-trained and experienced employees as at February 28, 2021. This will enable us to perform higher volume of data analytics, as well as more reliable data analytics, resulting in efficient risk management processes and more targeted customer profiling. More targeted customer profiling will enable us to offer customized products to suit our customers' diverse requirements, thereby increasing our customer wallet share.

Recent Development – Effects of the COVID-19 pandemic on our business and operations

The outbreak of COVID-19, which emerged in late 2019, was declared a global pandemic on March 11, 2020 by the World Health Organization. COVID-19 has caused severe adverse effects on economic activity, health and livelihood across the world. The initial signs of the disastrous consequences that COVID-19 would cause became apparent in early 2020 when global financial markets turned increasingly volatile with panic sell-offs, flight to safety and wealth erosion in equity markets across both advanced and emerging economies. Sovereign bond yields fell to record lows in most countries and as the outbreak spread quickly around the globe, lockdowns and social distancing stalled economic activity across the world *(Source: IRR Report).* The Government of India initiated a nation-wide lockdown from March 25, 2020 for three weeks on all services except for essential services (which included banks and ATMs), which was extended to May 31, 2020. Although the nation-wide lockdown was lifted on June 1, 2020, restrictions on non-essential activities and travel were imposed until August 31, 2020 in multiple states across specific districts that were witnessing increases in COVID-19 cases. On September 1, 2020, the Government notified all states to allow economic activities to function normally, while continuing with restrictions only in containment zones.

We have adopted a proactive approach to managing COVID-19 since its outbreak, including:

- Customer Relations:

- We contacted our customers via phone calls to give them health tips/information and explain to them the significance of the moratorium and remind them to make repayment in case they wish to reduce the interest cost;
- we sent our customers multi-lingual safety tips through SMS and reminded them to use the Aarogya Setu mobile application; and
- we extended our door step services to senior citizens for the delivery of medicines or any other essential services.

- Corporate Social Responsibility:
  - Approximately ₹ 7.6 million was spent between March 31, 2020 to September 30, 2020 around the storefronts for corporate social responsibility; and
  - we partnered with the Government as an authorized collections partner for PM Cares Fund.

- Employee safety and engagement:
  - We provided all our employees with face masks, sanitizers, gloves and fumigated all Branches;
  - work from home facility was provided;
  - COVID-19 insurance package was provided to all the employees;
  - COVID-19 measures were provided to help staff and family. We paid out a total of ₹ 9.9 million to 963 employees who tested positive and ₹ 0.4 million to those employees who tested negative;
  - the employee two-wheeler loans were launched to help employees and their families to avoid public transport.

- Financial assistance to existing customers:
  - Emergency loans were disbursed to existing customers; and
  - the moratorium was extended to customers as per the RBI guidelines and the Board's approved policy.

- Focus on digital offering:
  - We rolled out our DIGIGEN offering to allow our customers to open accounts with e-KYC option; and
  - we rolled out UPI-based collections to allow customers to pay through bank UPI handles.

The measures we adopted have been largely successful in ensuring business continuity and, except as noted below, none of our critical functions have suffered any major disruptions since COVID-19 began. Our Branches were exempt from the nation-wide lockdown. However, the collection of the repayment amounts of our group loans, agricultural and allied loans is carried out by our employees collecting the cash from the borrowers at their homes or business premises. In addition, our employees on the ground are primarily responsible for sourcing borrowers for these loans. Due to the nation-wide lockdown, the collection and disbursement activities for these loans were almost stopped entirely during the month of April 2020 and was severely curtailed in May 2020. Effective June 1, 2020, loan collection and disbursement activities for these loans started functioning again in most of the centres and loan disbursements and collections began to improve in most states, except in those states where the effect of COVID-19 was severe and the respective state governments imposed restrictions on various activities. Most of these state government-imposed restrictions ended by June 30, 2020 and loan collection and disbursement activities for these loans in those states started functioning again. Some areas are still subject to lockdowns.

As at February 28, 2021, 963 of our employees, representing 6% of the total number of our employees at as that date, have reported to us that they have been infected with COVID-19 and three of our employees who had COVID-19 have died.

COVID-19 and the lockdown and restrictions had the following material adverse effects on our business, financial condition, results of operations and cash flows:

- a decrease in collections on loan repayments and a decrease in collection efficiency (which was also due to the Moratorium, which is discussed below);
- a decrease of disbursements of loans; and
- a decrease in the rate of growth of our deposits,

Pursuant to the RBI's COVID-19 Regulatory Packages, lending institutions, including us, were permitted to grant a moratorium of six months on the payment of all instalments and interest on term loans falling due between March 1, 2020 and August 31, 2020 (the "**Moratorium**"). In respect of accounts classified as standard as at February 29, 2020, even if overdue, the Moratorium period, wherever granted in respect of term loans, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the RBI's Income Recognition and Asset Classification norms. The asset classification for such accounts shall be determined on the basis of revised due dates and the revised repayment schedule. We granted a full or partial moratorium on all payments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers.

The Supreme Court of India vide an interim order in *Gajendra Sharma v. Union of India & Anr* dated September 3, 2020 has directed that banks with accounts which were not declared as NPAs till August 31, 2020 shall not be declared as NPAs till further orders, pending disposal of the case by the Supreme Court. Pursuant to the order, our Bank has not classified any borrower account that has not been declared as an NPA as at August 31, 2020 as per the RBI's prudential norms on income recognition, asset classification, provisioning and other related matters as NPAs after August 31, 2020. However, if the Bank had classified borrower accounts as NPA after August 31, 2020, the Bank's proforma Gross NPA ratio and Net NPA ratio as at September 30, 2020 would have been 2.95% and 1.01% respectively. Pending disposal of the case, the Bank, as a matter of prudence has, in respect of these accounts made a contingency provisions, which is included in our provisions and contingencies.

The Supreme Court of India in *Small Scale Industrial Manufactures Association (Regd.) vs Union of India and others* vide a judgment dated March 23, 2021 has directed that the interim order granted on September 3, 2020 to not declare the accounts of borrowers as NPAs stands vacated. Moving forward from the date of the judgment on March 23, 2021, our Bank will resume recognizing overdue accounts not previously recognised as NPAs, as NPAs.

Additionally, in the above referenced judgment, the Supreme Court has directed that there shall not be any charge of interest on interest/ compound interest/ penal interest for the period during the Moratorium and any amount already recovered by way of interest on interest/ compound interest/ penal interest shall be refunded to the respective borrowers and to be given credit/adjusted in the next instalment of the loan account. Our Bank awaits further clarity from the RBI on this judgement before we assess its potential effect on our financial condition and results of operations.

For more information on the effects of COVID-19 and the lockdown and restrictions as well as the Moratorium and the Supreme Court's interim order on our financial condition, results of operations and cash flows as at and for the six months ended September 30, 2020 and as at and for the year ended March 31, 2020, see "*Financial Statements-- Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements-7.4 Disclosure on COVID 19*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 287 and 314, respectively.

Asset Products

Our asset products comprise unsecured and secured loan offerings. Our secured loan products include MSME loans, affordable housing loans, loans against property, gold loans, loans against fixed deposits, two-wheeler loans and term loans to NBFCs. We launched the two-wheeler loans for customers in December 2020.

The table set forth below shows our gross AUM by category of advance and as a percentage of our gross AUM as at the dates indicated.

Category of Advance	**As at September 30, 2020**		**As at March 31,**					
			2020		**2019**		**2018**	
	Gross AUM (₹ in millions)	**% of Total**	**Gross AUM (₹ in millions)**	**% of Total**	**Gross AUM (₹ in millions)**	**% of Total**	**Gross AUM (₹ in millions)**	**% of Total**
Group loans	48,897.19	43.41%	51,563.39	45.64%	41,120.84	63.07%	61,449.94	80.48%
Agricultural and allied loans(1)	18,172.76	16.13%	19,673.36	17.41%	5,261.46	8.07%	4,207.25	5.51%
Individual and micro business loans	12,286.53	10.91%	13,424.14	11.88%	12,399.03	19.02%	9,793.86	12.83%
Other unsecured loans	600.83	0.53%	473.49	0.42%	205.22	0.31%	8.39	0.01%
Total unsecured advances	**79,957.30**	**70.99%**	**85,134.39**	**75.35%**	**58,986.55**	**90.48%**	**75,459.44**	**98.82%**
MSME loans	20,176.15	17.91%	18,909.57	16.74%	4,303.90	6.60%	811.85	1.06%
Affordable housing loans	5,106.94	4.53%	4,393.83	3.89%	454.04	0.70%	-	0.00%
Gold loans	5,498.60	4.88%	1,675.13	1.48%	646.67	0.99%	87.61	0.11%
Loans against fixed deposits	1,689.36	1.50%	2,743.77	2.43%	804.53	1.23%	-	0.00%

Term loans to NBFCs	202.00	0.18%	130.00	0.12%	-	0.00%	-	0.00%
Other secured loans	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total secured advances	**32,673.05**	**29.01%**	**27,852.30**	**24.65%**	**6,209.14**	**9.52%**	**899.46**	**1.18%**
Total	**112,630.35**	**100.00%**	**112,986.69**	**100.00%**	**65,195.69**	**100.00%**	**76,358.90**	**100.00%**

Note:
1. Includes loans purchased under Direct Assignment.

Group Loans

Group loans are unsecured loans designed to cater to the financial requirements of women, especially the underserved and underbanked who do not have access to formal credit, thus driving our financial inclusion objectives. This product is offered to a group of women as per the JLG model. Group loans serve as an entry product for our customers who do not have any formal documented income. New borrowers (especially new to credit) borrower are on-boarded with lower loan amounts. Good repayment behaviour on a group loan by a borrower leads to future eligibility of loans with a higher credit limit and access to other loan products, including individual loans. These loans are provided on the basis of declared income and group guarantees. The product is designed for borrowers at the lower end of economic strata who do not have formal income documents and do not have access to formal credit.

The loans are offered for income generation, business expansion and for general consumption.

We started providing group loans in 2006 as an NBFC and this product offering has evolved from a basic paper-based and manually underwritten loan in 2006 to a fully digital, e-KYC based, auto under-written and cashless disbursement product now.

As at February 28, 2021, the key loan parameters for group loans are as follows:

Loan Parameter	Minimum Value	Maximum Value
Loan Amount (₹)	15,000	50,000
Loan tenure (months)	12	24
Processing Fee (% of loan amount), excluding GST and other taxes	0%	2%
* We provide an emergency top-up loan under this category starting ₹ 7,000 with a tenure of twelve months onwards		

Customers

This is a JLG loan product, wherein loans are provided to groups of women, usually staying in the same locality for defined time period, providing joint liability guarantee for each other. The product is generally targeted at lower income group women who run businesses. The family income of borrowers should not exceed ₹160,000 per annum for borrowers from urban areas and ₹100,000 per annum for borrowers from rural areas.

Apart from lending to existing customers, new customers are sourced through area surveys conducted by the customer relations executive sales team. The area heads approach households in the surveyed area, distribute brochures and inform the households about the various types of loans offered.

Our current strategy on group loans is to increase our penetration in rural and semi-urban geographies. Our ongoing focus is to motivate and inspire our customers to keep their repayment track clean in order to avail of subsequent group loan cycles (repeat loans).

Credit Approval and Disbursement Process

Customers offered group loan are usually new to formal credit and have limited or no income documentation. At times, these customers approach us to start a new income generation (business) activity. Our underwriting process for these JLG loans is done on the basis of a combination of factors including:

- Robust customer authentication using mobile OTP validation and biometric based e-KYC.
- Capture of biometric of the customers which includes latitude longitude details for authentication
- Credit bureau check for the customers.
- Field verification of each customer by sales personnel and batch verification by area head.
- Contact point verification by a field service executive.
- Rule based auto underwriting and sanction.
- Confirmatory meeting of full group by a branch resource at pre-disbursement stage.
- OTP and biometric authentication based disbursement.

Loan Collection and Monitoring Process

While we attempt to educate and convince our customers to use digital payment methods for their loan EMI payment, a large portion of customers prefer paying EMIs in cash. We have a well-defined systems, structures and processes for managing cash EMI collections supported by digital tools.

We have separate collection staff at each branch. These resources have tab-based collection App which provide the collection receipt/confirmation to the customers as soon as the EMI amount is received by them.

Every meeting centre and each borrower in the meeting centre is provided a fixed schedule for loan EMI payment. Our Bank's collection executive visits the group according to a schedule and all customers (group members) are expected to be ready on schedule with their payable EMI amount. If one of the group members is not present or unable to pay the EMI for the month, the remaining group members are liable to pay her EMI (under the group guarantee agreement).

The collector deposits the collected amount at the mapped bank branch and also has the option of depositing it at the specified cash deposit points. While the collection executive settles the collection amount once a day, there are defined norms on maximum cash that the executive can accumulate. On hitting the defined threshold, the collection executive is expected to do an intra-day settlement and will not able to collect any further amounts from the customers until the settlement is completed.

Agricultural and Allied Loans (Group and Individual)

Agricultural and allied loans are offered to borrowers who are engaged in agriculture and/or allied activities. These loans are offered for the purchase of agriculture inputs (such as seeds, fertilizers, agro-chemicals, payment of agri-related expenses and charges) and meeting capital expenditure needs such as for the purchase cattle and for other allied/ancillary activities (e.g. cattle shed construction/renovation and the purchase of feed and fodder). These loans are offered both to individuals and groups of customers. We offer these loans to a multitude of customers segments including small and marginal farmers, dairy farmers, landless agri-labourers and shared croppers. The group variant of the product is offered based on the JLG model (with group guarantees).

Agricultural and allied loans were launched in November 2015. As at February 28, 2021, we provide these loans from 416 bank branches out of which 139 are unbanked rural branches.

As at February 28, 2021, the key loan parameters for agricultural and allied loans are as follows:

Loan Parameter	Min. Value	Max. Value
Loan Amount (₹)	30,000	61,000
Loan tenure (months)	12	36
Processing fee (% of loan amount), excluding GST and other taxes	2%	

Customers

The loan is designed to cater to the financing needs of customers engaged in agricultural business and other allied activities. The loan is offered for purchase of farming equipment, cattle (cows and buffalos) and financing other ancillary needs like cattle shed construction, renovation, feed/fodder purchase, horticulture, poultry, goat gearing, piggery, sericulture, and apiculture.

The sourcing of customers for this product is significantly digitized from lead capture to enrolment including e-KYC to handling of field level checks/verification to sanction and disbursement. Loans are disbursed into the bank account of the customer.

Credit Approval and Disbursement Process

The credit approval and disbursement process is similar to group loans. See "- *Group Loans – Credit Approval and Disbursement Process*" on page 148.

Loan sanction is automated and after the sanction of the loan, the operations team downloads the disbursement kit from the customer relationship management system and assists the customers to execute the disbursal documentation.

Loan Collection and Monitoring Process

The collections process is similar to that for group loans. See "*-Group Loans – Loan Collection and Monitoring Process*" on page 148. We collect loan instalment payments on a fortnightly and monthly basis.

Individual and Micro Business Loans

Our individual and micro business loans are divided into two categories: individual loans and micro business loans.

Individual Loans

We offer individual loans to customers who exhibit a persistent repayment track record on their existing group/individual loans with the bank. There are variants within this loan product depending upon the loan purpose, nature of business/job of the borrower/co-borrower and loan cycle (exhibiting duration of clear track record with our Bank). Our individual loans are broadly divided into three categories: individual loans for home improvement/repair, individual loans for school fees and individual personal loans for purposes such as debt consolidation, family function, incidental expenses and business purpose.

Loan amount range and documentation required depends on the loan purpose. However, an independent service visit for personal discussion by our field service executive is mandated for individual loans, primarily to assess the cash flows, establish residence stability and to gather neighbour references.

The initial paper based, manual process has given way to a digital process, which makes use of mobile/tablet/desktop based applications for sourcing, underwriting, sanction, disbursement and collections.

As at February 28, 2021, the key loan parameters for individual loans are as follows:

Loan Parameter	Min. Value	Max. Value
Loan Amount (₹)	20,000	125,000
Loan tenure (months)	24	36
Processing Fee (% of loan amount), excluding GST and other taxes	0%	2%
* We provide emergency top-up loan under this category starting ₹15,000 with a tenure of 12 months onwards		

Since the customers of individual loans are our existing customers, KYC documents are not required unless the customer has shifted her/his address or there have been changes in the customer's KYC information. Additional documents are required depending upon the loan purpose (e.g., home ownership document for home improvement/repair purpose).

The first-time individual loan borrowers are given lower amounts while repeat loan customers are sanctioned higher amounts once they have established their repayment capacity outside the JLG framework in individual loans.

Co-borrower/guarantor is mandatory for individual loans. This product has a monthly EMI repayment schedule and establishing an automated electronic payment mechanism (NACH/eNACH/Standing Instructions) is mandatory for loan EMI payments.

Name of the loan product	Purpose	Loan amount (in ₹)	Loan tenure
Micro individual loan - home repair / improvement	For the purpose of repairing or renovating an existing owned house.	30,000 - 75,000	2 years
Repeat - micro home repair loan	Repeat loan for home improvement	30,000 - 125,000	2 years for loans with loan amount less than ₹100,000. 3 years for loans with loan amount greater than ₹100,000.
Micro personal loan	Individual loan for personal consumption, business requirement, family function, incidental expenses.	25,000 - 50,000	2 years

Customers

Our target customers for our individual loans are our existing group loan customers with the aim of rewarding good repayment behaviour through offering them higher loan amounts with longer tenures and competitive interest rates outside the JLG framework.

While the customer profile remains similar to group loan, individual loan customers have higher household incomes and are usually involved in small businesses. Some of these businesses were started by these customers using the proceeds of our earlier provided group loans disbursement, indicating that they have moved up the economic ladder.

Credit Approval and Disbursement Process

The credit underwriting process helps in establishing the financial ability/soundness of the customer. We use a higher level of credit scrutiny compared to group loans given that the loan amounts are relatively higher, and there is an informal nature of the customer's income and a lack of group guarantee.

Since individual loan customers have graduated from group loan, basic risk mitigation measures such as e-KYC authentication and biometric capture would already have been applied at the time of the group loan application. There are certain control measures which are re-initiated during individual loan process for risk control. Major ones are:

- Customer authentication using mobile OTP validation.
- Geo-tagging of each customer.
- Credit bureau check for the customers.
- Contact point verification, income assessment and neighbour checks by a Field Service Executive.
- Customer deduping and AML screening.
- Rule based auto underwriting (using rules around recency, frequency and severity of delinquency) and sanction.
- Confirmatory meeting borrower and co-borrower by branch resource at pre-disbursement stage.
- Mandatory registration NACH / SI (of borrower/co-borrower) for EMI repayment before disbursement.
- Mandatory fund transfer of disbursement amount to customer's bank account, with no disbursements being made in cash.

Loan Collection and Monitoring Process

A separate collection resource is available at each branch for individual loans. Individual loan customers are encouraged to pay their EMIs through their bank accounts by registering a NACH mandate. This helps to keep the cost of collection under control.

For cash collections, the collector follows the same process and systems as group loans and has the same facility of depositing the cash either in the branch or at specified cash burial points.

Micro Business Loans (Unsecured Business Entity Loans)

Our micro business loans are unsecured credit facilities extended to emerging micro enterprises involved in health and wellness, eateries, construction, transportation and logistics, education, retail sectors and some specific segments in service sectors to meet their working capital and business expansion requirements. Our micro business loans comprise the following products:

Name of the loan product	Purpose	Loan amount (in ₹)	Loan tenure
Business Loan – GST Based Programme	GST backed working capital Loan and overdraft facility enables micro and small enterprises to avail a working capital loan of up to ₹700,000 based on their GST returns and without any additional assessment of balance sheets.	200,000 to 700,000	12 to 36 months
Business Loan – Monthly Repay	Extended to emerging micro enterprises in the HECTER sectors (Health and Wellness, Eateries, Construction, Transportation and Logistics, Education, Retail) and some specific segments in the services sector to meet their working capital and business expansion requirements.	100,000 to 300,000	12 to 36 months
Business Loan – Weekly Repay		100,000 to 300,000	12 to 36 months
Term Loan – Unsecured		300,000	36 months
Express top up on Unsecured Term		300,000	36 months

Customers

Our target customers are the underbanked urban micro enterprises. The loans are available to our existing customers or new customers with a business venture with mostly a minimum of three years of operations.

Credit Approval and Disbursement Process

We perform a credit bureau check on the leads generated by the sales team after the desired information is gathered about the lead. Once the credit bureau check is complete and the result is satisfactory, the credit manager then allocates the application to the credit underwriter. The credit underwriter completes the checklist on the loan originating system and proceeds to conduct personal discussion with the customers. Once the personal discussion is complete, the credit underwriter evaluates the eligibility of the customer and recommends the case to the sanctioning authority for approval. After approval, the credit underwriter then coordinates with customer and initiates the disbursement process.

The funds will be disbursed to the savings account or current account of the primary applicant or business entity only after all the documents are executed and verified by the credit team and the central processing centre.

Loan Collection and Monitoring Process

We offer flexible repayment options of weekly or monthly payment through NACH or standing instruction mandate for our customers. Customers are informed about their weekly or monthly repayment dates by the sales and credit team.

We have in place a loan repayment management strategy for business loans, which includes sending reminder notice, tele-calling, customer visits and taking legal actions under Section 138 of the Negotiable Instruments Act, 1881.

MSME loans

Our MSME loans are aimed at supporting small businesses in their growth phase by offering credit facilities for business purposes, including business expansion, working capital requirement, plant/equipment and machinery purchase and other long-term business requirements, such as the extension of offices or homes ("**Enterprise Loans**"). Our MSME product range includes term loans and overdraft facilities and we cater to multiple industries as a part of business strategy.

We also offer secured plus business loans designed to help business owners with the expansion of their existing businesses and achieve long-term business goals ("**Business Loans**"). This is a term loan facility for business owners to create long-term income generating assets for their business. The minimum loan amount is ₹1 million and the maximum amount is ₹10 million. The loan tenure is up to 12 years.

The loans are secured by mortgage of land, residential or commercial property or other approved collateral security. As at September 30, 2020 our average loan to collateral value ratio for new MSME loans was 50%.

The eligibility for MSME loans is computed based on the lower of the debt burden ratio or the loan to collateral value ratio.

Customers

The MSME loans are extended primarily to the unserved and underserved micro and small enterprises segment. The target customers are self-employed non-professionals in the manufacturing, trading, retail and service sectors as well as self-employed professionals. MSME loans are granted mostly to businesses having a minimum of three years of operations for Enterprise Loans and five years of operations for Business Loans.

Customer sourcing is performed by the sales team executives from a target customer base of manufacturers, traders, retailers, service providers with their constitution being individuals, proprietorship or partnership.

Credit Appraisal and Disbursement Process

Know-your-client information of the applicant (entity), co applicant, and guarantor are first captured by the customer relations sales executives. This includes proof of registration of the business entity, such as by-laws, GST Registration, IT Registration or PAN of the entity. A CERSAI search is performed by the credit team prior to sanction of proposal in order to ensure no charge exists on the property being taken as collateral. A minimum of 13 years' title search and encumbrance certificate are required to establish good titles over the property to be taken by us as collateral for the loan. Original title documents are vetted by a panel lawyer before disbursement. As part of the credit underwriting process, there are mandatory CIBIL and CRILC (if the loan is above ₹10 million) checks, fraud control unit check, and residence and collateral are visited by the credit team.

Funds are disbursed to the primary account of the borrower.

Loan Collection and Monitoring Process

The loans are repayable either weekly or monthly with payment made through NACH or standing instruction mandate. Standing instructions/drawdown from current account opened with us is the primary mode of payment. NACH serves as secondary repayment mode. It would be utilized in scenarios of SI/drawdown failures.

Affordable Housing Loans

In line with the GoI's vision of "Housing for All" and to increase the availability of credit in affordable housing space, we launched affordable housing loans in October 2018. We provide loans for home purchase and home construction/repair. We started this business in 3 states in 2018 and basis the experience and learning, we expanded the business in phased manner.

Housing loans are given for repairs, refinance, renovation, construction or purchase of homes. All of the property owners are required to be co-borrowers for the loan. All loans are secured by a mortgage of the property. The loan amount ranges between ₹0.20 million to ₹5.00 million, with tenure ranging from three years to 30 years. Loans beyond ₹5.00 million can be approved based on internal deviation approval matrix of the Bank. The interest rates are fixed for the first three years and three months and then becomes a floating interest rate based on agreed margin agreed on T-bill rate as per sanction conditions. We charge a 2% processing fee of the loan amount. As at September 30, 2020, our maximum loan to collateral value ratio for new loans goes up to a maximum of 90% as per an approved grid and in line with regulatory norms.

The affordable housing loans were launched in Karnataka, Tamil Nadu and Maharashtra in August 2018, Gujarat in February 2019 and Madhya Pradesh, Chhattisgarh and Rajasthan in February 2020. We have expanded to Punjab and Haryana in January 2021. We currently offer this product in nine states and union territories.

Customers

Our target customers are the underserved as well as the higher segment of customers with higher cash flows.

For leads generation, our customer relationship officers carry out the promotional activities by using various types of marketing collaterals. The main techniques used for lead generation are open market campaigning in catchment areas of our hubs and Branches and getting referrals from our staff or existing customers. The leads, once identified, are listed in a branch-based register or online tracker and are periodically tracked by the zonal heads and the national sales manager.

Credit Approval and Disbursement Process

Our relationship officers conduct the initial basic filtering as per product eligibility. If the basic eligibility requirement is met, the relationship officers will collect KYC documents along with the loan application form. The credit team proceeds for bureau and dedupe check. The completed login checklist with full information and documents is then handed over to the credit underwriter team for checking.

The credit underwriting process begins with the credit underwriter team initiating fraud control unit checks, legal, technical and customer profile validation approval processes. The credit underwriter team carries out visits to the customer's business/employment and house for personal discussion, does reference check and underwrites the case. A credit analysis memorandum is prepared by the credit underwriter team and sent for sanctioning to appropriate credit authority.

Post-sanction, the title deeds will be collected from the mortgagor as per the legal advice and an acknowledgement will be given to the mortgagor by the authorized bank official. All relevant documentations are prepared and signed by the applicants and bank officials. The credit team will go through the credit checklist, upload the documents and send to the central processing centre team.

When the sanction process is completed, the central processing centre team carries out the collateral details entry in our core banking system, books the loan and transfers the loan amount to the applicant's bank account.

Loan Collection and Monitoring Process

The loans are repayable monthly, with payment made through NACH or a standing instruction mandate.

Gold Loans

Gold loans are short-term loans offered against the pledge of gold ornaments of 18 karat to 22 karat. Gold loans can be used for agricultural purposes, educational expenditure, business purposes, medical emergency and other personal needs. The interest rate is fixed. Loan amounts range from ₹10,000 to ₹3.00 million. The loan tenure is from one month to 12 months. As at September 30, 2020, our maximum loan to collateral value ratio for new loans was 90%. The maximum loan to value ratio permitted under RBI guidelines is 90% up to March 31, 2021.

We started disbursing gold loans in August 2017 in two states. As at February 28, 2021, we offer gold loans in 22 states and across 440 storefronts.

Customers

The target segment of gold loans is individuals and small business owners in urgent requirement of cash.

Lead generation takes place through our customer relations team, business development executives, customer referrals, walk-ins to our Branches, employee referral, cross-selling by other verticals, and our existing customers.

Credit Approval and Disbursement Process

Once the customer makes an application for a gold loan at one of our Branches, our operations team is in charge of the entire loan process. The operations team validates the data entered by the gold appraiser in the estimation slip. The sanctioning authority cross-checks/verifies and ensures that there are no data capture issues. A credit bureau report check is mandatory. Robust valuation process and quick turnaround leveraging our digitalisation have reduced our gold loan disbursal turnaround time.

Field inspection is applicable for gold loans. Based on the field inspection report, loan applications are approved or rejected.

Loan Collection and Monitoring Process

For bullet repayment variant, on the maturity date, customers must pay the outstanding principal along with interest. The mode of repayment is cash or NACH. For the monthly interest collection variant, the interest component is serviced every month while the principal component is serviced on the last instalment date. Repayment is made via cash at one of our Branches or NACH.

Micro Housing Loans

We offer small ticket housing loans and loans against property to cater to housing requirements of underbanked customers. The target segment for these loans is the underprivileged and underbanked customers from economically weaker sections and low income groups. We offer loans of ₹200,000 to ₹800,000 for durations/tenure ranging from three years to 30 years and for the purpose of home purchase, construction, repair, renovation or extension. Our maximum loan to collateral value ratio for new loans goes up to a maximum of 80% as per approved grid and in line with regulatory norms.

We also offer loans against property to small businesses as well as individuals to meet their working capital, machinery purchase, long-term business requirements and personal consumption. The loan amount ranges from ₹100,000 to ₹ 500,000 for a tenure up to 72 months with maximum loan to value ratio of 55%.

As at February 28, 2021, we charge a 2% processing fee on the sanctioned loan amount. The interest rates is fixed for the first thirty nine months and is then linked with six months T-bill on the agreed margin as per the sanction conditions. The loans are secured by mortgage of land, residential or commercial property or other approved collateral security.

Micro housing loans were launched in October 2020.

As at February 28, 2021, the key loan parameters are as follows:

Loan Parameters	Micro Housing Loans	Micro-Loans against Property
Facility Amount	₹ 200,000 to ₹ 800,000	₹ 100,000 to ₹ 600,000
Processing Fee	0% to 2%	0% to 2%
Tenure	Up to 30 Years	Up to 6 years
Loan to Value	Up to 90%	Up to 55%

Customers

Our target customers belong to lower income households, economically weaker sections, mostly in the informal sector across semi-urban and rural geographies apart from peripheries of metros and urban cities.

For lead generation, our customer relationship managers carry out open market campaign activities by using various types of marketing collaterals in catchment areas of our hubs and Branches and also encourage staff or existing customers for referrals.

Credit Approval and Disbursement Process

Our relationship officers conduct the initial filtering as per product eligibility. If the basic eligibility requirement is met, the relationship officers will collect KYC documents along with the loan application form. The credit team proceeds for bureau and dedupe check for further proceedings. The complete set of file as per the login checklist with full information and documents is then handed over to the credit underwriter team for checking.

The credit assessment process begins with the credit underwriter team initiating the checks by the fraud control unit and the legal, technical and customer profile validation approval processes. The credit underwriter team carries out visits to the customer's business/employment and house for personal discussion, does reference check and underwrites the case. A credit analysis memorandum is prepared by the credit underwriter team and sent for sanctioning to the appropriate credit authority.

Post-sanction, the title deeds will be collected from the mortgagor as per the legal advice and an acknowledgement will be given to the mortgagor by the authorized bank official. All relevant documentations are prepared and signed by the applicants and bank officials. The credit team will go through the credit checklist, upload the documents and send to the central processing centre team.

When the sanction process is completed, the central processing centre team carries out the collateral details entry in our core banking system, books the loan and transfers the loan amount to the applicant's bank account

<u>Loan Collection and Monitoring Process</u>

The loans are repayable monthly, with payment made through NACH or a standing instruction mandate.

Loans against Fixed Deposits

We offer loans or overdraft facilities to existing customers (both individuals and entities) having a fixed deposit account with our Bank. The loan amount is capped at 95% of the amount of the fixed deposit at the time of disbursement. The loan is secured against the fixed deposit. The interest rate on the loan is the interest rate on the fixed deposit plus up to 1.5% per annum. Advances are only made to the customer in whose name deposits stand. The tenure is between three months and one year and the limit expiry date cannot be set beyond the maturity date of the fixed deposit.

We started loans against fixed deposits in September 2018.

<u>Credit Appraisal and Disbursement Process</u>

To avail the facility, the customer must open a mandatory savings account (for individuals) and current account (for entities). After the Branch receives an application from existing fixed deposit customers for overdraft facility, based on the loan to value and sanction limit, a recommendation note is placed by the branch manager to the sanctioning authority for the limit of the overdraft facility.

A lien on the fixed deposit is created by the central processing centre. After limit setup of the overdraft facility is completed by central processing centre, the Branch issues the sanction letter to the customer.

<u>Loan Collection and Monitoring Process</u>

The customers of the overdraft facility is required to service interest on a monthly basis. The outstanding amount at any point of time should not exceed the fixed deposit (surrender value) amount. In the event the customer fails to pay the amount outstanding on the loan/overdraft facility including any fees, charges or any other amount levied by the Bank, the Bank will close the account by liquidating the fixed deposit within 60 days from due date. The entire communication to the customer in the event of default is handled by the centralised communication team.

The customers can also submit application to the Bank Branch for closure of the overdraft facility if they wish to initiate the closure. The Branch will inform the customer on the closure amount for the overdraft facility and request the customer to make payment. After the closure amount is received, the Bank Branch will proceed for closure of overdraft facility.

Term loans to NBFCs

We offer credit limits to NBFCs in the form of term loan and overdraft limits based on their financial assessment. Our highly personalised service, digital ancillary product offerings and quick turn-around time of decision making are noteworthy differentiators for our customers. These loans are secured by the collateral of receivables of the NBFC.

We provide term loans to NBFCs for onward lending. Such loans are provided after due diligence on the NBFCs' business model and other factors, such as experience of the board and management and segments that the NBFC lends to.

<u>Credit Appraisal and Disbursement Process</u>

Once the initial due diligence is done, a detailed information pack is submitted by the NBFC which includes trends of annual performance based on information from the audited financials as well as recent management accounts including financial information, collection information, disburement trends, and account ageing information. Based on this information and after clarifying reasons for underlying trends, a credit assessment memo is prepared by the credit team, with detailed justifications for credit extension, quantum and other terms together with appropriate financial and information covenants. The credit is approved by the appropriate credit authority. Once the terms are agreed by the borrower, documents are executed and the funds are disbursed to the borrower's bank account.

<u>Loan Monitoring Process</u>

Post disbursement monitoring includes periodic requirement of submission of management accounts from the borrower to understand recent performance and to test covenant compliance. The updated financial information is reviewed together with the status of covenant compliance, and appropriate remedial action is taken based on the discrepancies.

Two-Wheeler Loans

We launched our two-wheeler loan business in November 2020 initially for our employees and have subsequently extended it to customers.

The maximum loan-to-ratio is defined for various customer segments and is currently capped at 95%. There is no regulatory restriction on loan to value ratio on two-wheeler loans.

As at February 28, 2021, the key loan parameters for two-wheeler loans are as follows:

Loan Parameter	Min. Value	Max. Value
Loan Amount (₹)	10,000	350,000
Loan tenure (months)	6	48
Processing Fee for non-employees (% of loan amount) Excluding GST and other taxes	1%	2%
Processing Fee for employees (% of loan amount) Excluding GST and other taxes		0%
* Apart from processing fee, we also charge administration and documentation charges.		

Customers

We cater these loans to existing customers, new to bank customers and our bank employees.

Credit Approval and Disbursement Process

First credit validation done for any enquiry is the credit bureau check. The proposals meeting the credit bureau acceptance criteria of the bank are taken up for preliminary checks and documentation. Post the acceptance of bureau, customer dedupe, AML and online background checks are done. Basis the combination of residence ownership status and bureau score, decision on contact point verification is initiated. Contact point verification is conducted by reputed and empanelled third party associate. Post the successful checks on these parameters, a credit decision on sanction amount is taken (basis the segment wise loan-to-value grid). The customer and dealership are informed of the Bank's credit decision basis which the dealer proceeds ahead with initial payment, balance documentation, agreement execution and delivery of the vehicle. The repayment of the loan is through standing instructions on Jana bank account or NACH/e-NACH from customers' bank account.

The funded vehicle are hypothecated to the Bank and the registration certificate with hypothecation is obtained as post disbursement document within the defined timeframe as per bank policy.

Loan Collection and Monitoring Process

We do the welcome calling for all customers post disbursement. Customer communication through SMS and phone calls is done at pre EMI presentation stage to advise the customer to keep the bank account sufficiently funded.

The customer receives bank message on successful clearance of the EMI. In the case of the EMI dishonour, the Bank contact centre will call the customer for payment of outstanding dues including applicable bounce charges. On continuous non-payment, the Bank's collection team will get in touch with the customer for clearance of overdue loans.

In case of continued non-payment, the Bank will initiate legal actions including loan recall notices. The Bank can initiate the vehicle repossession as per contracted loan agreement conditions.

On completion of the loan tenure and/or payment of all the loan dues, the Bank will send across loan clearance documents (including no objection certificate and necessary regional transport office forms to remove hypothecation from registration certificate) to the customer's registered address.

Advances Portfolio

The table below sets forth our gross advances by product category as at the dates indicated.

Classification of Advances	As at September 30, 2020		As at March 31, 2020		2019		2018	
	Amount (₹ in millions)	% of Total	Amount (₹ in millions)	% of Total	Amount (₹ in millions)	% of Total	Amount (₹ in millions)	% of Total
Group loans	42,032.49	40.34%	40,973.37	40.41%	40,572.22	62.76%	60,493.63	80.23%
Agricultural and allied loans(1)	16,597.76	15.93%	19,673.36	19.40%	5,261.46	8.14%	4,207.25	5.58%
Individual and micro business loans	12,286.53	11.79%	13,424.14	13.24%	12,417.91	19.18%	9,793.86	12.99%
Other unsecured loans(2)	600.83	0.58%	473.49	0.47%	205.22	0.32%	8.39	0.01%
Total unsecured	***71,517.60***	***68.64%***	***74,544.37***	***73.52%***	***58,456.81***	***90.40%***	***74,503.13***	***98.81%***

Classification of Advances	As at September 30, 2020		As at March 31,					
			2020		2019		2018	
	Amount (₹ in millions)	% of Total	Amount (₹ in millions)	% of Total	Amount (₹ in millions)	% of Total	Amount (₹ in millions)	% of Total
advances								
MSME loans	20,176.15	19.36%	18,909.57	18.65%	4,303.90	6.66%	811.85	1.08%
Affordable housing loans	5,106.94	4.90%	3,393.83	3.35%	454.04	0.70%	-	0.00%
Gold loans	5,498.60	5.28%	1,675.13	1.65%	646.67	1.00%	87.61	0.12%
Loans against fixed deposits	1,689.36	1.62%	2,743.77	2.71%	804.53	1.24%	-	-
Term loans to NBFCs	202.00	0.19%	130.00	0.13%	-	-	-	-
Total secured advances	***32,673.05***	***31.36%***	***26,852.30***	***26.48%***	***6,209.14***	***9.60%***	***899.46***	***1.19%***
Total	**1,04,190.65**	**100.00%**	**1,01,396.67**	**100.00%**	**64,665.95**	**100.00%**	**75,402.59**	**100.00%**

Notes:

1. Includes loans purchased under Direct Assignment.

2. Other unsecured loans include, among others, employee loans and overdraft facilities.

The tables below sets forth the disbursement of our advances by product category (except loans against fixed deposits) for the periods indicated.

	Six months ended September 30,			
	2020		2019	
	Amount (₹ in millions)	% of Total	Amount (₹ in millions)	% of Total
Group loans	3,064.78	18.46%	18,591.33	43.95%
Agricultural and allied loans[(1)]	1,175.67	7.08%	7,585.52	17.93%
Individual and micro business loans	647.29	3.90%	6,395.98	15.12%
Other unsecured loans[(2)]	66.83	0.40%	-	-
Total unsecured advances	***4,954.56***	***29.84%***	***32,572.83***	***77.00%***
MSME loans[(3)]	1,902.08	11.46%	5,972.18	14.12%
Affordable housing loans	1,364.51	8.22%	1,816.03	4.29%
Gold loans	6,880.24	41.44%	1,940.02	4.59%
Term loans to NBFCs	1,500.00	9.04%	-	-
Total secured advances	***11,646.84***	***70.16%***	***9,728.22***	***23.00%***
Total	**16,601.40**	**100.00%**	**42,301.06**	**100.00%**

Notes:

1. Includes loans purchased under Direct Assignment.

2. Other unsecured loans include, among others, employee loans.

3. Excludes disbursements for overdraft loans.

	Year ended March 31,					
	2020		2019		2018	
	Amount (₹ in millions)	% of Total	Amount (₹ in millions)	% of Total	Amount (₹ in millions)	% of Total
Group loans	42,560.31	42.58%	34,942.85	56.96%	18,719.37	74.41%
Agricultural and allied loans[(1)]	19,939.82	19.95%	6,227.01	10.15%	1,253.10	4.98%
Individual and micro business loans	7,165.86	7.17%	5,738.04	9.35%	1,945.04	7.73%
Other unsecured loans[(2)]	5,918.11	5.92%	-	-	-	-
Total unsecured advances	***75,584.10***	***75.62%***	***46,907.90***	***76.47%***	***21,917.51***	***87.12%***
MSME loans[(3)]	14,871.89	14.88%	12,507.95	20.39%	3,129.72	12.44%
Affordable housing loans	4,452.58	4.45%	775.86	1.26%	-	-
Gold loans	4,445.07	4.45%	1,153.05	1.88%	109.42	0.43%
Term loans to NBFCs	600.00	0.60%%	-	-	-	-
Total secured advances	***24,369.54***	24.38%	***14,436.87***	23.53%	***3,239.14***	12.88%
Total	**99,953.64**	**100.00%**	**61,344.77**	**100.00%**	**25,156.65**	**100.00%**

Notes:

1. Includes loans purchased under Direct Assignment.

2. Other unsecured loans include, among others, employee loans.

3. Excludes disbursements for overdraft loans.

The table below sets forth the average tenure of our disbursed advances by product category for the periods indicated.

(in months rounded to nearest month)

	Six months ended September 30,		Year ended March 31,		
	2020	2019	2020	2019	2018
Group loans	23	24	24	24	24
Agricultural and allied loans	24	24	24	24	23
Individual and micro business loans	24	24	24	24	26
Other unsecured loans(1)	18	24	24	21	26
MSME loans(2)	70	110	113	84	35
Affordable housing loans	208	210	216	209	-
Gold loans	5	4	4	5	12
Term loans to NBFCs	26	33	29	-	-

Notes:

1. Other unsecured loans include, among others, employee loans.

2. Includes micro housing loans.

The table below sets forth the average amount (commonly referred to as "ticket size") of our disbursed advances by product category for the periods indicated.

(in ₹)

	Six months ended September 30,		Year ended March 31,		
	2020	2019	2020	2019	2018
Group loans	34,891	38,276	40,283	37,484	36,007
Agricultural and allied loans	53,052	51,052	51,340	49,071	52,197
Individual and micro business loans	60,414	75,360	70,320	74,676	88,700
Other unsecured loans(1)	20,072	46,125	73,439	31,928	31,086
MSME loans(2)	762,103	2,641,379	2,374,969	4,034,791	1,318,005
Affordable housing loans	1,220,917	1,559,604	1,513,761	1,582,470	-
Gold loans	62,444	39,798	43,186	30,498	22,415
Term loans to NBFCs	168,750,000	116,666,666	-	-	-

Notes:

1. Other unsecured loans include, among others employee loans.

2. Excludes disbursement of overdraft loans.

The table below sets forth the number of our disbursed advances by product category for the periods indicated.

	Six months ended September 30,		Year ended March 31,		
	2020	2019	2020	2019	2018
Group loans	87,898	485,707	1,057,587	920,086	519,754
Agricultural and allied loans	22,192	114,763	292,698	127,835	23,743
Individual and micro business loans	10,529	69,901	154,337	143,660	27,375
Other unsecured loans(1)	4,502	161	1,672	35,748	1,487
MSME loans(2)	2,609	2,546	6,530	1,844	1,917
Affordable housing loans	838	1,196	3,009	339	-
Gold loans	110,312	48,751	104,215	37,809	4,889
Term loans to NBFCs	8	3	11	-	5

Notes:

1. Other unsecured loans include, among others employee loans.

2. Excludes disbursement of overdraft loans.

The following table presents our sector-wise outstanding gross advances and the proportion of these advances to our outstanding domestic advances, as at the dates indicated:

	As at September 30, 2020		As at March 31,					
			2020		2019		2018	
	Amount (in ₹ millions)	% of Total	Amount (in ₹ millions)	% of Total	Amount (in ₹ millions)	% of Total	Amount (in ₹ millions)	% of Total
Agricultural and Allied Activities(1)	16,597.76	15.93%	25,672.84(2)	25.32%	5,261.53	8.14%	4,207.25	5.58%
Advances to Industry Sector	4,315.54	4.14%	4,238.43	4.18%	551.85	0.85%	1,085.03	1.44%
Advances to Services	16,590.97	15.92%	19,215.75	18.95%	9,011.84	13.94%	4,460.60	5.92%

	As at September 30, 2020		As at March 31,					
			2020		2019		2018	
	Amount (in ₹ millions)	% of Total	Amount (in ₹ millions)	% of Total	Amount (in ₹ millions)	% of Total	Amount (in ₹ millions)	% of Total
Sector								
Personal Loan and Others	66,686.38	64.00%	52,269.65	51.55%	49,840.74	77.07%	65,649.71	87.07%
Total Gross Advances	**104,190.65**	**100.00%**	**101,396.66**	**100.00%**	**64,665.95**	**100.00%**	**75,402.58**	**100.00%**

Note: *The above categorization is based on the sectoral classification as per the audited financials of respective half year and year end.*

1. *Includes loans purchased under Direct Assignment.*
2. *Includes Priority Sector Lending Certificates purchased for ₹6,000.00 million.*

Concentration of Advances and Credit Substitutes by Industry/ Economic Activity

Pursuant to RBI guidelines, exposure ceilings are 10.00% of capital funds in the case of a single borrower and 15.00% in the case of a borrower group. There are generally no restrictions in India on exposure to a particular industry. RBI norms specify exposure to capital market, real estate, sensitive commodities listed by the RBI, venture capital funds, stockbrokers, financing for acquisition of overseas entities, and credit to overseas joint ventures. For further information, see "*Key Regulations and Policies*" on page 177.

We have a well-diversified portfolio. The maximum exposure to a single borrower is 0.52% of AUM, and to a group is 0.52%.

The following table sets forth, at the dates indicated, our gross fund-loans outstanding categorized by borrower industry or economic activity:

Subsector	As at September 30, 2020		As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
	Amount (₹ in millions	% of total	Amount (₹ in millions	% of total	Amount (₹ in millions	% of total	Amount (₹ in millions	% of total
Agriculture and Allied Activities(1)	16,597.76	15.93%	19,673.36	19.40%	5,261.53	8.14%	4,207.25	5.58%
Industry	4,315.54	4.14%	4,238.43	4.18%	551.85	0.85%	1,085.03	1.44%
Services	16,590.97	15.92%	19,215.75	18.95%	9,011.84	13.94%	4,460.60	5.92%
Housing Loan	5,106.94	4.90%	3,393.83	3.35%	454.04	0.70%	-	0.00%
Personal and Others	61,579.44	59.10%	54,875.29	54.12%	49,386.70	76.37%	65,649.71	87.07%
Total	**104,190.65**	**100.00%**	**101,396.67**	**100.00%**	**64,665.96**	**100.00%**	**75,402.59**	**100.00%**

Notes:

1. Includes loans purchased under Direct Assignment.

Regional Concentration of Advances (Gross)

The following table presents an analysis of our domestic advances by region as at the dates indicated:

Region	State / Union Territory	As at September 30, 2020		As at March 31,					
				2020		2019		2018	
		Amount (₹ in millions)	% of total	Amount (₹ in millions)	% of total	Amount (₹ in millions)	% of total	Amount (₹ in millions)	% of total
Western	Maharashtra	15,789.51	14.02%	15,601.92	13.81%	9,875.25	15.15%	10,542.16	13.81%
Western	Gujarat	7,142.08	6.34%	7,761.73	6.87%	4,906.07	7.53%	5,719.94	7.49%
Western	Goa	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Southern	Tamil Nadu	22,827.59	20.27%	22,815.92	20.19%	12,685.34	19.46%	15,740.35	20.61%
Southern	Karnataka	20,856.29	18.52%	19,038.93	16.85%	9,783.89	15.01%	11,955.01	15.66%
Southern	Telangana	243.73	0.22%	6.06	0.01%	14.43	0.02%	92.2	0.12%
Southern	Puducherry	2,005.13	1.78%	2,075.57	1.84%	1,142.96	1.75%	803.09	1.05%
Northern	New Delhi	2,948.46	2.62%	3,180.55	2.81%	2,340.04	3.59%	1,726.78	2.26%
Northern	Uttar Pradesh	1,753.03	1.56%	1,538.63	1.36%	1,519.66	2.33%	7,642.67	10.01%
Northern	Haryana	5,444.87	4.83%	5,265.79	4.66%	2,882.38	4.42%	2,944.09	3.86%

Region	State / Union Territory	As at September 30, 2020		As at March 31,					
				2020		2019		2018	
		Amount (₹ in millions)	% of total	Amount (₹ in millions)	% of total	Amount (₹ in millions)	% of total	Amount (₹ in millions)	% of total
Northern	Punjab	2,740.95	2.43%	2,872.79	2.54%	1,742.59	2.67%	2,245.39	2.94%
Northern	Rajasthan	3,385.51	3.01%	4,134.18	3.66%	2,455.11	3.77%	1,915.90	2.51%
Northern	Madhya Pradesh	7,824.10	6.95%	8,300.61	7.35%	4,910.63	7.53%	4,212.69	5.52%
Northern	Chandigarh	99.36	0.09%	101.21	0.09%	0.74	0.00%		0.00%
Northern	Uttarakhand	70.69	0.06%	68.55	0.06%	148.38	0.23%	960.91	1.26%
Northern	Chhattisgarh	2,125.74	1.89%	2,300.47	2.04%	1,408.99	2.16%	1,190.49	1.56%
Eastern	West Bengal	7,481.77	6.64%	7,560.62	6.69%	4,316.07	6.62%	4,314.46	5.65%
Eastern	Assam	1,674.92	1.49%	1,596.10	1.41%	895.07	1.37%	347.14	0.45%
Eastern	Odisha	3,484.93	3.09%	3,564.15	3.15%	1,525.02	2.34%	860.31	1.13%
Eastern	Bihar	3,064.66	2.72%	3,425.69	3.03%	1,810.84	2.78%	1,914.35	2.51%
Eastern	Jharkhand	1,571.84	1.40%	1,666.48	1.47%	786.78	1.21%	1,230.60	1.61%
Eastern	Sikkim	95.19	0.08%	110.74	0.10%	45.45	0.07%	0.37	0.00%
Total		**1,12,630.35**	**100.00%**	**112,986.69**	**100.00%**	**65,195.69**	**100.00%**	**76,358.90**	**100.00%**

Maturity and Interest Rate Sensitivity of Advances

The following table sets forth, for the periods indicated, the interest rate sensitivity of our fixed rates advances as at September 30, 2020.

(₹ in millions)

Interest rate classification of advances by maturity	Due in One Year or less	Due in One Year to Five Years	Due after Five Years	Total
Fixed rates	49,985.72	38,786.48	13,438.18	**102,210.39**

Priority Sector Lending

Small Finance Banks in India are required to lend, through advances or investment, 75% of their adjusted net bank credit ("**ANBC**") or credit equivalent amount of off-balance sheet exposures, whichever is higher, to specified sectors known as "priority sectors", subject to certain exemptions permitted by RBI from time to time. Priority sector advances include advances to agriculture sector, micro and small enterprises, weaker sections, housing and education finance up to certain ceilings.

We are required to comply with the priority sector lending requirements on a quarterly basis. Any shortfall in the amount required to be lent to the priority sectors is required to be deposited with the Rural Infrastructure Development Fund established by NABARD or funds with other financial institutions as specified by the RBI, which generally provide for lower than market interest rate. Therefore, if we are unable to meet the priority sector conditions requirements, it could have an adverse effect on our results of operations.

The tables below set out our outstanding priority sector advances (as defined by the Government and the RBI) by sector, our ANBC and each sector as a percentage of our ANBC as at the dates indicated.

	As at September 30,			
	2020		2019	
	Amount (in ₹ millions)	% of ANBC(1)	Amount (in ₹ millions)	% of ANBC(1)
Agricultural and Allied Activities(3)	16,597.75	21.30%	11,259.36	12.13%
Advances to Industry Sector	3,696.14	4.74%	2,078.18	2.24%
Advances to Services Sector	11,727.22	15.05%	6,996.62	7.54%
Personal Loans and others	53,947.51	69.24%	45,689.34	49.23%
Gross advances to the priority sector	**85,968.63**	**110.34%**	**66,023.51**	**71.14%**

	As at March 31,					
	2020		2019		2018	
	Amount (in ₹ millions)	% of ANBC(1)	Amount (in ₹ millions)	% of ANBC(1)	Amount (in ₹ millions)	% of ANBC(1) (2)
Agricultural and Allied Activities(3)	25,672.83	26.84%	5,261.53	10.17%	4,207.24	NA
Advances to Industry Sector	3,418.45	3.57%	-		-	NA
Advances to Services Sector	11,291.08	11.81%	8,959.56	17.31%	4,460.60	NA
Personal Loans and others	42,734.57	44.68%	44,059.72	85.12%	65,530.98	NA
Gross advances to the priority sector	**83,116.94**	**86.90%**	**58,280.81**	**112.60%**	**74,198.82**	**NA**

Notes:
1. *ANBC represents gross advances less bills re-discounted and other permissible reductions as per the RBI guidelines, and increased by bonds/debentures in investments eligible by priority sectors.*
2. *ANBC was not applicable to us during our first fiscal year of operations.*
3. *Includes loans purchased under Direct Assignment.*

Analysis of Non-Performing Advances by Industry Sector

The table below sets forth, for the periods indicated, our non-performing advances, by the borrower's industry or economic activity.

(₹ in millions, except percentages)

	As at September 30, 2020		
Sector	Gross NPA	Provision	% of NPA in Industry
Agriculture and Allied Activities	447.65	336.10	2.70%
Industry	441.47	194.48	10.23%
Services	471.28	207.95	2.84%
Housing Loan	31.31	4.70	0.61%
Personal and Others	1,441.13	1,237.03	2.34%
Total	**2,832.84**	**1,980.26**	**2.72%**

(₹ in millions, except percentages)

	As at March 31,								
	2020			2019			2018		
Sector	Gross NPA	Provision	% of NPA in Industry	Gross NPA	Provision	% of NPA in Industry	Gross NPA	Provision	% of NPA in Industry
Agriculture and Allied Activities	474.83	334.30	2.41%	384.07	157.72	7.30%	1,131.00	463.68	26.88%
Industry	541.84	171.33	12.78%	18.90	4.72	3.42%	-	-	0.00%
Services	504.43	123.93	2.63%	765.91	213.63	8.50%	594.00	274.36	13.32%
Housing Loan	34.82	5.22	1.03%	0.00	-	0.00	-	-	-
Personal and Others	1,652.12	1,166.48	3.01%	4,056.98	2,119.09	8.27%	30,103.26	14,381.39	45.85%
Total	**3,208.04**	**1,804.28**	**3.16%**	**5,225.86**	**2,495.16**	8.08%	**31,828.27**	**15,119.43**	**42.21%**

Analysis of our NPA Portfolio by Category of Advance

(₹ in millions, except percentages)

	As at September 30, 2020		As at March 31,					
			2020		2019		2018	
	Gross NPAs	% of Gross Advances	Gross NPAs	% of Gross Advances	Gross NPAs	% of Gross Advances	Gross NPAs	% of Gross Advances
Group loans	1,141.28	1.10%	1,285.17	1.27%	3,405.18	5.27%	28,869.64	38.29%
Agricultural and allied loans	447.65	0.43%	474.83	0.47%	384.07	0.59%	1,132.24	1.50%
Individual and micro business loans	669.83	0.64%	704.80	0.70%	1,108.05	1.71%	1,762.83	2.34%
Other unsecured loans(1)	41.08	0.04%	52.72	0.05%	45.28	0.07%	2.20	0.00
Total unsecured advances	***2,299.84***	***2.21%***	***2,517.52***	***2.48%***	***4,942.59***	***7.64%***	***31,766.91***	***42.13%***
MSME loans	482.81	0.46%	589.47	0.58%	254.86	0.39%	60.38	0.08%
Affordable housing loans	31.31	0.03%	34.82	0.03%	-	-	-	-
Gold loans	18.88	0.02%	66.23	0.07%	28.41	0.04%	0.98	0.00

(₹ in millions, except percentages)

	As at September 30, 2020		As at March 31,					
			2020		2019		2018	
	Gross NPAs	% of Gross Advances	Gross NPAs	% of Gross Advances	Gross NPAs	% of Gross Advances	Gross NPAs	% of Gross Advances
Loans against fixed deposits	-	-	-	-	-	-	-	-
Term loans to NBFCs	-	-	-	-	-	-	-	-
Total secured advances	***532.99***	***0.51%***	***690.52***	***0.68%***	***283.28***	***0.44%***	***61.36***	***0.08%***
Total	**2,832.83**	**2.72%**	**3,208.04**	**3.16%**	**5,225.86**	**8.08%**	**31,828.27**	**42.21%**

Note:

1. Other unsecured loans include, among others, employee loans and overdraft facilities.

Loan Pricing

We determine the interest rates for our loans on the basis of our interest rate policy, which is approved by the Board.

Effective October 15, 2020, the interest rate on all loans up to the first three years of a loan is fixed and from three years onwards it is floating.

Fixed Interest Rates

As per our interest rate policy, the fixed interest rate on loans for tenures up to three years shall not be less than the sum of following: (1) our marginal cost of funds, (2) negative carry on cash reserve ratio, (3) operating cost, and (4) tenor premium for corresponding maturity on the date of sanction. We also take into account the risk rating applicable for the relevant product and the hurdle rate of returns when determining fixed interest rates. Our interest rate policy sets forth the currently applicable spread calculations by product based on hurdle rates for return on assets for all fixed rate loans and the components thereof. Any changes to the components of spread resulting in a change in the applicable fixed rate on loans are required to be approved by the Asset Liability Management Committee ("**ALCO**"). The national business head for the respective vertical can decrease interest rates on a loan by up to 100 basis points versus the agreed hurdle rates of pricing as approved by the ALCO.

Floating Interest Rates

As per our interest rate policy, floating interest rates are calculated based on either our Bank's marginal cost of funds based lending rate ("**MCLR**") or an external benchmark linked to a Treasury bill based lending rate ("**TBLR**"), which in our case is currently the six-month Treasury bill rate. The reset frequency for the floating interest rate on a loan may be monthly, quarterly or annual and will be specified in the loan agreement.

As per the RBI guidelines, all new floating rate personal or retail loans (including housing and auto loans) and floating rate loans extended by banks to micro and small enterprises from October 1, 2019 and floating rate loans to medium enterprises from April 1, 2020 shall be linked to an external benchmark. We have chosen the six-month Treasury bill rate as our external benchmark. As per the RBI guidelines, the interest rates on our floating rate retail loans made on or after April 1, 2016 and on or before September 30, 2019 were based on our MCLR.

The effective interest rate (benchmark rate plus margin) applicable for floating rate loans at any point in time will be determined by the hurdle rate of pricing (which is set forth in our interest rate policy), and will be communicated to the customer as an offset to the applicable benchmark rate at that point in time.

Our treasury department tables the applicable TBLR to be used for the following month at the ALCO meeting every month. Based on the spread components and hurdle rate of interest rate applicable at any point in time, the ALCO determines the applicable offsets for floating interest rate products.

The floating interest rate payable by the borrower is subject to changes based on guidelines/directives issued by RBI to banks from time-to-time based on money market conditions. The borrowers are required to acknowledge in the loan agreement that our Bank is obliged to give effect to any revision of interest rates, whether upwards or downwards, on all existing advances as per the RBI guidelines/directives.

Repricing of Floating Interest Rates

Once a minimum of three months has elapsed after booking a loan, the loan will move to a post-booking risk rating, which will be based on a model developed internally. Thereafter, at the required frequency based on when the loan was booked, the loan will be repriced in line with the revised risk grade. The pricing grid is defined in terms of margin over the TBLR, and the margin increases as the risk propensity increases. The risk grading model and the pricing grid by risk grade for customers is approved at the MSME Product Risk Committee/Risk Management Committee and is re-evaluated on a quarterly basis. Changes in risk profile and the consequent increase in margins by risk profile are agreed by the Risk Management Committee. Loans booked at floating rates priced off our MCLR are repriced with the revised margin. The revised margins are driven by the model and are the same for the same risk grade. Subsequent repricing is done on an annual basis. Loans booked at floating rates priced off the TBLR are repriced with the margin reset on a quarterly basis. When the interest rate changes, we send the customer a letter setting out the revision in risk grade and the new interest rate payable on the loan.

Penal Interest

Penal interest is levied on any overdue repayment amount until the repayment is made. The business head has the authority to waive the penal interest. However, in the case of loans to borrowers under the priority sector, no penal interest will be charged for loans up to ₹25,000. Further, we do not currently charge penal interest for group loans and individual loans.

Pre-payment Penalty

Subject to compliance with th RBI regulations, a pre-payment penalty is levied on the amount of a loan that is pre-paid. However, we do not currently charge a pre-payment penalty for any group loans and agricultural group loans.

The table below sets forth the average yield of our gross advances by product category as at the dates indicated.

(in percentages)

	As at September 30,	**As at March 31,**		
	2020	**2020**	**2019**	**2018**
Group loans	24.00%%	23.92%	22.81%	16.27%
Agricultural and allied loans	23.92%	24.04%	23.33%	20.39%
Individual and micro business loans	24.26%	24.19%	22.30%	21.10%
Other unsecured loans$^{(1)}$	14.87%	13.80%	18.81%	16.84%
MSME loans$^{(2)}$	13.98%	14.11%	15.41%	18.31%
Affordable housing loans	12.52%	13.08%	12.56%	12.59%
Gold loans	15.95%	13.83%	14.24%	17.16%
Term loans to NBFCs	13.52%	13.55%	-	-

Notes:

1. Other unsecured loans include, among others employee loans.

2. Excludes overdraft loans.

Liability Products

Retail Liability Products

Current Accounts

Current accounts are non-interest-bearing demand deposits from which unlimited number of withdrawals are allowed depending upon the balance in the account or up to an agreed amount. It is offered to the business clientele so as to facilitate their business transactions through the account. We have enabled a sweep facility to current accounts so that customers can earn interest on the funds swept to fixed deposits.

We offer an array of current account products to meet the business needs of our customers. Our current accounts come with features such as cash management services and doorstep banking to provide our customers the convenience to bank from their workplace. As at February 28, 2021, we had nine variants of current accounts catering to the needs of our diverse customer base, including micro and small enterprises, corporate entities, existing business loan and individual loan customers, non-profit entities, including trusts, associations, societies and clubs, as well as central and state government departments and agencies.

Savings Accounts

Savings accounts are interest-bearing demand deposits. Customers can also make payment of bills and purchases and transfer funds to other accounts within the banks or other banks using a savings accounts. As at February 28, 2021, we had eleven variants of savings account products catering to the needs of our diverse customer base, including the middle class and the mass affluent, young professionals, minors (below the age of 18 years and represented by guardians), non-profit entities, including trusts, associations, societies and clubs, as well as central and state government departments and agencies.

The key features of our savings accounts are competitive interest rates, cheque books, RTGS/NEFT/IMPS, pay orders, 24 x 7 internet banking, easy to operate mobile banking application, dedicated relationship manager, minimal maintenance charges, as well as the convenience of transaction at any Branches.

Digital savings accounts can be created via our self on-boarding platform DIGIGEN. The advantages of having a digital account include: instant account opening; funds transfer with NEFT, RTGS and IMPS; a debit card with unlimited transactions at our ATMs and the ability to enjoy other card benefits offered; doorstep full KYC verification services for senior citizens and differentially abled persons or video-KYC; and the initial funding of the account can be done via UPI payment gateway, debit card or net banking.

Term Deposits

Term deposits are interest-bearing deposits for a fixed period. Term deposits can be callable or non-callable as well as recurring. As at February 28, 2021, we had 22 variants of term deposits (fixed and recurring deposits) that include: special term deposits for senior citizens; deposits in excess of ₹20 million; regular fixed deposits; non-callable fixed deposits; recurring deposits; tax saver term deposits; and term deposits for digital accounts opened on our digital account platform, DIGIGEN.

We have a special deposit scheme for senior citizens, which pays additional interest on these deposits. We offer fixed deposits and recurring deposit to senior citizens. We have simplified procedures for automatic transfer of deposits to the nominee(s) of all depositors in the event of death.

Fixed Deposits

A fixed deposit is an account where a sum of money is deposited with our Bank and we pay interest at a pre-determined rate for the time duration of the deposit. The fixed deposit can be opened for a minimum period of seven days to a maximum of 10 years. The rate of interest paid for fixed deposit varies according to tenure and amount. At the end of the term, the principal and interest are returned to the customer. Under a callable fixed deposit, the customer may withdraw his deposit prior to the end of the scheduled term, subject to charges as provided in the agreement.

Non-callable Fixed Deposits

We also provide an option to our customers to enjoy additional rate of interest on their fixed deposits in comparison to regular fixed deposits. This additional rate of interest is provided in lieu of no premature withdrawal facility on the fixed deposit.

Recurring Deposits

A recurring deposit is a term deposit account where a customer invests a sum at monthly intervals in his recurring deposit account maintained with us and interest is earned as per the pre-determined rate, which is usually the same as the fixed deposit rate. These accounts can be funded either by giving standing instructions by which we withdraw a fixed amount on a fixed date of the month from the savings account of the customer (as per his or her mandate) or by deposit of cash or cheque.

Corporate and TASC Liability Products

We offer specialized business solutions to our customers wherein the products are curated to address their specific business needs and requirements.

The products, offering and service options include:

- Business Current Account
- Overdraft Account
- Virtual Accounts

We offer 'sweep' facility on select business current account variants, to help customer earn returns on their idle funds above the defined threshold balance. Business Current Account is designed to offer support and banking solutions to Trusts, Associations, Societies, Clubs and NGOs, to manage their daily transactions, which provides hassle-free banking along with cash handling on a daily basis. The virtual account and overdraft facilities are also offered to these account holders as part of the product offering.

Specialised Team for Increasing Deposits

Our government and institutional banking group services the banking needs of central and state government departments and agencies as well as co-operative banks, NBFCs and MFIs. We established our government and institutional banking group in Fiscal 2019 to focus on growing our CASA deposits from these government departments/agencies and financial institutions. This team offers our customised products and services that are specially designed for business banking needs of the government sector. All products and services extended to this segment are high touch and customized to the needs of various government departments.We had 22 employees in our government and institutional banking group as at February 28, 2021.

This segment continues to be a key focus area for the Bank wherein the Bank has tied up with various governments across states to fulfil their banking needs.

Deposits by Category

The following table sets forth, as at the dates indicated, deposits and the percentage composition by each category of deposits:

	As at September 30, 2020		As at March 31,			
			2020		2019	
	Amount (₹ in millions)	% of total	Amount (₹ in millions)	% of total	Amount (₹ in millions)	% of total
Demand Deposits	3,914.12	3.83%	2,772.72	2.87%	1,890.65	4.50%
Savings Bank Deposits	6,059.34	5.92%	4,366.03	4.52%	1,524.34	3.63%
Term Deposits	92,325.63	90.25%	89,380.72	92.60%	38,571.97	91.87%
Retail deposits	60,794.84	59.43%	51,964.14	53.84%	25,704.86	61.22%
Wholesale deposits	31,530.79	30.82%	37,416.58	38.77%	12,867.11	30.65%
Total	**102,299.09**	**100.00%**	**96,519.47**	**100.00%**	**41,986.96**	**100.00%**

Note: Amounts as at March 31, 2018 have not been given in above table as we only started accepting deposits on March 28, 2018.

Concentration of Deposits

The following table presents an analysis of our domestic deposits by region and state/union territory as at the dates indicated:

Region	State / Union Territory	As at September 30, 2020		As at March 31, 2020		As at March 31, 2019	
		Amount (₹ in millions)	% of total	Amount (₹ in millions)	% of total	Amount (₹ in millions)	% of total
Western	Maharashtra	15,070.25	14.73%	12,888.51	13.35%	7,359.09	17.53%
Western	Gujarat	2,865.63	2.80%	2,021.65	2.09%	850.92	2.03%
Western	Goa	248.21	0.24%	72.93	0.08%	5.40	0.01%
Southern	Tamil Nadu	11,787.55	11.52%	11,671.41	12.09%	3,587.51	8.54%
Southern	Karnataka	12,999.60	12.71%	11,547.34	11.96%	5,337.99	12.71%
Southern	Telangana	581.11	0.57%	504.77	0.52%	329.67	0.79%
Southern	Puducherry	510.63	0.50%	464.14	0.48%	152.51	0.36%
Northern	New Delhi	7,736.20	7.56%	7,261.75	7.52%	3,628.99	8.64%
Northern	Uttar Pradesh	6,096.77	5.96%	6,250.53	6.48%	2,635.56	6.28%
Northern	Haryana	5,255.31	5.14%	5,428.31	5.62%	2,588.89	6.17%
Northern	Punjab	5,029.64	4.92%	5,074.03	5.26%	1,811.26	4.31%
Northern	Rajasthan	3,453.39	3.38%	2,915.14	3.02%	1,317.43	3.14%
Northern	Madhya Pradesh	3,191.05	3.12%	2,802.74	2.90%	1,865.35	4.44%
Northern	Chandigarh	2,047.68	2.00%	2,147.54	2.22%	1,160.35	2.76%
Northern	Uttarakhand	2,172.42	2.12%	2,012.75	2.09%	169.73	0.40%
Northern	Chhattisgarh	1,968.92	1.92%	1,332.66	1.38%	579.85	1.38%
Eastern	West Bengal	10,865.16	10.62%	10,362.35	10.74%	4,131.05	9.84%
Eastern	Assam	2,417.20	2.36%	5,100.15	5.28%	690.48	1.64%
Eastern	Odisha	2,960.29	2.89%	2,641.15	2.74%	1,343.44	3.20%
Eastern	Bihar	3,094.09	3.02%	2,256.21	2.34%	1,764.29	4.20%
Eastern	Jharkhand	1,786.50	1.75%	1,627.92	1.69%	677.21	1.61%
Eastern	Sikkim	161.51	0.16%	135.46	0.14%	-	-
Total domestic deposits		**102,299.09**	**100.00%**	**96,519.45**	**100.00%**	**41,986.97**	**100.00%**

Note: Amounts as at March 31, 2018 have not been given in above table as we only started accepting deposits on March 28, 2018.

The following table sets forth deposits based on the location of the Branches as at the dates indicated:

	As at September 30, 2020		As at March 31 2020		Aa at March 31, 2019	
	Amount (₹ in millions)	% of Total	Amount (₹ in millions)	% of Total	Amount (₹ in millions)	% of Total
Metro	67,629.45	66.11%	62,961.20	65.23%	29,451.78	70.15%
Urban	30,202.78	29.52%	29,196.95	30.25%	10,551.98	25.13%
Semi Urban	4,213.93	4.12%	4,132.27	4.28%	1,856.99	4.42%
Rural	252.93	0.25%	229.04	0.24%	126.22	0.30%
Total	**1,02,299.09**	**100.00%**	**96,519.45**	**100.00%**	**41,986.97**	**100.00%**

Balance to Maturity for Term Deposits Exceeding ₹ 20.00 million

As at September 30, 2020, our individual domestic term deposits in excess of ₹ 20.00 million (which are bulk deposits) had balance to maturity profiles as set out below.

(*₹ in millions*)

	As at September 30, 2020				
	Up to Three Months	**Over Three Months to Six Months**	**Over Six Months to One Year**	**Over One Year**	**Total**
Balance to maturity for deposits exceeding ₹ 20.00 million	9,615.24	9,034.61	13,536.17	7,661.58	**39,847.60**

For more details on our deposits, see "*Selected Statistical Information*" on page 226.

Distribution of Third-Party Products

Insurance Products

We are a corporate agent for ICICI Prudential Life Insurance Company Limited and Bajaj Allianz Life Insurance for life insurance products and ICICI Lombard General Insurance Company Limited and Bajaj Allianz General Insurance for general insurance products. We distribute a range of insurance products, including term plans, unit linked insurance plans, guaranteed savings plan, motor insurance, fire insurance, health insurance, COVID-19 insurance, travel insurance and personal accident policies.

Point of Sale (POS) terminals

We have partnered with mSwipe technologies to distribute POS terminals to our liabilities and SME customers to facilitate cashless purchases. This is bases on the referral model partnership and the Bank does not charge any commission.

Other Services

Customised Cash Management Services

We offer cash management services to suit to our customer base. The cash management services facilities include cash pick up and cash deposit by customer by customer across all our branches. This is offered to customers for a fee.

Money Transfer Services

We provide our customers with a remittance service for transferring money on NPCI's immediate payment service platform, on the RBI's RTGS and on the NEFT.

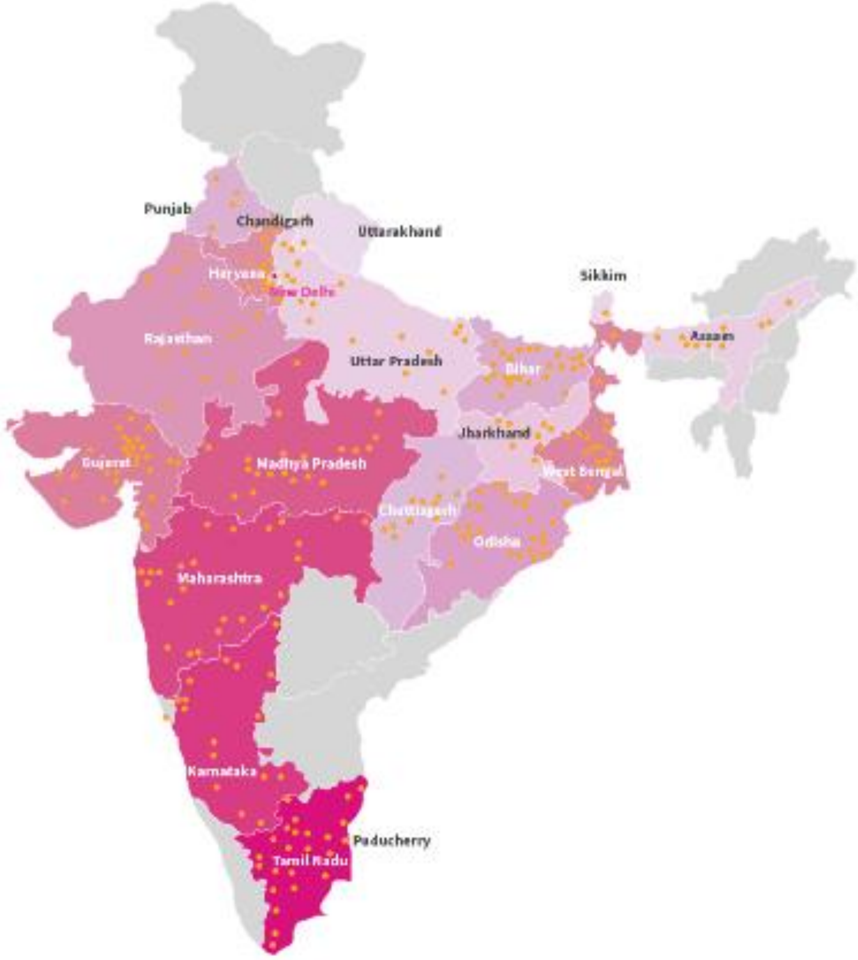
Safe Deposit Lockers

We provide safe deposit lockers to our customers to store their valuables for a fee.

Delivery Channels

We deliver our products and services through our Branches, business correspondents, ATMs, ATM cum debit cards, mobile banking platforms (including unified payment interface facilities), internet banking portals, and SMS alerts.

As at February 28, 2021, we had operations in 19 states and three union territories: Tamil Nadu; Karnataka; Telangana; Maharashtra; Gujarat; Goa; Madhya Pradesh; Chhattisgarh; Bihar; Jharkhand; Odisha; Punjab; Haryana; Rajasthan; Uttar Pradesh; Uttarakhand; Delhi; West Bengal; Assam; Sikkim; Chandigarh; and Puducherry.



As per the RBI's requirements, at least 25% of our Branches must be in Unbanked Rural Centres. As at February 28, 2021, 27.17% of our Branches were in Unbanked Rural Centres.

Branches

As at February 28, 2021, we had 611 Branches, of which 197 were metro Branches, 178 were urban Branches, 70 were semi-urban Branches and 166 were rural Branches (including 122 Branches managed by business correspondents in Unbanked Rural Centres).

As at February 28, 2021, all our Asset Centres have been converted to Branches. Our Asset Centres offered limited banking services, such as client on boarding, loan sourcing and customer service, and did not take deposits.

The following table sets forth our Branches and Asset Centres (combined) by state/union territory as at the dates indicated:

Region	State / Union Territory	As at February 28, 2021	As at March 31,		
			2020	2019	2018
Eastern	Assam	14	11	12	7
Eastern	Bihar	32	27	24	14
Eastern	Jharkhand	15	11	12	11
Eastern	Odisha	39	32	29	14
Eastern	Sikkim	1	1	0	0
Eastern	West Bengal	45	42	56	43
Northern	Chhattisgarh	18	18	23	13
Northern	Delhi	12	12	19	20
Northern	Haryana	26	27	29	22
Northern	Madhya Pradesh	56	37	43	36
Northern	Punjab	13	13	15	12
Northern	Rajasthan	35	24	30	22
Northern	Uttar Pradesh	29	30	46	45
Northern	Uttarakhand	2	3	5	4
Northern	Chandigarh	1	1	1	1
Southern	Karnataka	51	61	82	63
Southern	Pondicherry	3	3	2	2
Southern	Tamil Nadu	81	82	95	75

Region	State / Union Territory	As at February 28, 2021	As at March 31,		
			2020	2019	2018
Southern	Telangana	1	1	2	2
Western	Goa	1	1	1	1
Western	Gujarat	65	63	64	47
Western	Maharashtra	71	76	92	85
Total		**611**	**576**	**682**	**539**

The following table sets forth our Branches and Asset Centres (combined) based on the location of the Branches and Asset Centres as at the dates indicated:

	As at February 28, 2021	As at March 31,		
		2020	2019	2018
Metro	197	197	193	290
Urban	178	227	354	179
Semi Urban	70	70	69	64
Rural	166	82	66	6
Total	**611**	**576**	**682**	**539**

Business Correspondents

We utilise the services of business correspondents in order to help grow our business in locations where operating a conventional Branch is not viable and also for supporting our Branches to provide better service to our customers, particularly in rural areas. As at February 28, 2021 we had appointed four corporate entities as business correspondents for managing a total of 122 Branches in Unbanked Rural Centres. Additionally, we have seven business correspondents for sourcing and servicing of customers for group loans, agricultural and allied loans individual and individual loans.

As at September 30, 2020 and March 31, 2020, 2019 and 2018, our business correspondents were responsible for sourcing and/or servicing customers for 0.45%, 0.05%, Nil% and Nil% of our AUM respectively.

ATMs

As at February 28, 2021, we had 134 brown label ATMs. The ATM operators provides machine maintenance, cash balancing, reconciliation, cash collection and replenishment services and provides daily MIS on the basis of which the balances are compared and reconciled as per the balances with our core banking system.

ATM cum Debit Cards

We offer ATM and debit cards to our customers. The cards can be used to withdraw cash through our ATMs and the ATMs of any other bank in India and for purchase transactions at POS/Online terminals in India.

Digital Channels

We offer multiple digital servicing channels to our customers including:

- Internet Banking
- Mobile Banking
- Corporate Internet Banking

Internet Banking

We offer a suite of internet banking services, allowing our customers to conduct banking operations at any time, on any day and from any place of their convenience. Our internet banking platform provides services including fund transfer within/outside our Bank using NEFT, RTGS and IMPS; and the opening of term deposits. We also provide a 'smart budget' feature, which assists customers to plan their monthly budget.

Mobile Banking

Our mobile banking platform brings the convenience of doing banking on customers' mobile phones while providing all the banking features includes services and security.

We currently offer a mobile banking application that connects with the National Payments Corporation of India's unified payments interface platform, thereby enabling our customers to transfer funds to other banks instantaneously and use scan and pay facilities at merchant outlets. Our mobile application is compatible with both Android and iOS operating systems.

Apart from providing our customers access to all the banking services, as listed above in the 'Internet Banking' section, our mobile banking platform provides an unique feature of 'Smart Budget' that allows our customer to plan his monthly budget (spends and savings) like a professional.

SMS Alerts

Our SMS alerts facility provides alerts, account information and transactional services via SMS on both smartphones and feature phones. Our SMS alerts facility helps detect unauthorised access to customer accounts. Our missed call banking facility is available to ascertain account balance information and transaction details.

The following table sets forth information relating to our ATM cum debit cards and digital banking channels as at and for the periods/years indicated:

Particulars	As at and for the six months ended		As at and for the year ended	
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019
Total Debit Cards Issued	2,003,849	957,851	1,853,537	355,009
No. of Active Debit Cards	1,529,210	706,710	1,478,518	122,131
Number of Debit Card Transactions	1,349,445	2,402,033	6,311,525	449,038
Value of Debit Card Transactions (₹in millions)	5,360.17	12,432.51	29,492.17	6,754.90
Number of Internet Banking Transactions	58,093	30,536	75,643	13,712
Value of Internet Banking Transactions (₹ in millions)	4,695.62	2,615.63	5,903.95	1,127.19
Number of Mobile Banking Transactions	4,010,060	1,137,120	3,652,392	455,330
Value of Mobile Banking Transactions (₹ in millions)	24,207.43	11,571.73	28,995.75	7,925.83

Corporate Internet Banking

We provide our customers, especially corporates and businesses, with an array of essential banking services on our corporate internet banking channel. Customers can monitor, transact and manage their bank accounts online through our corporate net banking services thus making JANA corporate internet banking a one stop shop for all the online banking needs of a corporate.

The customers can get their accounts details, submit requests and undertake a wide range of transactions online, including our bulk upload feature. Our corporate internet banking features include fund transfers (NEFT, RTGs, IMPS, bulk payments), opening term deposits (bulk and regular fixed deposits), and multi user authorisation matrix.

Customer Service

We make use of both interactive voice responses systems and call centre agents to manage our customers' queries. Our call centre facility is available to our customers 24 hours a day, seven days a week. Our call centre agents are multi-lingual and can assist our customers in most languages spoken in areas where we operate.

Our customer service policy is directed towards providing prompt, courteous and efficient service to our customers, which in turn provides our customers satisfaction, reduces our customers' grievances and dissatisfaction and helps us to compete better in the market. Our customer service policy sets forth our commitment to our customers and provides a uniform framework for defining customer service delivery standards, rights of customers and how customer complaints and grievances shall be handled. Our customer service policy provides comprehensive guidance and instructions on services to be rendered to our customers, encompassing all of our customer touch-points – all our Branches, business correspondents, digital channels, including website and mobile app, and phone banking centres. Our customer service policy incorporates the tenets introduced by the RBI in the 'charter of customer rights', including: (i) the right to fair treatment; (ii) the right to transparency; fair and honest dealing; (iii) the right to suitability; (iv) the right to privacy; and (v) the right to grievance redress and compensation.

Treasury Operations

Our treasury department is responsible for fund raising and asset liability management, minimizing the cost of our borrowings, liquidity management and control, managing interest rate risk and investing funds in accordance with the criteria set forth in our investment policy. Our treasury department is also responsible for ensuring that the bank complies with its regulatory obligations with respect to maintaining SLR, CRR, and LCR.

Our treasury operations are significantly automated. There is a functional segregation of roles and responsibilities relating to activities within the treasury department. The treasury front office is responsible for the investment decision-making and transaction initiation. Our treasury mid office is responsible for policy setting, limit setting, limit monitoring, valuation and preparation of regulatory filings. It is also responsible for submission of replies on internal and external inspections. The treasury back office is responsible for deal validation, settlement, clearing, custody and accounting of the transactions undertaken by the treasury front office. Our treasury operations are performed from our office in Mumbai.

Risk Management

The key risks we are exposed to are: (i) credit risk; (ii) operational risk; (iii) market risk; (iv) liquidity risk; (v) interest rate risk; (vi) information security risk; and (vii) reputational risk.

Risk Management Architecture

We have adopted an integrated risk management approach in order to develop a comprehensive view of risks faced in our business. The Integrated Risk Management Policy serves as an umbrella policy for governance supported by all other risk related policies.

The Board has the overall responsibility for overseeing risks and the establishment of an effective risk management framework. The Board sets clear communications, a strong risk focused culture, reward programmes that incorporate risk-related objectives, and learning programmes to promote integrated risk management. The Board oversees the implementation of risk management policies, procedures, systems and tools and monitors risks and maintains oversight of the functioning of the risk management function. The Board has delegated authority to the Risk Management Committee of the Board for risk management. The Risk Management Committee of the Board is a Board-level committee that has overall responsibility to oversee implementation of the risk management framework and systems and monitor and manage risk. The Chairman of the Risk Management Committee of the Board is the Chief Executive Officer and the majority of the members must be independent directors.

The Risk Management Committee of the Board is in charge of reviewing and approving all risk management and measurement policies and procedures and the Internal Capital Adequacy Assessment Process ("**ICAAP**") before submission to the Board; apprising the Board at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy; overseeing the implementation of risk management frameworks and risk management systems for the different risk areas; defining risk appetite; creating risk awareness; approving results of stress testing; reviewing the Asset Liability Management; making recommendations for risk mitigations and general risk management.

The Board authorises the creation of sub committees of the Risk Management Committee at the executive level and the delegation of authorities and responsibilities to the sub committees. The senior business managers have the ownership for and are at the core of the risk management structure. The senior management are charged with the primary responsibility for designing, implementing, and maintaining an effective risk programme and following risk-based supervision. The executive level Risk Management Committee has overall responsibility in relation to operational risk management and credit risk management. The executive level ALCO has overall responsibility over market and liquidity risk management. These sub-committees formed are responsible for overseeing management of risks on regular basis and reporting to the Board and Risk Management Committee of the Board. They are responsible and accountable for managing the risk/return trade-offs in their businesses.

The Risk Management Function headed by our Chief Risk Officer oversees the development and implementation of a consistent bank-wide risk management framework and is responsible for ensuring that the requirements of various risks policy are effectively implemented and complied with and for timely reporting to Board or the Risk Management Committee of Board and Risk Management Committee of our Bank. The three sub departments within the Risk Management Function are: the Credit Risk Management Department; the Operational Risk Management Department; and the Market Risk Management Department.

<u>Business Units</u>

The business units are fully responsible for our risk management processes, the performance of their business and the management of risks they take within the risk framework established by our Bank and making related decisions for risk identification, assessment, measurement, mitigation and monitoring as well as providing ongoing risk reporting to the Risk Management Committee for ongoing review of risk management activities.

Our Bank measures risks at both an individual transaction level and at the portfolio level. The same is carried out by measuring the expected and unexpected losses for various risks as per the treatments recommended by RBI and the Basel committee. Our Bank uses capital consumption as a primary measure where applicable for risk quantification.

Credit Risk

Credit risk is the possibility of losses due to default by the borrowers and/or reduction in the value of the portfolio due to deterioration of credit quality of borrowers or counterparties.

Our credit policy provides guidelines for profitable growth of our Bank portfolio by identifying specific business opportunities and managing the risk involved and establishes the overall framework for risk management across products. The credit policy intends to ensure credit related systems and processes in line with best-in-class banks. The credit policy establishes the credit policies that govern all types of lending which pertain to us. These represent defined criteria for all forms of credit extension with which each business must comply. Any exception or deviation from these policies or established criteria requires prior approval from the Credit Committee of the Board, unless stated otherwise.

Credit risk oversight at the management level is provided through the executive level Risk Management Committee and various product risk sub-committees. The Credit Risk Management team along with the products team define specific criteria and implement policies and procedures. The Credit Risk Management team also establishes all policies, procedures and approval authorities relating to credit risk. The Chief Risk Officer and the Credit Risk Management team and the heads of credit for the various verticals are responsible for ensuring that the requirements of the credit policy and the underlying detailed policies are complied with.

Credit risk management plays an integral part in measuring and controlling risks taken by the business units. The various business teams are responsible for developing business plan based on the opportunities and the risk offered balancing the risk/return trade-offs. They function as the first line of defence, and are responsible for the quality of business sourced by them.

The Board has delegated authority to the Credit Committee of the Board to strengthen the governance around approval of larger credits. The Credit Committee of the Board are responsible for reviewing credits approved by the Credit Approval Committee under its authority and approving credits beyond the authority of the Credit Approval Committee.

Operational Risk

We have adopted the Basel Committee on Banking Supervision and the RBI definition of operational risk, which is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition is "causal-based", providing a breakdown of operational risk into four categories based on our sources: (a) people; (b) processes; (c) systems; and (d) external factors.

Based on the definition adopted, operational risk as exists in front line business functions (Branches, sales, customer service, etc.), operations and control functions. Operational risk includes legal risk, but excludes reputational risks. Legal risk includes, but is not limited to, exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as ordinary damages in civil litigation, related legal costs and private settlements.

Principles for Operational Risk Management

We have an Operational Risk Management Policy that seeks to establish explicit and consistent standards for operational risk management and measurement to enhance systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of operational risks.

Our strategy is to embed operational risk management in our day-to-day business operations and decision making processes in order to minimize operational losses and ensure adherence to defined risk tolerance limits.

We have put in place three lines of defence for managing operational risk within our Bank. Our Branches, Asset Centres, central processing centre, and operations and quality assurance teams are the first line of defence; they responsible for implementing effective internal controls to manage operational risks and demonstrating continuous operating effectiveness. There are separate functional Operational Risk Committees to monitor operational risk across all the verticals. The Operational Risk Management Department is the second line of defence; it is responsible for establishing frameworks, policies, limits and processes for the identification, management, monitoring, and reporting of operational risks. The Internal Audit Department is the third line of defence; it provides an independent assurance to the Audit Committee of the Board on the adequacy and effectiveness of both first and second line of operational risk management.

KYC and AML

The Risk Management Committee oversees the implementation of our KYC/AML Policy. The compliance department at our corporate office has the primary responsibility of the implementation of our KYC/AML Policy and KYC/AML procedures.

Our KYC/AML policy has been framed for the following purposes:

- to ensure that only right type of customers are on-boarded;
- to prevent criminal elements from using our Bank for money laundering or any other illegal activities;
- to understand each customer's profile and their financial dealings, which helps to manage the associated risks;
- to put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws and laid down procedures;
- to comply with applicable laws and regulatory guidelines; and
- to ensure that the concerned staffs are adequately trained in KYC/AML procedures.

The KYC/AML policy is applicable across our Bank and to all the external stakeholders associated with our Bank. We ensure that appropriate KYC procedures are duly applied before introducing new products, services and technologies. We also ensure that decision making functions of determining compliance with KYC norms are not outsourced.

Our KYC/AML policy is based on the following key elements: customer acceptance policy; customer identification procedures; monitoring of transactions; and risk management of customers.

<u>Internal Money Laundering and Terrorist Financing Risk Assessment</u>

We undertake an annual risk assessment exercise to identify, assess and take measures to mitigate the money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels. In the risk assessment exercise, we also take into cognizance the overall sector-specific vulnerabilities, if any, that the regulator/supervisor shares from time to time. The key purpose of the money laundering and terrorist financing risk assessment is to drive improvements in financial crime risk management through identifying the general and specific money laundering and terrorist financing risks our Bank is facing, determining how these risks are mitigated by AML/KYC programme controls and establishing the residual risk that remains for our Bank.

<u>On-going Due Diligence</u>

We undertake on-going due diligence of our customers to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile and the source of funds.

Market Risk

Market risk is defined as the risk that the value of 'on or off' balance sheet positions will be adversely affected by movements in market interest, currency exchange rates, equity and commodity prices.

Market risk has the following components:

- Interest Rate Risk: The risk that changes in market interest rates may adversely affect valuation of our Bank's investment portfolio.

- Exchange Rate Risk: The risk that our Bank may suffer losses due to adverse exchange rate movements during a period in which it has an open position, either spot or forward, or a combination of the two, in any foreign currency. However, since we do not lend or borrow in foreign currency, we do not have any foreign exchange rate risk as September 30, 2020.

- Equity Price Risk: The risk that our Bank may suffer losses due to adverse movements in prices of the equities held in our portfolio. In addition to the above mentioned market risks, our investment portfolio could be subject to credit risk and losses due to mark to market.

We have a Market Risk Policy that outlines our approach to the management of market risk and seeks to adopt a comprehensive identification, monitoring, management and reporting framework that allows market risk to be tracked, managed and overseen in a timely and efficient manner for all asset classes in such a way that the risk taken are within the approved risk tolerance limits.

Management of market risk encompasses risk identification, risk measurement, setting up of limits and triggers, risk monitoring, risk control, risk reporting and suggesting corrective actions, where warranted.

Our market risk management framework is aligned to the guidelines established by RBI for market risk management. The components of the market risk framework are designed to help ensure that the risk exposures of our Bank remain within our risk appetite and tolerance.

<u>Risk Identification and Assessment</u>

Risk identification entails ensuring that all instruments on and off the balance sheet of our Bank that give rise to market risk are identified and monitored centrally. Our Bank is exposed to the following types of market risk on account of our trading and balance sheet management activities:

Our Bank is exposed to interest rate risk through our investment portfolio, comprising both the trading book and banking book investments. Our Bank is also exposed to interest rate risk on account of forex trading transactions as permitted, interest rate derivatives as permitted and preference share holdings.

Our Bank is exposed to equity risk through our trading book investments in listed and unlisted equity and mutual funds. The pertaining risk factors for this asset class include market price and beta factor.

Basis risk arises from the imperfect co-relation between changes in the rates earned and paid on different instruments with otherwise similar repricing characteristics.

<u>Risk Measurement</u>

Our Bank has adopted risk metrics that aim to ensure that the market risks to which we are exposed are within our risk tolerance and appetite.

Risk Monitoring and Reporting

The Mid Office is responsible for day-to-day monitoring of both position and exposure limits, as well as risk sensitivity limits and reporting the same to the Head of Treasury and Capital Markets and senior management. However, the Front Office is responsible for monitoring the risk and loss limits on a real time basis.

Liquidity Risk and Interest Rate Risk

Liquidity risk is the inability of a bank to meet such obligations as they become due, without adversely affecting the Bank's financial condition. We are concerned with two types of liquidity risk: funding liquidity risk, and market liquidity risk.

- Funding liquidity risk is the risk that a bank will not be able to meet efficiently the expected and unexpected current and future cash flows and collateral needs without affecting either its daily operations or its financial condition.

- Market liquidity risk is the risk that a bank cannot easily offset or eliminate a position at the prevailing market price because of inadequate market depth or market disruption.

Interest rate risk is the risk where changes in market interest rates affect a bank's financial position. The key components of interest rate risk are as follows:

- Repricing Risk – Repricing risk arises when assets and liabilities gets re-priced at different time and for different rate of interest on account of either maturity or fixed and floating nature of assets and liabilities and off-balance sheet instruments;

- Yield Curve Risk – Yield curve risk is caused by non-parallel shifts of relative level of rates across the yield curve;

- Basis Risk – Basis risk arises from the imperfect co-relation between changes in the rates earned and paid on different instruments with otherwise similar repricing characteristics; and

- Option Risk - The option risk arises on account of embedded options in different assets and liabilities of our Bank viz., prepayment of term loans, premature closure of term deposits and other call and put options.

We have adopted an Asset Liability Management ("**ALM**") framework that addresses the management of liquidity risk and interest rate risk.

The overall responsibility for deciding the ALM policy and setting up prudential limits for liquidity, interest rate and other risks remains with the Board of Directors. The main responsibilities have been delegated to and lie with the ALCO. The ALCO is a committee of senior management formed with primary objective of asset liability management at bank-wide level. It reviews the liquidity risk and interest rate risk from the asset liability management perspective and give directives for managing the same.

Liquidity Risk Management

The ALM policy addresses both the funding liquidity risk and market liquidity risk, using the flow approach, which utilizes the tool of standard liquidity statement and the stock approach, which utilizes the regulatory prescribed ratios and bank-specific additional ratios including stress scenarios. Liquidity management on day-to-day basis is guided by the estimated liquidity gaps in structural liquidity analysis; the projected short-term funds flow analysis and daily funds flow analysis.

Our principles of liquidity risk management are summarized as follows:

- We have established a liquidity risk management framework that aims to maintain sufficient liquidity at a reasonable cost.

- We aim to actively monitor and control liquidity risk exposures and funding needs within and across legal entities, business lines and currencies.

- We aim to establish a funding strategy that provides effective diversification in the source and tenor of funding.

- We publicly disclose information on a regular basis that enables market participants to make an informed judgment about the soundness of our liquidity risk management framework and liquidity position.

- We regularly conduct stress tests incorporating a variety of scenarios with varying severity to assess the liquidity risk.

- We use the stress test outcomes to adjust our liquidity risk management strategies, monitor limits and revise, if necessary and develop contingency plans.

- We aim to maintain a cushion of unencumbered, high quality liquid assets to be held as insurance against a range of liquidity stress scenarios.

- The senior management develops and reviews the strategies, policies and practices for managing liquidity risk in accordance with the risk tolerance.

We conduct liquidity related stress testing under baseline, medium and severe scenarios on a half yearly basis. The ALCO may modify these scenarios from time to time based on emerging risks.

<u>Interest Rate Risk Management</u>

For measurement and management of interest rate risk, we adopt both the traditional gap analysis and the duration gap analysis to our aggregate position of assets, liabilities and off-balance sheet items that are rate sensitive. The ALCO sets the internal limits under both traditional gap analysis and duration gap analysis for interest rate risk based on our risk bearing and risk management capacity.

Information Security Risk

Information security focuses on protecting confidentiality, integrity, and availability of information, and cyber security is the ability to protect or defend the use of cyberspace from cyberattacks. Cyberspace is the interconnected network of information systems or infrastructures such as internet, telecommunications networks, computer systems and many others systems.

We have in place an Information Security Management Policy, which provides an integrated set of protection measures that must be uniformly applied across our Bank to ensure a secured operating environment for our business operations. The objective of the Information Security Management Policy is to provide our Bank an approach for managing information risks and directives for the protection of information assets to all units, and those contracted to provide services.

Our Information Security Management Policy addresses the information security requirements of:

- Confidentiality: Protecting sensitive information from disclosure to unauthorized individuals or systems;
- Integrity: Safeguarding the accuracy, completeness, and timeliness of information; and
- Availability: Ensuring that information and vital services are accessible to authorized users when required.

The Board of Directors has the overall responsibility for the policy. The Information Risk Management Department gives recommendations regarding the Information Security risk and is responsible for the maintenance and review of the Information Security Policy and also for the formulation and review of all sub policies derived from Information Security Management Policy.

We have put in place an information security organization that is divided into the executive management, governance and implementer. The executive management, comprising the Board of Directors, implements security governance and defines the strategic security objective. The Information Security Governance section, comprising the Information Security Committee, Business/Department Heads, the Information Security Officer, the Chief Risk Officer, and the Chief Technology Officer, is in charge of managing risks appropriately and verifying that the enterprise resources are used responsibly by providing strategic direction. The Information Asset Owner, Asset Custodian, IT Security operations and IT Operation belong to implementer section that are in charge of ensuring that initiatives and existing operations adhere to policies. The roles and responsibilities of the abovementioned members of the Information Security Organization members are set out in detail in the Information Security Management Policy.

A separate Cyber Security Policy has been put in place to deal with cyber security risks. The Information Risk Management Department is responsible for articulating the Cyber Security Policy and creating awareness amongst all the stakeholders through circulars and conducting regular trainings. IT Security Department is responsible for implementation of the policy. Our approach to cyber security is based on our vision of protecting information and information infrastructure in cyberspace, building capabilities to prevent and respond to cyber threats, reducing vulnerabilities and minimizing damage from cyber incidents through a combination of institutional structures, people, processes, technology and cooperation.

ICAAP

Our ICAAP Policy provides details of the areas to be covered in the ICAAP document in line with RBI guidelines on ICAAP under Basel III. We document all material risk exposures incurred by our Bank in the ICAAP document. The ICAAP document indicates the quantitative or qualitative risk measurement approaches adopted for each risk type and details our risk appetite statement; assessment of relevant risks and demonstration of a process to identify and manage risks on an ongoing basis; our stress testing framework; financial projections and planning; and linkages with decision making processes. The ICAAP document is reviewed and recommended to the Board by the Risk Management Committee of the Board.

Reputational Risk

Reputational risk is the risk arising from negative perception on the part of customers, counterparties, shareholders, investors or regulators that can adversely affect a bank's ability to maintain existing, or establish new, business relationships and continued access to sources of funding.

Our reputation is founded on trust from our employees, clients, shareholders, regulators and from the public in general. We have established a reputation risk framework through:

- policies and procedures to prevent risks;
- a comprehensive crisis management programme, including reputation risk;
- a communication strategy that is designed to build, maintain and protect our reputation;
- fraud risk management processes;
- mandatory compliance training for employees;
- well laid-down credit policies;
- end-to-end management of customer complaints;
- a legal team to handle potential litigation;
- in-built safeguards for vendor management;
- continuous regulatory engagement; and
- a proactive investor relations team.

Information Technology

We are constantly focused on upgrading our technology platforms. The majority of our sourcing and collections across assets and liabilities are digitized using mobile tablets, with an emphasis on straight through processing, while incorporating fraud and regulatory checks, PAN validation, eKYC (leveraging India stack services (Aadhaar, NSDL, mobile and GST verification)) to digitally authenticate and on-board customers, credit bureau checks supporting multiple bureaus, AML checks and checking if the applicant is already a customer of our Bank are fully automated using a robust integration layer.

We have partnered with Fintech companies to tap into an online APIs that provide customer financial and non-financial information sourced from various governmental agencies and other trusted service providers. These can be processed in real time to generate an array of financial metrics and potential 'red flags' in a customer's profile, enabling us to make more informed credit approval decisions.

We have also invested in various technology, infrastructure and tools to drive data analytics and to convert our data into impactful insights. We have built a comprehensive enterprise data warehouse that ensures all reporting and analytical data is loaded on an intra-day, daily and monthly basis. The enterprise data warehouse integrates data from over 20 source systems, including our core banking system, loan origination system, lead management system, customer relationship management system, field collections system and call centre management system. We use various tools to ensure that all data is extracted, transformed, integrated and made available for analysis in a timely manner. We also integrate our internal data with external data from credit bureaus to create a "360 degrees view" of each customer, which underpins decisions relating to the sales of all credit products. Our business intelligence and analytics team, which comprised 35 employees as at February 28, 2021, utilizes integrated business intelligence tool to create and automate reports and provide interactive dashboards. The team publishes numerous daily reports that are used by our sales, collections and operations teams. The team also uses tools to provide everything from building analytically-driven cross-sale strategies, to undertaking portfolio risk analytics and loss forecasting, to deploying optimization models for branch-level cash management.

Our core banking system is supported by software provided by IT solutions service provider. Our other key processes and critical application systems, such as anti-money laundering check, helpdesk service centre, sourcing for customers, lead life-cycle management, loan processing, treasury operations support, internet banking, loan disbursement and collection, customer relationship management, and asset liability management are also supported by robust third-party technology platforms. We have collaborated with software solution providers and software service providers for these functions.

Our back-office services use certain robotic process automation capabilities, which have eliminated a number of manual processing steps, thereby reducing turnaround times and eliminating human errors.

Our automated document management system is managed in-house and support secure, long-term storage of customer and related financial documentation.

We have automated our backend corporate processes, including a human resource platform covering end-to-end management of our human resources operations, right from on-boarding to performance management, as well as a digital platform for employee reimbursements, vendor payments and petty cash management.

As required by the RBI, we have an Information Technology Strategy Committee that, among other things, monitors the information technology resources required to achieve our strategic goals and provides high-level direction for sourcing and use of information technology resources.

Our primary data centre is in Bengaluru and is operated by NTT-NetMagic. Our disaster recovery centre is in Mumbai and is operated by CtrlS Datacentres Ltd.

Marketing

To enhance the visibility of our brand, we advertise using banners, newspaper advertisements, billboards, digital media and social media as well as sponsor events. We were one of the sponsors for Test cricket matches in India in 2017 and 2018. In September 2020, we launched our "Jana Karo, Jama Karo" campaign. The campaign is designed to ensure coverage across a wide spectrum of customers and potential customers. This campaign is also our first above the line brand campaign in multiple regional languages (Hindi, Tamil, Kannada, Marathi and Bengali). The key theme of this campaign is on invoking trust and expanding our retail deposit business.

We use print and outdoor mediums to create awareness about our various assets and liability products.

We use e-mail, SMS and WhatsApp messages to let our customers know about new product launches and offers.

We celebrate "Jana Diwas" to recognise achievements by our customers and employees. We celebrate this day post August 15 and we mark this day as "Financial Independence" day for our customers. Thousands of customer success stories are judged by an independent jury and the winners are honoured at a national event. During our last Jana Diwas event, we also organised a financial inclusion conclave involving regulators, policy makers, bankers and eminent personalities from social sectors. The conclave was broadcast on national television.

Our corporate and social responsibility initiatives are aimed at helping underserved communities, which helps build our brand in our key target customer segment. For details, see "-*Corporate and Social Responsibility*" on page 176.

Competition

The Indian finance industry is intensely competitive. We face intense competition in all our principal products and services.

There are multiple players in the microfinance sector with varied organisational structures. Loans in the microfinance sector are provided by banks, Small Finance Banks, NBFC-MFIs, other non-banking finance companies and non-profit organisations. Banks provide loans under the self-help group model and JLG. However, they also give microfinance loans directly or through business correspondents to meet their priority-sector lending targets. NBFC-MFIs and non-profit MFIs are the only two players with loan portfolios exclusively focused towards microfinance *(Source: IRR Report*).

Our competitors in the organized sector may have a better brand recognition, greater business experience, more diversified operations, a greater customer and depositor base, a larger branch network and better access to funding and at lower costs than we do. Furthermore, certain requirements that are applicable to Small Finance Banks in terms of the SFB Operating Guidelines and other banking laws and regulations are significantly more stringent in comparison to scheduled commercial banks and NBFCs. Ensuring compliance with these laws and regulations has and will continue to limit our revenue, thereby making it more difficult to compete with other players in the organized sector. For further details, see "– *We are subject to stringent regulatory requirements and prudential norms. If we are unable to comply with such laws, regulations and norms it may have an adverse effect on our business, financial condition, results of operations and cash flows*" on page 35. In addition, we compete with informal sources of lending for microfinance loans, including moneylenders, landlords, local shopkeepers and traders.

On December 5, 2019, the RBI issued guidelines for on-tap licensing of Small Finance Banks, which allows applicants to apply for a Small Finance Bank license at any time, subject to the fulfilment of certain eligibility criteria and other conditions. We expect this to increase competition for us. Further, consolidation in the industry driven by the merger of other banks is likely to further increase competition by creating larger, more homogeneous and potentially stronger competitors in the market. Increase in operations of existing competitors or the entry of additional banks offering similar or a wider range of products and services could also increase competition. Further, with the advent of technology based initiatives and alternative modes of banking, we may face increased competition in this sector, which may in turn impact our results of operations.

We also face competition from specialized Fintech companies who could disrupt our origination, sales and distribution process.

Insurance

We maintain insurance policies that we believe are customary for Small Finance Banks. Our principal insurance policies are: (i) bankers' indemnity policy, which covers direct loss of money or securities; (ii) directors' and officers' liability insurance, including liability excess policy; (iii) insurance covering fire and allied perils, burglary and house breaking, plate glass, breakdown of electrical/mechanical appliances, electronic equipment, portable electronic equipment and fire loss of profit as well as terrorism; (iv) commercial general liability insurance, covering public liability (no-industrial) and all other liabilities (subject to certain exclusions); (v) cyber risk insurance; (vi) group health insurance; (vii) group life insurance; (viii) personal accident insurance; and (ix) a group COVID-19 insurance policy.

Intellectual Property

For details on our intellectual property, see "*Government and Other Approvals – Intellectual Property*" on page 365.

Employees

The following table sets forth the numbers of our employees, categorised by function, as at February 28, 2021:

Functions	Number of Employees
Internal Audit	74
Collections	7617
Compliance	12
Credit	491
Finance and Admin	68
Human Resources	53
Information Technology	18
Operations	2515
Risk Management	17
Sales	5861
Treasury and Capital Markets	4
Others	38
Total	**16,768**

We believe our employees are one of the critical pillars of our business. Our goal is to drive their performance and productivity by empowering them with relevant training.

Each new employee goes through a mandatory on boarding, induction and functional training programme. Certain programmes, such as compliance, fraud risk and information security training, are mandatory for all employees. Specialists from various departments carry out training in areas of AML and customer due diligence.

Our online learning portal, called Diksha, offers a variety of training programs (both e-learning and classroom) to equip our employees in their domain as well as cross functions.

We have an internal training initiative called the Drona Program, whereby members in that team coach, mentor and train other employees and equip them to perform better in their respective roles. The Drona Program won the runners-up award at the Dale Carnegie Global Leadership Award 2019 event held on December 4, 2019 in Mumbai. The Dale Carnegie Global Leadership Award recognizes companies that prioritize their employees' development and showcase this belief through their investments in learning and radiate this value throughout their culture.

We also encourage our employees to take part in training programmes that are delivered by external organizations as identified by themselves or their supervisors based on their learning requirements.

Properties

We do not own any real estate properties. We lease our corporate office and registered office. As at February 28, 2021, we leased/licensed 611 Branches. As at February 28, 2021, we had 134 brown label ATMs, all of which were on leased/licensed premises.

Corporate and Social Responsibility

We have adopted a CSR policy in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 notified by the Central Government. We have a board approved CSR policy and have established a board level CSR management committee. Our corporate and social responsibility initiatives are aimed at helping help underserved communities, which helps build our brand in our key target customer segment. Some of our recent initiatives have included:

- Distributing food packets in and around our Branches and Asset Centres to help those in underserved communities deal with the COVID-19 lockdown.
- Sponsoring Tirunelveli City Municipal Corporation's solid waste management and disposal.
- Organising eye check-up and health check-up camps.

KEY REGULATIONS AND POLICIES

The following description is a summary of certain key sector specific laws and regulations in India, which are applicable to us. The information detailed in this section has been obtained from publications available in the public domain. The regulations and their descriptions set out below may not be exhaustive, and are only intended to provide general information to the Bidders and are neither designed nor intended to substitute for professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions.

Our Bank is engaged in the business of operating as a small finance bank primarily serving the unserved and underserved, with a focus on financial inclusion. We deliver our products and services through our business correspondents, Branches, Asset Centres, ATMs, ATM cum debit cards, mobile banking platforms, SMS alerts, internet banking portals and unified payment interface facilities. Under the provisions of various Central Government and State Government statutes and legislations, our Bank is required to obtain and regularly renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations. For information regarding regulatory approvals obtained by our Bank, see *"Government and Other Approvals"* on page 362.

The following is an overview of some of the important laws and regulations, which are relevant to our business as an SFB.

BANKING RELATED LEGISLATIONS

Banking Regulation Act, 1949 ("Banking Regulation Act")

Banks in India are required to obtain a license from the RBI to carry on banking business in India. Such license is granted to the bank subject to compliance with certain conditions some of which include that: (i) the bank has or will have the ability to pay its present and future depositors in full as their claims accrue; (ii) the affairs of the bank are not or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) the bank has adequate capital structure and earnings prospects; (iv) public interest will be served if such a license is granted to the bank; and (v) the general character of the proposed management of the company will not be prejudicial to public interest or the interests of the depositors. The RBI has the power to cancel the license if a bank fails to meet the conditions or if the bank ceases to carry on banking operations in India. Additionally, the RBI has issued various reporting and record-keeping requirements for such commercial banks. The appointment of the auditors of the banks is subject to the approval of the RBI. The RBI can direct a special audit in public interest, or in the interest of the banking company, or in the interest of its depositors. It also sets out the provisions in relation to the loan granting activities of a banking company. The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in other business activities. As per the Banking Regulation Act read with the gazette notification DBR.PSBD. No. 1084/16.13.100/2016-17 dated July 21, 2016, there is a limit of 26% on voting rights in respect of private sector banks. Pursuant to amendments to the Banking Regulation Act in January 2013, private sector banks are permitted, subject to the guidelines framed by the RBI, to preference shares in addition to ordinary equity shares.

Further, the Banking Regulation Act, requires any person to seek prior approval of the RBI, to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5% or more of the paid-up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. Further, the RBI may, by passing an order, restrict any person or persons acting in concert with him, holding more than 5% of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5%, if such person is deemed to be not fit and proper to hold shares or voting rights, by the RBI. Under the RBI (Prior Approval for Acquisition of Shares or Voting Rights in Private Sector Banks) Directions, 2015, an existing shareholder who has already obtained prior approval of the RBI for having a "major shareholding" in a private sector bank, need not obtain approval for an additional fresh acquisition resulting up to 10% aggregate shareholding in such bank. However, if the additional acquisition results in an aggregate shareholding that is in excess of 10%, the prior approval of RBI must be obtained. Further, persons with 'major shareholding' shall also periodically report to the concerned bank on continuing to be fit and proper.

Further, the RBI requires the banks to create a reserve fund to which it must transfer not less than 25% of the net profit before appropriations. If there is an appropriation from this account or the share premium account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation.

Certain amendments also permit the RBI to establish a 'Depositor Education and Awareness Fund', which will take over any credit balances in any account in India with a banking company which has not been operated upon for a period of 10 years or any deposit or any amount remaining unclaimed for more than 10 years.

The amendments also confer power on the RBI (in consultation with the central government) to supersede the board of directors of a banking company for a period not exceeding a total period of 12 months, in public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or any banking company or for securing the proper management of any banking company.

The appointment, re-appointment, or termination of the appointment of a chairman, managing director or whole-time director, manager, chief executive officer of a bank shall have effect only if it is made with the prior approval of the RBI. Further, no amendment in relation to the maximum number of permissible directors, remuneration of the chairman, managing director, whole-time director or any other director, manager, chief executive officer shall have effect unless approved by the RBI. RBI is also empowered to remove a chairman, director, chief executive officer or other officer or employee from office on the grounds of public interest, interest of depositors or securing the proper management. Moreover, RBI may order meetings of the board of directors to discuss any matter in relation to the bank, appoint observers to such meetings, make such changes to the management as it may deem necessary, and may also order the convening of a general meeting of the bank's shareholders to elect new directors. Banking companies are restricted from granting loans or advances on the security of its own shares, enter into any commitment for granting any loan or advance to or on behalf of (i) any of its directors; (ii) any firm in which any of its directors is interested as partner, manager, employee or guarantor or (iii) any company which is not a subsidiary of the banking company, a company registered under Section 25 of the Companies Act, 1956, a government company, a subsidiary or a holding company of which any of the directors of the banking company is a director, managing agent, manager, employee or guarantor or in which the director holds substantial interest; or (iv) any individual in respect of whom any of its Directors is a partner or a guarantor.

The RBI may impose penalties on banks, directors and its employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in the contravention. The penalty may also include imprisonment of the concerned director or employee. Banks are also required to disclose the penalty in their annual report.

The RBI Act, 1934 ("RBI Act"), as amended

The RBI Act provides a framework for supervision of banking firms in India. The RBI Act was passed to constitute a central bank to, *inter alia*, regulate the issue of bank notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country. RBI may, subject to certain conditions, direct the inclusion or exclusion of any bank from the second schedule of the RBI Act. Scheduled banks are required to maintain cash reserves with the RBI. In this regard, RBI may stipulate an average daily balance requirement to be complied with by such banks and may direct that such banks regard a transaction or class of transactions as a liability. Further, RBI may direct any banking company to submit returns for the collection of credit information and may also furnish such information to a banking company upon an application by such company. RBI has the power to impose penalties against any person for *inter-alia* failure to produce any book, account or other document or furnish any statement, information or particulars which such person is duty-bound to produce or furnish under the RBI Act, or any order, regulation or direction thereunder.

Reserve Bank of India's Guidelines for Licensing of "Small Finance Banks" in the Private Sector dated November 27, 2014 ("SFB Licensing Guidelines")

The RBI issued the SFB Licensing Guidelines and clarifications dated January 1, 2015, for licensing of SFBs in the private sector. The following is an indicative list of guidelines applicable to our Bank:

1. **Registration, licensing and regulations**: An SFB is required to be registered as a public limited company under the Companies Act and licensed under Section 22 of the Banking Regulation Act. The SFB is required to use the words "Small Finance Bank" in its name. SFBs are governed by the provisions of the Banking Regulation Act, RBI Act, FEMA, Payment and Settlement Systems Act, 2007, Credit Information Companies (Regulation) Act, 2005, Deposit Insurance and Credit Guarantee Corporation Act, 1961, and other relevant statutes and the directives, prudential regulations and other guidelines/instructions issued by RBI and other regulators from time to time. The SFBs will be given scheduled bank status once they commence their operations and are found suitable as per Section 42(6)(a) of the RBI Act. Pursuant to a notification dated March 28, 2020, titled 'Guidelines for Licensing of Small Finance Banks in Private Sector' dated November 27, 2014 – Modifications to existing norms, the RBI revised certain requirements under the SFB Licensing Guidelines including, *inter alia*; (i) providing general permission to all existing SFBs to open banking outlets subject to adherence to unbanked rural centre norms as per RBI circular DBR.No.BAPD.BC.69/22.01.001/2016-17; (ii) exempting all existing SFBs from seeking prior approval of the RBI for undertaking such non risk sharing simple financial service activities, which do not require any commitment of own funds, after three years of commencement of business.

2. **Eligible promoters**: Resident individuals/professionals with ten years of experience in banking and finance and companies and societies owned and controlled by residents will be eligible as promoters to set up SFBs. Existing NBFCs, MFIs and local area banks that are owned and controlled by residents can also opt for conversion into an SFB. However, joint ventures by different promoter groups for the purpose of setting up SFBs would not be permitted. Promoters/ promoter groups should be 'fit and proper', on the basis of their past record of their sound credentials and integrity, financial soundness and successful track record of professional experience or of running their business for at least a period of five years in order to be eligible to promote SFB. Pursuant to a notification dated March 28, 2020, the RBI clarified that the promoters of the existing SFBs could cease to be promoters or could exit from the bank after completion of a period of 5 years, depending on the RBI's regulatory and supervisory comfort/discomfort and SEBI regulations in this regard at that time.

3. **Scope of activities**: The SFB is required to primarily undertake basic banking activities of acceptance of deposits and lending to unserved and underserved sections and supply of credit to small business units, small and marginal farmers, micro and small industries, and other unorganised sector entities, through high technology-low cost operations. It can also undertake other non-risk sharing simple financial services activities, not requiring any commitment of own fund, such as distribution of mutual fund units, insurance products, pension products, etc. with the prior approval of RBI and after complying with the requirements of the sectoral regulator for such products. The SFB can also become a Category II Authorised Dealer in foreign exchange business for its clients' requirements. It cannot set up subsidiaries to undertake non-banking financial services activities. Further, the other financial and non-financial services activities of the promoters, if any, should be kept distinctly ring-fenced and not comingled with the banking business. The annual branch expansion plans should be compliant with the requirement of opening at least 25% of its branches in unbanked rural centres ("**URC**") (having population of up to 9,999 as per the latest census). A URC is a rural centre that does not have a Core Baking Service-enabled 'Banking Outlet' of a scheduled commercial bank, a SFB, a payment bank or a regional rural bank nor a branch of local area bank or licensed Co-operative Bank for carrying out customer based banking transactions. In case of a conversion from NBFC/MFI, the SFB is allowed to preserve the advantages of the former structure for a period of three years from the date of commencement of their business, to align banking network with the extant guidelines. The existing structures would be treated as 'Banking Outlets' and would not be subjected to the 25% norm. However, for all new outlets opened or converted from the existing NBFC/MFI branches in a year shall be required to open at least 25% banking outlets in unbanked rural centres. Further, there shall not be any restriction in the area of operations of a SFB, however, preference will be given to SFBs who in the initial phase to set up the bank in a cluster of under-banked states/ districts, such as in the North-East, East and Central regions of India. Such SFBs shall not have any hindrance to expand to other regions in due course. It is expected from the SFBs that it shall be primarily responsive to local needs.

4. **Capital requirement**: The minimum paid-up equity capital of an SFB is required to be ₹1,000 million. It shall be required to maintain a minimum capital adequacy ratio of 15% of its risk weighted assets on a continuous basis, subject to any higher percentage as may be prescribed by RBI from time to time. The tier I capital should be at least 7.5% of the risk weighted asset. The tier II capital should be limited to a maximum of 100% of the tier I capital. Further, the capital adequacy ratio should be computed as per the Basel committee's standardised approaches.

5. **Promoter's contribution**: The promoter's minimum initial contribution to the paid-up equity capital of the SFB shall at least be 40% which shall be locked in for a period of five years from the date of commencement of business of the SFB. However, if an existing NBFC, MFI or local area bank has diluted the promoter's shareholding to less than 40% but above 26%, due to regulatory requirements or otherwise, the RBI may not insist on the promoter's minimum initial contribution. Further, the promoter's shareholding should be brought down in prescribed phases. If the initial shareholding of the promoters is more than 40%, it should be brought down to 40% within a period of five years and thereafter to 30% within 10 years and to 26% within 12 years from the date of commencement of business of the SFB. Further, if an SFB reaches the net worth of ₹5,000 million, listing will be mandatory within three years of reaching that net worth.

6. **Foreign shareholding**: Foreign shareholding would be as per the FDI Policy for private sector banks, as amended from time to time. As per the current FDI Policy, foreign direct investment is permitted up to 49% under the automatic route and up to 74% under government route in a private sector Indian bank.

   With effect from April 1, 2020, the aggregate limit for FPI investments shall be the sectoral caps applicable to our Bank (i.e. up to 74% of the paid-up capital of the Bank).

7. **Voting rights and transfer/ acquisition of shares**: As per the Banking Regulation Act read with the gazette notification dated July 21, 2016, there is a limit of 26% on voting rights in respect of private sector banks. This will also apply to SFBs.

8. **Prudential norms**: The SFB will be subject to all prudential norms and regulations of RBI as applicable to existing commercial banks. Further, the SFB will have to comply with additional conditions/ norms such as extending 75% of its adjusted net bank credit to sectors eligible for classification as priority sector lending by RBI, while 40% of its adjusted net bank credit shall be allocated to different sub-sectors under priority sector lending as per the extant priority sector lending prescriptions, the SFB can allocate the balance of 35% to any one or more sub-sectors under priority sector lending where it has competitive advantage. Maximum loan size and investment limit exposure to a single and group obligor being restricted to 10% and 15% of its capital funds, respectively, at least 50% of its loan portfolio should constitute loans and advances of up to ₹2.5 million, etc. However, after the initial stabilisation period of five years, and after a review, RBI may relax the above exposure limits. The SFB is also precluded from having any exposure to its promoters, major shareholders (who have shareholding of 10% of paid-up equity shares in the bank), and relatives (as defined in Section 2 (77) of the Companies Act, 2013 and rules made thereunder) of the promoters as also the entities in which they have significant influence or control (as defined under Accounting Standards AS 21 and AS 23).

9. **Corporate Governance**: The Board of the SFB should have a majority of independent directors. Further, the SFB will have to comply with the corporate governance guidelines including 'fit and proper' criteria for directors as issued by RBI from time to time.

10. **Others**:

- Individuals (including relatives) and entities other than the promoters will not be permitted to have shareholding in excess of 10% of the paid-up equity capital. In case of NBFCs or MFIs converting to an SFB, if shareholding of entities (other than the promoters) in the NBFC is in excess of 10% of the paid-up equity capital, RBI may consider providing time up to 3 years for the shareholding to be brought down to 10%.
- An SFB cannot be a Business Correspondent ("**BC**") for another bank. However, it can have its own BC network.
- A promoter of an SFB cannot be granted licenses for both universal bank and small finance bank even if the proposal is set to them up under the non-operative financial holding company structure.
- If an SFB wishes to transit into a universal bank, it would have to apply to the RBI for such conversion and fulfil the minimum paid-up capital / net worth requirement as applicable to universal banks and also comply with other criteria prescribed in this regard.
- The operations of the bank should be technology driven from the beginning, conforming to generally accepted standards and norms; while new approaches (such as for data storage, security and real time data updating) are encouraged, a detailed technology plan for the same shall be furnished to RBI.
- The compliance of terms and conditions laid down by RBI is an essential condition of grant of licence. Any non-compliance will attract penal measures including cancellation of licence of the bank.

Reserve Bank of India's Operating Guidelines for Small Finance Bank dated October 6, 2016 ("SFB Operating Guidelines")

The SFB Operating Guidelines are supplementary to SFB Licensing Guidelines. The SFB Operating Guidelines came into force considering the differentiated nature of business and financial inclusion focus of SFBs. The SFB Operating Guidelines set out the following:

1. **Prudential Regulation**: The prudential regulatory framework for the SFBs will be largely drawn from the Basel standards. However, given the financial inclusion focus of these banks, it will be suitably calibrated:

   a) **Capital adequacy framework**: The minimum capital requirement is 15%;

   b) **Leverage ratio**: The leverage ratio is 4.5%, calculated as percentage of Tier 1 capital to total exposure; and

   c) **Inter-bank borrowings**: SFBs are allowed exemption from the existing regulatory ceiling of interbank borrowings till the existing loans mature or up to three years, whichever is earlier. Afterwards, it will be on par with scheduled commercial banks. However, the borrowings made by the SFBs after the commencement of its operations shall be subject to inter-bank borrowing limits.

2. **Corporate governance**:

   a) **Constitution and functioning of board of directors:** The extant provisions as applicable to banking companies shall be applicable to SFBs as well. Specifically, in case of entities being converted into SFBs, the existing terms and conditions of appointment of directors will be grandfathered till completion of their present term; and

   b) **Constitution and functioning of committees of the board, management level committees, and remuneration policies:** The extant provisions in this regard as applicable to private sector banks, shall be applicable to SFBs as well.

3. **Banking Operations**:

   a) **Branch authorization policy**: SFBs should follow the extant instructions pertaining to the branch authorization policy applicable to scheduled commercial banks as laid down in the Rationalisation of Branch Authorisation Policy - Revision of Guidelines issued by the RBI on May 18, 2017. SFBs are required to have 25% of their branches in unbanked rural centres within one year from the date of commencement of business. The SFBs are given three years from the date of commencement of the business to align with this requirement, however, during these three years, at least 25% of total number of branches opened by SFBs in a financial year should be in unbanked rural centres.

   b) **Regulation of Business Correspondents:** The SFBs may engage all permitted entities including the companies owned by their business partners and own group companies on an arm's length basis as business correspondents (**"BC"**). These business correspondents can have their own branches managed by their employees operating as "access points" or may engage other entities/persons to manage the "access points" which could be managed by the latter's staff. In such cases, from the regulatory perspective, the SFB will be responsible for the business carried out at the 'access points' and the conduct of all the parties in the chain regardless of the organizational structure including any other intermediaries inserted in the chain to manage the BC network. Further, the Operating Guidelines also provide that the business correspondents must be doing online transactions/using point of sale terminals for doing transactions; and

c) **Bank charges, lockers, nominations, facilities to disabled persons:** The extant provisions applicable to scheduled commercial banks shall be applicable to SFBs as well.

d) **Marginal Cost of funds based lending rate, other related regulations on interest rates and fair practice code for lenders:** The extant provisions applicable to scheduled commercial banks shall be applicable to SFBs as well.

4. **KYC requirements:** At their discretion, SFBs may (like all other banks) decide not to take the wet signature while opening accounts, and instead rely upon the electronic authentication/ confirmation of the terms and conditions of the banking relationship or account relationship keeping in view their confidence in the legal validity of such authentications or confirmations. However, all the extant regulations concerning KYC including those covering the Central KYC registry, and any subsequent instructions in this regard, as applicable to commercial banks, would be applicable to SFBs.

Reserve Bank of India's Master Direction on Priority Sector Lending – Small Finance Banks – Targets and Classification dated July 29, 2019 ("SFB Priority Sector Lending Regulations")

The SFB Priority Sector Lending Regulations apply to every SFB licensed to operate in India by the RBI. In terms of these regulations, the sectors categorised as priority sectors are agriculture, micro, small and medium enterprises ("MSME"), export credit, education, housing, social infrastructure, renewable energy and other sectors. Further, the SFB Priority Sector Lending Regulations requires SFBs have a target of 75% for PSL of their adjusted net bank credit. Further, for agriculture sector, micro enterprises and advance to weaker sections, the targets are 18%, 7.5% and 10% of the adjusted net bank credit respectively.

The SFB Priority Sector Lending Regulations provides conditions, thresholds and requirements for determining agriculture, micro, MSME, export credit, education, housing, social infrastructure, renewable energy and other sectors.

RBI on September 4, 2020 issued Master Direction – FIDD.CO.Plan.BC.5/04.09.01/2020-21 on 'Priority Sector Lending (PSL) – Targets and Classification' wherein the sub-target for small and marginal farmers is increased from 8% currently to reach 10% in phased manner by financial year ending 2023-24. Further, the sub-target for Weaker section is increased from 10% currently to reach 12% in phased manner by financial year 2023-24. In addition, certain other charges were made such as change in definition of MSME in line with Government of India (GoI), Gazette Notification S.O. 2119 (E) dated June 26, 2020 read with circular RBI/2020-2021/10 FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 read with FIDD.MSME & NFS. BC. No.4 /06.02.31/2020-21 dated July 2, 2020, August 21, 2020 respectively on 'Credit flow to Micro, Small and Medium Enterprises Sector' and updated from time to time.

Reserve Bank of India's Press Release 'Statement on Developmental and Regulatory Policies' dated March 27, 2020

The press release has now allowed a moratorium of three months on payment of payment of instalments in respect of all term loans outstanding as on March 1, 2020. Accordingly, the repayment schedule and all subsequent due dates, including the tenor for such loans, may be shifted across the board by three months. In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are permitted to defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 up to May 31, 2020. The accumulated accrued interest shall be recovered immediately after the completion of this period. The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs) by the lending institutions.

In respect of working capital facilities sanctioned in the form of cash credit or over draft to borrowers facing stress on account of the economic fallout, lending institutions may recalculate the 'drawing power' by reducing the margins and/or by reassessing the working capital cycle. This relief shall be available in respect of all such changes effected up to May 31, 2020 and shall be contingent on the lending institutions satisfying themselves that the same is necessitated in light of COVID-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19.

The notification dated September 29, 2020 titled "Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR)", due to the continued uncertainty on account of COVID-19, the implementation of NSFR guidelines is now deferred by a period of six months and will now come in effect from April 1, 2021.

Reserve Bank of India's Press Release 'Statement on Developmental and Regulatory Policies' dated October 9, 2020

The press release has now revised the limit for risk weight for regulatory retail portfolio to ₹75 million from ₹50 million, for individuals and small businesses with turnover up to ₹500 million, in respect of all fresh as well as incremental qualifying exposures. Further, the RBI issued another circular – DOR.No.BP.BC.23/21.06.201/2020-21, dated October 12, 2020 clarified that the risk weight of 75 per cent will apply to all fresh exposures and also to existing exposures where incremental exposure may be taken by the banks upto the revised limit of ₹75 million. The other exposures shall continue to attract the normal risk weights as per the extant guidelines.

In respect of payment and settlement systems, the Real Time Gross Settlement System ("RTGS") will be available 24x7 on all days with effect from 14 December 2020.

Lastly, the RBI issued notification – DOR. No.BP.BC.24/08.12.015/2020-21, dated October 16, 2020 titled "Individual Housing Loans – Rationalisation of Risk Weights", to rationalise the risk weights for all housing loans, irrespective of the amount, sanctioned on or after October 16, 2020 and upto March 31, 2022, the risk weight shall be 35% if Loan To Value Ratio (**"LTV"**) is less than or equal to 80%, and 50% if LTV is above 80% but less than or equal to 90%.

Reserve Bank of India's Compendium of Guidelines for Small Finance Banks – Financial Inclusion and Development dated July 6, 2017

Considering the differentiated nature of business and financial focus of the SFBs and taking into account the important role that SFBs can play in the supply of credit to micro and small enterprises, agriculture and banking services, the RBI issued a specific compendium of guidelines for SFBs on areas relating to financial inclusion and development. SFBs are required to open at least 25% of its branches in unbanked rural centres. SFBs will have a target of 75% for priority sector lending of their adjusted net bank credit. The identified priority sectors are agriculture, MSMEs, export credit, education, housing, social infrastructure, renewable energy and certain categories of loans identified therein.

Reserve Bank of India's Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function Staff dated November 4, 2019 ("RBI Compensation Guidelines")

The Financial Stability Board Principles for Sound Compensation Practices, 2009 ("**FSB Principles**") aim to ensure effective governance of compensation, alignment of compensation with prudent risk taking and effective supervisory oversight and stakeholder engagement in compensation. The FSB Principles have been endorsed by the G-20 countries and the Basel Committee on Banking Supervision ("**BCBS**") which has published remuneration related reports and disclosure requirements. Pursuant to the stipulations in the reports and disclosure requirements published by BCBS, the RBI issued the RBI Compensation Guidelines which are based on the FSB Principles and are applicable to all private sector banks (including small finance banks) and foreign banks operating in India. In line with the FSB Principles banks are required to take steps to implement certain guidelines by putting in place necessary policies/systems. These guidelines include, *inter alia*, formulation of a compensation policy, constitution of nomination and remuneration committee, alignment of compensation of whole-time directors/chief executive officers and material risk takers with prudent risk taking etc. All applications for approval of appointment/re-appointment or approval of remuneration/revision in remuneration of whole time directors/chief executive officers shall be submitted to the RBI with the details as prescribed in the guidelines. These guidelines shall be applicable for pay cycles beginning from/after April 1, 2020.

Reserve Bank of India's Guidelines on Compensation of Non-executive Directors of Private Sector Banks dated June 1, 2015

The board of directors of a private sector bank, in consultation with its remuneration committee, is required to formulate and adopt a comprehensive compensation policy for non-executive directors (other than part-time non-executive Chairman), subject to the requirements prescribed under the Companies Act. The Board may, at its discretion, provide for in the policy, payment of compensation in the form of profit related commission to the non-executive directors, subject to bank making profits. Such compensation, however, shall not exceed ₹1.00 million per annum for each non-executive director. In addition to the directors' compensation, the bank may pay sitting fees to the non-executive directors and reimburse their expenses for participation in the board. Further, all private sector banks are required to obtain prior approval of RBI for granting remuneration to the part-time non-executive Chairman under Section 10B(1A)(i) and 35B of the Banking Regulation Act.

Reserve Bank of India's Master Circular - Mobile Banking Transactions in India- Operative Guidelines for Banks dated July 1, 2016 ("Mobile Banking Transaction-Operative Guidelines")

The Mobile Banking Transaction Operative Guidelines contains all rules, regulations and procedures prescribed to be followed by banks for operationalizing mobile banking in India. Banks which are licensed, supervised and having physical presence in India are permitted to offer mobile banking services after obtaining one-time RBI approval. Only banks who have implemented core banking solutions are permitted to provide mobile banking services. Banks are required to put in place a system of registration of customers for mobile banking. Further, to meet the objective of a nation-wide mobile banking framework, facilitating inter-bank settlement, a robust clearing and settlement infrastructure operating on a 24x7 is mandated. Pending creation of such a national infrastructure, banks may enter into bilateral or multilateral arrangement for inter-bank settlements, with express permission from the RBI, unless such arrangements have been authorized by the RBI under the Payment and Settlement System Act, 2007.

Reserve Bank of India's Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016, as amended on April 20, 2020 ("KYC Directions")

KYC Directions are applicable to every entity regulated by RBI specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. The KYC Directions also prescribe detailed instructions in relation to, *inter alia*, the due diligence of customers, record management and reporting requirements (such as the details of the person designated by the board of directors as a designated director etc.,) to Financial Intelligence Unit – India. The RBI, pursuant to a circular dated January 9, 2020 titled Amendment to Master Direction (MD) on KYC read with the amended KYC Directions dated April 20, 2020, has provided that all regulated entities shall develop an application to enable a video based customer identification process i.e. digital KYC process at customer touchpoints, of their customers. It also inserted directions for Regulated entities to assess 'Money Laundering' and 'Terrorist Financing' risk for clients, transactions or delivery channels, products, services etc. and take measures to mitigate the same on a risk based approach. The outcome of this exercise shall be put up to the Board or any committee of the Board formed in this regard and shall be made available to competent authorities and self-regulating bodies.

Master Circular on Prudential norms on income recognition, asset classification and provisioning pertaining to advances dated July 1, 2015 ("Master Circular on Prudential Norms")

The RBI, pursuant to its "Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances" issued on July 1, 2015, classifies NPAs into (i) sub-standard assets; (ii) doubtful assets; and (iii) loss assets. The circular also specifies provisioning requirements specific to the classification of the assets.

In July 2005, the RBI issued guidelines on sales and purchases of NPAs between banks, financial institutions and NBFCs. However, as per SFB Operating Guidelines, while SFBs are permitted to sell NPAs, they are not permitted to purchase NPAs. These guidelines require that the board of directors of a bank must establish a policy for purchases and sales of NPAs. An asset must have been classified as non-performing for at least two years by the seller bank to be eligible for sale. In October 2007, the RBI issued guidelines regarding valuation of NPAs being put up for sale.

Reserve Bank of India's (Prudential Framework for Resolution of Stressed Assets) Directions 2019 dated June 07, 2019 ("Framework for Resolution of Stressed Assets")

The RBI laid down directions under the Framework for Resolution of Stressed Assets with a view to aid early recognition, reporting and time bound resolution of stressed assets. The framework provided for entails a stage wise resolution plan which includes; (a) early identification and reporting of stress; (b) Implementation of resolution plan; (c) implementation conditions for the resolution plan; (d) delayed implementation of resolution plan.

Stressed assets shall be recognised by incipient stress in loan accounts immediately or default, by classifying such assets as special mention assets which would further be categorised based on the number of days since the default has occurred. Following this, the resolution plan formulated by the Board of the Bank would become applicable.

Reserve Bank of India's Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions dated May 30, 2013.

The RBI revised the "Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions" on May 30, 2013. Banks are required to make a provision of certain per cent on restructured standard accounts for different periods depending on the way an account is classified as restructured standard account, i.e. either *ab initio* or on upgradation or on retention of asset classification. Pursuant to the revised guidelines the provisioning requirement has been increased to 5% in respect of new restructured standard accounts (flow) with effect from June 1, 2013 and in a phased manner for the stock of restructured standard accounts as of March 31, 2013 as follows:

a) 3.50% with effect from March 31, 2014 (spread over the four quarters of 2013-2014);

b) 4.25% with effect from March 31, 2015 (spread over the four quarters of 2014-2015); and

c) 5% with effect from March 31, 2016 (spread over the four quarters of 2015-2016).

Master Direction – Ownership in Private Sector Banks, Directions, 2016 dated May 12, 2016

The Reserve Bank of India issued master directions for ownership in private sector banks in May 2016. The directions are applicable to all private sector banks licensed by RBI to operate in India. Under the directions, shareholders are now categorized as natural persons (individuals) and legal persons (entities/institutions) for the purposes of ownership limits in the longer run. Non-financial and financial institutions, and among financial institutions, diversified and non-diversified financial institutions shall have separate limits for shareholding.

The limits for shareholding are as follows: (i) in the case of individuals and non-financial entities (other than promoters /promoter group), the limit shall be 10% of the paid-up capital. However, in case of promoters being individuals and non-financial entities in existing banks, the shareholding shall be 15%, (ii) for entities in the financial sector, other than regulated or diversified or listed, the limit shall be at 15%, (iii) in case of 'regulated, well diversified, listed entities from the financial sector' and shareholding by supranational institutions or public sector undertaking or Government undertaking, a limit of 40% is prescribed, and (iv) higher stake/strategic investment by promoters/non-promoter through capital infusion by domestic or foreign entities/institution shall be permitted on a case to case basis under circumstances such as relinquishment by existing promoters, rehabilitation/ restructuring of problem/ weak banks/ entrenchment of existing promoters or in the interest of the bank or in the interest of consolidation in the banking sector

A period of 12 years from the date of commencement of business of the bank shall be available for the promoters and promoter group in cases where dilution to a lower level of shareholding is required for compliance with the specified limits. Acquisition of shareholding in a private sector bank shall be subject to the applicable FDI Policy, with the aggregate foreign investment in private sector banks not exceeding 74% of the paid-up capital. The directions further prescribe that banks (including foreign banks having branch presence in India) shall not acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's holding is 10% or more of the investee bank's equity capital. However, RBI may permit a higher level of shareholding by a bank in exceptional cases.

Master Direction – Issue and Pricing of shares by Private Sector Banks, Directions, 2016

The RBI issued master directions for issue and pricing of shares by private sector banks on April 21, 2016. The directions are applicable to all private sector banks licensed by RBI to operate in India. Under the directions, "private sector banks" have been defined as banks licensed to operate in India under the Banking Regulation Act other than urban co-operative banks, foreign banks and banks licensed under specific statutes. Under the directions, a private sector bank, both listed and unlisted, has general permission for issue of shares by way of public issues (initial public offer, further public offer), private placement (preferential issue, qualified institutional placement), rights issue and bonus issue, subject to compliance with applicable laws such as FEMA and extant foreign investment policy of the GoI for private sector banks, provisions of the Companies Act, and the relevant SEBI guidelines, the RBI master directions dated November 19, 2015 on Prior Approval for Acquisition of Shares or Voting Rights in Private Sector Banks and reporting of complete details of the issue to RBI such as date of issue, details of the type of issue, issue size, details of pricing, number and names of allottees, post allotment shareholding position etc., along with a copy of the board/ annual general meeting resolution and prospectus/ offer document in the prescribed format.

Guidelines for 'on tap' Licensing of Small Finance Banks in the Private Sector dated December 5, 2019 ("On-Tap Licensing Guidelines")

The RBI had, post review of the performance of existing small finance banks, issued the Draft Guidelines for 'on tap' Licensing of Small Finance Banks in the Private Sector dated September 13, 2019, to encourage competition amongst small finance banks, and subsequently, post consideration of responses received, issued the On-Tap Licensing Guidelines on December 5, 2019. Pursuant to the On-Tap Licensing Guidelines, the following are eligible promoters: (i) resident individuals/ professionals (Indian citizens), singly or jointly, each having at least 10 years of experience in banking and finance at a senior level; and (ii) companies and societies in the private sector, that are owned and controlled by residents (as defined in FEMA Regulations, as amended from time to time), and have a successful track record of running their businesses for at least a period of five years. Further, existing NBFCs, micro finance institutions and local area banks in the private sector that are controlled by residents (as defined in FEMA Regulations, as amended from time to time), and have a successful track record of running their businesses for at least a period of five years, can opt for conversion into SFBs after complying with applicable law. Promoters/promoter groups should be 'fit and proper' with, amongst other things, past record of sound credentials and integrity, financial soundness, a successful track record of professional experience or of running their business for at least a period of five years in order to be eligible to promote SFB. The SFB is required to be registered as a public limited company under the Companies Act and licensed under the Banking Regulation Act. The minimum net worth of such small finance banks shall be ₹1,000 million from the date of commencement of business. Further, the SFB is required to maintain a paid-up voting equity capital of ₹2,000 million within five years from the date of commencement of business, which certain exceptions, such as in case of SFBs which are transited from Primary (Urban) Co-operative Banks ("**UCBs**"), or converted from NBFCs/MFIs etc., for which the requirement is separately set out.

Further, promoters are required to hold a minimum of 40% of the paid-up voting equity capital of the SFB, which shall be locked-in for a period of five years from the date of commencement of business of the bank. Such shareholding is required to be reduced to a maximum of 30% and 15% of the paid-up voting equity capital within 10 years and 15 years, respectively, from the date of commencement of business of the SFB. Furthermore, SFBs are required to be mandatorily listed within three years of reaching a net worth of ₹5,000 million. The SFB will be subject to all prudential norms and regulations of the RBI as applicable to existing commercial banks.

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 ("RDDBFI Act")

The RDDBFI Act was enacted for adjudication of disputes pertaining to debts due to banks and financial institutions exceeding ₹2.00 million. The RDDBFI Act provides for the constitution of debt recovery tribunals, before which banks and financial institutions may file applications for recovery of debts. Further, no court or other authority, except the Supreme Court or a High Court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter. The tribunals may pass orders for directions including *inter- alia* recovery of such dues by the bank as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective tribunal; attachment of the secured properties towards the dues to the bank: injunctive orders restraining the debtors from alienating, transferring or disposing of such secured properties; appointment of receivers and/or local commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the debt recovery tribunal before the debt recovery appellate tribunal, which is the appellate authority constituted under the RDDBFI Act.

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act governs securitization of financial assets in India. The SARFAESI Act provides that any securitization or reconstruction company may acquire the financial assets of a bank or financial institution by either entering into an agreement with such bank or financial institution for the transfer of such assets to the company or by issuing a debenture or bond or any other security in the nature of the debenture, for consideration, as per such terms and conditions as may be mutually agreed between them. The SARFAESI Act further provides that if the bank or financial institution is a lender in relation to any financial assets acquired by the securitization/reconstruction company as stated above, then such company shall be deemed to be the lender in relation to those financial assets. Further, upon such acquisition, all material contracts entered into by the bank or financial institution, in relation to the financial assets, shall also get transferred in favour of the securitization/reconstruction company. The SARFAESI Act also enables banks and notified financial institutions to enforce the underlying security of an NPA without court intervention. Pursuant to an asset being classified as an NPA, the security interest can be enforced as per the procedure laid down in the Security Interest Enforcement Rules, 2002.

The Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018 ("Repo Directions")

The Repo Directions are applicable to repurchase transactions undertaken on stock exchanges, electronic trading platforms authorised by the RBI and over-the-counter market. The securities eligible for repurchase under the Repo Directions are government securities, listed corporate bonds and debentures subject to the condition that no participant shall borrow against the collateral of its own securities, or securities issued by a related entity, commercial papers, certificate of deposits and other such securities of a local authority as prescribed by the Central Government. Eligible participants include any regulated entity, listed corporate, unlisted company which has been issued special securities by the Government of India, using only such special securities as collateral, All India Financial Institution viz. Exim Bank, NABARD, NHB and SIDBI and any other entity approved by the Reserve Bank from time to time for this purpose. The Repo Directions prescribes the eligibility criteria, roles and obligations, application procedure for authorisation and exit procedure for tri-party agents. The Repo Directions provide that a repo shall be undertaken for a minimum period of one day and a maximum period of one year.

The Banking Ombudsman Scheme, 2006, as amended up to July 1, 2017 ("Ombudsman Scheme")

The Ombudsman Scheme provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters. All scheduled commercial banks, regional rural banks and scheduled primary co-operative banks are covered under the Ombudsman Scheme. On July 1, 2017, the Ombudsman Scheme was amended to widen the scope of the scheme, *inter alia*, to deficiencies arising out of sale of insurance/mutual fund/ other third party investment products by banks and now permitted customer to lodge a complaint against the bank for non-adherence to RBI instructions with regard to mobile banking/electronic banking services. The amended Ombudsman Scheme also provided for revised procedures for redressal of grievances by a complainant under the Ombudsman Scheme and increased the pecuniary jurisdiction of the Banking Ombudsman. The Banking Ombudsman receives and considers complaints relating to the deficiencies in banking or other services filed on the grounds mentioned in clause 8 of the Ombudsman Scheme and facilitates their satisfaction or settlement by agreement or through conciliation and mediation between the bank concerned and the aggrieved parties or by passing an Award in accordance with the Ombudsman Scheme.

Prevention of Money Laundering Act, 2002 ("PMLA")

In order to prevent money laundering activities the PMLA was enacted which seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA casts certain obligations on, *inter alia*, banking companies in relation to preservation and reporting of customer account information. The RBI has advised all banks to go through the provisions of the PMLA and the rules notified thereunder and to take all steps considered necessary to ensure compliance with the requirements of section 12 of the PMLA.

Ministry of Finance circular dated October 23, 2020 in relation to scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts

In view of the COVID-19 pandemic, the Ministry of Finance, Government of India has, pursuant to circular dated October 23, 2020, approved a scheme for grant of *ex-gratia* payment of difference between compound interest and simple interest by way of reliefs for the six months period from March 1, 2020 to August 31, 2020, to borrowers in specified loan accounts ("**Scheme"**), benefits of which would be routed through lending institutions. The Scheme is applicable to all lending institutions, including, *inter alia*, banking companies, public sector banks, NBFCs and housing finance companies. Borrowers in the following segments, who have loan accounts having sanctioned limits and outstanding amount not exceeding 20 millions (aggregate of all facilities with lending institutions) as on February 2, 2020 shall be eligible under the Scheme, subject to certain conditions, namely (i) MSME loans; (ii) education loans; (iii) housing loans; (iv) consumer durable loans; (v) credit card dues; (vi) automobile loans; (vii) personal loans of professionals; and (viii) consumption loans. Under the Scheme, lending institutions can claim reimbursement in respect of the amounts credited to the accounts of the eligible borrowers, in the manner set out under the operational guidelines of the Scheme.

Report on the Internal Working Group to Review Extant Ownership Guidelines and Corporate Structure for Indian Private Sector Banks, 2020 dated November 20, 2020 ("IWG Report")

The RBI pursuant to a press release dated November 20, 2020 released the IWG Report, with the aim to bring uniformity of norms in extant licensing and regulatory guidelines relating to ownership and control, corporate structure, and other related issues. The RBI's Internal Working Group has made recommendations which have implications on SFBs. These include, *inter-alia*, (i) cap on Promoters' holding at 26% of the paid-up voting equity share capital of the bank in the long run (i.e. 15 years). Additionally, the IWG Report proposes a dispensation of the requirement of sub-targets (between 5 to 15 years) for dilution of Promoters' holding, and uniform cap of 15% of paid-up voting equity share capital of the bank for non-promoter shareholders in long run; (ii) proposal for the existing SFBs to be mandatorily listed within 6 years of reaching net worth of INR 500 crores or 10 years from commencement of operations, whichever is earlier; and (iii) bar on creation of any pledge of shares by the promoters, during the lock-in period, which results in insufficient unencumbered shares to meet lock-in requirements. Further, voting rights emanating from any invocation of pledge, which results in transfer/purchase of 5% of total shareholding of the bank, without prior approval from RBI are proposed to be restricted until the pledgee receives the approval of the RBI.

The recommendations of this report will come into effect, after its adoption by the RBI.

RBI Regulatory Framework in light of COVID-19

In view of the recent outbreak of the COVID-19 pandemic, the RBI has issued various circulars and other regulatory frameworks and relaxations to taken / to be availed by the respective banks to deal with the disruptions caused by the COVID-19 pandemic.

The RBI *vide* its circular dated March 16, 2020, has provided an indicative list of actions to be taken by the banks as part of their operations and business continuity plans including *inter alia* take steps of sharing important instructions/ strategy with the staff members at all levels and sensitizing the staff members about preventive measures/steps to be taken in suspected cases, based on the instructions received from health authorities, from time-to-time, encourage their customers to use digital banking facilities, as far as possible, take stock of critical processes and revisiting business continuity plan ("**BCP**") in the emerging situations/scenarios with the aim of continuity in critical interfaces and preventing any disruption of services, due to absenteeism either driven by the individual cases of infections or preventive measures.

The RBI *vide* its circular dated May 23, 2020 has permitted the lending institutions to extend the Moratorium Period on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans) by another three months i.e. from June 1, 2020 to August 31, 2020. In relation to working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are permitted to allow a deferment of another three months, from June 1, 2020 to August 31, 2020, on recovery of interest applied in respect of all such facilities. In respect of such working capital facilities, lending institutions are permitted, at their discretion, to convert the accumulated interest for the deferment period up to August 31, 2020, into a funded interest term loan which shall be repayable not later than March 31, 2021. As mentioned above, such changes will not be treated as concessions granted due to 'financial difficulty' of the borrower under the Prudential Framework and consequently, availing such a measure, will not, by itself, result in asset classification downgrade.

In respect of such working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may, as a one-time measure,

(i) recalculate the 'drawing power' by reducing the margins till August 31, 2020. However, in all such cases where such a temporary enhancement in drawing power is considered, the margins shall be restored to the original levels by March 31, 2021; and/or,

(ii) review the working capital sanctioned limits upto March 31, 2021, based on a reassessment of the working capital cycle.

The above measures under the RBI circular dated May 23, 2020, shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19. Lending institutions may, accordingly, put in place a Board approved policy to implement the above measures.

Further, the RBI through its 'Statement on Developmental and Regulatory Policies' dated August 6, 2020, stated that with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, it has been decided to provide a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as standard (as set out under the Prudential Framework) subject to specified conditions. The RBI has also issued a notification on August 6, 2020 titled 'Resolution Framework for COVID-19-related Stress' ("**Covid-19 Resolution Framework**"). Under the Covid-19 Resolution Framework, lending institutions are required to frame policies, as approved by their board of directors, for implementation of viable resolution plans for eligible borrowers pursuant to the Covid-19 Resolution Framework and ensure that the resolution plans under this facility are extended only to borrowers bearing stress on account of the COVID-19 pandemic.

The RBI vide its circular dated August 6, 2020, with a view to continue the need to support the viable MSME entities on account of the fallout of COVID-19 and to align these guidelines with the Covid-19 Resolution Framework announced for other advances, decided to extend the scheme permitted in terms of the aforesaid circular. Accordingly, existing loans to MSMEs classified as 'standard' can be restructured without a downgrade in the asset classification, subject to certain conditions.

The RBI *vide* its circular dated April 17, 2020 on "COVID-19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets" read with COVID19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets" dated May 23, 2020, provided detailed instructions in relation to the extension of resolution timelines under the Prudential Framework on Resolution of Stressed Assets. In respect of accounts which were within the review period as on March 1, 2020, the period from March 1, 2020 to August 31, 2020 shall be excluded from the calculation of the 30-day timeline for the review period. In respect of all such accounts, the residual review period shall resume from September 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution. In respect of accounts where the review period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 180 days from the date on which the 180-day period was originally set to expire.

The RBI *vide* its circular dated April 17, 2020 on "COVID-19 Regulatory Package - Asset Classification and Provisioning" has *inter alia* specified instructions in relation to asset classification and provisioning of all terms loans and working capital facilities where the asset classification benefit has been extended in terms of the RBI circular dated March 27, 2020. The Moratorium Period shall be excluded by the banks for calculating the number of days past-due (out of order status for working capital facilities) for the purpose of asset classification under the Income Recognition and Asset Classification norms in respect of all accounts classified as standard or SMA as on February 29, 2020.

In light of the recent COVID-19 situation, the RBI has, *vide* its circular issued on April 17, 2020, mandated that the banks shall not make any further dividend payouts from the profits pertaining to the financial year ended March 31, 2020 until further instructions. This restriction shall be reassessed by the RBI based on the financial results of banks for the quarter ending September 30, 2020.

In order to accommodate the burden on banks' cash flows on account of the Covid-19 pandemic, the RBI *vide* its circular dated April 17, 2020, has permitted banks to maintain liquidity coverage ratio as under: (i) April 17, 2020 to September 30, 2020 – 80%; (ii) October 1, 2020 to March 31, 2021 – 90%; and (iii) April 1, 2021 onwards – 100%.

The RBI *vide* its circular dated April 29, 2020 has extended the timelines for submission of various regulatory returns by RBI regulated entities to the Department of Regulation by a period of 30 days from the due date in lieu of the disruptions caused by the pandemic. The extension will be applicable to regulatory returns required to be submitted upto June 30, 2020. No extension in timeline is permitted for submission of statutory returns i.e. returns prescribed under the Banking Regulation Act, 1949, RBI Act, 1934 or any other act (for instance, returns related to CRR/SLR). Further, all communication to the Department of Regulation should be through corporate e-mail to the extent possible (i.e., without involving physical movement of papers) until further notice.

FOREIGN INVESTMENT LAWS

The foreign investment in our Bank is governed by, *inter alia,* the FEMA, as amended, the FEMA Regulations, the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**") effective from October 15, 2020 issued and amended by way of press notes.

Foreign investment in private sector banks, carrying on activities approved for FDI, will be subject to the conditions specified in the FDI Policy.

As per the FDI policy, the aggregate foreign investment in a private sector bank from all sources will be allowed up to a maximum of 74% of the paid-up capital of the bank (automatic up to 49% and government route beyond 49% and up to 74%). This 74% limit will include investment under the Portfolio Investment Scheme (PIS) by FPIs, NRIs. At all times, at least 26% of the paid-up capital will have to be held by residents, except in regard to a wholly-owned subsidiary of a foreign bank.

In case of NRIs, individual holdings is restricted to 5% of the total paid-up capital both on a repatriation and a non-repatriation basis and the aggregate limit cannot exceed 10% of the total paid-up capital both on a repatriation and a non-repatriation basis. However, NRI holdings can be allowed up to 24% of the total paid-up capital both on a repatriation and a non-repatriation basis subject to a special resolution to this effect passed by the banking company's general body.

Our Bank has, pursuant to a Board resolution dated March 22, 2021 and Shareholders resolution dated March 25, 2021, has increased the limit of investment of NRIs to up to 24% of the paid-up equity share capital of the Bank, provided that the shareholding of each NRI in the Bank shall not exceed 5% of the equity share capital or such other limit as may be stipulated by the RBI.

The aggregate limit for FPI investments shall be the sectoral caps applicable to our Bank (i.e. up to 74% of the paid-up share capital of our Bank).

Further, individual FPI holding is restricted to below 10% of the total paid-up capital of the company.

All investments shall be subject to the guidelines prescribed for the banking sector under the Banking Regulation Act and the RBI Act. The RBI guidelines relating to acquisition by purchase or otherwise of capital instruments of a private bank, if such acquisition results in any person owning or controlling 5% or more of the paid-up capital or voting rights of the private bank will apply to foreign investment as well. As per the Banking Regulation Act read with the gazette notification DBR.PSBD. No. 1084/16.13.100/2016-17 dated July 21, 2016, there is a limit of 26% on voting rights in respect of private sector banks, and this should be noted by potential investors.

TAX LAWS

- In addition to the aforementioned material legislations which are applicable to our Bank, some of the tax legislations that may be applicable to the operations of our Bank include: Income Tax Act 1961, as amended by the Finance Act in respective years;
- Central Goods and Service Tax Act, 2017 and various state-wise legislations made thereunder;
- Indian Stamp Act, 1899 and various state-wise legislations made thereunder; and
- State-wise legislations in relation to professional tax.

LABOUR LAWS

In addition to the aforementioned material legislations which are applicable to our Bank, some of the labour legislations that may be applicable to the operations of our Bank include:

- Contract Labour (Regulation and Abolition) Act, 1970;
- Factories Act, 1948;
- Child Labour (Prohibition and Regulation) Act, 1986;
- Inter State Migrant Workers Act, 1979;
- Payment of Wages Act, 1936;
- Payment of Bonus Act, 1965;
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Equal Remuneration Act, 1976;
- Payment of Gratuity Act, 1972;
- Minimum Wages Act, 1948;
- Employee's Compensation Act, 1923;
- Building and other Construction Workers (Regulation of Employment and Condition of Service) Act, 1996;
- Maharashtra Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2017; and
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act and Rules, 2013.

In order to rationalize and reform labour laws in India, the Government of India has framed four labour codes, namely:

a) The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the

Industrial Employment (Standing Orders) Act, 1946. The provisions of this code will be brought into force on a date to be notified by the Central Government.

b) The Code on Wages, 2019 received the assent of the President of India on August 8, 2019 and proposes to subsume four existing laws namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. The Central Government has notified certain provisions of the Code on Wages, mainly in relation to the constitution of the advisory board.

c) The Occupational Safety, Health and Working Conditions Code, 2020 received the assent of the President of India on September 28, 2020 and proposes to subsume certain existing legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The provisions of this code will be brought into force on a date to be notified by the Central Government.

d) The Code on Social Security, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume certain existing legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008. The provisions of this code will be brought into force on a date to be notified by the Central Government.

OTHER LEGISLATIONS

In addition to the aforementioned material legislations, our Bank is governed by the provisions of the Companies Act, SEBI Act, SCRA along with the rules, regulations and guidelines made thereunder and other key circulars and regulations as provided below:

- Central KYC Registry Operating Guidelines 2016;
- Master Circular - Disclosure in Financial Statements - Notes to Accounts dated July 1, 2015;
- Master Circular - Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA, 2002;
- Master Circular on Customer Service in Banks (2015);
- Master Direction - Reserve Bank of India (Interest Rate on Advances) Directions, 2016;
- Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016;
- Master Direction on Frauds - Classification and Reporting by commercial banks and select FIs dated July 1, 2016 (updated as on July 3, 2017);
- Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018;
- Rationalisation of Branch Authorisation Policy- Revision of Guidelines (May 2017); and
- Unique Identification Authority of India (Authentication Division) circular number 1 of 2018, dated January 10, 2018 on Enhancing Privacy of Aadhar Holders – Implementation of Virtual ID, UID Token and Limited KYC, and other applicable circulars.

Our Bank is also required to comply with Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015, Negotiable Instruments Act, 1881, Payment and Settlements Systems Act, 2007 and various intellectual property and environment protection related legislations and other applicable statutes for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Bank

Our Bank was incorporated as 'Janalakshmi Financial Services Private Limited' on July 24, 2006 at Bengaluru, Karnataka as a private limited company under the Companies Act, 1956, and was granted the certificate of incorporation by the RoC. Janalakshmi Financial Services Private Limited, was granted a certificate of registration dated March 4, 2008 by RBI to commence the business of non-banking financial institution without accepting public deposits, and was converted into an NBFC-MFI with effect from September 5, 2013. Subsequently, pursuant to a Board resolution dated June 1, 2015 and a Shareholders' resolution dated June 29, 2015, our Bank was converted into a public limited company under the Companies Act, 1956 with effect from August 10, 2015 and the name of our Bank was changed from 'Janalakshmi Financial Services Private Limited' to 'Janalakshmi Financial Services Limited', and a fresh certificate of incorporation of our Bank was issued by the RoC under such name. Janalakshmi Financial Services Limited, was granted a fresh certificate of registration as a non-banking financial institution without accepting public deposits dated September 18, 2015 pursuant to such name change. Our Bank, then known as Janalakshmi Financial Services Limited was granted an in-principle approval by the RBI to convert into an SFB on October 7, 2015. Thereafter, our Bank received the final approval dated April 28, 2017 from the RBI, to establish and carry on business as an SFB. Pursuant to resolutions passed by the Board and Shareholders on May 30, 2017 and January 12, 2018 respectively, the name of our Bank was changed from 'Janalakshmi Financial Services Limited' to 'Jana Small Finance Bank Limited', and a fresh certificate of incorporation dated January 29, 2018 was issued by the RoC consequent upon the change of name. Our Bank commenced its business as an SFB with effect from March 28, 2018 and its name was included in the second schedule to the RBI Act pursuant to a notification dated July 16, 2019 issued by the RBI.

Changes in the registered and corporate office

Except as disclosed below, there has been no change in registered office of our Bank since the date of incorporation.

Date of change in the registered and corporate office	Details of change in the registered and corporate office	Reasons for change in the registered and corporate office
August 25, 2018	From 29, Union Street, off Infantry Road, Bengaluru 560 001, Karnataka to, The Fairway Business Park #10/1,11/2,12/2B, off Domlur Koramangala Inner Ring Road, Next to EGL, Challaghatta, Bengaluru 560 071, Karnataka, India	Operational efficiency
June 15, 2017	From Rajashree Saroja Plaza, No. 34/1, Andree Road, Shanti Nagar, Bangalore 560 071 to 29, Union Street, off Infantry Road, Bangalore 560 001, Karnataka	Administrative convenience
January 7, 2011	From 1st Floor, UNI Building, 30/1, Thimmaiah Road, Vasanth Nagar, Bangalore 560 052 to Rajashree Saroja Plaza, No. 34/1, Andree Road, Shanti Nagar, Bangalore 560 071	Administrative convenience

Main objects of our Bank

The main objects contained in our Memorandum of Association are as follows:

1. *"To carry on the business of a small finance banking company to undertake basic banking activities of acceptance of deposits and lending to unserved and underserved sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities and for this purpose, to accept, for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise.*

2. *ln addition to the business of banking to carry on, subject to the guidelines prescribed by the Reserve Bank of India applicable to a small finance bank, the business of:*

   (a) *borrowing, raising or taking up of money; lending or advancing of money either upon or without security; drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and others instruments and securities whether transferable or negotiable or not; granting and issuing of letters of credits, travellers' cheques and circulars notes; buying, selling and dealing in bullion and specie; buying and selling of and dealing in foreign exchange including foreign bank notes; acquiring holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds; purchasing and selling of bonds, scrips or other forms of securities on behalf of itself, its constituents or others; negotiating of loans and advances, receiving of all kinds of bonds, scrips or valuables on deposit or for safe custody or otherwise; providing of safe deposit vaults; collecting and transmitting of money and all kinds of securities; issuing credit cards, meal vouchers and extending any other credits;*

(b) *carrying on any other business specified in the Banking Regulation Act, 1949, and such other forms of business which the Central Government has pursuant to that Act, or Reserve Bank of India has, specified or may from time to time specify as a form of business in which it would be lawful for a small finance banking company to engage.*

3. *To carry on the business of distribution of pension products, mutual fund units, insurance products, and merchant banking, investment banking, portfolio investment management and corporate consultants and advisors.*

4. *To carry on the business of factoring by purchasing and selling debts receivables and claims including invoice discounting and rendering bill collection, debt collection and other factoring services.*

5. *To carry on and transact the business of giving guarantees and counter guarantees and indemnities whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property or assets of the Company both present and future wherever situate or in any other manner and in particular to guarantee the payment of any principal moneys, interest or other moneys secured by or payable under debentures, bonds, debenture-stock, mortgage, charges, contracts, obligations and securities and the repayment of the capital moneys and the payment of dividends in respect of stocks and shares or the performance of any such other obligations.*

6. *To solicit or procure insurance business as corporate agents, to promote, organise, manage or undertake the activities of insurance intermediaries including insurance or reinsurance brokers, consultants, surveyors, loss assessors, loss control engineers, risk managers, actuarial analyst and to promote, organise, manage or undertake, marketing, trading, distribution or servicing of insurance and assurance products to all kinds, whether life or general; financial, investment or other products including (without limitation) securities, stocks, shares, debentures, bonds, units, certificates or services offered by the Company and/or by any persons, firm, company, body corporate, mutual fund, Government, State, public body or authority, supreme, municipal, local or otherwise, through the Company's branches or offices."*

The main objects as contained in our Memorandum of Association enable our Bank to carry on the business presently being carried out and proposed to be carried out by it.

Amendments to the Memorandum of Association

Set out below are the amendments to our Memorandum of Association in the last 10 years:

Date of Shareholders' resolution/ Effective date	Particulars
October 16, 2019	Clause V of the MoA was amended to reflect the decrease in the authorised share capital of our Bank from ₹13,276,000,000 divided into 827,600,000 equity shares of ₹10 each and 500,000,000 preference shares of ₹10 each to ₹3,500,000,000 divided into 100,000,000 equity shares of ₹10 each and 250,000,000 preference shares of ₹10 each
November 23, 2018	Clause V of the MoA was amended to reflect the reclassification of authorised share capital of our Bank from ₹ 13,276,000,000 divided into 1,327,600,000 equity shares of ₹10 each to ₹13,276,000,000 divided into 827,600,000 equity shares of ₹10 each and 500,000,000 preference shares of ₹10 each
January 12, 2018	• Clause I of the MoA was amended to reflect a change in name of our Bank from 'Janalakshmi Financial Services Limited' to 'Jana Small Finance Bank Limited' • Clause III of the MoA was amended to reflect the following change in the main objects: *"1. To carry on the business of a small finance banking company to undertake basic banking activities of acceptance of deposits and lending to unserved and underserved sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities and for this purpose, to accept, for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise.* *2. ln addition to the business of banking to carry on, subject to the guidelines prescribed by the Reserve Bank of India applicable to a small finance bank, the business of:* *(a) borrowing, raising or taking up of money; lending or advancing of money either upon or without security; drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and others instruments and securities whether transferable or negotiable or not; granting and issuing of letters of credits, travellers' cheques and circulars notes; buying, selling and dealing in bullion and specie; buying and selling of and dealing in foreign exchange including foreign bank notes; acquiring holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds; purchasing and selling of bonds, scrips or other forms of securities on behalf of itself, its constituents or others; negotiating of loans and advances, receiving of all kinds of bonds, scrips or valuables on deposit or for safe custody or otherwise; providing of safe deposit*

Date of Shareholders' resolution/ Effective date	Particulars
	vaults; collecting and transmitting of money and all kinds of securities; issuing credit cards, meal vouchers and extending any other credits *(b) carrying on any other business specified in the Banking Regulation Act, 1949, and such other forms of business which the Central Government has pursuant to that Act, or Reserve Bank of India has, specified or may from time to time specify as a form of business in which it would be lawful for a small finance banking company to engage.* *3. To carry on the business of distribution of pension products, mutual fund units, insurance products, and merchant banking, investment banking, portfolio investment management and corporate consultants and advisors.* *4. To carry on the business of factoring by purchasing and selling debts receivables and claims including invoice discounting and rendering bill collection, debt collection and other factoring services.* *5. To carry on and transact the business of giving guarantees and counter guarantees and indemnities whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property or assets of the Company both present and future wherever situate or in any other manner and in particular to guarantee the payment of any principal moneys, interest or other moneys secured by or payable under debentures, bonds, debenture-stock, mortgage, charges, contracts, obligations and securities and the repayment of the capital moneys and the payment of dividends in respect of stocks and shares or the performance of any such other obligations.* *6. To solicit or procure insurance business as corporate agents, to promote, organise, manage or undertake the activities of insurance intermediaries including insurance or reinsurance brokers, consultants, surveyors, loss assessors, loss control engineers, risk managers, actuarial analyst and to promote, organise, manage or undertake, marketing, trading, distribution or servicing of insurance and assurance products to all kinds, whether life or general; financial, investment or other products including (without limitation) securities, stocks, shares, debentures, bonds, units, certificates or services offered by the Company and/or by any persons, firm, company, body corporate, mutual fund, Government, State, public body or authority, supreme, municipal, local or otherwise, through the Company's branches or offices."* • Clause III (B) of the MoA (Objects Incidental and Ancillary to Attainment of the Main Objects of the MoA) was amended by altering the erstwhile sub clauses 1 to 35 and incorporating existing clauses 1 to 49. • Clause III (C) (Other Objects) not included in (A) and (B) of the MoA was deleted. • Clause V of the MoA was amended to reflect the reclassification of authorised share capital of our Bank from ₹ 13,276,000,000 divided into 127,600,000 class A equity shares of ₹10 each and 1,200,000,000 preference shares of ₹10 each to ₹13,276,000,000 divided into 1,327,600,000 class A equity shares of ₹10 each and 500,000,000 preference shares of ₹10 each
August 9, 2017	Clause V of the MoA was amended to reflect the increase in the authorised share capital from ₹1,276,000,000 divided into 127,600,000 class A equity shares of ₹10 each to ₹13,276,000,000 divided into 127,600,000 class A equity shares of ₹10 each and 1,200,000,000 preference shares of ₹10 each
June 30, 2016	Clause V of the MoA was amended to reflect the reclassification of the authorised share capital from ₹1,276,000,000 divided into 5,500,000 Class "A" equity shares of ₹10 each and 122,100,000 preference shares of ₹10 each to ₹1,276,000,000 divided into ₹127,600,000 Class "A" equity shares of ₹10 each
December 18, 2015	Clause V of the MoA was amended to reflect the increase and reclassification of the authorised share capital from ₹1,270,000,000 constituted of 5,000,000 Class "A" equity shares of ₹10 each and 122,000,000 preference shares of ₹10 each to ₹1,276,000,000 constituted of 5,500,000 Class "A" equity shares of ₹10 each and 122,100,000 preference shares of ₹10 each
June 29, 2015	Clause I of the MoA was amended to reflect a change in name of our Bank from 'Janalakshmi Financial Services Private Limited' to 'Janalakshmi Financial Services Limited'
October 28, 2014	Clause V of the MoA was amended to reflect the increase in the authorised share capital from ₹750,000,000 constituted of 5,000,000 Class "A" equity shares of ₹10 each, and 70,000,000 preference shares of ₹10 each, into ₹1,270,000,000 constituted of 5,000,000 Class "A" equity shares of ₹10 each and 122,000,000 preference shares of ₹10 each
August 2, 2013	Clause V of the MoA was amended to reflect the increase in the authorised share capital from ₹ 250,000,000 constituted of 3,000,000 Class "A" equity shares of ₹10 each, 1,000,000 Class "B" equity shares of ₹10 each, 1,000,000 Class "C" equity shares of ₹10 each and 20,000,000 preference shares of ₹10 each to ₹750,000,000 constituted of 5,000,000 Class "A" equity shares of ₹10 each and 70,000,000 preference shares of ₹10 each.
July 7, 2012	Clause V of the MoA was amended to reflect the reclassification of the authorised share capital from ₹250,000,000 divided into 1,000,000 Class "A" equity shares of ₹10 each, 3,000,000 Class "B" equity shares of ₹10 each, 1,000,000 Class "C" equity shares of ₹10 each and 20,000,000 preference shares of ₹10 each to

Date of Shareholders' resolution/ Effective date	Particulars
	₹250,000,000 divided into 3,000,000 Class "A" equity shares of ₹10 each, 1,000,000 Class "B" equity shares of ₹10 each, 1,000,000 Class 'C' equity shares of ₹10 each and 20,000,000 preference shares of ₹10 each.
June 7, 2011	Clause V of the MoA was amended to reflect the reclassification of the authorised share capital from ₹250,000,000 divided into 1,000,000 Class "A" equity shares of ₹10 each, 3,000,000 Class "B" equity shares of ₹10 each, 1,000,000 Class "C" equity shares of ₹10 each and 20,000,000 preference shares of ₹10 each

Major events and milestones of our Bank

Calendar year	Event
2021	• We have a pan-India distribution network and as on February 28, 2021 we crossed 611 Branches of which 166 are Unbanked Rural Centers and 134 ATMs
2020	• Our gross AUM was ₹112,630.35 million and served over 3.05 million active customers as on September 30, 2020 • Crossed ₹102,299.09 million deposit as on September 30, 2020 • Launch of DigiGen – Fully integrated, paperless and digital account opening and KYC process • Launched Two Wheeler Loan
2019	• Included in the second schedule to the RBI Act • Launched Affordable Housing Loan • Investment by Amansa Holdings Pte. Ltd and Hero Enterprise Partner Ventures in the Bank of approximately ₹2,150 million and ₹300 million, respectively
2018	• Investment by HarbourVest Partners Co-Investment Fund IV L.P and ICICI Lombard General Insurance Company in the Bank of approximately ₹2,574 million and ₹503 million, respectively • Launched Gold Loan • Commenced Commercial Operations as an SFB
2017	• Received RBI Final Approval for commencement of SFB operations • Investment by Bajaj Allianz Life Insurance Company Limited, Bajaj Allianz General Insurance Company Limited and ICICI Prudential Life Insurance in the Bank of approximately ₹1,500 million, ₹50 million and ₹1,000 million, respectively
2016	Investment by Caladium Investment Pte. Ltd in the Bank of approximately ₹3,705 million
2015	• Received in-principal approval by the RBI to convert to an SFB • RBI granted certificate of registration to commence the business of non-banking financial institution without accepting public deposits • Incorporation of our Bank
2014	Investment by TPG Asia VI SF Pte. Ltd in the Bank of approximately ₹2,486 million
2008	RBI granted certificate of registration to commence the business of non-banking financial institution without accepting public deposits to Janalakshmi Financial Services Limited

Awards, accreditations and recognitions received by our Bank

Calendar Year	Awards
2020	Featured in 'Fortune – The top 500' list of largest corporations in India for the year 2020.
2020	Winner at the cfi.co Inclusive Finance Awards for 'Best Inclusive Financial Service India 2020' by CapitalFinance International
2020	CSR award for excellence in BFSI sector by Golden Globe Tigers 2020 in December 2020
2020	Campaign Decade - Plus - Gold award by RMAI Flame Awards Asia
2019	Runner-up at the Global Leadership Award 2019 by Dale Carnegie
2018	Winner at the cfi.co Finance Awards for 'Best Inclusive Financial Service India 2018' by CapitalFinance International
2017	Featured in 'Fortune – The top 500' list of largest corporations in India for the year 2017.
2017	Goodwill Brand Award 2017 by Process Evaluators and Research, BARC Asia
2016	'Best Financial Service Firm in India' by VC Circle for the year 2016

Time and cost over-runs

There have been no time and cost over-run in the setting up of any of the banking outlets or offices of our Bank or in respect of our business operations.

Defaults or re-scheduling of borrowings

Except as disclosed in "*Risk Factors - We have not complied with certain covenants under our financing agreements in the past. Any non-compliance with covenants under our financing agreements that are not waived may be declared to be an event of default and lead to, amongst others, accelerated repayment schedule, securitization of assets charged and suspension of further drawdowns, which could adversely affect our business, financial condition, results of operations and* *cash flows.*", there have been no defaults or re-scheduling/ re-structuring in relation to borrowings availed by our Bank from any financial institutions or banks.

Significant financial and strategic partners

As of the date of this Draft Red Herring Prospectus, our Bank does not have any significant financial or strategic partners.

Launch of key products or services, entry into new geographies or exit from existing markets

For details of key products or services launched by our Bank, entry into new geographies or exit from existing markets, see "*Our Business*" on page 136.

Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last ten years

Our Bank has not acquired or divested any business/ undertakings, and has not undertaken any mergers, amalgamations or any revaluation of assets, in the last ten years.

Holding Company

As of the date of this Draft Red Herring Prospectus, our Bank does not have a holding company.

Our Subsidiaries

As of the date of this Draft Red Herring Prospectus, our Bank has no subsidiaries.

Joint Venture

As of the date of this Draft Red Herring Prospectus, our Bank has no joint ventures.

Shareholders' agreements and other agreements

Key terms of subsisting shareholders' agreements

Restated shareholders' agreement dated June 9, 2016 entered into between our Bank, Ramesh Ramanathan ("RR"), JUF, JHL, JCL, Badri Narayan Pilinja ("BP"), CRL, ERL, KP Samuel and Alwyn D'Souza, as trustees of GP II Trust (Ajay Tandon) and GP II Trust (Siva Shankar) (together referred to as "GP II Trusts"), India Financial Inclusion Fund ("IFIF"), ENAM, Vallabh Bhanshali ("VB"), Vallabh Bhanshali HUF ("VB HUF"), Tree Line, North Haven, Alpha TC, QRG, TPG Asia VI SF Pte. Ltd ("TPG"), GAWA 2 and Caladium Investment Pte Ltd. ("Caladium") read with deeds of adherence entered into with (i) Bajaj Allianz Life Insurance Company Limited and Bajaj Allianz General Insurance Company Limited; (ii) ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited ("ICICI Lombard"); (iii) the HV Entities and the HarbourVest Entities; (iv) Amansa Holdings Pte Ltd ("Amansa"); (v) Hero Ventures; and (vi) the HV Entities, dated September 7, 2017, April 5, 2018, April 5, 2018, March 28, 2019, March 29, 2019 and August 23, 2018, respectively (collectively, the "Bank SHA"), as amended by the waiver cum amendment agreement dated March 30, 2021 ("Bank WCA")

Our Bank, Ramesh Ramanathan, JUF, JHL, JCL, BP, CRL, ERL, GP II Trust and the Investors (defined below) have entered into the Bank SHA, *inter alia*, to record their *inter-se* rights and obligations in relation to our Bank. Pursuant to the terms of the SHA, HarbourVest Entities, GAWA 2, CRL, ERL, GP II Trust, ENAM, Tree Line, North Haven, Alpha TC, QRG, TPG, Caladium, VB, VB HUF, BALIC, BAGIC, ICICI Prudential, ICICI Lombard, Amansa and Hero Ventures ("**Investors**") are entitled to jointly recommend one person to the Board for appointment as a non-retiring nominee director ("**Investor Director**"). The Investor Director shall also be appointed on the audit committee and the nomination and remuneration committee of the Board. Pursuant to the terms of the Bank SHA, all directors of the Bank shall be liable to retire by rotation save for the Investor Director and independent directors. RR, JUF and JHL ("**Erstwhile Promoters**") are entitled to appoint a part-time chairman on the Board of the Bank in accordance with applicable laws. Each Investor has the right to conduct certain financial reviews of our Bank at any time on the basis of the audited financial statements of the Bank. Subject to applicable law (including the SEBI Insider Trading Regulations), the Investors also have the right to receive certain information from the Erstwhile Promoters under the Bank SHA, including management review reports, annual budget, minutes of meetings, management or audit investigative reports, annual business plans, capital expenditure budgets, details of *force majeure* events and any other information required by the Investors. Further, the Investors have access to the Investors, investor groups and their representatives to visit and inspect all properties, assets and records of our Bank. Further, prior written consent of the Investors is required in the event any transaction resulting in any Investor (apart from TPG, Caladium, NPHEA or GRG) being diluted fully, any Investor being provided rights that are more favourable than the rights available to Investors, and any liabilities being assumed by our Bank which would not have occurred other than a result of such transfer. In relation to any rights in the Bank SHA, the Investors shall be entitled to aggregate the Equity Shares held by any member of the investor group with those held by the Investors.

The parties to the Bank SHA have entered into the Bank WCA, which is effective from the date of this Draft Red Herring

Prospectus, and shall remain in effect until the earlier of: (i) the IPO long stop date, i.e., March 31, 2022, or such later date as may be mutually agreed in writing between the parties; (ii) consummation of the Offer; or (iii) the date on which the Board and the Investors jointly decide not to undertake the Offer ("**Term**"), in the manner as set out in the Bank WCA. Pursuant to the Bank WCA, each party has agreed to waive its rights in terms of the financial statements, business plan and other information disclosure rights, under the Bank SHA from the date of filing of the Red Herring Prospectus until the expiry of the Term.

Pursuant to the Bank WCA, the Investors shall be entitled to jointly recommend one person to the Board for appointment as a non-retiring nominee director and the Board shall appoint such person as a non-retiring nominee director ("**Nominee Director**") for so long as any of the Investors continue to be shareholders of the Bank. Further, till such time as it remains a "promoter" of our Bank as per applicable laws, our Promoter JCL shall have the right to appoint a part-time chairperson of our Board in accordance with law. Upon the consummation of the IPO, the Investors and JCL will be entitled to exercise such rights only after receipt of approval of the public shareholders by way of a special resolution, at the first shareholders' meeting held by the Bank post listing of its Equity Shares pursuant to an IPO. For avoidance of doubt, the Investors shall cease to have the right to appoint a Nominee Director upon all of the Investors ceasing to be shareholders in the Bank, notwithstanding any subsequent acquisition of Equity Shares by any of the Investors in the Bank. Further, each Party has agreed to waive *inter alia*, its anti-dilution rights, transfer and exit rights (subject to compliance with the exit provisions in connection with the Offer), for the duration of the Term , in the manner set out in the Bank WCA. In the event that the Offer is not completed on or prior to the IPO long stop date, or if the Board and Investors jointly decide not to undertake the Offer, the Bank WCA shall stand immediately and automatically terminated with effect from the IPO long stop date or the date on which the Board and the Investors jointly decide not to undertake the IPO, without any further action by any Party and the provisions of the Bank SHA shall be deemed to have been in force during the period between the execution date and the date of termination of the Bank WCA, without any break or interruption whatsoever.

Shareholders' agreement dated February 11, 2016 entered into between JCL, JUF and Ramesh Ramanathan, Raghunath Srinivasan and V. S. Radhakrishnan, North Haven, QRG, TPG, Caladium and ENAM, as amended by the amendment agreement dated September 25, 2017 ("JCL SHA"), as amended by the waiver cum amendment agreement dated March 30, 2021 ("JCL WCA")

JCL, JUF, Ramesh Ramanathan, Raghunath Srinivasan,V.S. Radhakrishnan, North Haven, QRG, TPG, Caladium and ENAM, have entered into the JCL SHA, *inter alia,* to record their *inter-se* rights and obligations of the JUF and Ramesh Ramanthan (collectively, the "**Promoters**"), and North Haven, QRG, TPG and Caladium (collectively, the "**Major Investors**") and ENAM (collectively with the Major Investors, referred to as the "**Investors**") as shareholders of JCL. Pursuant to the terms of the JCL SHA, each of the Major Investors are individually entitled to appoint one non-retiring nominee director, so long as they hold the minimum equity shareholding prescribed under the JCL SHA, and JUF is entitled to appoint two non-retiring independent directors to the board of directors of JCL, so long as it holds the minimum shareholding percentage set out in the JCL SHA. Pursuant to the term of the JCL SHA, the Investors have the right to receive information in respect of JCL and any person in which JCL has a direct or indirect interest and/or shareholding, including our Bank ("**JCL Group**"), including financial information, management review reports, annual budget, audit reports or investigative reports, annual business plans, capital expenditure budgets, and any other information required by the Investors. Further, JCL is required to provide full access to the Investors, investor groups and their representatives to visit and inspect all properties, assets and records of JCL. The Major Investors have affirmative vote rights in respect of certain matters involving the JCL Group including any changes in class rights for shares of any entity forming part of the JCL Group, changes in composition of the board or sub-committees of the board, any change in the issued, subscribed or paid-up share capital of the JCL Group, and creation or adoption of any new or additional equity option plan, or change in any existing equity option plan by any entity forming part of the JCL Group. JCL requires the prior consent of North Haven in respect of certain matters, such as, any amendment to the memorandum and articles of association of the JCL Group and any changes in class rights for shares (directly or indirectly) for any class of shares held by North Haven of any entity forming part of the JCL Group. Further, the JCL Group is not permitted to undertake any new business without the consent of the Major Investors. Further, pursuant to the terms of the JCL SHA, JCL and the JCL Promoters are required to merge JCL, JHL and our Bank, or adopt any other alternative structure acceptable to the Major Investors, in each case, in accordance with applicable laws.

The parties to the JCL SHA have entered into the JCL WCA, date of filing of the Draft Red Herring Prospectus with SEBI by the Bank, and shall remain in effect until the earlier of (i) the IPO long stop date i.e., March 31, 2022, or such later date as may be mutually agreed in writing between the parties; (ii) the consummation of the IPO; or (iii) the date on which the board of the Bank decides not to undertake the IPO ("**Term**"), in the manner set out in the JCL WCA. Pursuant to the JCL SHA, the meaning of the JCL Group was amended to exclude the Bank. Further, from the date of execution of the JCL WCA, parties to the JCL SHA will cease to have information rights in respect of the Bank, other than information pertaining to the Bank which the Bank has disclosed to stock exchanges or otherwise made available in the public domain. Upon consummation of the IPO, the rights available to the investors vis-à-vis the Bank will terminate and fall away at listing of the Equity Shares pursuant to the Offer, in the manner set out in the JCL WCA.

Key terms of other subsisting material agreements

Terms of the outstanding Preference Shares: Hero Subscription Agreement

As on the date of this Draft Red Herring Prospectus, Hero Ventures holds 150,000,000 outstanding unsecured, fully paid-up, non-redeemable, non-cumulative compulsorily convertible preference shares of face value of ₹10 each of our Bank ("**Preference Shares**"). The terms and conditions of the Preference Shares are described in the Hero Subscription Agreement entered into between Bank, Ramesh Ramanathan, JUF and Hero Ventures. The key terms of the Preference Shares are as follows:

- The Preference Shares carry a preferential dividend computed at 16% p.a. which is payable as per the Basel III Guidelines;

- Our Bank shall have full discretion in relation to declaration, payment and distribution of dividend, including declaration, payment and distribution to other classes of shareholders (including equity shareholders) over the holders of the Preference Shares provided that, subject to Basel III Guidelines, the Banking Company shall not be entitled to make dividend payments on/ undertake a buyback of common equity shares in the event that dividend on the Preference Shares has not been paid;

- Dividend shall not be cumulative;

- The claims of the holders of the Preference Shares shall be: (a) superior to the claims of holders of Equity Shares of the Bank, until conversion of the Preference Shares to Equity Shares; (b) subordinated to the claims of perpetual debt instruments, all tier 2 regulatory capital instruments, depositors and general creditors of the Bank; and (c) neither be secured nor covered by a guarantee of the Bank nor related entity or other arrangement that legally or economically enhances the seniority of the claim *vis-à-vis* creditors of the Bank.

- Terms of conversion of the Preference Shares:

  a) The Preference Shares shall mandatorily convert into Equity Shares of the Bank on the earlier of: (a) one day prior to the date on which the red herring prospectus in relation to a potential initial public offer of the securities of the Bank is filed with the relevant registrar of companies; (b) if the IPO is not completed by March 31, 2023; (c) the Bank having common equity tier 1 capital of 6% of the risk weighted assets of the Bank or such regulatory minimum trigger point as is prescribed as per the extant RBI directions/ operating guidelines at the relevant time; or (d) the date on which the RBI determines that the Bank has reached a point of non-viability and requires the Preference Shares to be converted into equity shares in accordance with the Basel III Guidelines.

  b) The conversion price of the Preference Shares if IPO occurs before March 31, 2023 shall be the indicative IPO price multiplied by the discounting factor. Upon confirmation of the final indicative IPO price, the Preference Shares shall convert into Equity Shares of the Bank basis the indicative IPO conversion price and be allotted to Hero Ventures one day prior to the date of filing of the red herring prospectus with the RoC in connection with the IPO.

  c) If the IPO is not completed for any reason whatsoever on or prior to March 31, 2023, then the conversion price shall be determined as the notional price of a capital market offering of the shares of the Bank and the Preference Shares shall mandatorily convert into Equity Shares of the Bank basis the valuation price within five days from March 31, 2023.

- The Preference Shares shall be transferable in accordance with the applicable provisions of the Act and the Banking Regulation Act, 1949.

The Preference Shares held by Hero Ventures shall be converted into a maximum of 2,500,000 Equity Shares as per the Hero Subscription Agreement prior to the filing of the Red Herring Prospectus with the RoC in accordance with the SEBI ICDR Regulations. The details of the conversion price will be updated in the Red Herring Prospectus prior to filing with the RoC.

Trademark license agreement dated November 5, 2019 entered into between JUF and the Bank ("Trademark Agreement")

Our Bank and JUF have entered into the Trademark Agreement pursuant to which JUF has granted our Bank a non-exclusive, non-transferable, non-assignable license to use the trademarks "J" and "JANA" ("**Trademarks**") with further rights to modify by adding any suffix or prefix to the 'J' logo and the word 'JANA' or file any device/logo mark within India, subject to prior intimation to JUF. The Bank is permitted to use the Trademarks for the purpose of conducting its businesses and promotional and advertising material. The amount of royalty payable by the Bank is 0.40% per annum (excluding GST) of revenue from operations, subject to an overall cap of ₹250 million per annum to be reviewed annually.

The Trademark Agreement is valid in perpetuity from the effective date i.e., November 1, 2019. Pursuant to the Trademark Agreement, the terms of payment of royalty may be reviewed by mutual consents of both parties to decide upon the quantum of payment, periodicity of the payment, rebranding at the earlier of (a) five years from the commencement of the Trademark Agreement; or (b) the Board proposing to transition from an SFB to a universal bank. A breach by the Bank of its material obligations under the Trademark Agreement is required to be cured within 30 days from the date of notice of such breach by JUF. In the event the breach is not cured within such cure period or the breach is not capable of being cured as determined by JUF, JUF is entitled to terminate the Trademark Agreement with notice to the Bank. Upon termination of the Trademark Agreement, the Bank shall no later than 90 days from the termination: (a) discontinue the use of the Trademarks for any purpose including in relation to its business; (b) cease to use or employ any word, name, expression or device closely similar in sound, appearance or meaning to the Trademarks; (c) change or procure to be changed its corporate name and/or trading style in such a manner as to delete therefrom the Trademarks; (d) remove or cause to be removed any reference to the said Trademarks name and/or work that may exist on its corporate material; and (e) remove all the reference of Trademarks from the website of the Bank.

Agreements with Key Managerial Personnel, Director, Promoter or any other employee

There are no agreements entered into by any Key Managerial Personnel or Director or Promoter or any other employee of our Bank, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Bank.

OUR MANAGEMENT

Board of Directors

In terms of the Articles of Association, our Bank is required to have not less than three Directors and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises of nine Directors including one Executive Director and eight Non-Executive Directors (including six Independent Directors, of whom two are woman Directors).

The following table sets forth details regarding our Board of Directors as of the date of this Draft Red Herring Prospectus:

S. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
1.	**Ramesh Ramanathan** ***Designation***: Part-Time Chairman and Non-Executive Director ***Address:*** #3/7, Flat No. 402, Lyndhurst Apartment, Walton Road, Bengaluru 560 001, Karnataka ***Occupation***: Professional ***Date of birth***: November 7, 1963 ***Nationality***: Indian ***Period and term***: For a period of three years with effect from June 14, 2018 and is liable to retire by rotation ***DIN***: 00163276	57	• Jana Capital Limited; • Jana Holdings Limited; • Janaadhar (India) Private Limited; • Jana Urban Foundation; and • Jana Urban Services for Transformation Private Limited
2.	**Ajay Kanwal** ***Designation***: Managing Director and Chief Executive Officer ***Address:*** 12, Narooma Road, Singapore 298 307 ***Occupation***: Professional ***Date of birth***: August 18, 1966 ***Nationality***: Singaporean ***Period and term***: For a period of three years with effect from March 21, 2021 and is liable to retire by rotation ***DIN***:07886434	54	Nil
3.	**Vikram Gandhi** ***Designation***: Non-Executive Independent Director ***Address:*** Honeycomb Unit 6A, Albany, Joe Lewis Drive & Ernie's Way, P O Box SP -63158, Nassau, The Bahamas ***Occupation***: Professional ***Date of birth***: May 20, 1962 ***Nationality***: Indian ***Period and term***: For a period of five years with effect from February 8, 2018 and is not liable to retire by rotation ***DIN***: 05168309	58	• Asha Impact Advisory Services Private Limited; • Grameen Capital India Private Limited; • Grameen Impact Investments India Private Limited; • KEC International Limited; • SFI Impact Foundation; and • VSG Capital Advisors Private Limited
4.	**Vijayalatha Reddy** ***Designation***: Non-Executive Independent Director ***Address:*** No. 119, Cunningham Road, Bengaluru 560 052,	69	• ADC India Communications Limited; and • Deccan Heritage Foundation India

S. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
	Karnataka, India ***Occupation**:* Retired IFS Officer ***Date of birth**:* April 5, 1951 ***Nationality**:* Indian ***Period and term**:* For a period of five years with effect from February 8, 2018 and is not liable to retire by rotation ***DIN**:* 06778078		
5.	**Ramalingam Ramaseshan** ***Designation**:* Non-Executive Independent Director ***Address:*** No.10, 5 C Cross, 16 Main, IAS Colony, BTM Layout, Bengaluru 560 076, Karnataka, India ***Occupation***: Retired IAS Officer ***Date of birth**:* December 4, 1956 ***Nationality**:* Indian ***Period and term**:* For a period of five years with effect from February 8, 2018 and is not liable to retire by rotation ***DIN**:* 00200373	64	• National Commodity Clearing Limited; and • Rashtriya e-Market Services Private Limited
6.	**Chitra Talwar** ***Designation**:* Non-Executive Independent Director ***Address:*** Apt 8B, Sky Gardens, Rhenius Street, Richmond Town, Bengaluru 560 025, Karnataka ***Occupation**:* Retired ***Date of birth**:* March 30, 1953 ***Nationality**:* American ***Period and term**:* For a period of five years with effect from January 31, 2020 and is not liable to retire by rotation ***DIN**:* 07156318	68	Nil
7.	**Eugene Emmanuel Karthak** ***Designation**:* Non-Executive Independent Director ***Address:*** BB3F DDA Flats, Munirka, New Delhi – 110 067 ***Occupation**:* Retired ***Date of birth**:* June 13, 1959 ***Nationality**:* Indian ***Period and term**:* For a period of five years with effect from July 2, 2020 and is not liable to retire by rotation ***DIN**:* 08743508	61	• West End Housing Finance Limited; and • Invent Assets Securitisation and Reconstruction Private Limited
8.	**Peruvemba Ramachandran Seshadri** ***Designation**:* Non-Executive Independent Director ***Address:*** 107, Sowmya Springs, Bangalore – 560 004,	57	• Growth Source Financial Technologies Private Limited

S. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
	Karnataka ***Occupation:*** Banker ***Date of birth:*** June 28, 1963 ***Nationality:*** Indian ***Period and term:*** For a period of five years with effect from July 2, 2020 and is not liable to retire by rotation ***DIN:*** 07820690		
9.	**Rahul Khosla** ***Designation:*** Non-Executive Non-Independent Director ***Address:*** N31, Panchshila Park, New Delhi 110 017 ***Occupation:*** Retired ***Date of birth:*** August 29, 1959 ***Nationality:*** Singaporean ***Period and term:*** With effect from September 30, 2020 and is liable to retire by rotation ***DIN:*** 03597562	61	• Indian School of Business

Relationship between our Directors and other Directors and the Key Managerial Personnel

None of our Directors are related to each other or any Key Managerial Personnel.

Brief Biographies of Directors

Ramesh Ramanathan is the founder, Part-Time Chairman and a Non-Executive Director of our Bank. He holds a master's degree in science in physics (Honours) from the Birla Institute of Technology and Science, Pilani and a master's degree in public and private management from the Yale School of Organisation and Management. He is also a director on the board of directors of Jana Capital Limited, Jana Holdings Limited, Janaadhar (India) Private Limited and Jana Urban Services for Transformation Private Limited. He has co-authored the book "Urban Poverty Alleviation in India: Landmark Government Initiatives for the Urban Poor since Independence".

Ajay Kanwal is the Managing Director and Chief Executive Officer of our Bank. He holds a bachelor's degree of engineering in electronics and telecommunication from the Marathwada University and a master's degree in management studies from the University of Bombay. He was previously associated with Standard Chartered Bank, India and Singapore.

Vikram Gandhi is a Non-Executive Independent Director on the Board of our Bank. He holds a master's degree in business administration from Harvard University, Massachusetts. He is a founder of Asha Impact, a charitable organisation focusing on women and children related issues worldwide. He is a director on the board of directors of Asha Impact Advisory Services Private Limited, Grameen Capital India Private Limited, Grameen Impact Investments India Private Limited, KEC International Limited, and VSG Capital Advisors Private Limited.

Vijayalatha Reddy is a Non-Executive Independent Director of our Bank. She holds a bachelor's degree in English literature from Madras University and master's degree in English literature from Bangalore University. She was in the Indian Foreign Services from July 10, 1975 till April 30, 2011 and has been Deputy Director General of the Indian Council for Cultural Relations, New Delhi from September 1989 till December 1991, Joint Secretary (Estt.) from February 2000 till December 2003, India's Ambassador to Lisbon, Portugal from January 2004 to December 2006 and to Bangkok, Thailand from January 2007 to November 2009, and the Secretary (East), Ministry of External Affairs from January 2010 to April 2011. She has also served as Deputy National Security Advisor and Secretary, National Security Council Secretariat from March 21, 2011 to March 20, 2013. She served as a Commissioner in the Global Commission on Internet Governance from its inception in 2014 to its conclusion in 2016. She has been a distinguished fellow at the EastWest Institute, New York since March 18, 2013 and at the Observer Research Foundation, New Delhi, since 2015.

Ramalingam Ramaseshan is a Non-Executive Independent Director of our Bank. He holds a bachelor's degree in engineering from Bhopal University and a master's degree in business administration (part-time) from Faculty of

Management Studies, University of Delhi. He is a fellow member of the Institute of Cost and Works Accountants of India. He joined the Indian Administrative Services in 1982. He was previously the managing director and chief executive officer of National Commodity and Derivative Exchange Limited.

Chitra Talwar is a Non-Executive Independent Director of our Bank. She holds a bachelor's degree of arts in economics from the University of Madras and a post-graduate diploma in business management from Xavier-Labour Relations Institute, Jamshedpur. She has previously worked with Britannia Industries and PepsiCo.

Eugene Emmanuel Karthak is a Non-Executive Director Independent Director of our Bank. He holds a master's degree in arts in political science from the Jawaharlal Nehru University. He was previously employed with RBI from 1985 till 2019, and has held the position of executive director of RBI and regional director of the RBI (New Delhi and Bangalore regional offices).

Peruvemba Ramachandran Seshadri is a Non-Executive Independent Director of our Bank. He holds a bachelor's degree in engineering in electricals from the University of Delhi and post-graduate diploma in management from the Indian Institute of Management, Bangalore. He has previously been the managing director and chief executive officer in Karur Vysya Bank.

Rahul Khosla is a Non-Executive Non-Independent Director of our Bank. He holds a bachelor's degree in arts (Economics Honours) from the University of Delhi. He is a fellow member of the Institute of Chartered Accountants of India. He was previously employed under various companies of Max Group, India as Group President and as Group Advisor. Prior to that he was associated with Visa International Service Association, Asia Pacific region based out of Singapore in various capacities, including, as Reginal Director, Head Consumer Cards and Senior Vice President and General Manager, Products Group.

Confirmations

None of our Directors is, or was a director of any listed company during the last five years preceding the date of this Draft Red Herring Prospectus, whose shares have been, or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Bank.

None of our Directors is, or was a director of any listed company which has been, or was delisted from any stock exchange during the term of their directorship in such company

Terms of appointment of Directors

1. Remuneration to Executive Director:

Ajay Kanwal was reappointed as the Managing Director and Chief Executive Officer of our Bank, with effect from March 21, 2021, pursuant to a Board resolution dated November 18, 2020 and RBI approval dated March 5, 2021 and is subject to Shareholders' resolution approving his reappointment.

Ajay Kanwal was paid a total remuneration of ₹44.88 million during Fiscal 2020. Set out below are details of remuneration governing his appointment as approved by the RBI for Fiscal 2020, pursuant to the letter dated December 31, 2019:

Particulars#	Remuneration (₹ in million)
Gross Salary*	40.87
Perquisites**	6.06

** including house rent allowance and other allowances amounting to ₹23.69 million.*
*** including provident fund/ gratuity/ pension and other benefits*
#Pursuant to the RBI letter dated October 27, 2020, the RBI approved a cash bonus of ₹12.14 and restricted stock units of ₹16.00 million for Fiscal 2020.

Additionally, subject to the RBI and Shareholders approval, our Board through its resolution dated February 16, 2021 approved the revised compensation payable to Ajay Kanwal for the Fiscals 2021 and 2022.

Set out below are details of proposed remuneration for the Fiscals 2021 and 2022:

Particulars	Remuneration for the Fiscal 2021 (₹ in million)	Remuneration for the Fiscal 2022 (₹ in million)
Fixed Pay	51.15	55.76
Cash Bonus	23.50	20.00

Restricted Stock Units (RSUs)	43.90	14.50
Employee Stock Options (ESOPs)	51.17	85.93

2. Remuneration to Non-Executive Directors:

Pursuant to the Board resolution dated February 8, 2018 each of the Non-Executive Directors (other than the Part-time Chairman and Non-Executive Director) is entitled to receive sitting fees of approximately ₹0.05 million per meeting for attending meetings of the Board and sitting fees of ₹0.02 million per meeting for attending meetings of committees of the Board, within the limits prescribed under the Companies Act, 2013, and the rules made thereunder. Part-time Chairman and Non-Executive Director, Ramesh Ramanathan, is not entitled to any sitting fees.

The details of remuneration paid to our Non-Executive during Fiscal 2020 are as follows:

S. No.	Name of Director	Sitting fees paid (in ₹ million)	Remuneration (in ₹ million)
1.	Ramesh Ramanathan	Nil	Nil
2.	Vikram Gandhi	0.38	Nil
3.	Vijayalatha Reddy	0.73	Nil
4.	Ramalingam Ramaseshan	0.90	Nil
5.	Chitra Talwar	0.05	Nil
6.	R. Gandhi#	0.13	Nil
7.	Eugene Emmanuel Karthak*	Nil	Nil
8.	Peruvemba Ramachandran Seshadri**	Nil	Nil
9.	Rahul Khosla***	Nil	Nil

#R. Gandhi ceased to be director with effect from May 10, 2019.
** Eugene Emmanuel Karthak was appointed with effect from July 2, 2020. Our Bank has paid him no remuneration in Fiscal 2020.*
***Peruvemba Ramachandran Seshadri was appointed with effect from July 2, 2020. Our Bank has paid him no remuneration in Fiscal 2020.*
****Rahul Khosla was appointed with effect from September 30, 2020. Our Bank has paid him no remuneration in Fiscal 2020.*

Arrangement or understanding with major Shareholders, customers, suppliers or others

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Directors was selected as a director.

Our Promoters have a right to nominate the part-time Chairperson pursuant to the provisions of our AoA and the Shareholders Agreement. For further details of nomination rights of our Promoters and investors on our Board, see "*History and Other Corporate Matters - Key terms of subsisting shareholders' agreements*" of page 194.

Shareholding of Directors in our Bank

As per our Articles of Association, our Directors are not required to hold any qualification shares.

None of our Directors hold any Equity Shares in our Bank. Further, Ajay Kanwal has been provided employee stock option under the ESOP Plan 2017 and ESOP 2018. For details of our employee stock option, see "*Capital Structure*" on Page 70.

Shareholding of Directors in our subsidiaries and associate companies

Our Bank does not have any subsidiaries or associate companies.

Interests of Directors

All Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Bank. Further, our Directors (excluding our Independent Directors) are entitled to participate in the ESOP 2017 and ESOP 2018.

Except as stated in "*Financial Statements*" on page 241, and as disclosed in this section, our Directors do not have any other interest in our business.

The Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer.

Other than Ramesh Ramanathan, who is the founder of our Bank and one of the first directors of the Bank to our Bank, none of our Directors have any interest in the promotion or formation of our Bank.

Our Bank and JUF, promoted by Ramesh Ramanathan, have entered into the trademark license agreement pursuant to which an amount of royalty of 0.40% per annum (excluding GST) of revenue from operations is payable by the Bank to JUF, subject to an overall cap of ₹250 million per annum to be reviewed annually. During the Fiscals 2020 and the six months ended September 30, 2020, our Bank has paid an aggregate amount, including taxes payable, of ₹32.85 million and ₹33.92 million, respectively to JUF under the Trademark Agreement.

None of our Directors have any interest in any property acquired or proposed to be acquired of the Bank or by the Bank.

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.

No loans have been availed by our Directors from our Bank.

None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Bank.

None of the Directors is party to any bonus or profit sharing plan of our Bank. However, certain Directors may be entitled to performance linked incentives in accordance with the terms of their appointment.

Changes in the Board in the last three years

Name	Date of Appointment/ Change/Cessation	Reason
Rahul Khosla	September 30, 2020	Appointment as an Additional Non-Executive Non-Independent Director(1)
Puneet Bhatia	August 6, 2020	Resignation as additional director
Peruvemba Ramachandran Seshadri	July 2, 2020	Appointment as an Additional Non-Executive and Independent Director(2)
Eugene Emmanuel Karthak	July 2, 2020	Appointment as an Additional Non-Executive and Independent Director(3)
Puneet Bhatia	January 31, 2020	Appointment as additional director
Chitra Talwar	January 31, 2020	Appointment as Non-Executive Independent Director
R. Gandhi	May 10, 2019	Resignation as additional director
Ramesh Ramanathan	June 14, 2018	Appointment as Part-Time Chairman and Non-Executive Director
R. Gandhi	May 21, 2018	Appointment as additional director

(1) *The appointment of Rahul Khosla to the Board was regularised pursuant to a Shareholders' resolution passed at the EGM held on March 25, 2021*

(2) *The appointment of Peruvemba Ramachandran Seshadri to the Board was regularised pursuant to a Shareholders' resolution passed at the EGM held on March 25, 2021*

(3) *The appointment of Eugene Emmanuel Karthak to the Board was regularised pursuant to a Shareholders' resolution passed at the EGM held on March 25, 2021*

Borrowing Powers of Board

Pursuant to a resolution passed by the Shareholders of our Bank on June 6, 2016 and subject to the Companies Act, 2013, Articles of Association, capital adequacy norms as prescribed by RBI and any other applicable laws, rules, regulations and guidelines from time to time, our Board is authorised to borrow any sum or sums of moneys from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the Bank, may exceed aggregate of its paid-up capital and free reserves, apart from temporary loans obtained from the Bank's bankers in the ordinary course of business, provided however, the total amount so borrowed shall not exceed ₹229,190 million.

Corporate Governance

The corporate governance provisions of the Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the Listing Regulations, the Companies Act, the SEBI ICDR Regulations and applicable RBI guidelines, in respect of corporate governance including constitution of the Board and committees thereof and formulation of policies. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, the Listing Regulations, guidelines issued by the RBI from time to time, and in accordance with best practices in corporate governance. The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. The executive management provides the Board of Directors detailed reports on its performance periodically.

The composition of our Board is also in compliance with the Banking Regulation Act, SFB Licensing Guidelines and conditions stipulated by the RBI Final Approval dated April 28, 2017. Further, pursuant to approval dated February 20, 2017 for the constitution of our Board, the RBI:

a) approved the nomination of Vijayalatha Reddy, Vikram Gandhi, Uday Shankar and Ramalingam Ramaseshan as the directors on the Board of the Bank. Our Board composition has since undergone certain changes. For details of changes in our Board in the last three years, see "-*Changes in the Board in the last three years"*, on page 203.

b) reiterated that our Bank shall ensure compliance with Sections 10A, 16 and 20 of the Banking Regulation, statutory provisions including provisions of the Companies Act, 2013 and the instructions issued vide RBI circulars dated March 5, 1994 and July 1, 1994, respectively, in addition to the provisions of majority of independent directors in terms of the RBI In-principle Approval.

Pursuant to RBI approval dated March 21, 2018, Ajay Kanwal was appointed as the Managing Director and Chief Executive Officer with effect from March 21, 2018 until March 20, 2021. Subsequently, the RBI has further approved his tenor on March 5, 2021 by three years effective from March 21, 2021 until March 20, 2024.

Thereafter, pursuant to RBI approval dated June 14, 2018, Ramesh Ramanathan was appointed as the part-time Chairman of our Bank with effect from June 14, 2018 until June 13, 2021.

Committees of the Board

Audit Committee

The members of the Audit Committee are:

1. Eugene Emmanuel Karthak, *Chairman*;
2. Ramalingam Ramaseshan;
3. Ramesh Ramanathan;
4. Vikram Gandhi;
5. Peruvemba Ramachandran Seshadri; and
6. Rahul Khosla

The Managing Director and Chief Executive Officer is the invitee of the Audit Committee.

The Audit Committee was last reconstituted pursuant to the resolution passed by the Board dated November 6, 2020. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013, the Listing Regulations and the guidelines issued by the RBI from time to time. The terms of reference of the Audit Committee include the following:

1. Oversight of our Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of auditors of our Bank;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

   - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report, in terms of the Companies Act, 2013;
   - Changes, if any, in accounting policies and practices and reasons for the same;
   - Major accounting entries involving estimates based on the exercise of judgment by management;
   - Significant adjustments made in the financial statements arising out of audit findings;
   - Compliance with legal requirements relating to financial statements;
   - Disclosure of any related party transactions; and
   - Qualifications and modified opinion(s) in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

6. Laying down the criteria for granting omnibus approval in accordance with the Bank's policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
7. Examination of the financial statement and auditors' report thereon;
8. Monitoring the end use of funds raised through public offers and related matters;
9. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the issue document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
10. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
11. Approval or any subsequent modification of transactions of the Bank with related parties;
12. Scrutiny of inter-corporate loans and investments;
13. Valuation of undertakings or assets of the Bank, wherever it is necessary;
14. Evaluation of internal financial controls and risk management systems;
15. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
16. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
17. Discussion with internal auditors of any significant findings and follow up there on;
18. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
19. Discussion with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
20. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
21. To establish a vigil mechanism for directors and employees to report their genuine concerns or grievances;
22. To review the functioning of the whistle blower mechanism;
23. To ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Bank;
24. Periodic inspection report submitted by the RBI and certificates/returns/reports to the RBI pertaining to the Audit Committee function;
25. Annual tax audit statement and auditors report thereon;
26. Quarterly Board oversight updates to be provided by Internal Audit and Compliance;
27. Approval of appointment of chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
28. Carrying out any other function as may be required / mandated as per the provisions of the Companies Act, 2013, Listing Agreements and/or any other applicable laws; and
29. Reviewing the utilization of loan and/or advances from investment by the holding company in the subsidiary exceeding ₹1,000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments.

The audit committee shall mandatorily review the following information:

(1) management discussion and analysis of financial condition and results of operations;

(2) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

(3) management letters / letters of internal control weaknesses issued by the statutory auditors;

(4) internal audit reports relating to internal control weaknesses;

(5) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee;

(6) statement of deviations as and when becomes applicable:

   (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations.

   (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Listing Regulations.

The role of the Audit Committee includes the following:

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

b) KYC/ AML Guidelines - (i) Review of implementation (ii) Review of compliance of concurrent audit reports with respect to adherence to KYC/ AML guidelines at branches;

c) Review of housekeeping - particularly balancing and reconciliation of long outstanding entries suspense/ sundries / drafts payable / paid / funds in transit / clearing / SGL / CSGL accounts;

d) Review of compliance in respect of the Annual Financial Inspection conducted by RBI (ACB should review this on ongoing basis till the Bank furnishes full compliance. ACB should closely monitor persisting deficiencies pointed out in RBI Inspection Reports);

e) Review of Audit plan and status of achievement thereof;

f) Review of significant Audit Findings of the following audits along with the compliance thereof - (i) LFAR (ii) concurrent audit (iii) internal inspection (iv) I.S. audit of data centre (v) treasury and derivatives (vi) management audit at controlling offices/ head offices (vii) audit of service branches (viii) currency chest (ix) FEMA audit of branches authorized to deal in foreign exchange, etc.;

g) Compliance report on directives issued by ACB/ Board/ RBI;

h) Report on compliance of corporate governance requirements under Listing Regulations and other guidelines issued by SEBI from time to time;

i) Report on compliance of regulatory requirement of regulators in host countries in respect of overseas branches;

j) Review of Frauds (frauds of Rupees one crore and above to be reviewed as and when reported);

k) Review of financial results for the quarter;

l) Review of information on violations by various functionaries in the exercise of discretionary powers;

m) Information in respect of equity share holdings in borrower companies more than 30% of their paid-up capital;

n) Status of implementation of Ghosh and Jilani Committee reports;

o) Detailed report on fraudulent transactions relating to Internet Banking through phishing attacks pointing out in particular the deficiencies in the existing systems and steps taken by the IT department to prevent such cases;

p) Change in accounting policy and practices which may have significant bearing on financial statements. A confirmation that accounting policies are in compliance with accounting standards and RBI guidelines;

q) Review of IS Audit Policy;

r) Review of transactions with related parties;

s) Review of accounting policies / systems of the Bank with a view to ensuring greater transparency in the Bank’s accounts and adequacy of accounting standards;

t) Review of adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

u) Review of the Bank's financial and risk management policies;

v) Appointment of statutory auditors and review of performance - both for domestic and overseas operations;

w) Penalties imposed/ penal action taken against Bank under various laws and statutes and action taken for corrective measures;

x) Review of report on revenue leakage detected by internal/ external auditors and status of recovery thereof - reasons for undercharges and steps taken to prevent revenue leakage; and

y) Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:

    1. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

    2. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

The Audit Committee is required to meet at least four times in a year and not more than 120 days are permitted to elapse between two meetings under the terms of the Listing Regulations.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Ramalingam Ramaseshan, *Chairman*;
2. Ramesh Ramanathan
3. Vijayalatha Reddy;
4. Chitra Talwar;
5. Eugene Emmanuel Karthak; and
6. Rahul Khosla

The Nomination and Remuneration Committee was last reconstituted pursuant to the resolution passed by the Board dated November 6, 2020. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013, guidelines issued by the RBI from time to time, and the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

1. Formulating the criteria for determining qualifications, compliance with the fit and proper criteria as required under the Reserve Bank of India Guidelines for Licensing of Small Finance Banks in the Private Sector, positive attributes and independence of a director and recommend to the Board of directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees.

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

    a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Bank successfully;

    b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

    c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals;

2. Formulating criteria for evaluation of performance of independent directors and the Board of Directors;

3. To ensure 'fit and proper' status of proposed/existing Directors;
4. Devising a policy on diversity of Board of Directors;
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of directors their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Bank shall disclose the remuneration policy and the evaluation criteria in its annual report;
6. Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
7. Recommending to the board, all remuneration, in whatever form, payable to senior management.
8. Administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Bank
9. Carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable; and
10. Performing such other functions as may be necessary or appropriate for the performance of its duties.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Eugene Emmanuel Karthak, *Chairman*;
2. Ajay Kanwal; and
3. Peruvemba Ramachandran Seshadri

The Stakeholders' Relationship Committee was last reconstituted pursuant to the resolution passed by the Board dated March 16, 2021. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee are as follows:

1. To resolve the grievances of the security holders of the Bank including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints.
2. To review of measures taken for effective exercise of voting rights by shareholders.
3. To review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. To review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Bank.
5. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
6. To redress of shareholders' and investors' complaints/ grievances such as transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
7. To approve, register, refuse to register transfer or transmission of shares and other securities;
8. To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Bank;
9. Allotment and listing of shares, approval of transfer or transmission of shares, debentures or any other securities;
10. To authorise affixation of common seal of the Bank;

11. To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/ security(ies) certificate(s) of the Bank after split/ consolidation/ rematerialization and in Replacement of those which are defaced, mutilated, torn or old, decrepit, worn out or where the pages on reverse for recording transfers have been utilized;

12. To approve the transmission of shares or other securities arising as a result of death of the sole/ any joint shareholder;

13. To dematerialize or rematerialize the issued shares;

14. To Ensure proper and timely attendance and redressal of investor queries and grievances;

15. To carry out any other functions contained in the SEBI Listing Regulations, Companies Act, 2013 and/ or equity listing agreements (if applicable), as and when amended from time to time; and

16. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Chitra Talwar, *Chairman*;
2. Vijayalatha Reddy;
3. Ramesh Ramanathana;
4. Ajay Kanwal; and
5. Rahul Khosla

The Corporate Social Responsibility Committee was last reconstituted pursuant to the resolution passed by the Board dated November 6, 2020. The terms of reference of the Corporate Social Responsibility Committee of our Bank include the following:

1. Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Bank in areas or subject specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules thereunder;

2. Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Bank in the three immediately preceding financial years;

3. Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Bank;

4. Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

5. Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;

6. Identifying and appointing the corporate social responsibility team of the Bank including corporate social responsibility manager, wherever required; and

7. Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Bank.

Risk Management Committee

The members of the Risk Management Committee are:

1. Rahul Khosla, *Chairman*;
2. Vikram Gandhi;
3. Ajay Kanwal;
4. Ramalingam Ramaseshan;

5. Vijayalatha Reddy;
6. Eugene Emmanuel Karthak; and
7. Peruvemba Ramachandran Seshadri

The Risk Management was last reconstituted pursuant to the resolution passed by the Board dated November 6, 2020. The terms of reference of the Risk Management Committee of our Bank include the following:

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

IPO Committee

The members of the IPO Committee are:

1. Rahul Khosla, *Chairman*;
2. Ramesh Ramanathan; and
3. Ajay Kanwal

The IPO Committee was last reconstituted pursuant to the resolution passed by the Board dated March 22, 2021. The IPO Committee is also authorised to approve the following in connection to the initial public offering pursuant to a resolution passed by the Board on March 22, 2021:

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

corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/ corrections/ modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;

3. To decide in consultation with the BRLMs on the actual Offer size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band (including offer price for anchor investors), bid period, Offer price, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer;

4. To appoint and enter into and terminate arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, public offer account bank, sponsor bank, advertising agency, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer, including any successors or replacements thereof, and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLMs;

5. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the Prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreements with the registrar to the offer and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/ intermediaries in connection with the Offer with the power to authorise one or more officers of the Bank to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;

6. To seek, if required, the consent and/ or waiver of the lenders of the Bank, customers, parties with whom the Bank has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/ or waivers that may be required in relation to the Offer or any actions connected therewith;

7. To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Bank to execute all documents/ deeds as may be necessary in this regard;

8. To open and operate bank accounts of the Bank in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Bank to execute all documents/ deeds as may be necessary in this regard;

9. To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

10. To accept and appropriate the proceeds of the Offer in accordance with the Applicable Laws;

11. To approve code of conduct as may be considered necessary by the IPO Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Bank and other employees of the Bank;

12. To approve the implementation of any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the applicable laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Bank with the relevant stock exchanges, to the extent allowed under law;

13. To issue receipts/ allotment letters/ confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Bank with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Bank to sign all or any of the aforestated documents;

14. To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

15. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/ confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs;

16. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and/ or modify, as the case maybe, agreements and/ or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Bank to execute all or any of the aforestated documents;

17. To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Bank where necessary;

18. To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit;

19. To submit undertaking/ certificates or provide clarifications to the SEBI, Registrar of Companies, Karnataka at Bengaluru and the relevant stock exchange(s) where the Equity Shares are to be listed;

20. To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;

21. To delegate any of its powers set out under (a) to (q) hereinabove, as may be deemed necessary and permissible under Applicable Laws to the officials of the Bank;

22. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI Listing Regulations or any other Applicable Laws;

23. To approve the list of 'group of companies' of the Bank, identified pursuant to the materiality policy adopted by the Board, for the purposes of disclosure in the DRHP, RHP and Prospectus;

24. Deciding, negotiating and finalising the pricing and all other related matters regarding the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with applicable laws;

25. taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;

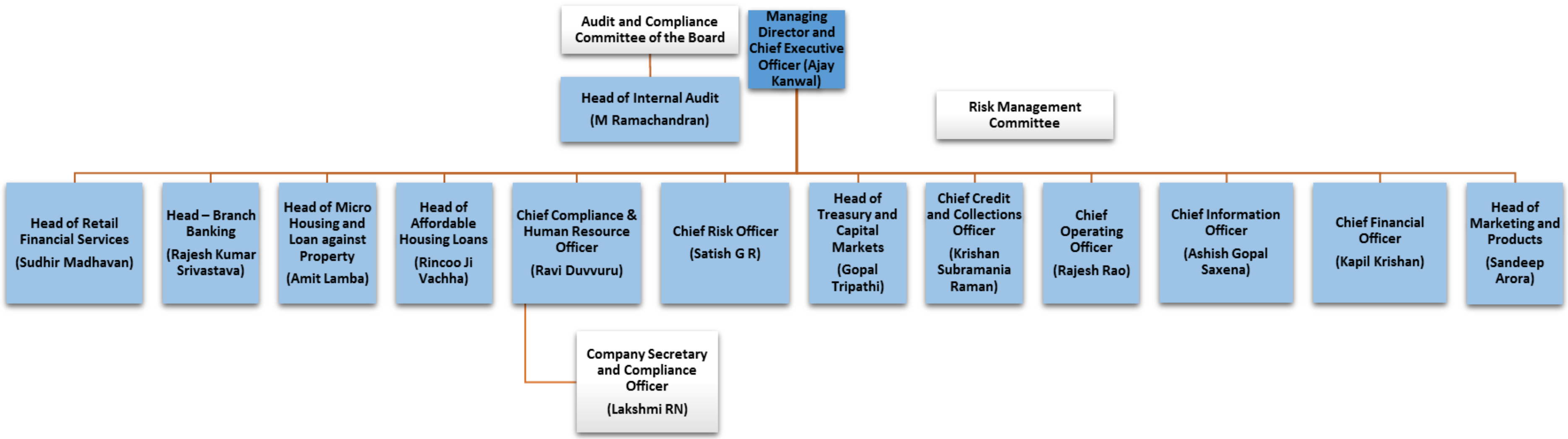
26. to withdraw the DRHP or the RHP or to decide to not proceed with the Offer at any stage in accordance with Applicable Laws and in consultation with the BRLMs; and

27. To appoint, in consultation with the BRLMs, the registrar and other intermediaries to the Offer, in accordance with the provisions of the SEBI Regulations and other Applicable Laws including legal counsels, banks or agencies concerned and entering into any agreements or other instruments for such purpose, to remunerate all such intermediaries/ agencies including the payments of commissions, brokerages, etc. and to terminate any agreements or arrangements with such intermediaries/ agents

Other committees of our Bank

In addition to the committees mentioned–in "- *Committees of the Board*" on page 204, our Bank has constituted various other committees, such as, Committee for Monitoring Large Value Frauds, Information Technology Strategy Committee, Customer Service Committee and Credit Committee to oversee and govern various internal functions and activities of the Bank.

Management Organisation Chart



Key Managerial Personnel

The details of the Key Managerial Personnel of our Bank are as follows:

Ajay Kanwal is the Managing Director and Chief Executive Officer of our Bank. For further details in relation to Ajay Kanwal, see "– *Brief Biographies of Directors*" on page 200. For details of compensation paid to him, see "*Terms of Appointment of Directors*" on page 201.

Kapil Krishan is the Chief Financial Officer of our Bank. He holds a bachelor's degree in commerce from University of Bombay. He is also an associate member of the Institute of Chartered Accountants of India. He joined the Bank as the Chief Financial Officer with effect from August 14, 2019. He has experience in finance and credit rating. He was previously employed with CRISIL, India Infoline Ltd, Standard Chartered Bank**.** He was also the Chief Financial Officer and executive vice president at Manappuram Finance Ltd. During Fiscal 2020, he received a remuneration of ₹9.50 million.

Lakshmi R N is the Company Secretary and Compliance Officer of our Bank. She holds a bachelor's degree in commerce from University of Bangalore. She is an associate member of the Institute of Company Secretaries of India. She joined the Bank as the Assistant Company Secretary with effect from July 17, 2013. Subsequently, she was appointed as Company Secretary with effect from August 8, 2018 and was appointed as Compliance Officer with effect from March 16, 2021. She has experience in secretarial functions and corporate governance. She was previously employed with ING Vysya Bank, Firstapex Software Technologies Private Limited and Kirloskar Multimedia Limited. During Fiscal 2020, she received a remuneration of ₹2.20 million.

Mahalingam Ramachandran is the Head of Internal Audit of our Bank. He holds a bachelor's degree in law from Saurashtra University, bachelor's degree in commerce from University of Delhi, master's degree in commerce from University of Delhi and a diploma in management from All India Management Association. He joined the Bank as the Head of Internal Audit with effect from September 3, 2019. He has experience in the field of banking industry. He was previously employed with HDFC Bank Limited as the executive vice president – regional head audit. During Fiscal 2020, he received a remuneration of ₹2.90 million.

Ravi Duvvuru is the Chief Compliance and Human Resource Officer of our Bank since August 1, 2018. He has a bachelor's degree in arts from Nagarjuna University, master's degree in economics from University of Madras and is an associate of the Indian Institute of Bankers. He has been associated with the Bank since November 8, 2017. He has experience in the banking industry. He was previously employed with the Standard Chartered Bank, India and Singapore, Kotak Mahindra Bank, HDFC Bank and the Reserve Bank of India. During Fiscal 2020, he received a remuneration of ₹17.97 million.

Krishnan Subramania Raman is the Chief Credit and Collections Officer of our Bank since April 1, 2020. He holds a bachelor's degree in commerce from the University of Madras and post-graduate diploma in management from the Indian Institute of Management, Calcutta. He is an associate member of the Institute of Chartered Accountants of India and the Indian Institute of Bankers. He joined the Bank as Chief Risk Officer with effect from December 11, 2017. He has banking experience from India, Singapore, Indonesia and the UAE. He was previously employed with Mashreq Bank, UAE, Standard Chartered Bank, India and Singapore, Permata Bank, Indonesia and Dunia Finance. During Fiscal 2020, he received a remuneration of ₹18.96 million.

Amit Lamba is the Head of Micro Housing and Loan against Property of our Bank since February 1, 2020. He holds a bachelor's degree in arts from Agra University and a master's degree in business administration from Dr. Bhimrao Ambedkar University and a global program for management development certificate from Ross School of Business, University of Michigan. He joined the Bank as Zonal Business Head with effect from October 23, 2017. He has experience in banking, media and ITES domains and across business, operations and risk functions. He was previously employed with Life Insurance Corporation of India, ICICI Bank, VeriFone India Technology Private Limited, Citicorp Credit Services India Limited, ICICI Personal Financial Services Company Limited and Serco Global Services Private Limited. During Fiscal 2020, he received a remuneration of ₹6.90 million.

Ashish Gopal Saxena is the Chief Information Officer (CIO) of our Bank since December 24, 2019. He holds a bachelor's degree in technology, electronics engineering from University of Lucknow. He has experience in technology functions to design, deliver and implement high-performance solutions. He was previously employed with U GRO Capital Ltd, AU Small Finance Bank, Max Life Insurance, and Tata Consultancy Services. During Fiscal 2020, he received a remuneration of ₹2.32 million.

Gopal Tripathi is the Head of Treasury and Capital Markets of our Bank since April 1, 2018. He holds a bachelor's degree in arts from Patna University, Patna. He is a junior associate of the Indian Institute of Bankers and has a diploma in treasury, integrated and risk management from Indian Institute of Banking & Finance. He joined the Bank as the head of trading with effect from July 5, 2016. He has experience in banking and treasury. He was previously employed with the Bank of India, the Shipping Corporation of India, Royal Bank of Scotland, State Bank of India and HDFC Bank Limited. During Fiscal 2020, he received a remuneration of ₹10.01 million.

Rajesh Rao is the Chief Operating Officer of our Bank since November 1, 2019. He holds a bachelor's degree in engineering from University of Mysore and a postgraduate diploma in management from International Management Institute, and is a certified Associate of Indian Institute of Bankers (CAIIB). He joined the Bank as head – process excellence with effect from August 3, 2015. He has experience in banking and capital markets as well as financial services BPO, and managing global operations. He was previously employed with CMC Limited, Healthcare and Wellness Foundation Limited, First Advantage Global Operating Center Private Limited, Export Import Bank of India, Infosys BPO Limited and Mphasis. During Fiscal 2020, he received a remuneration of ₹6.65 million.

Rincoo Ji Vachha is the Head of Affordable Housing Loans of our Bank since May 7, 2018. He holds a bachelor's degree in science from the University of Kashmir. He has been associated with the Bank since May 7, 2018. He has experience in the BFSI sector. He was previously employed with Accor Radhakrishna Corporate Services, ICICI Bank Limited and CRISIL Limited. During Fiscal 2020, he received a remuneration of ₹5.97 million.

Sandeep Arora is the head of Marketing and Products of our Bank since December 1, 2019. He holds a bachelor's degree in mechanical engineering from Punjabi University. He joined the Bank on July 4, 2016 as National Head Group Loan. Sandeep has experience in BFSI sector. He was previously employed with ICICI Bank Limited. During Fiscal 2020, he received a remuneration of ₹7.85 million.

Satish Ramachandran is the Chief Risk Officer of our Bank April 1, 2020. He holds a bachelor's degree in engineering from Birla Institute of Technology and Science, Pilani and a post-graduate diploma in management from the Indian Institute of Management, Lucknow. He joined the Bank as segment credit head MSE with effect from April 3 2019. He has experience in credit policy. He was previously employed with Citibank NA, Standard Chartered Bank and Fullerton India. During Fiscal 2020, he received a remuneration of ₹6.11 million.

Sudhir Madhavan is the head of Retail Financial Services of our Bank since March 1, 2020. He holds a bachelor's degree in engineering from Nagpur University and a post graduate diploma in business administration from the ICFAI Business School. He joined the Bank on December 10, 2018 as head of strategy. He has experience in retail banking. He was previously employed with Ballarpur Industries Limited, Global Boards Limited, HDFC Bank Limited, Bajaj Finance Limited, GE Countrywide Consumer Financial Services, Citibank, Royal Bank Scotland and Vietnam Prosperity Bank. During Fiscal 2020, he received a remuneration of ₹9.17 million.

Rajesh Kumar Srivastava is the Head - Branch Banking of our Bank since January 4, 2021. He holds a bachelor's degree in arts from University of Calcutta. He has experience in banking. He was previously employed with HDFC Bank Limited as Senior Vice President - II. Since he joined our Bank on January 4, 2021, he has not received remuneration from our Bank in Fiscal 2020.

Relationship between our Key Managerial Personnel and Key Managerial Personnel and Directors

None of the Key Managerial Personnel are either related to each other or to the Directors.

Shareholding of Key Managerial Personnel

None of our Key Managerial Personnel hold any Equity Shares in our Bank. Further, some of our KMPs have been provided employee stock option under the ESOP 2017 and ESOP 2018. For details of our employee stock option, see "*Capital Structure*" on Page 70.

Bonus or Profit Sharing Plans of the Key Managerial Personnel

None of our Key Managerial Personnel is party to any bonus or profit sharing plan of our Bank. However, certain Key Managerial Personnel may be entitled to performance linked incentives in accordance with the terms of their appointment.

Status of Key Managerial Personnel

Except for three of our Key Managerial Personnel, namely, Ajay Kanwal, Ravi Duvvuru and Mahalingam Ramachandran, who have been appointed on a contractual basis for a period of four years, subject to the terms and conditions of their respective appointments, all the Key Managerial Personnel are permanent employees of our Bank.

Interests of Key Managerial Personnel

Our Key Managerial Personnel do not have any interest in our Bank other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. The Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in the Bank, if any. Some of our KMPs are entitled to employee stock options and equity shares resulting from the exercise of options of our Bank. There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel was selected as a member of senior management.

Changes in the Key Managerial Personnel

The changes in the Key Managerial Personnel in the last three years are as follows:

Name	Designation	Date of change	Reason for change
Rajesh Kumar Srivastava	Head - Branch Banking	January 4, 2021	Appointment as Head - Branch Banking
Alexander John	Head of Micro Housing and Loan	April 16, 2020	Resignation as Head of Micro Housing and Loan

Name	Designation	Date of change	Reason for change
	against Property		against Property
Satish Ramachandran	Chief Risk Officer	April 1, 2020	Appointment as Chief Risk Officer
Krishnan Subramania Raman	Chief Credit and Collections Officer (CCCO)	April 1, 2020	Appointment as Chief Credit and Collections Officer (CCCO)
Ajay Pareek	Head of Retail Financial Services	March 12, 2020	Resignation as Head of Retail Financial Services
Sudhir Madhavan	Head of Retail Financial Services	March 1, 2020	Appointment as Head of Retail Financial Services
Amit Lamba	Head of Micro Housing and Loan against Property	February 1, 2020	Appointment as Micro Housing and Loan against Property
Ashish Gopal Saxena	Chief Information Officer	December 24, 2019	Appointment as Chief Information Officer
Sandeep Arora	Head of Marketing and Products	December 1, 2019	Appointment as Head of Marketing and Products
Rajesh Rao	Chief Operating Officer	November 1, 2019	Appointment as Chief Operating Officer
Mahalingam Ramachandran	Head of Internal Audit	September 3, 2019	Appointment as Head of Internal Audit
Bidhan Choudhary	Chief Operating Officer	September 13, 2019	Resignation as Chief Operating Officer
Kapil Krishan	Chief Financial Officer	August 14, 2019	Appointment as Chief Financial Officer
Anurag Adlakha	Chief Financial Officer	July 4, 2019	Resignation as Chief Financial Officer
Anurag Adlakha	Chief Financial Officer	February 7, 2019	Appointment as Chief Financial Officer
Vivek Venkatesan	Chief Financial Officer	December 31, 2018	Resignation as Chief Financial Officer
Ajay Pareek	Head of Retail Financial Services	October 10, 2018	Appointment as Head of Retail Financial Services
Lakshmi R. N	Company Secretary	August 8, 2018	Appointment as Company Secretary
Richa Saxena	Company Secretary	July 6, 2018	Resignation as Company Secretary
Rincoo Ji Vaccha	Head of Affordable Housing Loans	May 7, 2018	Appointment as Head of Affordable Housing Loans

Service Contracts with Directors and Key Managerial Personnel

No officer of our Bank, including our Directors and the Key Managerial Personnel has entered into a service contract with our Bank pursuant to which they are entitled to any benefits upon termination of employment, other than statutory benefits upon termination of their employment in our Bank on retirement.

Contingent and deferred compensation payable to our Director and Key Managerial Personnel

There is no contingent or deferred compensation payable to our Directors and KMPs, which does not form a part of their remuneration.

Payment or benefit to Key Managerial Personnel

Except as stated in this section, no non-salary amount or benefit has been paid or given to any of our Bank's officers including Key Managerial Personnel within the two preceding years or is intended to be paid or given as on date of this Draft Red Herring Prospectus.

Employees Stock Options

For details of our employee stock options, see "*Capital Structure*" on page 70.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

JCL and JHL are the Promoters of our Bank. JCL, along with its nominees, holds 100% of the issued and paid-up share capital of JHL.

As on the date of this Draft Red Herring Prospectus, JHL, holds 21,344,374 Equity Shares equivalent to 42.08% of the issued, subscribed and paid-up equity share capital of our Bank. While JCL does not directly hold any Equity Shares in the Bank as on the date of this Draft Red Herring Prospectus, all such Equity Shares are presently held by JHL, and therefore indirectly by JCL.

For further details, see "*Capital Structure*" on page 70.

Details of our Promoters

Jana Capital Limited

Corporate Information

JCL was incorporated on March 26, 2015 at Bengaluru, Karnataka, India, as a public company under the Companies Act, 2013. The registered office of JCL is located at No.4/1 to 4/8, Meanee Avenue Road, Old Tank Road, Ulsoor, Bengaluru, 560 042, Karnataka, India. JCL is registered with the RBI as an NBFC-CIC-ND-SI.

The CIN of JCL is U67100KA2015PLC079488.

The main objects of JCL are inter alia, carry on the business of an investment company.

Board of directors of JCL

The board of directors of JCL comprises of the following –

1. Anil Rai Gupta;
2. Puneet Bhatia;
3. Ramesh Ramanathan;
4. Sakaleshpur Visweswaraiya Rangnath;
5. Abraham Chacko;
6. Saraswathy Athmanathan;
7. Nirav Vinod Mehta; and
8. Rajamani Muthuchamy.

Shareholding pattern of JCL

As on the date of this Draft Red Herring Prospectus, the authorised share capital of JCL is ₹30,000,000 divided into 3,000,000 equity shares of face value of ₹10 each. The issued and paid-up share capital of JCL, as on the date of this Draft Red Herring Prospectus is ₹27,041,810 divided into 2,704,181 equity shares of face value of ₹10 each.

The shareholding pattern of JCL as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of shareholder	Number of equity shares held	Percentage of equity shareholding (%)
1.	JUF	1,187,716	43.92
2.	TPG Asia VI SF Pte. Ltd.	540,574	19.99
3.	Caladium Investment Pte. Ltd.	540,574	19.99
4.	North Haven Private Equity Asia Platinum Pte Ltd	235,656	8.71
5.	QRG Enterprises Limited	172,025	6.36
6.	ENAM Securities Limited	27,596	1.02
7.	R. Srinivasan	10	Negligible
8.	K. S. Ramdas	10	Negligible
9.	C. P. Rangarajan	10	Negligible
10.	R. Srinivasan	9	Negligible
11.	Ramesh Ramanathan	1	Negligible
Total		**2,704,181**	**100**

Promoters of JCL

The promoters of JCL are our Part-Time Chairman and Non-Executive Director, Ramesh Ramanathan, and JUF. JUF is a company limited by guarantee, incorporated on June 29, 2006 in Karnataka, India under the Companies Act, 1956. JUF in authorized to engage in the business of, *inter-alia*, sponsoring or funding social programmes relating to livelihood, health related activities etc., undertaking charitable objects for alleviation of poverty amongst urban poor, and undertaking construction of low cost housing for subprime sector with basic amenities.

Board of directors of JUF

The board of directors of JUF comprise of the following –

1. Ramesh Ramanathan;

2. Raghunath Srinivasan;

3. Swati Ramanathan; and

4. K. S. Ramdas

Change in control of JCL

There has been no change in control of JCL in the last three years preceding the date of this Draft Red Herring Prospectus.

Our Bank confirms that the permanent account number, bank account number(s), company registration number and the address of the registrar of companies where JCL is registered, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

Jana Holdings Limited

Corporate Information

JHL was incorporated on March 10, 2016 at Bengaluru, Karnataka, India, as a public company under the Companies Act, 2013. The registered office of JHL is located at No.4/1 to 4/8, Meanee Avenue Road, Old Tank Road, Ulsoor, Bengaluru, 560 042, Karnataka, India. JHL is registered with RBI as an NBFC-ND-NOFHC having certificate number N-02.00275 dated January 27, 2017.

The main objects of JHL are, *inter alia*, to carry on the business of a non-operating financial holding company in terms of the guidelines issued by RBI.

The CIN of JHL is U74900KA2016PLC086838.

Our Part-Time Chairman and Non-Executive Director, Ramesh Ramanathan, and JCL are the promoters of JHL.

Board of directors of JHL

The board of directors of JHL comprises of the following:

1. Ramesh Ramanathan;

2. Abraham Chacko;

3. Saraswathy Athmananthan; and

4. Rajamani Muthuchamy

Shareholding pattern of JHL

As on the date of this Draft Red Herring Prospectus, the authorised share capital of JHL is ₹500,000,000 divided into 35,000,000 equity shares of face value of ₹10 each and 15,000,000 preference shares of ₹10 each. The issued and paid-up share capital of JHL, as on the date of this Draft Red Herring Prospectus is ₹23,809,440 divided into 2,380,944 equity shares of face value of ₹10 each.

The shareholding pattern of the equity shares of JHL as on the date of this Draft Red Herring Prospectus is as follows:

S. No	Name of shareholder	Number of shares held	Percentage of equity shareholding (%)
1.	JCL	2,380,884	100%
2.	Ramesh Ramanathan*	10	Negligible

S. No	Name of shareholder	Number of shares held	Percentage of equity shareholding (%)
3.	R. Srinivasan*	10	Negligible
4.	Vidya Sridharan*	10	Negligible
5.	K. S. Ramdas*	10	Negligible
6.	C. P. Rangarajan*	10	Negligible
7.	Rajamani Muthuchamy*	10	Negligible
Total		**2,380,944**	**100**

**Equity shares held by nominees on behalf of JCL, who is the beneficial owner of such equity shares.*

Change in control of JHL

There has been no change in control of JHL in the last three years preceding the date of this Draft Red Herring Prospectus.

Our Bank confirms that the permanent account number, bank account number(s), company registration number and the address of the registrar of companies where JHL is registered, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

Change in control of our Bank

There has not been any change in control of our Bank in the last five years. However, our Bank has previously identified Ramesh Ramanathan, JUF and JHL as the promoters of our Bank pursuant to the Bank SHA and the Articles of Association.

As per the RBI Final Approval, JCL is the Promoter of our Bank. Further, JHL, which holds 42.08% of the paid-up equity share capital of our Bank is required to comply with the lock-in requirements under the SFB Licensing Guidelines. For details, see "*History and Certain Corporate Matters – Shareholders' agreements and other agreements*" on page 194.

Scheme of Amalgamation

On November 6, 2020, our Promoters JHL and JCL, and their respective shareholders, filed a scheme of amalgamation under Section 233 of the Companies Act, 2013 before the Regional Director of South East Region, Regional Director, Ministry of Corporate Affairs, Hyderabad ("**Regional Director**") on November 6, 2020 to amalgamate JHL, a wholly owned subsidiary of JCL, with JCL ("**Previous Scheme of Amalgamation**"). The Previous Scheme of Amalgamation was approved by the board of directors of JCL and JHL, pursuant to resolutions dated August 24, 2020, respectively, and the shareholders of JCL and JHL, pursuant to resolutions dated October 30, 2020, respectively. The RBI has, pursuant to its letter dated August 10, 2020, granted its in-principle approval for the Previous Scheme of Amalgamation.

The Previous Scheme of Amalgamation was rejected by the Regional Director pursuant to the order dated March 26, 2021 ("**Rejection Order**"), on account of JCL being unable to comply with the requirements under Section 233(1)(d) of the Companies Act, 2013 which requires that a scheme of amalgamation be approved by majority representing nine-tenths in value of the creditors or class of creditors of the respective companies indicated in a meeting convened by the amalgamating companies.

The board of directors of JCL and JHL have thereafter pursuant to resolutions each dated March 30, 2021 taken note of the Rejection Order and accorded approval to file a fresh merger application (i.e. the Scheme of Amalgamation) with the Regional Director for the approval of the merger of JHL with JCL, as per Section 233 of the Companies Act, 2013, subject to the approval of the Proposed Scheme of Amalgamaton by the board of directors, shareholders, creditors of each of JCL and JHL, and such other authorities as may be required.

The Scheme of Amalgamation will be subject to the approval of the board of directors, the shareholders and the creditors of each of JCL and JHL, and receipt of the necessary statutory and regulatory and other consents and approvals (including from the RBI). Upon the Scheme of Amalgamation coming into effect, the whole of the undertaking and entire business of JHL as a going concern, including and not limited to JHL's shareholding and interest in the Bank (comprising of 21,344,374 Equity Shares aggregating to 42.08% of the total issued and paid-up equity share capital of the Bank as on the date of this Draft Red Herring Prospectus and 40.10% of the total issued and paid-up equity share capital of the Bank on a fully diluted basis taking into account conversion of the Preference Shares but not considering vested options and units), shall stand transferred to, and vested in JCL and JCL shall become a direct shareholder and sole promoter of the Bank. The Bank will file the Red Herring Prospectus only after the Scheme of Amalgamation comes into effect, or if the Scheme of Amalgamation is withdrawn. For further details, see "*Risk Factors – Our Promoters propose to undertake a scheme of amalgamation (i.e. the Scheme of Amalgamation) pursuant to which JHL, our Promoter is proposed to be amalgamated with its holding company and our other Promoter JCL. The Scheme of Amalgamation may not be completed in a timely manner, or at all or deliver us the anticipated benefits.*" on page 32. It is clarified that all obligations required to be complied with by our Promoters vis-à-vis the Offer and our Bank, including in relation to minimum Promoters' contribution requirements in relation to the Offer and under the SFB Licensing Guidelines shall be complied with by JCL from the date on which the Scheme of Amalgamation comes into effect. For further details, see "*Capital Structure*" on page 70.

Interests of our Promoters

Our Promoters are interested in our Bank to the extent they are the promoters of our Bank and to the extent of their shareholding in the Bank and dividend payable, if any, and other distributions in respect of the Equity Shares held by them. Further, our Bank is proposing to undertake the Proposed Further Issue of such number of Equity Shares aggregating up to ₹4,000 million to our Promoters prior to the filing of the Red Herring Prospectus, to *inter-alia* ensure compliance with the minimum promoters' shareholding requirements under the SFB Licensing Guidelines. The Proposed Further Issue, if undertaken will be at such a price to be decided by our Bank in consultation with the BRLMs and in compliance with applicable laws.

Our Promoters has no interest in any property acquired by the Bank in the three years preceding the date of the Draft Red Herring Prospectus, or proposed to be acquired by our Bank or in any transaction by our Bank for acquisition of land, construction of building or supply of machinery as on the date of this Draft Red Herring Prospectus.

No sum has been paid or agreed to be paid to our Promoters or to the firms or companies in which our Promoters are interested as a member, in cash or shares or otherwise, by any person, either to induce them to become or to qualify them, as directors or Promoters or otherwise for services rendered by such Promoters or by such firms or companies in connection with the promotion or formation of our Bank.

Payment of benefits to our Promoters or our Promoter Group

Our Bank and JUF have entered into the trademark license agreement dated November 5, 2019 (the "**Trademark Agreement**") pursuant to which an amount of royalty of 0.40% per annum (excluding GST) of revenue from operations, subject to an overall cap of ₹250 million per annum to be reviewed annually is payable by the Bank to JUF. During the Fiscals 2020 and the six months ended September 30, 2020, our Bank has paid an aggregate amount, including taxes payable, of ₹32.85 million and ₹33.92 million, respectively to JUF under the Trademark Agreement.

Other than this and except as disclosed in the "*Restated Financial Statements*" beginning on page 241, no amount or benefit has been paid or given to our Promoters or our Promoter Group during the two years preceding the filing of this Draft Red Herring Prospectus.

Material guarantees given by our Promoters to third parties with respect to Equity Shares of our Bank

Our Promoters have not given any material guarantees to third parties with respect to the Equity Shares of our Bank.

Companies or firms with which our Promoters has disassociated in the last three years

Our Promoters have not disassociated, sold or transferred their stake in any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus.

Our Promoter Group

Other than our Promoters, the following entity forms part of our Promoter Group:

- Jana Urban Foundation

There are no natural persons who are part of our Promoter Group.

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations and pursuant to the resolution passed by our Board at its meeting held on March 22, 2021, group companies of our Bank shall include (i) the companies (other than the Promoter), with which our Bank has entered into related party transactions as disclosed in the Restated Financial Statements for the last three fiscals (and stub period, if any, in respect of which, Restated Financial Statements are included in this Draft Red Herring Prospectus); and (ii) such other companies considered material by the Board.

In respect of (ii) above, the companies shall be considered as material by the Board if they (a) are companies forming part of the Promoter Group (other than the Promoters) with whom the Bank has entered into one or more transactions during the last completed financial year and the stub period, which individually or cumulatively exceeds 5% of the total revenue of the Bank for that financial year as per the Restated Financial Statements; or (b) are such other companies as deemed material by the Board.

Accordingly, in terms of the policy adopted by our Board for determining group companies, our Board has identified the following companies as the group company of the Bank ("**Group Companies**").

1. Crossdomain Solutions Private Limited;
2. Janaadhar (India) Private Limited;
3. Jana Urban Foundation;
4. Jana Urban Services for Transformation Private Limited; and
5. Jana Urban Space Foundation (India).

Details of our Group Companies

1. Crossdomain Solutions Private Limited ("Crossdomain")

Corporate Information

Crossdomain is a private limited company, which was incorporated on February 10, 1987 under the Companies Act, 1956. The CIN of Crossdomain is U70101KA1987PTC008167.

Nature of Activities

Crossdomain is authorised to engage in the business of, *inter-alia*, purchasing, acquiring, leasing, underwriting, subscribing for, and dealing in real and personal property.

Financial Performance

The financial information derived from the audited standalone financial statements of Crossdomain as at and for the Financial Years ended March 31, 2020, 2019 and 2018 is set forth below:

(₹ in million except per share data)

Particulars	As at and for the Financial Year ended March 31,		
	2020	2019	2018
Equity capital	6.78	6.77	6.21
Reserves (excluding revaluation reserves)	(114.11)	(61.31)	(2.27)
Sales	83.65	84.75	71.59
Profit/(Loss) after tax	(52.80)	(170.98)	(143.05)
Earnings per share (Basic)	(17.01)	(55.11)	(46.10)
Earnings per share (Diluted)	(17.01)	-	(46.10)
Net asset value	(31.68)	(16.10)	1.16

Significant notes of auditors of Crossdomain in the audited standalone financial statements for the last three Financial Years

There are no significant notes of auditors of Crossdomain in the audited standalone financial statements of Crossdomain for the last three financial years.

2. Janaadhar (India) Private Limited ("Janaadhar")

Corporate Information

Janaadhar is a private limited company, which was incorporated on November 29, 2007 under the Companies Act, 1956. The CIN of Janaadhar is U45201KA2007PTC044522.

Nature of Activities

Janaadhar is authorized to carry on the business of, *inter-alia*, real estate development, low cost housing projects, acquisition of immovable property of all kinds and description, and construction of residential housing units.

Financial Performance

The financial information derived from the audited standalone financial statements of Janaadhar as at and for the Financial Years ended March 31, 2020, 2019 and 2018 is set forth below:

(₹ in million except per share data)

Particulars	As at and for the Financial Year ended March 31,		
	2020	2019	2018
Equity capital	22.53	22.53	22.53
Reserves (excluding revaluation reserves)	64.38	192.11	257.89
Sales	233.71	289.76	569.20
Profit/(Loss) after tax	(102.29)	(56.55)	15.09
Earnings per share (Basic)	(45.40)	(25.10)	6.70
Earnings per share (Diluted)	(45.40)	(25.10)	6.70
Net asset value	43.18	95.26	124.46

Significant notes of auditors of Janaadhar in the audited standalone financial statements for the last three Financial Years

There are no significant notes of auditors of Janaadhar in the audited standalone financial statements of Janaadhar for the last three financial years.

3. Jana Urban Foundation ("JUF") (formerly Janalakshmi Social Services)

Corporate Information

JUF was incorporated on June 29, 2006, as a Section 25 (now Section 8 company under the Companies Act, 2013) company limited by guarantee under the Companies Act, 1956. The CIN of JUF is U65929KA2006NPL039843.

Nature of Activities

JUF in authorized to engage in the business of, *inter-alia,* sponsoring or funding social programmes relating to livelihood, health related activities etc., undertaking charitable objects for alleviation of poverty amongst urban poor, and undertaking construction of low cost housing for subprime sector with basic amenities.

Financial Performance

The financial information derived from the audited standalone financial statements of JUF as at and for the Financial Years ended March 31, 2020, 2019 and 2018 is set forth below:

(₹ in million except per share data)

Particulars	As at and for the Financial Year ended March 31,		
	2020	2019	2018
Equity capital	-	-	-
Reserves (excluding revaluation reserves)	93.18	85.82	86.17
Sales	11.93	3.20	0.88
Profit/(Loss) after tax	7.48	(0.33)	(2.18)
Earnings per share (Basic)	-	-	-
Earnings per share (Diluted)	-	-	-
Net asset value	-	-	-

Significant notes of auditors of JUF in the audited standalone financial statements for the last three Financial Years

There are no significant notes of auditors of JUF in the audited standalone financial statements of JUF for the last three financial years.

4. Jana Urban Services for Transformation Private Limited ("**JUST**")

Corporate Information

JUST was incorporated on April 1, 2014, as a private limited company under the Companies Act, 2013. The CIN of JUST is U74900KA2014PTC074504.

Nature of Activities

JUST is authorized to engage in the business of, *inter-alia,* providing technical, consulting and implementation support services in respect of municipal finance, municipal staffing and performance management, urban governance reforms, civic technology and citizen participation, and urban planning and design.

Financial Performance

The financial information derived from the audited standalone financial statements of JUST as at and for the Financial Years ended March 31, 2020, 2019 and 2018 is set forth below:

(₹ in million except per share data)

Particulars	As at and for the Financial Year ended March 31,		
	2020	2019	2018
Equity capital	0.50	0.50	0.50
Reserves (excluding revaluation reserves)	33.90	33.74	33.59
Sales	0.44	7.17	197.50
Profit/(Loss) after tax	0.16	0.14	13.02
Earnings per share (Basic)	3.20	2.89	260.32
Earnings per share (Diluted)	3.20	2.89	260.32
Net asset value	687.92	684.73	681.83

Significant notes of auditors of JUST in the audited standalone financial statements for the last three Financial Years

There are no significant notes of auditors of JUST in the audited standalone financial statements of JUST for the last three financial years.

5. Jana Urban Space Foundation (India) ("JUSFI")

Corporate Information

JUSFI was initially incorporated as "Urban Space Foundation (India) Private Limited" on July 21, 2008, as a company limited by guarantee under the Companies Act, 1956. A fresh certificate of incorporation was granted to the company consequent to the change of name from "Urban Space Foundation (India) Private Limited" to "Jana Urban Space Foundation (India)". The CIN of JUSFI is U70106KA2008NPL047236.

Nature of Activities

JUSFI is authorized to engage in the business of, *inter-alia*, preparing spatial plans for regional, municipal, and neighbourhood levels and providing technical expertise on policy reforms for better planning and design.

Financial Performance

The financial information derived from the audited standalone financial statements of JUSFI as at and for the Financial Years ended March 31, 2020, 2019 and 2018 is set forth below:

(₹ in million except per share data)

Particulars	As at and for the Financial Year ended March 31,		
	2020	2019	2018
Equity capital	-	-	-
Reserves (excluding revaluation reserves)	38.28	31.21	21.02
Sales	27.95	34.89	27.60
Profit/(Loss) after tax	7.07	10.18	(7.78)
Earnings per share (Basic)	-	-	-
Earnings per share (Diluted)	-	-	-
Net asset value	-	-	-

Significant notes of auditors of JUSFI in the audited standalone financial statements for the last three Financial Years

There are no significant notes of auditors of JUSFI in the audited standalone financial statements of JUSFI for the last three financial years.

Loss making Group Companies

Except for Janaadhar and Crossdomain, none of our Group Companies have incurred losses in Fiscal 2020.

The details of the profit/ losses made by Crossdomain and Janaadhar, for the immediately three preceding Financial Years, are as follows:

S. No.	Name of the Group Companies	Profit/(Loss) after tax as at and for the Financial Year ended March 31,		
		2020	2019	2018
1.	Crossdomain	(52.80)	(170.98)	(143.05)
2.	Janaadhar	(102.29)	(56.55)	15.09

Nature and extent of interest of our Group Companies

a. ***In the promotion of our Bank***

Except for JUF, which is a member of our Promoter Group, our Group Companies do not have any interest in the promotion of our Bank.

b. ***In the properties acquired by our Bank or proposed to be acquired by our Bank in the preceding three years before filing this Draft Red Herring Prospectus***

Our Group Companies are not interested in the properties acquired by our Bank in the three years preceding the filing of this Draft Red Herring Prospectus, or that are proposed to be acquired by our Bank as on the date of this Draft Red Herring Prospectus.

c. ***In transactions for acquisition of land, construction of building and supply of machinery***

Our Group Companies are not interested in any transactions by the Bank for the acquisition of land, construction of building or supply of machinery.

Defunct Group Companies

Our Group Companies are not defunct, and no applications have been made to the relevant registrar of companies for striking off their names during the five years preceding the date of filing the Draft Red Herring Prospectus with SEBI.

Group Companies which are a sick industrial company or are under winding up/ insolvency proceedings

Our Group Companies do not fall under the definition of sick companies under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985 and are not under any winding up or insolvency proceedings.

Common Pursuits between our Group Companies and our Bank

As of the date of this Draft Red Herring Prospectus, there are no common pursuits between our Group Companies and our Bank.

Related Business Transactions within the Group and significance on the financial performance of our Bank

Except as disclosed in "*Other Financial Information – Related Party Transactions*" on page 313, there are no other related business transactions between the Group Companies and our Bank.

Business interest of our Group Companies in our Bank

Except as disclosed in "*Other Financial Information – Related Party Transactions*" on page 313, none of our Group Companies have any business interest in our Bank.

Litigation

Our Group Companies are not party to any pending litigation which will have material impact on our Bank.

Other confirmations

The equity shares of our Group Companies are not listed on any stock exchange and our Group Companies have not made any public or rights issue of securities in the preceding three years.

Further, none of the securities of our Group Companies have been refused listing by any stock exchange in India or abroad, nor have our Group Companies failed to meet the listing requirements of any stock exchange in India or abroad.

DIVIDEND POLICY

Our Bank does not have a formal dividend policy. The declaration and payment of dividends is recommended by the Board and approved by the Shareholders, at their discretion, subject to the provisions of the Banking Regulation Act and regulations made thereunder, the RBI Act and regulations and guidelines made thereunder, the Articles of Association and other applicable law, including the Companies Act, 2013. In terms of Section 15 of the Banking Regulation Act, a banking company is permitted to declare dividends only upon all of its capitalised expenses being written off.

RBI has, pursuant to its circulars dated April 17, 2020, mandated that banks shall not make any further dividend pay-outs from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of uncertainty caused by COVID-19. Further, RBI has, pursuant to circular dated December 4, 2020, mandated that banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2021, with a view to strengthen the balance sheets of banks and supporting lending to the real economy.

The Board, at their meeting held on May 30, 2017 proposed a final dividend at 10% (i.e.,₹1 per Equity Share) amounting to ₹33.06 million, inclusive of corporate dividend tax. The same was approved in Annual General Meeting by the 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 and loss account of the financial year ended March 31, 2018.

Our Bank has not declared any dividends for Fiscals 2020, 2019 and 2018 and the six months periods ended September 30, 2020 and September 30, 2019. Further, our Bank has not declared any dividend from October 1, 2020 till the date of this Draft Red Herring Prospectus.

SELECTED STATISTICAL INFORMATION

This section should be read together with the Restated Financial Statements, including the notes thereto, in "Financial Statements" on page 241 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 314.

Our Bank's fiscal year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is derived from our Restated Financial Statements included in this Draft Red Herring Prospectus.

Demand deposits are current account deposits. Although the Bank does not pay interest on demand deposits, demand deposits have been included as interest bearing liabilities in this section.

The following information is included for analytical purposes. Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere. For more details, see "-Certain Non-GAAP Measures" on page 226.

Average Balance Sheet, Interest Earned/Expended and Yield/Cost

The tables below presents our average balances for total interest-earning assets and total interest-bearing liabilities together with the related interest earned and interest expended, resulting in the presentation of the yield and cost for each period.

(₹ in millions, except percentages)

	As at and for the six months ended September 30,					
	2020			2019		
	Average Balance[1] [A]	Interest Earned [2]/ Expended [3] [B]	Yield/ Cost[4] (%)[9] [C = B/A]	Average Balance [1] [A]	Interest Earned [2]/ Expended [3] [B]	Yield/ Cost[4] (%)[9] [C = B/A]
Interest-earning assets:						
Advances	101,088.82	11,671.67	23.09%	68,307.42	7,939.74	23.18%
Investments	34,257.79	775.61	4.53%	21,430.08	718.59	6.69%
Others[5]	3,912.39	117.87	6.03%	332.02	68.35	41.06%[11]
Total interest-earning assets	**139,259.00**	**12,565.15**	**18.05%**	**90,069.52**	**8,726.68**	**19.32%**
Non-interest-earning assets:						
Fixed assets	2,453.88			3,159.23		
Other assets[6]	7,519.99			9,926.18		
Total non-interest-earning assets	**9,973.87**			**13,085.41**		
Total assets	**149,232.87**			**103,154.93**		
Interest-bearing liabilities:						
Deposits[7]	99,338.52	4,241.14	8.54%	57,847.62	2,563.00	8.84%
Borrowings[8]	33,313.39	1,807.74[10]	10.85%	34,447.54	1,980.92	11.47%
Total interest-bearing liabilities	**132,651.91**	**6,048.88**	**9.12%**	**92,295.17**	**4,543.92**	**9.82%**
Non-interest-bearing liabilities:						
Capital and reserves	10,844.34			6,353.13		
Other liabilities	5,736.61			4,506.64		
Total non-interest bearing liabilities	**16,580.95**			**10,859.76**		
Total liabilities	**149,232.87**			**103,154.93**		

(₹ in millions, except percentages)

	As at and for the year ended March 31,								
	2020			2019			2018		
	Average Balance [(1)] [A]	Interest Earned [(2)]/ Expended [(3)] [B]	Yield/ Cost[(4)] (%) [C = B/A]	Average Balance [(1)] [A]	Interest Earned [(2)]/ Expended [(3)] [B]	Yield/ Cost[(4)] (%) [C = B/A]	Average Balance [(1)] [A]	Interest Earned [(2)]/ Expended [(3)] [B]	Yield/ Cost[(4)] (%) [C = B/A]
Interest-earning assets:									
Advances	78,247.36	18,327.97	23.42%	56,034.39	11,216.81	20.02%	87,851.44	14,181.53	16.14%
Investments	23,286.67	1,459.58	6.27%	15,435.40	1,031.99	6.69%	14,119.85	964.28	6.83%
Others[(5)]	1,511.12	127.64	8.45%	4,174.43	256.59	6.15%	10,792.70	402.07	3.73%
Total interest-earning assets	**103,045.15**	**19,915.19**	**19.33%**	**75,644.22**	**12,505.39**	**16.53%**	**112,764.00**	**15,547.88**	**13.79%**
Non-interest-earning assets:									
Fixed assets	2,972.69			3,603.58			3,713.78		
Other assets[(6)]	9,139.11			8,203.59			11,024.27		
Total non-interest-earning assets	**12,111.80**			**11,807.17**			**14,738.05**		
Total assets	**115,156.95**			**87,451.39**			**127,502.05**		
Interest-bearing liabilities:									
Deposits[(7)]	72,116.56	6,408.97	8.89%	17,879.71	1,460.50	8.17%	0.91[(12)]	-	-
Borrowings[(8)]	30,351.57	3,392.51	11.18%	56,615.47	6,675.80	11.79%	99,686.49	11,638.87	11.68%
Total interest-bearing liabilities	**102,468.12**	**9,801.48**	**9.57%**	**74,495.18**	**8,136.30**	**10.92%**	**99,687.40**	**11,638.87**	**11.68%**
Non-interest-bearing liabilities:									
Capital and reserves	7,878.14			7,803.19			18,940.26		
Other liabilities	4,810.69			5,153.02			8,874.40		
Total non-interest-bearing liabilities	**12,688.83**			**12,956.21**			**27,814.65**		
Total liabilities	**115,156.95**			**87,451.39**			**127,502.05**		

Notes:

1. *Average balances are calculated as the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period. The average balances of advances includes NPAs and are net of provisions for NPAs and average investments are net of depreciation or provision for investments, if any.*
2. *Interest earned on advances includes interest on advances and direct assignment transactions. Interest earned on investments includes interest earned on government securities and treasury bills. Interest earned on others includes interest on balances with banks in other deposits accounts and money at call and short notice ("Interest-Earning Balance with Reserve Bank of India and other Inter-Bank Funds").*
3. *Interest expended comprised interest expanded on deposits and borrowings.*
4. *Yield/Cost on average balance is a non-GAAP measure and is calculated as interest earned/expended divided by the average balance.*
5. *Comprises Interest-Earning Balance with Reserve Bank of India and other Inter-Bank Funds.*
6. *Comprises cash in hand, balance with the Reserve Bank of India in current accounts, balances with banks in current accounts and other assets.*
7. *Comprises demand deposits, savings bank deposits and term deposits. The Bank does not pay interest on demand deposits.*
8. *Borrowings include borrowing from other banks, other institutions and agencies and subordinated debt.*
9. *Percentages relating to the six-month period are annualised.*
10. *Excludes one-time cost of ₹110.00 million on account of a break-fee for the prepayment of debt.*
11. *Yield is seemingly high as we have calculated this based on a quarterly average.*

12. *This is the balance as at March 31, 2018. We only began accepting deposits when we began operating as Small Finance Bank on March 28, 2018.*

Analysis of Changes in Interest Earned and Interest Expended by Volume and Rate

The following tables set forth, for the periods indicated, the analysis of the changes in our interest earned and interest expended between average volume and changes in rates.

(₹ in millions)

	Six months ended September 30, 2020 vs. Six months ended September 30, 2019		
	Net Changes in Interest(1)	**Change in Average Volume(2)**	**Change in Rates(3)**
Interest earned:			
Advances	3,731.93	32,781.40	(0.09%)
Investments	57.02	12,827.71	(2.16%)
Others	49.52	3,580.37	(35.03%)
Total interest earned [A]	**3,838.47**	**49,189.48**	(1.28%)
Interest expended:			
Deposits(4)	1,678.14	41,490.90	(0.30%)
Borrowings	(173.18)	(1,134.15)	(0.62%)
Total interest expended [B]	**1,504.96**	**40,356.75**	**(0.70%)**
Net Interest Income [A-B]	**2,333.51**	**8,832.74**	**(0.58%)**

(₹ in millions)

	Year ended March 31, 2020 vs. Year ended March 31, 2019		
	Net Changes in Interest(1)	**Change in Average Volume(2)**	**Change in Rates(3)**
Interest earned:			
Advances	7,111.16	22,212.97	3.41%
Investments	427.59	7,851.27	(0.42%)
Others	(128.95)	(2,663.31)	2.30%
Total interest earned [A]	**7,409.80**	**27,400.93**	**2.79%**
Interest expended:			
Deposits(4)	4,948.47	54,236.85	0.72%
Borrowings	(3,283.29)	(26,263.91)	(0.61%)
Total interest expended [B]	**1,665.18**	**27,972.94**	**(1.36%)**
Net Interest Income [A-B]	**5,744.62**	**(572.02)**	**4.15%**

(₹ in millions)

	Year ended March 31, 2019 vs. Year ended March 31, 2018		
	Net Changes in Interest(1)	**Change in Average Volume(2)**	**Change in Average Rate(3)**
Interest earned:			
Advances	(2,964.72)	(31,817.05)	3.88%
Investments	67.71	1,315.55	(0.14%)
Others	(145.48)	(6,618.27)	2.42%
Total interest earned [A]	**(3,042.49)**	**(37,119.77)**	**2.74%**
Interest expended:			
Deposits(4)	1,460.50	17,878.80	0.41%
Borrowings	(4,963.07)	(43,071.02)	0.12%
Total interest expended [B]	**(3,502.57)**	**(25,192.22)**	**(0.75%)**
Net Interest Income [A-B]	**460.08**	**(11,927.56)**	**3.50%**

Notes:

1. *The changes in interest earned, interest expended and Net Interest Income between periods have been reflected as attributed either to volume or rate changes. For purposes of this table, changes that are due to both volume and rate have been allocated solely to changes in rate.*
2. *Change in average volume is computed as the increase in average balances for the period/year multiplied by yield/cost for Fiscal 2020, Fiscal 2019 and the six months ended September 30, 2020, as the case may be.*
3. *Change in rates represents the average balance for Fiscal 2020, Fiscal 2019 and the six months ended September 30, 2020, as the case may be, multiplied by change in rates during the respective periods during the relevant period.*
4. *Comprises demand deposits, savings bank deposits and term deposits. We do not pay interest on demand deposits.*

Yields, Spread, Cost of Funds and Net Interest Margin

The following table sets forth, for the periods indicated, the yields, spread and net interest margins on our interest-earning assets and cost of funds on our interest-bearing liabilities.

(₹ in millions, except percentages)

	As at and for the six months ended September 30[11],		As at and for the year ended March 31,		
	2020	2019	2020	2019	2018
Interest earned [A]	12,565.15	8,726.68	19,915.19	12,505.39	15,547.88
Of which:					
Interest/discount earned on advances/bills [B]	*11,671.67*	*7,939.74*	*18,327.97*	*11,216.81*	*14,181.53*
Interest expended [C]	6,048.88	4,543.92	9,801.48	8,136.30	11,638.87
Net Interest Income(1)(*) [D =A-C]	6,516.27	4,182.76	10,113.71	4,369.09	3,909.01
Average Interest-Earning Advances(2) [E]	101,088.82	68,307.42	78,247.36	56,034.39	87,851.44
Average Total Interest-Earning Assets(3) [F]	139,259.00	90,069.52	103,045.15	75,644.22	112,764.00
Average Total Assets(4) [G]	149,232.87	103,154.93	115,156.95	87,451.39	127,502.05
Average Total Interest-Bearing Liabilities(5) [H]	132,651.91	92,295.17	102,468.12	74,495.18	99,687.40
Average Total Interest-Earning Assets as a percentage of Average Total Interest-Bearing Liabilities (*) (%) [I = F/H]	104.98%	97.59%	100.56%	101.54%	113.12%
Average Interest-Earning Advances as a percentage of Average Total Assets (*) (%) [J = E/G]	67.74%	66.22%	67.95%	64.07%	68.90%
Average Total Interest-Earning Assets as a percentage of Average Total Assets (*) (%) [K = F/G]	93.32%	87.31%	89.48%	86.50%	88.44%
Average Total Interest-Bearing Liabilities as a percentage of Average Total Assets (*) (%) [L = H/G]	88.89%	89.47%	88.98%	85.18%	78.18%
Yield on Average Total Interest-Earning Assets (6)(*) (%) [M = A/F]	18.05%	19.32%	19.33%	16.53%	13.79%
Yield on Average Interest-Earning Advances (7)(*) (%) [N = B/E]	23.09%	23.18%	23.42%	20.02%	16.14%
Cost of Funds (8)(*) (%) [O = C/H]	9.12%	9.82%	9.57%	10.92%	11.68%
Spread (9)(*) (%) [P = M-O]	8.93%	9.51%	9.76%	5.61%	2.11%
Net Interest Margin (10)(*) (%) [Q = D/F]	9.36%	9.26%	9.81%	5.78%	3.47%
Average Interest-Earning Advances as a percentage of Average Total Interest-Bearing Liabilities [R = E/H]	76.21%	74.01%	76.36%	75.22%	88.13%

Notes:

1. *Net Interest Income is interest earned minus interest expended ("**Net Interest Income**").*
2. *Average Interest-Earning Advances are interest-earning assets (advances) calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period ("**Average Interest-Earning Advances**").*
3. *Average Total Interest-Earning Assets are total interest-earning assets calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period ("**Average Total Interest-Earning Assets**").*
4. *Average Total Assets are total assets calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period ("**Average Total Assets**").*
5. *Average Total Interest-Bearing Liabilities are total interest-bearing liabilities calculated on basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period ("**Average Total Interest-Bearing Liabilities**").*
6. *Yield on Average Total Interest-Earning Assets is calculated as the ratio of interest earned to Average Total Interest-Earning Assets.*
7. *Yield on Average Interest-Earning Advances is calculated as ratio of interest earned on advances divided by Average Interest-Earning Advances.*
8. *Cost of funds is the ratio of interest expended to Average Total Interest-Bearing Liabilities ("**Cost of Funds**").*
9. *Spread is the difference between Yield on Average Total Interest-Earning Assets and Cost of Funds.*
10. *Net Interest Margin is the ratio of Net Interest Income to Average Total Interest-Earning Assets.*
11. *Percentages relating to the six-month period are annualised.*

** Non-GAAP measure.*

Return on Equity and Assets and Other Financial Ratios

The following table presents selected financial ratios for the periods indicated.

(₹ in millions rounded to the nearest million, except percentages)

	As at and for the six months ended September 30(10),		As at and for the year ended March 31,		
	2020	2019	2020	2019	2018
Net Interest Income(*) [A]	6,516.27	4,182.76	10,113.71	4,369.09	3,909.01
Other Income [B]	780.02	2,138.61	4,332.47	1,177.29	422.61
Operating Income(*) [C=A+B]	7,296.29	6,321.37	14,446.18	5,546.38	4,331.62
Operating Expenses [D]	4,951.45	5,399.31	11,640.80	11,311.95	14,553.01
Net Profit [E]	824.35	(553.44)	301.32	(19,490.66)	(25,037.95)

(₹ *in millions rounded to the nearest million, except percentages*)

	As at and for the six months ended September 30[10],		As at and for the year ended March 31,		
	2020	**2019**	**2020**	**2019**	**2018**
Average Total Assets [F]	149,232.87	103,154.93	115,156.95	87,451.39	127,502.05
Average Shareholders' Funds[1] [(*)] [G]	10,844.34	6,353.13	7,878.14	7,803.19	18,940.26
Return on Equity[(*)] (%)[H=E/G]	7.60%	(8.71%)	3.82%	(249.78%)	(132.19%)
Return on assets[(*)] (%)[I=E/F]	0.55%	(0.54%)	0.26%	(22.29%)	(19.64%)
Average Shareholders' Funds as a percentage of Average Total Assets[2] [(*)] (%) [J=G/F]	7.27%	6.16%	6.84%	8.92%	14.85%
Gross advances	104,190.65	77,951.49	1,01,396.67	64,665.96	75,402.59
Percentage increase in gross advances compared to the prior balance sheet amount (%)	2.76%	20.54%	56.80%	(14.24%)	(36.00%)
Percentage increase in disbursements compared to the same period in the prior period/prior year (%)	(66.78%)	37.54%	62.94%	143.85%	(72.13%)
Percentage increase in deposits compared to the prior balance sheet amount (%)	5.99%	78.70%	129.88%	Not Meaningful[13]	
Cost to income ratio[3] [(*)] (%) [K=D/C]	67.86%	85.41%	80.58%	203.95%	335.97%
Operating Expenses to Average Total Assets[(*)] (%) [L=D/F]	3.32%	5.23%	10.11%	12.94%	11.41%
Provision for NPAs (excluding provisions on standard assets) [M]	1,980.26	2,040.92	1,804.28	2,495.16	15,119.43
Provisions towards Standard Assets [N]	1,489.72	278.61	436.80	218.25	174.30
Average Interest-Earning Advances [O]	101,088.82	68,307.42	78,247.36	56,034.39	87,851.44
Provisions to Average Interest-Earning Advances[4] [(*)] (%) [P=(M+N)/O]	3.43%	3.40%	2.86%	4.84%	17.41%
Retail deposits to total deposit ratio[5] (%)	59.43%	57.63%	53.84%	61.22%	100.00%
CASA to total deposits ratio[6] [(*)] (%)	9.75%	7.57%	7.40%	8.13%	0.44%
Total deposit to credit ratio [7] [(*)] (%)	100.09%	98.84%	96.91%	67.53%	0.01%
Operating Expenses to Net Interest Income[(*)][8] (%) [Q=D/A]	75.99%	129.08%	115.10%	258.91%	372.29%
Total income [R]	13,345.17	10,865.29	24,247.66	13,682.68	15,970.49
Other income to total income ratio[(*)][9] (%) [P=B /R]	5.84%	19.68%	17.87%	8.60%	2.65%
Provisions made in the period/year for loan losses ("**Credit Cost**") [S]	1,397.98[11]	1,552.03	2,522.98[12]	13,685.50	13,849.24
Credit Cost as a percentage of Average Interest-Earning Advances [T = S/N]	1.38%	2.27%	3.22%	24.42%	15.76%

Notes:

1. *Average Shareholders' Funds is share capital and reserves and surplus calculated on the basis of the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period ("**Average Shareholders' Funds**").*

2. *Average Shareholders' Funds as a percentage of Average Total Assets is calculated as Average Shareholders' Funds divided by Average Total Assets.*
3. *Cost to income ratio is calculated as a ratio of Operating Expenses divided by Operating Income.*
4. *Provision to Average Interest-Earning Advances is calculated as a ratio of provisions (provision towards non-performing advances and provision towards standard advances) divided by Average Interest-Earning Advances.*
5. *Retail deposits represents total outstanding deposits less bulk deposits. Bulk deposits are deposits exceeding ₹20 million.*
6. *CASA to total deposits ratio is calculated as (demand deposits from banks plus demand deposits from others plus savings bank deposits) divided by total deposits.*
7. *Total deposit to credit ratio is calculated as a ratio of total deposits divided by gross advances.*
8. *Calculated as Operating Expenses divided by Net Interest Income.*
9. *Calculated as other income divided by total income.*
10. *Percentages relating to the six-month period are annualised.*
11. *Includes ₹ 1,010.58 million (including COVID regulatory provision prescribed by the RBI) towards potential impact of COVID-19. The provisions made by the Bank are in excess of the RBI prescribed norms.*
12. *Includes ₹ 89.42 million (including COVID regulatory provision prescribed by the RBI) towards potential impact of COVID-19. The provisions made by the Bank are in excess of the RBI prescribed norms.*
13. *The Bank only began accepting deposits after it commenced operating as a Small Finance Bank on March 28, 2018. It was not permitted to accept deposits when it operated as a NBFC.*

** Non-GAAP measure.*

Investment Portfolio

The following table sets forth, as at the dates indicated, information related to our total net investment portfolio.

(₹ in millions)

	As at September 30, 2020			
	Book Value	**Held to Maturity**	**Available for Sale**	**Held for Trading**
Government securities	39,664.92	17,621.44	21,993.67	49.81
Total	**39,664.92**	**17,621.44**	**21,993.67**	**49.81**

(₹ in millions)

	As at March 31, 2020				As at March 31, 2019				As at March 31, 2018			
	Book Value	**Held to Maturity**	**Available for Sale**	**Held for Trading**	**Book Value**	**Held to Maturity**	**Available for Sale**	**Held for Trading**	**Book Value**	**Held to Maturity**	**Available for Sale**	**Held for Trading**
Government securities	26,499.35	4,373.11	21,927.30	198.97	14,680.26	1,765.28	11,477.84	1,437.14	19,973.79	0.00	0.00	19,973.79
Shares	1.00	1.00	0.00	0.00	1.00	1.00	0.00	0.00	1.00	1.00	0.00	0.00
Total	**26,500.35**	**4,374.11**	**21,927.30**	**198.97**	**14,681.26**	**1,766.28**	**11,477.84**	**1,437.14**	**19,974.79**	**1.00**	**0.00**	**19,973.79**

Residual Maturity Profile

In computing the below information only the book value of investments is considered. Depreciation and NPI provisioning for the investments is not considered.

Available for Sale

The following table sets forth, as at the date indicated, an analysis of the residual maturity profile of our investments in securities classified as available for sale securities and their weighted average market yields.

(₹ in millions, excluding percentages)

	As at September 30, 2020									
	Up to One Year		**One to Five Years**		**Five to Ten Years**		**More than Ten Years**		**Total**	
	Amount	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**
Government securities	17,119.83	3.65%	4,873.84	4.20%	-	-	-	-	21,993.67	3.88%
Total	**17,119.83**	**3.65%**	**4,873.84**	**4.20%**	-	-	-	-	**21,993.67**	**3.88%**

Note: *Provisions towards depreciation and non-performing investments have been deducted from book value of respective categories. Therefore, total book value will match with the net balance on the balance sheet as at the respective dates.*

Held to Maturity

The following table sets forth, as at the date indicated, an analysis of the residual maturity profile of our investments in securities classified as held to maturity securities and their weighted average market yields.

(*₹ in millions, except percentages)*

	As at September 30, 2020									
	Up to One Year		One to Five Years		Five to Ten Years		More than Ten Years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Government securities	0.00	0.00	15,535.32	5.27%	2,086.12	5.75%	-	-	17,621.44	5.41%
Total	**0.00**	**0.00**	**15,535.32**	**5.27%**	**2,086.12**	**5.75%**	**-**	**-**	**17,621.44**	**5.41%**

Held for Trading

The following table sets forth, as at the date indicated, an analysis of the residual maturity profile of our investments in securities classified as held to held for trading and their weighted average market yields.

(*₹ in millions, except percentages)*

	As at September 30, 2020									
	Up to One Year		One to Five Years		Five to Ten Years		More than Ten Years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Government securities	49.81	3.18%	0.00	0.00	0.00	0.00	0.00	0.00	49.81	3.18%
Total	**49.81**	**3.18%**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**49.81**	**3.18%**

Deposits

Average Deposits, Interest Expended and Cost by Category

The tables below presents our average balances for deposits together with the related interest expended by category of deposits, resulting in the presentation of the cost for each period. As we only started accepting deposits when we became a small finance bank on March 28, 2018, we have not included information as at and for the year end March 31, 2018 as it is immaterial. Average balance is calculated as the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period. Cost is a non-GAAP measure.

(*₹ in millions, except percentages)*

	As at and for the six months ended September 30,					
	2020			2019		
	Average Balance [A]	Interest Expended [B]	Cost (%)[1] [C = B/A]	Average Balance [A]	Interest Expended [B]	Cost (%)[1] [C = B/A]
Demand Deposits	3,194.15	-	-	1,607.86	-	-
Savings Bank Deposits	4,879.62	135.76	5.56%	2,627.43	67.81	5.15%
CASA	*8,073.77*	*135.76*	*3.36%*	*4,235.29*	*67.81*	*3.19%*
Term Deposits	91,264.75	4,105.37	9.00%	53,612.34	2,495.19	9.28%
Total	**99,338.52**	**4,241.14**	**8.54%**	**57,847.62**	**2,563.00**	**8.84%**

Note:
1.Percentages relating to the six-month period are annualised.

(*₹ in millions, except percentages*)

	As at and for the year ended March 31,					
	2020			2019		
	Average Balance [A]	Interest Expended [B]	Cost (%) [C = B/A]	Average Balance [A]	Interest Expended [B]	Cost (%) [C = B/A]
Demand Deposits	2,031.23	-	-	570.30	-	-
Savings Bank Deposits	3,401.82	196.06	5.76%	513.19	19.64	3.83%
CASA	*5,433.05*	*196.06*	*3.61%*	*1,083.49*	*19.64*	*1.81%*
Term Deposits	66,683.51	6,212.91	9.32%	16,796.22	1,440.86	8.58%
Total	**72,116.56**	**6,408.97**	**8.89%**	**17,879.71**	**1,460.50**	**8.17%**

1. *Deposits Based on Location of Branches*

For details, see "*Our Business – Concentration of Deposits*" on page 164.

2. *Balance to Maturity for Term Deposits Exceeding ₹ 20.00 million*

For details, see "*Our Business – Balance to Maturity for Term Deposits Exceeding ₹ 20.00 million which are wholesale deposits"* on page 164.

3. Concentration of Deposits

For details, see "*Our Business – Concentration of Deposits"* on page 164.

4. Total Borrowings

The following table sets forth, for the periods indicated, information related to our borrowings, which are comprised primarily of borrowings from banks, refinances and subordinated debt.

(₹ in millions, except percentages)

	As at and for the six months ended September 30,	
	2020	2019
Period end balance	33,656.99	27,158.78
Average balance during the period(1)	33,313.39	34,447.54
Interest expended during the period	1,807.74	1,980.92
Cost of average borrowings (2) (3) (*) (%)	10.85%	11.47%
Average interest rate per annum at period end (4)(%)	9.43%	11.77%

Notes:

1. *Average balance is calculated as the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period.*
2. *Represents the ratio of interest expended on borrowings to average borrowings calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period. All of the borrowings are interest-bearing.*
3. *Annualised.*
4. *Average interest rate per annum at the end of the period is calculated as the sum of interest rate of the borrowings multiplied by the closing balance of the borrowings divided by the sum of closing balance of the borrowings.*

** Non-GAAP measure.*

(₹ in millions, except percentages)

	As at and for the Year ended March 31,		
	2020	2019	2018
Year-end balance	28,987.39	40,864.66	76,616.07
Average balance during the year(1)	30,351.57	56,615.47	99,686.49
Interest expended during the year	3,392.51	6,675.80	11,638.87
Cost of average borrowings (2) (*) (%)	11.18%	11.79%	11.68%
Average interest rate at year end (3) (%)	11.30%	11.60%	11.42%%

Notes:

1. *Average is calculated as the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period.*
2. *Represents the ratio of interest expended on borrowings to the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period. All of the borrowings are interest-bearing.*
3. *Average interest per annum is calculated as the sum of interest rate of the borrowings multiplied by the closing balance of the borrowings divided by the sum of closing balance of the borrowings*

** Non-GAAP measure.*

Asset Liability Gap and Interest Sensitivity Data

The following table sets forth the maturity pattern of certain items of assets and liabilities as at September 30, 2020, which is prepared/compiled based on guidelines provided by the RBI.

(₹ in millions, except percentages)

	1-30 Days	30-90 Days	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
Cash and Bank Balance with RBI	859.74	233.45	241.99	748.36	1,041.89	394.88	107.05	3,627.36
Balance with Banks	233.20	-	39.72	39.36	52.25	-	5.00	369.53
Advances	2,356.86	3,754.77	13,798.23	30,075.85	35,577.94	3,208.54	13,438.21	102,210.39
Investments	21,967.91	1,492.78	1,547.42	4,785.37	6,661.94	2,525.0	684.50	39,664.92
Fixed Assets	-	-	-	-	-	-	2,360.74	2,360.74
Other Assets	3,349.32	620.53	661.64	53.53	611.02	-	(16.50)	5,279.55
Total Assets	**28,767.03**	**6,101.53**	**16,289.00**	**35,702.47**	**43,945.04**	**6,128.42**	**16,579.05**	**153,512.49**
Capital & Reserve	-	-	-	-	-	-	11,262.38	11,262.38
Deposits	6,783.96	8,303.66	11,153.60	31,459.16	42,199.40	2,356.26	43.09	102,299.10
Borrowings	1,251.50	1,000.00	-	3,275.40	6,879.99	16,250.00	5,000.00	33,656.89
Other Liabilities	2,014.53	1,941.68	1,041.36	1,284.05	12.50	-	-	6,294.12

(₹ *in millions, except percentages*)

	1-30 Days	30-90 Days	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
Total Liabilities	**10,049.99**	**11,245.34**	**12,194.96**	**36,018.61**	**49,091.89**	**18,606.26**	**16,305.47**	**153,512.49**
Liquidity Gap	18,717.04	(5143.80)	4,094.05	(316.14)	(5146.90)	(12477.83)	273.59	0.00
Cumulative Liquidity Gap	18,717.04	13,573.24	17,667.30	17,351.15	12,204.25	(273.58)	0.00	0.00
Cumulative Liabilities	10,049.99	21,295.33	33,490.29	69,508.90	118,600.75	137,207.01	153,512.49	153,512.49
Cumulative Liquidity Gap as a percentage of Cumulative Liabilities (%)	186.24%	63.74%	52.75%	24.96%	10.29%	(0.20%)	0.00%	0.00%

Note*:* *Grouping of future Rupee cash flows in the above table is in accordance with the guidelines issued by RBI under its circular PBOD.NO.BP.BC.38/21.04.098/2007. The numbers for certain line items in the above table are different from those appearing in the same line item in the Restated Financial Statements as the above table was prepared as per RBI guidelines, which requires (a) perpetual bonds to be considered as Capital, (b) the table to be prepared on a gross basis without the netting of certain items, such as provisions relating to tax, prepaid taxes and advances set off, and (c) the accumulated profit for the six months ended September 30, 2020 to be classified in other liabilities.*

Advances Portfolio

For details on our gross advances by product category, see "*Our Business – Asset Products – Advances Portfolio*" on page 155.

For details on disbursement of our advances by product category, see "*Our Business – Asset Products – Advances Portfolio"* on page 155.

For details on the average tenure of our disbursed advances by product category, see "*Our Business – Asset Products – Advances Portfolio*" on page 155.

For details on the average amount (commonly referred to as "ticket size") of our disbursed advances by product category, see "*Our Business – Asset Products – Advances Portfolio*" on page 155.

For details on the number of our disbursed advances by product category, see "*Our Business – Asset Products – Advances Portfolio*" on page 155.

For details on the average yield of our gross advances by product category, see "*Our Business – Asset Products – Advances Portfolio - Average Yield of our Gross Advances by Product Category*" on page 155.

For details on our sector-wise outstanding gross advances and the proportion of these advances to our outstanding domestic gross advances, see "*Our Business – Advances Portfolio*" on page 155.

Maturity and Interest Rate Sensitivity of Advances

For details on the interest rate sensitivity of our variable rates and fixed rates advances as at September 30, 2020, see "*Our Business – Asset Products – Maturity and Interest Rate Sensitivity of Advances*" on page 159.

Regional Concentration of Advances (Gross)

For an analysis of our domestic advances by region, see "*Our Business – Asset Products – Regional Concentration of Advances (Gross)"* on page 158.

Concentration of Advances and Credit Substitutes by Industry/ Economic Activity

Pursuant to RBI guidelines, exposure ceilings are 10% of capital funds in the case of a single borrower and 15% in the case of a borrower group. There are generally no restrictions in India on exposure to a particular industry. RBI norms specify exposure to capital market, real estate, sensitive commodities listed by the RBI, venture capital funds, stockbrokers, financing for acquisition of overseas entities, and credit to overseas joint ventures. For further information, see "*Key Regulations and Policies*" on page 177.

For details on our gross fund-loans outstanding categorized by borrower industry or economic activity, see "*Our Business – Asset Products - Concentration of Advances and Credit Substitutes by Industry/ Economic Activity"* on page 158.

5. *Priority Sector Lending*

Small Finance Banks in India are required to lend, through advances or investment, 75% of their adjusted net bank credit ("**ANBC**") or credit equivalent amount of off-balance sheet exposures, whichever is higher, to specified sectors known as "priority sectors", subject to certain exemptions permitted by RBI from time to time. Priority sector advances include advances to agriculture sector, micro and small enterprises, weaker sections, housing and education finance up to certain ceilings.

We are required to comply with the priority sector lending requirements on a quarterly basis. Any shortfall in the amount required to be lent to the priority sectors is required to be deposited with the Rural Infrastructure Development Fund established by NABARD or funds with other financial institutions as specified by the RBI, which generally provide for lower than market interest rate. Therefore, if we are unable to meet the priority sector conditions requirements, it could have an adverse effect on our results of operations.

For details on our outstanding Priority Sector advances (as defined by the Government and the RBI) by sector, our ANBC and each sector as a percentage of our ANBC, see "*Our Business – Asset Products - Priority Sector Lending*" on page 159.

Capital to Risk-Weighted Assets Ratios

Our Bank is subject to the capital to risk-weighted assets ratio, or CRAR, requirements prescribed by the RBI. As at September 31, 2020, we were required to maintain a minimum capital to risk-weighted assets ratio of 15.00% (with Tier capital of 7.5%).

The following table sets forth our capital to risk-weighted assets ratios as at the dates indicated:

(₹ in millions, except for percentages)

	As at September 30, 2020	As at March 31,		
		2020	2019	2018
Tier I Capital	10,957.72	10,062.17	6,287.31	14,782.68
Of which:				
Common Equity Tier 1 Capital	*10,957.72*	*10,062.17*	*6,287.31*	*14,782.68*
Perpetual Debt Instruments	-	-	-	-
Tier II Capital	4,500.01	4,717.16	3,361.90	6,332.21
Of which:				
Subordinated Debt	*3,492.00*	*4,234.00*	*3,143.65*	*6,188.00*
Total Capital	15,457.73	14,779.32	9,649.21	21,114.89
Total risk weighted assets	76,932.11	76,712.74	53,535.95	60,897.59
Tier I Capital Adequacy Ratio (%)	14.24%	13.12%	11.74%	24.27%
Common Equity Tier 1 Capital Adequacy Ratio (%)	*14.24%*	*13.12%*	*11.74%*	*24.27%*
Tier II Capital Adequacy Ratio (%)	5.85%	6.13%	6.28%	10.40%
Total Capital Adequacy Ratio (%)	**20.09%**	**19.25%**	**18.02%**	**34.67%**

Non-Performing Advances

As at September 30, 2020, our gross NPAs as a proportion of gross advances were 2.72% and net NPAs as a proportion of Net Advances were 0.83%. As at September 30, 2020, we had in effect a Provision Coverage Ratio of 69.91% of our gross NPAs.

The following table sets forth information about our NPA portfolio as at and for the periods indicated.

(₹ in millions, except percentages)

	As at and for the six months ended		As at and for the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
Opening balance of Gross NPAs at the beginning of the period	3,208.04	5,225.86	5,225.86	31,828.26	817.67
Additions during the period	15.99	966.42	2,304.23	5,605.30	44,363.23
Less: Reductions during the period on account of recovery	(122.87)	(539.35)	(1,032.03)	(5,212.66)	(8,661.57)
Less: Reductions during the period on account of upgradations	(99.24)	(138.35)	(294.81)	(562.23)	(3,084.69)
Less: Reductions during the period on account of write-offs (including Technical write-offs)	(169.09)	(1,945.96)	(2,995.31)	(26,432.80)	(1,606.37)
Gross NPAs at the end of period	2,832.83	3,568.81	3,208.04	5,225.86	31,828.27
Net NPAs[(1)] at the end of the period	852.56	1,527.86	1,403.85	2,730.80	16,708.93
Gross advances at the end of period	104,190.65	77,951.49	101,396.67	64,665.95	75,402.59
Net Advances[(2)] at the end of period	102,210.39	75,910.57	99,592.38	62,170.79	60,283.15
Gross NPAs/gross advances (%)	**2.72%**	**4.58%**	**3.16%**	**8.08%**	**42.21%**
Net NPAs/Net Advances (%)	**0.83%**	**2.01%**	**1.41%**	**4.39%**	**27.72%**

Notes:
1. *Net NPAs are gross NPA less provisions*
2. *Net Advances are gross advances less provisions*

Recognition of Non-Performing Advances

We classify our advances in accordance with the RBI guidelines. Under these guidelines, an advance is classified as non-performing if any amount of interest or principal remains overdue for more than 90 days with respect to term loans. In respect of overdraft and cash credit, an advance is classified as non-performing if the account remains out of order for a continuous period of 90 days, and in respect of bills purchased and discounted, if the account remains overdue for more than 90 days.

Changes Implemented Pursuant to the RBI's COVID-19 Relief Package and Orders by the Supreme Court of India

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, we had granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. In line with the additional Regulatory Package guideline dated May 23, 2020, we have extended the moratorium by another three months on payment of all instalments and/ or interest, as applicable, falling due between June 01, 2020 and August 31, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e., the number of days past due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The Supreme Court of India vide an interim order dated September 3, 2020 has directed banks that accounts which were not declared as NPAs till August 31, 2020 shall not be declared as NPAs till further orders, pending disposal of the case by the Supreme Court. Pursuant to the order, our Bank has not classified any borrower account that has not been declared as an NPA as at August 31, 2020 as per the RBI's prudential norms on income recognition, asset classification, provisioning and other related matters as NPAs after August 31, 2020. However, if the Bank had classified borrower accounts as NPA after August 31, 2020, the Bank's proforma Gross NPA ratio and Net NPA ratio as at September 30, 2020 would have been 2.95% and 1.01% respectively. Pending disposal of the case, the Bank, as a matter of prudence has, in respect of these accounts made a contingency provisions, which is included in Provisions and Contingencies.

The Supreme Court of India in *Small Scale Industrial Manufactures Associate (Regd.) vs Union of India and others* vide a judgment dated March 23, 2021 has directed that the interim order granted on September 3, 2020 to not declare the accounts of borrowers as NPAs stands vacated. Moving forward from the date of the judgment on March 23, 2021, our Bank will resume recognizing overdue accounts not previously recognised as NPAs, as NPAs.

Additionally, in the above referenced judgment, the Supreme Court has directed that there shall not be any charge of interest on interest/ compound interest/ penal interest for the period during the Moratorium and any amount already recovered by way of interest on interest/ compound interest/ penal interest shall be refunded to the respective borrowers and to be given credit/adjusted in the next instalment of the loan account. Our Bank awaits further clarity from the RBI on this judgement before we assess its potential effect on our financial condition and results of operations.

Substandard Advances

In accordance with RBI guidelines, a substandard advance is an advance that has remained non-performing for a period less than or equal to 12 months.

Doubtful Advances

In accordance with RBI guidelines, a doubtful advance is an advance that has remained in the sub-standard category for a period of 12 months. Further, these doubtful advances are to be classified into the following three categories, depending on the period for which such advances have been classified as doubtful:

- Advances which have remained in the doubtful category for a period of up to one year;
- Advances which have remained in the doubtful category for a period of more than one year but less than three years; and
- Advances which have remained in the doubtful category for a period of more than three years.

Loss Advances

In accordance with the RBI guidelines, a loss advance is an advance where loss has been identified by us or internal or external auditors or the RBI at the time of inspection but the amount has not been written off / provided for wholly.

In cases of serious credit impairment, an advance is required to be immediately classified as doubtful or as a loss advance, as appropriate. Further, erosion in the value of the security provided may also be considered significant when the realisable value of the security is less than 50.0% of the value as assessed by us or as accepted by the RBI at the time of the last inspection of the security, as the case may be. In such a case, the advance secured by such impaired security may immediately be classified as doubtful and provisioning should be made as applicable to doubtful advance. If the realisable value of the security, as assessed by us or approved valuers or by the RBI, is less than 10.0% of the outstanding in the borrower's accounts, the existence of security should be ignored and the advance should be immediately classified as a loss asset and it may be either written off or fully provided for by us.

The table below sets forth our NPA position as at the dates specified:

(*₹ in millions, except percentages*)

Non-Performing Assets	As at September 30, 2020	As at March 31, 2020	2019	2018
Standard	101,357.85	98,188.52	59,439.94	43,574.32
Sub-standard	860.30	1,628.87	3,608.18	22,524.89
Doubtful	1,972.50	1,579.28	1,617.75	9,303.38
Loss	-	-	-	-
Total provision towards NPAs [A]	1,980.26	1,804.28	2,495.16	15,119.43
Gross advances [B]	104,190.65	101,396.67	64,665.96	75,402.59
Gross NPAs [C]	2,832.83	3,208.04	5,225.86	31,828.27
Total provisions (including provision towards standard assets) [D]	3,469.98[(1)]	2,241.09	2,713.41	15,293.73
Total provisions (including provision towards standard assets) held as percentage of gross advances (%) [E=D/B]*	3.33%	2.21%	4.20%	20.28%
Total provision towards NPAs held as percentage of gross NPAs (%) [F=A/C]* ("**Provision Coverage Ratio**")	69.91%	56.24%	47.74%	47.49%

Notes:

1. *The RBI requirement is to provide 10% on the accounts under SMA-0 to SMA-2 bucket by June 30, 2020. The Bank's exposure towards loans in SMA-0 to SMA-2 buckets is ₹ 1,377.92 million as on September 30, 2020, of which ₹ 354.25 million was towards fully secured loans. The Bank is carrying a general provision of ₹ 1,100.00 million as at September 30, 2020 (including COVID regulatory provision prescribed by the RBI) towards potential impact of COVID-19 based on the information available at that point of time. The provisions held by the Bank are in excess of the RBI prescribed norms.*

** Non-GAAP measure.*

Non-accrual Policy

Once a loan account is identified as non-performing, interest and other fees charged in the account, if uncollected, are reversed. In accordance with RBI guidelines, interest realised on NPAs may be credited to a bank's income account provided that such credited interest is not out of fresh or additional credit facilities sanctioned to the borrower. The RBI has also stipulated that in the absence of a clear agreement between us and the borrower for the purpose of appropriating recoveries in NPAs (i.e., towards principal or interest due), banks should adopt an accounting principle and exercise the right of appropriation of recoveries in a uniform and consistent manner.

In the case of NPAs where recoveries are effected, our policy is to appropriate the same against the demand of the customers. If any of a borrower's advances are classified as an NPA, all advances to such borrower are classified as NPAs. For more information on the recognition and provisioning of NPAs, see the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting our Results of Operations – Critical Accounting Policies*" on page 324.

Policy for Making Provisions for Non-Performing Advances

Our policy for making provisions for non-performing advances, which is in accordance with the RBI's policy on provisioning, is described below:

Provisions for Standard Advances

In accordance with RBI guidelines, a general provision is made on all standard advances based on the category of advances identified in the RBI's guidelines.

Changes Implemented Pursuant to the RBI's COVID-19 Relief Package

The RBI circulars in relation to the Moratorium require us to provide 10% on the accounts under SMA-0 to SMA-2 bucket by June 30, 2020. As at September 30, 2020, our exposure towards loans in SMA-0 to SMA-2 buckets was ₹1,377.92 million, of which ₹354.25 million was towards fully secured loans. As at September 30, 2020 and March 31, 2020, we had a general provision (including the COVID-19 regulatory provision prescribed by the RBI) of ₹1,100.00 million and ₹89.42 million towards the potential impact of COVID-19, respectively. The provisions held by us as at September 30, 2020 and March 31, 2020 were in excess of the RBI prescribed norms.

Substandard Advances

The general provisioning requirement for substandard advances is 15.0% of the amount outstanding without making any allowance for ECGC guarantee cover and securities available and in respect of "unsecured exposures" identified as "substandard", an additional provision of 10.0% of the amount outstanding (i.e., a total of 25.0% in the outstanding balance).

As at September 30, 2020, 68.17% of our advances were unsecured. As per our Board approved policy, unsecured loans that are classified as 'substandard' and 'doubtful' attract a total of 25.00% and 100.00% provisioning on the day of slippages, respectively.

Accordingly, the provisioning on the substandard category, as approved by the Board, is as follows:

Period for which the advance has remained in 'Substandard' category	Provision requirement (%) (secured loan)	Provision requirement (%) (unsecured loan)
On classification	15%	25%
After the end of Quarter 1	15%	25%
After the end of Quarter 2	15%	25%
After the end of Quarter 3	15%	25%

Doubtful Advances

The following provisions are made for doubtful advances.

- Doubtful "up to one year" – 100.00% of the unsecured portion and 25.00% of the secured portion;
- Doubtful "one to three years" – 100.00% of the unsecured portion and 40.00% of the secured portion; and
- Doubtful "more than three years" – 100.00% of the unsecured portion and, 100.00% of the secured portion.

Loss Advances

Loss are to 100.00% provided for or written off.

The above-mentioned provisions are the minimum provisions that have to be provided for non-performing advances in accordance with the RBI's policy. We provide for more than the stipulated rates if we feel that the credit deterioration of the customer requires us to do so.

Floating Provisions

We do not carry any floating provision in our books.

Analysis of our NPAs by Industry Sector

For details on our non-performing advances by the borrower's industry or economic activity, see "*Our Business – Analysis of Non-Performing Advances by Industry Sector*" on page 160.

Analysis of our NPA Portfolio by Category of Advance

For details on our non-performing advances by the category of advances, see "*Our Business – Analysis of our NPA Portfolio by Category of Advance*" on page 160.

Movement in our Provisions for NPAs

The table below sets forth movement in our provision for NPAs.

(₹ in millions rounded to the nearest million)

	As at September 30, 2020	As at March 31,		
		2020	2019	2018
Opening balance at the beginning of the period	1,804	2,495	15,119	173
Additions during the period	345	2,304	13,809	16,552
Deductions during the period	(169)	(2,995)	(26,433)	(1,606)
Provisions at the close of the period	1,980	1,804	2,495	15,119

6. Upgradations of Loan Accounts Classified as NPAs

7. If arrears of interest and principal are paid by the borrower in the case of loan account classified as NPAs, the account will no longer be treated as non-performing and be classified as a 'standard' account.

8. Restructuring of Advances

All of our loans where the repayment terms of existing advances have been revised in order to extend the repayment period and/ or decrease the instalment amount and/ or decrease the interest rate as per the borrower's request are marked as rescheduled loans.

We consider a restructured account, if any, as one where we, for economic or legal reasons relating to the borrower's financial difficulty, grant to the borrower concessions that we would not otherwise consider. Restructuring would normally involve modification of terms of the advance/ securities, which would generally include, among others, alteration of repayment period/ repayable amount/ the amount of instalments/ rate of interest (due to reasons other than competitive reasons). However, extension in repayment tenure of a floating rate loan on reset of interest rate, so as to keep the equated monthly instalment ("**EMI**") unchanged, provided it is applied to a class of accounts uniformly, will not render the account to be classified as a 'restructured account'. In other words, extension or deferment of EMIs to individual borrowers as against to an entire class, would render the accounts to be classified as 'restructured accounts' except as permitted by the RBI.

Restructured accounts are classified as such by us only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of the asset is made. Restructuring of an account, if any, is done at a borrower level. This will result in immediate down-gradation of the loan, i.e., a standard loan will become sub-standard and attract provisions as per the asset classification and subsequent provisioning norms. The NPAs, upon restructuring, would continue to have the same asset classification as prior to restructuring and slip into further lower asset classification categories as per extant asset classification norms with reference to the pre-restructuring repayment schedule. If such account classified as NPA performs regularly, it will be upgraded after satisfactory performance during the 'specified period'. Specified Period means a period of one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with longest period of moratorium under the terms of restructuring package.

The erosion in the fair value of the advance is computed as the difference between the fair value of the loan before and after restructuring. Fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the advance before restructuring and the principal, discounted at the existing interest rate as on the date of restructuring. Fair value of the loan after restructuring is computed as the present value of cash flows representing the interest at the rate charged on the advance on restructuring and the principal, discounted at the existing interest rate on the date of restructuring. If due to lack of expertise / appropriate infrastructure, a bank finds it difficult to ensure computation of diminution in the fair value of advances, as an alternative to the methodology prescribed above for computing the amount of diminution in the fair value, banks will have the option of notionally computing the amount of diminution in the fair value and providing therefor, at five per cent of the total exposure, in respect of all restructured accounts where the total dues to bank(s) are less than ₹10 million

Additional finance approved under the resolution plan is treated as a 'standard asset' during the specified period, provided the account performs satisfactorily during the specified period. If the restructured asset fails to perform satisfactorily during the specified period or does not qualify for upgradation at the end of the specified period, the additional finance shall be placed in the same asset classification category as the restructured debt.

On August 6, 2020, the RBI issued a circular that permits lenders to implement a resolution plan, along with asset classification benefits, for eligible corporate and individual borrower segments. Lenders have to ensure that the resolution facility is provided only to borrowers impacted by COVID-19. The resolution facility is applicable for accounts classified as standard and not in default for more than 30 days as at March 1, 2020. The resolution plan has to be finalized by December 31, 2020, and implemented within 180 days from the date of invocation. Restructuring of loans has also been allowed for micro, small and medium enterprises for accounts classified as standard as at March 1, 2020. The RBI has vide circular dated September 7, 2020 issued certain financial parameters to be mandatorily considered by lenders while finalizing the resolution plan in respect of eligible borrowers. As at September 30, 2020, out of a total of ₹ 104,190.65 million of our gross advances outstanding, ₹ 443.73 million, or 0.43%, were restructured under the MSME scheme.

9. Certain Non-GAAP Measures

The body of generally accepted accounting principles is commonly referred to as "GAAP." Our management believes that the presentation of certain non-GAAP measures provides additional useful information to investors regarding our performance and trends related to our results of operations. Accordingly, we believe that when non-GAAP financial information is viewed together with GAAP financial information, investors are provided with a more meaningful understanding of our ongoing operating performance and financial results.

We use a variety of financial and operational performance indicators to measure and analyse its operational performance from period to period, and to manage its business. Our management also uses other information that may not be entirely financial in nature, including statistical and other comparative information commonly used within the Indian banking industry to evaluate our financial and operating performance. For these reasons, we have included certain non-GAAP measures in this section and elsewhere in this Draft Red Herring Prospectus, including, among others: cost to income ratio; Net Interest Income; Net Interest Margin; Yield on Average Interest-Earning Advances; Yield on Average Interest-Earning Investments; Yield on Average Interest-Earning Balance with Reserve Bank of India and other Inter-Bank Funds, Yield on Average Total Interest-Earning Assets; net worth; return on net worth; Operating Expenses to Net Interest Income; Return on Equity; return on assets; Average Total Interest-Earning Assets as a percentage of Average Total Interest-Bearing Liabilities; Average Interest-Earning Advances as a percentage of Average Total Assets; Average Total Interest-Earning Assets as a percentage of Average Total Assets; Average Total Interest-Bearing Liabilities as a percentage of Average Total Assets; Cost of Funds; spread; Operating Income; Average Shareholders' Funds as a percentage of Average Total Assets; Operating Expenses to Average Total Assets; provisions to Average Interest-Earning Advances; CASA to total deposits ratio; total deposits to credit ratio; total provision (including provision towards standard assets) held as percentage of gross advances; total provision towards NPAs held as a percentage of gross NPAs; cost of average refinance borrowings, Cost of Average Interest-Bearing Deposits; Cost of Average Borrowings; Cost of Average Total Interest-Bearing Liabilities; Cost of Average Savings Bank Deposits; Cost of Average Term Deposits; Cost of Average Total Deposits; Average CASA to Average Total Deposits; and Cost of Average CASA, as well as certain other metrics based on or derived from those non-GAAP measures. These financial and operational performance indicators have limitations as analytical tools. These non-GAAP measures are not calculated in accordance with Indian GAAP and, therefore, should not be viewed as substitutes for performance or profitability measures under Indian GAAP. As a result, these financial and operational performance indicators should not be considered in isolation from, or as a substitute for, analysis of our historical financial performance, as reported under Indian GAAP and presented in our Restated Financial Statements. Our use of these terms may vary from the use of similarly-titled measures by other banks due to potential inconsistences in the method of calculation and differences due to items subject to interpretation and, as such, they may not be comparable to similar financial or performance indicators used by other banks or financial institutions.

Sets forth below are the non-GAAP measures presented in this Draft Red Herring Prospectus that are able to be reconciled to a directly comparable GAAP measure that have not already been reconciled to a directly comparable GAAP measure in the tables above.

CASA to Total Deposits Ratio

(₹ in millions, except percentages)

Particulars	As at September 30,		As at March 31,	
	2020	2019	2020	2019
Demand Deposits From Banks [A]	396.85	5.20	303.95	46.99
Demand Deposits From Others [B]	3,517.27	1,684.37	2,468.77	1,843.66
Savings Bank Deposits [C]	6,059.34	3,993.13	4,366.03	1,524.34
CASA [D] = [A+B+C]	9,973.46	5,682.70	7,138.75	3,414.99
Total Deposits [E]	102,299.09	75,030.53	96,519.47	41,986.96
CASA to Total Deposits Ratio [F=D/E]	**9.75%**	**7.57%**	**7.40%**	**8.13%**

10. Total Deposit to Credit Ratio

(₹ in millions, except percentages)

Particulars	As at September 30,		As at March 31,	
	2020	2019	2020	2019
Total deposits [A]	102,299.09	75,030.53	96,519.47	41,986.96
Gross advances [B]	104,190.65	77,951.49	101,396.67	64,665.96
Total Deposit to Credit Ratio [A/B = C]	**98.18%**	**96.25%**	**95.19%**	**64.93%**

Average CASA to Average Total Deposits

(₹ in millions, except percentages)

Particulars	As at and for the six months ended		As at and for the year ended	
	September 30, 2019	September 30, 2019	March 31, 2020	March 31, 2019
Average CASA [A]	8,073.77	4,235.29	5,433.05	1,083.49
Average Total Deposits[B]	99,338.52	57,847.62	72,116.56	17,879.71
Average CASA to Average Total Deposits [C=A/B]	**8.13%**	**7.32%**	**7.53%**	**6.06%**

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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Report of the independent auditor on the restated summary statement of assets and liabilities as at September 30, 2020, September 30, 2019, March 31, 2020, March 31, 2019, and March 31, 2018, the restated summary statement of profits and losses and the restated summary statement of cash flows for the half years ended September 30, 2020 and September 30, 2019 and the years ended March 31, 2020, March 31, 2019, and March 31, 2018, along with the summary statement of significant accounting policies and other explanatory information of Jana Small Finance Bank Limited (collectively, the "Restated Financial Information")

The Board of Directors
Jana Small Finance Bank Limited
The Fairway Business Park
No 10/1, 11/2 & 12/2B
Off Domlur, Koramangala Inner Ring Road
Next to Embassy Golf Links Business Park
Challaghatta, Bengaluru – 560 071

Dear Sirs / Madams,

1. We have examined the Restated Financial Information of Jana Small Finance Bank Limited ("the Bank") as at and for the half years ended September 30, 2020 and September 30, 2019 and as at and for the years ended March 31, 2020, March 31, 2019 and March 31, 2018, which is annexed to this report, for the purpose of inclusion in the Draft Red Herring Prospectus ("**DRHP**"), Red Herring Prospectus ("**RHP**") and Prospectus prepared by the Bank in connection with its proposed initial public offer of equity shares of face value of Rs. 10 each ("Offer"). The Restated Financial Information, which have been approved by the Board of Directors of the Bank at their meeting held on March 22, 2021, have been prepared by the Bank in accordance with the requirements of:

   a) the Sub-section (1) of Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

   b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"); and

   c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

Management's Responsibility for the Restated Financial Information

2. The Bank's management are responsible for the preparation of Restated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India ("**SEBI**"), BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"), and the RHP and the Prospectus to be filed with SEBI, BSE, NSE and the Registrar of Companies, Karnataka at Bengaluru ("**RoC**") in connection with the proposed Offer. The Bank's management has prepared the Restated Financial Information in accordance with the basis of preparation stated in Note 2 to Annexure 22 of the Restated Financial Information. The Bank's management are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Bank's Management is also responsible for identifying the applicable requirements and ensuring that the Bank complies with the Act, the SEBI ICDR Regulations and the Guidance Note.

Auditor's Responsibility

3. We have examined the Restated Financial Information taking into consideration:

   a) the terms of reference and our engagement agreed with you vide our engagement letter dated March 12, 2021, requesting us to carry out work on such Restated Financial Information, proposed to be included in the DRHP, RHP and Prospectus of the Bank in connection with the Bank's proposed Offer;

   b) the Guidance Note that requires that we comply with the ethical requirements as stated in the Code of Ethics issued by the ICAI;

   c) the concepts of test check and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and

   d) the requirements of Section 26 of the Act and the SEBI ICDR Regulations.

   Our work was performed solely to assist you in meeting your responsibilities in relation to compliance with the Act, the SEBI ICDR Regulations and the Guidance Note in connection with the proposed Offer.

Restated Financial Information as per the audited financial statements

4. The Restated Financial Information have been compiled by the Bank's management from the Bank's audited financial statements as at and for the half years ended September 30, 2020 and September 30, 2019 and as at and for the years ended March 31, 2020, March 31, 2019 and March 31, 2018, prepared in accordance with accounting standards notified under section 133 of the Act read with the Companies (Accounts) Rules, 2014, as applicable to the Bank (the **"Indian GAAP"**), the Banking Regulation Act,1949 and directions issued by the Reserve Bank of India from time to time and have been approved by the Board of Directors at their meeting held on March 22, 2021.

5. For the purpose of our examination, we have relied on:

   a) Auditor's report issued by us dated May 04, 2020 on the financial statements of the Bank as at and for the year ended March 31, 2020, as referred in Paragraph 4 above.

   b) Auditor's report issued by us dated March 22, 2021 on the special purpose financial statements of the Bank as at and for the period ended September 30, 2020, as referred in Paragraph 4 above.

   c) Auditor's reports issued by BSR & Associates LLP (**"Previous Auditor"**), dated May 30, 2019 and May 21, 2018 on the audited financial statements of the Bank as at for the years ended March 31, 2019 and March 31, 2018, respectively, as referred in Paragraph 4 above.

The audited financial statements as at and for the years ended March 31, 2019 and March 31, 2018 and the auditor's reports thereon issued by the Previous Auditor have been furnished to us by the Bank. At the Bank's request, we have examined and reported on the restated financial information as at and for the years ended March 31, 2019 and March 31, 2018. The adjustments in the Restated Financial Information with respect to the audited financial statements as at and for the years ended March 31, 2019 and March 31, 2018 in so far as they relate to the amounts, disclosures, material errors, regrouping, reclassification, etc., are restricted to and based solely on such audited financial statements and the auditors' reports issued by the Previous Auditor for such years. We have not performed any additional procedures other than those stated herein and do not accept any responsibility of whatsoever nature in this regard.

6. Based on the above and according to the information and explanations given to us, we report that:

   i) The Restated Financial Information have been prepared after incorporating adjustments for the changes in accounting policies, any material errors and regrouping/reclassifications as more fully described in Annexure 5 to the Restated Financial Information (Restated Statement of Adjustments to Audited Financial Statements) retrospectively as at and for the half year ended September 30, 2019 and as at and for the years ended March 31, 2020, March 31, 2019, and March 31, 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the half year ended September 30, 2020;

   ii) there are no qualifications in the Previous Auditor's reports on the audited financial statements as at and for the years ended March 31, 2019, and March 31, 2018 as referred to in Paragraph 5 that require any adjustments to the Restated Financial Information;

   iii) there are no qualifications in our Audit reports on the audited financial statements as at and for the half years ended September 30, 2020 and September 30, 2019 and as at and for the year ended March 31, 2020 that require any adjustments to the Restated Financial Information; and

   iv) the Restated Financial Information have been prepared in accordance with the Act, the SEBI ICDR Regulations and the Guidance Note.

7. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 4 above.

8. We draw attention to Note 7.4 in Annexure 23 to the Restated Financial Information, which describes that the extent to which the COVID-19 pandemic will impact the Bank's financial statements will depend on future developments, which are highly uncertain.

   Our opinion is not modified in respect of this matter.

9. According to the information and explanations given to us, in our opinion, the Restated Financial Information, read with the Summary of Significant Accounting Policies disclosed in Annexure 22 accompanying this report, are prepared after making adjustments and regroupings as considered appropriate and disclosed in Annexure 5 and have been prepared in accordance with the Act, SEBI ICDR Regulations, to the extent applicable, and the Guidance Note.

10. This report should not in any way be construed as a reissuance or re-dating of any of the previous auditor's reports issued by us or by the Previous Auditor, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of this report.

12. Our report is intended solely for use of the Board of Directors and for inclusion in the DRHP, RHP and Prospectus to be filed with the SEBI, BSE, NSE and the RoC, in connection with the proposed Offer. Our report should not be used, referred to or distributed for any other purpose without prior consent in writing. Accordingly, we do not accept any liability or any duty of care towards any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **MSKC & Associates (Formerly known as R. K. Kumar & Co.)**
Chartered Accountants
ICAI Firm registration number: 001595S

Tushar Kurani
Partner

Membership No. 118580
UDIN: 21118580AAAABF8917

Place: Mumbai
Date: March 22, 2021

JANA SMALL FINANCE BANK LIMITED
(Formerly known as Janalakshmi Financial Services Limited)
Annexure - 1 : Restated Summary Statement of Assets and Liabilities

(₹ in Millions)

	Annexure	As at 30.09.2020	As at 30.09.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2018
CAPITAL AND LIABILITIES						
Capital	6	2,007.27	1,971.57	2,007.19	1,971.57	392.89
Reserves and surplus	7	9,255.16	4,221.78	8,427.93	4,764.93	14,895.27
Deposits	8	102,299.09	75,030.53	96,519.47	41,986.96	4.53
Borrowings	9	33,656.89	27,158.78	28,987.39	40,864.66	76,616.07
Other liabilities and provisions	10	6,281.60	4,345.34	5,529.23	4,874.79	5,579.09
TOTAL		**153,500.01**	**112,728.00**	**141,471.21**	**94,462.91**	**97,487.85**
ASSETS						
Cash and Balances with Reserve Bank of India	11	3,627.36	4,704.74	4,738.43	10,809.64	1,977.44
Balances with banks and money at call and short notice	12	2,123.66	380.47	5,064.57	875.97	9,194.66
Investments	13	39,664.92	25,863.50	26,500.35	14,681.26	19,974.79
Advances	14	102,210.39	75,910.57	99,592.38	62,170.79	60,283.15
Fixed assets	15	2,360.74	2,978.13	2,600.09	3,344.55	3,846.59
Other assets	16	3,512.94	2,890.59	2,975.39	2,580.70	2,211.22
TOTAL		**153,500.01**	**112,728.00**	**141,471.21**	**94,462.91**	**97,487.85**
Contingent liabilities	17	371.59	401.08	371.59	516.08	511.52
Bills for collection		-	-	-	-	
Significant accounting policies and notes to accounts forming part of the Restated Financial Statements	22 & 23					

The schedules referred to above form an integral part of the Restated Financial Statements

As per our report of even date

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

Tushar Kurani
Partner
Membership Number: 118580

Place: Mumbai
Date: March 22, 2021

For and on behalf of the Board of Directors of Jana Small Finance Bank Limited
(Formerly known as Janalakshmi Financial Services Limited)
CIN: U65923KA2006PLC040028

Ramesh Ramanathan
Chairman
DIN: 00163276

Ajay Kanwal
Managing Director & CEO
DIN: 07886434

Eugene Karthak
Independent Director
DIN: 08743508

Kapil Krishan
Chief Financial Officer

Lakshmi R N
Company Secretary
Membership Number: 14234

Place: Bengaluru
Date: March 22, 2021

JANA SMALL FINANCE BANK LIMITED
(Formerly known as Janalakshmi Financial Services Limited)
Annexure - 2 : Restated Summary Statement of Profit and Loss

(₹ in Millions)

PARTICULARS	Annexure	Half year ended 30.09.2020	Half year ended 30.09.2019	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2018
I. INCOME						
Interest earned	18	12,565.15	8,726.68	19,915.19	12,505.39	15,547.88
Other income	19	780.02	2,138.61	4,332.47	1,177.29	422.61
TOTAL		**13,345.17**	**10,865.29**	**24,247.66**	**13,682.68**	**15,970.49**
II. EXPENDITURE						
Interest expended	20	6,158.88	4,543.92	9,801.48	8,136.30	11,638.87
Operating expenses	21	4,951.45	5,399.31	11,640.80	11,311.95	14,553.01
Provisions and contingencies (refer Annexure 23.15)		1,410.49	1,475.50	2,504.06	13,725.09	14,816.56
TOTAL		**12,520.82**	**11,418.73**	**23,946.34**	**33,173.34**	**41,008.44**
III. PROFIT/(LOSS)						
Net profit/(loss) for the period / year		824.35	(553.44)	301.32	(19,490.66)	(25,037.95)
Balance in Profit and Loss Account brought forward		(41,266.55)	(41,308.09)	(41,308.09)	(21,817.43)	3,253.58
TOTAL		**(40,442.20)**	**(41,861.53)**	**(41,006.77)**	**(41,308.09)**	**(21,784.37)**
IV. APPROPRIATIONS						
Transfer to Statutory Reserve		-	-	75.34	-	-
Transfer to Capital Reserve		-	11.19	138.09	-	-
Transfer to Investment Fluctuation Reserve		-	-	46.36	-	-
Dividend paid (refer Annexure 23.41)		-	-	-	-	(27.46)
Dividend Distribution Tax (refer Annexure 23.41)		-	-	-	-	(5.59)
Balance carried over to Balance Sheet		(40,442.20)	(41,872.72)	(41,266.55)	(41,308.09)	(21,817.43)
V. EARNINGS/(LOSS) PER EQUITY SHARE (refer Annexure 23.2)						
(Face value of per share ₹ 10 per share)						
Basic (₹)*		16.25	(11.74)	6.21	(471.84)	(787.88)
Diluted (₹)*		15.42	(11.74)	5.90	(471.84)	(787.88)
* Half yearly earnings/(loss) per equity share is not annualised						
Significant accounting policies and notes to accounts forming part of the Restated Financial Statements	22 & 23					

The schedules referred to above form an integral part of the Restated Financial Statements

As per our report of even date

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

Tushar Kurani
Partner
Membership Number: 118580

Place: Mumbai
Date: March 22, 2021

For and on behalf of the Board of Directors of Jana Small Finance Bank Limited
(Formerly known as Janalakshmi Financial Services Limited)
CIN: U65923KA2006PLC040028

Ramesh Ramanathan
Chairman
DIN: 00163276

Ajay Kanwal
Managing Director & CEO
DIN: 07886434

Eugene Karthak
Independent Director
DIN: 08743508

Kapil Krishan
Chief Financial Officer

Lakshmi R N
Company Secretary
Membership Number: 14234

Place: Bengaluru
Date: March 22, 2021

JANA SMALL FINANCE BANK LIMITED
(Formerly known as Janalakshmi Financial Services Limited)
Annexure - 3 : Restated Summary Statement of Cash Flows

(₹ in Millions)

	Particulars	Half year ended 30.09.2020	Half year ended 30.09.2019	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2018
A.	**Cash flow from operating activities**					
	Net profit/(loss) before taxes	824.35	(553.44)	301.32	(19,490.66)	(24,111.39)
	Adjustments for:					
	Depreciation on bank's property	420.46	481.80	925.34	993.86	839.51
	Loss on sale of fixed assets	19.21	5.21	28.39	48.20	177.38
	Employee stock option expenses	2.88	13.93	36.89	76.51	51.24
	Provision for non-performing assets	176.02	(454.10)	(690.78)	(12,791.08)	12,097.54
	Bad debts written off	169.04	1,945.77	2,995.21	26,432.62	1,619.89
	Provision for standard assets	1,052.92	60.36	218.55	43.96	131.80
	Premium amortisation on HTM investments	26.56	14.57	35.98	4.99	-
	Operating profit / (loss) before working capital changes (i)	**2,691.44**	**1,514.10**	**3,850.90**	**(4,681.60)**	**(9,194.03)**
	Movement in working capital					
	(Increase)/Decrease in investments	83.76	4.18	(9,211.27)	7,058.81	(16,498.36)
	(Increase)/Decrease in advances	(4,015.99)	(15,291.81)	(39,944.57)	(15,573.13)	42,003.07
	Increase/(Decrease) in deposits	5,779.62	33,043.57	54,532.50	41,982.43	4.53
	(Increase)/Decrease in other assets	(548.95)	(432.98)	(523.37)	(435.38)	611.23
	Increase/(Decrease) in other liabilities and provisions	752.37	(529.45)	654.23	(704.16)	(2,509.63)
	Net change in working capital (ii)	**2,050.81**	**16,793.51**	**5,507.52**	**32,328.57**	**23,610.84**
	Direct taxes paid (net of refunds) (iii)	**11.40**	**123.09**	**128.88**	**65.79**	**149.72**
	Net cash flow generated from / (used in) operating activities (i)+(ii)+(iii) (A)	**4,753.65**	**18,430.70**	**9,487.29**	**27,712.76**	**14,566.53**
B.	**Cash flow from investing activities**					
	Purchase of fixed assets	(200.57)	(121.73)	(211.36)	(547.07)	(2,707.46)
	Sale of Government Securities	-	-	-		-
	Proceeds from sale of fixed assets	0.32	1.14	2.09	7.05	7.61
	(Increase)/Decrease in capital work in progress	-	-	-	-	137.25
	(Increase)/Decrease of held-to-maturity securities	(13,274.89)	(11,200.99)	(2,643.80)	(1,770.28)	-
	Net cash flow generated from / (used in) investing activities (B)	**(13,475.14)**	**(11,321.58)**	**(2,853.07)**	**(2,310.29)**	**(2,562.60)**

JANA SMALL FINANCE BANK LIMITED
(Formerly known as Janalakshmi Financial Services Limited)
Annexure - 3 : Restated Summary Statement of Cash Flows

(₹ in Millions)

	Particulars	Half year ended 30.09.2020	Half year ended 30.09.2019	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2018
C.	**Cash flow from financing activities**					
	Proceeds from issue of equity shares	0.08	-	35.62	78.68	118.24
	Proceeds from issue of compulsorily convertible preference shares	-	-	-	1,500.00	-
	Securities premium received	-	-	3,350.22	9,283.81	16,241.76
	Share issue expenses	-	(3.64)	(25.44)	-	(19.00)
	Proceeds/(Repayment) from borrowings (including IBPC)	4,669.43	(13,705.88)	(11,877.23)	(35,751.46)	(40,056.09)
	Dividends paid	-	-	-	-	(27.46)
	Tax on dividend	-	-	-	-	(5.59)
	Net cash flow generated from / (used in) financing activities (C)	**4,669.51**	**(13,709.52)**	**(8,516.83)**	**(24,888.97)**	**(23,748.14)**
	Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	**(4,051.98)**	**(6,600.40)**	**(1,882.61)**	**513.50**	**(11,744.21)**
	Cash and cash equivalents as at beginning of the period / year	9,803.00	11,685.61	11,685.61	11,172.10	22,916.31
	Cash and cash equivalents as at end of the period / year (refer note 2 below)	5,751.02	5,085.21	9,803.00	11,685.61	11,172.10

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Account) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

2. Cash and cash equivalents comprises 'Cash and Balances with Reserve Bank of India (Annexure 11)' and 'Balances with Banks and Money at Call and Short Notice (Annexure 12)' with balances having original maturity of less than three months.

As per our report of even date

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

Tushar Kurani
Partner
Membership Number: 118580

Place: Mumbai
Date: March 22, 2021

For and on behalf of the Board of Directors of Jana Small Finance Bank Limited
(Formerly known as Janalakshmi Financial Services Limited)
CIN: U65923KA2006PLC040028

Ramesh Ramanathan
Chairman
DIN: 00163276

Ajay Kanwal
Managing Director & CEO
DIN: 07886434

Eugene Karthak
Independent Director
DIN: 08743508

Kapil Krishan
Chief Financial Officer

Lakshmi R N
Company Secretary
Membership Number: 14234

Place: Bengaluru
Date: March 22, 2021

Notes

1	**Adjustments for Audit Qualifications**	Nil
2	**Changes in Accounting Policy**	Nil
3	**Regrouping and Reclassifications**	Refer Annexure 5

4 Reconciliation of Balance sheet items

Deposits in the Balance Sheet as at March 31, 2018 ***(₹ in Millions)***

Particulars	**Amount**
Balance of other liabilities, as per audited Balance Sheet as at March 31, 2018 (after considering regrouping and reclassifications)	5,575.01
Adjustment on account of Restatements:-	
Interim Deposit Control account	4.08
Balance of Other liabilities as per Restated Summary Statement of Assets and Liabilities as at March 31, 2018	**5,579.09**

Other assets in the Balance Sheet as at March 31, 2018 ***(₹ in Millions)***

Particulars	**Amount**
Balance of other assets, as per audited Balance Sheet as at March 31, 2018	2,207.14
Adjustment on account of Restatements:-	
Interim Deposit Control account	4.08
Balance of Other assets as per Restated Summary Statement of Assets and Liabilities as at March 31, 2018	**2,211.22**

5 There were no changes to the restated profit and loss account as compared to the audited financial statements for the respective years/periods.

JANA SMALL FINANCE BANK LIMITED
(Formerly known as Janalakshmi Financial Services Limited)
Annexure - 5: Regrouping and Reclassifications

Appropriate adjustments have been made in the restated summary statement of assets and liabilities, restated summary statement of profit and loss and restated summary statement of cash flow in accordance with the requirements of the Securities and Exchange Boards of India (issue of capital and disclosure requirements) regulations, 2018 (as amended), by a reclassification of the corresponding items of income, expense, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the bank as at and for the half year ended September 30, 2020.

Regrouping for the year ended March 31, 2018 ***(₹ in Millions)***

Particulars	As per Audited Financial statements	Changes due to regrouping	Balance after regrouping
SCHEDULE 5 - RESTATED STATEMENT OF OTHER LIABILITIES AND PROVISIONS			
V. Others (Including Provisions)	2,932.31	4.08	2,936.39
	2,932.31		**2,936.39**
SCHEDULE 11 - RESTATED STATEMENT OF OTHER ASSETS			
VI. Others	1,770.19	4.08	1,774.27
Total	**1,770.19**	**-**	**1,774.27**
Note--The Bank had classified Interim Deposit Control account forming part of Deposits was grouped under Other Assets for the year ended March 31, 2018. The same has been reclassified under Other Liability to make it consistent with other reporting periods.			

Particulars	As per Audited Financial statements	Changes due to regrouping	Balance after regrouping
SCHEDULE 16 - RESTATED STATEMENT OF OPERATING EXPENSES			
I. Payments to and provisions for employees (refer note 18.4)	6,700.82	49.01	6,749.83
IX. Postage, courier, telephones etc.	250.12	68.91	319.03
X. Repairs and maintenance	392.61	5.11	397.72
XII. Travel and conveyance	-	609.94	609.94
XIII. Professional fees	-	2,879.67	2,879.67
XIV. Other expenditure	4,090.48	(3,612.64)	477.84
Total	**11,434.03**	**0.00**	**11,434.03**
Note--During the year ended March 31, 2018, the Bank had grouped travel and professional fees in other expenditure category as these expenses were not exceeding the threshold of 1% total income in which case separate line item would be required to presented. However for the remaining periods these expenses were above the threshold and hence reclassified for the year ended March 31, 2018.			

Note 1:-

During the year ended March 31, 2018, the Bank had borrowing towards Non Convertible Debentures & Term loan to extent of ₹ 400 million and ₹ 1,750 million respectively. As on March 31, 2018 the lending parties were financial institutions, whereas such lenders were converted themselves into banks during the year ended March 31, 2019 and accordingly these borrowings were presented under the category of Other Banks in Schedule 4 related to borrowings. The Bank had not reclassified such borrowings under the category of Other Institutions in the restated financial for the half year ended March 31, 2018 since these borrowings were from financial institutions as of March 31, 2018.

Regrouping disclosures related to rectification in ESOP movement schedule

The following are the outstanding options as at year ended March 31, 2020:

Particulars	March 31, 2020				March 31, 2020				March 31, 2020			
	Audited				Adjustment				Restated			
	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Total Options granted and outstanding at the beginning of the year	686,179	449,402	54,206	23,267	-	5,490	(9,836)	-	686,179	454,892	44,370	23,267
Add: Options granted during the year	1,019,469	294,525	841	11,203	-	(5,111)	-	-	1,019,469	289,414	841	11,203
Less: Options forfeited / lapsed during the year	14,143	240,307	9,836	8,762	876	67	(9,836)	-	15,019	240,374	-	8,762
Less : Options exercised during the year	-	-	-	1,939	-	-	-	-	-	-	-	1,939
Options Outstanding as at end of the year	**1,691,505**	**503,620**	**45,211**	**23,769**	**(876)**	**312**	**-**	**-**	**1,690,629**	**503,932**	**45,211**	**23,769**
- Vested	341,276	63,729	44,370	15,891	-	87	-	-	341,276	63,816	44,370	15,891
- Yet to Vest	1,350,229	439,891	841	7,878	(876)	225	-	-	1,349,353	440,116	841	7,878

The following are the outstanding options as at year ended March 31, 2019:

Particulars	March 31, 2019				March 31, 2019				March 31, 2019			
	Audited				Adjustment				Restated			
	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Total Options granted and outstanding at the beginning of the year	686,179	-	54,206	-	-	-	(9,836)	-	686,179	-	44,370	-
Add: Options granted during the year	-	589,402	-	25,182	-	1,015	-	-	-	590,417	-	25,182
Less: Options forfeited / lapsed during the year	-	140,000	-	1,915	-	(4,475)	-	-	-	135,525	-	1,915
Less : Options exercised during the year	-	-	-	-	-	-	-	-	-	-	-	-
Options Outstanding as at end of the year	**686,179**	**449,402**	**54,206**	**23,267**	**-**	**5,490**	**(9,836)**	**-**	**686,179**	**454,892**	**44,370**	**23,267**
- Vested	171,541	-	54,206	-	-	-	(9,836)	-	171,541	-	44,370	-
- Yet to Vest	514,638	449,402	-	23,267	-	5,490	-	-	514,638	454,892	-	23,267

The following are the outstanding options as at year end March 31, 2018:

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

Note: The total options granted and outstanding as at the year ended March 31, 2018 was reported as 44,370 options in the Audited Financial Statements with respect to FY 2017-18. However, the same was reported as 54,206 options as at the beginning of the year with respect to FY 2018-19. The management has informed us that the said difference of 9,836 options was due to an unintended error in the financial statements prepared for the FY 2018-19. The said error was identified and rectified by the management in the financial statements for the year ended March 31, 2020. Further, there were certain forfeitures that were accounted for in incorrect periods due to an unintended error. However, the financial impact was not material for the respective periods.

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Annexure - 5: Regrouping and Reclassifications (Contd.)

Regrouping and reclassification related to the Disclosures and Notes to accounts forming part of restated financial statements :-

Regrouping disclosures related to rectification in advances schedules forming part of audit financials:-

(₹ in Millions)

Schedule - Advances(A)	As at March 31, 2019			As at March 31, 2018		
Particulars	Audited Financial Statements	Changes	Restated Summary Statements	Audited Financial Statements	Changes	Restated Summary Statements
Bills purchased and discounted	-	610	610	-	368	368
Cash credits, overdrafts and loans repayable on demand	2,342	(612)	1,730	-	6	6
Term loans	59,829	2	59,831	60,283	(374)	59,909
Total	**62,171**	**-**	**62,171**	**60,283**	**-**	**60,283**

Note: "Bills Purchased and Discounted and Loans with a tenure less than one Year'' were earlier classified under "Term loan" category and the same has been reclassified respectively in restated financial statement.

(₹ in Millions)

Schedule - Advances(B)	As at March 31, 2020			As at March 31, 2019			As at March 31, 2018		
Particulars	Audited Financial Statements	Changes	Restated Summary Statements	Audited Financial Statements	Changes	Restated Summary Statements	Audited Financial Statements	Changes	Restated Summary Statements
Advances Schedule 9(B)									
Secured by tangible assets	26,782	(74)	26,708	6758	(610)	6,148	1,251	(368)	884
Covered by bank/government guarantees			-			-			-
Unsecured	72,810	74	72,884	55,413	610	56,023	59,032	368	59,400
Total	**99,592**	**-**	**99,592**	**62,171**	**-**	**62,171**	**60,283**	**-**	**60,283**

Note: ''Bills Purchased and Discounted'' were earlier classified under ''Secured by tangible assets'' category and same has been reclassified under ''Unsecured'' category respectively in the restated financial statement.

Regrouping disclosures related to rectification in Capital Adequacy Ratios (NTA):-

Particulars	As at March 31, 2019		
	Audited Financial Statements	Changes	Restated Summary Statements
Common equity tier I capital ratio (%)	12.27%	(0.53%)	11.74%
Tier I capital ratio (%)	12.27%	(0.53%)	11.74%
Tier II capital ratio (%)	6.54%	(0.26%)	6.28%
Total capital ratio as per Basel-II (CRAR) (%)	18.81%	(0.79%)	18.02%

Note: In the restated financial statements certain adjustments related to prepaid expenses, undrawn exposure and consumption loan were considered for the half year ended March 31, 2019 to ensure consistency with remaining periods.

Regrouping disclosures related to rectification in Real Estate Exposures (NTA):-

(₹ in Millions)

9.1 Exposure to Real Estate Sector	As at March 31, 2020			As at March 31, 2019			As at March 31, 2018		
Category	Audited Financial Statements	Changes	Restated Summary Statements	Audited Financial Statements	Changes	Restated Summary Statements	Audited Financial Statements	Changes	Restated Summary Statements
A) Direct exposure	**9,893**	(2,570)	**7,323**	**564**	166	**730**	**105**	(34)	**72**
(i) Residential mortgages	9,890	(2,570)	7,320	540	166	707	34	(34)	-
(of which housing loans eligible for inclusion in priority sector advances)	5,185	(2,552)	2,633	540	(128)	413	34	(34)	-
(ii) Commercial real estate	3	-	3	23	-	23	72	-	72
(iii) Investments in mortgage backed securities (MBS) and other securitised exposure	-	-	-	-	-	-	-	-	-
a) Residential	-	-	-	-	-	-	-	-	-
b) Commercial real estate	-	-	-	-	-	-	-	-	-
B) Indirect exposure	**-**	-	**-**	-	-	**-**	-	-	**-**
Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies (HFCs).	-	-	-	-	-	-	-	-	-

Note: Unsecured individual home improvements loans were considered for the disclosure purposes in the earlier reporting periods and the same has been excluded in the restated financial statements.

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Annexure - 5: Regrouping and Reclassifications (Contd.)

Regrouping disclosures related to rectification in Concentration of Advances and Exposures (NTA):-

(₹ in Millions)

10.2 Concentration of advances*	As at March 31, 2020			As at March 31, 2019			As at March 31, 2018		
Particulars	Audited Financial Statements	Changes	Restated Summary Statements	Audited Financial Statements	Changes	Restated Summary Statements	Audited Financial Statements	Changes	Restated Summary Statements
Total Advances to twenty largest borrowers	3,051	773	3,824	1,772	385	2,157	1,130	0	1,130
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	3.01%	0.76%	3.77%	2.74%	0.60%	3.34%	1.50%	0.00%	1.50%
Note - The lending facility extended under product category ''loan against fixed deposit'' were not considered for above disclosure purposes in the earlier reporting periods and the same has been considered in the restated financial statements.									

(₹ in Millions)

10.3 Concentration of Exposures*	As at March 31, 2020			As at March 31, 2019			As at March 31, 2018		
Particulars	Audited Financial Statements	Changes	Restated Summary Statements	Audited Financial Statements	Changes	Restated Summary Statements	Audited Financial Statements	Changes	Restated Summary Statements
Total exposure to twenty largest borrowers / customers*	3,051	-	3,051	1,831	(59)	1,772	1,480	(1)	1,479
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	3.00%	(0.08%)	2.92%	2.83%	(0.16%)	2.67%	1.95%	0.00%	1.95%
Note - ''Undrawn commitments'' were not considered for above disclosure purposes to determine percentage of exposure in the earlier reporting periods and the same has been considered in the restated financial statements.									

Details that were earlier presented differently relating to Securitization operations of the Bank:

(₹ in Millions)

8.1 Details of Sales	As at and for the year ended March 31, 2020			As at and for the year ended March 31, 2019			As at and for the year ended March 31, 2018		
Particular	Audited Financial Statements	Changes	Restated Summary Statements	Audited Financial Statements	Changes	Restated Summary Statements	Audited Financial Statements	Changes	Restated Summary Statements
(i) No. of accounts sold during the period	-	-	-	-	-	-	-	-	-
(ii) Aggregate value of accounts sold during the period	-	-	-	-	-	-	-	-	-
(iii) Aggregate Consideration received during the period	-	-	-	-	-	-	-	-	-
(iv) Additional Consideration realised in respect of account transferred in earlier years	-	-	-	-	-	-	-	-	-
(v) Aggregate gain over net book value during the period	-	-	-	-	-	-	-	-	-
(vi) MRR	-	-	-	-	-	-	-	-	-
(vii) First Loss	-	-	-	-	40.21	40.21	-	238.57	238.57
(vii) Outstanding Balance	-	431.87	431.87	-	529.85	529.85	-	956.42	956.42
(viii) No. of SPV transaction for securitisation transaction	-	-	-	-	-	-	-	-	-
Note: Above disclosure on securitization transactions was presented in the restated financial statement for all the reporting periods in accordance with the RBI regulations.									

Segment Reporting

Note: In Segment Reporting, The Bank had formulated and implemented Funds Transfer Pricing (FTP) methodology during the half year ended September 30, 2020, accordingly the adjustment of revenue and cost on account of FTP is adjusted between the segments. As a result, the previously reported numbers for the half year ended September 30, 2019, year ended March 31, 2020, March 31, 2019 and March 31, 2018 have been restated.

JANA SMALL FINANCE BANK LIMITED
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Notes forming part of the Restated Summary Statement of Assets and Liabilities

(₹ in Millions)

PARTICULARS	As at 30.09.2020	As at 30.09.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2018
ANNEXURE 6 - RESTATED STATEMENT OF CAPITAL					
Authorised Capital					
Equity					
100,000,000 (September 30, 2019: 827,600,000; March 31, 2020: 100,000,000; March 31, 2019: 827,600,000; March 31, 2018: 1,327,600,000) Class 'A' Equity Shares of ₹ 10 each	1,000.00	8,276.00	1,000.00	8,276.00	13,276.00
Preference					
250,000,000 (September 30, 2019: 500,000,000; March 31, 2020: 250,000,000; March 31, 2019: 500,000,000; March 31, 2018: NIL) Preference Shares of ₹ 10 each	2,500.00	5,000.00	2,500.00	5,000.00	-
Issued, Subscribed and Paid-Up Capital*					
Equity					
50,726,840 (September 30, 2019: 47,156,727; March 31, 2020: 50,718,603; March 31, 2019: 47,156,727; March 31, 2018: 39,288,630) Class 'A' Equity Shares of ₹ 10 each fully paid up	507.27	471.57	507.19	471.57	392.89
Preference					
150,000,000 (September 30, 2019: 150,000,000; March 31, 2020: 150,000,000; March 31, 2019: 150,000,000; 31 March 31, 2018: NIL) 16% Non-Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up	1,500.00	1,500.00	1,500.00	1,500.00	-
* Refer Annexure 23.1.2 Capital infusion					
TOTAL	**2,007.27**	**1,971.57**	**2,007.19**	**1,971.57**	**392.89**
ANNEXURE 7 - RESTATED STATEMENT OF RESERVES AND SURPLUS					
I. STATUTORY RESERVE					
Opening balance	1,026.77	951.43	951.43	951.43	-
Transfer from Statutory Reserve [refer Schedule 2(I(A))]	-	-	-	-	951.43
Add: Addition during the period / year	-	-	75.34	-	-
Less: Deductions during the period / year	-	-	-	-	-
TOTAL	**1,026.77**	**951.43**	**1,026.77**	**951.43**	**951.43**
I(A). STATUTORY RESERVE					
[Created pursuant to Section 45 IC of Reserve Bank of India Act, 1934 as amended by RBI (Amendment) Act 1997]					
Opening balance	-	-	-	-	951.43
Add: Addition during the period / year	-	-	-	-	-
Transfer to Statutory Reserve [Section 17(2) of Banking Regulation Act, 1949] [refer Schedule 2(I)]	-	-	-	-	(951.43)
TOTAL	**-**	**-**	**-**	**-**	**-**
II. SHARE PREMIUM					
Opening balance	48,177.19	44,849.74	44,849.74	35,565.93	19,343.16
Add: Additions during the period / year	11.31	-	3,352.89	9,283.81	16,241.76
Less: Deductions during the period / year	-	(3.64)	(25.44)	-	(18.99)
TOTAL	**48,188.50**	**44,846.10**	**48,177.19**	**44,849.74**	**35,565.93**
III. GENERAL RESERVE					
Opening balance	144.10	144.10	144.10	144.10	144.10
Add: Additions during the period / year	-	-	-	-	-
Less: Deductions during the period / year	-	-	-	-	-
TOTAL	**144.10**	**144.10**	**144.10**	**144.10**	**144.10**
IV. CAPITAL RESERVE					
Opening balance	138.09	-	-	-	
Add: Additions during the period / year	-	11.19	138.09	-	-
Less: Deductions during the period / year	-	-	-	-	-
TOTAL	**138.09**	**11.19**	**138.09**	**-**	**-**
V. INVESTMENT FLUCTUATION RESERVE					
Opening balance	46.36	-	-	-	
Add: Additions during the period / year	-	-	46.36	-	-
Less: Deductions during the period / year	-	-	-	-	-
TOTAL	**46.36**	**-**	**46.36**	**-**	**-**
VI. EMPLOYEE STOCK OPTIONS OUTSTANDING					
Opening balance	161.97	127.75	127.75	51.24	-
Add: Employee Stock Option expense during the period / year	2.88	13.93	36.89	76.51	51.24
Less: Transfer to Share Capital / Securities Premium on exercise of stock options	(11.31)	-	(2.67)	-	-
TOTAL	**153.54**	**141.68**	**161.97**	**127.75**	**51.24**
VII. BALANCE IN STATEMENT OF PROFIT & LOSS ACCOUNT	**(40,442.20)**	**(41,872.72)**	**(41,266.55)**	**(41,308.09)**	**(21,817.43)**
TOTAL (I to VII)	**9,255.16**	**4,221.78**	**8,427.93**	**4,764.93**	**14,895.27**

JANA SMALL FINANCE BANK LIMITED
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Notes forming part of the Restated Summary Statement of Assets and Liabilities

(₹ in Millions)

PARTICULARS	As at 30.09.2020	As at 30.09.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2018
ANNEXURE 8 - RESTATED STATEMENT OF DEPOSITS					
A. I. Demand deposits					
i. From banks	396.85	5.20	303.95	46.99	-
ii. From others	3,517.27	1,684.37	2,468.77	1,843.66	-
II. Savings bank deposits	6,059.34	3,993.13	4,366.03	1,524.34	0.02
III. Term deposits					
i. From banks	15,842.29	13,008.18	17,535.45	4,605.57	-
ii. From others	76,483.34	56,339.65	71,845.27	33,966.40	4.51
TOTAL (I to III)	**102,299.09**	**75,030.53**	**96,519.47**	**41,986.96**	**4.53**
B. I. Deposits of branches in India	102,299.09	75,030.53	96,519.47	41,986.96	4.53
II. Deposits of branches outside India	-	-	-	-	-
TOTAL (I to II)	**102,299.09**	**75,030.53**	**96,519.47**	**41,986.96**	**4.53**
ANNEXURE 9 - RESTATED STATEMENT OF BORROWINGS					
I. Borrowings in India					
i. Reserve Bank of India	-	-	-	-	-
ii. Other banks*	6,901.50	9,954.87	6,482.00	15,259.01	35,640.48
iii. Other institutions and agencies^	26,109.90	15,875.00	21,465.00	24,222.55	39,672.09
II. Borrowings outside India	645.49	1,328.91	1,040.39	1,383.10	1,303.50
TOTAL (I to II)	**33,656.89**	**27,158.78**	**28,987.39**	**40,864.66**	**76,616.07**
Secured Borrowings included in (ii) & (iii) above is ₹ 1,315.49 million (September 30, 2019: ₹ 3,281.41 million; March 31, 2020: ₹ 1,915.39 million; March 31, 2019: ₹ 7,670.00 million; March 31, 2018: ₹ 28,781.62 million) *Includes Sub-ordinated debt (Tier II capital) ₹ 3,430.00 million (September 30, 2020: ₹ 3,430.00 million; March 31, 2020: ₹ 3,430.00 million; March 31, 2019: ₹ 2,030.00 million; March 31, 2018: ₹ 780.00 million) ^ Includes sub-ordinated debt (Tier II capital) ₹ 3,580.00 million (September 30, 2019: ₹3,580.00 million; March 31, 2020: ₹ 3,580.00 million; March 31, 2019: ₹ 5,480.00 million; March 31, 2018: ₹ 6,730.00 million)					
ANNEXURE 10 - RESTATED STATEMENT OF OTHER LIABILITIES AND PROVISIONS					
I. Bills payable	280.86	502.04	605.12	358.89	-
II. Inter office adjustments (net)	-	-	-	-	-
III. Interest accrued	2,213.12	1,733.38	2,231.93	1,865.76	2,468.40
IV. Standard Assets- General Provision (refer Annexure - 23.14)	1,489.72	278.61	436.80	218.25	174.30
V. Others (including provisions)*	2,297.90	1,831.31	2,255.38	2,431.89	2,936.39
*Others primarily includes provision for operating expenses, NEFT/RTGS settlement payable and Lease equalisation reserve.					
TOTAL (I to V)	**6,281.60**	**4,345.34**	**5,529.23**	**4,874.79**	**5,579.09**

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Notes forming part of the Restated Summary Statement of Assets and Liabilities

(₹ in Millions)

PARTICULARS	As at 30.09.2020	As at 30.09.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2018
ANNEXURE 11 - RESTATED STATEMENT OF CASH AND BALANCES WITH RESERVE BANK OF INDIA					
I. Cash in hand (including cash at ATMs for relevant periods / years)	509.23	502.72	975.97	303.66	77.34
II. Balances with Reserve Bank of India					
i. In current account	3,118.13	4,202.02	3,762.46	10,505.98	1,900.10
ii. In other accounts	-	-	-	-	-
TOTAL (I to II)	**3,627.36**	**4,704.74**	**4,738.43**	**10,809.64**	**1,977.44**
ANNEXURE 12 - RESTATED STATEMENT OF BALANCES WITH BANKS AND MONEY AT SHORT CALL NOTICE					
I. In India					
i) Balances with banks					
a) In current accounts	235.66	144.81	72.70	467.64	536.37
b) In other deposit accounts*	138.00	235.66	1,141.87	408.33	8,658.29
ii) Money at call and short notice					
a) With banks	-	-	-	-	-
b) With other institutions	-	-	-	-	-
c) Lending under reverse repo (Reserve Bank of India)	1,750.00	-	3,850.00	-	-
TOTAL (i to ii)	**2,123.66**	**380.47**	**5,064.57**	**875.97**	**9,194.66**
II. Outside India					
i) In current accounts	-	-	-	-	-
ii) In other deposit accounts	-	-	-	-	-
iii) Money at call and short notice	-	-	-	-	-
TOTAL (i to iii)	**-**	**-**	**-**	**-**	**-**
GRAND TOTAL (I to II)	**2,123.66**	**380.47**	**5,064.57**	**875.97**	**9,194.66**

* Deposit with banks amounting to ₹ 138.24 million (September 30, 2019: amounting to ₹ 235.66 million; March 31, 2020: amounting to ₹ 1,141.87 million; March 31, 2019: amounting to ₹ 408.33 million; March 31, 2018: amounting to ₹ 971.11 million) is lien marked towards term loans availed from banks and financial institutions, security deposits, and cash collateral placed in connection with assignment/securitisation of receivables.

JANA SMALL FINANCE BANK LIMITED
(Formerly known as Janalakshmi Financial Services Limited)
Notes forming part of the Restated Summary Statement of Assets and Liabilities

(₹ in Millions)

PARTICULARS	As at 30.09.2020	As at 30.09.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2018
ANNEXURE 13 - RESTATED STATEMENT OF INVESTMENTS					
I. Investments in India (net of provisions)					
i) Government securities	39,664.92	25,862.50	26,499.35	14,680.26	19,973.79
ii) Other approved securities	-	-	-	-	-
iii) Shares	-	1.00	1.00	1.00	1.00
iv) Debentures and bonds	-	-	-	-	-
v) Subsidiaries / joint ventures	-	-	-	-	-
vi) Others	-	-	-	-	-
TOTAL	**39,664.92**	**25,863.50**	**26,500.35**	**14,681.26**	**19,974.79**
II. Investments Outside India					
i) Government securities	-	-	-	-	-
ii) Subsidiaries/joint ventures/associates	-	-	-	-	-
iii) Others (equity shares and bonds)	-	-	-	-	-
TOTAL	-	-	-	-	-
GRAND TOTAL (I to II)	**39,664.92**	**25,863.50**	**26,500.35**	**14,681.26**	**19,974.79**
III. Investments					
i) Gross value of investments					
a) In India	39,664.92	25,863.50	26,500.35	14,681.26	19,974.79
b) Outside India	-	-	-	-	-
Total	**39,664.92**	**25,863.50**	**26,500.35**	**14,681.26**	**19,974.79**
ii) Depreciation/provision for investments					
a) In India	-	-	-	-	-
b) Outside India	-	-	-	-	-
Total	-	-	-	-	-
iii) Net value of investments					
a) In India	39,664.92	25,863.50	26,500.35	14,681.26	19,974.79
b) Outside India	-	-	-	-	-
Total	**39,664.92**	**25,863.50**	**26,500.35**	**14,681.26**	**19,974.79**
ANNEXURE 14 - RESTATED STATEMENT OF ADVANCES					
A. i) Bills purchased and discounted	134.35	308.63	317.15	609.68	367.72
ii) Cash credits, overdrafts and loans repayable on demand	7,792.58	3,873.67	5,238.68	1,730.24	6.07
iii) Term loans	94,283.46	71,728.27	94,036.55	59,830.87	59,909.36
TOTAL	**102,210.39**	**75,910.57**	**99,592.38**	**62,170.79**	**60,283.15**
B. i) Secured by tangible assets	32,078.57	17,182.71	26,708.04	6,148.15	883.63
ii) Covered by bank/government guarantees	453.32	-	-	-	-
iii) Unsecured (refer Annexure 23.46)	69,678.50	58,727.86	72,884.34	56,022.64	59,399.52
TOTAL	**102,210.39**	**75,910.57**	**99,592.38**	**62,170.79**	**60,283.15**
C. I ADVANCES IN INDIA					
i) Priority sector*	84,337.06	64,143.77	81,464.09	55,781.46	53,777.40
ii) Public sector	-	-	-	-	-
iii) Banks	-	-	-	-	-
iv) Others	17,873.33	11,766.80	18,128.29	6,389.33	6,505.75
* Priority sector excluded ₹ Nil (September 30, 2019: ₹ Nil; March 31, 2020: ₹ 10,000 million; March 31, 2019: ₹ 45,287.50 million; March 31, 2018: ₹ Nil), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC). During the half year ended September 30, 2020, the Bank has bought PSLC amounting to ₹ Nil (September 30, 2019: ₹ Nil; March 31, 2020: ₹ 6,000 million; March 31, 2019: ₹ Nil; March 31, 2018: ₹ Nil), which is included in above.					
II ADVANCES OUTSIDE INDIA	-	-	-	-	-
TOTAL (I+II)	**102,210.39**	**75,910.57**	**99,592.38**	**62,170.79**	**60,283.15**

JANA SMALL FINANCE BANK LIMITED
(Formerly known as Janalakshmi Financial Services Limited)
Notes forming part of the Restated Summary Statement of Assets and Liabilities

(₹ in Millions)

PARTICULARS	As at and for the half year ended 30.09.2020	As at and for the half year ended 30.09.2019	As at and for the year ended 31.03.2020	As at and for the year ended 31.03.2019	As at and for the year ended 31.03.2018
ANNEXURE 15 - RESTATED STATEMENT OF FIXED ASSETS					
I. Premises					
i) Cost as at the end of the preceding period / year	-	-	-	-	-
ii) Additions during the period / year	-	-	-	-	-
iii) Deductions during the period / year	-	-	-	-	-
iv) Depreciation to date	-	-	-	-	-
v) Capital work in progress	-	-	-	-	-
TOTAL	-	-	-	-	-
II. Other fixed assets (including furniture and fixtures)					
i) Cost as at the end of the preceding period / year	6,173.76	6,032.36	6,032.36	5,386.60	3,141.73
ii) Additions during the period / year	164.81	136.94	233.08	817.07	2,727.29
	6,338.57	**6,169.30**	**6,265.44**	**6,203.67**	**5,869.02**
iii) Deductions during the period / year	(30.10)	(13.50)	(91.58)	(171.31)	(482.42)
iv) Depreciation to date	(3,983.49)	(3,186.88)	(3,579.65)	(2,712.21)	(1,788.06)
v) Capital work in progress	35.76	9.21	5.88	24.40	248.05
TOTAL*	**2,360.74**	**2,978.13**	**2,600.09**	**3,344.55**	**3,846.59**
*Includes leased assets of ₹ 210.61 million (September 30, 2019: ₹ 262.94 million; March 31, 2020: ₹ 236.82 million; March 31, 2019 ₹ 289.22 million; March 31, 2018 ₹ 73.76 million)					
GRAND TOTAL (I to II)	**2,360.74**	**2,978.13**	**2,600.09**	**3,344.55**	**3,846.59**

JANA SMALL FINANCE BANK LIMITED
(Formerly known as Janalakshmi Financial Services Limited)
Notes forming part of the Restated Summary Statement of Assets and Liabilities

(₹ in Millions)

PARTICULARS	As at 30.09.2020	As at 30.09.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2018
ANNEXURE 16 - RESTATED STATEMENT OF OTHER ASSETS					
I. Inter office adjustments (net)	-	-	-	-	-
II. Interest accrued	838.94	425.70	505.06	221.21	7.42
III. Tax paid in advance / tax deducted at source (net of provisions)	635.47	618.42	624.20	495.32	429.53
IV. Stationery and stamps	-	-	-	-	-
V. Non-Banking Assets acquired in satisfaction of claims	-	-	-	-	-
VI. Others*	2,038.53	1,846.47	1,846.13	1,864.17	1,774.27
*Others primarily includes GST input credit, security deposits, NEFT/RTGS settlement receivable and prepaid expense.					
TOTAL	**3,512.94**	**2,890.59**	**2,975.39**	**2,580.70**	**2,211.22**
ANNEXURE 17 - RESTATED STATEMENT OF CONTINGENT LIABILITY					
I. Claims against the Bank not acknowledged as debts	-	-	-	-	183.00
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 (Refer Annexure 23.13)	371.59	401.08	371.59	516.08	328.52
TOTAL	**371.59**	**401.08**	**371.59**	**516.08**	**511.52**

JANA SMALL FINANCE BANK LIMITED

(Formerly known as Janalakshmi Financial Services Limited)

Notes forming part of the Restated Summary Statement of Profit and Loss

(₹ in Millions)

PARTICULARS	Half year ended 30.09.2020	Half year ended 30.09.2019	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2018
ANNEXURE 18 - RESTATED STATEMENT OF INTEREST EARNED					
I. Interest/discount on advances/bills *	11,671.67	7,939.74	18,327.97	11,216.81	14,181.53
II. Income on investments	775.61	718.59	1,459.58	1,031.99	964.28
III. Interest on balances with Reserve Bank of India and other inter-bank funds	117.86	68.33	127.62	256.59	401.49
IV. Others	0.01	0.02	0.02	-	0.58
* Includes interest recoveries from technically written off accounts					
TOTAL	**12,565.15**	**8,726.68**	**19,915.19**	**12,505.39**	**15,547.88**
ANNEXURE 19 - RESTATED STATEMENT OF OTHER INCOME					
I. Commission, exchange and brokerage	353.74	993.35	2,359.59	781.39	335.65
II. Profit / (loss) on sale of investments (net)	148.91	25.12	230.48	75.80	183.68
III. Profit / (loss) on revaluation of investments (net)	-	-	-	-	-
IV. Profit / (loss) on sale of land, buildings and other assets(net)	(19.21)	(5.21)	(28.39)	(48.20)	(177.38)
V. Profit on exchange / derivative transactions (net)	-	-	-	-	-
VI. Income earned by way of dividends from subsidiaries/joint ventures abroad/in India	-	-	-	-	-
VII. Miscellaneous income# # Includes PSLC income for the half year ended September 30, 2020: ₹ Nil; (half year ended September 30, 2019: ₹ Nil; year ended March 31, 2020: ₹ 1.00 million; year ended March 31, 2019: ₹ 160.55 million; year ended March 31, 2018: ₹ Nil), recoveries from written off accounts for the half year ended September 30, 2020: ₹ 256.21 million; (half year ended September 30, 2019: ₹ 1,092.32 million; year ended March 31, 2020: ₹ 1,697.01 million; year ended March 31, 2019: ₹ 139.58 million; year ended March 31, 2018: ₹ 64.79 million), lease income for the half year ended September 30, 2020: ₹ 36.23 million; (half year ended September 30, 2019: ₹ 36.23 million; year ended March 31, 2020: ₹ 72.46 million; year ended March 31, 2019: ₹ 62.73 million; year ended March 31, 2018: ₹ 7.10 million)	296.58	1,125.35	1,770.79	368.30	80.66
TOTAL	**780.02**	**2,138.61**	**4,332.47**	**1,177.29**	**422.61**
ANNEXURE 20 - RESTATED STATEMENT OF INTEREST EXPENSES					
I. Interest on deposits	4,241.14	2,563.00	6,408.97	1,460.50	-
II. Interest on Reserve Bank of India/inter-bank borrowings	886.26	728.52	1,068.05	3,040.35	6,197.41
III. Others (including interest on debentures and other borrowings)	1,031.48	1,252.40	2,324.46	3,635.45	5,441.46
TOTAL	**6,158.88**	**4,543.92**	**9,801.48**	**8,136.30**	**11,638.87**
ANNEXURE 21 - RESTATED STATEMENT OF OPERATING EXPENSES					
I. Payments to and provisions for employees (refer Annexure 23.4)	2,880.61	3,024.42	6,237.43	6,022.67	6,749.83
II. Rent, taxes and lighting (refer Annexure 23.24)	531.24	555.77	1,109.37	1,095.02	1,405.45
III. Printing and stationery	14.96	44.39	106.24	66.03	43.21
IV. Advertisement and publicity	128.51	20.55	113.56	352.60	718.97
V. Depreciation on Bank's property (including leased assets)	420.46	481.80	925.34	993.86	839.51
VI. Directors' fees, allowances and expenses	1.99	1.50	2.37	2.55	2.54
VII. Auditors' fees and expenses	5.15	8.26	6.49	8.15	6.63
VIII. Law charges	11.93	29.76	64.99	96.61	82.19
IX. Postage, courier, telephones etc.	95.20	137.68	248.05	332.72	319.03
X. Repairs and maintenance	189.83	210.83	410.28	445.33	397.72
XI. Insurance	61.39	28.93	68.74	14.98	20.44
XII. Travel and conveyance	75.27	196.31	409.18	470.46	609.94
XIII. Professional fees*	455.51	473.61	1,438.98	819.02	2,879.67
XIV. Other expenditure	79.40	185.50	499.78	591.95	477.88
TOTAL	**4,951.45**	**5,399.31**	**11,640.80**	**11,311.95**	**14,553.01**

* Includes cost incurred for outsourcing of technology and operations support services.

Annexure 22: Significant Accounting Policies appended to and forming part of the restated summary statements

1. CORPORATE INFORMATION:

Jana Small Finance Bank Limited (formerly known as Janalakshmi Financial Services Limited - the "Company"), headquartered in Bangalore, is engaged in providing a wide range of banking and financial services. Originally incorporated on July 24, 2006, the Company was 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 a small finance bank license by the 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") commenced its business as a Small Finance Bank with effect from March 28, 2018. Accordingly, the name of the Company was changed to Jana Small Finance Bank Limited (the "Bank").

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

2. BASIS OF PREPARATION:

The Bank's financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and on going concern basis (refer note 18.46), 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.

Consequent to the outbreak of COVID-19 pandemic, the Indian government has announced a lockdown in March 2020. Subsequently, the lockdown has been lifted by the government for certain activities in a phased manner outside specified containment zones.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activity, which may persist even after the restrictions related to the COVID-19 outbreak are lifted. While there has been some improvement in economic activities during the current quarter, the continued slowdown has led to a decrease in loan originations and in collection efficiency.

The extent to which the COVID-19 pandemic will continue to impact the Bank's operations and financial results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank had granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 01, 2020 and May 31, 2020 to all eligible borrowers. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms). Further, in accordance with the RBI guidelines relating to 'COVID-19 - Regulatory Package' dated May 23, 2020, the Bank has extended the moratorium by another three months on payment of all instalments and/ or interest, as applicable, falling due between June 01, 2020 and August 31, 2020.

The RBI requirement is to provide 10% on the accounts under SMA-0 to SMA-2 bucket by June 30, 2020. As of September 30, 2020, the Bank's exposure towards loans in SMA-0 to SMA-2 buckets is ₹ 1,377.92 million of which ₹ 354.25 million are towards fully secured loans. The Bank is carrying a general provision of ₹ 1,100.00 million (including COVID regulatory provision prescribed by the RBI) towards potential impact of COVID-19 based on the information available at this point of time. The provisions held by the Bank are in excess of the RBI prescribed norms.

The restated financials have been prepared to comply in all material aspects with requirement of:-

A. Section 26 of Part I of Chapter III of the Companies Act, 2013

B. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, and

C. Guidance Note on Report in company Prospectus (Revised 2019) issued by the Institute of Chartered Accountants of 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 a receipt basis.

ii. Penal interest is recognized on realization.
iii. Income on non-coupon bearing discounted instruments is recognized over the tenure of the instruments so as to provide a constant periodic rate of return.
iv. Processing fees on loan, direct assignment and securitisation is recognised upfront when it becomes due.
v. Dividends are accounted on an accrual basis where the right to receive the dividend is established.

vi. Interest income 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.

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

The transactions in securities are recorded on "Settlement Date" of accounting except in the case of equity shares where trade date accounting is followed.

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

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

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

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

The cost of investments is determined on a weighted average basis.

Investments (contd.)

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.

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.

Repurchase and reverse repurchase transactions:

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

5. ADVANCES CLASSIFICATION AND PROVISIONING:

Classification:

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

Non-performing advances are written-off in accordance with Bank's policies. Amounts recovered against debts written-off are recognised in the Profit and Loss account as "Miscellaneous income" under other income (Schedule 14).
For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring.

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

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

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

Floating Provisions:

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

6. SECURITISATION AND TRANSFER OF ASSETS:

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

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

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

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

The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

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

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

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

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

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use.
The estimated useful life of the intangible assets are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

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

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

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

8. IMPAIRMENT OF ASSETS (Other than loans and advances):
In accordance with AS-28- Impairment of assets, the 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.

10. EMPLOYEE BENEFITS:

Defined contribution plan:

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

Defined benefit plan and compensated absences:

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

Short term employee benefits:

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

11. INCOME TAXES:

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

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

12. EARNINGS PER SHARE:

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

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

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

A disclosure for contingent liability is made when there is:

i) A possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the bank; or

ii) A present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made.

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

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

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

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

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

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

17. SHARE ISSUE EXPENSES:
Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

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

(a) **Treasury** includes all investment portfolios, profit / loss on sale of investments, equities, income and expense from money market operations.

(b) **Corporate / Wholesale Banking** includes all advances to companies and statutory bodies, that are not included under Retail Banking.

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

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

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

19. CORPORATE SOCIAL RESPONSIBILITY:
Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Statement of Profit and Loss.

20. EMPLOYEE STOCK OPTION PLAN and RESTRICTED STOCK UNITS:
Designated employees of the Bank receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

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

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

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

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Annexure - 23: Notes forming part of the Restated Summary Statements

1 Capital

1.1 Capital Adequacy Ratio (CAR)

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

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
Common equity tier I capital ratio (%)	14.24%	9.73%	13.12%	11.74%	24.27%
Tier I capital ratio (%)	14.24%	9.73%	13.12%	11.74%	24.27%
Tier II capital ratio (%)	5.85%	5.31%	6.13%	6.28%	10.40%
Total capital ratio as per Basel-II (CRAR) (%)	**20.09%**	**15.04%**	**19.25%**	**18.02%**	**34.67%**
Amount of tier II capital raised through debt capital instruments during the period / year	-	2,250.00	2,250.00	-	-

Subordinated debt (Tier II capital) outstanding as at September 30, 2020 is ₹ 7,010 million (September 30, 2019: ₹ 7,010 million; March 31, 2020: ₹ 7,010 million; March 31, 2019 : ₹ 7,510 million; March 31, 2018 : ₹ 7,510 million).

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

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

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

1.2 Capital Infusion

During the half year ended September 30, 2020, the Bank has not issued any class "A" equity shares except on account of Employee Stock Options.

During the half year ended September 30, 2019, the Bank has not issued any class "A" equity shares.

During the year ended March 31, 2020, the Bank has issued class "A" equity shares having face value of ₹ 10 each for cash pursuant to rights issue of 35,59,937 equity shares at ₹ 951.09 each aggregating to ₹ 3,385.82 million pursuant to Board's approval.

During the year ended March 31, 2019, the Bank has issued class "A" 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 ₹ 9,362.50 million pursuant to Board and shareholders approval.

During the year ended March 31, 2018, the Bank has issued 3,295,750 class "A" equity shares having face value of ₹ 10 for cash pursuant to a private placement at ₹ 1,383.60 each aggregating to ₹ 4,560 million pursuant to Board and shareholders approval.

During the year ended March 31, 2018, there was an infusion of 1,180,000,000 class "A" Compulsory Convertible Preference Share Capital aggregating to ₹ 11,800 million, and same was converted to 8,528,475 equity shares having face value of ₹ 10 each at ₹ 1,383.60. Pursuant to conversion, the Authorised share capital of ₹ 12,000 million was reclassified from Preference Share Capital to Equity Share Capital.

During the year ended March 31, 2019, Bank has issued 150,000,000 16% non-cumulative compulsorily convertible preference shares at ₹ 10 each aggregating to ₹ 1,500 million for cash pursuant to private placement for the year ended March 31, 2019.

During the half year ended September 30, 2020, the Bank has allotted 8,237 class "A" equity shares in respect of stock options exercised, (half year ended September 30, 2019: ₹ Nil). During the year ended March 31, 2020, the Bank has allotted 1,939 equity shares in respect of stock options exercised. (year ended March 31, 2019: ₹ Nil and year ended March 31, 2018: ₹ Nil)

During the year ended March 31, 2017, the Bank has issued 21,971,524 class "A" equity shares having face value of ₹ 10 each as bonus shares in the ratio of 4:1 by capitalisation of free reserves.

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

Particulars	As at and for the half year ended September 30, 2020		As at and for the half year ended September 30, 2019	
	No. of Equity shares	Amount	No. of Equity shares	Amount
Equity shares as at the beginning of the period	50,718,603	507.19	47,156,727	471.57
Addition pursuant to stock option exercised in the period	8,237	0.08	-	-
Addition pursuant to bonus issue in the period	-	-	-	-
Addition pursuant to conversion of CCPS into equity shares in the period	-	-	-	-
Addition pursuant to equity shares issued during the period	-	-	-	-
Equity shares outstanding as at the end of the period	**50,726,840**	**507.27**	**47,156,727**	**471.57**

Particulars	As at and for the year ended March 31, 2020		As at and for the year ended March 31, 2019		As at and for the year ended March 31, 2018	
	No. of Equity shares	Amount	No. of Equity shares	Amount	No. of Equity shares	Amount
Equity shares as at the beginning of the year	47,156,727	471.57	39,288,630	392.89	27,464,405	274.64
Addition pursuant to stock option exercised in the year	1,939	0.02	-	-	-	-
Addition pursuant to bonus issue in the year	-	-	-	-	-	-
Addition pursuant to conversion of CCPS into equity shares in the year	-	-		-	8,528,475	85.28
Addition pursuant to equity shares issued during the year	3,559,937	35.60	7,868,097	78.68	3,295,750	32.96
Equity shares outstanding as at the end of the year	**50,718,603**	**507.19**	**47,156,727**	**471.57**	**39,288,630**	**392.88**

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

Particulars	**As at and for the half year ended September 30, 2020**		**As at and for the half year ended September 30, 2019**	
	No. of shares	**Amount**	**No. of shares**	**Amount**
Preference shares as at the beginning of the period	150,000,000	1,500	150,000,000	1,500.00
Addition pursuant to stock option exercised in the period	-	-	-	-
Addition pursuant to bonus issue in the period	-	-	-	-
Addition pursuant to conversion of CCPS into equity shares in the period	-	-	-	-
Addition pursuant to preference shares issued during the period	-	-	-	-
Preference shares outstanding as at the end of the period	**150,000,000**	**1,500.00**	**150,000,000**	**1,500.00**

Particulars	**As at and for the year ended March 31, 2020**		**As at and for the year ended March 31, 2019**		**As at and for the year ended March 31, 2018**	
	No. of shares	**Amount**	**No. of shares**	**Amount**	**No. of shares**	**Amount**
Preference shares as at the beginning of the year	150,000,000	1,500	-	-	-	-
Addition pursuant to stock option exercised in the year	-	-	-	-	-	-
Addition pursuant to bonus issue in the year	-	-	-	-	-	-
Addition pursuant to preference shares issued during the year	-	-	150,000,000	1,500	1,180,000,000	11,800
Deletion pursuant to conversion of CCPS into equity shares in the year	-	-	-	-	(1,180,000,000)	(11,800)
Preference shares outstanding as at the end of the year	**150,000,000**	**1,500.00**	**150,000,000**	**1,500.00**	**-**	**-**

In terms of Section 12 of the Banking Regulation Act 1949, the subscribed capital of a banking company operating in India shall not be less than one-half of the authorized capital, and the paid-up capital shall not be less than one-half of the subscribed capital. As at the commencement of banking operations (March 28, 2018), the issued, subscribed and paid-up capital of the Bank was ₹ 392.89 million as against the authorised share capital of ₹ 13,276.00 million. The Bank has received scheduled Bank status with effect from 16 July, 2019 vide publication in the Gazette of India (Part III - Section 4) dated July 27 – August 02, 2019. Accordingly, Jana Small Finance Bank Limited is included in the second schedule of the Reserve Bank of India Act, 1934. As on July 31, 2019, the issued, subscribed and paid up capital of the Bank was ₹ 1,971.57 million which forms 14.85% of its authorized share capital. The Bank's paid-up capital as on July 31, 2019 met the statutory requirement as above, while the subscribed capital did not meet with the statutory requirement of being not less than half of the Authorized Capital.

In order to comply with the above statutory requirement, on February 03, 2020 the Bank has diminished it's authorised share capital to ₹ 3,500.00 million comprising Equity Share Capital of ₹ 1,000 million and Preference Share Capital of ₹ 2,500 million.

2. Earnings / (Loss) per equity share

Particulars	**As at and for the half year ended September 30, 2020**	**As at and for the half year ended September 30, 2019**	**As at and for the year ended March 31, 2020**	**As at and for the year ended March 31, 2019**	**As at and for the year ended March 31, 2018**
Net profit/(loss) after tax (₹ in million)	824.35	(553.44)	301.32	(19,490.66)	(25,037.95)
Weighted average number of equity shares in computing the basic earnings per share	50,724,776	47,156,727	48,548,128	41,307,710	31,778,859
Basic earnings / (loss) per share ₹#	**16.25**	**(11.74)**	**6.21**	**(471.84)**	**(787.88)**
Weighted average number of equity shares in computing the diluted earnings per share*	53,444,487	47,156,727	51,057,018	41,307,710	31,778,859
Diluted earnings / (loss) per share ₹#	**15.42**	**(11.74)**	**5.90**	**(471.84)**	**(787.88)**
Nominal value per share ₹	10.00	10.00	10.00	10.00	10.00

* For the half year ended September, 30, 2019, year ended March 31, 2019 and year ended March 31, 2018, dilutive earnings per share is same as basic earnings per share as the results were anti-dilutive.
# Half yearly earnings / (loss) per share is not annualised

1. Basic earnings / (loss) per share is calculated by dividing the net profit or loss after tax for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding as at the end of period / year.

2. Diluted earnings / (loss) per equity share is computed by dividing net profit or loss for the period / year attributable to equity shareholders by the weighted average number of equity shares including potential equity shares outstanding as at the end of period / year, except when results are anti-dilutive.

3. The dilutive impact is on account of stock options granted to employees and Convertible Preference Shares.

3. Reserves

3.1 Share premium account
Share issue expenses for the half year ended September 30, 2020 amounting to ₹ Nil (half year ended September 30, 2019: ₹ 3.64 million; year ended March 31, 2020: ₹ 25.44 million; year ended March 31, 2019: ₹ Nil; year ended March 31, 2018: ₹ 19.00 million) is adjusted from securities premium account in terms of section 52 (2) (c) of the Companies Act, 2013.

3.2 Statutory Reserve

During the half year ended September 30, 2020, the Bank has transferred ₹ Nil (half year ended September 30, 2019: ₹ Nil; year ended March 31, 2020: ₹ 75.34 million; year ended March 31, 2019: ₹ Nil; year ended March 31, 2018 : ₹ Nil) to statutory reserves pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949.

3.3 Capital Reserve
During the half year ended September 30, 2020, the Bank has transferred ₹ Nil (half year ended September 30, 2019: ₹ 11.19 million; year ended March 31, 2020: ₹ 138.09 million; year ended March 31, 2019: ₹ Nil; year ended March 31, 2018: ₹ Nil) to capital reserves, being the profit from sale of HTM investments, net of taxes and appropriation to statutory reserve, as per the RBI regulations.

3.4 Investment Fluctuation Reserve
In accordance with RBI guidelines, banks are required to create an Investment Fluctuation Reserve (IFR) equivalent to 2% of their HFT and AFS investment portfolios, within a period of three years starting fiscal 2019. Accordingly, the Bank has transferred ₹ Nil for the half year ended September 30, 2020 (half year ended September 30, 2019: ₹ Nil; year ended March 31, 2020: ₹ 46.36 million; year ended March 31, 2019: ₹ Nil; year ended March 31, 2018: ₹ Nil) to investment reserves.

3.5 Drawdown of Reserves
During the half year ended September 30, 2020; there were no drawdown from reserves (half year ended September 30, 2019: ₹ Nil; year ended March 31, 2020: ₹ Nil; year ended March 31, 2019 : ₹ Nil; year ended March 31, 2018 : ₹ Nil).

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

Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

4. Employees Stock Option Plan Scheme

The Bank has share- based payment schemes for it's employees. Schemes in operations during the half year ended September 30, 2020 are Employee stock option plan scheme 2017, Employee stock option plan scheme 2018, Restrictive Stock Units Scheme 2017 and Restrictive Stock Units Scheme 2018.

The details of the Employee Stock Option Plan Schemes (ESOP) and Restrictive Stock Unit Scheme (RSU) during the half year ended September 30, 2020

Particulars	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Grant Date	Various dates	Various dates	Various dates	Various dates
Option available under the plan	1,867,579	2,023,697	Sub-set of ESOP 2017	Sub-set of ESOP 2018
Number of Options granted	11,157	-	1,041	-
Method of Settlement	Equity	Equity	Equity	Equity
Vesting	25% after one year from the date of grant 25% after two years from the date of grant 25% after three years from the date of grant Balance 25% after four years from the date of grant		One year from the date of grant	
Exercisable period	The Exercise period shall be subject to a maximum period of 5 years commencing from the date of vesting of such Option or 2 years from the date of Listing, whichever is later.		The Exercise period shall be subject to a maximum period of 5 years commencing from the date of vesting of such Option or 2 years from the date of Listing, whichever is later.	
Vesting Conditions	Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be The Nomination and Remuneration Committee (NRC) shall have the power to accelerate Vesting of all Unvested Options of an Employee who is considered a Good Leaver.		Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be The Nomination and Remuneration Committee (NRC) shall have the power to accelerate Vesting of all Unvested Options of an Employee who is considered a Good Leaver.	
Exercise Price Per Option (₹)	960.59		10.00	

The details of the Employee Stock Option Plan Schemes (ESOP) and Restrictive Stock Unit Scheme (RSU) for the half year ended September 30, 2019

Particulars	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Grant Date	Various dates	Various dates	Various dates	Various dates
Option available under the plan	1,867,579	2,023,697	Sub-set of ESOP 2017	Sub-set of ESOP 2018
Number of Options granted	-	216,271	-	7,365
Method of Settlement	Equity	Equity	Equity	Equity
Vesting	25% after one year from the date of grant 25% after two years from the date of grant 25% after three years from the date of grant Balance 25% after four years from the date of grant		One year from the date of grant	
Exercisable period	The Exercise period shall be subject to a maximum period of 5 years commencing from the date of Vesting of such Option or 2 years from the date of Listing, whichever is later.		The Exercise period shall be subject to a maximum period of 5 years commencing from the date of Vesting of such Option or 2 years from the date of Listing, whichever is later.	
Vesting Conditions	Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be.		Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be.	
Exercise Price Per Option (₹)	951.09		10.00	

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The details of the Employee Stock Option Plan Schemes (ESOP) and Restrictive Stock Unit Scheme (RSU) during the year ended March 31, 2020

Particulars	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Grant Date	Various dates	Various dates	Various dates	Various dates
Option available under the plan	1,867,579	2,023,697	Sub-set of ESOP 2017	Sub-set of ESOP 2018
Number of Options granted	1,019,469	289,414	841	11,203
Method of Settlement	Equity	Equity	Equity	Equity
Vesting	25% after one year from the date of grant 25% after two years from the date of grant 25% after three years from the date of grant Balance 25% after four years from the date of grant		One year from the date of grant	
Exercisable period	The Exercise period shall be subject to a maximum period of 5 years commencing from the date of Vesting of such Option or 2 years from the date of Listing, whichever is later.		The Exercise period shall be subject to a maximum period of 5 years commencing from the date of Vesting of such Option or 2 years from the date of Listing, whichever is later.	
Vesting Conditions	Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be. The NRC shall have the power to accelerate Vesting of all Unvested Options of an Employee who is considered a Good Leaver.		Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be. The NRC shall have the power to accelerate Vesting of all Unvested Options of an Employee who is considered a Good Leaver.	
Exercise Price Per Option (₹)	951.09		10.00	

The details of the Employee Stock Option Plan Schemes (ESOP) and Restrictive Stock Unit Scheme (RSU) during the year ended March 31, 2019

Particulars	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Grant Date	Various dates	Various dates	Various dates	Various dates
Option available under the plan	1,867,579	2,023,697	Sub-set of ESOP 2017	Sub-set of ESOP 2018
Number of Options granted	-	590,417	-	25,182
Method of Settlement	Equity	Equity	Equity	Equity
Vesting	25% after one year from the date of grant 25% after two years from the date of grant 25% after three years from the date of grant Balance 25% after four years from the date of grant		One year from the date of grant	
Exercisable period	The Exercise period shall be subject to a maximum period of 5 years commencing from, the date of Vesting of such Option or 2 years from the date of Listing, whichever is later.		The Exercise period shall be subject to a maximum period of 5 years commencing from, the date of Vesting of such Option or 2 years from the date of Listing, whichever is later.	
Vesting Conditions	Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be.		Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be.	
Exercise Price Per Option (₹)	1,245.24, 1,245.08 and 951.09		10.00	

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The details of the Employee Stock Option Plan Schemes (ESOP) and Restrictive Stock Unit Scheme (RSU) during the year ended March 31, 2018

Particulars	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Grant Date	Various dates	Various dates	Various dates	Various dates
Option available under the plan	1,867,579	2,023,697	Sub-set of ESOP 2017	Sub-set of ESOP 2018
Number of Options granted	686,179	-	44,370	-
Method of Settlement	Equity	Equity	Equity	Equity
Vesting	25% after one year from the date of grant 25% after two years from the date of grant 25% after three years from the date of grant Balance 25% after four years from the date of grant		27,103 on 01-Aug-2018 17,267 on 01-Aug-2019	
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 and 1,383.60		10.00	

The following are the outstanding options as at and for the half year ended September 30, 2020:

Particulars	As at and for the half year ended September 30, 2020			
	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Total Options granted and outstanding at the beginning of the period	1,690,629	503,932	45,211	23,769
Add: Options granted during the period	11,157	-	1,041	-
Less: Options forfeited / lapsed during the period	134,272	45,966	-	84
Less : Options exercised during the period	-	-	-	8,237
Options Outstanding as at end of the period	1,567,514	457,966	46,252	15,448
- Vested	483,189	141,954	44,370	11,820
- Yet to Vest	1,084,325	316,012	1,882	3,628

The following are the outstanding options as at and for the half year ended September 30, 2019:

Particulars	As at and for the half year ended September 30, 2019			
	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Total Options granted and outstanding at the beginning of the period	686,179	454,892	44,370	23,267
Add: Options granted during the period	-	216,271	-	7,365
Less: Options forfeited / lapsed during the period	3,614	114,744	-	6,447
Less : Options exercised during the period	-	-	-	-
Options Outstanding as at end of the period	682,565	556,419	44,370	24,185
- Vested	312,547	63,029	-	8,203
- Yet to Vest	370,018	493,390	44,370	15,982

The following are the outstanding options as at and for the year ended March 31, 2020:

Particulars	As at and for the year ended March 31, 2020			
	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Total Options granted and outstanding at the beginning of the year	686,179	454,892	44,370	23,267
Add: Options granted during the year	1,019,469	289,414	841	11,203
Less: Options forfeited / lapsed during the year	15,019	240,374	-	8,762
Less : Options exercised during the year	-	-	-	1,939
Options Outstanding as at end of the year	1,690,629	503,932	45,211	23,769
- Vested	341,276	63,816	44,370	15,891
- Yet to Vest	1,349,353	440,116	841	7,878

The following are the outstanding options as at and for the year ended March 31, 2019:

Particulars	As at and for the year ended March 31, 2019			
	ESOP 2017	ESOP 2018	ESOP 2017 (RSU)	ESOP 2018 (RSU)
Total Options granted and outstanding at the beginning of the year	686,179	-	44,370	-
Add: Options granted during the year	-	590,417	-	25,182
Less: Options forfeited / lapsed during the year	-	135,525	-	1,915
Less : Options exercised during the year	-	-	-	-
Options Outstanding as at end of the year	686,179	454,892	44,370	23,267
- Vested	171,541	-	44,370	-
- Yet to Vest	514,638	454,892	-	23,267

The following are the outstanding options as at and for the year ended March 31, 2018:

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

(All amounts are in Indian Rupees in million 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 half year ended September 30, 2020	For the half year ended September 30, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee Stock Option expenditure	0.43	7.50	4.84	32.34	2.79
Restrictive Stock Units expenditure	2.45	6.43	32.05	44.17	48.45
Total	**2.88**	**13.93**	**36.89**	**76.51**	**51.24**

Particulars	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Employee stock options and restrictive stock options outstanding	153.54	141.68	161.97	127.75	51.24

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

The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are from April 1, 2020 to September 30, 2020

Particulars	ESOP 2017 and ESOP (RSU) 2017
Variables	**Tranche 4**
1. Risk Free Interest Rate	6.08%
2. Expected Life (in years)	4.50
3. Expected Volatility	61.87%
4. Dividend Yield	0.00%
5. The weighted average fair value of options granted ₹	571.23

The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are from April 1, 2019 to September 30, 2019

Particulars	ESOP 2018 and ESOP (RSU) 2018
Variables	**Tranche 4**
1. Risk Free Interest Rate	6.57%
2. Expected Life (in years)	4.50
3. Expected Volatility	47.31%
4. Dividend Yield	0.00%
5. The weighted average fair value of options granted ₹	575.06

The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are from April 1, 2019 to March 31, 2020

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

The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are from April 1, 2018 to March 31, 2019

Particulars	ESOP 2018 and ESOP (RSU) 2018		ESOP 2017 and ESOP (RSU) 2017
Variables	**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 ₹	1,383.60	1,383.42	1,383.60

The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are from April 1, 2017 to March 31, 2018

Variables	ESOP 2017 and ESOP (RSU) 2017
1.Risk Free Interest Rate	7.76%
2.Expected Life (in years)	4.50
3.Expected Volatility	24.36%
4.Dividend Yield	0.00%
5.Fair value of the option on the grant date (₹)	1,383.60

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 profit/(loss) and basic earning per share and diluted earning per share would have been as below:

Particulars	For the half year ended September 30, 2020	For the half year ended September 30, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Reported Profit/(Loss) would have been lower/(higher)	143.2	(77.9)	106.5	(78.4)	(87.3)
Basic earning per share in ₹	13.43	(13.39)	4.01	(473.74)	(790.63)
Diluted earning per share in ₹	12.75	(13.39)	3.82	(473.74)	(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 half year ended on the date of the grant is indication of future trends which may not necessarily be the actual outcome.

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

Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

5. Investments

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

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
(1) Value of Investments					
i) Gross value of investments	39,664.92	25,863.50	26,500.35	14,681.26	19,974.79
- In India	39,664.92	25,863.50	26,500.35	14,681.26	19,974.79
- Outside India	-	-	-	-	-
(ii) Provisions for depreciation on investments	-	-	-	-	-
- in India	-	-	-	-	-
- Outside India	-	-	-	-	-
(iii) Net value of investments	39,664.92	25,863.50	26,500.35	14,681.26	19,974.79
- In India	39,664.92	25,863.50	26,500.35	14,681.26	19,974.79
- Outside India	-	-	-	-	-
2) Movement of provisions held towards depreciation on investments	-	-			
i) Opening balance	-	-	-	-	-
ii) Add: Provision made during the period / year	-	-	-	-	-
iii) Less: Write-off / (write back of excess provision) during the period / year	-	-	-	-	-
iv) Closing balance	-	-	-	-	-

5.2 Repo/ Reverse Repo Transactions

Details of repo / reverse repo deals (in face value terms) (including LAF and TREPS) done during the half year ended September 30, 2020.

Particulars	Minimum outstanding during the period	Maximum outstanding during the period	Daily Average outstanding during the period	Outstanding as at September 30, 2020
Securities sold under repo	-	-	-	-
i. Government securities	-	-	-	-
a) MSF (Repo with RBI)	40.00	50.00	0.50	-
b) Tri-Party Repo (TREPS)	9.00	7,379.90	963.70	-
c) Market Repo (CROMS)	-	-	-	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repo	-	-	-	-
i. Government securities	-	-	-	-
a) LAF (Reverse Repo with RBI)	350.00	13,900.00	3,395.80	1,750.00
b) Tri-Party Repo (TREPS)	899.90	1,650.00	19.40	-
c) Market Repo (CROMS)	50.00	50.00	0.30	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

Details of repo / reverse repo deals (in face value terms) (including LAF and TREPS) for the half year ended September 30, 2019

Particulars	Minimum outstanding during the period	Maximum outstanding during the period	Daily Average outstanding during the period	Outstanding as at September 30, 2019
Securities sold under repo	-	-	-	-
i. Government securities	-	-	-	-
a) MSF (Repo with RBI)	20.00	20.00	0.10	
b) Tri-Party Repo (TREPS)	50.00	2,999.60	260.80	2,999.60
c) Market Repo (CROMS)	49.90	49.90	0.30	
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repo	-	-	-	-
i. Government securities	-	-	-	-
a) LAF (Reverse Repo with RBI)	300.00	4,600.00	227.00	-
b) Tri-Party Repo (TREPS)	50.00	2,499.60	179.50	-
c) Market Repo (CROMS)	40.00	3,729.60	205.00	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

Details of repo / reverse repo deals (in face value terms) (including LAF and TREPS) done during the year ended March 31, 2020, (March 31, 2019: ₹ Nil; March 31, 2018: ₹ Nil)

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

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as at March 31, 2020
Securities sold under repo	-	-	-	-
i. Government securities	-	-	-	-
a) MSF (Repo with RBI)	20.00	20.00	0.10	-
b) Tri-Party Repo (TREPS)	50.00	6,499.10	275.30	-
c) Market Repo (CROMS)	49.90	729.90	6.00	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repo	-	-	-	-
i. Government securities	-	-	-	-
a) LAF (Reverse Repo with RBI)	100.00	5,650.00	640.80	3,850.00
b) Tri-Party Repo (TREPS)	35.00	5,996.70	158.60	-
c) Market Repo (CROMS)	40.00	3,729.60	127.30	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

5.3 Sale and Transfers to/from HTM Category

During the half year ended September 30, 2020, with the approval of Board of Directors, the Bank transferred securities amounting to ₹ 3,550 million from held-to-maturity (HTM) category to available-for-sale (AFS) category, being transfer of securities at the beginning of the accounting year as permitted by RBI.

During the half year ended September 30, 2020, the Bank undertook 4 transactions for sale of securities with a net book value of ₹ 3,565.2 million, which was 81.53% of the HTM portfolio at April 1, 2020. The above sale is excluding sale to RBI under pre-announced open market operation auctions and repurchase of government securities by Government of India, as permitted by RBI guidelines.

During the year ended March 31, 2020, March 31, 2019 and March 31, 2018 there were no sale and transfers to/from HTM category in excess of 5% of the book value of investments held in the HTM category at the beginning of the year.
In accordance with the RBI guidelines, sales from, and transfers to / from, HTM category exclude the following from the 5% cap:
1. One-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year with approval of the Board of Directors;
2. Sales to the RBI under pre-announced open market operation auctions;
3. Repurchase of Government securities by Government of India from banks;
4. Additional shifting of securities explicitly permitted by the RBI from time to time; and
5. Direct sales from HTM for bringing down SLR holdings in the HTM category.

5.4 Issuer-wise composition of non-SLR investments

As at September 30, 2020, the Bank does not have any non-SLR Investments.

As at September 30, 2019, the Bank has following non-SLR Investments

Issuer	Amount	Extent of private placement#	Extent of “below investment graded" securities#	Extent of “unrated” securities#	Extent of “unlisted” securities#
1.Public sector undertakings	-	-	-	-	-
2.Financial institutions	-	-	-	-	-
3.Banks	-	-	-	-	-
4.Private corporates	-	-	-	-	-
5.Subsidiaries / Joint ventures	-	-	-	-	-
6.Others	1.00	-	-	-	1.00
7.Provision held towards depreciation	-	-	-	-	-
Total	**1.00**	-	-	-	**1.00**

 # Amounts reported under these columns above are not mutually exclusive

As at March 31, 2020, the Bank has following non-SLR Investments

Issuer	Amount	Extent of private placement#	Extent of “below investment graded" securities#	Extent of “unrated” securities#	Extent of “unlisted” securities#
1.Public sector undertakings	-	-	-	-	-
2.Financial institutions	-	-	-	-	-
3.Banks	-	-	-	-	-
4.Private corporate	-	-	-	-	-
5.Subsidiaries / Joint ventures	-	-	-	-	-
6.Others	1.00	-	-	-	1.00
7.Provision held towards depreciation	-	-	-	-	-
Total	**1.00**	-	-	-	**1.00**

 # Amounts reported under these columns above are not mutually exclusive

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As at 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	1.00	-	-	-	1.00
7.Provision held towards depreciation	-	-	-	-	-
Total	**1.00**	-	-	-	**1.00**

 # Amounts reported under these columns above are not mutually exclusive

As at 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	1.00	-	-	-	1.00
7.Provision held towards depreciation	-	-	-	-	-
Total	**1.00**	**-**	**-**	**-**	**1.00**

 # Amounts reported under these columns above are not mutually exclusive

5.5 Non-performing Non-SLR investments

During the half year ended September 30, 2020; there are no Non-performing Non-SLR investments (half year ended September 30, 2019: ₹ Nil, year ended March 31, 2020: ₹ Nil, year ended March 31, 2019: ₹ Nil, year ended March 31, 2018: ₹ Nil)

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Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

6. Derivatives

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

a) Cross Currency Interest Rate Swap

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
i) The notional principal of swap agreements	551.92	1,181.77	866.83	1,259.70	1,259.70
ii) Losses which would be incurred if counter parties failed to fulfil their obligation under the agreements	93.57	147.14	173.56	123.40	43.80
iii) collateral required by the Bank upon entering into swaps	79.07	75.51	77.34	73.68	70.10
iv) concentration of credit risk arising from the swaps	Nil	Nil	Nil	Nil	Nil
v) fair value of the swap book	93.57	147.14	173.56	123.40	43.80

The nature and terms of the Cross Currency Interest Rate Swap

Nature	Terms	Benchmark	No. of deals
Hedging	Floating 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, which is towards external commercial borrowings borrowed prior to conversion into a Small Finance Bank and are grandfathered on conversion. Further, as per operating guidelines for Small Finance Banks issued by the RBI, there are no derivative transactions entered into during the half year ended September 30, 2020 (half year ended September 30, 2019: ₹ Nil, year ended March 31, 2020: ₹ Nil, year ended March 31, 2019 : ₹ Nil, year ended March 31, 2018 : ₹ Nil).

Quantitative Disclosure

Sr. No.	Particulars	As at and for the half year ended September 30, 2020		As at and for the half year ended September 30, 2019	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging*	551.92	-	1,181.77	-
	b) For trading	-	-	-	-
(ii)	Marked to Market Positions				
	a) Asset (+)	93.57	-	147.14	-
	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	-	-	-	-
(v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	-	-	-	-
	b) on trading	-	-	-	-

Quantitative Disclosure

Sr. No.	Particulars	As at and for the year ended March 31, 2020		As at and for the year ended March 31, 2019		As at and for the year ended March 31, 2018	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives	Currency Derivative	Interest Rate Derivative
(i)	Derivatives (Notional Principal Amount)						
	a) For hedging*	866.83	-	1,259.70	-	1,259.70	-
	b) For trading	-	-	-	-	-	-
(ii)	Marked to Market Positions						
	a) Asset (+)	173.56	-	123.40	-	43.80	-
	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	-	-	-	-	-	-
(v)	Maximum and Minimum of 100*PV01 observed during the year						
	a) on hedging	-	-	-	-	-	-
	b) on trading	-	-	-	-	-	-

* Pertains to cross currency interest rate swap

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

Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

7. Asset Quality

7.1 Non-Performing Assets

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
(i) Net NPAs to Net Advances (%)	0.83%	2.01%	1.41%	4.39%	27.72%
(ii) Movement of NPAs (Gross)	-	-			
(a) Opening balance	3,208.04	5,225.86	5,225.86	31,828.26	817.67
(b) Additions during the period / year#	15.99	966.42	2,304.23	5,605.30	44,363.23
(c) Reductions during the period / year*	(391.20)	(2,623.47)	(4,322.05)	(32,207.70)	(13,352.63)
(d) Closing balance	2,832.83	3,568.81	3,208.04	5,225.86	31,828.27
(iii) Movement of Net NPAs					
(a) Opening balance	1,403.85	2,730.80	2,730.80	16,708.93	644.25
(b) Additions during the period / year#	11.18	737.06	1,783.41	4,229.88	27,810.85
(c) Reductions during the period / year*	(562.47)	(1,940.00)	(3,110.36)	(18,208.01)	(11,746.17)
(d) Closing balance	852.56	1,527.86	1,403.85	2,730.80	16,708.93
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)					
(a) Opening balance	1,804.29	2,495.16	2,495.16	15,119.43	173.42
(b) Provision made during the period / year	345.06	1,491.72	2,304.43	13,808.53	16,552.38
(c) Write off/ (write back of excess provisions)	(169.09)	(1,945.96)	(2,995.31)	(26,432.80)	(1,606.37)
(d) Closing balance	1,980.26	2,040.92	1,804.28	2,495.16	15,119.43

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

* Balancing figure

7.2 Movement of Non-Performing Assets

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
Gross NPAs as on April 1 of particular period / year	3,208.04	5,225.86	5,225.86	31,828.26	817.67
Additions (fresh NPAs) during the period / year#	15.99	966.42	2,304.23	5,605.30	44,363.23
Sub Total (A)	**3,224.03**	**6,192.28**	**7,530.09**	**37,433.56**	**45,180.90**
Less :					
(i) Upgradations	99.24	138.35	294.81	562.23	3,084.69
(ii) Recoveries (excluding recoveries made from upgraded accounts)*	122.87	539.35	1,032.03	5,212.66	8,661.57
(iii) Technical / Prudential write offs (refer Annexure 23.7.2A)	110.47	1,543.69	2,356.71	25,142.50	-
(iv) Write offs other than those under (iii) above	58.62	402.08	638.50	1,290.31	1,606.37
Sub Total (B)	**391.20**	**2,623.47**	**4,322.05**	**32,207.70**	**13,352.63**
Gross NPAs as on period / year ended (Closing balance) (A-B)	**2,832.83**	**3,568.81**	**3,208.04**	**5,225.86**	**31,828.27**

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

* Balancing figure

7.2A Technical or prudential write offs

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

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level. The financial accounting systems of the Bank are integrated and there are no write-offs done by the Bank which remain outstanding in the books of the branches.

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
Opening balance of technical / prudential write-offs accounts as at April 1 of particular period / year	25,225.98	25,059.30	25,059.30	-	-
Add: Technical / Prudential write-offs during the period / year	110.48	1,543.69	2,356.71	25,142.50	-
Sub - Total (A)	**25,336.46**	**26,602.99**	**27,416.01**	**25,142.50**	**-**
Recoveries made from technical/ prudential written off accounts during the period / year	222.10	1,047.25	1,691.55	83.20	-
Actual Write-offs during the period / year	123.41	137.71	498.48	-	**-**
Sub - Total (B)	**345.51**	**1,184.96**	**2,190.03**	**83.20**	**-**
Closing balance as at period / year ended (A-B)	**24,990.95**	**25,418.03**	**25,225.98**	**25,059.30**	**-**

JANA SMALL FINANCE BANK LIMITED
(Formerly known as Janalakshmi Financial Services Limited)
Annexures forming part of Restated Summary Statements
(All amounts are in Indian Rupees in million unless otherwise stated)

Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

7.3 Disclosure on accounts subjected to restructuring for the half year ended September 30, 2020
The Bank has restructured accounts during the half year ended September 30, 2020, excluding the standard MSME accounts restructured based on RBI circular dated January 01, 2019 and further extended by RBI circular dated February 11, 2020 & August 06, 2020.

Sl. No.	Type of Restructuring →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification → / Details ↓		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	5,720	1,529	80,793	-	88,042	5,720	1,529	80,793	-	88,042
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	78.99	30.69	1,014.71	-	1,124.39	78.99	30.69	1,014.71	-	1,124.39
		Provision thereon	-	-	-	-	-	-	-	-	-	-	7.90	8.95	1,013.85	-	1,030.70	7.90	8.95	1,013.85	-	1,030.70
2	Fresh restructuring during the half year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	134	53	-	187	-	134	53	-	187
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	61.08	4.07	-	65.15	-	61.08	4.07	-	65.15
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	14.89	2.87	-	17.76	-	14.89	2.87	-	17.76
3	Upgradations to restructured standard category during the half year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	2	(2)	-	-	-	2	(2)	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	0.20	(0.20)	-	-	-	0.20	(0.20)	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.20	(0.20)	-	-	-	0.20	(0.20)	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the half year and hence need not be shown as restructured standard advances at the beginning of the next	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the half year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	(1,306)	1,306		-	-	(1,306)	1,306	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(22.92)	22.92		-	-	(22.92)	22.92	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(6.88)	22.92		16.04	-	(6.88)	22.92	-	16.04
6	Write-offs/Recovery/Sale of restructured accounts during the half year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(417)	(81)	(9,856)	-	(10,354)	(417)	(81)	(9,856)	-	(10,354)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(2.40)	(6.30)	(71.56)	-	(80.26)	(2.40)	(6.30)	(71.56)	-	(80.26)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(0.24)	(1.94)	(70.59)	-	(72.77)	(0.24)	(1.94)	(70.59)	-	(72.77)
7	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the half year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	8.41	(0.27)	(13.98)	-	(5.84)	8.41	(0.27)	(13.98)	-	(5.84)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.84	(0.08)	(13.98)	-	(13.22)	0.84	(0.08)	(13.98)	-	(13.22)
8	Restructured Accounts as on September 30, 2020 (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	5,303	278	72,294	-	77,875	5,303	278	72,294	-	77,875
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	85.01	62.48	955.97	-	1,103.46	85.01	62.48	955.97	-	1,103.46
		Provision thereon	-	-	-	-	-	-	-	-	-	-	8.50	15.13	954.89	-	978.52	8.50	15.13	954.89	-	978.52

The Bank has restructured accounts during the half year ended September 30, 2019, excluding the standard MSME accounts restructured based on RBI circular dated January 01, 2019.

Sl No.	Type of Restructuring →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification →		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
	Details ↓																					
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	37,777	110,303	-	148,080	-	37,777	110,303	-	148,080
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	415.52	1,292.19	-	1,707.71	-	415.52	1,292.19	-	1,707.71
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	124.66	1,292.21	-	1,416.87	-	124.66	1,292.21	-	1,416.87
2	Fresh restructuring during the half year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	3,075.00	8,707	5,456	-	17,238	3,075	8,707	5,456	-	17,238
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	79.13	90.42	70.29	-	239.84	79.13	90.42	70.29	-	239.84
		Provision there on	-	-	-	-	-	-	-	-	-	-	7.91	27.12	70.29	-	105.32	7.91	27.12	70.29	-	105.32
3	Upgradations to restructured standard category during the half year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	2,824	(179)	(2,645)	-	-	2,824.00	(179.00)	(2,645.00)	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	20.88	(1.33)	(19.55)	-	-	20.88	(1.33)	(19.55)	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	2.09	(0.40)	(19.55)	-	(17.86)	2.09	(0.40)	(19.55)	-	(17.86)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the half year and hence need not be shown as restructured standard advances at the beginning of the next	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the half year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(120.00)	(19,480)	19,600	-	-	(120)	(19,480)	19,600	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(4.00)	(280.69)	276.69	-	(8.00)	(4.00)	(280.69)	276.69	-	(8.00)
		Provision there on	-	-	-	-	-	-	-	-	-	-	(0.40)	(84.21)	276.69	-	192.08	(0.40)	(84.21)	276.69	-	192.08
6	Write-offs/Recovery/Sale of restructured accounts during the half year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(246)	(14,206)	(24,253)	-	(38,705)	(246)	(14,206)	(24,253)	-	(38,705)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(4.49)	(48.02)	(212.30)	-	(264.81)	(4.49)	(48.02)	(212.30)	-	(264.81)
		Provision there on	-	-	-	-	-	-	-	-	-	-	(0.45)	(14.41)	(212.33)	-	(227.19)	(0.45)	(14.41)	(212.33)	-	(227.19)
7	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the half year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(61.88)	(136.32)	-	(198.20)	-	(61.88)	(136.32)	-	(198.20)
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	(18.56)	(136.32)	-	(154.88)	-	(18.56)	(136.32)	-	(154.88)
8	Restructured Accounts as on September 30, 2019 (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	5,533	12,619	108,461	-	126,613	5,533	12,619	108,461	-	126,613
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	91.52	114.02	1,271.00	-	1,476.54	91.52	114.02	1,271.00	-	1,476.54
		Provision there on	-	-	-	-	-	-	-	-	-	-	9.15	34.20	1,270.99	-	1,314.34	9.15	34.20	1,270.99	-	1,314.34

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

The Bank has restructured accounts during the year ended March 31, 2020, excluding the standard MSME accounts restructured based on RBI circular dated January 01, 2019 and further extended by RBI circular dated February 11, 2020.

Sl. No.	Type of Restructuring →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification →		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
	Details ↓																					
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	37,777	110,303	-	148,080	-	37,777	110,303	-	148,080
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	415.52	1,292.19	-	1,707.71	-	415.52	1,292.19	-	1,707.71
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	124.66	1,292.21	-	1,416.87	-	124.66	1,292.21	-	1,416.87
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	3,075	8,904	5,482	-	17,461	3,075	8,904	5,482	-	17,461
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	79.13	108.76	71.89	-	259.78	79.13	108.76	71.89	-	259.78
		Provision thereon	-	-	-	-	-	-	-	-	-	-	7.91	32.24	71.89	-	112.04	7.91	32.24	71.89	-	112.04
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	3,399	35	(3,434)	-	-	3,399	35	(3,434)	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	30.96	0.42	(31.38)	-	0.00	30.96	0.42	(31.38)	-	0.00
		Provision thereon	-	-	-	-	-	-	-	-	-	-	3.13	0.11	(31.38)	-	(28.14)	3.13	0.11	(31.38)	-	(28.14)
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	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(235)	(22,731)	22,966	-	-	(235)	(22,731)	22,966	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(7.40)	(310.71)	318.11	-	-	(7.40)	(310.71)	318.11	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(0.74)	(93.10)	317.19	-	223.35	(0.74)	(93.10)	317.19	-	223.35
6	Write-offs/Recovery/Sale of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(519)	(22,456)	(54,524)	-	(77,499)	(519)	(22,456)	(54,524)	-	(77,499)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(3.14)	(179.69)	(469.23)	-	(652.06)	(3.14)	(179.69)	(469.23)	-	(652.06)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(0.35)	(53.89)	(469.20)	-	(523.44)	(0.35)	(53.89)	(469.20)	-	(523.44)
7	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(20.57)	(3.60)	(166.85)	-	(191.02)	(20.57)	(3.60)	(166.85)	-	(191.02)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(2.06)	(1.08)	(166.85)	-	(169.99)	(2.06)	(1.08)	(166.85)	-	(169.99)
8	Restructured Accounts as on March 31 of the FY (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	5,720	1,529	80,793	-	88,042	5,720	1,529	80,793	-	88,042
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	78.98	30.70	1,014.73	-	1,124.41	78.98	30.70	1,014.73	-	1,124.41
		Provision thereon	-	-	-	-	-	-	-	-	-	-	7.89	8.94	1,013.86	-	1,030.69	7.89	8.94	1,013.86	-	1,030.69

7.3 Particulars of Accounts Restructured contd..

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

Sl No.	Type of Restructuring →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification → / Details ↓		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	2,086	94	-	2,180	-	2,086	94	-	2,180
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	29.10	1.92	-	31.02	-	29.10	1.92	-	31.02
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	7.28	1.92	-	9.20	-	7.28	1.92	-	9.20
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	103,287	82,002	-	185,289	-	103,287	82,002	-	185,289
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	1,318.66	1,122.43	-	2,441.09	-	1,318.66	1,122.43	-	2,441.09
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	395.60	1,122.43	-	1,518.03	-	395.60	1,122.43	-	1,518.03
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	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	(41,641)	41,641	-	-	-	(41,641)	41,641	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(632.26)	632.26	-	-	-	(632.26)	632.26	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	(189.69)	189.69	-	-	-	(189.69)	189.69	-	-
6	Write-offs/Recovery/Sale of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	(25,955)	(13,434)	-	(39,389)	-	(25,955)	(13,434)	-	(39,389)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(169.85)	(84.73)	-	(254.58)	-	(169.85)	(84.73)	-	(254.58)
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	(49.50)	(84.73)	-	(134.23)	-	(49.50)	(84.73)	-	(134.23)
7	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(130.14)	(379.69)	-	(509.83)	-	(130.14)	(379.69)	-	(509.83)
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	(39.03)	62.91	-	23.88	-	(39.03)	62.91	-	23.88
8	Restructured Accounts as on March 31 of the FY (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	37,777	110,303	-	148,080	-	37,777	110,303	-	148,080
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	415.51	1,292.19	-	1,707.70	-	415.51	1,292.19	-	1,707.70
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	124.66	1,292.22	-	1,416.88	-	124.66	1,292.22	-	1,416.88

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	Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	2,086	94	-	2,180	-	2,086	94	-	2,180
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	29.10	1.92	-	31.02	-	29.10	1.92	-	31.02
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	7.28	1.92	-	9.20	-	7.28	1.92	-	9.20
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	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	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Restructured Accounts as on March 31 of the FY (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	2,086	94	-	2,180	-	2,086	94	-	2,180
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	29.10	1.92	-	31.02	-	29.10	1.92	-	31.02
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	7.28	1.92	-	9.20	-	7.28	1.92	-	9.20

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

The Bank has restructured accounts as below:

Particulars	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
No of Accounts Restructured	4187	179	136	58	-
Outstanding Amount	466.23	25.04	15.86	9.79	-
Provision Amount	23.31	1.25	0.79	0.49	-

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

Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

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

The Government of India initiated a nation-wide lockdown from March 25, 2020 for three weeks on all services except for essential services (which included banks and ATMs), which was extended to May 31, 2020. Although the nation-wide lockdown was lifted on June 1, 2020, restrictions on non-essential activities and travel were imposed until August 31, 2020 in multiple states across specific districts that were witnessing increases in COVID-19 cases. On September 1, 2020, the Government notified all states to allow economic activities to function normally, while continuing with restrictions only in containment zones.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activity, which may persist even after the restrictions related to the COVID-19 outbreak are lifted. While there has been some improvement in economic activities during the current quarter, the continued slowdown has led to a decrease in loan originations and in collection efficiency.

The extent to which the COVID-19 pandemic will continue to impact the Bank's operations and financial results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank had granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 01, 2020 and May 31, 2020 to all eligible borrowers. In line with the additional Regulatory Package guideline dated May 23, 2020, the Bank has extended the moratorium by another three months on payment of all instalments and/ or interest, as applicable, falling due between June 01, 2020 and August 31, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The RBI requirement is to provide 10% on the accounts under SMA-0 to SMA-2 bucket by June 30, 2020. As of September 30, 2020, the Bank's exposure towards loans in SMA-0 to SMA-2 buckets is ₹ 1,377.92 million, of which ₹ 354.25 million are towards fully secured loans. The Bank is carrying a general provision of ₹ 1,100.00 million (including COVID regulatory provision prescribed by the RBI) towards the potential impact of COVID-19 based on the information available at this point of time. The provisions held by the Bank are in excess of the RBI prescribed norms.

Particulars of Moratorium/Deferment extended in SMA categories

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
Amounts in SMA/overdue categories, where the moratorium / deferment was extended* in terms of paragraph 2 and 3 of the circular	1,377.92	-	1,586.12	-	-
Amount where asset classification benefits is extended*	1,377.92	-	289.30	-	-
Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5 of the circular	138.73	-	89.42#	-	-
Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the circular.	-	-	-	-	-
Residual provisions in terms of paragraph 6 of the circular	138.73	-	89.42#	-	-

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

* Represents outstanding balance as on September 30, 2020 and March 31, 2020 respectively, in respect of such accounts

Includes additional general provision of 20% amounting to ₹ 10.1 million on overdue standard advances with days past due between 71 and 90 (both inclusive) as at February 29, 2020 and remained overdue as at March 31, 2020.

The Honourable Supreme Court of India, vide an interim order dated September 03, 2020 in the writ petition (Gajendra Sharma Vs Union of India & Anr), has directed that the accounts which were not declared Non-Performing Assets ('NPA') till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, an account, which was not classified as NPA as at August 31, 2020, has not been classified as NPA subsequently as per the RBI's Master Circular - Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.

However, if the Bank had classified borrower accounts as NPA after August 31, 2020, the Bank's proforma Gross NPA ratio and Net NPA ratio as at September 30, 2020 would have been 2.95% and 1.01% respectively. Pending disposal of the case, the Bank, as a matter of prudence has, in respect of these accounts made a contingency provisions, which is included in Provisions and Contingencies.

7.5 Details of Non-Performing Financial Assets Purchased / Sold

The Bank has not purchased or sold any non-performing financial assets during the half year ended September 30, 2020 (half year ended September 30, 2019: ₹ Nil, year ended March 31, 2020: ₹ Nil, year ended March 31, 2019 : ₹ Nil, year ended March 31, 2018 : ₹ Nil).

7.6 Floating provisions

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
(a) Opening balance in floating provision account	-	-	-	-	-
(b) The quantum of floating provision made during the period / year	-	-	-	-	-
(c) Amount of draw down made during the period / year	-	-	-	-	-
(d) Closing balance in floating provision account	-	-	-	-	-

7.7 Disclosures Resolution of Stressed Assets

The scheme has implemented via circular No RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated June 07, 2019. There were no accounts during the half year ended September 30, 2020 (half year ended September 30, 2019: ₹ Nil; year ended March 31, 2020: ₹ Nil; year ended March 31, 2019: ₹ Nil; year ended March 31, 2018: ₹ Nil) that were restructured under prudential framework on resolution of stressed assets.

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8. Securitisation and related disclosures

8.1 Details of Sales
During the half year ended September 30, 2020 the Bank has not sold any financial assets to Securitisation/ Reconstruction Companies (SC/ RC) in accordance with the guidelines issued by the RBI (half year ended September 30, 2019: ₹ Nil; year ended March 31, 2020: ₹ Nil; year ended March 31, 2019: ₹ Nil; year ended March 31, 2018: ₹ Nil).

Particular	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
(i) No. of accounts sold during the period / year	-	-	-	-	-
(ii) Aggregate value of accounts sold during the period / year	-	-	-	-	-
(iii) Aggregate Consideration received during the period / year	-	-	-	-	-
(iv) Additional Consideration realised in respect of account transferred in earlier years	-	-	-	-	-
(v) Aggregate gain over net book value during the period / year	-	-	-	-	-
(vi) MRR	-	-	-	-	-
(vii) First Loss	-	-	-	40.21	238.57
(vii) Outstanding Balance	423.50	466.84	431.87	529.85	956.42
(viii) No. of SPV transaction for securitisation transaction	-	-	-	-	-

8.2 Details of direct assignment transactions

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

Particular	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
(i) No. of accounts	-	-	-	-	-
(ii) Aggregate value (net of provision) of accounts sold to SC/RC	-	-	-	-	-
(iii) Aggregate Consideration	-	-	-	-	-
(iv) Aggregate gain / loss over net book Value	-	-	-	-	-

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

During the half year ended September 30, 2020 the Bank has not invested in security receipts (half year ended September 30, 2019: ₹ Nil; year ended March 31, 2020: ₹ Nil; year ended March 31, 2019: ₹ Nil; year ended March 31, 2018: ₹ Nil)

9. Exposures

9.1 Exposure to Real Estate Sector

Category	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
A) Direct exposure*	**8,381.40**	**3,330.75**	**7,323.02**	**730.09**	**71.73**
(i) Residential mortgages	8,381.40	3,325.49	7,319.73	706.81	-
(of which housing loans eligible for inclusion in priority sector advances)	3,200.09	1,212.84	2,632.97	412.52	-
(ii) Commercial real estate	-	5.26	3.29	23.28	71.73
(iii) Investments in mortgage backed securities (MBS) and other securitised exposure	-	-	-	-	-
a) Residential	-	-	-	-	-
b) Commercial real estate	-	-	-	-	-
B) Indirect exposure	**-**	**-**	**-**	**-**	**-**
Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies (HFCs).	-	-	-	-	-

* Includes only housing loan

9.2 Exposure to Capital Market

There are no exposure to Capital Market instruments as on September 30, 2020. As on March 31, 2020, the Bank had investments in equity instruments of Alpha Micro Finance Consultants Private Limited, 100,000 shares of ₹ 10 each fully paid up amounting to ₹ 1 million exposure (September 30, 2019: ₹ 1 million, March 31, 2019: ₹ 1 million, March 31, 2018: ₹ 1 million).

9.3 Risk Category wise Country Exposure

The Bank's exposures are concentrated in India, hence country risk exposure as at September 30, 2020 is ₹ Nil (September 30, 2019: ₹ Nil; March 31, 2020: ₹ Nil; March 31, 2019: ₹ Nil; March 31, 2018: ₹ Nil).

9.4 Intra Group Exposure

The Bank does not have any group entities, hence intra group exposure as at September 30, 2020 is ₹ Nil (September 30, 2019: ₹ Nil; March 31, 2020: ₹ Nil; March 31, 2019: ₹ Nil; March 31, 2018: ₹ Nil).

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

During the half year ended September 30, 2020, half year ended September 30, 2019, year ended March 31, 2020, year ended March 31, 2019 and year ended March 31, 2018, the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed under extant RBI guidelines.

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

10.1 Concentration of deposits

Particulars	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Total deposits of twenty largest depositors	12,119.19	11,876.83	17,091.11	7,364.79	4.53
Percentage of deposits of twenty largest depositors to total deposits of the Bank	11.85%	15.83%	17.71%	17.54%	100.00%

*Note: The bank commenced its operations as a Bank with effect from March 28, 2018 and had a limited Deposit transactions. Therefore, the total number of depositors are minimal and hence covers all the Deposits as of March 31, 2018.

10.2 Concentration of advances*

Particulars	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Total Advances to twenty largest borrowers	3,740.54	3,179.90	3,823.97	2,157.05	1,129.82
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	3.59%	4.08%	3.77%	3.34%	1.50%

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

10.3 Concentration of Exposures*

Particulars	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Total exposure to twenty largest borrowers / customers	3,499.82	1,913.68	3,051.41	1,771.91	1,479.46
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	3.27%	2.40%	2.92%	2.67%	1.95%

*Represents credit and investment exposures as per RBI guidelines on exposure norms
Exposures comprise credit exposure (funded and non-funded credit limits) including derivative transactions and investment exposure in accordance with RBI guidelines.

10.4 Concentration of NPAs

Particulars	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Total exposure to top four NPA accounts	51.45	47.24	90.51	30.58	17.81

11. Sector-wise advances

Sector	As at September 30, 2020		
	Outstanding Total Advances	Gross NPAs	Percentage of gross NPAs to total advances in that sector
A . Priority Sector			
1. Agriculture and allied activities	16,597.76	447.65	2.70%
2. Advances to industries sector eligible as priority sector lending	3,696.14	266.55	7.21%
3. Services	11,727.22	395.21	3.37%
(i) Retail Trade	3,802.42	207.19	5.45%
4. Personal loans*	53,947.51	1,220.38	2.26%
Sub total (A)	**85,968.63**	**2,329.79**	**2.71%**
B. Non-Priority Sector			
1. Agriculture and allied activities	-	-	
2. Industry	619.40	174.92	28.24%
3. Services	4,863.75	76.06	1.56%
(i) NBFCs	1,978.53	-	0.00%
4. Personal loans*	12,738.87	252.06	1.98%
Sub total (B)	**18,222.02**	**503.04**	**2.76%**
Total (A+B)	**104,190.65**	**2,832.83**	**2.72%**

Sector	As at September 30, 2019		
	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A . Priority Sector			
1. Agriculture and allied activities	11,259.37	369.17	3.28%
2. Advances to industries sector eligible as priority sector lending	2,078.18	281.24	13.53%
3. Services	6,996.62	215.51	3.08%
(i) Retail Trade	3,098.67	129.30	4.17%
4. Personal loans*	45,689.34	2,175.41	4.76%
Sub total (A)	**66,023.51**	**3,041.33**	**4.61%**
B. Non-Priority Sector			
1. Agriculture and allied activities	-	-	
2. Industry	969.51	281.78	29.06%
3. Services	4,704.87	96.64	0.02
4. Personal loans*	6,253.60	149.06	2.38%
Sub total (B)	**11,927.98**	**527.48**	**4.42%**
Total (A+B)	**77,951.49**	**3,568.81**	**4.58%**

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Sector	As at March 31, 2020		
	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A . Priority Sector			
1. Agriculture and allied activities	25,672.84	474.83	1.85%
2. Advances to industries sector eligible as priority sector lending	3,418.45	331.84	9.71%
3. Services	11,291.08	385.40	3.41%
(i) Retail Trade	3,833.82	213.16	5.56%
4. Personal loans*	42,734.57	1,522.82	3.56%
Sub total (A)	**83,116.94**	**2,714.89**	**3.27%**
B. Non-Priority Sector			
1. Agriculture and allied activities	-	-	0.00%
2. Industry	819.98	210.00	25.61%
3. Services	7,924.67	119.03	1.50%
4. Personal loans*	9,535.08	164.12	1.72%
Sub total (B)	**18,279.73**	**493.15**	**2.70%**
Total (A+B)	**101,396.67**	**3,208.04**	**3.16%**

Sector	As at March 31, 2019		
	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A . Priority Sector			
1. Agriculture and allied activities	5,261.53	384.07	7.30%
2. Advances to industries sector eligible as priority sector lending	-	-	-
3. Services	8,959.56	765.91	8.55%
4. Personal loans*	44,059.72	3,990.15	9.06%
Sub total (A)	**58,280.81**	**5,140.13**	**8.82%**
B. Non-Priority Sector			
1. Agriculture and allied activities	-	-	-
2. Industry	551.85	18.90	3.42%
3. Services	52.28	-	-
4. Personal loans*	5,781.02	66.83	1.16%
Sub total (B)	**6,385.15**	**85.73**	**1.34%**
Total (A+B)	**64,665.96**	**5,225.86**	**8.08%**

Particulars	As at March 31, 2018		
	Total outstanding advances	Gross NPAs	Percentage of gross NPAs to total advances in that sector
A . Priority Sector			
1. Agriculture and allied activities	4,207.25	1,131.00	26.88%
2. Advances to industries sector eligible as priority sector lending	-	-	-
3. Services	4,460.60	594.00	13.32%
4. Personal loans*	65,530.98	30,100.14	45.93%
Sub total (A)	**74,198.83**	**31,825.14**	**42.89%**
B. Non-Priority Sector			
1. Agriculture and allied activities	-	-	-
2. Industry	1,085.03	-	-
3. Services	-	-	-
4. Personal loans*	118.73	3.13	2.63%
Sub total (B)	**1,203.76**	**3.13**	**0.26%**
Total (A+B)	**75,402.59**	**31,828.27**	**42.21%**

*Personal loan includes Housing loans.

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

Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

12. Asset Liability Management (ALM)

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

As at September 30, 2020	Deposits	Advances	Investments*	Borrowings	Foreign currency assets	Foreign currency liabilities
Day - 1	858.63	24.46	20,911.04	431.50	-	-
2-7 Days	1,814.03	161.17	272.50	20.00	-	-
8-14 Days	1,535.24	(32.83)	236.37	-	-	-
15-30 Days	2,576.06	2,204.06	438.33	-	-	-
31 Days and up to 2 months	4,116.32	5,441.26	809.53	1,000.00	-	-
More than 2 months and up to 3 months	4,187.34	(1,686.49)	708.14	184.16	-	-
Over 3 months and up to 6 months	11,153.60	13,798.23	1,840.46	2,159.68	-	-
Over 6 months and up to 1 year	31,459.16	30,075.85	5,022.61	5,023.64	-	-
Over 1 Year and up to 3 years	42,199.36	35,577.95	7,735.83	14,784.16	-	-
Over 3 Years and up to 5 years	2,356.26	2,958.91	1,597.41	9,414.16	-	-
Over 5 years	43.09	13,687.82	92.70	639.59	-	-
Total	**102,299.09**	**102,210.39**	**39,664.92**	**33,656.89**	-	-

As at September 30, 2019	Deposits	Advances	Investments*	Borrowings	Foreign currency assets	Foreign currency liabilities
Day - 1	105.18	75.47	6,627.22	3,055.11	-	-
2-7 Days	752.62	293.80	171.24	-	-	-
8-14 Days	981.25	224.30	220.45	-	-	-
15-30 Days	987.03	308.00	322.65	171.08	-	-
31 Days and up to 2 months	2,628.82	3,457.90	744.45	655.84	-	-
More than 2 months and up to 3 months	5,055.37	3,760.10	1,875.69	4,229.44	-	-
Over 3 months and up to 6 months	9,054.16	10,250.90	2,218.21	2,472.68	-	-
Over 6 months and up to 1 year	18,732.05	19,152.50	3,914.17	1,514.47	-	-
Over 1 Year and up to 3 years	35,840.96	26,635.10	8,402.37	8,710.16	-	-
Over 3 Years and up to 5 years	859.25	4,113.30	935.32	4,100.00	-	-
Over 5 years	33.84	7,639.20	431.73	2,250.00	-	-
Total	**75,030.53**	**75,910.57**	**25,863.50**	**27,158.78**	**-**	**-**

As at March 31, 2020	Deposits	Advances	Investments*	Borrowings	Foreign currency assets	Foreign currency liabilities
Day - 1	362.50	32.90	6,351.70	-	-	-
2-7 Days	2,418.70	(803.60)	405.60	-	-	-
8-14 Days	3,641.60	229.30	602.90	-	-	-
15-30 Days	2,725.00	(3,972.20)	597.40	367.50	-	-
31 Days and up to 2 months	7,220.80	(1,496.70)	1,309.70	310.60	-	-
More than 2 months and up to 3 months	3,007.10	5,080.40	723.10	778.20	-	-
Over 3 months and up to 6 months	13,766.40	12,568.60	2,373.10	1,139.10	-	-
Over 6 months and up to 1 year	16,513.60	26,414.50	3,499.30	5,299.90	-	-
Over 1 Year and up to 3 years	45,182.70	46,168.30	9,270.00	14,042.00	-	-
Over 3 Years and up to 5 years	1,643.00	2,742.80	1,008.40	4,800.00	-	-
Over 5 years	38.07	12,628.08	359.15	2,250.09	-	-
Total	**96,519.47**	**99,592.38**	**26,500.35**	**28,987.39**	**-**	**-**

As at March 31, 2019	Deposits	Advances	Investments*	Borrowings	Foreign currency assets	Foreign currency liabilities
Day - 1	71.60	31.45	182.20	-	-	-
2-7 Days	989.60	248.54	190.36	-	-	-
8-14 Days	898.50	228.96	355.47	1,000.00	-	-
15-30 Days	699.50	3,173.16	717.99	3,012.77	-	-
31 Days and up to 2 months	2,440.00	3,278.56	794.98	1,610.62	-	-
More than 2 months and up to 3 months	2,039.60	3,424.99	1,108.90	3,874.25	-	-
Over 3 months and up to 6 months	8,164.91	7,249.66	2,357.65	5,489.09	-	-
Over 6 months and up to 1 year	8,653.61	16,310.66	2,994.34	8,420.83	-	-
Over 1 Year and up to 3 years	17,302.23	21,941.76	4,637.03	10,217.10	-	-
Over 3 Years and up to 5 years	697.00	352.02	1,337.22	7,240.00	-	-
Over 5 years	30.41	5,931.03	5.12	-	-	-
Total	**41,986.96**	**62,170.79**	**14,681.26**	**40,864.66**	-	-

As at March 31, 2018	Deposits	Advances	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day - 1	-	312.58	5,044.68	4,274.20	-	-
2-7 Days	-	494.50	31.74	-	-	-
8-14 Days	-	488.63	55.10	110.41	-	-
15-30 Days	1.00	3,022.23	2,373.65	1,088.18	-	-
31 Days and up to 2 months	-	3,733.79	724.66	2,353.05	-	-
More than 2 months and up to 3 months	-	3,437.82	730.01	3,571.70	-	-
Over 3 Months and up to 6 months	-	8,816.43	1,827.71	9,651.87	-	-
Over 6 Months and up to 1 year	3.51	12,451.91	2,164.21	13,087.73	-	-
Over 1 Year and up to 3 years	0.02	7,621.73	4,849.82	29,336.36	-	-
Over 3 Years and up to 5 years	-	18,988.63	1,957.79	11,842.61	-	-
Over 5 years	-	914.90	215.42	1,299.96	-	-
Total	**4.53**	**60,283.15**	**19,974.79**	**76,616.07**	**-**	**-**

* Investments does not include balances with RBI and other Banks

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

RBI vide it's circular dated March 27, 2020 on 'Covid-19 Regulatory Package' permitted the Banks to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. Also, RBI vide it's circular dated May 23, 2020 further extended the moratorium period by another three months from June 1, 2020 to August 31, 2020. The Bank in line with the said circulars has offered moratorium to all its customers for the said period and has incorporated the effect of the moratorium on the respective maturity buckets presented above. The Bank estimates that considerable portion of the cash flows impacted by the moratorium will be received within 1-3 years from the balance sheet date and the same has been factored in the above disclosure.

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

Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

13. Contingent liabilities

Contingent liabilities	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Income tax liability	359.09	388.58	359.09	388.58	193.30
Bank guarantee given	12.50	12.50	12.50	127.50	135.22
Others*	-	-	-	-	183.00
Total	**371.59**	**401.08**	**371.59**	**516.08**	**511.52**

* The contingent liability of ₹ 183.00 million was in respect of certain disputes with third party service providers. The Bank had filed counter claims amounting to ₹ 5,560.00 million as part of these disputes. These counter claims have not been recognised as assets in the financial statements at March 31, 2018. The dispute was settled on February 19, 2020.

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

Description of contingent liabilities

Claims against the Bank not acknowledged as debts - Tax liability	The Bank is a party to various taxation matters in respect of which appeals are pending. The Bank expects the outcome of the appeals to be favourable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and the provisions of the Income Tax Act, 1961.

14. Provisions on Standard Assets

Particulars	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Provisions towards Standard Assets	1,489.72	278.61	436.80	218.25	174.30

The Bank is carrying a general provision of ₹ 1,100.00 million as on September 30, 2020, (September 30, 2019: Nil, March 31, 2020 ₹ 89.40 million) (including COVID-19 regulatory provision prescribed by the RBI) towards potential impact of COVID-19 based on the information available at end point of time. The provisions held by the Bank are in excess of the RBI prescribed norms.

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.

During the year ended March 31, 2018 the Bank has reversed excess standard assets provision of ₹ 872.90 million applying standard asset provisioning percentage as per RBI guidelines applicable to a banking company.

15. Provisions and Contingencies

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

Particulars	For the half year ended September 30, 2020	For the half year ended September 30, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Provision for Non-Performing Assets and bad debts written off	345.06	1,491.67	2,304.43	13,641.54	14,722.14
Provisions for Standard Assets / (write back of provisions for standard Assets)	1,052.92	60.36	218.55	43.96	(872.90)
Provisions towards income tax / (write back of provisions towards income tax)	-	-	-	-	(82.84)
Deferred tax charge / (credit)	-	-	-	-	1,009.40
Other provisions and contingencies / (write back of other provisions and contingencies)	12.51	(76.53)	(18.92)	39.59	40.76
Total	**1,410.49**	**1,475.50**	**2,504.06**	**13,725.09**	**14,816.56**

16. Business ratio

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
Interest income as a percentage to working funds[1]	6.50%	6.04%	13.01%	10.57%	12.74%
Non-interest income as a percentage to working funds[1]	0.40%	1.48%	2.83%	1.00%	0.35%
Operating profit / (loss)[2] as a percentage to working funds	1.16%	0.64%	1.83%	(4.87%)	(8.38%)
Return on average assets	0.85%	(0.77%)	0.20%	(16.48%)	(20.52%)
Business[3] (deposit plus net advances) per employee[4] (in ₹ million)	12.12	8.88	11.64	6.22	3.61
Profit/(loss) per employee[4] (in ₹ million)	0.05	(0.04)	0.02	(1.22)	(1.50)
Provision coverage ratio (including floating provision)	69.91%	57.19%	56.24%	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 period / year.
2. Operating profit / (loss) is net profit / (loss) for the period / year before provisions and contingencies.
3. "Business" is the total of net advances and deposits (net of inter-bank deposits).
4. Productivity ratios are based on average employee number.
5. Provision coverage ratio does not include technical write offs.

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17. Employee benefits

Employment benefits - Gratuity

The Bank has non-contributory defined benefit arrangement providing gratuity benefits expressed in terms of final monthly salary and years of service. Bank provides for gratuity as per the provisions of Payment of Gratuity Act, 1972, as amended. The scheme is funded with Life Insurance Corporation of India. The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet.

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

During the half year ended September 30, 2020, half year ended September 30, 2019, financial year ended March 31, 2020, March 31, 2019 and March 31, 2018 the Bank does not have unamortised gratuity and pension liability.

Expenses recognised in the Statement of Profit and Loss Account

Particulars	For the half year ended September 30, 2020	For the half year ended September 30, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Current service cost	13.08	9.68	19.36	17.18	14.40
Interest cost on benefit obligation	(0.53)	(2.48)	(4.96)	(3.02)	(2.02)
Past service cost vested benefit recognised during the period	-	-	-	-	1.16
Net actuarial loss recognized in the period / year	20.44	22.14	42.78	23.96	21.18
Employer expenses	**32.99**	**29.34**	**57.18**	**38.12**	**34.72**

Net Liability/ (Asset) recognised in the Balance Sheet

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
Present value of Defined Benefit Obligation	138.26	97.49	114.12	76.70	56.52
Fair value of plan assets	121.81	136.85	130.64	145.40	95.89
Net (asset) / liability recognized in balance sheet	16.45	(39.36)	(16.52)	(68.70)	(39.37)
Less: Unrecognised Past Service Cost	-	-	-	-	-
(Asset)/Liability recognized in balance sheet	**16.45**	**(39.36)**	**(16.52)**	**(68.70)**	**(39.37)**

Reconciliation of Defined Benefit Obligation (DBO)

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
Present Value of DBO at start of period / year	**114.12**	**76.70**	**76.70**	**56.52**	**58.34**
Interest cost	3.67	2.77	5.54	4.34	3.98
Current service cost	13.08	9.68	19.36	17.18	14.40
Past service cost vested benefit recognised during the period / year	-	-	-	-	1.14
Benefits paid	(11.40)	(9.80)	(19.84)	(18.37)	(36.12)
Actuarial loss/(gain)	18.79	18.14	32.36	17.03	14.78
Present Value of DBO at end of period / year	**138.26**	**97.49**	**114.12**	**76.70**	**56.52**

Reconciliation of Fair Value of Plan Assets

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
Fair Value of Plan Assets at start of period / year	130.64	145.40	145.40	95.89	88.01
Expected return on plan assets	4.20	5.25	10.50	7.36	6.00
Contributions by employer	-	-	5.00	67.45	44.39
Benefits paid	(11.40)	(9.80)	(19.84)	(18.37)	(36.12)
Actuarial gain /(loss)	(1.63)	(4.00)	(10.42)	(6.93)	(6.39)
Fair value of plan assets at end of period / year	**121.81**	**136.85**	**130.64**	**145.40**	**95.89**

Investment details of plan assets

Particulars	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Balance with Life Insurance Corporation of India	121.81	136.85	130.64	145.41	95.90

The plan assets are funded with Life Insurance Corporation of India. Information related to details of investment are not available, therefore the same couldn't be disclosed.

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

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
Discount rate	6.16%	6.70%	6.43%	7.22%	7.68%
Expected rate of return on assets	6.16%	6.70%	6.43%	7.22%	7.68%
Employee turnover (in service for 4 years and below)	45.00%	45.00%	45.00%	45.00%	39.00%
Employee turnover (in service for above 4 years)	1.00%	1.00%	1.00%	1.00%	1.00%
Salary growth rate	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality Rate - Indian Assured Lives Mortality (IALM) Ultimate	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Expected average remaining working lives of employees	7 Years	6 Years	6 Years	6 Years	7 Years

Experience Adjustments

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
Present Value of DBO at the end of the year	138.26	97.49	114.07	76.70	56.52
Fair Valuation of Plan Assets	121.81	136.85	130.64	145.40	95.89
Funded Status [Surplus/(Deficit)]	(16.45)	39.36	16.57	68.70	39.37
Experience adjustment on plan liabilities : Gain / (Loss)	(12.11)	(9.26)	(17.10)	(17.40)	(31.55)
Experience adjustment on plan Assets : Gain / (Loss)	(1.63)	(4.00)	(10.42)	(6.93)	(6.39)

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

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 has Bank recognised ₹ 170.60 million (September 30, 2019: ₹ 119.83 million, March 31, 2020: ₹ 258.71 million, March 31, 2019: ₹ 242.20 million, March 31, 2018: ₹ 274.41 million) 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 September 30, 2020 is ₹ 73.38 million (September 30, 2019: ₹ 55.74 million; March 31, 2020: ₹ 47.60 million; March 31, 2019: ₹ 50.96 million; March 31, 2018: ₹ 149.93 million).

Assumption used in determining the privilege leave liability

Particulars	**As at and for the half year ended September 30, 2020**	**As at and for the half year ended September 30, 2019**	**As at and for the year ended March 31, 2020**	**As at and for the year ended March 31, 2019**	**As at and for the year ended March 31, 2018**
Discount rate	6.16%	6.70%	6.43%	7.22%	7.68%
Salary Escalation rate	6.00%	6.00%	6.00%	6.00%	6.00%
Attrition rate:					
In service for 4 years and below	45.00%	45.00%	45.00%	45.00%	39.00%
Above 4 years	1.00%	1.00%	1.00%	1.00%	1.00%

Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

18. Disclosures on Remuneration
A) Qualitative Disclosures

(a) Information relating to the bodies that oversee remuneration.
Name, composition and mandate of the main body overseeing remuneration
The Nomination and Remuneration Committee (NRC) of the Board is the main body overseeing remuneration. The mandate is to support the achievement of the Bank's on going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. As at September 30, 2020, the NRC had five members of which four 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 as at September 30, 2020 was 15,874 (September 30, 2019: 14,393, March 31, 2020: 16,212, March 31, 2019: 15,947, March 31, 2018: 14,931), who were active as on reporting date including those on probation and confirmed employees.

b) Information relating to the design and structure of remuneration processes and Key features and objectives of remuneration policy

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

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

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

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

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:
The Board/NRC has been appraised of the Bank's remuneration practices.

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

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

Overview of the key risks that the Bank takes into account when implementing remuneration measures:
The committee shall work in close coordination with Risk Management Committee of the small finance bank, in order to achieve effective alignment between remuneration and risks.

Overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:
Compensation works in harmony with other practices to implement balanced risk postures.

Discussion of the ways in which these measures affect remuneration:

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

Discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration:
Not applicable

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

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

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

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

Discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak, including the Bank's criteria for determining 'weak' performance metrics:
The Board/ NRC shall review and provide an overall guidance on the measures to be taken.

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

Discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:
Not Applicable.

Discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:
Not Applicable.

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

Variable remuneration includes following distinct forms:

1. **Statutory Bonus:**

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

2. **Performance Pay:**

(a) Performance Bonus: All employees who are not a part of an Incentive/ Sales Award Scheme but part of the year end performance review will be covered under the Performance Bonus Plan of the Bank. However, the actual payout of performance bonus shall paid on pro-rated basis, only to employees who have the met performance criteria.

(b) Sales and Collection Incentive: Employees in the Sales and collection function, directly responsible for revenue generation and collection shall be covered under the Sales and Collection Incentive Scheme on meeting the criteria of the respective scheme. Typically some of the entry level roles and upto two levels of supervision thereof shall be covered by sales awards.

3. **Rewards & Recognition:**

The policy has been laid out keeping the following perspectives into considerations:
Bank shall design schemes and practices from time to time to celebrate employees / departmental / organizational success. These celebrations may include offering tokens of appreciation to employees as defined in specific schemes. Fairness of application and transparency of communication shall be the hallmark of all such schemes. These will be subject to income tax laws, as applicable.

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Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

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

B) Quantitative Disclosure

Sr. No.	Subject	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
(a)	Number of meetings held by the NRC during the period / year and remuneration paid to its members	No. of meetings : 3 Remuneration paid : ₹ 0.2 million	No. of meetings : 2 Remuneration paid : ₹ 0.1 million	Number of meetings: 4 Remuneration paid: ₹ 0.2 million	Number of meetings: 1 Remuneration paid: ₹ 0.1 million	Number of meetings: 6 Remuneration paid: ₹ 0.3 million#
(b) (i)	Number of employees having received a variable remuneration award during the period / year	None	None	None	None	Total Employees = 1
(b) (ii)	Number and total amount of sign on awards made during the period / year	None	None	None	None	None
(b) (iii)	Details of guaranteed bonus, if any, paid as joining /sign on bonus	None	None	None	None	None
(b) (iv)	Details of severance pay, in addition to accrued benefits, if any	None	None	None	None	None
(c) (i)	Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms	567,647 shares granted under ESOP scheme and 44,370 units under RSU scheme in previous years yet to be exercised. There are no grants during the period. Out of the stock options granted 141,916 shares are unvested.	567,647 shares granted under ESOP scheme and 44,370 units under RSU scheme in previous years yet to be exercised. There are no grants during the year. Out of the stock options granted 283,829 shares are unvested.	567,647 shares granted under ESOP scheme and 44,370 units under RSU scheme in previous years yet to be exercised. There are no grants during the year. Out of the stock options granted 283,829 shares are unvested.	567,647 shares granted under ESOP scheme and 44,370 units under RSU scheme during the previous year, yet to be exercised.	567,647 shares granted under ESOP scheme and 44,370 units under RSU scheme during the year, yet to be exercised.
(c) (ii)	Total amount of deferred remuneration paid out in the period / year	None	None	None	None	Long term incentive paid ₹ 21.00 million
(d) (i)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non deferred	Fixed Pay : ₹ 22.80 million Car EMI : ₹ 0.60 million	Fixed Pay : ₹ 20.10 million Car EMI : ₹ 0.60 million	Fixed Pay : ₹ 47.40 million Car EMI : ₹ 1.30 million Variable pay : ₹ 12.00 million [3]	Fixed Pay: ₹ 40.20 million Car EMI : ₹ 1.30 million	Fixed Pay : ₹ 39.10 million Variable Pay : ₹ 11.30 million Deferred Pay : ₹ 21.00 million
(e) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments	None	None	None	None	None
(e) (ii)	Total amount of reductions during the period / year due to ex post explicit adjustments	None	None	None	None	None
(e) (iii)	Total amount of reductions during the period / year due to ex post implicit adjustments	None	None	None	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.
4. Fixed pay includes basic salary, contribution to provident fund and reimbursements.
5. Variable pay does not include the amount payable for the financial year 2019-20
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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Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

18. Disclosures on Remuneration contd..

C) Quantitative Disclosure 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.

Remuneration paid to other directors for the half year ended September 30, 2020

Sr. No.	Particulars of Remuneration	Name of the Directors						Total Amount
1	Independent Directors	Vikram Gandhi	Vijayalatha Reddy	R. Ramaseshan	Chitra Talwar	Eugene Karthak	P R Seshadri	
	Fee for attending board committee meetings	0.13	0.43	0.55	0.35	0.18	0.20	1.84
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	**0.13**	**0.43**	**0.55**	**0.35**	**0.18**	**0.20**	**1.84**
2	Other Non-Executive Directors	Ramesh Ramanathan	Puneet Bhatia					
	Fee for attending board committee meetings	-	-					-
	Commission	-	-					-
	Others, please specify	-	-					-
	Total (2)	**-**	-					-
	Total (1)+(2)	**0.13**	**0.43**	**0.55**	**0.35**	**0.18**	**0.20**	**1.84**
	Overall Ceiling as per the Act (sitting fees not to exceed ₹ 100,000 per meeting)	The Bank pays sitting fees to Non-Executive Directors which is below the ceiling of ₹ 100,000 per meeting as prescribed under the Companies Act, 2013.						

Remuneration paid to other directors for the half year ended September 30, 2019

Sr. No.	Particulars of Remuneration	Name of the Directors				Total Amount
1	Independent Directors	Vikram Gandhi	Vijayalatha Reddy	R. Ramaseshan	Rama Subramaniam Gandhi	
	Fee for attending board committee meetings	0.33	0.38	0.55	0.13	1.39
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	**0.33**	**0.38**	**0.55**	**0.13**	**1.39**
2	Other Non-Executive Directors	Ramesh Ramanathan				
	Fee for attending board committee meetings	-				-
	Commission	-				-
	Others, please specify	-				-
	Total (2)	**-**	**-**	**-**	**-**	**-**
	Total (1)+(2)	**0.33**	**0.38**	**0.55**	**0.13**	**1.39**
	Overall Ceiling as per the Act (sitting fees not to exceed ₹ 100,000 per meeting)	The Bank pays sitting fees to Non-Executive Directors which is below the ceiling of ₹ 100,000 per meeting as prescribed under the Companies Act, 2013.				

Remuneration paid to other directors for the previous year ended March 31, 2020

Sr. No.	Particulars of Remuneration	Name of the Directors					Total Amount
1	Independent Directors	Vikram Gandhi	Vijayalatha Reddy	R. Ramaseshan	Rama Subramaniam Gandhi	Chitra Talwar	
	Fee for attending board committee meetings	0.38	0.73	0.90	0.13	0.05	2.19
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	**0.38**	**0.73**	**0.90**	**0.13**	**0.05**	**2.19**
2	Other Non-Executive Directors	Ramesh Ramanathan	Puneet Bhatia				
	Fee for attending board committee meetings	-	-				-
	Commission	-	-				-
	Others, please specify	-	-				-
	Total (2)	-	-				**-**
	Total (1)+(2)	**0.38**	**0.73**	**0.90**	**0.13**	**0.05**	**2.19**
	Overall Ceiling as per the Act (sitting fees not to exceed ₹ 100,000 per meeting)	The Bank pays sitting fees to Non-Executive Directors which is below the ceiling of ₹ 100,000 per meeting as prescribed under the Companies Act, 2013.					

Remuneration paid to other directors for the year ended March 31, 2019

Sr. No.	Particulars of Remuneration	Name of the Directors				Total Amount
1	Independent Directors	R. Gandhi	Vikram Gandhi	Vijayalatha Reddy	R. Ramaseshan	
	Fee for attending board committee meetings	0.63	0.38	0.60	0.73	2.34
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	**0.63**	**0.38**	**0.60**	**0.73**	**2.34**
2	Other Non-Executive Directors	Ramesh Ramanathan				
	Fee for attending board committee meetings	-				-
	Commission	-				-
	Others, please specify	-				-
	Total (2)	**-**				**-**
	Total (1)+(2)	**0.63**	**0.38**	**0.60**	**0.73**	**2.34**
	Overall Ceiling as per the Act (sitting fees not to exceed ₹ 100,000 per meeting)	The Bank pays sitting fees to Non-Executive Directors which is below the ceiling of ₹ 100,000 per meeting as prescribed under the Companies Act, 2013.				

Remuneration paid to other directors for the year ended March 31, 2018

Sr. No.	Particulars of Remuneration	Name of the Directors					Total Amount
1	Independent Directors	Narayan Ramachandran	Uday Chitale	Vijayalatha Reddy	Vikram Gandhi	R. Ramaseshan	
	Fee for attending board committee meetings	0.22	0.42	0.61	0.41	0.64	2.30
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	**0.22**	**0.42**	**0.61**	**0.41**	**0.64**	**2.30**
2	Other Non-Executive Directors	V.Narayanamurthy (Nominee Director of IDBI)					
	Fee for attending board committee meetings	0.12					0.12
	Commission	-					-
	Others, please specify	-					-
	Total (2)	**0.12**	**-**				**0.12**
	Total (1)+(2)	**0.34**	**0.42**	**0.61**	**0.41**	**0.64**	**2.42**
	Overall Ceiling as per the Act (sitting fees not to exceed ₹ 100,000 per meeting)	The Bank pays sitting fees to Non-Executive Directors which is below the ceiling of ₹ 100,000 per meeting as prescribed under the Companies Act, 2013.					

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

Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

19. Segment Reporting

Business Segments

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

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

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

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

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

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

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

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

Business Segments	**Treasury**		**Corporate / Wholesale Banking**		**Retail Banking**		**Other Banking Operations**		**Total**	
Particulars	**As at and for the half year ended September 30, 2020**	**As at and for the half year ended September 30, 2019**	**As at and for the half year ended September 30, 2020**	**As at and for the half year ended September 30, 2019**	**As at and for the half year ended September 30, 2020**	**As at and for the half year ended September 30, 2019**	**As at and for the half year ended September 30, 2020**	**As at and for the half year ended September 30, 2019**	**As at and for the half year ended September 30, 2020**	**As at and for the half year ended September 30, 2019**
Revenue	3,754.98	3,258.64	205.69	44.89	18,033.17	13,775.50	36.23	36.00	22,030.07	17,115.03
Less: Inter Segment Revenue	-	-	-	-	-	-	-	-	(8,684.90)	(6,249.74)
Income from Operations									**13,345.17**	**10,865.29**
Result	(652.09)	(658.95)	30.00	17.00	1,458.29	116.84	(11.85)	(28.33)	824.35	(553.44)
Unallocated result										
Operating profit									**824.35**	**(553.44)**
Income taxes										
Extraordinary profit/loss									-	-
Net profit									824.35	(553.44)
Other information:										
Segment assets	45,763.81	30,869.36	4,000.50	587.54	101,145.53	77,987.59	210.61	262.94	151,120.45	109,707.43
Unallocated assets									2,379.55	3,020.57
Total assets	**45,763.81**	**30,869.36**	**4,000.50**	**587.54**	**101,145.53**	**77,987.59**	**210.61**	**262.94**	**153,500.00**	**112,728.00**
Segment liabilities	34,645.69	28,230.98	23.25	6.03	107,410.60	78,157.20		-	142,079.54	106,394.21
Unallocated liabilities									158.04	140.44
Capital and reserves	11,118.12	2,638.38	3,977.25	581.51	(6,265.07)	(169.61)	210.61	262.94	9,040.91	3,313.22
Unallocated capital and reserves									2,221.51	2,880.13
Total liabilities	**45,763.81**	**30,869.36**	**4,000.50**	**587.54**	**101,145.53**	**77,987.59**	**210.61**	**262.94**	**153,500.00**	**112,728.00**

Business Segments	**Treasury**			**Corporate / Wholesale Banking**			**Retail Banking**			**Other Banking Operations**			**Total**		
Particulars	**As at and for the year ended March 31, 2020**	**As at and for the year ended March 31, 2019**	**As at and for the year ended March 31, 2018**	**As at and for the year ended March 31, 2020**	**As at and for the year ended March 31, 2019**	**As at and for the year ended March 31, 2018**	**As at and for the year ended March 31, 2020**	**As at and for the year ended March 31, 2019**	**As at and for the year ended March 31, 2018**	**As at and for the year ended March 31, 2020**	**As at and for the year ended March 31, 2019**	**As at and for the year ended March 31, 2018**	**As at and for the year ended March 31, 2020**	**As at and for the year ended March 31, 2019**	**As at and for the year ended March 31, 2018**
Revenue	6,295.92	10,202.14	19,324.25	267.25	80.68	178.91	31,600.55	14,627.67	14,388.36	72.47	65.35	10.27	38,236.19	24,975.84	33,901.79
Less: Inter Segment Revenue													(13,988.53)	(11,293.16)	(17,931.30)
Income from Operations	**6,295.92**	**10,202.14**	**19,324.25**	**267.25**	**80.68**	**178.91**	**31,600.55**	**14,627.67**	**14,388.36**	**72.47**	**65.35**	**10.27**	**24,247.66**	**13,682.68**	**15,970.49**
Result	(1,042.12)	30.36	3,445.04	(1.86)	(35.16)	(28.12)	1,384.14	(19,456.75)	(25,764.79)	(38.84)	(29.11)	10.27	301.32	(19,490.66)	(22,337.60)
Unallocated result															(1,773.79)
Operating profit													301.32	(19,490.66)	(24,111.39)
Income taxes															926.56
Extraordinary profit/loss													-	-	-
Net profit													301.32	(19,490.66)	(25,037.95)
Other information:															
Segment assets	35,699.49	26,306.81	31,417.20	3,323.78	563.56	1,177.19	99,755.19	64,284.47	61,072.82	236.82	278.00	91.23	139,015.28	91,432.84	93,758.44
Unallocated assets													2,455.93	3,030.07	3,729.41
Total assets	**35,699.49**	**26,306.81**	**31,417.20**	**3,323.78**	**563.56**	**1,177.19**	**99,755.19**	**64,284.47**	**61,072.82**	**236.82**	**278.00**	**91.23**	**141,471.21**	**94,462.91**	**97,487.85**
Segment liabilities	30,010.39	42,690.03	79,889.77	15.12	31.72	36.78	100,725.74	44,848.54	2,254.14	-	-	-	130,751.25	87,570.29	82,180.69
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	284.84	156.12	19.00
Capital and reserves	5,689.10	(16,383.22)	(48,472.57)	3,308.66	531.84	1,140.41	(970.55)	19,435.93	58,818.68	236.82	278.00	91.23	8,264.03	3,862.55	11,577.75
Unallocated capital and reserves													2,171.09	2,873.95	3,710.41
Total liabilities	**35,699.49**	**26,306.81**	**31,417.20**	**3,323.78**	**563.56**	**1,177.19**	**99,755.19**	**64,284.47**	**61,072.82**	**236.82**	**278.00**	**91.23**	**141,471.21**	**94,462.91**	**97,487.85**

1. The Reportable segments are identified into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations in compliance with the RBI guidelines.
2. Unallocated assets and liabilities pertains to the assets and liabilities not identifiable to a particular segment.

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Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

20. Liquidity Coverage Ratio

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

Particulars	June 30, 2020		September 30, 2020	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
1 Total High Quality Liquid Assets (HQLA)	29,622.15	29,622.15	46,257.54	46,257.54
Cash Outflows	-	-	-	-
2 Retail deposits and deposits from small business customers, of which:	50,962.46	3,754.76	55,974.29	3,708.99
(i) Stable deposits	26,829.80	1,341.49	37,768.78	1,888.44
(ii) Less stable deposits	24,132.67	2,413.27	18,205.52	1,820.55
3 Unsecured wholesale funding, of which:	9,435.09	910.84	10,451.47	1,013.21
(i) Operational deposits (all counterparties)	-	-	-	-
(ii) Non-operational deposits (all counterparties)	9,435.09	910.84	10,451.47	1,013.21
(iii) Unsecured debt	-	-	-	-
4 Secured wholesale funding	2,335.71	2,335.71	1,370.92	1,370.92
5 Additional requirements, of which	454.76	157.16	199.44	9.97
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	454.76	157.16	199.44	9.97
6 Other contractual funding obligation	1,129.22	1,129.22	1,698.95	1,698.95
7 Other contingent funding obligations	380.94	18.80	371.60	18.33
8 Total cash outflows	64,698.18	8,306.48	70,066.68	7,820.37
Cash Inflows	-	-	-	-
9 Secured lending (e.g. reverse repo)	-	-	-	-
10 Inflows from fully performing exposures	2,438.90	1,270.80	5,573.06	2,849.33
11 Other cash inflows	0.54	0.54	0.14	0.14
12 Total cash inflows	2,439.43	1,271.33	5,573.20	2,849.47
21 Total HQLA	29,622.15	29,622.15	46,257.54	46,257.54
22 Total Net Cash Outflows	62,258.75	7,035.15	64,493.48	4,970.89
23 Liquidity Coverage Ratio (%)		421.06%		930.57%

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Particulars	June 30, 2019**		September 30, 2019**		December 31, 2019**		March 31, 2020	
	Total unweighted value	Total weighted value (average)*	Total unweighted value	Total weighted value (average)*	Total unweighted value	Total weighted value (average)*	Total unweighted value (average)	Total weighted value (average)
1 Total High Quality Liquid Assets (HQLA)	19,015.28	19,015.28	21,177.60	21,177.60	23,763.98	23,763.98	27,206.48	27,206.48
Cash Outflows	-	-	-	-	-	-	-	-
2 Retail deposits and deposits from small business customers, of which:	28,023.04	2,384.10	38,137.80	3,233.07	45,446.90	3,842.50	49,591.62	4,179.26
(i) Stable deposits	8,362.85	418.14	11,614.34	580.72	14,042.65	702.13	15,598.04	779.90
(ii) Less stable deposits	19,660.19	1,966.02	26,523.53	2,652.35	31,404.34	3,140.43	33,993.59	3,399.36
3 Unsecured wholesale funding, of which:	5,316.60	1,819.73	6,662.22	1,840.11	7,604.15	2,139.20	8,327.31	1,000.50
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	3,881.44	384.51	5,351.82	529.71	6,064.20	599.18	8,130.88	804.13
(iii) Unsecured debt	1,435.22	1,435.22	1,310.40	1,310.40	1,539.96	1,539.96	196.43	196.43
4 Secured wholesale funding	1,376.00	1,292.69	618.48	118.48	2,412.49	1,912.49	1,329.02	1,329.02
5 Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6 Other contractual funding obligation	-	-	-	-	-	-	-	-
7 Other contingent funding obligations	483.47	22.47	496.83	22.30	401.00	17.55	396.10	19.18
8 Total cash outflows	35,199.10	5,519.00	45,915.30	5,214.00	55,864.60	7,911.80	59,644.00	6,528.00
Cash Inflows	-	-	-	-	-	-	-	-
9 Secured lending (e.g. reverse repo)	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	4,652.84	2,293.09	4,947.18	2,473.59	5,761.25	2,880.63	5,741.69	2,870.84
11 Other cash inflows	25.72	25.72	36.04	36.04	26.33	26.33	0.32	0.32
12 Total cash inflows	4,678.50	2,318.80	4,983.22	2,509.63	5,787.58	2,906.90	5,742.01	2,871.10
21 Total HQLA	19,015.28	19,015.28	21,177.60	21,177.60	23,763.98	23,763.98	27,206.48	27,206.48
22 Total Net Cash Outflows	30,520.60	3,200.20	40,932.08	2,704.37	50,077.02	5,004.90	53,901.99	3,656.90
23 Liquidity Coverage Ratio (%)		594.19%		783.09%		474.81%		743.98%

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20. Liquidity Coverage Ratio contd..

Particulars	June 30, 2018**		September 30, 2018**		December 31, 2018**		March 31, 2019**	
	Total unweighted value	Total weighted value (average)*	Total unweighted value	Total weighted value (average)*	Total unweighted value	Total weighted value (average)*	Total unweighted value	Total weighted value (average)*
1 Total High Quality Liquid Assets (HQLA)	11,335.77	11,335.77	9,945.97	9,945.97	12,534.49	12,534.49	13,619.21	13,619.21
Cash Outflows	-	-	-	-	-	-	-	-
2 Retail deposits and deposits from small business customers, of which:	176.30	15.67	3,857.09	338.80	10,103.60	878.36	17,604.84	1,515.61
(i) Stable deposits	39.13	1.96	938.24	46.91	2,640.06	132.00	4,897.40	244.87
(ii) Less stable deposits	137.20	13.71	2,918.85	291.89	7,463.50	746.36	12,707.44	1,270.74
3 Unsecured wholesale funding, of which:	1,890.10	1,481.92	4,576.66	1,442.18	4,129.00	1,199.94	4,452.49	1,404.59
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	453.44	45.31	3,482.45	347.98	3,253.80	324.71	3,384.72	336.82
(iii) Unsecured debt	1,436.70	1,436.61	1,094.21	1,094.21	875.23	875.23	1,067.77	1,067.77
4 Secured wholesale funding	2,428.16	2,428.16	1,853.26	1,853.26	316.79	316.79	667.99	667.99
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	511.40	22.80	358.90	15.25	328.50	13.72	354.62	15.10
8 Total cash outflows	5,006.00	3,948.60	10,646.00	3,649.49	14,877.89	2,408.81	23,079.93	3,603.30
Cash Inflows	-	-	-	-	-	-	-	-
9 Secured lending (e.g. reverse repo)	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	5,552.08	2,776.04	4,791.20	2,395.60	4,349.51	2,174.75	4,521.18	2,260.59
11 Other cash inflows	48.03	48.03	13.93	13.93	15.42	15.42	16.98	16.98
12 Total cash inflows	5,600.11	2,824.00	4,805.12	2,409.52	4,364.93	2,190.18	4,538.16	2,277.57
13 Total HQLA	11,335.77	11,335.77	9,945.97	9,945.97	12,534.49	12,534.49	13,619.21	13,619.21
14 Total Net Cash Outflows	1,251.49	1,124.55	5,840.89	1,239.97	10,512.96	602.20	18,541.77	1,325.78
15 Liquidity Coverage Ratio (%)	-	1,008.07%	-	802.10%	-	2,081.44%	-	1,027.24%

JANA SMALL FINANCE BANK LIMITED
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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)	-	5,479.38
Cash Outflows	-	-
2 Retail deposits and deposits from small business customers, of which:	-	-
(i) Stable deposits	-	-
(ii) Less stable deposits	0.02	0.00
3 Unsecured wholesale funding, of which:	-	-
(i) Operational deposits (all counterparties)	-	-
(ii) Non-operational deposits (all counterparties)	1.00	0.10
(iii) Unsecured debt	881.92	881.92
4 Secured wholesale funding	1,087.87	1,087.87
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	1,970.82	1,969.89
Cash Inflows	-	-
9 Secured lending (e.g. reverse repo)	-	-
10 Inflows from fully performing exposures	1,092.76	1,092.76
11 Other cash inflows	6,149.42	3,074.71
12 Total cash inflows	7,242.18	4,167.47
13 Total HQLA	-	5,479.38
14 Total Net Cash Outflows	-	492.47
15 Liquidity Coverage Ratio (%)	-	1,112.62%

Notes:

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

** The disclosure for the quarter ended June 30, 2019, September 30, 2019 and December 31, 2019 is based on the average of monthly BLR return (BLR 1) for the respective quarters filed by the Bank with the RBI.
The disclosure of average weighted and unweighted amounts are calculated as simple average based on daily observation for the respective quarters from March 2020 quarter.

Qualitative disclosure on LCR

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

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

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

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

The Bank classifies all the deposits from non-natural persons into Non-operational deposits (all counterparties) under 'Unsecured Wholesale Funding'.

The Bank is unable to substantiate whether the contractual inflows from the outstanding exposures pertained to fully performing advances without any reason to expect any default within the 30-day time horizon.

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Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

21. Related party disclosures
As per AS-18, Related Party Disclosure, the Bank's related parties are disclosed below:

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

B. Others - with whom transactions have taken place during the year	Nature of relationship
i. Jana Urban Services for Transformation Private Limited	Private company in which director or his relative is member or director
ii. Jana Urban Space Foundation (India)	Private company in which director or his relative is member or director (w.e.f. October 01, 2017)
iii. Cross Domain Solutions Private Limited	Private company in which director or his relative is member or director
iv. Jana Holding Limited	Public Limited company in which director or his relative is member or director and the holding company
v. Jana Capital Limited	Public Limited company in which director or his relative is member or director and the ultimate holding company
vi. Janaadhar (India) Pvt. Ltd	Private company in which director or his relative is member or director
vii. Jana Urban Foundation (Section 25 Company - not for profit)	Private company in which director or his relative is member or director
viii. Mr. Jayasheel Bhansali	Chief Financial Officer (up to 12 January 2018)
ix. Mr. Vivek Venkatesan	Chief Financial Officer (up to December 31, 2018)
x. Mr. Anurag Adlakha	Chief Financial Officer (up to July 04, 2019)
xi. Mr. Kapil Krishan	Chief Financial Officer (w.e.f. August 14, 2019)
xii.Ms. Richa Saxena	Company Secretary (up to July 06, 2018)
xiii. Ms. Lakshmi R N	Company Secretary (w.e.f. August 08, 2018)

Name of related party	**Nature of transactions**	**Transaction value for the half year ended Sep 30, 2020**	**Outstanding amount as at Sep 30, 2020**	**Transaction value for the half year ended Sep 30, 2019**	**Outstanding amount as at Sep 30, 2019**	**Transaction value for the year ended March 31, 2020**	**Outstanding amount as at March 31, 2020**	**Transaction value for the year ended March 31, 2019**	**Outstanding amount as at March 31, 2019**	**Transaction value for the year ended March 31, 2018**	**Outstanding amount as at March 31, 2018**
A. Private company in which director or his relative is member or director											
1. Jana Urban Services for Transformation Private Limited	Income from rent and amenities	-	-	-	-	-	-	-	-	1.37	-
	Receiving of services	-	-	-	-	-	-	0.40	-	213.48	-0.06
	Reimbursement of expense	-	-	-	-	-	-	-	-	1.11	-
2. Jana Holding Limited	Reimbursement of expense	-	-	-	-	20.88	-	3.86	1.39	6.33	-
	Issue of equity shares*	-	23,241.68	-	21,771.68	1,470.00	23,241.68	2,950.00	21,771.68	-	1,500.00
	Issue of compulsorily convertible preference shares (499 million number of CCPS converted into 3,606,534 number of equity shares)	-	-	-	-	-	-	-	-	-	4,990.00
	Rendered professional services	0.06	0.01	-	-	0.13	0.02	0.12	0.01	-	-
3. Jana Urban Space Foundation (India)	Receiving of services	-	-	6.54	-	6.54	-	12.90	1.20	6.45	-0.10
4. Janaadhar (India) Private Limited	Paid towards amenities	-	-	-	-	-	-	-	-	1.82	-
	Income from rent and amenities	-	-	-	-	-	-	-	-	2.42	-
4. Cross Domain Solutions Private Limited	Receiving of services	-	-	14.70	-	14.70	-	30.54	2.54	32.16	-
5. Jana Urban Foundation (Section 25 Company - not for profit)	Royalty payments	31.39	16.11	-	-	30.35	19.30	-	-	-	-
	Income from rent and amenities	-	-	-	-	-	-	-	-	0.07	-
	Reimbursement of expense	-	-	-	-	-	-	-	-	0.14	-
6. Jana Capital Limited	Rendered professional services	0.03	0.01	0.03	0.01	0.06	0.01	0.06	0.01	-	-
	Reimbursement of expense	-	-	-	-	0.27	-	-	-	-	-
B. Directors											
1. Mr. Ramesh Ramanathan	Loan repaid during the period / year	-	-	-	-	-	-	-	-	17.50	-
	Interest on loan	-	-	-	-	-	-	-	-	1.43	-
2. Mr. R. Srinivasan	Salary	-	-	-	-	-	-	-	-	27.70	-
C. Key Management Personnel* (KMP)											
1. Mr. V.S. Radhakrishnan	Salary	-	-	-	-	-	-	-	-	36.16	-
2. Mr. Ajay Kanwal	Salary	23.47	-	20.73	-	94.68	46.00	41.50	-	35.20	-
3. Mr. Jayasheel Bhansali	Salary	-	-	-	-	-	-	-	-	13.02	-
4. Mr. Vivek Venkatesan	Salary	-	-	-	-	-	-	8.04	-	1.34	-
5. Mr. Anurag Adlakha	Salary	-	-	4.11	-	4.11	-	3.87	-	-	-
6. Mr. Kapil Krishan	Salary	6.00	-	3.10	-	9.78	0.20	-	-	-	-
7. Ms. Richa Saxena	Salary	-	-	-	-	-	-	1.84	-	3.62	-
8. Ms. Lakshmi R N	Salary	1.20	-	1.27	-	2.42	-	1.38	-	-	-
D. Deposits of related parties											
KMP	Deposit	2.16	2.16	8.52	8.52	7.28	7.66	6.60	7.10	-	-
	Interest	0.00	-	-	-	0.37	-	0.50	-	-	-
Relatives of KMP	Deposit	0.34	0.37	0.28	0.31	0.34	0.36	2.04	2.08	-	-
	Interest	0.04	-	0.03	-	0.02	-	0.04	-	-	-
Director	Deposit	5.80	6.00	5.37	5.37	5.37	5.77	5.00	5.41	-	-
	Interest	0.20	-	-	-	0.40	-	0.41	-	-	-
Relatives of Director	Deposit	5.66	5.72	2.10	2.10	4.28	4.31	0.05	0.05	-	-
	Interest	0.06	-	0.00	-	0.03	-	0.00	-	-	-
Private company in which director or his relatives is member or director	Deposit	108.20	112.10	92.01	92.01	60.73	62.69	10.00	10.50	-	-
	Interest	3.90	-	-	-	1.97	-	0.50	-	-	-
E. Relatives of director											
1. Mrs. Radha Ramanathan	Loan from director	-	-	-	-	-	-	-	-	-	-
	Loan repaid during the period / year	-	-	-	-	-	-	-	-	4.00	-
	Interest on loan	-	-	-	-	-	-	-	-	0.33	-
2. Mrs. Swathi Ramanathan	Loan from director	-	-	-	-	-	-	-	-	-	-
	Loan repaid during the period / year	-	-	-	-	-	-	-	-	17.50	-
	Interest on loan	-	-	-	-	-	-	-	-	1.43	-

* Number of equity shares issued are 1,545,596, 2,132,396 and 1,084,128 respectively for financial year ending March 31, 2020 is March 31, 2019 and March 31, 2018.

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

Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements (Contd.)

22. Deferred Tax Assets

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

The Bank had brought forward tax losses for the year ended March 31, 2018, March 31, 2019, March 31, 2020 and book profit for the half year ended September 30, 2020. The net deferred tax asset amounting to ₹10,263.16 million as at September 30, 2020 has not been recognised. The said amount of ₹ 10,263.16 million will be available to offset tax on future taxable income (September 30, 2019: ₹ 10,859.06 million, March 31, 2020: ₹ 10,859.06 million, March 31, 2019: ₹ 10,859.06 million, March 31, 2018: ₹ 2,606.78 million).

23. Unhedged Foreign currency Exposure

The Bank doesn't have any unhedged foreign currency exposure as at September 30, 2020 (September 30, 2019: Nil, March 31, 2020: Nil, March 31, 2019: Nil, March 31, 2018: Nil)

24. Leases

Operating leases primarily comprises 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	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Less than one year	59.85	61.65	61.23	98.23	108.51
Later than one year but not later than five years	200.83	192.21	263.13	315.70	358.00
Later than five years	42.91	42.91	10.35	70.98	139.01
Minimum lease payments recognised in Profit and Loss Account	429.81	437.13	880.96	870.61	1,186.41
- Of which lease expense pertaining to non-cancellable leases	30.04	30.02	63.85	104.38	119.83

The terms of renewal and escalation clauses are those normally prevalent in similar agreements, there are no undue restrictions or onerous clauses in the agreement. All other operating lease agreements entered into by the Bank are cancellable in nature.

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

25.(A) Customer Complaints

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
(a) No. of complaints pending at the beginning of the period / year	185	223	223	614	13,013
(b) No. of complaints received during the period / year	4,107	7,388	12,741	15,245	46,310
(c) No. of complaints redressed during the period / year	4,115	7,329	12,779	15,636	58,709
(d) No. of complaints pending at the end of the period / year	177	282	185	223	614

Customer complaints disclosed above includes all customer complaints pertaining to ATM cards. During the half year ended September 30, 2020, 478 complaints are received, 503 complaints are redressed and balance 29 complaints are pending at the end of the period.

During the half year ended September 30, 2019, 1,943 complaints are received, 1,840 complaints are redressed and balance 125 complaints are pending at the end of the period.

During the year ended March 31, 2020, 4,351 complaints are received, 4,297 complaints are redressed and balance 54 complaints are pending at the end of the year.

During the year ended March 31, 2019, 434 complaints are received, 415 complaints are redressed and balance 19 complaints are pending at the end of the year.

During the year ended March 31, 2018, there were no ATM related complaints. The above information is certified by the Management and relied upon by the auditors.

25.(B) Award passed by the Banking Ombudsman

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
(a) No. of unimplemented Awards at the beginning of the period / year	-	-	-	-	-
(b) No. of Awards passed by the Banking Ombudsmen during the period / year	-	-	-	-	-
(c) No. of Awards implemented during the period / year	-	-	-	-	-
(d) No. of unimplemented Awards at the end of the period / year	-	-	-	-	-

26. Corporate Social Responsibility (CSR)

a) Gross amount required to be spent by the Bank for the half year ended September 30, 2020 is Nil (half year ended September 30, 2019 - Nil; year ended March 31, 2020 - Nil; year ended March 31, 2019 - Nil; year ended March 31, 2018 - Nil) under section 135 of the Companies Act, 2013.

b) Amount spent during the half year ended September 30, 2020

Particulars	Amount spent	Amount unpaid /provision	Total
i) Construction /acquisition of asset	-	-	-
ii) on purpose other than (i) above	7.59	-	7.59
Total	**7.59**	**-**	**7.59**

c) Amount spent during the half year ended September 30, 2019

Particulars	Amount spent	Amount unpaid /provision	Total
i) Construction /acquisition of asset	-	-	-
ii) on purpose other than (i) above	1.50	-	1.50
Total	**1.50**	**-**	**1.50**

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

d) Amount spent during the year ended March 31, 2020

Particulars	Amount spent	Amount unpaid /provision	Total
i) Construction /acquisition of asset	-	-	-
ii) on purpose other than (i) above	1.71	-	1.71
Total	**1.71**	**-**	**1.71**

e) Amount spent during the year ended March 31, 2019

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

f) Amount spent during the year ended March 31, 2018

Particulars	Amount spent	Amount unpaid /provision	Total
i) Construction /acquisition of asset	-	-	-
ii) on purpose other than (i) above	5.91	-	5.91
Total	**5.91**	**-**	**5.91**

27. Off balance sheet SPVs and Para banking activities

There are no off balance sheet SPVs sponsored by the Bank, that needs to be consolidated as per accounting norms. During the half year ended September 30, 2020, the Bank has not undertaken any para banking activities (half year ended September 30, 2019: Nil, year ended March 31, 2020: Nil, year ended March 31, 2019: Nil, year ended 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 (September 30, 2019: Nil, March 31, 2020: Nil, March 31, 2019: Nil, March 31, 2018: Nil).

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

During the half year ended September 30, 2020, no amount was required to be transferred to Depositor Education and Awareness Fund. (September 30, 2019: Nil, March 31, 2020: Nil, March 31, 2019: Nil, March 31, 2018: Nil)

30. Overseas Assets, NPAs and Revenue

The Bank does not hold any overseas assets / NPA as at September 30, 2020 and no overseas operations were undertaken during the year ended September 30, 2020 hence revenue from overseas operation is 'Nil'. (September 30, 2019: Nil, March 31, 2020: Nil, March 31, 2019: Nil, March 31, 2018: Nil)

31. Fraud cases reported

Particulars	As at and for the half year ended September 30, 2020	As at and for the half year ended September 30, 2019	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
Number of cases Reported (Nos.)	243	1108	1,623	3,803	316
Opening Balance	109.46	131.56	131.56	90.13	47.47
Amount of Fraud	31.90	35.30	78.30	49.80	51.13
Recovery / Write back of provision	(62.15)	(111.83)	(100.40)	(8.37)	(8.47)
Closing Balance	**79.21**	**55.03**	**109.46**	**131.56**	**90.13**

32. Insurance business

During the half year ended September 30, 2020 the Bank has earned ₹ 63.91 million from insurance business (half year ended September 30, 2019: ₹ 43.99 million; year ended March 31, 2020 ₹ 111.73 million; year ended March 31, 2019: ₹ 11.94 million; year ended March 31, 2018: Nil)

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

PSLC Category	For the half year ended September 30, 2020		For the half year ended September 30, 2019	
	PSLC Bought	PSLC Sold	PSLC Bought	PSLC Sold
Agriculture	-	-	-	-
Small and Marginal Farmers	-	-	-	-
Micro Enterprises	-	-	-	-
General	-	-	-	-
Total	**-**	**-**	**-**	**-**

PSLC Category	For the year ended March 31, 2020		For the year ended March 31, 2019		For the year ended March 31, 2018	
	PSLC Bought	PSLC Sold	PSLC Bought	PSLC Sold	PSLC Bought	PSLC Sold
Agriculture	6,000.00	-	-	-	-	-
Small and Marginal Farmers	-	-	-	3,500.00	-	-
Micro Enterprises	-	-	-	1,000.00	-	-
General	-	10,000.00	-	40,787.50	-	-
Total	**6,000.00**	**10,000.00**	**-**	**45,287.50**	**-**	**-**

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

During the period the bank has raised funds through of issue of IBPCs with and without risk sharing. The outstanding balance of IBPC (risk sharing) and IBPC (non-risk sharing) is ₹ 8,016.00 million and ₹ Nil respectively as on September 30, 2020. Outstanding balance of IBPC (risk sharing) and IBPC (non-risk sharing) was ₹ 7,080.00 million and ₹ Nil respectively as on September 30, 2019, Outstanding balance of IBPC (risk sharing) and IBPC (non-risk sharing) was ₹ 11,158.17 million and ₹ Nil respectively as on March 31, 2020. Outstanding balance of IBPC (risk sharing) and IBPC (non-risk sharing) was Nil million and ₹ 2,000.00 million respectively as on March 31, 2019. There was no IBPC balance as on March 31, 2018).

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

35. Details of payments to Auditors'

Particulars	For the half year ended September 30, 2020	For the half year ended September 30, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Audit Fees	4.69	2.73	6.00	6.26	6.03
Tax audit fees	-	-	-	0.44	-
Other services	0.22	-	0.49	0.84	-
Out of pocket expenses	0.26	-	0.13	0.61	0.22
Total	**5.17**	**2.73**	**6.62**	**8.15**	**6.25**

36. Long term contracts

The Bank has a process whereby periodically all long term contracts including derivative contracts are assessed for material foreseeable losses. The Bank has reviewed and ensured that no provision is required under any law or accounting standard on such long term contracts as on September 30, 2020, September 30, 2019, March 31, 2020, March 31, 2019 and March 31, 2018.

37. Provision for credit card and debit card reward points

The Bank is not providing any reward points on debit cards. Further the Bank has not issued any credit card during half year ended September 30, 2020 (half year ended September 30, 2019: Nil, year ended March 31, 2020: Nil, year ended March 31, 2019: Nil, year ended March 31, 2018: Nil)

38. Credit default swaps

The Bank has not transacted in credit default swaps during the half year ended September 30, 2020 (half year ended September 30, 2019: Nil, year ended March 31, 2020: Nil, year ended March 31, 2019: Nil, year ended March 31, 2018: Nil).

39. Divergence in the asset classification and provisioning

RBI vide its circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and Notification dated 1st April 2019, has directed banks shall make suitable disclosures, if either or both of the following conditions are satisfied:

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

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

There were no material divergence for the year ended March 31, 2019 from the RBI in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP).

40. Penalties levied by the RBI

During the half year ended September 30, 2020, no penalty was imposed by the RBI on the Bank (half year ended September 30, 2019: Nil, year ended March 31, 2020: Nil, year ended March 31, 2019: Nil, year ended March 31, 2018: Nil)

41. Dividends

The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any further dividend pay-outs from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank has not proposed any dividend for the year ended March 31, 2020 (half year ended September 30, 2020: Nil, half year ended September 30, 2019: Nil, year ended March 31, 2019: Nil, year ended March 31, 2018: Nil)

The Board of Directors, in their meeting held on May 30, 2017 have proposed a final dividend at 10% (i.e., ₹ 1.00 per equity share) amounting to ₹ 33.06 million, inclusive of corporate dividend tax. The same is approved in Annual General Meeting by shareholders held on June 30, 2017, for the year ended March 31, 2017.
According to the revised AS 4 - 'Contingencies and events occurring after the balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted for proposed dividend (including tax) as a liability for the year ended March 31, 2017. The same has been appropriated from the balance in profit & loss account of the year ended March 31, 2018.

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

The Bank has not issued letter of comfort during the half year ended September 30, 2020 (half year ended September 30, 2019: ₹ Nil, year ended March 31, 2020: ₹ Nil, year ended March 31, 2019: ₹ Nil, year ended March 31, 2018: ₹ Nil).

43. Investor education and protection fund

There is no amount required to be transferred to Investor Education and Protection Fund by the Bank as on September 30, 2020 (September 30, 2019: ₹ Nil, March 31, 2020: ₹ Nil, March 31, 2019: ₹ Nil, March 31, 2018: ₹ Nil).

44. Other Expenditure

Other expenditure includes collection expenses for the half year ended September 30, 2020 of ₹ 1.78 million (half year ended September 30, 2019: ₹ 66.36 million; year ended March 31, 2020: ₹ 89.42 million; year ended March 31, 2019: ₹ 308.29 million; year ended March 31, 2018: ₹ 200.37 million) exceeding 1% of the total income of the Bank.

45. Ex-gratia payment of difference between compound interest and simple interest

Department of Financial Services, Ministry of Finance, Government of India vide notification no. F.No.2/12/2020-BOA.I dated October 23, 2020 conveyed that in view of the unprecedented and extreme COVID - 19 situation, the Central Government has approved "Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts, (from March 01, 2020 to August 31, 2020)". The benefits under the Scheme would be routed through lending institutions (as defined in the notification). The Bank has developed a Board approved Policy in line with the operational guidelines and pronouncements issued in this regard and conducted the aforesaid exercise of crediting the benefit in the respective accounts of eligible borrowers within the prescribed timeline.

46. Unsecured Advances

The Bank has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. (September 30, 2019: Nil, March 31, 2020: Nil, March 31, 2019: Nil, March 31, 2018: Nil). The unsecured advances of ₹ 69,678.50 million (September 30, 2019: ₹ 58,727.86 million, March 31, 2020 ₹ 72,884.34 million, March 31, 2019: ₹ 56,022.64 million, March 31, 2018: ₹ 59,399.52 million) as disclosed in Schedule 9 are without any collateral security.

JANA SMALL FINANCE BANK LIMITED
(Formerly known as Janalakshmi Financial Services Limited)
Annexures forming part of Restated Summary Statements
(All amounts are in Indian Rupees in million unless otherwise stated)

OTHER FINANCIAL INFORMATION
The accounting ratios required under Clause 11 of Part B of Schedule VI of the SEBI (ICDR) Regulations, 2018 are given below:

47. Accounting Ratios

Particulars		**As at and for the half year ended September 30, 2020**	**As at and for the half year ended September 30, 2019**	**As at and for the year ended March 31, 2020**	**As at and for the year ended March 31, 2019**	**As at and for the year ended March 31, 2018**
Basic earnings / (loss) per share (₹) [Refer Note (a)(i) below] #	A/C	16.25	(11.74)	6.21	(471.84)	(787.88)
Diluted earnings / (loss) per share (₹) [Refer Note (a)(ii) below] #	A/D	15.42	(11.74)	5.90	(471.84)	(787.88)
Return on net worth [Refer Note (a)(iii) below] #	A/B	7.42%	(9.15%)	2.93%	(294.92%)	(164.32%)
Earnings before interest, tax, depreciation and amortisation (EBITDA) (₹ in Mn) [Refer Note (b) below]		1,244.81	(71.64)	1,226.66	(18,496.80)	(23,271.88)
Net asset value per equity share [Refer Note (a)(iv) below]	B/E	218.99	128.33	202.55	140.14	387.82
Net profit / (loss) after tax as restated, attributable to equity shareholders (₹ in Mn)	A	824.35	(553.44)	301.32	(19,490.66)	(25,037.95)
Net worth at the end of the period/years (₹ in Mn)*	B	11,108.89	6,051.67	10,273.15	6,608.75	15,236.92
Weighted average number of equity shares outstanding during the period/years, used for Basic earnings per share (Nos in Mn)	C	50,724,776	47,156,727	48,548,128	41,307,710	31,778,859
Weighted average number of equity shares outstanding during the period/years, used for Diluted earnings per share (Nos in Mn)	D	53,444,487	47,156,727	51,057,018	41,307,710	31,778,859
Face value per share [Refer Note (c) below] ((₹))		10.00	10.00	10.00	10.00	10.00
Total number of equity shares outstanding at the end of the period/years (Nos in Mn)	E	50,726,840	47,156,727	50,718,603	47,156,727	39,288,630

Notes:
(a) Ratios have been computed as per the following formulas :

(i) Basic earnings per share (₹) = $\dfrac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period/years}}$

(ii) Diluted earnings per share (₹) = $\dfrac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the period/years}}$

(iii) Return on net worth (%) = $\dfrac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Net worth at the end of the period/years}}$

(iv) Net asset value per equity share (₹) = $\dfrac{\text{Net worth at the end of the period/years}}{\text{Total number of equity shares outstanding at the end of period/years}}$

* Includes ₹ 1,500 million of Non-Cumulative Compulsorily Convertible Preference Shares
# Half yearly ratios are not annualised

(b) Earnings before interest, tax, depreciation and amortisation (EBITDA) has been arrived at by adding back depreciation and tax expense to the Net Profit appearing in Annexure II - restated summary statement of Profit and Loss.

The following table sets forth a reconciliation of Bank's EBITDA to profit / (loss) for the period/years:

(₹ in Millions)

Particulars	**For the half year ended September 30, 2020**	**For the half year ended September 30, 2019**	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Net Profit / (loss)	**824.35**	**(553.44)**	**301.32**	**(19,490.66)**	**(25,037.95)**
Add:					
Depreciation on Bank's Property	420.46	481.80	925.34	993.86	839.51
Current Tax (included in Provisions and Contingencies)	-	-	-	-	(82.84)
Deferred Tax (included in Provisions and Contingencies)	-	-	-	-	1,009.40
EBITDA	**1,244.81**	**(71.64)**	**1,226.66**	**(18,496.80)**	**(23,271.88)**

(c) Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" ("AS 20") as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

(d) "Net worth" means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve, employee stock option and purchase outstanding, cash flow hedge reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and accumulated losses (if any).

48. Going concern assertion

The Bank has reported a net loss for the years ended March 31, 2018, March 31, 2019 and half year ended September 30, 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 such as, raising of equity capital and maintenance of adequate liquidity surplus on an ongoing basis.

49. Comparatives

Figures have been regrouped and reclassified wherever necessary to conform with the presentation for the half year ended September 30, 2020. The year ended March 31, 2019 and March 31, 2018 were audited by a firm of Chartered Accountants other than MSKC & Associates (formerly known as R.K. Kumar & Co.)

As per our report of even date

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

Tushar Kurani
Partner
Membership Number: 118580

Place: Mumbai
Date: March 22, 2021

For and on behalf of the Board of Directors of Jana Small Finance Bank Limited
(Formerly known as Janalakshmi Financial Services Limited)
CIN: U65923KA2006PLC040028

Ramesh Ramanathan
Chairman
DIN: 00163276

Ajay Kanwal
Managing Director & CEO
DIN: 07886434

Eugene Karthak
Independent Director
DIN: 08743508

Kapil Krishan
Chief Financial Officer

Lakshmi R N
Company Secretary
Membership Number: 14234

Place: Bengaluru
Date: March 22, 2021

OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	As at/ for the six- month period ended September 30, 2020*	As at/ for the six- month period ended September 30, 2019*	As at/ for the year ended March 31, 2020	As at/ for the year ended March 31, 2019	As at/ for the year ended March 31, 2018
Basic Earnings per Equity Share (₹) (Refer Note 1)	16.25	(11.74)	6.21	(471.84)	(787.88)
Diluted Earnings per Equity Share (₹) (Refer note 2)	15.42	(11.74)	5.90	(471.84)	(787.88)
Return on Net Worth (%) (Refer to note 3)**	7.42%	(9.15%)	2.93%	(294.92%)	(164.32%)
Net Asset Value per Equity Share (₹) (Refer Note 4)**	218.99	128.33	202.55	140.14	387.82
EBITDA (₹ in million) (Refer note 5)	1,244.81	(71.64)	1,226.66	(184,96.80)	(232,71.88)

*****Not annualised*

***Includes ₹1,500 million of Non-Cumulative Compulsorily Convertible Preference Shares*

***Notes:** The ratios have been computed as under:*

1. *Basic EPS (in ₹) = Net profit, after tax, as restated for the year/ period, attributable to equity shareholders/ Weighted average number of equity shares outstanding during the year/ period. The EPS calculations have been done in accordance with Accounting Standard 20 – "Earnings per Share" issued by ICAI*
2. *Diluted EPS (in ₹) = Net profit, after tax, as restated for the year/ period, attributable to equity shareholders/ Weighted average number of dilutive equity shares outstanding during the year/ period. The EPS calculations have been done in accordance with Accounting Standard 20 – "Earnings per Share" issued by ICAI*
3. *Return on Net Worth Ratio = Net profit after tax, as restated for the year/ period, attributable to equity shareholders/ Net worth (excluding revaluation reserve), as restated, at the end of the year/ period.*
4. *Net assets value per equity share (₹) = Net Asset Value, as restated, at the end of the period/ year/ Number of equity shares outstanding at the end of the year/ period*
5. *EBITDA = Revenue from operations – (cost of materials consumed + excise duty + purchases of stock-in-trade + Changed in inventories of finished goods, stock-in-trade and work-in-progress + Employee benefits expenses+ other expenses), unless specifically stated*
   Accounting and other ratios shall be based on the financial statements derived from the Restated Financial Information.

In accordance with the SEBI ICDR Regulations the audited financial statements of our Bank for the six-month periods ended September 30, 2020 and September 30, 2019 and for Fiscals ended March 31, 2020, 2019 and March 31, 2018, (collectively, the "**Audited Financial Statements**") are available on our website at https://www.janabank.com/about-us/investor-relations/financials/.

Our Bank is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company and should not be relied upon or used as a basis for any investment decision. None of our Bank or any of its advisors, nor BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under applicable Accounting Standards, i.e., AS 18 'Related Party Disclosures' issued by the ICAI, read with the SEBI ICDR Regulations, during the six-month periods ended September 30, 2020 and September 20, 2019 and for Fiscals 2020, 2019 and 2018, see "*Financial Statements – Annexure - 23 - Notes forming part of the Restated Summary Restated Financial Statements – 21. Related Party Disclosures*" on page 307.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. This section should be read in conjunction with "Risk Factors", "Industry Overview", "Our Business", "Selected Statistical Information", and "Financial Statements" on pages 23, 104, 136, 226 and 241, respectively, before making an investment decision in relation to the Equity Shares.

This section contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from such forward-looking statements. For details, see "Forward-Looking Statements" on page 22.

Our Bank's fiscal year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires otherwise, the financial information included herein is derived from our Restated Financial Statements, which is included in this Draft Red Herring Prospectus.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. For more details, see "Selected Statistical Information-Certain Non-GAAP Measures" on page 226.

Unless otherwise indicated, industry and market data used in this section has been derived from the IRR Report prepared and released by IRR Advisory and commissioned by us in connection with the Offer for an agreed fee. None of our Bank, the BRLMs or any other person connected with the Offer has independently verified this information. Unless otherwise indicated, all financial, operational, industry and other related information derived from the IRR Report and included herein with respect to any particular year refers to such information for the relevant fiscal year.

Overview

We are one of the leading Small Finance Banks of India in terms of assets under management and deposit size as at March 31, 2020 (*Source: IRR Report*). We have the second most geographically diversified portfolio with a pan-India presence among all Small Finance Banks in India as at March 31, 2020 (*Source: IRR Report*). As at February 28, 2021, we had 611 Branches, including 166 Branches in Unbanked Rural Centres, and 134 ATMs located in 229 districts in 19 states and three union territories. We have served over 8.00 million customers since 2008, including approximately 3.05 million active customers.

We were incorporated on July 24, 2006. We were registered as an NBFC on March 4, 2008 and were awarded NBFC-MFI status on September 5, 2013. We started operating as a Small Finance Bank with effect from March 28, 2018 and became a Scheduled Commercial Bank on July 16, 2019. For more details on our history and our major events and milestones, see "*History and Certain Corporate Matters*" on page 190.

We have gained a deep understanding of the financial needs of the underbanked and underserved customers over the past 14 years. In this journey, apart from obtaining an in-depth understanding of the customer behaviour and requirements in the segment, we have taken multiple steps to improve the customer experience. This has been achieved through a combination of measures such as digital sourcing and digital disbursement of loans.

Our primary unsecured loan products are group loans (loans are offered to a group of women as per the joint liability group (JLG) model), agricultural and allied loans, and individual and micro business loans. Our primary secured loan products are affordable housing loans, MSME loans, gold loans, loans against fixed deposits, term loans to NBFCs, two-wheeler loans, and micro housing loans.

As at September 30, 2020 and March 31, 2020, 2019 and 2018, our gross AUM were ₹112,630.35 million, ₹112,986.69 million, ₹65,195.69 million and ₹76,358.90 million, respectively. Since becoming a Small Finance Bank, we have focussed on increasing our AUM of secured advances to diversify our AUM and within unsecured advances we have focussed on growing our AUM of agricultural and allied loans. As a result, our AUM of secured advances as a percentage of total AUM has increased from 1.18% as at March 31, 2018 to 29.01% as at September 30, 2020 and our AUM of agricultural and allied loans as a percentage of our AUM of unsecured loans has increased from 5.51% as at March 31, 2018 to 16.13% as at September 30, 2020.

We have leveraged the strength of the "Jana" brand to rapidly grow our deposit portfolio since we commenced operations as a Small Finance Bank on March 28, 2018. We have the fastest growing deposit franchise among the Small Finance Banks in Fiscal 2020. We had the third highest share of retail deposits (comprising retail CASA and retail term deposits) as a percentage of total deposits among all Small Finance Banks as at March 31, 2020 (*Source: IRR Report*). Our retail liability products comprise saving accounts (including a digital only account), salary accounts, current accounts, term deposits (including a digital only account) and recurring deposits. Our liability products are equipped with digital self on-boarding channels in multiple languages and an assisted digital on-boarding channel.

As an NBFC-MFI, we were not permitted to accept deposits as per applicable laws in India. Since becoming a Small Finance

Bank, we have placed a strong emphasis on increasing our retail deposits, as they have a longer tenor and provide sustainable source of liquidity. In particular, CASA tends to provide a stable and low-cost source of deposits compared to wholesale deposits. Our total deposits were ₹102,299.09 million, ₹96,519.47 million, ₹41,986.96 million and ₹4.53 million as at September 30, 2020 and March 31, 2020, 2019 and 2018, respectively. Our retail deposits (including CASA) as at September 30, 2020 and March 31, 2020, 2019 and 2018 represented 69.18%, 61.23%, 69.35% and 100% of our total deposits, respectively. Our CASA has increased from 0.44% of our total deposits as at March 31, 2018 to 9.75% of our total deposits as at September 30, 2020. Our deposits have enabled us to reduce our Cost of Funds from 11.68% as at March 31, 2018 to 9.12% as at September 30, 2020. Our access to deposits gives us a lower cost of funds compared to some NBFCs and MFIs. For details, see "*- Industry Overview - Comparison of different business models including MFI, SFB and commercial bank*" on page 113.

We are also a corporate agent for third-party life insurance products, general (non-life) insurance products and health insurance products, including COVID-19 insurance products. We also offer point of sales ("**POS**") terminals and Payment Gateway services through our merchant acquiring partners.

In addition to delivering our products and services through Branches and ATMs, we deliver our products and services through business correspondents, ATM cum debit cards, mobile banking platforms, internet banking portals and SMS alerts.

In line with our vision, we have been upgrading our technology platforms. A significant proportion of our sourcing and collections across assets and liabilities are digitalised using mobile tablets, with an emphasis on straight through processing while incorporating fraud and regulatory checks. PAN validation, e-KYC, credit bureau checks supporting multiple bureaus, and AML checks are fully automated using a robust integration layer. Our digital liability account opening platform, DIGIGEN (www.janadigi.com), was launched in April 2020 and provides a fully digital self on-boarding platform for opening accounts DIGIGEN, coupled with our video-KYC platform enables digital only deposit accounts to be opened by our customers. We have also invested in various technologies, infrastructure, and tools to drive data analytics and to convert our data into impactful insights on the behavioural trends of our customers and prospective customers.

The unavailability of currency in circulation resulting from Demonetisation severely affected the repayment of our loans by many of our customers, particularly our group loan customers, which led to a large increase in NPAs and provisions and write-offs for NPAs for the six months ended September 30, 2019 and Fiscal 2019 and 2018, resulting in losses for the six months ended September 30, 2019 and Fiscal 2019 and 2018. For further details, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 241 and 314, respectively. However, the Bank was profitable for the six months ended September 30, 2020 and for the year ended March 31, 2020.

After we were granted the RBI Final Approval to establish and carry on business as a Small Finance Bank on April 28, 2017, we recruited new members into our Key Managerial Personnel who had previously worked at other banks, such as Citibank, HSBC, Standard Chartered Bank, ING Vysya Bank Limited, State Bank of India, RBS, Kotak Mahindra Bank and the RBI, 12 out of 14 of our current Key Managerial Personnel have joined us since April 28, 2017. Since the new members have joined our Key Managerial Personnel team, we have: (a) introduced new credit policies and governance procedures, which led to improved field verification of borrowers, stricter loan eligibility criteria and a reduction in loan sizes and tenures for new borrowers of group loans; (b) increased our focus on collections by building a separate vertical for collections, supported by a specialised contact centre; (c) focussed on increasing our secured advances to reduce the risk of loan losses and growing our agricultural and allied loans advances within the unsecured advances, which has helped to decrease our total gross NPAs as a percentage of gross advances from 42.21% as at March 31, 2018 to 2.72% as at September 30, 2020; and (d) replaced high-cost borrowings with deposits; and (e) focussed on increasing our cost efficiency and operating leverage.

Our Shareholders include TPG, HarbourVest group, Amansa Capital, Morgan Stanley and Hero Ventures. Our Shareholders have shown faith in our Bank and the new management team by supporting our Bank through investing ₹ 3,385.82 million, ₹ 9,362.50 million and ₹ 16,360.00 million in our Bank's equity capital in Fiscals 2020, 2019 and 2018, respectively. Further, our Bank has issued ₹ 1,500.00 million of noncumulative compulsorily convertible preference shares to certain of our Shareholders.

We place a strong emphasis on good corporate governance and six out of our nine Directors are independent Directors.

The following table sets forth certain information relating to our productivity ratios as at and for the periods indicated:

Particulars	As at and for the six months ended		As at and for the year ended		
	September 30, 2020	**September 30, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2018**
Number of employees	15,874	14,393	16,212	15,947	14,931
Number of Branches and Asset Centres	575	592	585	577	494
Number of Branches	483	270	316	219	19
AUM per employee (₹ in millions)	7.10	5.94	6.97	4.09	5.11
AUM per Branch/Asset Centre (₹ in millions)	195.88	144.42	193.14	112.99	154.57
Disbursements per employee (₹ in millions)					

Particulars	As at and for the six months ended		As at and for the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
	1.05	2.94	6.17	3.85	1.68
Disbursements per Branch/Asset Centre (₹ in millions)	28.87	71.45	170.86	106.32	50.92
Deposits per employee (₹ in millions)	6.44	5.21	5.95	2.63	0.00
Deposits per Branch/Asset Centre (₹ in millions)	177.91	126.74	164.99	72.77	0.01
Deposits per Branch (₹ in millions)	211.80	277.89	305.44	191.72	0.24

Significant Factors Affecting Our Financial Condition, Results of Operations and Cash Flows

Our financial condition, results of operations and cash flows have been, and are expected to be influenced by numerous factors. The following factors are of particular importance.

Non-Performing Advances and Provisions and Write-offs for Non-Performing Advances

Our ability to manage the credit quality of our loans, which we measure in part through NPAs, is a key driver of our results of operations. In addition to requiring us to make a provision on standard assets, the RBI requires us to classify and, depending on the duration of non-payment, make a provision on loans that become NPAs, which are further sub-classified as sub-standard, doubtful and loss assets. As the number of our loans that become NPAs increases, the credit quality of our loan portfolio decreases. As a small finance bank, RBI norms require classifying loans that are over 90 days past due as an NPA. For details, see "*Selected Statistical Information – Non-Performing Advances*" on page 160.

As at September 30, 2020 and March 31, 2020, 2019 and 2018, our gross NPAs were ₹2,832.83 million, ₹3,208.04 million, ₹5,225.86 million and ₹31,828.27 million, respectively, and our gross NPAs were 2.72%, 3.16%, 8.08% and 42.21% of gross advances, respectively. As at September 30, 2020 and March 31, 2020, 2019 and 2018, our Net NPAs were ₹852.56 million, ₹1,403.85 million, ₹2,730.80 million and ₹16,708.93 million, respectively, and our Net NPAs were 0.83%, 1.41%, 4.39% and 27.72% of Net Advances, respectively.

For the half years ended September 30, 2020 and 2019, our provision for non-performing assets and bad debts written off was ₹345.06 million and ₹1,491.67 million, respectively, which represented 0.34% and 2.18% of our Average Advances, respectively. For Fiscals 2020, 2019 and 2018, our provision for non-performing assets and bad debts written off was ₹2,304.43 million, ₹13,641.54 million and ₹14,722.14 million respectively, which represented 2.95%, 24.34% and 16.76% of our Average Advances, respectively. On November 8, 2016, the Government announced the demonetisation of all ₹500 and ₹1,000 banknotes and the issuance of new ₹500 and ₹2,000 banknotes in exchange for the demonetised banknotes. The unavailability of currency in circulation resulting from demonetisation severely affected the repayment of our advances by many of our customers, particularly our group loan customers, which led to a large increase in NPAs and provisions and write-offs for NPAs for the half year ended September 30, 2019 and Fiscals 2019 and 2018. These provisions and write-offs were the primary reasons for our net losses. The net loss for the period for the half year ended September 30, 2019 was ₹553.44 million and net loss for the year for Fiscals 2019 and 2018 was ₹19,490.66 million and ₹25,037.95 million, respectively.

Our group loans, agricultural and allied loans, and individual and micro business loans are unsecured and, as such, are at a higher credit risk than secured loans because they are not supported by collateral. Since these advances are unsecured, in the event of defaults by such customers, our ability to realise the amounts due to us would be restricted to initiating legal proceedings for recovery. As at September 30, 2020 and March 31, 2020, 2019 and 2018, our unsecured advances (net of provisions) were ₹69,678.50 million, ₹72,884.34 million, ₹56,022.64 million and ₹59,399.52 million, respectively, which accounted for 68.17%, 73.18%, 90.11%, and 98.53%, of our advances (net of provisions), respectively.

After we were granted the RBI Final Approval to establish and carry on business as an SFB on April 28, 2017, we began recruiting new members into our management committee comprising Key Managerial Personnel. 12 out of 14 of our current Key Managerial Personnel have joined us since April 28, 2017. The new members of Key Managerial Personnel had previously worked at other banks, such as Citibank, HSBC, Standard Chartered Bank, ING Vysya Bank Limited, State Bank of India, RBS, Kotak Mahindra Bank and the RBI. The new members of the Key Managerial Personnel team introduced new credit policies and procedures. This led to improved field verification of borrowers, stricter loan eligibility criteria and a reduction in loan sizes and tenures for new borrowers of group loans. As at September 30, 2020, our gross NPAs for group loans advances disbursed between April 1, 2018 and September 30, 2020 as a percentage of gross group loan advances disbursed between April 1, 2018 and September 30, 2020 was 0.64% compared to our gross NPAs for group loans advances as a percentage of our gross group loan advances of 47.72% as at March 31, 2018.

Since becoming a Small Finance Bank, we focused on increasing our secured advances to reduce the risk of loan losses and on growing our agricultural and allied loans advances within the unsecured advances. This has resulted in a decrease of our total gross NPAs as a percentage of gross advances from 42.21% as at March 31, 2018 to 2.72% as at September 30, 2020. The table below sets forth our gross NPAs for agricultural and allied loans advances as percentage of our agricultural and allied loans advances, our gross NPAs for unsecured advances (which also includes gross agricultural and allied loans advances) as a percentage of gross unsecured advances, our gross NPAs for secured advances as a percentage of secured advances and our total gross NPAs as a percentage of our gross advances as at the dates indicated.

(₹ in million, except percentages)

Particulars	As at September 30, 2020	As at March 31		
		2020	2019	2018
Gross agricultural and allied loans advances [A]	16,597.76[(1)]	19,673.36[(1)]	5,261.53	4,207.25
Gross NPAs of agricultural and allied loans advances [B]	447.65	474.83	384.07	1,131.00
Gross NPAs of agricultural and allied loans advances to gross agricultural and allied loans advances [C = B/A] (%)	**2.70%**	**2.41%**	**7.30%**	**26.88%**
Gross unsecured advances[(2)] [D]	71,517.60	74,544.37	58,456.81	74,501.44
Gross NPAs of unsecured advances[(2)] [E]	2,299.84	2,517.52	4,942.59	31,766.91
Gross NPAs of unsecured advances to gross unsecured advances [(2)] [F = E/D] (%)	**3.22%**	**3.38%**	**8.46%**	**42.64%**
Gross secured advances [G]	32,673.05	26,852.30	6,209.14	899.46
Gross NPAs of secured advances [H]	532.99	690.52	283.28	61.36
Gross NPAs of secured advances to gross secured advances [I = H/G] (%)	**1.63%**	**2.57%**	**4.56%**	**6.82%**
Total gross advances [J]	104,190.65	101,396.67	64,665.96	75,402.59
Total gross NPAs [K]	2,832.83	3,208.04	5,225.86	31,828.27
Gross NPAs to total gross advances [L = K/J] (%)	**2.72%**	**3.16%**	**8.08%**	**42.21%**

Note:

4. *Includes loans purchased under Direct Assignment.*
5. *Agricultural and allied loans advances are unsecured advances and are also included in this line item.*

For details on our gross NPAs by category of advance, see "*Our Business-Asset Products-Analysis of our NPA Portfolio by Category of Advance*" on page 160.

Changes in Interest Rates

Interest rate changes have a significant impact on our profitability. Interest rates are sensitive to many factors, including the RBI's monetary policy, deregulation of the financial services sector in India, domestic and international economic and political conditions and other factors.

In August 2016, the RBI adopted an inflation target of 4% (with an upper limit of 6% and lower limit of 2%) for the next five years under its monetary policy framework. The RBI sets interest rates in an effort to keep inflation within the target range, and Indian banks generally follow the direction of interest rates set by the RBI and adjust both their deposit rates and lending rates upwards or downwards accordingly. The RBI's return to a monetary policy designed to combat inflation and to increase growth has resulted in a decrease in lending rates in line with the declining trend in the inflation.

The following table sets forth the RBI's bank rate, the reverse repo rate and the repo rate as at the dates indicated:

As at	Bank Rate	Reverse Repo Rate	Repo Rate
March 31, 2017	6.75	5.75	6.25
March 31, 2018	6.25	5.75	6.00
March 31, 2019	6.50	6.00	6.25
September 30, 2019	5.65	5.15	5.40
March 31, 2020	4.65	4.00	4.40
September 30, 2020	4.25	3.35	4.00

(*Source: https://www.rbi.org.in/*)

Generally, an increase in interest rates tends to increase our interest earned as a result of higher Yield on Average Advances, however, such an increase can also adversely affect our Yield on Average Advances as a result of a decrease in the volume of advances due to reduced overall demand for advances. In addition, an increase in interest rates increases our Cost of Average Borrowings and can adversely affect our profitability if we are unable to pass on our increased funding costs to our customers. Finally, higher interest rates can increase the risk of default by our customers.

Conversely, a decrease in interest rates can reduce our interest earned as a result of lower yields on our advances. This reduction in interest earned may eventually be offset by an increase in the volume of advances that we make due to increased demand for our advances and/or a decrease in our Cost of Average Borrowings.

Net Interest Income

Our results of operations are substantially dependent upon the amount of our net interest income, which we define as interest income earned less interest expended ("**Net Interest Income**").

Our interest income earned is dependent on:
our average advances and the yield thereon;
our average interest-earning investments and the yield thereon; and
our average interest-earning balance with Reserve Bank of India and other inter-bank funds and the yield thereon;

Our interest expended is dependent on:
our average total deposits and the cost thereon; and
our average borrowings and the cost thereon.

For details, see "*Selected Statistical Information-Average Balance Sheet, Interest Earned/Expended and Yield/Cost*" on page 226.

Average Advances and Yield on Average Advances

Our Average Advances increased by 47.99% from ₹68,307.42 million for the half year ended September 30, 2019 to ₹101,088.82 million for the half year ended September 30, 2020. Our Average Advances decreased by 36.22% from ₹87,851.44 million for Fiscal 2018 to ₹56,034.39 million for Fiscal 2019 and increased by 39.64% to ₹78,247.36 million for Fiscal 2020.

Our non-annualised Yield on Average Advances was 23.09% and 23.18% for the half years ended September 30, 2020 and 2019, respectively. Our Yield on Average Advances was 23.42%, 20.02% and 16.14% for Fiscals 2020, 2019 and 2018, respectively.

The interest rates on our floating rate retail loans made on or after April 1, 2016 and on or before September 30, 2019 were based on our marginal cost of funds based lending rate ("**MCLR**"). With effect from 1 April 2016, RBI guidelines required bank loans in India to be priced by reference to the bank's MCLR. Banks must review and publish their MCLR of different maturities every month. The table below sets forth our Bank's one-month, three-months, six-months and one-year MCLR rates as at the dates indicated:

(Interest rate per annum)

MCLR	As at September 30, 2020	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018
One-month	11.01%	13.45%	14.37%	13.98%
Three-months	10.96%	13.49%	14.41%	14.06%
Six-months	11.10%	13.56%	14.47%	14.14%
One-year	11.47%	13.68%	14.57%	14.34%

The RBI issued a circular on September 4, 2019 making it mandatory for banks to link all floating rate personal or retail loans and floating rate loans to Micro and Small borrowers to an external benchmark with effect from October 1, 2019. Further, the RBI through its circular dated February 26, 2020 mandated that all new floating rate loans to Medium Enterprises extended by banks from April 1, 2020 shall also be linked to an external benchmark. Banks are free to choose one of the several benchmarks indicated in the circular dated September 4, 2019. Banks are also free to choose their spread over the benchmark rate, subject to the condition that the credit risk premium may undergo a change only when a borrower's credit assessment undergoes a substantial change, as agreed upon in the loan contract. The interest rate of external benchmark linked floating rate loans is required be reset at least once in three months. Our floating rate loans are based on the six-month Treasury bill rate. For more details on the interest rates on our advances, see "*Our Business-Asset Products-Loan Pricing*" on page 161.

Average Interest-Earning Investments and Yield on Average Interest-Earning Investments

Scheduled commercial banks are currently required to maintain a SLR equivalent to 18.00% of their net demand and time liabilities to be invested in cash and Government or other RBI-approved securities. As our demand and time liabilities have been increasing, the amount of investments we have held to satisfy the SLR requirement have also increased. Our only interest-earning investments have been Government securities and Treasury bills. Our Average Interest-Earning Investments increased by 59.86% from ₹21,430.08 million for the half year ended September 30, 2019 to ₹34,257.79 million for the half year ended September 30, 2020. Our Average Interest-Earning Investments increased by 9.32% from ₹14,119.85 million for Fiscal 2018 to ₹15,435.40 million for Fiscal 2019 and increased by 50.87% to ₹23,286.67 million for Fiscal 2020.

The non-annualised Yield on Average Interest-Earning Investments was 4.53% and 6.69% for the half years ended September 30, 2020 and 2019, respectively. The Yield on Average Interest-Earning Investments was 6.27%, 6.69% and 6.83% for Fiscals 2020, 2019 and 2018, respectively.

Average Interest-Earning Balances with Reserve Bank of India and other Inter-Bank Funds and the Yield on Average Interest-Earning Balances with Reserve Bank of India and other Inter-Bank Funds

Our Average Interest-Earning Balances with Reserve Bank of India and other Inter-Bank Funds increased by 1078.38% from ₹332.02 million for the half year ended September 30, 2019 to ₹3,912.39 million for the half year ended September 30, 2020. Our Average Interest-Earning Balances with Reserve Bank of India and other Inter-Bank Funds decreased by 61.32% from ₹10,792.70 million for Fiscal 2018 to ₹4,174.43 million for Fiscal 2019 and by 63.80% to ₹1,511.12 million for Fiscal 2020.

The non-annualised Yield on Average Interest-Earning Balances with Reserve Bank of India and other Inter-Bank Funds was 6.03% and 41.06% for the half years ended September 30, 2020 and 2019, respectively. The Yield on Average Interest-Earning Balances with Reserve Bank of India and other Inter-Bank Funds was 8.45%, 6.15% and 3.73% for Fiscals 2020, 2019 and 2018, respectively.

Average Total Deposits and Cost of Average Total Deposits and Average Borrowings and Cost of Average Borrowings

Our interest-bearing liabilities are our deposits and borrowings. The cost of our interest-bearing liabilities depend on many external factors, including competitive factors and developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the inter-bank markets. Internal factors that can affect our Cost of Funds includes changes in our credit ratings, available credit limits and our ability to mobilize low-cost deposits, particularly from retail customers and CASA.

Historically, as an NBFC-MFI, we raised majority of our funding requirements through a combination of term loans from banks and financial institutions and issuance of non-convertible debentures. However, post conversion into an SFB our primary source of funding is our relatively low-cost deposit base, which is primarily derived from retail depositors in India. Our liability products comprise current accounts, savings accounts and term deposits. Our retail deposits (including CASA) as at September 30, 2020 and March 31, 2020, 2019 and 2018 represented 69.18%, 61.23%, 69.35% and 100% of our total deposits, respectively. We have been able to leverage the strength of the "Jana" brand to rapidly grow our deposit portfolio since we commenced operations as a small finance bank on March 28, 2018. We have the fastest growing deposit franchise among the Small Finance Banks and we are the top four in terms of deposit size as at March 31, 2020 among all Small Finance Banks (*Source: IRR Report*). As an NBFC-MFI, we were unable to accept deposits as per applicable laws in India. Since becoming a small finance bank, we have placed a strong emphasis on increasing our retail deposits, as they have lower rate of interest compared to wholesale deposits and they tend to stay deposited with our Bank over a longer period compared to wholesale deposits. In particular, CASA tends to provide a stable and low-cost source of deposits compared to wholesale deposits. Our CASA has increased from 0.44% of our total deposits as at March 31, 2018 to 9.75% of our total deposits as at September 30, 2020.

Our Average Total Deposits increased by 71.72% from ₹57,847.63 million for the half year ended September 30, 2019 to ₹99,338.52 million for the half year ended September 30, 2020. Our Average Total Deposits increased from ₹0.91 million for Fiscal 2018 to ₹17,879.71 million for Fiscal 2019 and by 303.34% to ₹72,116.56 million for Fiscal 2020.

The non-annualised Cost of Average Total Deposits was 8.54% and 8.84%, for the half years ended September 30, 2020 and 2019, respectively, and the Cost of Average Total Deposits was 8.89% and 8.17% and 7.76% for Fiscals 2020, 2019 and 2018, respectively. The non-annualised Cost of Average Savings Bank Deposits was 5.56% and 5.15% for the half years ended September 30, 2020 and 2019, respectively, and the Cost of Average Savings Bank Deposit was 5.76%, 3.83% and 4.74% for Fiscals 2020 2019 and 2018, respectively. The non-annualised Cost of Average Term Deposits was 9.00% and 9.28% for the half years ended September 30, 2020 and 2019, respectively, and the Cost of Average Term Deposits was 9.32%, 8.58% and 7.78% for Fiscals 2020 2019 and 2018, respectively. We do not pay interest on our demand deposits.

Our borrowings comprise borrowing from India, which comprises borrowings from other banks (including subordinated debt (Tier II capital)) and borrowings from other institutions and agencies (including subordinated debt (Tier II capital) and Refinance) and borrowings from outside India, which comprises external commercial borrowings

Our Average Borrowings decreased by 3.29% from ₹34,447.54 million for the half year ended September 30, 2019 to ₹33,313.39 million for the half year ended September 30, 2020. Our Average Borrowings decreased by 43.21% from ₹99,686.49 million for Fiscal 2018 to ₹56,615.47 million for Fiscal 2019 and decreased by 46.39% to ₹30,351.57 million for Fiscal 2020.

The non-annualised Cost of Average Borrowings was 10.85% and 11.47% for the half years ended September 30, 2020 and 2019, respectively. The Cost of Average Borrowings was 11.18%, 11.79% and 11.68% for Fiscals 2020, 2019 and 2018, respectively.

Operating Expenses

The amount of our operating expenses has a bearing on our profit/(loss) for the period/year. Our operating expenses represented 37.10% and 49.69% of total income for the half years ended September 30, 2020 and 2019, respectively, and 48.01%, 82.67% and 91.12% of total income for Fiscals 2020, 2019 and 2018, respectively. Our operating expenses primarily comprise:

- payments to and provisions for employees, which represented 21.59% and 27.84% of total income for the half years ended September 30, 2020 and 2019, respectively, and 25.72%, 44.02% and 42.26% of total income for Fiscals 2020, 2019 and 2018, respectively; and
- other operating expenses, including, among others:
  - rent, taxes and lighting, which represented 3.98% and 5.12% of total income for the half years ended September 30, 2020 and 2019, respectively, and 4.58%, 8.00% and 8.80% of total income for Fiscals 2020, 2019 and 2018, respectively;
  - professional fees, which represented 3.41% and 4.36% of total income for the half years ended September 30, 2020 and 2019, respectively, and 5.93%, 5.99% and 18.03% of total income for Fiscals 2020, 2019 and 2018, respectively; and
  - depreciation on Bank's property (including leased assets), which represented 3.15% and 4.43% of total income for the half years ended September 30, 2020 and 2019, respectively, and 3.82%, 7.26% and 5.26% of total income for Fiscals 2020, 2019 and 2018, respectively.

The Macroeconomic Environment in India

Our financial condition and results of operations, in the past, have been, and will continue to be, significantly affected by factors influencing the Indian economy, which would include any downturn in the global economy. Any slowdown in economic growth in India could adversely affect our ability to grow our asset portfolio, the quality of our assets and our ability to implement our strategies. The Government's monetary policy is heavily influenced by the condition of the Indian economy, and changes in the monetary policy affect the interest rates of our advances and borrowings. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting monetary policy.

In particular, the COVID-19 pandemic and the nation-wide lockdown from March 25, 2020 to May 31, 2020 had an adverse effect on the macroeconomic environment in India. As per provisional estimates released by Ministry of Statistics and Programme Implementation, India's GDP at Constant (2011-12) Prices for the half year ended September 30, 2020 is estimated to have contracted by 15.7% compared to growth of 4.8% during the same period last year and India's GDP at Current Prices for the half year ended September 30, 2020 is estimated to have contracted by 13.3% compared to growth of 7.0% during the same period last year. However, this severe economic downturn has not yet resulted in a material increase in our NPAs due to the RBI's 'COVID-19 Regulatory Packages', which were announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020 (collectively, the "**COVID-19 Regulatory Packages**"), and the interim order passed by the Supreme Court of India in *Gajendra Sharma Vs Union of India & Anr*. For details, see "*-Significant Factors Affecting Our Financial Condition, Results of Operations and Cash Flows-RBI's COVID-19 Regulatory Package and the Supreme Court of India's Interim Order*" on page 320.

For a summary of the recent macroeconomic environment in India, see "*Industry Overview-Overview of Indian Economy*" on page 104.

Changes in Laws, Rules and Regulations or the Introduction of New Laws, Rules and Regulations

We operate in a highly regulated industry and have to adhere to various laws, rules and regulations. For a description of the material laws, rules and regulations applicable to us, see "*Key Regulations and Policies*" on page 177. Any changes in the regulatory environment under which we operate could adversely affect our results of operations and financial condition. In addition, changes in laws and the introduction of new laws applicable to all businesses in India could also adversely affect our results of operations, financial condition and cash flows. The following has adversely affected our financial condition, results of operation and cash flows.

Demonetisation

See "*-Significant Factors Affecting Our Financial Condition, Results of Operations and Cash Flows-Non-Performing Advances and Provisions and Write-offs for Non-Performing Advances"* on page 316 for details.

RBI's COVID-19 Regulatory Package and the Supreme Court of India's Interim Order

Pursuant to the COVID-19 Regulatory Packages, lending institutions, including us, were permitted to grant a moratorium of six months on the payment of all instalments and interest on term loans falling due between March 1, 2020 and August 31, 2020 (the "**Moratorium**"). In respect of accounts classified as standard as at February 29, 2020, even if overdue, the Moratorium period, wherever granted in respect of term loans, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the RBI's Income Recognition and Asset Classification norms. The asset classification for such accounts shall be determined on the basis of revised due dates and the revised repayment schedule.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, we had granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 01, 2020 and May 31, 2020 to all eligible borrowers. In line with the additional Regulatory Package guideline dated May 23, 2020, we have extended the moratorium by another three months on payment of all instalments and/ or interest, as applicable, falling due between June 01, 2020 and August 31, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e., the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The RBI requirement is to provide 10% on the accounts under SMA-0 to SMA-2 bucket by June 30, 2020. As at September 30, 2020, our exposure towards loans in SMA-0 to SMA-2 buckets was ₹1,377.92 million, of which ₹354.25 million was towards fully secured loans. As at September 30, 2020 and March 31, 2020, we had a general provision (including the COVID-19 regulatory provision prescribed by the RBI) of ₹1,100.00 million and ₹89.42 million towards the potential impact of COVID-19, respectively. The provisions held by us as at September 30, 2020 and March 31, 2020 are in excess of the RBI prescribed norms.

The Supreme Court of India in *Gajendra Sharma Vs Union of India & Anr* vide its interim order dated September 3, 2020 has directed banks that accounts that were not declared as NPAs as at August 31, 2020 shall not be declared as NPAs until further orders, pending disposal of the case by the Supreme Court. Pursuant to the order, we have not classified any borrower account that had not been declared as an NPA as at August 31, 2020 as per the RBI's Income Recognition and Asset Classification norms as NPAs after August 31, 2020. Gross advances amounting to ₹243.25 million have crossed the 90 days overdue as at September 30, 2020 and continued to be classified as standard assets. However, if we had classified such borrower accounts as NPAs after August 31, 2020, the corresponding provision for NPAs of ₹60.81 million would have been made in the six months ended September 30, 2020 and as at September 30, 2020:

- our gross NPAs would have been ₹3,076.08 million compared to our actual gross NPAs of ₹2,832.83 million;
- our gross NPAs ratio would have been 2.95% compared to our actual gross NPAs ratio of 2.72%;
- our Net NPAs would have been ₹1,034.97 million compared to our actual Net NPAs of ₹852.56 million; and
- our Net NPAs ratio would have been 1.01% compared to our actual Net NPAs ratio of 0.83%.

The Supreme Court of India in *Small Scale Industrial Manufactures Association (Regd.) vs Union of India and others* vide a judgment dated March 23, 2021 has directed that the interim order granted on September 3, 2020 to not declare the accounts of borrowers as NPAs stands vacated. Moving forward from the date of the judgment on March 23, 2021, our Bank will resume recognizing overdue accounts not previously recognised as NPAs, as NPAs.

Additionally, in the above referenced judgment, the Supreme Court has directed that there shall not be any charge of interest on interest/ compound interest/ penal interest for the period during the Moratorium and any amount already recovered by way of interest on interest/ compound interest/ penal interest shall be refunded to the respective borrowers and to be given credit/adjusted in the next instalment of the loan account. Our Bank awaits further clarity from the RBI on this judgement before we assess its potential effect on our financial condition and results of operations.

On August 6, 2020, the RBI issued a circular that permits lenders to implement a resolution plan, along with asset classification benefits, for eligible corporate and individual borrower segments. Lenders have to ensure that the resolution facility is provided only to borrowers impacted by COVID-19. The resolution facility is applicable for accounts classified as standard and not in default for more than 30 days as at March 1, 2020. The resolution plan has to be finalized by December 31, 2020, and implemented within 180 days from the date of invocation. Restructuring of loans has also been allowed for micro, small and medium enterprises for accounts classified as standard as at March 1, 2020. The RBI has vide circular dated September 7, 2020 issued certain financial parameters to be mandatorily considered by lenders while finalizing the resolution plan in respect of eligible borrowers. As at September 30, 2020, out of a total of ₹104,190.65 million of our gross advances outstanding, ₹443.73 million, or 0.43%, were restructured under the MSME scheme.

As per the RBI's directions, interest accrues on the outstanding portion of the term loans during the Moratorium period. Litigation challenging the accrual of interest during the Moratorium period on principal repayments and interest payments is pending before the Supreme Court of India. In the event that the final decision does not permit banks to charge interest for the Moratorium period, we would lose a significant amount of interest income.

On October 23, 2020, the Government announced a scheme for the grant of ex-gratia payments to borrowers of certain categories of loans where the sanctioned limit and outstanding amount does not exceed ₹20 million as at February 29, 2020, irrespective of whether they opted for the Moratorium or not (aggregate of all facilities with the lender) of the difference between compound interest and simple interest charged on those loans for the period March 1, 2020 to August 31, 2020. The scheme involves the lenders crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 to the accounts of such borrowers and the Government paying such credited amounts to the lenders.

On May 23, 2020, the Government introduced the Emergency Credit Line Guaranteed Scheme (ECLGS) for providing 100% guarantee coverage for additional working capital term loans (in case of Banks and FIs) and additional term loans (in case of NBFCs) up to 20% of their entire outstanding credit as of February 29, 2020 to the eligible borrowers. Eligible borrowers means all Business Enterprises/MSME institution borrower accounts with outstanding loans of up to ₹ 250.00 million as on February 29, 2020 and annual turnover of up to ₹ 1,000.00 million in Fiscal year 2020, subject to the account being less than or equal to 60 days past due as on February 29, 2020.

Interest rate on ECLGS shall be lending rate linked to external benchmark rates prescribed by RBI+1%, subject to maximum of 9.25% per annum.

In addition to the matters set forth above, COVID-19 and the lockdown and restrictions had the following material adverse effects on our business, financial condition, results of operations and cash flows:

- a decrease in Collection Efficiency (which was also due to the Moratorium);
- a decrease of disbursements of loans; and
- a decrease in the rate of growth of our deposits.

While our Branches and Asset Centres were exempt from the nation-wide lockdown except in the COVID-19 red zones, they were operational as per the timings prescribed by the local authorities. To ensure health and safety of our employees, the staff at the Branches were rotated on a periodic basis. The collection of the repayment amounts of our group loans, agricultural and allied loans and individual & micro business loans is carried out by our employees collecting the cash from the borrowers at their homes or business premises. In addition, our employees on the ground are primarily responsible for sourcing borrowers for these loans. Due to the nation-wide lockdown, the collection and disbursement activities for these loans were almost stopped entirely during the month of April and was severely curtailed in May 2020. Effective June 1, 2020, loan collection and disbursement activities for these loans started functioning again in most of the centres, except in the some areas where the effect of COVID-19 was severe and the respective state governments imposed restrictions on various activities. As at February 28, 2021, some areas were subject to lockdowns.

Set forth below is a table showing collections of advances and collection efficiency by unsecured advances and secured advances, which includes advances covered by bank/government guarantees ("**Secured Advances**") for the half years ended September 30, 2020 and 2019 and the percentage increase/(decrease) in collections of advances from the half year ended September 30, 2019 compared to the half year ended September 30, 2020. Collection efficiency is calculated as the aggregate loan amounts collected in the relevant period divided by the total amount of demand due for collection (had there been no Moratorium) in such period and is expressed as a percentage ("**Collection Efficiency**"). The collection and demand due excludes the prepayments and gold loans.

(₹ in millions, except percentages)

	April 2020		**May 2020**		**June 2020**	
Particulars	**Amount**	**Collection Efficiency %**	**Amount**	**Collection Efficiency %**	**Amount**	**Collection Efficiency %**
Secured Advances	196.73	36.94%	187.48	38.88%	276.58	53.31%
Unsecured advances	306.32	4.81%	1,037.98	16.65%	3,248.65	49.52%
Total	**503.04**	**7.29%**	**1,225.47**	**18.25%**	**3,525.22**	**49.80%**
	July 2020		**August 2020**		**September 2020**	
Particulars	**Amount**	**Collection Efficiency %**	**Amount**	**Collection Efficiency %**	**Amount**	**Collection Efficiency %**
Secured Advances	386.04	69.66%	372.07	67.21%	542.24	97.75%
Unsecured advances	3,614.38	55.72%	3,948.07	61.63%	5,584.60	89.55%
Total	**4,000.42**	**56.82%**	**4,320.14**	**62.07%**	**6,126.84**	**90.22%**

Set forth below is a table showing disbursements by unsecured advances and secured advances for the half years ended September 30, 2020 and 2019 and the percentage increase/(decrease) from the prior period.

(₹ in million, except percentages)

Particulars	**Half year ended September 30, 2020**	**% increase / (decrease)**	**Half year ended September 30, 2019**
Secured advances	11,646.84	19.72%	9,728.22
Unsecured advances	4,954.56	(84.79)%	32,572.83
Total	**16,601.40**	**(60.75)%**	**42,301.05**

The following table sets forth, as at the dates indicated, deposits by each category of deposit and the percentage increase/(decrease) from the prior balance sheet date. As shown in the table below, there was an increase in our total deposits. However, the rate of growth of our deposits decreased from an increase of 28.64% from September 30, 2019 to March 31, 2020, to an increase of 5.99% from March 31, 2020 to September 30, 2020.

(₹ in million, except percentages)

Particulars	**As at September 30, 2020**	**% increase / (decrease)**	**As at March 31, 2020**	**% increase / (decrease)**	**As at September 30, 2019**
Demand Deposits	3,914.12	41.17	2,772.72	64.11	1,689.57
Savings Bank Deposits	6,059.34	38.78	4,366.03	9.34	3,993.13
Term Deposits	92,325.63	3.29	89,380.72	28.89	69,347.83
Of which:					

Particulars	As at September 30, 2020	% increase / (decrease)	As at March 31, 2020	% increase / (decrease)	As at September 30, 2019
Retail deposits	*60,794.84*	*16.99*	*51,964.14*	*20.19*	*43,236.46*
Wholesale deposits	*31,530.79*	*(15.73)*	*37,416.58*	*43.30*	*26,111.37*
Total	**102,299.09**	**5.99**	**96,519.47**	**28.64**	**75,030.53**

Increase in Product Offerings

As we believe our customers prefer a single source for multiple financial services, our business model is centred on building a 'one-stop shop' to cater for our customers' different financial needs. We have introduced several new products and services since April 1, 2017, such as gold loans in Fiscal 2018, Affordable housing loans and loans against fixed deposits and distribution of insurance products as a corporate agent in Fiscal 2019. We started making term loans to NBFC in Fiscal 2020. Set forth below is a table showing the income from the above referenced products and services and such income as a percentage of our total income for the periods stated below.

Particulars	Six months ended September 30, 2020		Six months ended September 30, 2019		Fiscal 2020		Fiscal 2019		Fiscal 2018	
	Amount (₹ in millions)	% of Total Income	Amount (₹ in millions)	% of Total Income	Amount (₹ in millions)	% of Total Income	Amount (₹ in millions)	% of Total Income	Amount (₹ in millions)	% of Total Income
Gold loans	347.52	2.60%	70.35	0.65%	190.05	0.78%	41.26	0.30%	2.19	0.01%
Affordable housing loans	472.16	3.54%	112.12	1.03%	532.99	2.20%	10.99	0.08%	-	0.00%
Loans against fixed deposits	112.82	0.85%	84.06	0.77%	216.72	0.89%	32.83	0.24%	-	0.00%
Distribution of insurance products as a corporate agent	63.91	0.48%	43.99	0.40%	111.73	0.46%	11.94	0.09%	-	0.00%
Term loans to NBFC	100.48	0.75%	5.44	0.05%	81.13	0.33%	1.62	0.01%	-	0.00%
Total	**1,096.88**	**8.22%**	**315.96**	**2.91%**	**1,132.62**	**4.67%**	**98.64**	**0.72%**	**2.19**	**0.01%**

In addition, we launched two-wheeler loans to our customers in December 2020 and rolled out supply chain finance in December 2020**.**

Unrecognised Deferred Tax Assets

As at September 30, 2020, we had a net deferred tax asset of ₹10,263.16 million, which has not been recognised but which will be available to offset tax on future taxable income. Even though we made a profit for the period of ₹824.35 million for the half year ended September 30, 2020 and a profit for the year of ₹301.32 million for the year ended March 31, 2020, our current taxes and deferred taxes were nil for both periods, as the tax amounts were offset by unrecognised deferred tax assets.

Competition

The Indian finance industry is intensely competitive. We face intense competition in all our principal products and services.

There are multiple players in the microfinance sector with varied organisational structures. Loans in the microfinance sector are provided by Universal banks, Small Finance Banks, NBFC-MFIs, other non-banking finance companies, and non-profit organisations. Banks provide loans under the Self-Help Group and Joint Liability Group model. However, they also give microfinance loans directly or through business correspondents to meet their priority-sector lending targets. NBFC-MFIs and non-profit MFIs are the only two players with loan portfolios exclusively focused towards microfinance. (*Source: IRR Advisory's Report*). For more details, see "*Risk Factors – 19. We face intense competition in all our principal products and services and if we are unable to compete effectively it would adversely affect our business, financial condition, results of operations and cash flows.*" and "*Our Business – Competition*" on pages 37 and 175, respectively.

Auditors' Qualifications, Reservations and Adverse Remarks

There are no reservations, qualifications or adverse remarks highlighted by the respective auditors in their audit reports on our audited financial statements as at and for the half years ended September 30, 2020 and 2019 and as at and for the years ended March 31, 2020, 2019 and 2018.

Our Statutory Auditors have included emphasis of matters in their audit reports on our financial statements as at and for the half year ended September 30, 2020 and as at and for the year ended March 31, 2020 noting that there are changes in customer behavior and pandemic fears, as well as restrictions on business and individual activities, which has led to significant volatility in global and Indian financial markets. The extent to which the COVID-19 Pandemic will continue to impact the Bank's operations and financial results will depend on future developments, which are highly uncertain. The Statutory Auditors' opinions have not been modified in respect of this matter.

Critical Accounting Policies

The preparation of our financial statements requires our management to make use of estimates and judgments. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years/periods could differ from those on which the management's estimates are based. The notes to the Restated Financial Statements in "*Financial Information- Annexure 22: Significant Accounting Policies appended to and forming part of the restated summary statements*" on page 262 contain a summary of our significant accounting policies. Certain of these policies are critical to the portrayal of our financial condition and results of operations, since they require management to make subjective judgments, some of which may relate to matters that are inherently uncertain. Below is a discussion of these critical accounting policies:

Revenue Recognition

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 NPAs, which is recognized upon realization, as per the prudential norms prescribed by the RBI. Unrealized Interest on NPAs is reversed in the Profit and Loss Account and is recognized only on a receipt basis.

Penal interest is recognized on realization.

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.

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

Dividends are accounted on an accrual basis where the right to receive the dividend is established.

Interest income 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.

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

Investments

Classification

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

The transactions in securities are recorded on "Settlement Date" of accounting, except in the case of equity shares where trade date accounting is followed.

Basis of classification

Investments that our Bank intends to hold till maturity are classified as HTM.

Investments that are held principally for resale within 90 days from the date of purchase are classified as HFT.

Investments, which are not classified in the above two categories, are classified as AFS. Further, as per the RBI guidelines, HFT securities which remain unsold for a period of 90 days are reclassified as AFS securities.

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 a 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.

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.

Repurchase and reverse repurchase transactions

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

Advances Classification and Provisioning

Classification

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

Non-performing advances are written-off in accordance with our Bank's policies. Amounts recovered against debts written-off are recognised in the Profit and Loss account as "Miscellaneous income" under other income.

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

Our 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".

Our 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 our Bank is reduced from advances. In case of participation with non-risk sharing, the aggregate amount of participation is classified as borrowings.

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

Floating Provisions

Provisions made in excess of our 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 our 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".

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. Our 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. Our 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.

Fixed Assets and Depreciation

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

Depreciation on fixed assets 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 fully over the useful life of the software based on the license validity or five years, whichever is earlier.

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

Changes in Critical Accounting Polices

Our accounting policies for the six months ended September 30, 2020 have been applied for all periods/years covered in the Restated Financial Statements. Therefore, there have been no changes in our critical accounting policies for all periods/years covered in the Restated Financial Statements.

Components of our Profit and Loss Account

Income

Our income consists of interest earned and other income.

- Interest earned comprises (a) interest/discount on advances/bills, (b) income on investments (which consists of government securities, (c) interest on balances with the Reserve Bank of India and other inter-bank funds, and (d) others.

- Our other income comprises (a) commission, exchange and brokerage, (b) profit/(loss) on sale of investments (net), (c) profit/(loss) on sale of land, buildings and other assets (net) and (d) miscellaneous income, including recoveries from written off accounts.

Expenditure

Our total expenditure comprises (a) interest expended, (b) operating expenses and (c) provisions and contingencies.

- Our interest expended comprises (a) interest on deposits and (b) interest on Reserve Bank of India/ inter-bank borrowing and (c) others (including interest on debentures and other borrowings).

- Our operating expenses primarily comprise (a) payments to and provisions for employees, (b) rent, taxes and lighting, (c) professional fee (which includes cost incurred for outsourcing of technology and operations support services), (d) depreciation on Bank's property (including leased assets), (e) repairs and maintenance, (f) advertisement and publicity (h) travel and conveyance and (i) other expenditure, which includes collection costs.

- Our provisions and contingencies comprise (a) provision for non-performing assets and bad debts written off, (b) provision for standard assets/ (write back of provisions), (c) provisions towards income tax/ (write back of provisions), (d) deferred tax charge/ (credit), and (e) other provisions and contingencies/ (write back of other provisions and contingencies), which includes provision/ (write back of provision) for frauds.

Results of Operations

Half Year ended September 30, 2020 Compared to Half Year ended September 30, 2019

The following table sets forth a summary of our summary statement of profit and loss for the half years ended September 30, 2020 and 2019:

	Half year ended September 30,			
	2020		2019	
	Amount (₹ in millions)	% of Total Income	Amount (₹ in millions)	% of Total Income
Income:				
Interest Earned	12,565.15	94.16	8,726.68	80.32
Other Income	780.02	5.84	2,138.61	19.68
Total	**13,345.17**	**100.00**	**10,865.29**	**100.00**
Expenditure:				

	Half year ended September 30,			
	2020		2019	
	Amount (₹ in millions)	% of Total Income	Amount (₹ in millions)	% of Total Income
Interest Expended	6,158.88	46.15	4,543.92	41.82
Operating Expenses	4,951.45	37.10	5,399.31	49.69
Provisions and Contingencies	1,410.49	10.57	1,475.50	13.58
Total	**12,520.82**	**93.82**	**11,418.73**	**105.09**
Net profit/(loss) for the period	**824.35**	**6.18**	**(553.44)**	**(5.09)**

Total Income

Our total income increased by ₹2,479.88 million, or 22.82%, to ₹13,345.17 million for the half year ended September 30, 2020 from ₹10,865.29 million for the half year ended September 30, 2019 as a result of a ₹3,838.47 million, or 43.99%, increase in interest earned, which was partially offset by a ₹1,358.59 million, or 63.53%, decrease in other income.

Interest Earned

The table set forth below shows details in relation to our interest earned for the half years ended September 30, 2020 and September 30, 2019.

(₹ in million, except percentages)

Particulars	Half year ended September 30, 2020	Half year ended September 30, 2019	% increase /(decrease)
Interest/discount on advances/bills [(1)]	11,671.67	7,939.74	47.00
Income on investments	775.61	718.59	7.93
Interest on balances with Reserve Bank of India and other inter-bank funds	117.86	68.33	72.49
Others	0.01	0.02	(50.00)
Total	**12,565.15**	**8,726.68**	**43.99**

Note:

6. *Includes interest recoveries from technically written off accounts.*

Our interest earned increased by ₹3,838.47 million, or 43.99%, to ₹12,565.15 million for the half year ended September 30, 2020 from ₹8,726.68 million for the half year ended September 30, 2019. The primary reasons for this increase are discussed below.

- Interest/discount on advances/bills increased by ₹3,731.93 million, or 47.00%, to ₹11,671.67 million for the half year ended September 30, 2020 from ₹7,939.74 million for the half year ended September 30, 2019. This increase was primarily due to a ₹32,781.40 million, or 47.99%, increase in Average Advances to ₹101,088.82 million for the half year ended September 30, 2020 from ₹68,307.42 million for the half year ended September 30, 2019. This increase was partially offset by a decrease in the non-annualised Yield on Average Advances to 23.09% for the half year ended September 30, 2020 from 23.18% for the half year ended September 30, 2019.

- Income on investments increased by ₹57.02 million, or 7.93%, to ₹775.61 million for the half year ended September 30, 2020 from ₹718.59 million for the half year ended September 30, 2019. This increase was primarily due to a 59.86% increase in Average Interest-Earning Investments to ₹34,257.79 million for the half year ended September 30, 2020 from ₹21,430.08 million for the half year ended September 30, 2019. This increase was partially offset by a decrease in the non-annualised Yield on Average Interest-Earning Investments to 4.53% for the half year ended September 30, 2020 from 6.69% for the half year ended September 30, 2019.

- Interest on balances with Reserve Bank of India and other inter-bank funds increased by ₹49.53 million, or 72.49%, to ₹117.86 million for the half year ended September 30, 2020 from ₹68.33 million for the half year ended September 30, 2019. This increase was primarily due to a ₹3,580.37 million, or 1,078.38%, increase in Average Interest-Earning Balance with Reserve Bank of India and other inter-bank funds to ₹3,912.39 million for the half year ended September 30, 2020 from ₹332.02 million for the half year ended September 30, 2019. This increase was partially offset by a decrease in the non-annualised Yield on Average Balances with Reserve Bank of India and other inter-bank funds to 6.03% for the half year ended September 30, 2020 from 41.06% for the half year ended September 30, 2019.

Other Income

The table set forth below shows details in relation to our other income for the half years ended September 30, 2020 and September 30, 2019.

(₹ in million, except percentages)

Particulars	Half year ended September 30, 2020	Half year ended September 30, 2019	% increase /(decrease)	Recurring / Non-recurring
Commission, exchange and brokerage	353.74	993.35	(64.39)	Recurring
Profit on sale of investments (net)	148.91	25.12	492.79	Recurring
Profit / (loss) on sale of land, buildings and other assets (net)	(19.21)	(5.21)	268.71	Non-Recurring
Miscellaneous income	296.58	1,125.35	(73.65)	Recurring
Of which:				
Recoveries from written off accounts	*256.21*	*1,092.32*	(76.54)	*Recurring*
Lease income	*36.23*	*36.23*	0.00	*Recurring*
Total	**780.02**	**2,138.61**	**(63.53)**	

Our other income decreased by ₹1,358.59 million, or 63.53%, to ₹780.02 million for the half year ended September 30, 2020 from ₹2,138.61 million for the half year ended September 30, 2019. The primary reasons for this decrease are discussed below:

- Our miscellaneous income decreased by ₹828.77 million, or 73.65% to ₹296.58 million for the half year ended September 30, 2020 from ₹1,125.35 million for the half year ended September 30, 2019. This decrease was due to a ₹836.11 million, or 76.54%, decrease in recoveries from written off accounts to ₹256.21 million for the half year ended September 30, 2020 from ₹1,092.32 million for the half year ended September 30, 2019. The unavailability of currency in circulation resulting from demonetisation severely affected the repayment of our advances by many of our customers, particularly our group loan customers, which led to a large increase in NPAs and provisions and write-offs for NPAs for the half year ended September 30, 2019 and Fiscal 2019 and 2018. We made write-offs for NPAs of ₹1,945.96 million for the half year ended September 30, 2019 and ₹26,432.80 million and ₹1,606.37 million for Fiscals 2019 and 2018, respectively. Although we wrote off these advances, a large number of the borrowers repaid amounts due on these advances.

- Our income from commissions, exchanges and brokerage income decreased by ₹639.61 million, or 64.39% to ₹353.74 million for the half year ended September 30, 2020 from ₹993.35 million for the half year ended September 30, 2019. This decrease was primarily due to a ₹600.65 million, or 74.98%, decrease in processing fees on advances to ₹200.42 million for the half year ended September 30, 2020 from ₹801.07 million for the half year ended September 30, 2019, which was primarily due to decrease in disbursements by ₹25,699.66 million, or 60.75%, which was primarily due to the nationwide lockdown and related restrictions implemented because of the COVID-19 pandemic.

The above decreases were partially offset by, among others, a ₹123.79 million, or 492.79%, increase in profit on sale of investments (net) to ₹148.91 million for the half year ended September 30, 2020 from ₹25.12 million for the half year ended September 30, 2019. This increase was primarily due to the profit on the sale of government securities and treasury bills.

Total Expenditure

Our total expenditure increased by ₹1,102.09 million, or 9.65%, to ₹12,520.82 million for the half year ended September 30, 2020 from ₹11,418.73 million for the half year ended September 30, 2019. The primary reasons for this increase are discussed below.

Interest Expended

The table set forth below shows details in relation to our interest expended for the half years ended September 30, 2020 and September 30, 2019.

(₹ in million, except percentages)

Particulars	Half year ended September 30, 2020	Half year ended September 30, 2019	% increase /(decrease)
Interest on deposits (A)	4,241.14	2,563.00	65.48
Interest on Reserve Bank of India/inter-bank borrowings (i)	886.26	728.52	21.65
Others (including interest on debentures and other borrowings) (ii)	1,031.48	1,252.40	(17.65)
Interest on total borrowings (i)+(ii)=(B)	***1,917.74***	***1,980.92***	***(3.19)***
Total (A)+(B)	**6,158.88**	**4,543.92**	**35.54**

Our interest expended increased by ₹1,614.96 million, or 35.54%, to ₹6,158.88 million for the half year ended September 30, 2020 from ₹4,543.92 million for the half year ended September 30, 2019. The reasons for this increase are discussed below:

- Interest on deposits increased by ₹1,678.14 million, or 65.48%, to ₹4,241.14 million for the half year ended September 30, 2020 from ₹2,563.00 million for the half year ended September 30, 2019, which was primarily due to a 71.72% increase in Average Total Deposits to ₹99,338.52 million for the half year ended September 30, 2020 from ₹57,847.63 million for the half year ended September 30, 2019, which was partially offset by a decrease in the non-annualised Cost of Average Total Deposits from 8.54% for the half year ended September 30, 2019 to 8.84% for the half year ended September 30, 2020.

- Interest on total borrowings decreased by ₹63.18 million, or 3.19%, to ₹1,917.74 million for the half year ended September 30, 2020 from ₹1,980.92 million for the half year ended September 30, 2019. This decrease was primarily due to decrease in the non-annualised cost of average borrowings from 11.47% for the half year ended September 30, 2019 to 10.85% for the half year ended September 30, 2020 and decrease in total average borrowing by ₹1,134.15 million, or 3.29%, to ₹33,313.39 million for the half year ended September 30, 2020 from ₹34,447.54 million for the half year ended September 30, 2019.

Operating Expenses

The table set forth below shows details in relation to our operating expenses for the half years ended September 30, 2020 and September 30, 2019.

(₹ in million, except percentages)

Particulars	Half year ended September 30, 2020	Half year ended September 30, 2019	% increase /(decrease)
Payments to and provisions for employees	2,880.61	3,024.42	(4.75)
Rent, taxes and lighting	531.24	555.77	(4.41)
Printing and stationery	14.96	44.39	(66.30)
Advertisement and publicity	128.51	20.55	525.35
Depreciation on Bank's property (including leased assets)	420.46	481.80	(12.73)
Directors' fees, allowances and expenses	1.99	1.50	32.67
Auditors' fees and expenses	5.15	8.26	(37.65)
Law charges	11.93	29.76	(59.91)
Postage, courier, telephones etc.	95.20	137.68	(30.85)
Repairs and maintenance	189.83	210.83	(9.96)
Insurance	61.39	28.93	112.20
Travel and conveyance	75.27	196.31	(61.66)
Professional fees	455.51	473.61	(3.82)
Other expenditure	79.40	185.50	(57.20)
Of which:			
Collection expenses	*10.87*	*68.55*	*(84,14)*
Total	**4,951.45**	**5,399.31**	**(8.29)**

Our operating expenses decreased by ₹447.86 million, or 8.29%, to ₹4,951.45 million for the half year ended September 30, 2020 from ₹5,399.31 million for the half year ended September 30, 2019. The primary reasons for this decrease are discussed below.

- Payments to and provisions for employees decreased by ₹143.81 million, or 4.75%, to ₹2,880.61 million for the half year ended September 30, 2020 from ₹3,024.42 million for the half year ended September 30, 2019, which was primarily due to a reduction in incentive cost.

- Travel and conveyance decreased by ₹121.04 million, or 61.66%, to ₹75.27 million for the half year ended September 30, 2020 from ₹196.31 million for the half year ended September 30, 2019, which was primarily due to COVID-19 pandemic restrictions, moratorium and limited disbursements for the half year ended September 30, 2020.

- Other expenditure decreased by ₹106.10 million, or 57.20%, to ₹79.40 million for the half year ended September 30, 2020 from ₹185.50 million for the half year ended September 30, 2019, which was primarily due to reduction in collection expenses by ₹57.68 million and loan sourcing commission by ₹31.90 million.

- Depreciation on Bank's property (including leased assets) decreased by ₹61.34 million, or 12.73%, to ₹420.46 million for the half year ended September 30, 2020 from ₹481.80 million for the half year ended September 30, 2019

The above decreases were partially offset by, among other things, a ₹107.96 million, or 525.35%, increase in advertisement and publicity to ₹128.51 million for the half year ended September 30, 2020 from ₹20.55 million for the half year ended September 30, 2019, which was primarily due to the launch of our "Jana Karo, Jama Karo" (which translates as "Do Deposits, Do Jana") campaign in September 2020.

Provisions and Contingencies

The table set forth below shows details in relation to our provisions and contingencies for the half years ended September 30, 2020 and September 30, 2019.

(₹ in million, except percentages)

Particulars	Half year ended September 30, 2020	Half year ended September 30, 2019	% increase /(decrease)
Provision for non-performing assets and bad debts written off	345.06	1,491.67	(76.87)
Provision for standard assets	1,052.92	60.36	(1,644.40)
Other provision and contingencies / (write back of other provisions and contingencies)	12.51	*(76.53)*	N.C.
Of which:			
Provision/(write back of provision) for frauds	*11.51*	*(76.53)*	*N.C.*
Provision for others	*1.00*	-	*N.C.*
Sub Total	***1,410.49***	***1,475.50***	***(4.41)***
Provision towards income tax	-	-	-
Deferred tax charge / (credit)	-	-	-
Total	**1,410.49**	**1,475.50**	**(4.41)**

Note: *N.C. means not comparable.*

Our provisions and contingencies decreased by ₹65.01 million, or 4.41%, to ₹1,410.49 million for the half year ended September 30, 2020 from ₹1,475.50 million for the half year ended September 30, 2019. The primary reasons for this decrease was that the provision for non-performing assets and bad debts written off decreased by ₹1,146.61 million, or 76.87%, to ₹345.06 million for the half year ended September 30, 2020 from ₹1,491.67 million for the half year ended September 30, 2019. The primary reasons for this decrease was our bad debts written off decreased to ₹169.09 million for the half year ended September 30, 2020 from ₹1,945.96 million for the half year ended September 30, 2019, which was partially offset by our provision for non-performing assets of ₹175.97 million for the half year ended September 30, 2020 compared to a write back of provisions for non-performing assets of ₹454.24 million for the half year ended September 30, 2019. This decrease was partially offset by the following:

- Provision for standard assets increased by ₹992.56 million, or 1,644.40%, to ₹1,052.92 million for the half year ended September 30, 2020 from ₹60.36 million for the half year ended September 30, 2019. The primary reason for this increase was that we made a general provision (including the COVID-19 regulatory provision prescribed by the RBI) of ₹1,010.58 million towards the potential impact of COVID-19 for the half year ended September 30, 2020 compared to nil for the half year ended September 30, 2019.

- Provision for frauds was ₹11.51 million for the half year ended September 30, 2020 compared to a write back of provision for frauds of ₹76.53 million for the half year ended September 30, 2019.

Although our profit before taxes for the half year ended September 30, 2020 was ₹824.35 million, we did not make a provision towards income or a deferred tax charge as we had unrecognised deferred tax assets to offset against the tax payable for the period. As at September 30, 2020, we had a net deferred tax asset of ₹10,263.16 million, which has not been recognised but which will be available to offset tax on future taxable income.

Net Profit/(Loss) for the Period

As a result of the above, our net profit for the period was ₹824.35 million for the half year ended September 30, 2020 compared to our net loss for the period of ₹553.44 million for the half year ended September 30, 2019.

Fiscal 2020 Compared to Fiscal 2019

The following table sets forth a summary of our restated summary statement of profit and loss for Fiscals 2020 and 2019:

	Fiscal 2020		Fiscal 2019	
	Amount (₹ in millions)	**% of Total Income**	**Amount (₹ in millions)**	**% of Total Income**
Income:				
Interest Earned	19,915.19	82.13	12,505.39	91.40
Other Income	4,332.47	17.87	1,177.29	8.60
Total Income	**24,247.66**	**100.00**	**13,682.68**	**100.00**
Expenditure:				
Interest Expended	9,801.48	40.42	8,136.30	59.46

	Fiscal 2020		Fiscal 2019	
	Amount (₹ in millions)	% of Total Income	Amount (₹ in millions)	% of Total Income
Operating Expenses	11,640.80	48.01	11,311.95	82.67
Provisions and Contingencies	2,504.06	10.33	13,725.09	100.31
Total	**23,946.34**	**98.76**	**33,173.34**	**242.45**
Net Profit/(loss) for the year	**301.32**	**1.24**	**(19,490.66)**	**(142.45)**

Total Income

Our total income increased by ₹10,564.98 million, or 77.21%, to ₹24,247.66 million for Fiscal 2020 from ₹13,682.68 million for Fiscal 2019 as a result of a ₹7,409.80 million, or 59.25%, increase in interest earned and a ₹3,155.18 million, or 268.00%, increase in other income.

Interest Earned

The table set forth below shows details in relation to our interest earned for Fiscal 2020 and Fiscal 2019.

(₹ in million, except percentages)

Particulars	Fiscal 2020	Fiscal 2019	% increase /(decrease)
Interest/discount on advances/bills(1)	18,327.97	11,216.81	63.40
Income on investments	1,459.58	1,031.99	41.43
Interest on balances with Reserve Bank of India and other inter-bank funds	127.62	256.59	(50.26)
Others	0.02	-	N.C.
Total	**19,915.19**	**12,505.39**	**59.25**

Notes:

1. Includes interest recoveries from technically written off accounts.

N.C. means not comparable.

Our interest earned increased by ₹7,409.80 million, or 59.25%, to ₹19,915.19 million for Fiscal 2020 from ₹12,505.39 million for Fiscal 2019. The primary reasons for this increase are discussed below.

- Interest/discount on advances/bills increased by ₹7,111.16 million, or 63.40%, to ₹18,327.97 million for Fiscal 2020 from ₹11,216.81 million for Fiscal 2019. This increase was primarily due to a ₹22,212.97 million, or 39.64%, increase in Average Advances to ₹78,247.36 million for Fiscal 2020 from ₹56,034.39 million for Fiscal 2019 and increase in the Yield on Average Advances to 23.42% for Fiscal 2020 from 20.02% for Fiscal 2019.

- Income from investments increased by ₹427.59 million, or 41.43%, to ₹1,459.58 million for Fiscal 2020 from ₹1,031.99 million for Fiscal 2019. This increase was primarily due to a ₹7,851.27 million, or 50.87%, increase in Average Interest-Earning Investments to ₹23,286.67 million for Fiscal 2020 from ₹15,435.40 million for Fiscal 2019, which was partially offset by a decrease in the Yield on Average Interest-Earning Investments to 6.27% for Fiscal 2020 from 6.69% for Fiscal 2019.

The above increases were partially offset by a ₹128.97 million, or 50.26%, decrease in interest on balances with Reserve Bank of India and other inter-bank funds to ₹127.62 million for Fiscal 2020 from ₹256.59 million for Fiscal 2019. This decrease was primarily due to a ₹2,663.31 million, or 63.60%, decrease in Average other Inter-Bank Funds to ₹1,511.12 million for Fiscal 2020 from ₹4,174.43 million for Fiscal 2019.

Other Income

The table set forth below shows details in relation to our other income for Fiscal 2020 and Fiscal 2019.

(₹ in million, except percentages)

Particulars	Fiscal 2020	Fiscal 2019	% increase / (decrease)	Recurring / Non-recurring
Commission, exchange and brokerage	2,359.59	781.39	201.97	Recurring
Profit on sale of investments (net)	230.48	75.80	204.06	Recurring
Profit / (loss) on sale of land, buildings	(28.39)	(48.20)	(41.10)	Non-Recurring

Particulars	Fiscal 2020	Fiscal 2019	% increase / (decrease)	Recurring / Non-recurring
and other assets (net)				
Miscellaneous income	1,770.79	368.30	380.80	Recurring
Of which:				
PSLC income	*1.00*	*160.55*	*(99.38)*	*Recurring*
Recoveries from written off accounts	*1,697.01*	*139.58*	*1,115.80*	*Recurring*
Lease income	*72.46*	*62.73*	*15.51*	*Recurring*
Total	**4,332.47**	**1,177.29**	**268.00**	

Our other income increased by ₹3,155.18 million, or 268.00%, to ₹4,332.47 million for Fiscal 2020 from ₹1,117.29 million for Fiscal 2019. The primary reasons for this increase are discussed below.

- Our miscellaneous income increased by ₹1,402.49 million, or 380.80% to ₹1,770.79 million for Fiscal 2020 from ₹368.30 million for Fiscal 2019. This increase was primarily due to a ₹1,557.43 million increase in recoveries from written off accounts to ₹1,697.01 million for Fiscal 2020 from ₹139.58 million for Fiscal 2019. The unavailability of currency in circulation resulting from demonetisation severely affected the repayment of our advances by many of our customers, particularly our group loan customers, which led to a large increase in NPAs and provisions and write-offs for NPAs for Fiscals 2019 and 2018. We made write-offs for NPAs of ₹26,432.80 million and ₹1,606.37 million for Fiscals 2019 and 2018, respectively. Although we wrote off these advances large number of the borrowers repaid amounts due on these advances. This increase was partially offset by PSLC income decreasing to ₹1.00 million for Fiscal 2020 from ₹160.55 million for Fiscal 2019. We, vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 07, 2016, trade in Priority Sector advances by selling or buying Priority Sector Lending Certificates ("**PSLCs**"). There is no transfer of risk on advances in these transactions. The fee received for the sale of PSLCs by us is treated as miscellaneous income.

- Our income from commissions, exchanges and brokerage income increased by ₹1,578.20 million, or 201.97%, to ₹2,359.59 million for Fiscal 2020 from ₹781.39 million for Fiscal 2019. This increase was primarily due to a ₹1,131.40 million, or 164.00%, increase in processing fees for advances to ₹1,821.29 million for Fiscal 2020 from ₹689.87 million for Fiscal 2019, which was primarily due to our disbursements of advances increasing by ₹38,608.87 million, or 62.94%, in Fiscal 2020 compared to Fiscal 2019, a ₹99.79 million increase in bancassurance income and a ₹231.60 million increase in income from issuance of debit cards.

- Our profit on sale of investments (net) increased by ₹154.68 million, or 204.06%, to ₹230.48 million for Fiscal 2020 from ₹75.80 million for Fiscal 2019. This increase was primarily due to profit on sale of HTM securities by ₹180.20 million and profit on sale of AFS investments by ₹46.39 million and decrease in profit from sale of mutual funds by ₹ 71.01 million.

Total Expenditure

Our total expenditure decreased by ₹9,227.00 million, or 27.81%, to ₹23,946.34 million for Fiscal 2020 from ₹33,173.34 million for Fiscal 2019. The primary reasons for this decrease are discussed below:

Interest Expended

The table set forth below shows details in relation to our interest expended for Fiscals 2020 and 2019.

(₹ in million, except percentages)

Particulars	Fiscal 2020	Fiscal 2019	% increase /(decrease)
Interest on deposits (A)	6,408.97	1,460.50	338.82
Interest on Reserve Bank of India/inter-bank borrowings (i)	1,068.05	3,040.35	(64.87)
Others (including interest on debentures and other borrowings) (ii)	2,324.46	3,635.45	(36.06)
Interest on total borrowings (i)+(ii)=(B)	***3,392.51***	***6,675.80***	***(49.18)***
Total (A)+(B)	**9,801.48**	**8,136.30**	**20.47**

Our interest expended increased by ₹1,665.18 million, or 20.47%, to ₹9,801.48 million for Fiscal 2020 from ₹8,136.30 million for Fiscal 2019. The primary reason for this increase was interest on deposits increased by ₹4,948.47 million, or 338.82%, to ₹6,408.97 million for Fiscal 2020 from ₹1,460.50 million for Fiscal 2019, which was due to a 303.34% increase in Average Total Deposits to ₹72,116.56 million for Fiscal 2020 from ₹17,879.71 million for Fiscal 2019. Since becoming a Small Finance Bank on March 28, 2018, we have placed a strong emphasis on increasing our retail deposits, as they have lower rates of interest compared to wholesale deposits and are more likely to stay deposited with us over a longer period compared to wholesale deposits.

The above was partially offset by the following:

- Interest on total borrowings decreased by ₹3,283.29 million, or 49.18%, to ₹3,392.51 million for Fiscal 2020 from ₹6,675.80 million for Fiscal 2019. This was primarily due to a ₹26,263.90 million, or 46.39%, decrease in Average Borrowings to ₹30,351.57 million for Fiscal 2020 from ₹56,615.47 million for Fiscal 2019. Since becoming a small finance bank, we have placed a strong emphasis on increasing our retail deposits, as they have lower rates of interest compared to wholesale deposits and they tend to stay deposited with us over a longer period compared to wholesale deposits.

Operating Expenses

The table set forth below shows details in relation to our operating expenses for Fiscals 2020 and 2019.

(₹ in million, except percentages)

Particulars	**Fiscal 2020**	**Fiscal 2019**	**% increase /(decrease)**
Payments to and provisions for employees	6,237.43	6,022.67	3.57
Rent, taxes and lighting	1,109.37	1,095.02	1.31
Printing and stationery	106.24	66.03	60.90
Advertisement and publicity	113.56	352.60	(67.79)
Depreciation on Bank's property (including leased assets)	925.34	993.86	(6.89)
Directors' fees, allowances and expenses	2.37	2.55	(7.06)
Auditors' fees and expenses	6.49	8.15	(20.37)
Law charges	64.99	96.61	(32.73)
Postage, courier, telephones etc.	248.05	332.72	(25.45)
Repairs and maintenance	410.28	445.33	(7.87)
Insurance	68.74	14.98	358.88
Travel and conveyance	409.18	470.46	(13.03)
Professional fees	1,438.98	819.02	75.70
Other expenditure	499.78	591.95	(15.57)
Of which:			
Collection expenses	*125.30*	*308.29*	*(59.36)*
Total	**11,640.80**	**11,311.95**	**2.91**

Our operating expenses increased by ₹328.85 million, or 2.91%, to ₹11,640.80 million for Fiscal 2020 from ₹11,311.95 million for Fiscal 2019. The primary reasons for this increase are discussed below.

- Professional fees increased by ₹619.96 million, or 75.70% to ₹1,438.98 million for Fiscal 2020 from ₹819.02 million for Fiscal 2019. This increase was primarily due to increase in expenses incurred for outsourcing of operations and technology services.

- Payments to and provisions for employees increased by ₹214.76 million, or 3.57% to ₹6,237.43 million for Fiscal 2020 from ₹6,022.67 million for Fiscal 2019, which was primarily due to a ₹213.67 million, or 45.07%, increase in incentive and bonus cost by ₹687.72 million in Fiscal 2020 from ₹474.05 million in Fiscal 2019.

The above increases were partially offset by, among others, a ₹239.04 million, or 67.79% decrease in advertisement and publicity to ₹113.56 million for Fiscal 2020 from ₹352.60 million for Fiscal 2019. This decrease was primarily due to discontinuance of our sponsorship agreement with the BCCI.

Provisions and Contingencies

The table set forth below shows details in relation to provisions and contingencies for Fiscals 2020 and 2019.

(₹ in million, except percentages)

Particulars	**Fiscal 2020**	**Fiscal 2019**	**% increase /(decrease)**
Provision for non-performing assets and bad debts written off	2,304.43	13,641.54	(83.11)
Provision for standard assets	218.55	43.96	397.16
Other provision and contingencies/(write back of other provision and contingencies)	(18.92)	39.59	(147.79)
Of which:			
Provision/(write back of provision) for frauds	(18.92)	39.59	(147.79).
Sub Total	***2,504.06***	***13,725.09***	**(81.76)**
Provision towards income tax	-	-	-
Deferred tax charge	-	-	-

Total	2,504.06	13,725.09	(81.76)

Our provisions and contingencies decreased by ₹11,221.03 million, or 81.76%, to ₹2,504.06 million for Fiscal 2020 from ₹13,725.09 million for Fiscal 2019. The primary reasons for this decrease was that the provision for non-performing assets and bad debts written off decreased by ₹11,337.11 million, or 83.11%, to ₹2,304.43 million for Fiscal 2020 from ₹13,641.54 million for Fiscal 2019. The primary reasons for this decrease was our bad debts written off decreased to ₹2,995.31 million for Fiscal 2020 from ₹26,432.80 million for Fiscal 2019, which was partially offset by our write back of provision for non-performing assets of ₹690.88 million for Fiscal 2020 compared to a write back of provisions for non-performing assets of ₹12,624.27 million for the Fiscal 2019. This decrease was partially offset by the following:

- Provision for standard assets increased by ₹174.59 million, or 397.16%, to ₹218.55 million for Fiscal 2020 from ₹43.96 million for Fiscal 2019. The primary reason for this increase was due to general provision (including COVID-19 regulatory provision prescribed by the RBI) of ₹89.42 million created towards the potential impact of COVID-19 for Fiscal 2020, as compared to nil for Fiscal 2019.

- Write back of provision for frauds was ₹18.92 million for Fiscal 2020 compared to a provision for frauds of ₹39.59 million for Fiscal 2019.

Although our profit before taxes for Fiscal 2020 was ₹301.32 million, we did not make a provision towards income or a deferred tax charge as we had unrecognised deferred tax assets to offset against the tax payable for the period. As at March 31, 2020, we had a net deferred tax asset of ₹10,859.06 million, which has not been recognised but which will be available to offset tax on future taxable income.

Net Profit/(Loss)

As a result of the above, our net profit for the year was ₹301.32 million for Fiscal 2020 compared to a net loss for the year of ₹19,490.66 million for Fiscal 2019.

Fiscal 2019 Compared to Fiscal 2018

The following table sets forth a summary of our restated summary statement of profit and loss for Fiscals 2019 and 2018:

	Fiscal			
	2019		**2018**	
	Amount (₹ in millions)	**% of Total Income**	**Amount (₹ in millions)**	**% of Total Income**
Income:				
Interest Earned	12,505.39	91.40	15,547.88	97.35
Other Income	1,177.29	8.60	422.61	2.65
Total Income	**13,682.68**	**100.00**	**15,970.49**	**100.00**
Expenditure:				
Interest Expended	8,136.30	59.46	11,638.87	72.88
Operating Expenses	11,311.95	82.67	14,553.01	91.12
Provisions and Contingencies	13,725.09	100.31	14,816.56	92.77
Total	**33,173.34**	**242.45**	**41,008.44**	**256.78**
Net Profit/(loss) for the year	**(19,490.66)**	**(142.45)**	**(25,037.95)**	**(156.78)**

Total Income

Our total income decreased by ₹2,287.81 million, or 14.33%, to ₹13,682.68 million for Fiscal 2019 from ₹15,970.49 million for Fiscal 2018 as a result of a ₹3,042.49 million, or 19.57%, decrease in interest earned, which was partially offset by a ₹754.68 million, or 178.58%, increase in other income.

Interest Earned

The table set forth below shows details in relation to our interest earned for Fiscals 2019 and 2018.

(₹ in million, except percentages)

Particulars	**Fiscal 2019**	**Fiscal 2018**	**% increase /(decrease)**
Interest/discount on advances/bills	11,216.81	14,181.53	(20.91)
Income on investments	1,031.99	964.28	7.02
Interest on balances with Reserve Bank of India and other inter-bank funds	256.59	401.49	(36.09)
Others	-	0.58	-
Total	**12,505.39**	**15,547.88**	(19.57)

Our interest earned decreased by ₹3.042.49 million, or 19.57%, to ₹12,505.39 million for Fiscal 2019 from ₹15,547.88 million for Fiscal 2018. The primary reasons for this decrease are discussed below.

- Interest/discount on advances and bills decreased by ₹2,964.72 million, or 20.91%, to ₹11,216.81 million for Fiscal 2019 from ₹14,181.53 million for Fiscal 2018. This decrease was primarily due to a ₹31,817.05 million, or 36.22%, decrease in Average Advances to ₹56,034.39 million for Fiscal 2019 from ₹87,851.44 million for Fiscal 2018. This was partly mitigated by an increase in Yield on Average Advances to 20.02% for Fiscal 2019 from 16.14% for Fiscal 2018.

- Interest on balances with RBI and other inter-bank funds decreased by 36.09% to ₹256.59 million for Fiscal 2019 from ₹401.49 million for Fiscal 2018. This decrease was primarily due to a ₹6,618.27 million, or 61.32%, decrease in Average Interest-Earning Balances with Reserve Bank of India and other Inter-Bank Funds to ₹4,174.43 million for Fiscal 2019 from ₹10,792.10 million for Fiscal 2018.

The above decreases were partially offset by income from investments increasing by ₹67.71 million, or 7.02%, to ₹1,031.99 million for Fiscal 2019 from ₹964.28 million for Fiscal 2018.

Other Income

The table set forth below shows details in relation to our other income for Fiscals 2019 and 2018.

(₹ in million, except percentages)

Particulars	**Fiscal 2019**	**Fiscal 2018**	**% increase /(decrease)**	**Recurring / Non-recurring**
Commission, exchange and brokerage	781.39	335.65	132.80	Recurring
Profit on sale of investments (net)	75.80	183.68	(58.73)	Recurring
Profit / (loss) on sale of land, buildings and other assets (net)	(48.20)	(177.38)	(72.83)	Recurring
Miscellaneous income	368.30	80.66	356.61	Recurring
Of which:				
PSLC income	*160.55*	-	-	*Recurring*
Recoveries from written off accounts	*139.58*	*64.79*	*115.43*	*Recurring*
Lease income	*62.73*	*7.10*	*783.52*	*Recurring*
Total	**1,177.29**	**422.61**	**178.58**	

Our other income increased by ₹754.68 million, or 178.58%, to ₹1,177.29 million for Fiscal 2019 from ₹422.61 million for Fiscal 2018. The primary reason for this increase are discussed below.

- Income from commissions, exchanges and brokerage increased by ₹445.74 million, or 132.80%, to ₹781.39 million for Fiscal 2019 from ₹335.65 million for Fiscal 2018. This increase was primarily due to ₹417.79 million, or 153.55%, increase in processing fees on advances to ₹689.87 million for Fiscal 2019 from ₹272.08 million for Fiscal 2018, which was primarily due to our disbursements of advances increasing by ₹36,188.12 million, or 143.85%, in Fiscal 2019 compared to Fiscal 2018.

- Income from miscellaneous income increased by ₹287.64 million, or 356.61%, to ₹368.30 million for Fiscal 2019 from ₹80.66 million for Fiscal 2018. This increase was primarily due to ₹160.55 million received for the sale of PSLCs in Fiscal 2019.

The above increases were partially offset by, among others, a ₹107.88 million, or 58.73%, decrease in profit on sale of investments (net) to ₹75.80 million for Fiscal 2019 from ₹183.68 million for Fiscal 2018. This decrease was primarily on account of decrease in profit/(loss) of mutual funds to ₹75.20 million for Fiscal 2019 from ₹186.95 million for Fiscal 2018.

Total Expenditure

Our total expenditure decreased by ₹7,835.10 million, or 19.11%, to ₹33,173.34 million for Fiscal 2019 from ₹41,008.44 million for Fiscal 2018. The primary reasons for this increase are discussed below:

Interest Expended

The table set forth below shows details in relation to our interest expended for Fiscals 2019 and 2018.

(₹ in million, except percentages)

Particulars	**Fiscal 2019**	**Fiscal 2018**	**% increase /(decrease)**
Interest on deposits (A)	1,460.50	-	N.C.
Interest on Reserve Bank of India/inter-bank borrowings (i)	3,040.35	6,197.41	(50.94)
Others (including interest on debentures and other borrowings) (ii)	3,635.45	5,441.46	(33.19)

Total borrowings (i)+(ii)=(B)	***6,675.80***	***11,638.87***	***(42.64)***
Total (A)+(B)	**8,136.30**	**11,638.87**	**(30.09)**

Our interest expended decreased by ₹3,502.57 million, or 30.09%, to ₹8,136.30 million for Fiscal 2019 from ₹11,638.87 million for Fiscal 2018. Interest on total borrowings decreased by ₹4,963.07 million, or 42.64%, to ₹6,675.80 million for Fiscal 2019 from ₹11,638.87 million for Fiscal 2018. This was primarily due to a ₹43,071.72 million, or 43.21%, decrease in Average Borrowings to ₹56,615.47 million for Fiscal 2019 from ₹99,686.49 million for Fiscal 2018. This decrease was partially offset by a ₹1,460.50 million increase in interest on deposits to ₹1,460.50 million for Fiscal 2019 from nil for Fiscal 2018. As an NBFC-MFI, we were unable to accept deposits as per applicable laws in India. Since becoming a Small Finance Bank on March 28, 2018, we have placed a strong emphasis on increasing our retail deposits, as they have lower rates of interest compared to wholesale deposits and they tend to stay deposited with our Bank over a longer period compared to wholesale deposits.

Operating Expenses

The table set forth below shows details in relation to our operating expenses for the Fiscals 2019 and 2018.

(₹ in million, except percentages)

Particulars	Fiscal 2019	Fiscal 2018	% increase /(decrease)
Payments to and provisions for employees	6,022.67	6,749.83	(10.77)
Rent, taxes and lighting	1,095.02	1,405.45	(22.09)
Printing and stationery	66.03	43.21	52.81
Advertisement and publicity	352.60	718.97	(50.96)
Depreciation on Bank's property (including leased assets)	993.86	839.51	18.39
Directors' fees, allowances and expenses	2.55	2.54	0.39
Auditors' fees and expenses	8.15	6.63	22.93
Law charges	96.61	82.19	17.54
Postage, courier, telephones etc.	332.72	319.03	4.29
Repairs and maintenance	445.33	397.72	11.97
Insurance	14.98	20.44	(26.71)
Travel and conveyance	470.46	609.94	(22.87)
Professional fees	819.02	2,879.67	(71.56)
Other expenditure	591.95	477.88	23.87
Of which:			
Collection expenses	*308.29*	*200.37*	*53.86*
Total	**11,311.95**	**14,553.01**	**(22.27)**

Our operating expenses decreased by ₹3,241.06 million, or 22.27%, to ₹11,311.95 million for Fiscal 2019 from ₹14,553.01 million for Fiscal 2018. The primary reasons for this decrease are discussed below.

- Professional fees decreased by ₹2.060.65 million, or 71.56%, to ₹819.02 million for Fiscal 2019 from ₹2,879.67 million for Fiscal 2018, which was primarily due to the termination of an outsourcing agreement pertaining to operations, resulting in decrease of ₹892.95 million, and rationalisation of technology outsourcing services, resulting in a decrease of ₹695.23 million.

- Payments to and provisions for employees decreased by ₹727.16 million, or 10.77%, to ₹6,022.67 million for Fiscal 2019 from ₹6,749.83 million for Fiscal 2018, which was primarily due to a reduction in bonus and incentives cost by ₹243,65 million, a reduction in terminal benefits by ₹204.10 million and a reduction in insurance and training related expenses by ₹159.51 million.

- Advertisement and publicity decreased by ₹366.37 million, or 50.96%, to ₹352.60 million for Fiscal 2019 from ₹718.97 million for Fiscal 2018, which was primarily due to our sponsorship arrangement with BCCI coming to an end.

- Rent, taxes and lighting decreased by ₹310.43 million, or 22.09%, to ₹1,095.02 million for Fiscal 2019 from ₹1,405.45 million for Fiscal 2018, which was primarily due to strategic decisions to renegotiate the existing leases, relocation, closure and merger of high cost premises undertaken in Fiscal 2019.

- Travel and conveyance decreased by ₹139.48 million, or 22.87%, to ₹470.46 million for Fiscal 2019 from ₹609.94 million for Fiscal 2018, which was primarily due to revisions to our travel and conveyance policy.

The above decreases were offset in part, by among others,

- Depreciation on Bank's property (including leased assets) increased by ₹154.35 million, or 18.39%, to ₹993.86 million for Fiscal 2019 from ₹839.51 million for Fiscal 2018, which was primarily due to capitalisation of ₹817.07 million worth of fixed assets, which is 15.17% of gross value of fixed assets at the beginning of Fiscal 2019.

- Other expenditure increased by ₹114.07 million, or 23.87%, to ₹591.95 million for Fiscal 2019 from ₹477.88 million for Fiscal 2018, which was primarily due to increase in collection expenses by ₹107.92 million, or 53.86% ,for Fiscal 2019 from ₹308.29 million from ₹200.37 million for Fiscal 2018.

Provisions and Contingencies

The table set forth below shows details in relation to our provisions and contingencies for Fiscals 2019 and 2018.

(₹ in million, except percentages)

Particulars	Fiscal 2019	Fiscal 2018	% increase /(decrease)
Provision for non-performing assets and bad debts written off	13,641.54	14,722.14	(7.34)
Provision for standard assets/(write back of provisions)	43.96	(872.90)	N.C.
Other provision and contingencies/(write back of other provisions and contingencies)	39.59	40.76	(2.87)
Of which:			
Provision/(write back of provision) for frauds	39.59	40.76	*(2.87)*
Sub Total	***13,725.09***	***13,890.00***	***(1.19)***
Provision towards income tax/(write back of provision towards income tax)	-	(82.84)	N.C.
Deferred tax charge	-	1,009.40	N.C.
Total	**13,725.09**	**14,816.56**	**(7.37)**

Note: *N.C. means not comparable.*

Our provisions and contingencies decreased by ₹1,091.47 million, or 7.37%, to ₹13,725.09 million for Fiscal 2019 from ₹14,816.56 million for Fiscal 2018. The primary reasons for this decrease are discussed below.

- Provision for non-performing assets and bad debts written off decreased by ₹1,080.60 million, or 7.34%, to ₹13,641.54 million for Fiscal 2019 from ₹14,722.14 million for Fiscal 2018.

- We had a deferred tax charge of nil in Fiscal 2019 compared to a deferred tax charge of ₹1,009.40 million in Fiscal 2018. The deferred tax charge for Fiscal 2018 was due to reversal of DTA as at Fiscal 2018.

The above decreases were partially offset by our provision for standard assets of ₹43.96 million for Fiscal 2019 compared to a write back of provision for standard assets of ₹872.90 million for Fiscal 2018. During Fiscal 2018, we have reversed excess standard assets provision of ₹872.90 million applying standard asset provisioning percentage as per RBI guidelines applicable to a banking company following our conversion from a NBFC-MFI to a Small Finance Bank.

Net Loss for the Year

As a result of the above, our net loss for the year decreased by ₹5,547.29 million, or 22.16%, to ₹19,490.66 million for Fiscal 2019 from ₹25,037.95 million for Fiscal 2018.

Financial Condition

Assets

Our assets as at the specified dates are set out below:

(₹ in millions)

Particulars	As at September 30, 2020	As at March 31		
		2020	2019	2018
Cash and Balances with the Reserve Bank of India	3,627.36	4,738.43	10,809.64	1,977.44
Balance with Banks and Money at Call and Short Notice	2,123.66	5,064.57	875.97	9,194.66
Investments	39,664.92	26,500.35	14,681.26	19,974.79
Advances	102,210.39	99,592.38	62,170.79	60,283.15
Fixed Assets	2,360.74	2,600.09	3,344.55	3,846.59
Other Assets	3,512.94	2,975.39	2,580.70	2,211.22
Total Assets	153,500.01	141,471.21	94,462.91	97,487.85

<u>Cash and Balances with the Reserve Bank of India</u>

Cash and balances with the Reserve Bank of India decreased by 23.45% to ₹3,627.36 million as at September 30, 2020 from ₹4,738.43 million as at March 31, 2020. This decrease was primarily due to a 17.13% decrease in balances with Reserve Bank of India in current account to ₹3,118.13 million as at September 30, 2020 from ₹3,762.46 million as at March 31, 2020. In addition, cash in hand, including cash at ATMs, decreased by 47.82% to ₹509.23 million as at September 30, 2020 from ₹975.97 million as at March 31, 2020.

Cash and balances with the Reserve Bank of India decreased by 56.16% to ₹4,738.43 million as at March 31, 2020 from ₹10,809.64 million as at March 31, 2019. This decrease was primarily due to a 64.19% decrease in balances with Reserve Bank of India in current account to ₹3,762.46 million as at March 31, 2020 from ₹10,505.98 million as at March 31, 2019.

Cash and balances with the Reserve Bank of India increased by 446.65% to ₹10,809.64 million as at March 31, 2019 from ₹1,977.44 million as at March 31, 2018. This increase was primarily due to a 452.92% increase in balances with Reserve Bank of India in current account to ₹10,505.98 million as at March 31, 2019 from ₹1,900.10 million as at March 31, 2018.

Balance with Banks and Money at Call and Short Notice

Balances with banks and money at call and short notice decreased by 58.07% to ₹2,123.66 million as at September 30, 2020 from ₹5,064.57 million as at March 31, 2020. This decrease was primarily due to a decrease in money at call and short notice with lending under reverse repurchase transactions with the Reserve Bank of India, which decreased by 54.55% to ₹1,750.00 million as at September 30, 2020 from ₹3,850.00 million as at March 31, 2020. In addition, balances with banks in other deposit accounts amounted decreased by 87.91% to ₹138.00 million as at September 30, 2020 from ₹1,141.87 million as at March 31, 2020.

Balances with banks and money at call and short notice increased by 478.17% to ₹5,064.57 million as at March 31, 2020 from ₹875.97 million as at March 31, 2019. This increase was primarily due in money at call and short notices with lending under reserve repurchase transactions done with the Reserve Bank of India, increasing to ₹3,850.00 million as at March 31, 2020 from nil as at March 31, 2019. In addition, balances with banks in other deposit accounts increased by 179.64% to ₹1,141.87 million as at March 31, 2020 from ₹408.33 million as at March 31, 2019.

Balances with banks and money at call and short notice decreased by 90.47% to ₹875.97 million as at March 31, 2019 from ₹9,194.66 million as at March 31, 2018. This decrease was primarily due to a 95.28% decrease in balances with banks in other deposit accounts to ₹408.33 million as at March 31, 2019 from ₹8,658.29 million as at March 31, 2018.

Investments

All of our investments, except for ₹1.00 million of shares as at all dates except as at September 30, 2020, were Government securities and Treasury bills. Changes in our investments were almost entirely due to increases/decreases in our Government securities and Treasury bills, as the case may be, on account of complying with the SLR requirement and mobilisation of excess liquidity.

Advances

The table below sets forth our advances by product category as at the dates indicated.

	As at September 30, 2020		As at March 31,					
			2020		2019		2018	
Classification of Advances	**Advances *(₹ in millions)***	**% of Total**	**Advances *(₹ in millions)***	**% of Total**	**Advances *(₹ in millions)***	**% of Total**	**Advances *(₹ in millions)***	**% of Total**
Group loans	42,032.49	40.34%	40,973.37	40.41%	40,572.22	62.76%	60,493.63	80.23%
Agricultural and allied loans(1)	16,597.76	15.93%	19,673.36	19.40%	5,261.46	8.14%	4,207.25	5.58%
Individual and micro business loans	12,286.53	11.79%	13,424.14	13.24%	12,399.03	19.18%	9,793.86	12.99%
Other unsecured loans(2)	600.83	0.58%	473.49	0.47%	205.22	0.32%	8.39	0.01%
Total unsecured advances	**71,517.60**	**68.64%**	**74,544.37**	**73.52%**	**58,437.93**	**90.40%**	**74,503.13**	**98.81%**
MSME loans	20,176.15	19.36%	18,909.57	18.65%	4,303.90	6.66%	811.85	1.08%
Affordable housing loans	5,106.94	4.90%	3,393.83	3.35%	454.04	0.70%	-	0.00%
Gold loans	5,498.60	5.28%	1,675.13	1.65%	646.67	1.00%	87.61	0.12%
Loans against fixed deposits	1,689.36	1.62%	2,743.77	2.71%	804.53	1.24%	-	-
Term loans to NBFCs	202.00	0.19%	130.00	0.13%	-	-	-	-
Total secured advances	**32,673.05**	**31.36%**	**26,852.30**	**26.48%**	**6,209.14**	**9.60%**	**899.46**	**1.19%**
Total	**104,190.65**	**100.00%**	**101,396.67**	**100.00%**	**64,647.07**	**100.00%**	**75,402.59**	**100.00%**

Notes:
1.Includes loans purchased under Direct Assignment.
2.Other unsecured loans include, among others, employee loans and overdraft facilities.

Our net advances increased by 3.13% from ₹60,283.15 million as at March 31, 2018 to ₹62,170.79 million as at March 31, 2019, as result of increase in secured lending business, majorly contributed by ₹3,492.05 million increase in MSME loans, ₹804.53 million increase in loan against fixed deposit, ₹454.04 million increase in affordable housing loans and ₹559.06 million increase in gold loans. Further these increases were offset by a decrease in unsecured lending business of ₹16,065.20 million.

Our net advances increased by 60.19% from ₹62,170.79 million as at March 31, 2019 to ₹99,592.38 million as at March 31, 2020, as result of increase in secured lending business, majorly contributed by ₹14,605.67 million increase in MSME loans, ₹2,939.79 million increase in Affordable housing loans and ₹1,939.24 million increase in loan against fixed deposits. Further, there is increase in unsecured lending business, majorly contributed by ₹14,411.90 million increase in Agriculture and allied loans.

Our net advances increased by 2.63% from ₹99,592.38 million as at March 31, 2020 to ₹102,210.39 million as at September 30, 2020, primarily due to ₹3,823.47 million increase in gold loans, ₹1,713.11 million increase in affordable housing loans. Further these increases were offset by decrease in unsecured lending business of ₹3,026.77 million.

Due to the nation-wide lockdown implemented in response to the COVID-19 pandemic, the disbursement activities for all loans were almost stopped entirely during the month of April and was severely curtailed in May 2020. Effective June 1, 2020, loan disbursement activities for these loans started functioning again in most of the centres, except in those areas where the effect of COVID-19 was severe and the respective state governments imposed restrictions on various activities. For a table a showing disbursements by unsecured advances and secured advances for the half years ended September 30, 2020 and 2019 and the percentage increase/(decrease) from the prior period, see "*-Significant Factors Affecting Our Financial Condition, Results of Operations and Cash Flows-RBI's COVID-19 Regulatory Package and the Supreme Court of India's Interim Order*" on page 320.

<u>Fixed Assets</u>

Our fixed assets comprise leasehold improvements, computers, software, furniture & fixtures, office & electrical equipment and servers and networks. Our fixed assets also includes leased assets provided on lease, primarily comprising lease hold improvements, office equipment and furniture & fixtures.

<u>Other Assets</u>

Our other assets primarily comprise (1) tax paid in advance / tax deducted at source (net of provisions) and (2) interest accrued and others (which primarily includes GST input credit, security deposits, NEFT/RTGS settlement receivable and prepaid expense).

Capital and Liabilities

Our capital and liabilities as at the specified dates are set out below:

(₹ in millions)

Particulars	As at September 30, 2020	As at March 31		
		2020	2019	2018
Capital	2,007.27	2,007.19	1,971.57	392.89
Reserves and Surplus	9,255.16	8,427.93	4,764.93	14,895.27
Deposits	102,299.09	96,519.47	41,986.96	4.53
Borrowings	33,656.89	28,987.39	40,864.66	76,616.07
Other Liabilities and Provisions	6,281.60	5,529.33	4,874.79	5,579.09
Total	**153,500.01**	**141,471.21**	**94.462.91**	**97,487.85**

<u>Capital</u>

Our capital increased from ₹392.89 million as at March 31, 2018 to ₹2,007.27 million as at September 30, 2020, which increase was primarily due to the following reasons:

- During Fiscal 2020, we issued 3,559,937 Equity Shares, which have a face value of ₹10 each, at ₹951.09 each aggregating to ₹3,385.82 million for cash pursuant to a rights issue.

- During Fiscal 2019, we issued 2,213,428 Equity Shares at ₹1,383.60 each, 2,132,396 Equity Shares at ₹1,383.42 each and 3,522,273 Equity Shares at ₹951.09 each, aggregating to ₹9,362.50 million, for cash pursuant to private placements.

- During Fiscal 2019, we issued 150,000,000 16% non-cumulative compulsorily convertible preference shares at ₹10 each aggregating to ₹1,500.00 million for cash pursuant to a private placement.

- During Fiscal 2018, we issued 3,295,750 Equity Shares at ₹1,383.60 each aggregating to ₹4,560.00 million for cash pursuant to a private placement.

- During Fiscal 2018, there was an infusion of 1,180,000,000 Class A Compulsory Convertible Preference Share Capital for ₹11,800.00 million, and we converted 1,180,000,000 Class A Compulsorily Convertible Preference Shares aggregating to ₹11,800.00 million to 8,528,475 Equity Shares at ₹1,383.60 each.

Reserves and Surplus

The primary reasons for changes in our reserves and surplus were increases in our share premium due to the share issuances summarised above and increases or decreases in our balance in profit and loss account due to the net profit/(loss) for the applicable period/year, as applicable.

Deposits

Our deposits increased from ₹4.53 million as at March 31, 2018 to ₹102,299.09 million as at September 30, 2020. As an NBFC-MFI, we were unable to accept deposits as per applicable laws in India. Since becoming a small finance bank, we have placed a strong emphasis on increasing our retail deposits, as they have lower rates of interest compared to wholesale deposits and they tend to stay deposited with our Bank over a longer period compared to wholesale deposits. The following table sets forth, as at the dates indicated, deposits and the percentage composition by each category of deposits.

(₹ in million, except percentages)

	As at September 30, 2020		As at March 31, 2020		2019		2018	
	Amount	**% of total**	**Amount**	**% of total**	**Amount**	**% of total**	**Amount**	**% of total**
Demand Deposits	3,914.12	3.83%	2.772.72	2.87%	1,890.65	4.50%	-	-
Savings Bank Deposits	6.059.34	5.92%	4,366.03	4.52%	1,524.34	3.63%	0.02	0,44
Term Deposits	92.325.63	90.25%	89,380.72	92.60%	38,571.97	91.87%	4.51	99.56
Retail deposits	60,794.84	59.43%	51,964.14	53.84%	25,704.86	61.22%	4.51	100.00
Wholesale deposits	31,530.79	30.82%	37,416.58	38.77%	12,867.11	30.65%	-	-
Total	**102.299.09**	**100.00%**	**96,519.47**	**100.00%**	**41,986.96**	**100.00%**	**4.53**	**100.00**

Borrowings

Our increasing deposits have enabled us to repay borrowings. Our borrowings decreased from ₹76,616.07 million as at March 31, 2018 to ₹28,987.39 million as at March 30, 2020. Our borrowings increased to ₹33,656.89 million as at September 30, 2020, primarily on account of availing refinance facilities from NABARD and NHB. The following table sets forth our borrowings as at the dates indicated,

(₹ in millions)

Particulars	As at September 30, 2020	As at March 31 2020	2019	2018
Borrowings in India:				
Reserve Bank of India	-	-	-	-
Other banks	6,901.50	6,482.00	15,259.01	35,640.48
Of which:				
Subordinated debt (Tier II capital)	*3,430.00*	*3,430.00*	*2,030.00*	*780.00*
Other institutions and agencies	26,109.90	21,465.00	24,222.55	39,672.09
Of which:				
Subordinated debt (Tier II capital)	*3,580.00*	*3,580.00*	*5,480.00*	*6,730.00*
Borrowings outside India	**645.49**	**1,040.39**	**1,383.10**	**1,303.50**
Total	**33,656.89**	**28,987.39**	**40,864.66**	**76,616.07**

Other Liabilities and Provisions

(₹ in millions)

Particulars	As at September 30, 2020	As at March 31		
		2020	2019	2018
Bills payable	280.86	605.12	358.89	-
Inter office adjustments (net)	-	-	-	-
Interest accrued	2,213.12	2,231.93	1,865.76	2,468.40
Standard Assets – General Provision	1,489.72	436.80	218.25	174.30
Others (including provisions)	2,297.90	2,255.38	2,431.89	2,936.39
Total	**6.281.60**	**5,529.23**	**4,874.79**	**5,579.09**

Our Business Segments

We have identified our business segments after taking into account the internal business reporting system and guidelines issued by the RBI through its notification dated April 18, 2007. We operate in the following business segments:

- *Treasury*. The treasury segment includes all investment portfolios, profit / loss on sale of investments, equities, income and *expense from money market operations.*

- *Corporate/Wholesale Banking. The corporate/wholesale banking segment includes all advances to companies and statutory bodies that are not included under Retail Banking.*

- *Retail Banking. The retail banking segment includes lending to and deposits from retail customers and identified earnings and expenses of the segment.*

- *Other Banking Operations. The other banking operations segment comprises all operations not covered under Treasury, Corporate / Wholesale Banking and Retail Banking.*

Our segment results and segment revenue for each of our business segments are set forth in the table below for the periods indicated:

(₹ in millions)

	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	Segment Revenue	Segment Results	Segment Revenue	Segment Results	Segment Revenue	Segment Results	Segment Revenue	Segment Results	Segment Revenue	Segment Results
Half year ended Sep. 30, 2020	3,754.98	(652.09)	205.69	30.00	18,033.17	1,458.29	36.23	(11.85)	**22,030.07**	**824.35**
Half year ended Sep. 30, 2019	3,258.64	(658.95)	44.89	17.00	13,775.50	116.84	36.00	(28.33)	**17,115.03**	**(553.44)**
Fiscal 2020	6,295.92	(1,042.12)	267.25	(1.86)	31,600.55	1,384.14	72.47	(38.84)	**38,236.19**	**301.32**
Fiscal 2019	10,202,14	30.36	80.68	(35.16)	14,627.67	(19,456.75)	65.35	(29.11)	**24,975.84**	**(19,490.66)**
Fiscal 2018	19,324.25	3,445.04	178.91	(28.12)	14,388.36	(25,764.79)	10.27	10.27	**33,901.79**	**(22,337.60)**

As can be seen from the table above, our Retail Banking and Treasury segments account for the majority of our segment revenue and segment results. Due to the immaterially of our Corporate / Wholesale Banking and Other Banking Operations segments, we have not included a discussion on the segment revenue and segment results of those segments.

Retail Banking

Half Year Ended September 30, 2020 Compared to the Half Year Ended September 30, 2019

The Retail Banking segment result increased by ₹1,341.45 million to ₹1,458.29 million in the half year ended September 30, 2020 from ₹116.84 million in the half year ended September 30, 2019. This increase was primarily due to:

- a ₹4,257.67 million, or 30.91%, increase in total segment revenue for the half year ended September 30, 2020 compared to the half year ended September 30, 2019, which was primarily due to a 36.87% increase in the Average Advances of the Retail Banking Segment to ₹98,050.58 million for the half year ended September 30, 2020 from ₹67,936.40 million for the half year ended September 30, 2019; and

- a decrease in our total provision towards NPAs to ₹1407.56 million for the half year ended September 30, 2020 from ₹1,468.68 million for the half year ended September 30, 2019. The primary reasons for this decrease were because of the additional provision made towards NPAs outstanding as at March 31, 2019.

The above factors were partially offset by a ₹2,975.02 million, or 24.43%, increase in total segment expenses to ₹15,154.51 million for the half year ended September 30, 2020 from ₹12,179.49 million for the half year ended September 30, 2019.

Fiscal 2020 Compared to Fiscal 2019

The Retail Banking segment result was ₹1,384.14 million for Fiscal 2020 compared with ₹(19,456.75) million for Fiscal 2019. This increase was primarily due to:

- a ₹16,972.88 million, or 116.03%, increase in total segment revenue for Fiscal 2020 compared to Fiscal 2019, which was primarily due to a 38.80% increase in Average Advances of the Retail Banking segment to ₹76,270.25 million for Fiscal 2020 from ₹54,949.66 million for Fiscal 2019.

- a ₹1,131.40 million, or 164.0%, increase in processing fees on loans in the Retail Banking segment to ₹1,821.27 million for Fiscal 2020 from ₹689.87 million for Fiscal 2019.

The above factors were partially offset by a ₹7,361.4 million, or 36.09%, increase in total segment expenses to ₹27,756.14 million for Fiscal 2020 from ₹20,394.73 million for Fiscal 2019.

Fiscal 2019 Compared to Fiscal 2018

The Retail Banking segment result increased by ₹6,308.04 million, or 24.5%, to ₹(19,456.75) million for Fiscal 2019 from ₹(25,764.79) million for Fiscal 2018. This increase was primarily due to:

- a ₹239.31 million, or 1.66%, increase in total segment revenue for Fiscal 2019 compared to Fiscal 2018, which was primarily due to a 37.06% decrease in Average Advances of the Retail Banking segment to ₹54,949,66 million for Fiscal 2019 from ₹87,299.70 million for Fiscal 2018.

- a ₹417.79 million, or 154%, increase in processing fees on loans in the Retail Banking segment to ₹689.87 million for Fiscal 2019 from ₹272.08 million for Fiscal 2018.

The above factors were partially offset by a ₹5,862.19 million, or 22.33%, increase in total segment expenses to ₹20,394.73 million for Fiscal 2019 from ₹26,256.92 million for Fiscal 2018.

Treasury

Half year Ended September 30, 2020 Compared to the Half year ended September 30, 2019

The Treasury segment result increased by ₹6.86 million to ₹(652.09) million for the half year ended September 30, 2020 from ₹(658.95) million for the half year ended September 30, 2019. This increase was primarily due to a ₹496.34 million, or 15.23%, increase in total segment revenue for the half year ended September 30, 2020 compared to the half year ended September 30, 2019, which was primarily due to a 75.40% increase in Average Interest-Earning Investments to ₹38,170.25 million for the half year ended September 30, 2020 from ₹21,762.10 million for the half year ended September 30, 2019, and decrease in non-annualised Yield on Average Interest-Earning Investments to 4.68% for the half year ended September 30, 2020 from 7.23% for the half year ended September 30, 2019.

Fiscal 2020 Compared to Fiscal 2019

The Treasury segment result decreased by ₹1,072.48 million to ₹(1,042.12) million for Fiscal 2020 from ₹30.36 million for Fiscal 2019.

Fiscal 2019 Compared to Fiscal 2018

The Treasury segment result decreased by ₹3,414.68 million to ₹30.36 million for Fiscal 2019 from ₹3,445.04 million for Fiscal 2018.

Liquidity and Capital Resources

Cash Flows

The following table summarizes our statements of cash flows for the periods presented:

(₹ *in millions)*

Particulars	Half year ended September 30,		Year ended March 31,		
	2020	2019	2020	2019	2018
Net cash flow generated from / (used in) operating activities	4,753.65	18,430.70	9,487.29	27,712.76	14,566.53
Net cash flow generated from / (used in) investing activities	(13,475.14)	(11,321.58)	(2,853.07)	(2,310.29)	(2,562.60)
Net cash flow generated from / (used in) financing activities	4,669.51	(13,709.52)	(8,516.83)	(24,888.97)	(23,748.14)
Net increase / (decrease) in cash and cash equivalents	(4,051.98)	(6,600.40)	(1,882.61)	513.50	(11,744.21)
Cash and cash equivalents as at beginning of the period / year	9,803.00	11,685.61	11,685.61	11,172.10	22,916.31
Cash and cash equivalents as at beginning of the period / year	5,751.02	5,085.21	9,803.00	11,685.61	11,172.10

Operating Activities

For the half year ended September 30, 2020, our operating profit before working capital changes was ₹2,691.44 million and our net cash generated from operating activities was ₹4,753.65 million. The difference was primarily due to an increase in advances ₹4,015.99 million, which was partially offset by, among others, an increase in deposits of ₹5,779.62 million.

For the half year ended September 30, 2019, our operating profit before working capital changes was ₹1,541.10 million and our net cash flow generated from operating activities was ₹18,430.70 million. The difference was primarily due to an increase in deposits of ₹33,043.57 million, which was partially offset by, among others, an increase in advances of ₹15,291.81 million.

For Fiscal 2020, our operating profit before working capital changes was ₹3,850.90 million and our net cash used in operating activities was ₹9,487.29 million. The difference was primarily due to an increase in deposits of ₹54,532.50 million, which was partially offset by, among others, an increase in advances of ₹39,944.57 million and increase in investments of ₹9,211.27 million.

For Fiscal 2019, our operating loss before working capital changes was ₹4,681.60 million and our net cash flow generated from operating activities was ₹27,712.76 million. The difference was primarily due to an increase in deposits of ₹41,982.43 million, which was partially offset by, among others, an increase in advances of ₹15,573.13 million.

For Fiscal 2018, our operating loss before working capital changes was ₹9,194.03 million and our net cash flow generated from operating activities was ₹14,566.53 million. The difference was primarily due to a decrease in advances of ₹42,003.07 million, which was partially offset by an increase in investments of ₹16,498.36 million and a decrease in other liabilities and provisions of ₹2,509.63 million.

Investing Activities

Net cash flow used in investing activities was ₹13,475.14 million for the half year ended September 30, 2020, which was primarily due to an increase in held-to-maturity securities of ₹13,274.89 million and the purchase of fixed assets of ₹200.57 million.

Net cash used in investing activities was ₹11.321.58 million for the half year ended September 30, 2019 which was primarily due to an increase in held-to-maturity securities of ₹11,200.99 million and the purchase of fixed assets of ₹121.73 million.

Net cash used in investing activities was ₹2,853.07 million for Fiscal 2020, which was primarily due to an increase in held-to-maturity securities of ₹2,643.80 million and the purchase of ₹211.36 million of fixed assets.

Net cash used in investing activities was ₹2,310.29 million for Fiscal 2019, which was primarily due to an increase in held-to-maturity securities of ₹1,770.28 million and the purchase of fixed assets of ₹547.07 million.

Net cash used in investing activities was ₹2,562.60 million for Fiscal 2018, which was primarily due to the purchase of ₹2,707.46 million of fixed assets, which was partially offset by, among others, a ₹137.25 million decrease in capital work in progress.

Financing Activities

Net cash flow generated from financing activities was ₹4,669.51 million for the half year ended September 30, 2020, which was primary due to proceeds from borrowings (including IBPC) of ₹4,669.43 million.

Net cash used in financing activities was ₹13,709.52 million for the half year ended September 30, 2019, which was primarily due to the repayment of borrowings (including IBPC) of ₹13,705.88 million.

Net cash used in financing activities was ₹8,516.83 million for Fiscal 2020, which was primarily due to the repayment of borrowings (including IBPC) of ₹11,877.23 million, which was partially offset by, among others, the securities premium received of ₹3,350.22 million.

Net cash used in financing activities was ₹24,888.97 million for Fiscal 2019, which was primarily due to the repayment of borrowings (including IBPC) of ₹35,751.46 million, which was partially offset by, among other things, the securities premium received of ₹9,283.81 million and ₹1,500 million from the proceeds from issue of compulsory convertible preference shares.

Net cash used in financing activities was ₹23,748.14 million for Fiscal 2018, which was primarily due to the repayment of borrowings (including IBPC) of ₹40,056.09 million, which was partially offset by, among others, the securities premium received of ₹16,241.76 million.

Sources of Funding

Our primary source of funding is our relatively low-cost deposits, which is primarily derived from retail deposits in India. Our other sources of funding comprise borrowings from other banks in India (including subordinated debt), borrowings from other institutions and agencies in India (including subordinated debt), refinance, borrowings from outside India (external commercial borrowings) and shareholders' funds.

The following table sets forth the breakdown of our funding profile as at the dates indicated:

(₹ in million, except for percentages)

Particulars	As at September 30, 2020		As at March 31					
			2020		2019		2018	
	Amount	% of total liabilities	Amount	% of total liabilities	Amount	% of total liabilities	Amount	% of total liabilities
Total deposits (D = A+B+C)	102,299.09	66.64	96,519.47	68.23	41,986.96	44.45	4.53	0.00
Demand deposits (A)	*3,914.12*	*2.55*	*2,772.72*	*1.96*	*1,890.65*	*2.00*	-	-
Savings bank deposits (B)	*6,059.34*	*3.95*	*4,366.03*	*3.09*	*1,524.34*	*1.61*	*0.02*	*0.00*
Term deposits (C)	*92,325.63*	*60.15*	*89,380.72*	*63.18*	*38,571.97*	*40.83*	*4.51*	*0.00*
Total borrowings (E)	33,656.89	21.93	28,987.39	20.49	40,864.66	43.26	76,616.07	78.59
Shareholders' funds (F)[1]	11,262.42	7.34	10,435.12	7.38	6,736.50	7.13	15,288.16	15.68
Other liabilities and provisions (G)	6,281.60	4.09	5,529.23	3.91	4,874.79	5.16	5,579.09	5.72
Total liabilities (D+E+F+G)	**153,500.00**	**100.00**	**141,471.21**	**100.00**	**94,462.91**	**100.00**	**97,487.85**	**100.00**

Note:
1. *Shareholders' funds = Capital + Reserves and Surplus.*

For more details on our deposits, borrowings and shareholders' funds as the dates in the table above, see "*-Financial Condition-Capital and Liabilities*" on page 340.

<u>Maturity Profile of our Borrowings and Deposits</u>

For the maturity profile of our borrowings and deposits as at September 30, 2020, see "*Statistical Financial Information – Asset Liability Gap and Interest Sensitivity Data*" on page 233.

As at September 30, 2020, our individual domestic term deposits in excess of ₹7.00 million (approximately US$100,000, rounded the nearest rupee in million) had balance to maturity profiles as set out below.

(₹ in millions)

	As at September 30, 2020				
	Up to Three Months	Over Three Months to Six Months	Over Six Months to One Year	Over One Year	Total
Balance to maturity for deposits exceeding ₹7.00 million	9,615.24	9,034.61	13,536.17	7,661.58	**39,847.60**

Subordinated Debt

We obtain funds from the issuance of unsecured non-convertible subordinated debt securities, which qualify as Tier II risk-based capital under the RBI's guidelines for assessing capital adequacy. Our subordinated debt was ₹7,010.00 million, ₹7,010.00 million, ₹7,510.00 million and ₹7,510.00 million as at September 30, 2020 and March 31, 2020, 2019 and 2018, respectively. The following table sets forth details of unsecured non-convertible subordinated debt securities issued by us and outstanding as at September 30, 2020.

(₹ in million, except for percentages)

Date of Allotment	Rate of Interest (%)	Date of Redemption	Amount
December 22, 2015	14.30%	December 22, 2022	3,300.00
December 30, 2015	14.00%	June 30, 2021	400.00
March 21, 2016	14.20%	May 19, 2023	800.00
March 28, 2016	13.35%	May 27, 2022	260.00
June 29, 2019	14.50%	June 28, 2025	1,750.00
July 10, 2019	13.15%	July 09, 2025	500.00
Total			**7,010.00**

Restrictive Covenants

Some of the financing arrangements we have entered into include restrictive conditions. For details, see "*Risk Factors-We have not complied with certain covenants under our financing agreements in the past. Any non-compliance with covenants under our financing agreements that are not waived may be declared to be an event of default and lead to, amongst others, accelerated repayment schedule, securitization of assets charged and suspension of further drawdowns, which could adversely affect our business, financial condition, results of operations and cash flows.*" on page 34. We are currently not in compliance with all of the covenants contained in our financing agreements and we have breached certain covenants in the past. For details, see "*Risk Factors-We have not complied with certain covenants under our financing agreements in the past. Any non-compliance with covenants under our financing agreements that are not waived may be declared to be an event of default and lead to, amongst others, accelerated repayment schedule, securitization of assets charged and suspension of further drawdowns, which could adversely affect our business, financial condition, results of operations and cash flows* " on page 34.

Short-term Borrowings

The following table sets forth, for the periods indicated, information related to the Bank's short-term Rupee borrowings, which are comprised primarily of money-market borrowings (call borrowing and CBLO borrowing). Short-term Rupee borrowings exclude deposits and securities sold under repurchase agreements.

(₹ in millions, except percentages)

	As at and for the six months ended September 30,		As at and for the year ended March 31,		
	2020	2019	2020	2019	2018
Period end balance	-	2,000.00	350.00	500.00	3,694.50
Average balance during the period not captured(1)	-	12.33	101.50	63.80	3,418.50
Average interest rate during the period(2)	-	8.20%	5.38%	5.40%	4.82%
Interest at period end(3)	-	1.01	5.47	2.60	124.24

Notes:

1. Average daily balances outstanding.
2. Represents the ratio of interest expense on short-term borrowings to the average of balances of short-term borrowings.
3. Represents the total interest paid on account of short-term borrowings during the period.

Capital to Risk-Weighted Assets Ratios

For details on our capital to risk-weighted assets ratios, see "*Selected Statistical Information – Capital to Risk-Weighted Assets Ratios*" on page 235.

Financial Instruments and Off-Balance Sheet Arrangements

A bank missing its priority sector lending target is able to reach the target by buying IBPCs issued by other banks that have already exceeded their regulatory targets for priority sector advances. We transfer advances through IBPCs. In accordance with the applicable RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by our Bank is reduced from our advances. IBPCs with risk sharing can be issued for 91-180 days and only in respect of advances classified as standard. At the end of the term, the advances sold via IBPCs are sold back to the bank that issued the IBPC. As at September 30, 2020 and March 31, 2020, 2019 and 2018, advances sold via risk sharing IBPCs were ₹8,016 million,

₹11,158.17 million, nil and nil respectively.

We sold nil financial assets to securitisation/ reconstruction companies in accordance with the guidelines issued by the RBI for the half years ended September 30, 2020 and 2019 and Fiscals 2020, 2019 and 2018. As at September 30, 2020 and March 31, 2020, 2019 and 2018, respectively, the outstanding balance of our securitised advances was ₹423.50 million, ₹431.87 million, ₹529.85 million and ₹956.42 million, respectively. For more details on our securitised advances, see "*Financial Statements–Annexure 23–Note 8: Securitisation and related disclosures*" on page 288.

Contingent Liabilities

The components of our contingent liabilities as per AS 29 - Provisions, Contingent Liabilities and Contingent Assets as at the dates indicated are set forth below:

(₹ in millions)

Contingent Liabilities	As at September 30, 2020	As at March 31		
		2020	2019	2018
Claims against the Bank not acknowledged as debts[(1)]	-	-	-	183.00
Other items for which the Bank is contingently liable	371.59	371.59	516.08	328.52
Of which:				
Income tax liability[(2)]	*359.09*	*359.09*	*388.58*	*193.30*
Bank guarantee given	*12.50*	*12.50*	*127.50*	*135.22*
Total	**371.59**	**371.59**	**516.08**	**511.52**

Notes:

1. *The contingent liability of ₹183.00 million was in respect of certain disputes with third party service providers. Our Bank had filed counterclaims amounting to ₹5,560.00 million as part of these disputes. These counterclaims have not been recognised as assets as at March 31, 2018. The dispute was settled on February 19, 2020.*
2. *We are a party to various taxation matters in respect of which appeals are pending. We expect the outcome of the appeals to be favourable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and the provisions of the Income Tax Act, 1961.*

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

Capital Expenditures

Our capital expenditures are principally for fixed assets, including furniture and fixtures. We incurred capital expenditures (additions to fixed assets including furniture and fixtures) of ₹164.81 million and ₹136.94 million during the half years ended September 30, 2020 and 2019, respectively. We incurred capital expenditures (additions to fixed assets including furniture and fixtures) of ₹233.08 million, ₹817.07 million and ₹2,727.29 million during Fiscals 2020, 2019 and 2018, respectively.

The table below sets forth the estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) as at September 30, 2020 due by the periods indicated.

(₹ in millions)

Particulars	Payments due by period				
	Total	Less than 1 year	1 year to 3 years	More than 3 years to 5 years	More than 5 years
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	-	-	-	-	-

Non-cancellable Operating Lease Obligations

The table below sets forth our non-cancellable operating lease obligations as at September 30, 2020 for payments due in the specified periods.

(₹ in millions)

Contractual Obligations	Payments due by period			
	Total	Less than 1 year	1 year to 5 years	More than 5 years
Non-cancellable operating lease obligations	**303.59**	59.85	200.83	42.91

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions as per AS 18 – 'Related Party Disclosures' read with the SEBI ICDR Regulations, see "*Other Financial Information - Related Party Transactions*" on page 313.

Qualitative and Quantitative Disclosure about Market Risks

We do not enter into any trade in financial instruments, including derivative financial instruments, for speculative purposes. As at September 30, 2020, we had entered into a cross currency interest rate swap to hedge our external commercial borrowings borrowed prior to our conversion into a Small Finance Bank. For quantitative disclosure about our derivative financial instruments, see "*Financial Statements– Annexure 23–Note 6: Derivatives*" on page 280.

For qualitative disclosure about our other market risks, see "*Our Business – Risk Management Architecture*" on page 169.

Qualitative Factors

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Significant Economic Changes that Materially affect or are likely to affect Total Income

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect our total income identified above in "*Significant Factors Affecting Our Financial Condition, Results of Operations and Cash Flows*" and the uncertainties described in "*Risk Factors*" on pages 316 and 23, respectively.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Significant Factors Affecting Our Financial Condition, Results of Operations and Cash Flows*" and the uncertainties described in "*Risk Factors*" on pages 316 and 23, respectively. To our knowledge, except as discussed in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Bank from total income.

Future Relationship between Cost and Revenue

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 23, 136 and 314, respectively, to our knowledge there are no known factors that may adversely affect our business, financial condition and results of operations.

New Products or Business Segments

For details of the effect of new products and business segments on our business, financial condition and results of operations, see "*Risk Factors –We have introduced several new products and services since April 1, 2017 and we cannot assure you that such products and services will be profitable in the future. Further, we may be unable to successfully diversify our product portfolio or enter into new lines of business, which may adversely affect our business, financial condition, results of operations and cash flows.*" on page 38.

Dependence on a Few Customers or Suppliers

We are not dependent on a few customers or suppliers.

Seasonality of Business

Our business is not seasonal in nature.

Competitive Conditions

We operate in a competitive environment. Please refer to "*Industry Overview*", "*Risk Factors - 19. We face intense competition in all our principal products and services and if we are unable to compete effectively it would adversely affect our business, financial condition, results of operations and cash flows.*" and "*Our Business – Competition*" on pages 104, 37 and 175, respectively for further information on our industry and competition.

Material Developments after September 30, 2020

The Supreme Court of India in *Small Scale Industrial Manufactures Association (Regd.) vs Union of India and others* vide a judgment dated March 23, 2021 has directed that the interim order granted on September 3, 2020 to not declare the accounts of borrowers as NPAs stands vacated. Moving forward from the date of the judgment on March 23, 2021, our Bank will resume recognizing overdue accounts not previously recognised as NPAs, as NPAs.

Additionally, in the above referenced judgment, the Supreme Court has directed that there shall not be any charge of interest on interest/ compound interest/ penal interest for the period during the Moratorium and any amount already recovered by way of interest on interest/ compound interest/ penal interest shall be refunded to the respective borrowers and to be given credit/adjusted in the next instalment of the loan account. Our Bank awaits further clarity from the RBI on this judgement before we assess its potential effect on our financial condition and results of operations.

CAPITALISATION STATEMENT

The following table sets forth our Bank's capitalization as at September 30, 2020, on the basis of our Restated Financial Statements, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Risk Factors*" on pages 314, 241 and 23, respectively.

(*₹ in million*)

Particulars	Pre-Offer as at September 30, 2020	As adjusted for the proposed Offer (Refer Note 1)
Borrowings (Refer Note 1)		
Short term borrowings **(A)**	3,531.50	**[●]**
Long term borrowings (Refer Note 2) **(B)**	30,125.39	**[●]**
Total Borrowings (C = A+B)	**33,656.89**	**[●]**
Shareholders' Funds		
Share Capital		
50,726,840 Equity Shares of Rs. 10 each	507.27	**[●]**
150,000,000 16% Non-Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each fully paid-up	1,500.00	**[●]**
Total Share Capital (D)	**2,007.27**	**[●]**
Reserves and Surplus		
i) Statutory Reserves	1,026.77	**[●]**
ii) Securities Premium	48,188.50	**[●]**
iii) General Reserve	144.10	**[●]**
iv) Capital Reserve	138.09	**[●]**
v) Investment Fluctuation Reserve	46.36	**[●]**
vi) Employees Stock Options Outstanding	153.54	**[●]**
vii) Balance of Profit and Loss Account	(40,442.20)	**[●]**
Total Reserves & Surplus (E)	**9,255.16**	**[●]**
Total Shareholder's Funds (F = D+E)	**11,262.43**	**[●]**
Long Term Borrowings/ Total Shareholder's Fund (G = B/F)	2.67	**[●]**
Total Borrowings/ Shareholder's Fund (H = C/F)	2.99	**[●]**

Notes:

Note 1: The corresponding post IPO capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement.

Note 2: Borrowings with original contractual maturity of more than 1 year are classified as Long Term, per RBI Regulations. All other borrowings have been classified as Short Term.

Note 3: Since September 30, 2020, 417 Equity Shares have been allotted on exercise of RSUs under the ESOP Schemes. For details, see "Capital Structure – Notes to capital structure – Share capital history of our Company – Equity Share capital" on page 70.

**Borrowings with original contractual maturity of more than one year are classified as long term, per RBI regulations. All other borrowings have been classified as short term.*

#To be updated upon finalization of the Offer Price

FINANCIAL INDEBTEDNESS

Our Bank avails loans in the ordinary course of business for the purposes of onward lending, meeting working capital requirements and for general corporate purposes.

Our Shareholders have authorised our Board to borrow such sums of money as may be required for the purpose of the business of the Bank. For details regarding the borrowing powers of our Board, please see "*Our Management – Borrowing Powers of Board*" on page 203.

Set forth below is a brief summary of our aggregate borrowings as of February 28, 2021:

(in ₹ million)

Category of borrowing	Sanctioned amount	Outstanding amount*
Term loans		
Secured	NIL	NIL
Unsecured	2,000.00	2,000.00
Refinance#	47,380.00	36,474.48
External Commercial Borrowings	1,259.70	456.68
Call Money (unsecured)	1,241.00	1,241.00
TIER II bonds	7,010.00	7,010.00
Total	**58,890.70**	**47,182.16**

**As certified by JHS & Associates LLP, Chartered Accountants pursuant to their certificate dated March 31, 2021*

#Post February 28, 2021, our Bank has also availed an additional refinance facility from Small Industries Development Bank of India, aggregating to ₹3,000 million

Off Balance Sheet Exposures

(in ₹ million)

Category of borrowing	Sanctioned amount	Outstanding amount*
Managed Portfolio	3,297.50	461.74
Inter-bank participation certificate	5,898.80	5,898.80
Total	**9,196.30**	**6,360.54**

**As certified by JHS & Associates LLP, Chartered Accountants pursuant to the certificate dated March 31, 2021*

Principal terms of the subsisting borrowings availed by our Bank along with the off-balance sheet exposure:

1. ***Interest:*** The interest rates for the facilities availed by our Bank typically ranges from 3.25 % per annum to 14.50% per annum. In respect of the external commercial borrowings of our Bank, the interest rate is based on the sum of the cost of fund and the spread of the lender, which is subject to changes from time to time. The term loans are provided for an interest rate which is arrived at after factoring the percentage over the relevant lenders one year marginal cost of lending rate along with the base rate. Lastly, for certain loans availed by our Bank, additional interest rates have been stipulated on the occurrence of certain events such as payment related default, breach of terms and conditions etc.

2. ***Tenor:*** The tenor of the term loans and off-balance sheet exposures availed by our Bank typically ranges from 29 days to 66 months.

3. ***Security:*** Our secured loans are typically secured by way of hypothecation of our present and future assets including receivables and exclusive first charge on all the book debts of our Bank. The nature of securities described herein is indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by our Bank.

4. ***Pre-payment:*** Certain loans availed by our Bank have pre-payment provisions which allow for pre-payment of the outstanding loan by serving notice to the lender and subject to payment of such pre-payment penalties as may be prescribed. These pre-payment penalties typically range from 1.00% to 3.00% of the amount being prepaid. However, in respect of certain loans availed by us, we are restricted from pre-paying the loan without the prior intimation to the lender.

5. ***Re-payment:*** The repayment period for the facilities availed by us typically ranges from 29 days to 66 months.

6. ***Events of Default:*** Borrowing arrangements entered into by our Bank contain standard events of default, including among others:

    a) Failure or inability to pay amount on due dates;

    b) Change in control of our Bank;

    c) Cessation or change in business;

d) Incorrect or misleading information;

e) Violation of any term of the relevant agreement or any other borrowing agreement;

f) Seizure, nationalization or expropriation by any government authority of substantial assets of our Bank, or which prevents our Bank in any way from carrying out a material portion of our business;

g) Bankruptcy or insolvency of our Bank;

h) Any person seizing to hold or retain such portion of shareholding or interest in our Bank, as may be prescribed under the borrowing documentation; and

i) Any other event or circumstance which could have a material adverse effect on the lender.

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by our Bank.

7. ***Consequences of occurrence of events of default:*** In terms of our facility agreements and sanction letters, the following, among others, are the consequences of occurrence of events of default, whereby the lenders may:

a) Terminate either whole or part of the facility;

b) Declare any or all amounts under the facility, either whole or in part, as immediately due and payable to the lender;

c) Suspend further access/ drawals by our Bank to the use, either in whole or in part, of the facility;

d) Exercise their right to appoint a receiver to recover the receivables for the loan;

e) Accelerate repayments/recall of the loan.

8. ***Restrictive Covenants:*** The loans availed by our Bank contain certain restrictive covenants, including:

a) Change in capital structure of our Bank without the prior approval of the lender;

b) Change in management of our Bank without the prior approval of the lender;

c) Change in the constitutional documents of our Bank without the prior approval of the lender;

d) Undertaking or permitting any merger, de-merger, consolidation, reorganization, scheme of arrangement or compromise between our Bank and its creditors or shareholders or effecting any scheme of amalgamation or reconstruction including creation of any subsidiary or permitting any company to become a subsidiary of our Bank without the prior approval of the lender;

e) Declaration or payment of dividends, or authorising or making any distribution to the Shareholders pending repayment of the outstanding dues to lenders without the prior approval of the lender;

f) Making any equity investments in the primary or secondary markets, or derivative deals.

This is an indicative list and there may be such other additional terms under the various borrowing arrangements entered into by our Bank.

Additionally, some of our lenders have the right to appoint a nominee director on the Board, should an event of default occur under the terms of our loan agreements.

For the purpose of the Offer, except as stated in "*Risk Factors - We have not complied with certain covenants under our financing agreements in the past. Any non-compliance with covenants under our financing agreements that are not waived may be declared to be an event of default and lead to, amongst others, accelerated repayment schedule, securitization of assets charged and suspension of further drawdowns, which could adversely affect our business, financial condition, results of operations and cash flows.*" on page 34, our Bank has obtained necessary consents from our lenders as required under the relevant loan documentations for undertaking activities relating to the Issue including consequent actions, such as change in our capital structure, change in the board composition, amendments to the Articles of Association of our Bank, etc.

We undertake securitization of certain portions of our loan portfolio. For details, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 314.

Details of listed non-convertible debentures issued by the Bank

The following table sets forth the ISIN and scrip code of the non-convertible debentures issued by our Bank that are currently listed on BSE:

ISIN	Scrip Code	Status	Debenture Holder (March 26, 2021)	Outstanding Amount (in ₹ million)	Maturity
INE953L08030	953148	Active	CDC Emerging Markets Limited	3300.00	December 22, 2022
INE953L08048	953161	Active	IDFC First Bank Limited	400.00	June 30, 2021
INE953L08055	953629	Active	RBL Bank Limited	780.00	May 19, 2023
			Indian Register of Shipping Staff Provident Fund	20.00	May 19, 2023
INE953L08063	953718	Active	Northern ARC Capital Limited	242.00	May 27, 2022
			Sarita Devi Agarwalla	18.00	May 27, 2022
INE953L08295	958869	Active	IDFC First Bank Limited	1750.00	June 29, 2022
INE953L08303	958877	Active	IDFC First Bank Limited	500.00	July 10, 2025
Total				**7,010.00**	

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there are no outstanding (i) criminal proceedings; (ii) actions taken by regulatory or statutory authorities; (iii) litigation involving claims related to direct and indirect taxes (disclosed in a consolidated manner); and (iv) other pending litigation as determined to be material as per the policy dated March 22, 2021, approved by the Board of Directors, in each case involving our Bank, its Promoter and Directors ("**Relevant Parties**").*

For the purpose of material litigation in (iv) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigation pursuant to the Board resolution dated March 22, 2021:

All outstanding litigation, including any litigation involving the Relevant Parties, other than criminal proceedings, actions taken by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years including any outstanding action and litigation involving claims related to direct and indirect taxes, would be considered 'material' if: (i) the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 1.00% of the profit after tax of the Bank for Fiscal 2020 as per the Restated Financial Statements (i.e. ₹3.01 million); or (ii) where monetary liability is not quantifiable, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects or reputation of the Bank. Further, except as disclosed in this section, there are no disciplinary actions including penalties imposed by SEBI or the Stock Exchanges against our Promoters in the last five financial years including any outstanding action

It is clarified that for the above purposes, pre-litigation notices received by Relevant Parties (excluding statutory/ regulatory/ tax authorities), have not been considered as litigation until such time that the Relevant Parties are not impleaded as a defendant in the litigation proceedings before any judicial/ arbitral forum.

It is further clarified that our Bank has initiated recovery proceedings against several borrowers under the SARFAESI Act for recovery of amounts due from them. Given that the underlying loans have been declared as NPAs by the Bank and adequate provisions have been provided for in our Restated Financial Statements, disclosures in respect of such matters (including matters where the monetary amount of claim sought by the Bank is in excess of ₹3.01 million) have been made in a consolidated manner.

See also "Risk Factors - We are involved in certain legal proceedings, any adverse developments related to which could adversely affect our reputation, business, financial condition, results of operations and cash flows." on page 30.

Except as stated in this section, there are no outstanding material dues to creditors of our Bank. For this purpose, our Board has pursuant to the Board resolution dated March 22, 2021, considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of this materiality policy, outstanding dues to any creditor of the Bank having monetary value exceeding 5% of the total dues owed to creditors of the Bank as on the date of the latest Restated Financial Statements of our Bank included in this Draft Red Herring Prospectus, shall be considered as 'material'. Accordingly, as on September 30, 2020, any outstanding dues exceeding ₹0.40 million have been considered as material outstanding dues for the purposes of disclosure in this section. For outstanding dues to any micro, small or medium enterprise, the disclosure shall be based on information available with the Bank regarding the status of the creditor as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended read with the rules and notifications thereunder, as has been relied upon by the Statutory Auditors of the Bank.

Litigation involving our Bank

Litigation against our Bank

Civil Litigation

As of the date of this Draft Red Herring Prospectus, there are two material outstanding civil litigation against our Bank which involves a monetary liability of ₹3.01 million or more, or where in monetary liability is not quantifiable, whose outcome may have a material bearing on the business, operations, performance, prospects or reputation of the Bank.

1. Yash Pal Sehgal ("**Plaintiff**") filed a civil suit for recovery of amount, damages and mandatory injunction against our Bank under the Civil Procedure Code, 1908 ("**CPC**") on March 7, 2018 before the Honourable District Judge, North West District, Rohini Courts, New Delhi ("**District Court**"). In pursuance to a lease agreement dated June 3, 2016 ("**Lease Agreement**"), the Plaintiff leased his property located at Rani Bagh, New Delhi, to our Bank for a period of nine years, renewable after every three years, with a right to terminate the Lease Agreement by giving prior notice of 60 days. Subsequently, our Bank served a notice on September 18, 2017 for termination of Lease Agreement and our Bank vacated the leased property as per the terms of the Lease Agreement. The Plaintiff initiated the civil suit for recovery of an aggregate amount of ₹3.45 million against our Bank. Our Bank contested the jurisdiction of the District Court and filed an application dated September 19, 2018, under sections 5 and 8 of the Arbitration And Conciliation Act, 1996 read with

Order VII Rule 11 (d) of the CPC, to refer the matter to arbitration at Delhi which was agreed as per the Lease Agreement. The matter is pending before the District Court.

2. Poonam Kaushal ("**Plaintiff**") filed a civil suit dated November 25, 2016 before the Honourable Civil Judge, Senior Division, Patiala ("**Court**") for declaration, permanent injunction and mandatory injunction directing Bhawna Kaushal ("**Defendant-1**") to pay one-third of the amount received from the 'group term' insurance policy ("**Life Insurance**") to the plaintiff, and for one-third of the claim amount pending disbursement from the 'group personal accident' insurance policy ("**PA Insurance**") to be released in favour of the Plaintiff. The Plaintiff has additionally claimed one-third of the ex-gratia and provident fund for one of the employees of the Bank ("**Employee**"). Our Bank was named as one of the defendants in this suit. After the Employee's demise in a road accident, Max Life Insurance had initiated the settlement of claim against Life Insurance, and disbursed ₹2.67 million in favour of the Defendant-1 (being the only nominee in the policy) directly to her bank account. In respect of the PA Insurance, our Bank had received ₹5.34 million from Liberty Videocon General Insurance, which is pending disbursement at our end, subject to this ongoing suit. The Plaintiff has alleged that our Bank has colluded with the Defendant-1 and her son ("**Defendant-2**") to exclude her from the said amount. Our Bank submitted its willingness to disburse the amount of PA Insurance to the Plaintiff or the Defendant-1 along with her son, as per the Honourable Court's direction. Our Bank has denied the allegations of collusion with any persons in respect of any accrued entitlements towards the deceased. The Honourable Court admitted our Bank's application under section 151 of Code of Civil Procedure, 1908, to deposit ₹5.34 million in fixed deposit with a nationalised bank. The matter is currently pending.

3. Our Bank had assigned a pool of account for a valuable consideration of ₹1,500 million ("**Facility**") to the Bank of Baroda (erstwhile Vijaya Bank) (the "**Assignee**") on March 31, 2016, and transferred the identified pool of account ("**Assets**") by way of direct assignment of receivables of all principal and securities. Further, Assignee has appointed our Bank as a Servicer to collect the instalment amounts of the assigned pool and deposit the same in the payout account ("**Assignment Transaction**"). A legal notice dated December 23, 2020 ("**Legal Notice**") was issued by the Assignee alleging, *inter alia*, irregular payment and default in payment of outstanding amounts as per the Assignment Transaction, amounting to classification of the account as non-performing asset, and seeking payment of outstanding amount of ₹122.64 million along with interest due. Our Bank had responded to the Legal Notice on January 13, 2021 refuting the claims of the Bank of Baroda, stating that the obligations under the Assignment Agreement cannot be construed to be on par with a credit facility where our Bank is identified as a borrower. The Assignee, through its letter dated January 15, 2021, proposed for appointment of a sole arbitrator at the Arbitration and Conciliation Centre, Bengaluru ("**Bengaluru Centre**"). Our Bank, through its letter dated January 22, 2021, has consented for adjudication of this dispute by the sole arbitrator at the Bengaluru Centre. However, the Assignee failed to propose a sole arbitrator, hence our bank approached Honourable High Court of Karnataka under Section 11 of Arbitration and Conciliation Act, 1996 for appointment of an arbitrator. The matter is currently pending.

Criminal Litigation

1. An FIR no. 107 dated March 2, 2020 was filed against five employees of our Bank ("**Accused**") at the Garfa police station under sections 114, 341, and 506 of the Indian Penal Code, 1860 ("**IPC**") on the grounds that the Accused have conjointly aided and abetted with each other to criminally intimidate the complainant and wrongfully restrained his minor son within the premises of the house were subsequently arrested by the Kolkata police. The Additional Chief Judicial Magistrate, Alipore, granted bail to all the Accused. A counter FIR no. 108 dated March 2, 2020 was filed by the Accused under sections 120B, 323, 420, and 506 of the IPC against Bijan Saha ("**Loanee**") and Sujan Saha on the grounds, *inter alia*, criminal intimidation and physical assault on our Bank executives when they tried to contact the Loanee at his residential address in respect of the default of loan instalments. The matter is currently pending.

2. An FIR no. 1031 dated October 11, 2019 was filed against Sandeep Patel, our Bank's employee, ("**Accused**") at the Narendrapur police station under sections 34, 323, 341, 354A, 354B, 379, and 506 of the Indian Penal Code, 1860 ("**IPC**") on the grounds that the Accused along with some third parties wrongfully restrained the complainant and her husband in respect of the unpaid loan instalments. The complaint further alleges use of criminal force and attempt to rape the complainant, and wrongful confinement of the complainant's husband and her at the branch office of our Bank. Subsequent to the FIR, the complainant filed an application under section 156(3) of the Code of Criminal Procedure, 1973 before the Honourable Court of Additional Chief Judicial Magistrate-I at Baruipur, West Bengal for taking cognizance of this matter. Our Bank's employee has been granted an interim bail in this matter. The matter is currently pending.

3. An FIR no. 142 dated February 19, 2020 was filed against one daily collection executive of our Bank and others ("**Accused**"), at the Dewas police station, Dewas, under sections 34 and 306 of the Indian Penal Code, 1860, on the grounds that the Accused had abetted the complainant's son to commit suicide. It was alleged by the complainant that the Accused used to harass and assault the complainant's son for money and the deceased son had even left a suicide note against the Accused in this connection. The Honourable High Court of Madhya Pradesh, Bench at Indore has granted bail to the Accused. The matter is currently pending.

4. An FIR no. 269 dated November 1, 2017 was filed against our Bank's employee ("**Accused**") along with some third parties at the Chitpur police station, Kolkata, under sections 114, 323 and 341 of the Indian Penal Code, 1860 ("**IPC**"). The complainant has alleged that the Accused assaulted her for repayment of loan instalments. The police framed charge

sheet number 239/17 against the Accused under sections 114, 323 and 341 of the IPC. The Accused surrendered before the Additional Chief Judicial Magistrate Court, Sealdah and was subsequently released on bail. The matter is currently pending.

5. An FIR no. 307 dated April 1, 2019 was filed against two employees of our Bank ("Accused") at the Barshi City police station, Solapur Rural, under sections 34, 323, 354-B, 452 and 506 of the Indian Penal Code, 1860, on the grounds that the Accused had sexually assaulted, used force, intimidated, and restrained the complainant in the premises of her home. The complainant also alleged that the Accused had threatened to terminate her husband from his job. After investigation, the police did not find any case against the accused and filed the final report for closure of the matter with the Judicial Magistrate, Barshi. The matter is currently pending.

6. An FIR no. 199 dated October 7, 2020 was filed against one employee of our Bank and agents of two other banks (collectively the "**Accused**") at the Radhanagari police station, Kolhapur, under sections 116, 355, 467 and 504 of the Indian Penal Code, 1860, on the grounds that the Accused for harassing the complainant's husband over phone calls for repayment of loan instalments. The complainant has also alleged that despite the RBI's grant of moratorium period, the Accused repeatedly pressurized the complainant and her husband to repay loan instalments. The complainant disclosed that she had attempted suicide owing to the intimidation and harassment induced by the Accused. The matter is pending, and investigation is under process.

7. An FIR no. I/120/2018 dated July 12, 2018 was filed against one employee of our Bank ("**Accused**") at the Amraiwadi police station, Ahmedabad, under sections 114, 294, 452, 506(1) of the Indian Penal Code, 1860 read with section 3(1)(r) of the Scheduled Caste and Scheduled Tribe (Prevention of Atrocities) Act, 1989, on the grounds that the Accused along with three other third-parties threatened the complainant and his son, and used derogatory terms on the complainant's caste. The complainant stated in his FIR that the Accused coerced them for repayment of loan instalments availed by his daughter. The matter is pending, and investigation is under process.

8. Several FIRs were filed against two of our Bank's employees along with several third parties (collectively the "**Accused**") at the Jujumura, Sadar, and Dhama police stations of Sambalpur district, under sections, *inter alia*, 34 and 420 of the Indian Penal Code, 1860 on the grounds that the Accused conspired and cheated the complainants. The matter involves group loan customers who were convinced by one Mrs. Kainta Matari ("**Maitari**") and her son Jaykrushna Matari for availing group loans from various financers including our Bank who had previously approached the residents of Rasanpur village, Sambalpur for providing group loans. Maitari was the point of contact for all the financers to collect monthly instalments. Eventually, Maitari and her son absconded, and all the financers started approaching the customers individually. Resultantly, several FIRs were filed by customers. The matter is pending before the Sub-Divisional Judicial Magistrate's Court in Sambalpur.

9. An FIR no. 2 dated February 7, 2017 was filed against one of our Bank's employee ("**Accused**") under section 376 of the Indian Penal Code, 1860 read with section 3(1)(x) of the of the Scheduled Caste and Scheduled Tribe (Prevention of Atrocities) Act, 1989 on the grounds that the Accused had raped the complainant after taking her to his residence under the garb of completing loan formalities. The police investigated the matter and based on the evidence and statements of witnesses, found the alleged commission of rape as untrue in its final report no. 10/2017 dated March 31, 2017. The matter is pending before the Court of Additional District Judge 1st cum special Judge, SC-ST Act.

10. An FIR no. 272 dated February 9, 2017 was filed against three employees of our Bank (collectively "**Accused**") at the Gulbarga rural police station, Kalaburgi, under sections 34, 109, 323, 354, 504 of the Indian Penal Code, 1860 on the grounds that the Accused had molested and assaulted the complainant, who was a loan customer, in relation to non-repayment on loan instalments. One of the Accused has filed a counter FIR in this matter on February 10, 2017. The police have filed charge sheet in both the matters. The matter is currently pending.

11. An FIR no. 87 dated March 20, 2019 was filed against two of our Bank's employees (collectively "**Accused**") at the Satara Taluka police station, Satara, under sections 34, 323, 354 of the Indian Penal Code, 1860 on the grounds that the Accused had collectively assaulted the complainant by slapping and manhandling her in respect of loan instalment repayment. The Accused have obtained anticipatory bail from Sessions Court, Satara. The police had filed the charge sheet in this matter on May 13, 2019 and the matter is currently pending.

12. An F.I.R no. 295 dated May 19, 2018 was filed against one employee of our Bank's ("**Accused**") at the Goregaon police station, Mumbai, under sections 354 and 509 of the Indian Penal Code, 1860, on the grounds that the Accused had assaulted the complainant and made attempts to outrage her modesty. The incident took place when the Accused visited the residential premises of the complainant's mother, for collection of loan instalments, where the complainant had asked him about the sanction of another loan for herself. The Accused was arrested by the police on the complainant's information. The charge sheet in this matter was filed on August 2, 2018. The matter is currently pending.

13. An FIR no. 413 dated November 17, 2020 was filed against our Managing Director and Chief Executive Officer, and two other employees of the Bank (collectively the "**Accused**") at the Barh Police Station, Barh, Patna, under sections 467, 468, 420, 406, and 34 of the Indian Penal Code, 1860 ("**IPC**"). The complainant leased out his property ("**Premises**") to

our Bank for a banking branch, and made renovations as per our Bank's requirement. The complainant has alleged that our Bank has vacated the Premises and not refunded the expenses incurred by the complainant, towards structural changes and renovation of the Premises. The complainant and our Bank have entered into a settlement agreement on December 17, 2020, and submitted the same before the Police for filing of closure report before the Magistrate Court.

Actions Taken by Regulatory and Statutory Authorities

1. Our Bank has received a show cause notice dated March 10, 2021 from the RBI ("**SCN**") pursuant to which the RBI has alleged that, in Fiscal 2019, our Bank (a) failed to disclose in advance, the schedule of interest rates charged by our Bank on bulk deposits; (b) paid interest on 1,519 bulk deposit accounts opened in the year at rates that differed from its scheduled interest rates; and (c) allowed negotiated deposit rates (that were higher than its approved rate card) to be offered by certain officials of our Bank (including the CEO). The RBI has further stated that these actions are in violation of applicable RBI regulations governing interest rates on deposits, and called upon us to explain why penalties under the Banking Regulation Act should not be imposed on us. Our Bank has, pursuant to its letter dated March 31, 2021 in response to the SCN, submitted that: (a) the non-disclosure of the rates of interest on bulk deposit was on account of its the understanding of the regulations, and the Bank has started displaying the interest rates on bulk deposits in advance; (b) interest rates offered on deposits by the Bank has been uniform across all branches; and (c) the ALCO has approved discretionary powers to designated officials to offer higher rates of interest on bulk deposits, although never exercised by any designated official other than the Managing Director and Chief Executive Officer. The Bank further submitted that it has taken certain corrective actions: (a) modified the deposit policy to mention that the rate of interest on various deposit shall be displayed in advance at the branch premises/website at all times; (b) withdrawn the discretionary powers allocated by ALCO to the designated officials; and (c) started dislaying interest rates on buld deposits on the website as well as branches. The Bank has requested a personal hearing. This matter is pending.

   For further details, see "*Risk Factors - The RBI has issued a show-cause notice to us alleging non-compliance by us of RBI regulations governing interest rates chargeable on deposits. Any penalties imposed or other measures taken by the RBI against us in this regard could adversely affect our reputation, business, results of operation and financial condition.*" on page 35.

2. The Assistant Labour Commissioner, Jabalpur ("**Authority**") issued a show cause notice to our Bank and regional head, Jabalpur branch, dated August 14, 2018 ("**SCN**"), pursuant to the receipt of a complaint dated August 2, 2018, collectively from certain aggrieved employees ("**Employees**"). The Employees have demanded an aggregate compensation of ₹2.23 million from the Bank for not providing adequate leaves as per the Madhya Pradesh Shops and Establishment Act, 1956 ("**S&E Act**"). The observation made by the Authority included, non-compliance with casual and privileged leaves per calendar year under section 26 of the S&E Act. Our Bank had responded to the SCN on September 26, 2018 stating the adherence with compliance of the Act. Thereafter, a matter before the Labour Court, Jabalpur has been initiated, and is currently pending.

3. The Assistant Labour Commissioner, Jabalpur ("**Authority**") had conducted an inspection of our Jabalpur branch on March 27, 2019 and had observed non-compliance and violation of the Minimum Wages Act, 1948 towards, *inter alia*, maintenance of wage register, punishment register, inspection book, annual return form III, and form X containing details of regional inspector, address, working hours etc (collectively "**Non-Compliance**"). Pursuant to the observation of Non-Compliance, the Deputy Labour Commissioner, Jabalpur Division had issued a show cause notice to our Bank dated May 13, 2019 ("**SCN**"). Our Bank had responded to the SCN on April 18, 2019 ("**Response**"). The Authority, being unsatisfied by our Bank's Response, had issued another notice dated May 22, 2019 informing the institution of a prosecution case before the court of Chief Judicial Magistrate, Jabalpur ("**Court**") on June 6, 2019. However, our Bank has not received any summons from the Court till date. The matter is currently pending.

Litigation by our Bank

Civil Litigation

1. M/s. Kheteshwar Marketing (the "**Defendant Company**") was sanctioned a loan of ₹5 million (the "**Loan**") by our Bank on June 30, 2016. Thereafter, the Defendant Company had defaulted on the principal and the interest due on the Loan. Pursuant to the terms of the loan agreement, our Bank had initiated arbitration proceedings dated November 10, 2017, against the Defendants for recovery of a sum of ₹5.12 million along with future interests at 18% per annum, and ₹10,000 as the cost of arbitration proceedings. The sole arbitrator allowed our Bank's claim along with the arbitration expenses of ₹10,000 and passed the award dated January 10, 2018 in our Bank's favour ("**Award**"). An execution petition has been filed by our Bank against the Defendant Company and others, before The Court of Upper District Judge, No. 10, Jodhpur Metropolitan (the "**Court**"), under Order XXI, Rule 11 of the Code of Civil Procedure, 1908, for execution of the Award. Our Bank has prayed for an amount of ₹5.12 million along with interest at 18% per annum from November 10, 2017 to May 10, 2018 amounting to ₹0.46 million, ₹10,000 towards litigation expenses and an additional cost of expenses amounting to ₹75,542, before the Court. The matter is currently pending.

2. M/s. Jay Ambe Trading Company (the "**Defendant Company**") was sanctioned a loan of ₹4 million (the "**Loan**") by our Bank on June 30, 2015. Thereafter, the Defendant Company had defaulted on the principal and the interest due on the Loan. Pursuant to the terms of the loan agreement, our Bank had initiated arbitration proceedings dated November 10, 2017, against the Defendants for recovery of a sum of ₹4.56 million along with future interests at 18% per annum, and ₹10,000 as the cost of arbitration proceedings. The sole arbitrator allowed our Bank's claim along with the arbitration expenses of ₹10,000 and passed the award dated January 10, 2018 in our Bank's favour ("**Award**"). An execution petition has been filed by our Bank against the Defendant Company and others, before The Court of The Principal District Judge, Thane (the "**Court**"), under Order XXI, Rule 11 of the Code of Civil Procedure, 1908, for execution of the Award. Our Bank has prayed for an amount of ₹4.56 million along with the interest at 18% from November 10, 2017 to August 20, 2018 amounting to ₹0.63 million, and an additional cost of ₹10,000 towards litigation expenses, before the Court. The matter is currently pending.

3. M/s. Apollo Mercantile ("**Proprietary Concern**") was sanctioned a loan of ₹3 million for its working capital requirements under a loan agreement dated September 29, 2015, repayable in monthly instalments (the "**Loan**"). Thereafter, the Proprietary Concern defaulted on the payment due on the Loan. Pursuant to the terms of the Loan, our Bank had initiated arbitration proceedings dated October 7, 2016, against the Defendants for recovery of a sum of ₹3.28 million along with interest at 24% per annum from the date of institution of dispute, till the actual realisation of dues. The sole arbitrator allowed our Bank's claim along with the arbitration cost and fees of ₹4,000 and passed the award dated January 17, 2017 in our Bank's favour ("**Award**"). An execution petition no. 84 of 2018, dated June 5, 2018 has been filed by our Bank against Mrs. G Chandbegum, proprietor of the Proprietary Concern and others, before The High Court of Madras, for execution of the Award. Our Bank has prayed for an amount of ₹3.28 million along with the interest at 24% from January 17, 2017 to April 10, 2018 amounting to ₹0.96 million, and an additional cost of ₹4,000 towards litigation expenses, before the Court. The matter is currently pending.

Recovery proceedings under the SARFAESI Act

In addition to the matters above, our Bank is presently involved in 297 matters in relation to recovery of amounts under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("**SARFAESI Act**"). Our Bank has filed 285 applications for seeking directions to take physical possession of the secured asset under section 14 of the, before relevant courts across jurisdictions, to exercise the right over mortgaged property for recovery of amounts due from various borrowers of the Bank ("**Borrowers**"), whose accounts have been classified as non-performing assets, due to default in repayments. The total pecuniary value involved in such matters aggregates to ₹379.87 million, of which the monetary claims in 29 cases are above ₹3.01 million. Whereas there are 12 outstanding matters in appeal, before the Debt Recovery Tribunal of various jurisdictions, which are filed by the Borrowers under section 17 of the SARFAESI Act, contesting, *inter alia*, the action of our Bank in claiming rights over the mortgaged property, seeking temporary and permanent injunction towards any coercive action by our Bank against the Borrowers. The total pecuniary value involved in such matters aggregates to ₹26.46 million, of which the monetary claim in three cases is above ₹3.01 million. The matters are currently pending at various stages.

Criminal Litigation

1. There are 140 First Information Reports ("**FIR**") registered by our Bank under Section 154 of the Code of Criminal Procedure, 1973 ("**CrPC**") and 21 cases are filed before the Judicial Magistrates under Section 156 of the CrPC against employees, third parties and customers. These cases, *inter alia*, relate to instances of theft, fraud, criminal breach of trust, cheating, misappropriation of money and involved in embezzlement of money, forgery, criminal conspiracy, etc. by the accused in these cases under the IPC. The matters are currently pending before various forums across the country.

2. There are 11,761 cases filed by our Bank pending before various forums across the country for alleged violation of Section 138 of Negotiable Instruments Act, 1881, for recovery of amounts due to our Bank for which cheques issued in favour of our Bank by our customers/debtors have been dishonoured. The total pecuniary value involved in all these matters aggregates to ₹872.82 million.

3. There are 3,575 police complaints have been filed by our Bank against its employees in relation to alleged violations arising in the ordinary course of business operations of the Bank, including, among others, cases filed under the IPC alleging criminal breach of trust, cheating, forgery, criminal conspiracy, misappropriation of money and involved in embezzlement of money etc.

Tax Litigation involving our Bank

Direct tax litigation

1. The Principal Commissioner of Income Tax, Bangalore-4, Bangalore, issued several notices of assessment to our Bank under the Income Tax Act, 1961 (the "**IT Act**") between March 17, 2016 and December 18, 2017, requiring details, amongst others, of certain expenses in the financial statements for the assessment year 2015-16. The Assessment Order ("**Order**"), was passed by the Deputy Commissioner of Income Tax, Circle 4(1)(1) ("**Assessment Officer**") dated December 29, 2017. As per the Order, certain disallowances/additions were made by the Assessing Officer towards, *inter*

alia, (i) interest expenditure on exempted income; (ii) ad-hoc disallowances of certain expenses being rent, repairs and maintenance, printing and stationery and agent commission; and (iii) other business expenses being loss assets written off, electricity and water, cash management service charges, doubtful receivable written off, miscellaneous expenses, postage, telephone & courier charges and travelling & conveyance. The Assessment Officer made additions aggregating to ₹292.29 million and assessed the additional tax demand as ₹121.76 million. Our Bank had filed an appeal before the Commission of Income Tax (Appeals) - 4 on January 25, 2018, against the assessment order, which was dismissed on March 15, 2019. Subsequently, our Bank filed an appeal before the Income Tax Appellate Tribunal, Bangalore Bench ("**ITAT**") on June 4, 2019. The ITAT in its order dated February 28, 2020, partly allowed our Bank's claim and directed the assessment officer to re-examine our Bank's claim including, *inter alia*, determination of correct values of investment, and TDS credit. The matter is currently pending.

2. The Office of Income Tax Officer, Ward 4(1)(1), Bangalore, issued a notice of assessment to our Bank under the Income Tax Act, 1961 (the "**IT Act**") on November 27, 2014, requiring details of our financial statements for the assessment year 2012-13. As per the assessment order dated March 26, 2015, certain disallowances/additions were made by the Assessing Officer towards, *inter alia*, (i) Collection cost; (ii) provision of expenses; (iii) grant received from International Finance Corporation; (iv) interest income; (v) delay in remitting employee's contribution to the provident fund account; and (vi) delay in remitting contribution to Employees State Insurance Scheme. The Assessing Officer made additions aggregating to ₹27.91 million and assessed an additional tax of ₹8.04 million on our Bank. Our Bank has filed an appeal dated April 24, 2015, before the Commissioner of Income Tax (Appeals) – 4. The matter is currently pending.

3. The Deputy Commission of Income Tax, Circle 4(1)(1), Bangalore ("**DCIT**"), issued two notices of assessment ("**Notices**") to our Bank under the Income Tax Act, 1961 (the "**Act**") on May 25, 2015 and October 12, 2015 (collectively, the "**notices**"), which required our Bank to furnish the details of certain items of the financial statements for the assessment year 2013-14. Our Bank had submitted a response to the Notices on February 15, 2016. As per the Assessment Order dated March 14, 2016 ("**Order**"), certain disallowances/additions were made by the Assessing Officer towards, *inter alia*, (i) provision for expenses; (ii) interest income; (iii) expenses such as outstanding bonus, leave encashment, and interest accrued but not due; (iv) delay in remitting employees contribution to provident fund and employee state insurance funds; (v) certain expenditure categorised under miscellaneous expenses; (vi) interest expenditure on exempted income; and (vii) share capital and share premium pursuant to the issue of equity and compulsorily convertible preference shares. Consequently, additions aggregating to ₹60.78 million were made and a demand notice of ₹27.43 million was issued to our Bank. Against the Order, our Bank has filed an appeal dated April 20, 2016, before the Commissioner of Income Tax (Appeals) – 4. The matter is currently pending.

4. The Assistant Commissioner of Income Tax, Special Range – 4, Bangalore, had issued a show cause notice ("**Notice**") under the Income Tax Act, 1961 (the "**Act**") to our Bank on December 22, 2018 requiring our Bank to furnish details of expenses amounting to ₹97 million for the assessment year 2016-17. Our Bank submitted a response to the Notice on December 27, 2018. As per the assessment order dated December 29, 2018 ("**Order**"), the Assessment Officer made certain disallowances/additions towards, *inter alia*, (i) certain expenses being technology expenses, business correspondent expenses, cash management service charges, legal & professional fee, travelling & conveyance, management service, miscellaneous expenses, repairs & maintenance and retainer charges; and (ii) interest expenditure on exempted income. Consequently, additions aggregating to ₹441.16 million were made and a demand notice dated December 29, 2018, was issued to our Bank. However, since our Bank had more prepaid taxes than tax payable, the amount to additional tax amounting to ₹15.26 million was adjusted from the due refund of ₹16.12 million. Against the Order, our Bank has filed an appeal dated January 25, 2019, before the Commissioner of Income Tax (Appeals) – 4. The matter is currently pending.

5. The Assistant Commissioner of Income Tax, Special Range – 4, Bangalore, had issued a show cause notice ("**Notice**") under the Income Tax Act, 1961 (the "**Act**") to our Bank on November 13, 2019 requiring our Bank to furnish details of expenses amounting to ₹261 million for assessment year 2017-18. Our Bank had submitted a response to the Notice on December 27, 2019. As per the assessment order dated December 28, 2019 ("**Order**"), the Assessment Officer made disallowance/additions towards, *inter alia*, (i) expenses relating to business correspondent expenses, management services, legal & professional fee and technology expenses; and (ii) interest expenditure on exempted income. Consequently, additions aggregating to ₹261.46 million were made and a demand notice of ₹63.90 million was issued to our Bank. Our Bank has filed a rectification applicated dated January 3, 2020, along with an application for stay of demand dated January 23, 2020, before the Joint Commissioner of Income Tax, Special Range – 4. Further, our Bank has filed an appeal before the Commissioner of Income Tax (Appeals) on January 24, 2020. The matter is currently pending.

6. The Deputy Commissioner of Income Tax, Circle 4(1)(1), Bangalore ("**DCIT**"), had issued several notices ("**Notices**") under the Income Tax Act, 1961 (the "**Act**") to our Bank between years 2015 and 2017, requiring our Bank to furnish details of certain items and expenditures incurred by our Bank during the assessment year 2014-15. Our Bank had made the final submissions to the Notices on December 28, 2017. As per the assessment order dated December 29, 2017 ("**Order**"), certain disallowance/additions were made by the Assessing Officer towards, *inter alia*, (i) interest expenditure on exempted income; (ii) expenses being business process outsourcing expense, legal and professional expenses and business correspondent expenses & financial advisory; and (iii) delayed in filing the return of income. Consequently, additions aggregating to ₹65.64 million were made and a demand notice ₹ 36.22 million was issued to our Bank. Against

the Order, our Bank had filed an appeal dated January 25, 2018, before the Commissioner of Income Tax (Appeals), Bangalore-4, Bangalore ("**CIT-A**"). The CIT-A in its order dated March 15, 2019 partly allowed our Bank's claim to consider the average value of investments for the purpose of tax-exempt income, at ₹1 million instead of ₹10 million. Thereafter, our Bank had filed an appeal dated June 4, 2019 before the Income Tax Appellate Tribunal, Bangalore Bench ("**ITAT**"). The ITAT in its order dated February 28, 2020, partly allowed our Bank's appeal. Further, the ITAT has set aside the order of the CIT-A and restored the matter to the Assessing Officer. The matter is currently pending.

Litigation involving our Promoter

As on the date of this Draft Red Herring Prospectus, there is no outstanding criminal litigation, civil litigation or actions taken by statutory or regulatory authorities involving our Promoters.

Litigation involving our Directors

Except as disclosed below, there is no outstanding criminal litigation, civil litigation or actions taken by statutory or regulatory authorities involving our Directors, as on the date of this Draft Red Herring Prospectus –

1. For outstanding litigation involving our Managing Director and Chief Executive Officer, please refer to "*Litigation involving our Bank – Litigation against our Bank – Criminal Litigation*" on page 355.

2. The Ministry of Corporate Affairs, Office of the Registrar of Companies, Mumbai, Maharashtra, has issued three notices, each dated February 4, 2014 ("**Notices**") to Ramalingam Ramaseshan (our Non-Executive Independent Director), during his term as the managing director at National Commodity and Derivatives Exchange Limited ("**NCDEX**") to show cause for non-compliance by NCDEX of requirements under Section 211(3A), and Schedule VI Part I of the Companies Act, 1956 in relation to non-disclosure of certain particulars including (i) components of deferred tax assets and deferred tax liabilities; (ii) details of scrips in which NCDEX had bought and sold investments; and (iii) classification of current liabilities, in XBRL balance sheet for financial year 2010-11 as per the Accounting Standard – 22. Ramalingam Ramaseshan pursuant to his letter dated February 19, 2014, has submitted that the non-compliance was due to inadvertence of the NCDEX and the agency to whom the work of XBLR conversion was outsourced. No further communication has been received from the MCA in this regard.

Litigation involving our Group Companies

As on the date of this DRHP, there is no pending litigation involving our Group Companies which have a material impact on our Bank.

Tax Claims

Except as disclosed below, there are no claims related to direct and indirect taxes, involving our Bank, Directors and Promoters.

Nature of case	Number of cases	Amount involved (in ₹ million)
Bank		
Direct Tax	6	359.07
Indirect Tax	Nil	Nil
Directors		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Promoters		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil

Outstanding dues to Creditors

As of the date of this Draft Red Herring Prospectus, the total number of creditors of our Bank was 119 and the total outstanding dues to these creditors by our Bank was ₹7.97 million. Our Bank owes an amount of ₹0.03 million to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 ("**MSMEs**").

Details of outstanding dues owed to MSMEs and other creditors as of September 30, 2020 is set out below:

Types of Creditors	Number of creditors	Amount involved (in ₹ million)
Micro, Small and Medium Enterprises	3	0.03
Other creditors	116	7.94
Total Outstanding Dues#	119	7.97

As per the materiality policy, creditors of our Bank to whom an amount exceeding 5% (i.e. ₹0.40 million) of the total dues owed to creditors as on September 30, 2020, were considered 'material' creditors. As of September 30, 2020, there are five material creditors to whom our Bank owes an aggregate amount of ₹3.66 million. The details pertaining to net outstanding dues towards our material creditors are available on the website of our Bank at https://www.janabank.com/images/PDF/Material-creditors.pdf. It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus.

Material Developments

Other than as stated in "*Management's Discussion And Analysis of Financial Condition And Results Of Operations"* on page 314, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our trading, our profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Set out below is an indicative list of approvals obtained by our Bank which are considered material and necessary for the purpose of undertaking its business activities. In view of these key approvals, our Bank can undertake this Offer and its business activities. In addition, certain of our key approvals may have expired or may expire in the ordinary course of business and our Bank has either already made an application to the appropriate authorities for renewal of such key approvals or is in the process of making such renewal applications.

A. Incorporation details

1. Certificate of incorporation dated July 24, 2006 issued to our Bank, under the name 'Janalakshmi Financial Services Private Limited' by the RoC.

2. Fresh certificate of incorporation dated August 10, 2015, issued by the RoC, consequent upon change of name of our Bank from 'Janalakshmi Financial Services Private Limited' to 'Janalakshmi Financial Services Limited', pursuant to conversion of our Bank from a private limited company to public limited company.

3. Fresh certificate of incorporation dated January 29, 2018 issued to our Bank, by the RoC, consequent upon change of name of our Bank from 'Janalakshmi Financial Services Limited' to 'Jana Small Finance Bank Limited'.

4. The CIN of our Bank is U65923KA2006PLC040028.

B. Approvals in relation to the Offer

For details regarding the approvals and authorisations obtained by our Bank in relation to the Offer, see "*Other Regulatory and Statutory Disclosures - Authority for the Offer*" on page 366.

C. Key approvals in relation to our Bank

Regulatory approvals for our Bank

1. The RBI, pursuant to the RBI In-Principle Approval, granted Janalakshmi Financial Services Private Limited in-principle approval to establish an SFB under Section 22 of the Banking Regulation Act, by converting itself into a small finance bank, subject to completion of all the relevant formalities within the validity period of eighteen months from the date of approval, to the satisfaction of RBI.

2. The RBI, pursuant to the RBI Final Approval, issued to our Bank, license number 'MUM:134', to carry on the SFB business in terms of Section 22 of the Banking Regulation Act.

3. The RBI has, pursuant to a letter dated February 28, 2018, granted our Bank approval to participate in the Centralised Payment Systems viz. RTGS and NEFT.

4. The RBI has, pursuant to a letter dated June 12, 2018, granted our bank membership of RTGS System in the 'Type A' category and a RTGS Settlement Account in the name of our Bank has been opened at the banking department, Mumbai. The intra-day liquidity limit sanctioned to our Bank is ₹14,782.70 million.

5. The RBI has intimated the Bank of its inclusion in the second schedule to the RBI Act, vide its notification dated July 16, 2019, published in the Gazette of India dated July 27, 2019.

6. The RBI has, pursuant to a letter dated March 28, 2018, intimated us of the opening of our principal current account with the RBI in the name of our Bank.

7. The RBI has, pursuant to a letter dated April 18, 2018, intimated us of the opening of our subsidiary ledger account in the name of our Bank.

8. The RBI has, pursuant to a letter dated February 28, 2018, allotted primary IFSC JSFB0000001, to our Bank.

9. The RBI has permitted our Bank to open:

   a. 21 administrative offices/back offices in the districts of Bangalore Urban, Dharwad, Chennai, Coimbatore, Mumbai, Mumbai Suburban, Pune, Nagpur Ahmedabad, Gandhinagar, Surat, Gurgaon, New Delhi, Chandigarh, Jaipur, Kolkata, Patna, Meerut, Varanasi, Bhopal pursuant to its letter dated June 30, 2017;

   b. Six administrative offices in the districts of Chennai, Lucknow, Gurgaon, Jaipur, and Raipur and eight back offices at districts including Mumbai, Bangalore, Gandhinagar, Chandigarh, New Delhi, and Pune, pursuant to its letter dated March 21, 2018;

c. 300 banking outlets consisting of 168 outlets in Tier 1 centres and 132 outlets in Tier 2 to Tier 6 centres including at least 75 outlets in URCs, pursuant to its letter dated March 21, 2018, in respect of the ABOEP for Financial Year 2018-19;

d. 55 banking outlets consisting of 15 semi-urban outlets, 20 urban outlets, and 20 metropolitan outlets, pursuant to its letter dated December 10, 2018;

e. 22 rural banking outlets, pursuant to its letter dated February 15, 2019;

f. 15 banking outlets consisting of 11 rural outlets, two urban outlets, and two metropolitan outlets respectively, pursuant to its letter dated April 25, 2019; and

g. 415 banking outlets consisting of 300 outlets in Tier 1 centres and 115 outlets in Tier 2 to Tier 6 centres including at least 103 outlets in URCs, pursuant to its letter dated July 12, 2019, in respect of the ABOEP for Financial Year 2019-20.

10. The RBI has, pursuant to letters dated January 29, 2019 and February 28, 2019, granted our Bank membership of NDS-OM and NDS-Call system, respectively.

11. The RBI through various letters has allotted the MICR code to 526 banking branches of our Bank as on November 30, 2020.

12. The RBI has, pursuant to a letter dated June 27, 2017, granted our Bank approval to commence and operate mobile banking services, with flexible channels for registration with customers.

13. The CERSAI has, pursuant to an email dated December 17, 2018, confirmed the registration of our Bank in the Central KYC registry.

14. The Foreign Exchange Department, RBI has, pursuant to certificate dated August 29, 2018, authorised our Bank as an Authorized Dealer – Category II.

15. The NPCI has, pursuant to an email dated March 20, 2019, granted our Bank access to the NACH platform.

16. The Deposit Insurance and Credit Guarantee Corporation has, pursuant to a letter dated April 2, 2018 granted our Bank registration as an insured bank in terms of the Deposit Insurance and Credit Guarantee Corporation Act, 1961.

17. The RBI has, pursuant to an email dated April 6, 2018, issued a three-digit Basic Statistical Return – BSR Code 218, to our Bank.

18. The IRDAI has, issued a certificate of registration to our Bank as a Corporate Agent (Composite) for the period from October 23, 2018 to October 22, 2021.

19. The NSDL has, pursuant to a letter dated December 16, 2013, granted our Bank registration to the National Pension System-Lite, and the Central Recordkeeping Agency.

20. Our Bank has obtained FATCA registration bearing no. Q4115W under the Foreign Account Tax Compliance Act, 2010.

21. The RBI has, pursuant to a letter dated July 23, 2018, issued a no-objection certificate to undertake the activity of distribution of the following products:

    a. life insurance products including group insurance products, products under Pradhan Mantri Jeevan Jyoti Yojana, general insurance products suitable for customer segment, and products under Pradhan Mantri Suraksha Bima Yojana;

    b. mutual funds suitable to customer segment where the choice of fund remains with the customer; and

    c. pension products under National Pension Scheme and Atal Pension Yojana, along with other micro pension plans suitable to customer segment.

22. The RBI has, pursuant to an email dated June 25, 2018, allotted Depositor Education and Awareness Fund code 2160 to our Bank.

23. The Financial Intelligence Unit – India has, pursuant to an email dated May 14, 2018, granted our Bank registration as a reporting entity.

24. The UIDAI has, pursuant to a letter dated July 6, 2018, approved the appointment of our bank as an authentication

user agency and e-KYC user agency to provide Aadhaar Enabled Services to our beneficiaries, clients and customers.

25. The NPCI, on July 4, 2018, has granted a certificate of completion to our Bank for the following scope with P2A & P2U 1.6 and to use the following features for our customers – IMPS (P2A).

26. The NPCI, on June 11, 2018, has granted a certificate of completion to our Bank for the following scope with RuPay Specification Ver 1.6.1.2 and authorizing us to use the following features for our customers ATM - ACQ + VAS Only (Incl LTS/TVS).

27. The CCIL has, pursuant to a letter dated April 1, 2019, granted our Bank membership to CCIL's securities segment for triparty repo trades as an NDS member.

28. The PFRDA has, pursuant to a letter dated November 16, 2018 and a certificate dated December 7, 2018, granted our Bank registration to act as a point of presence to transact in pension schemes and/or under National Pension System for the following activities:

    a. NPS pursuant to regulation 3(1)(i) of the PFRDA (Point of Presence) Regulations, 2018;

    b. NPS-Lite Swavalambam scheme pursuant to regulation 3(1)(iv) of the PFRDA (Point of Presence) Regulations, 2018; and

    c. Atal Pension Yojana pursuant to regulation 3(1)(v) of PFRDA (Point of Presence) Regulations, 2018.

29. The RBI pursuant to a letter dated June 20, 2018, informed us that our Bank has been admitted as a member of Bankers' Clearing House at New Delhi for the purposes of participating in the cheque truncation system ("**CTS**") clearing at Bankers' Clearing House at New Delhi with effect from June 21, 2018.

30. The RBI pursuant to a letter dated July 2, 2018, informed us that our Bank has been admitted as a member of Western Grid Bankers' Clearing House.

31. The FIMMDA has, pursuant to an email dated December 12, 2018, approved our membership in the FIMMDA.

32. The Indian Banks' Association has, pursuant to a letter dated August 2, 2018, granted our Bank membership of the Indian Banks' Association with effect from August 2, 2018 as an 'Ordinary Member'.

33. The RBI has, pursuant to a letter dated July 3, 2018, informed us that our Bank has been admitted as a direct member of Bankers' Clearing House at Chennai, Southern Grid.

34. The RBI has, pursuant to a letter dated April 18, 2018, granted the INFINET membership to our Bank.

35. The CCIL has, pursuant to letters dated January 7, 2019 and April 1, 2019, granted our Bank memberships to the CCIL's Securities Segment and Collateralised Borrowing and Lending Obligation Segment, respectively.

Tax related approvals

Our Bank has obtained registrations under various central and state specific tax laws such as the Income Tax Act, 1961, goods and service tax acts, state specific service tax and profession tax acts. Our Bank has obtained the necessary licenses and approvals from the appropriate regulatory and governing authorities in relation to such tax laws.

1. The permanent account number of our Bank is AABCJ7024M.

2. The tax deduction account numbers of our Bank are BLRJ02609F, BLRJ06990E, and BLRJ07125G.

3. The GST registration number of our Bank is 29AABCJ7024M2Z8, for the state of Karnataka.

Labour related approvals

Our Bank has obtained registrations under various employee and labour related laws including the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Contract Labour (Regulations and Abolition Act), 1970 and the relevant shops and establishment legislations. Our Bank has also received exemption from the ambit of Employee State Insurance Act, 1948 from the ESI Corporation.

D. Key approvals obtained for the material Branches of the Bank

Our Bank has obtained registrations in the normal course of business for its Banking branches across various states in India including trade licenses and licenses for location of business issued by relevant municipal authorities under applicable laws, shops and establishments registrations issued by various state labour departments under relevant state legislations and registration under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. Our Bank has obtained goods and services tax registrations with the relevant authorities for our Branches and Asset Centres in the states of Assam, Bihar, Chandigarh, Chhattisgarh, New Delhi, Goa, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Puducherry, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal and Tripura. Certain approvals may have lapsed in their normal course and our Bank has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications.

E. Intellectual property

1. Our Bank has obtained 32 trademark registrations including for our corporate logo ' Jana Small Finance Bank A SCHEDULED COMMERCIAL BANK ', under class 36 of the Trademark Act, 1999 which pertains to financial and monetary affairs. We have also made five applications for registration of trademarks with the Registrar of Trademarks. For details, see "*Our Business – Intellectual Property*" and "*If we fail to successfully enforce our intellectual property rights or the agreement pursuant to which we have the non-exclusive license to use the trademarks " Jana Small Finance Bank A SCHEDULED COMMERCIAL BANK " and "JANA" is terminated, our business, results of operations and cash flows would be adversely affected.*" on pages 176 and 44.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board and Shareholders have, pursuant to the resolutions passed at their meetings held on March 22, 2021 and March 25, 2021, respectively, approved the Offer. Our Board has taken on record the Offer for Sale by the Selling Shareholders pursuant to its resolution dated March 30, 2021. This Draft Red Herring Prospectus has been approved by our Board pursuant to a resolution dated March 30, 2021, and by the IPO Committee pursuant to a resolution passed on March 31, 2021.

The Offer for Sale has been authorised by each of the Selling Shareholders as follows:

Sr. No.	Name of the Selling Shareholders	No. of Equity Shares offer in the Offer for Sale	Date of consent letter	Date of corporate action/board resolution/ power of attorney, where applicable
1.	Alpha TC	Up to 1,748,975 Equity Shares	March 30, 2021	March 26, 2021
2.	Badri Narayan Pilinja	Up to 115,195 Equity Shares	March 30, 2021	NA
3.	BAGIC – Policyholder Fund	Up to 126,482 Equity Shares	March 30, 2021	November 6, 2019
4.	BAGIC – Shareholder Fund	Up to 54,207 Equity Shares	March 30, 2021	November 6, 2019
5.	BALIC	Up to 542,064 Equity Shares	March 30, 2021	December 6, 2011
6.	CRL	Up to 878,878 Equity Shares	March 30, 2021	March 17, 2021
7.	ENAM	Up to 4,290 Equity Shares	March 30, 2021	March 19, 2021
8.	ERL	Up to 984,455 Equity Shares	March 30, 2021	March 17, 2021
9.	GAWA 2	Up to 141,285 Equity Shares	March 30, 2021	March 30, 2021
10.	GP II Trust (Ajay Tandon)	Up to 413 Equity Shares	March 30, 2021	July 12, 2007
11.	GP II Trust (Siva Shankar)	Up to 998 Equity Shares	March 30, 2021	October 12, 2009
12.	Hero Ventures	Up to 315,427 Equity Shares	March 30, 2021	March 27, 2021
13.	ICICI Prudential	Up to 553,820 Equity Shares	March 30, 2021	July 21, 2020
14.	North Haven	Up to 829,485 Equity Shares	March 30, 2021	March 23, 2021
15.	QRG	Up to 986,216 Equity Shares	March 30, 2021	March 26, 2021
16.	Tree Line Asia Master Fund (Singapore) Pte. Ltd.	Up to 1,652,101 Equity Shares	March 30, 2021	March 18, 2021
17.	Vallabh Bhanshali	Up to 119,410 Equity Shares	March 30, 2021	NA
18.	Vallabh Bhanshali HUF	Up to 199,958 Equity Shares	March 30, 2021	NA

Our Bank has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Pursuant to the RBI In-Principle Approval and the RBI Final Approval, the Equity Shares of our Bank were mandatorily required to be listed within a period of three years from the date of commencement of business as a SFB, i.e. by March 27, 2021. See "*Risk Factors – We may not be able to comply with certain provisions of the SFB Licensing Guidelines. In the event of any non-compliance, we may be subject to various sanctions and penalties by the RBI and our business, financial condition, results of operations and cash flows could be adversely impacted.*" on page 31.

Prohibition by SEBI or other Governmental Authorities

Our Bank, Promoters, Promoter Group, Directors, the persons in control of the Bank, the persons in control of our Promoters, and the Selling Shareholders are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoters or Directors or persons in control of the Bank are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Other than Ramalingam Ramaseshan, who is a director on National Commodity Clearing Corporation Limited, a SEBI registered clearing corporation, none of our Directors are associated with securities market related business. There are no outstanding actions initiated against Ramalingam Ramaseshan by SEBI in the past five years.

Our Bank, Promoters or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoter or Directors have not been declared as fugitive economic offenders under the Fugitive Economic Offenders Act, 2018.

Other than options granted under the ESOP 2018 and ESOP 2017, the stock units under the RSU 2018 and the RSU 2017, and the Preference Shares (which will be converted prior to filing of the Red Herring Prospectus), there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

Confirmation under Companies (Significant Beneficial Owners) Rules, 2018

Our Bank, the Selling Shareholders, the Promoters and the Promoter Group are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Bank is eligible for the Offer in accordance with Regulation 6(2) of the SEBI ICDR Regulations, which states as follows:

"*An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy-five per cent. of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.*"

We are an unlisted company, not satisfying the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations and are therefore required to allot not less than 75% of the Net Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. In the event that we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

Our Bank is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. Our Bank confirms that it is also in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Each of the Selling Shareholders confirm severally and not jointly that the Equity Shares being offered by such Selling Shareholder in the Offer for Sale have been held by such Selling Shareholder for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are eligible for sale in the Offer in accordance with Regulation 8 of the SEBI ICDR Regulations. Our Bank shall not make an Allotment if the number or prospective allottees is less than 1,000 in accordance with Regulation 49(1) of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMs HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE BANK IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE BANK DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 31, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE BANK FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMs ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act, 2013 and the Prospectus with the Registrar of Companies in terms of sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

Disclaimer clause of RBI

A license authorizing the Bank to carry on small finance bank business has been obtained from the Reserve Bank of India in terms of Section 22 of the Banking Regulation Act, 1949. It must be distinctly understood, however, that in issuing the license, the Reserve Bank of India does not undertake any responsibility for the financial soundness of the Bank or for the correctness of any of the statements made or opinion expressed in this connection.

Disclaimer from our Bank, our Directors and BRLMs

Our Bank our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our Bank's website www.janabank.com, or the respective websites of our Promoters or any affiliate of our Bank would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Bank, and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

None among our Bank or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders will be required to confirm and will be deemed to have represented to our Bank, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Bank, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Bank, the Selling Shareholders, our Promoters, their respective directors and officers, group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Bank, the Selling Shareholders, the Promoters, and their respective directors, officers, agents, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer from the Selling Shareholders

The Selling Shareholders accepts no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Bank's instance and anyone placing reliance on any other source of information, including our Bank's website www.janabank.com, or the respective websites of our Promoter, Promoter Group or any affiliate of our Bank would be doing so at his or her own risk. The Selling Shareholders, its directors, affiliates, associates, and officers accept no responsibility for any statements made in this Draft Red Herring Prospectus other than those specifically made or confirmed by the Selling Shareholders in relation to itself as a Selling Shareholder of the Offered Shares.

The Selling Shareholders shall not be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders will be required to confirm and will be deemed to have represented to the Selling Shareholders and its respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Selling Shareholders and its respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs that are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

Selling and Transfer Restrictions

The Equity Shares offered in the Offer have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold to persons outside of India except in compliance with the applicable laws of each such jurisdiction.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. **No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.**

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or the laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only (i) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act; and (ii) in the United States to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act), pursuant to Section 4(a)(2) of the U.S. Securities Act with respect to our Company and Rule 144A with respect to the Selling Shareholders.

Each purchaser of the Equity Shares in the Offer in India shall be deemed to:

- Represent and warrant to our Bank, the Selling Shareholders, the BRLMs and the Members of the Syndicate that it was outside the United States (as defined in Regulation S) at the time the offer of the Equity Shares was made to it and it was outside the United States (as defined in Regulation S) when its buy order for the Equity Shares was originated.

- Represent and warrant to our Bank, the Selling Shareholders, the BRLMs and the Members of the Syndicate that it did not purchase the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S).

- Represent and warrant to our Bank, the Selling Shareholders, the BRLMs and the Members of the Syndicate that it bought the Equity Shares for investment purposes and not with a view to the distribution thereof. If in the future it decides to resell or otherwise transfer any of the Equity Shares, it agrees that it will not offer, sell or otherwise transfer the Equity Shares except in a transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act.

- Represent and warrant to our Bank, the Selling Shareholders, the BRLMs and the Members of the Syndicate that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

- Represents and warrant to our Bank, the Selling Shareholders, the BRLMs and the Members of the Syndicate that if it acquired any of the Equity Shares for one or more managed accounts, that it was authorized in writing by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- Agree to indemnify and hold the Bank, the Selling Shareholders, the BRLMs and the Members of the Syndicate harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Acknowledge that our Bank, the Selling Shareholders, the BRLMs, the Members of the Syndicate and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

In terms of the Banking Regulation Act read with Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, no person (along with his relatives, associate enterprises or persons acting in concert with such person) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. For details, see *"Key Regulations and Policies"* and "*Offer Procedure"* beginning on pages 177 and 385, respectively.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Bank, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Bank, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. [•] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Consents

Consents in writing of the Selling Shareholders, our Directors, Statutory Auditor, legal counsel appointed for the Offer, the BRLMs, the Registrar to the Offer, and the Bankers to the Bank in their respective capacities, have been obtained and such consents have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus. Further, consents in writing of the Syndicate Members, the Banker(s) to the Offer/ Escrow Collection Bank(s)/ Refund Bank(s), Sponsor Bank to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013.

Expert to the Offer

Except as stated below, our Bank has not obtained any expert opinions:

Our Bank has received written consent dated March 30, 2021 from the Statutory Auditors namely, M/s MSKC & Associates (*formerly known as R K Kumar & Co*), Chartered Accountants, holding a valid peer review certificate from the Institute of Chartered Accountants of India to include their name in this Draft Red Herring Prospectus as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Financial Statements dated March 22, 2021 and the report on the statement of special tax benefits dated March 30, 2021 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

Particulars regarding capital issues by our Bank and listed group companies, subsidiaries or associate entity during the last three years

Other than as disclosed in "*Capital Structure*" on page 70, our Bank has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus.

None of our Group Companies are listed on any stock exchange.

Our Bank does not have any subsidiary or associate entity.

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

No sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Bank's incorporation.

Performance vis-à-vis objects – Public/ rights issue of our Bank

Our Bank has not undertaken any public issue in the five years preceding the date of this Draft Red Herring Prospectus. Further, except as disclosed in "*Capital Structure*" on page 70, our Bank has not undertaken any rights issue in the five years preceding the date of this Draft Red Herring Prospectus. The objects for which the rights issue was undertaken has been achieved without any delay or shortfall.

Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries/listed Promoter of our Bank

Our Promoters are not listed on any stock exchange. Our Bank does not have any subsidiaries.

Price information of past issues handled by the BRLMs

A. Axis Capital Limited

1. Price information of past issues handled by Axis Capital Limited:

S. No.	Issue name	Issue size (in ₹ million)	Issue price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/ % change in closing benchmark]- 180th calendar days from listing
1.	Suryoday Small Finance Bank Limited$	5,808.39	305.00	26-Mar-21	292.00	-	-	-
2.	Kalyan Jewellers India Limited#	11,748.16	87.00	26-Mar-21	73.95	-	-	-
3.	Craftsman Automation Limited	8,236.96	1,490.00	25-Mar-21	1,359.00	-	-	-
4.	Laxmi Organic Industries Limited	6,000.00	130.00	25-Mar-21	155.50	-	-	-
5.	Anupam Rasayan India Limited	7,600.00	555.00	24-Mar-21	520.00	-	-	-
6.	Easy Trip Planners Limited	5,100.00	187.00	19-Mar-21	212.25	-	-	-
7.	Home First Finance Company India Limited	11,537.19	518.00	03-Feb-21	618.80	+4.98%, [+1.97%]	-	-
8.	UTI Asset Management Company Limited	21,598.84	554.00	12-Oct-20	500.00	-10.43%, [+5.87%]	-0.60%, [+20.25%]	-
9.	Mazagon Dock Shipbuilders Limited	4,436.86	145.00	12-Oct-20	214.90	+18.90%, [+5.87%]	+52.90%, [+20.25%]	-
10.	Route Mobile Limited	6,000.00	350.00	21-Sep-20	717.00	+105.81%, [+5.74%]	+231.04%, [+22.31%]	+347.33%, [+31.05%]

Source: www.nseindia.com
$ Offer Price was ₹275.00 per equity share to Eligible Employees
 # Offer Price was ₹79.00 per equity share to Eligible Employees
Notes:

a. Issue Size derived from Prospectus/final post issue reports, as available.
b. The CNX NIFTY is considered as the Benchmark Index.
c. Price on NSE is considered for all of the above calculations.
d. In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.
e. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

2. Summary statement of price information of past issues handled by Axis Capital Limited:

Fiscal	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2020-2021*	11	93,028.90	-	-	1	2	-	2	-	-	-	2	-	-
2019-2020	5	161,776.03	-	1	2	-	-	2	1	1	-	-	-	3
2018-2019	4	54,206.94	-	1	-	1	-	2	-	-	2	-	-	2

** The information is as on the date of the document*
The information for each of the financial years is based on issues listed during such financial year.
Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

B. ICICI Securities Limited^

1. Price information of past issues handled by ICICI Securities Limited^

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Angel Broking Limited	6,000.00	306.00	05-Oct-20	275.00	-2.32%,[+2.70%]	+10.02%,[+21.86%]	NA*
2.	UTI Asset Management Company Limited	21,598.84	554.00	12-Oct-20	500.00	-10.43%,[+5.87%]	-0.60%,[+20.25%]	NA*
3.	Mrs. Bectors Food Specialities Limited	5,405.40	288.00(1)	24-Dec-20	500.00	+37.69%,[+4.53%]	+19.93%,[+7.75%]	NA*
4.	Indian Railway Finance Corporation Limited	46,333.79	26.00	29-Jan-21	24.90	-5.19%,[+6.56%]	NA*	NA*
5.	Indigo Paints Limited	11,691.24	1,490.00(2)	02-Feb-21	2,607.50	+75.72%,[+4.08%]	NA*	NA*
6.	Home First Finance Company India Limited	11,537.19	518.00	03-Feb-21	618.80	+4.98%,[+1.97%]	NA*	NA*
7.	Railtel Corporation of India Limited	8,192.42	94.00	26-Feb-21	109.00	+35.64%,[-0.15%]	NA*	NA*
8.	Kalyan Jewellers India Limited	11,748.16	87.00(3)	26-Mar-21	73.95	NA*	NA*	NA*
9.	Suryoday Small Finance Bank Limited	5,808.39	305.00(4)	26-Mar-21	292.00	NA*	NA*	NA*
10.	Nazara Technologies Limited	5,826.91	1,101.00(5)	30-Mar-21	1,990.00	NA*	NA*	NA*

**Data not available*

(1) Discount of ₹15 per equity share offered to eligible employees All calculations are based on Issue Price of ₹ 288.00 per equity share.
(2) Discount of ₹ 148 per equity share offered to eligible employees All calculations are based on Issue Price of ₹ 1,490.00 per equity share.
(3) Discount of ₹ 8 per equity share offered to eligible employees All calculations are based on Issue Price of ₹ 87.00 per equity share.
(4) Discount of ₹ 30 per equity share offered to eligible employees All calculations are based on Issue Price of ₹ 305.00 per equity share.
(5) Discount of ₹ 110 per equity share offered to eligible employees All calculations are based on Issue Price of ₹ 1,101.00 per equity share.

Notes:

1. *All data sourced from www.nseindia.com, except for Computer Age Management Services Limited for which the data is sourced from www.bseindia.com*
2. *Benchmark index considered is NIFTY*
3. *30th, 90th, 180th calendar day from listed day* have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day.

2. Summary statement of price information of past issues handled by ICICI Securities Limited^

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25 %	Over 50%	Between 25-50%	Less than 25%

2020-21*	14	1,74,546.09	-	-	3	4	2	2	-	-	-	3	1	-
2019-20	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1
2018-19	4	60,843.16	-	-	2	1	-	1	-	-	2	-	1	1

** This data covers issues upto YTD*

^In compliance with the proviso to Regulation 21A of the SEBI Merchant Banker Regulations and Regulation 23(3) of the SEBI ICDR Regulations, ICICI Securities Limited will be involved only in marketing of the Offer. ICICI Securities has signed the due diligence certificate and has been disclosed as BRLM for the Offer.

C. SBI Capital Markets Limited

1. Price information of past issues handled by SBI Capital Markets Limited

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Suryoday Small Finance Bank Ltd (1)	5,808.39	305.00	March 26, 2021	292.00	NA	NA	NA
2.	Kalyan Jewellers India Ltd (2)	11748.16	87.00	March 26, 2021	73.95	NA	NA	NA
3.	Railtel Corporation of India Limited	8192.42	94.00	February 26, 2021	109.00	35.64% [-0.15%]	NA	NA
4.	Indian Railway Finance Corporation Ltd	46,333.79	26.00	January 29, 2021	24.90	-5.19% [+6.56%]	NA	NA
5.	Mrs. Bectors Food Specialities Limited (3)	5,405.40	288.00	December 24,2020	500.00	37.69% [+4.53%]	19.93% [+7.75%]	NA
6.	UTI Asset Management Company Ltd	21,598.84	554.00	October 12, 2020	500.00	-10.43% [+5.87%]	-0.60% [+20.25%]	NA
7.	Angel Broking Limited	6,000.00	306.00	October 05, 2020	275.00	-2.32% [+2.70%]	10.01% [+21.86%]	NA
8.	SBI Cards & Payment Services Ltd.(4)	1,03,407.88	755.00	March 16, 2020	661.00	-33.05% [-2.21%]	-21.79% [+8.43%]	12.50% [+24.65]
9.	Indian Railway Catering and Tourism Corporation Ltd (5)	6,379.60	320.00	October 14, 2019	626.00	191.53% [+5.05%]	186.64% [+8.07%]	291.84% [-19.66%]
10.	Sterling and Wilson Solar Limited	28,496.38	780.00	August 20, 2019	706.00	-21.88% [-1.60%]	-48.63% [+7.97%]	-64.78% [+9.95%]

Source: www.nseindia.com

Notes:

**The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days isa trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*

**The Nifty 50 index is considered as the Benchmark Index*

1. *Price for eligible employee was ₹30.00 per equity share*
2. *Price for eligible employee was ₹8.00 per equity share*
3. *Price for eligible employee was ₹273.00 per equity share*
4. *Price for eligible employees was ₹680.00 per equity share*
5. *Price for retail individual bidders bidding in the retail portion and to eligible employees was ₹310.00 per equity share*

2. Summary statement of price information of past issues handled by SBI Capital Markets Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2020-21*	7	1,05,087.00	-	-	3	-	2	-	-	-	-	-	-	-
2019-20	3	138,283.86	-	1	1	1	-	-	1	-	-	1	-	1
2018-19	4	48,748.88	-	1	1	1	1	-	-	1	-	-	2	1

** The information is as on the date of this Offer Document.*
 # Date of Listing for the issue is used to determine which financial year that particular issue falls into

Track record of the Book Running Lead Managers

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, see the websites of the BRLMs, as set forth in the table below:

S. No.	Name of BRLM	Website
1.	Axis Capital Limited	http://www.axiscapital.co.in
2.	ICICI Securities Limited	www.icicisecurities.com
3.	SBI Capital Markets Limited	www.sbicaps.com/index.php/track-record-of-public-issue/

Stock Market Data of Equity Shares

This being an initial public offer of our Bank, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

Our Bank has not received investor complaints during the period of three years preceding the date of the Draft Red Herring Prospectus, hence no investor complaint in relation to our Bank is pending as on the date of filing of the Draft Red Herring Prospectus.

Our Group Companies are not listed on any stock exchange.

Disposal of Investor Grievances by our Bank

The Bank has obtained authentication on the SCORES and shall comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Bank estimates that the average time required by our Bank or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our will seek to redress these complaints as expeditiously as possible.

Our Bank has also appointed Lakshmi R N, Company Secretary of our Bank, as the Compliance Officer for the Offer. For details, see "*General Information*" and "*Our Management*" on pages 63 and 198, respectively.

Our Bank has constituted a Stakeholders' Relationship Committee comprising of Eugene Emmanuel Karthak (*Chairman*), Ajay Kanwal and Peruvemba Ramachandran Seshadri as members. For details, see "*Our Management*" on page 198.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the Banking Regulation Act, the SFB Licensing Guidelines, the MoA, AoA, Listing Regulations, RBI Final Approval, RBI In-Principle Approval, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

The Allottees, upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Bank after the date of Allotment. The Equity Shares issued in the Offer shall be *pari passu* with the existing Equity Shares in all respects including dividends. For further details, see "*Description of Equity Shares and Terms of Articles of Association*" on page 400.

The Bank will file the Red Herring Prospectus only after the Scheme of Amalgamation comes into effect, or if the Scheme of Amalgamation is withdrawn. For details, see "*Promoters and Promoter Group – Scheme of Amalgamation*" on page 219.

Mode of Payment of Dividend

Our Bank shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum of Association and Articles of Association and provisions of the Listing Regulations and any other guidelines, policies or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Bank after the date of Allotment (pursuant to the transfer of Equity Shares in the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see "*Dividend Policy*" and "*Description of Equity Shares and Terms of Articles of Association*" beginning on pages 225 and 400, respectively.

Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹10 and the Offer Price at the lower end of the Price Band is ₹[●] per Equity Share and at the higher end of the Price Band is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Price Band will be decided by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers, and the minimum Bid Lot and Employee Discount, if any, will be decided by our Bank in consultation with the Book Running Lead Managers, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Kannada national daily newspaper (Kannada being the regional language of Karnataka, where our Registered and Corporate Office is located), each with wide circulation and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges.

At any given point of time, there shall be only one denomination for the Equity Shares.

The Offer

The Offer comprises a Fresh Issue by the Bank and an Offer for Sale by the Selling Shareholders.

Expenses for the Offer shall be shared amongst our Bank and the Selling Shareholders in the manner specified in "*Objects of the Offer - Offer Expenses*" on pages 95.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;

- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company (being a small finance bank) under the Companies Act, the Listing Regulations, the Banking Regulation Act, as applicable, or as may be available under the Articles of Association of our Bank.

For a detailed description of the main provisions of the Articles of Association of our Bank relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Description of Equity Shares and Terms of Articles of Association*" on page 400.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, two agreements have been entered into amongst our Bank, the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated October 31, 2013 amongst our Bank, NSDL and Registrar to the Offer.
- Tripartite agreement dated October 10, 2013 amongst our Bank, CDSL and Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

Joint Holders

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered and Corporate Office or to the registrar and transfer agents of our Bank.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode, there is no need to make a separate nomination with our Bank. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

Bid/Offer Programme

BID/OFFER OPENS ON	[●][(1)]

BID/OFFER CLOSES ON	**[●]**(2)

(1) Our Bank and the Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations.
(2) Our Bank and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

* *In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled/ withdrawn/ deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multipe amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/ Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The post Offer BRLMs shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the Investor grievance until the date on which the blocked amounts are unblocked.*

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Bank, the Selling Shareholders or the BRLMs.

Whilst our Bank shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Bank and the Selling Shareholders in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("**IST**")
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs or Eligible Employees under the Employee Reservation Portion

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSB's shall unblock such applications by the closing hours of the Working Day.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Working Days.

None among Our Bank and the Selling Shareholders or any member of the Syndicate is liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; and (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Our Bank and the Selling Shareholders, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, Our Bank and the Selling Shareholders may in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

If our Bank does not receive (i) the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; and (ii) subscription in the Offer equivalent to at least 10% post- Offer paid-up equity share capital of our Bank (the minimum number of securities as specified under Rule 19(2)(b) of the SCRR), including through devolvement of Underwriters, as applicable, within 60 days from the date of Bid/ Offer Closing Date on the date of closure of the Offer; or withdrawal of applications; or after technical rejections; or if the listing; or trading permission is not obtained from the Stock Exchanges for the securities so offered pursuant to the Red Herring Prospectus and the Prospectus; or if the subscription level falls below the threshold under Rule 19(2)(b) of the SCRR mentioned above after the Bid/Offer Closing Date, our Bank shall forthwith refund the entire subscription amount received, in accordance with applicable law including the SEBI circular bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is a delay beyond four days after our Bank becomes liable to pay the amount, our Bank and every Director of our Bank, who are officers in default, shall pay interest at the rate prescribed under applicable law, including the Companies Act, 2013 and the SEBI ICDR Regulations The requirement for minimum subscription is not applicable for the Offer for Sale.

In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the Allotment for the valid Bids will be made in the first instance towards subscription for 90% of the Fresh Issue. If there remain any balance valid Bids in the Offer, the Allotment for the balance valid Bids will be made first towards Equity Shares offered pursuant to the Fresh Issue, and only then, towards the Offer for Sale.

The Selling Shareholders shall reimburse, in proportion to their respective Offered Shares, any expenses and interest incurred by our Bank on behalf of the Selling Shareholders for any delays in making refunds as required under the Companies Act and any other applicable law, provided that the Selling Shareholders shall not be responsible or liable for payment of such expenses or interest, unless such delay is solely and directly attributable to an act or omission of the Selling Shareholders.

Further, our Bank shall ensure that the number of Allottees shall not be less than 1,000.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Bank, lock-in of the Promoters' Contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 70 and except as provided under the Banking Regulation Act and the rules and regulations made thereunder and the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares/debentures of our Bank and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Description of Equity Shares and Terms of Articles of Association*" on page 400.

In accordance with Section 12B of the Banking Regulation Act read with Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, no person (along with his relatives, associate enterprises or persons acting in concert with such person) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. For further details, see *"Key Regulations and Policies"* and "*Offer Procedure*" on pages 177 and 385.

OFFER STRUCTURE

Offer of up to [●] Equity Shares for cash at price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating up to ₹[●] million comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹7,000 million by our Bank and an Offer for Sale of up to 9,253,659 Equity Shares aggregating up to ₹[●] million by the Selling Shareholders.

The Offer shall constitute [●]% of the post-Offer paid-up equity share capital of our Bank. The Offer includes a reservation of up to [●] Equity Shares, aggregating up to ₹[●] million, for subscription by Eligible Employees. The Employee Reservation Portion shall not exceed 5.00% of our post-Offer paid-up equity share capital. The Offer less the Employee Reservation Portion is the Net Offer. The Offer and Net Offer shall constitute [●]% and [●]% of the post-Offer paid-up equity share capital of our Bank, respectively.

Our Bank may, in consultation with the BRLMs, consider a Pre-IPO Placement of an aggregate amount not exceeding ₹5,000 million, including by way of a Proposed Further Issue to our Promoters for an amount aggregating up to ₹4,000 million and a further issue of Equity Shares for the remaining amount (i.e. ₹5,000 million less any amounts raised from the Proposed Further Issue, if undertaken) to our Promoters and/or other investors. Any Pre-IPO Placement to the Promoters (including through the Proposed Further Issue), if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs and any Pre-IPO Placement to investors other than the Promoters, will be at a price to be decided by our Bank and the Selling Shareholders in consultation with the BRLMs. The Pre-IPO Placement, if undertaken will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the minimum Offer Size constituting at least [●]% of the post-Offer paid-up equity share capital of our Bank

The Offer is being made through the Book Building Process.

Particulars	Eligible Employees	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation [(2)]	Up to [●] Equity Shares	Not less than [●] Equity Shares	Not more than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Retail Individual Bidders	Not more than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/ allocation	The Employee Reservation Portion shall constitute upto [●]% of the post-Offer paid-up Equity Share capital of our Company	Not less than 75% of the Net Offer Size shall be Allotted to QIBs. However, up to 5% of the QIB Portion (excluding Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to QIBs	Not more than 15% of the Net Offer	Not more than 10% of the Net Offer
Basis of Allotment/ allocation if respective category is oversubscribed	Proportionate, unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹200,000, subject to total Allotment to an Eligible Employee not exceeding ₹500,000 (net	Proportionate as follows (excluding the Anchor Investor Portion): a) up to [●] Equity Shares shall be available for allocated on a proportionate basis to Mutual Funds only; and b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to domestic Mutual Funds only, subject to valid Bid received from domestic Mutual	Proportionate	Allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details see, "*Offer Procedure*" on page 385

Particulars	Eligible Employees	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
	of Employee Discount if any).	Funds at or above the Anchor Investor Allocation Price		
Minimum Bid	[●] Equity Shares	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares, so that the maximum Bid Amount by each Eligible Employee in Eligible Employee Portion does not exceed ₹500,000, less Employee Discount, if any	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Net Offer, subject to applicable limits, applicable to each Bidder	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Net Offer, (excluding the QIB Portion), subject to applicable limits, applicable to each Bidder	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Who can apply[(3)(4)]	Eligible Employees	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual funds registered with SEBI, FPIs other than individuals, corporate bodies and family offices, FVCIs, VCFs, AIFs, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts, family offices and FPIs who are individuals, corporate bodies and family offices	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Mode of Allotment	Compulsorily in dematerialized form			
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter			
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share. For Retail Individual Bidders, [●] Equity Shares and in multiples of one Equity Share thereafter, subject to availability in the Retail Portion			
Trading Lot	One Equity Share			
Terms of Payment	**In case of Anchor Investors**: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids[(4)] **In case of all other Bidders**: Full Bid Amount shall be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form			
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).			

(1) *Our Bank and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For details, see "Offer Structure" on page 381*

(2) *Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR in compliance with Regulation 6(2) of the SEBI ICDR Regulations.*

(3) *In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Our Bank, in consultation with the BRLMs, reserves the right to reject all or any multiple Bids, except as otherwise permitted, in any or all categories. Further, a Bidder Bidding in the Employee Reservation Portion may also Bid under the Net Offer and such Bids shall not be treated as multiple Bids. To clarify, an Eligible Employee Bidding in the Employee Reservation Portion above ₹[●] shall not be allowed to Bid in the Net Offer as such Bids shall be treated as multiple Bids.*

(4) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor pay-in date as indicated in the CAN.*

Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer. Allotment to an Eligible Employee in the Employee Reservation Portion may not exceed ₹ 200,000 in value (net of Employee Discount).

Only in the event of an under-subscription in the Employee Reservation Portion, post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 in value (net of Employee Discount).

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion, the Retail Portion or the Employee Reservation Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Bank, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "*Terms of the Offer*" on page 376.

In terms of the Banking Regulation Act read with Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, no person either by himself or acting in concert with any other person can acquire, directly or indirectly, or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, it is the responsibility of each Bidder to seek RBI approval, if the Bids submitted by such Bidder for such number of Equity Shares as may result in the shareholding of a Bidder (along with his relatives, associate enterprises or persons acting in concert with such Bidder ("**Other Persons**") aggregate to 5% or more of the post-Offer paid-up share capital of our Bank. It may be noted that in the event an approval from RBI is not obtained by any Bidder, it shall not be allotted 5% or more of the post-issue paid-up share capital of our Bank.

Our Bank, the Selling Shareholders, the BRLMs and the Registrar to the Offer will rely strictly and solely on the RBI approvals received from Bidders for making any Allotment of Equity Shares to such Bidders and to the Other Persons, if any, that results in such Bidder, either individually or on an aggregate basis with the Other Persons associated with such Bidder, holding Equity Shares equal to or in excess of 5% of the post-Offer paid-up share capital of our Bank thereafter, after considering their existing aggregate shareholding in our Bank, if any. Our Bank, the Registrar to the Offer and BRLMs will not be responsible for identifying the Other Persons associated with any Bidder, or for the consequences of any Bidder and the Other Persons holding Equity Shares, which together with their existing shareholding amount to 5% or more of the post-Offer paid-up share capital of our Bank pursuant to the Allotment made without a valid and subsisting RBI approval.

A clearly legible copy of the RBI approval in the name(s) of the Bidders together with the application submitted for obtaining such RBI approval must be submitted by the Bidders with the Bid cum Application Form as well as to the Registrar to the Offer atleast two Working Days before the date for finalisation of the Basis of Allotment. Such RBI approval should clearly mention the name(s) of the entities which propose to Bid in the Offer, the aggregate shareholding of the Bidder and the Other Persons in the pre-Offer paid-up share capital of our Bank and the maximum permitted holding of Equity Shares by the Other Persons. All allotments to such Bidders and the Other Persons, shall be in accordance with and subject to the conditions contained in such RBI approval.

An 'associate enterprise' has the same meaning assigned to it in Explanation 1(a) to Section 12B of Banking Regulation Act, 1949. A 'person acting in concert" has the same meaning as stated in Explanation1(c) to Section 12B of Banking Regulation Act, 1949. A 'relative' has the same meaning as defined in Section 2(77) of the Companies Act, 2013 and rules made thereunder.

Bidders will be required to confirm and will be deemed to have represented to our Bank, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, and possess the requisite approvals, to acquire the Equity Shares.

Withdrawal of the Offer

Our Bank, in consultation with the BRLMs, reserve the right not to proceed with the Offer , after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Bank would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges on which the Equity Shares are proposed to be listed promptly. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be.

If our Bank, in consultation with the Book Running Lead Managers withdraws the Offer after the Bid/ Offer Closing Date and thereafter determine that they will proceed with an issue of the Equity Shares, our Bank shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Bank shall apply for after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

OFFER PROCEDURE

All Bidders should read the General Information Document, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations, and is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iii) payment instructions for ASBA Bidders/Applicants; (iv) issuance of CAN and Allotment in the Offer; (v) general instructions (limited to instructions for completing the Bid cum Application Form); (vi) submission of Bid cum Application Form; (vii) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (viii) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (vi) mode of making refunds; and (vii) interest in case of delay in allotment or refund.

*SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface (“**UPI**”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“**UPI Phase I**”). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (“**UPI Phase II**”). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. Moreover, given the prevailing uncertainty due to the COVID- 19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs (“**UPI Phase III**”), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on or after May 1, 2021 and the provisions of this circular are deemed to form part of this Draft Red Herring Prospectus.*

Our Bank, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Further, our Bank, the Selling Shareholders and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Net Offer shall be allocated on a proportionate basis to QIBs, provided that our Bank and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

The Offer includes a reservation of up to [●] Equity Shares, aggregating up to ₹[●] million, for subscription by Eligible Employees. The Employee Reservation Portion shall not exceed [●]% of our post-Offer paid-up equity share capital subject to valid Bids being received at or above the Offer Price, net of Employee Discount, if any.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Bank, in consultation with the BRLMs and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, for RIBs Bidding using the UPI Mechanism, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the Offer, subject to compliance with applicable law.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to upto three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for continuation of UPI Phase II till further notice. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered and Corporate Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/ Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process. The RIBs can additionally Bid through the UPI Mechanism.

RIBs bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Forms that do not contain the UPI ID are liable to be rejected.

ASBA Bidders (not using the UPI Mechanism) must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid

Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis	[●]
Anchor Investors	[●]
Eligible Employees bidding in the Employee Reservation Portion	[●]

* *Excluding electronic Bid cum Application Forms*

Notes:
(1) Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com)
(2) Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs

In case of ASBA forms, the relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. For ASBA Forms (other than RIBs using UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

In terms of the Banking Regulation Act read with Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, no person either by himself or acting in concert with any other person can acquire, directly or indirectly, or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, it is the responsibility of each Bidder to seek RBI approval, if the Bids submitted by such Bidder for such number of Equity Shares as may result in the shareholding of a Bidder (along with his relatives, associate enterprises or persons acting in concert with such Bidder ("**Other Persons**") aggregate to 5% or more of the post-Offer paid-up share capital of our Bank. It may be noted that in the event an approval from RBI is not obtained by any Bidder, it shall not be allotted 5% or more of the post-issue paid-up share capital of our Bank.

Our Bank, the Selling Shareholders, the BRLMs and the Registrar to the Offer will rely strictly and solely on the RBI approvals received from Bidders for making any Allotment of Equity Shares to such Bidders and to the Other Persons, if any, that results in such Bidder, either individually or on an aggregate basis with the Other Persons associated with such Bidder, holding Equity Shares equal to or in excess of 5% of the post-Offer paid-up share capital of our Bank thereafter, after considering their existing aggregate shareholding in our Bank, if any. Our Bank, the Selling Shareholders, the Registrar to the Offer and BRLMs will not be responsible for identifying the Other Persons associated with any Bidder, or for the consequences of any Bidder and the Other Persons holding Equity Shares, which together with their existing shareholding amount to 5% or more of the post-Offer paid-up share capital of our Bank pursuant to the Allotment made without a valid and subsisting RBI approval.

A clearly legible copy of the RBI approval in the name(s) of the Bidders together with the application submitted for obtaining such RBI approval must be submitted by the Bidders with the Bid cum Application Form as well as to the Registrar to the Offer before two Working Days prior to the date for finalisation of the Basis of Allotment. Such RBI approval should clearly mention the name(s) of the entities which propose to Bid in the Offer, the aggregate shareholding of the Bidder and the Other Persons in the pre-Offer paid-up share capital of our Bank and the maximum permitted holding of Equity Shares by the Other Persons. All allotments to such Bidders and the Other Persons, shall be in accordance with and subject to the conditions contained in such RBI approval.

An 'associate enterprise' has the same meaning assigned to it in Explanation 1(a) to Section 12B of Banking Regulation Act, 1949. A 'person acting in concert" has the same meaning as stated in Explanation1(c) to Section 12B of Banking Regulation Act, 1949. A 'relative' has the same meaning as defined in Section 2(77) of the Companies Act, 2013 and rules made thereunder.

Accordingly, in case of Bids for such number of Equity Shares, as may result in the shareholding of a Bidder (along with his relatives, associate enterprises or persons acting in concert with such person) exceeding 5% or more of the total paid-up share capital of our Bank, such Bidder is required to submit the approval obtained from the RBI with the Registrar to the Offer, at least two Working Days prior to the date for the finalisation of the Basis of Allotment. In case of failure by such Bidder to submit the approval obtained from the RBI within the above time period, our Bank may Allot maximum number of Equity Shares, as adjusted for the Bid Lot (and in case of over-subscription in the Offer, after making applicable proportionate allocation for the Equity Shares Bid for), that will limit the aggregate shareholding of

the Bidder (along with his relatives, associate enterprises or persons acting in concert with such person and including existing shareholding, if any) to less than 5% of the post-Offer paid-up equity share capital of our Bank.

A clearly legible copy of the RBI approval in the name(s) of the Bidders together with the application submitted for obtaining such RBI approval must be submitted by the Bidders with the Bid cum Application Form as well as to the Registrar to the Offer at least two Working Days prior to the date for the finalisation of the Basis of Allotment. Such RBI approval should clearly mention the name(s) of the entities which propose to Bid in the Offer, the aggregate shareholding of the Bidder and the Other Persons in the pre-Offer paid-up share capital of our Bank and the maximum permitted holding of Equity Shares by the Other Persons. All allotments to such Bidders and the Other Persons, shall be in accordance with and subject to the conditions contained in such RBI approval.

Participation by Promoters of the Bank, the Promoter Group, the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than sponsored by the entities which are associates of the BRLMs) nor; (ii) any "person related to the Promoters" shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a "person related to the Promoters": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoters; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

The Promoters and the Promoter Group will not participate in the Offer.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Bank, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Further, the Banking Regulation Act requires any person to seek prior approval of the RBI to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by itself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by such person or associate enterprise or persons acting in concert with the concerned person) results in aggregate shareholding of such person to be 5% or more of the paid-up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. For details, see "*Key Regulations and Policies*" beginning on page 177.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their respective SCSB or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident External ("**NRE**") accounts (including UPI ID, if activated), or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB to block their Non-Resident Ordinary ("**NRO**") accounts or confirm or accept the UPI mandate request (in case of RIBs using the UPI Mechanism) for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([•] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([•] in colour).

Bids by HUFs

Bids by Hindu Undivided Families, or HUFs, should be made in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

Bids by FPIs

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Bank, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (Blue in colour).

Pursuant to the FEMA NDI Rules and the SEBI FPI Regulations, the total holdings of a single FPI or an investor group (which means multiple FPIs having, directly or indirectly, common ownership of more than 50% or common control) in an Indian company must be below 10% of its equity share capital on a fully diluted basis. Further, with effect from April 1, 2020, the aggregate FPI investment limit is the sectoral cap applicable to Indian company as prescribed in the FEMA NDI Rules with respect to its paid-up equity capital on a fully diluted basis. The aggregate limit as provided above could have been decreased by the Indian company concerned to a lower threshold limit of 24% or 49% or 74% as deemed fit, with the approval of its board of directors and its shareholders through a resolution and a special resolution, respectively before March 31, 2020.

With effect from April 1, 2020, the aggregate limit for FPI investments shall be the sectoral caps applicable to our Bank (i.e. automatic up to 49% and government route beyond 49% and up to 74%).

In case the total holding of an FPI increases beyond 10% of the total paid-up equity share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Bank, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, *inter alia*, the following conditions:

(a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre-approved by the FPI.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents. Bids by FPIs which utilise the multi investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants issued to facilitate implementation of the SEBI FPI Regulations ("**MIM Bids**"), submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids. It hereby clarified that FPIs bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected, except for Bids from FPIs that utilise the multi investment manager structure. In order to ensure valid Bids, FPIs making MIM Bids using the same PAN and with different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. While the SEBI VCF Regulations have since been repealed, the funds registered as VCFs under the SEBI VCF Regulations continue to be regulated by such regulations till the existing fund or scheme managed by the fund is wound up. The holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF of FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs. Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Bank or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by Eligible Employees

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹500,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price provided that the Bid does not exceed ₹500,000.

However, Allotments to Eligible Employees in excess of ₹ 200,000 shall be considered on a proportionate basis, in the event of undersubscription in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (which will be less Employee Discount). Subsequent undersubscription, if any, in the Employee Reservation Portion shall be added back to the Net Offer. Eligible Employees Bidding in the Employee Reservation Portion may Bid at the Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [●] colour form).

(b) The Bidder should be an Eligible Employee as defined. In case of joint bids, the first Bidder shall be an Eligible Employee.

(c) Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion.

(d) Only those Bids, which are received at or above the Offer Price, net of Employee Discount, if any would be considered for Allotment under this category.

(e) Eligible Employees can apply at Cut-off Price.

(f) If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

(g) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer.

In case of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis.

Please note that any individuals who are directors, employees or promoters of (a) the BRLMs, Registrar to the Offer, or the Syndicate Members, or of the (b) 'associate companies' (as defined in the Companies Act, 2013, as amended) and 'group companies' of such BRLMs, Registrar to the Offer or Syndicate Members are not eligible to bid in the Employee Reservation Portion.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Bank, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Bank, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in another banking company as per the Banking Regulation Act, and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 (the "**Financial Services Directions**"), is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services or 10% of the bank's own paid-up share capital and reserve, whichever is lower. However, a banking company would be permitted to invest, but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to *inter alia* make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed under 5(b)(i) of the Financial Services Directions), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Financial Services Directions. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

In terms of the Master Circular on Basel III Capital Regulations dated July 1, 2014, as amended (i) a bank's investment in the capital instruments issued by banking, financial and insurance entities should not exceed 10% of its capital funds; (ii) banks should not acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's holding exceeds 5% of the investee bank's equity capital; (iii) equity investment by a bank in a subsidiary company, financial services company, financial institution, stock and other exchanges should not exceed 10% of the bank's paid-up share capital and reserves; (iv) equity investment by a bank in companies engaged in non-financial services activities would be subject to a limit of 10% of the investee company's paid-up share capital or 10% of the bank's paid-up share capital and reserves, whichever is less; and (v) a banking company is restricted from holding shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30% of the paid-up share capital of that company or 30% of its own paid-up share capital and reserves, whichever is less. For details in relation to the investment limits under Master Direction – Ownership in Private Sector Banks, Directions, 2016, see "*Key Regulations and Policies*" on page 177.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with applicable law, including the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Bank, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 are broadly set forth below:

(a) equity shares of a company: the lower of 10%* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Bank, in consultation with the BRLMs, reserves the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Bank, in consultation with the BRLMs, reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Bank, in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Bank in consultation with the BRLMs may deem fit.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Bank, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

The above information is given for the benefit of the Bidders. Our Bank, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

General Instructions

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;

4. Ensure that you (other than Anchor Investors) have mentioned the correct ASBA Account number if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre (except electronic Bids) within the prescribed time;

6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;

7. If you are an ASBA Bidder and the first applicant is not the ASBA Account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

9. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

10. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;

11. RIBs bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

12. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

13. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

14. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

15. Ensure that the Demographic Details are updated, true and correct in all respects;

16. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

17. Ensure that the category and the investor status is indicated;

18. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

19. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

20. Ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;

21. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;

22. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

23. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;

24. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form; and

25. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account.

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

10. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;

11. Anchor Investors should not Bid through the ASBA process;

12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Bank;

13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

14. Do not submit the General Index Register (GIR) number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

19. Do not submit a Bid using UPI ID, if you are not a RIB;

20. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

21. Do not Bid for Equity Shares in excess of what is specified for each category;

22. Do not fill up the Bid cum Application Form such that the number of Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

23. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/Offer Closing Date;

24. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;

25. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;

26. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors can reach the Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, see "*General Information*" and "*Our Management*" on pages 63 and 198, respectively.

Further, helpline details of the BRLMs pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 are set forth in the table below:

S. No.	Name of BRLM	Helpline	Telephone
1.	Axis Capital Limited	jana.ipo@axiscap.in	+91 22 4325 2183
2.	ICICI Securities Limited	jana.ipo@icicisecurities.com	+91 22 2288 2460
3.	SBI Capital Markets Limited	jana.ipo@sbicaps.com	+91 22 2217 8300

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Bank will not make any allotment in excess of the Equity Shares through the Red Herring Prospectus and the Prospectus, except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent of the Net Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account(s) for Anchor Investors

Our Bank and the Selling Shareholders in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]"

(b) In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Bank and the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid Amounts from Anchor Investors.

Pre- Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Bank shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) [●] editions of [●], a widely circulated English national daily newspaper (ii) [●] editions of [●], a widely circulated Hindi national daily newspaper and (iii) [●] editions of [●], a widely circulated Kannada national daily newspaper (Kannada being the regional language of Karnataka, where our Registered and Corporate Office is located).

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

The above information is given for the benefit of the Bidders/applicants. Our Bank, the Selling Shareholders and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Bank, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Undertakings by our Bank

Our Bank undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders (including Anchor Investor Application Form from Anchor Investors;

- the complaints received in respect of the Offer shall be attended to by our Bank expeditiously and satisfactorily;

- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed;

- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Bank shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;

- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Bank;

- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- Except the (i) Equity Shares allotted pursuant to the Offer, (ii) conversion of vested employee stock options or restricted stock units, if any, granted under the ESOP 2018 and ESOP 2017, (iii) the conversion of the Preference Shares prior to filing of the RHP, and (iv) Pre-IPO Placement, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

Undertakings by the Selling Shareholders

The Selling Shareholders confirm and undertake in respect of themselves as Selling Shareholders and the respective portions of the Equity Shares offered by them in the Offer for Sale that:

- they are the legal and beneficial owner of the Offered Shares, and hold clear and marketable title to their respective portions of the Offered Shares;

- the Equity Shares offered for sale by the Selling Shareholders in the Offer are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations;

- the Equity Shares being offered for sale by the Selling Shareholders pursuant to the Offer are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances and shall be in dematerialized form at the time of transfer;

- they shall deposit the respective Equity Shares offered by them for sale in the Offer in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;

- that they shall provide such reasonable assistance to our Bank and the BRLMs in redressal of such investor grievances that pertain to the respective Equity Shares held by them and being offered pursuant to the Offer;

- they shall provide such reasonable cooperation to our Bank in relation to the respective Equity Shares offered by them in the Offer for Sale for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges; and

- they shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The decisions with respect to the Price Band, Offer size, Offer Price (including the Anchor Investor Offer Price), allocation to Anchor Investors and the Bid/Offer Period, will be taken by our Bank and the Selling Shareholders, in consultation with the BRLMs.

Only the statements and undertakings in relation to the Selling Shareholders and their respective portions of the Equity Shares offered in the Offer for Sale which are specifically "confirmed" or "undertaken" by the respective Selling Shareholders in this Draft Red Herring Prospectus, shall be deemed to be "statements and undertakings specifically confirmed or undertaken" by such Selling Shareholders. All other statements and/ or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by our Bank even if the same relate to any of the Selling Shareholders.

Utilisation of Offer Proceeds

Our Board of Directors certifies and declares that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;

- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Offer proceeds remains unutilised, under an appropriate head in the balance sheet of our Bank indicating the purpose for which such monies have been utilised; and

- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as Department of Industrial Policy and Promotion*) ("**DPIIT**"), issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**"), which, with effect from October 15, 2020, subsumes and supersedes all press notes, press releases, clarifications, circulars issued by the DPIIT, which were in force as on October 15, 2020. The FDI Policy will be valid and remain in force until superseded in totality or in part thereof.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEM NDI Rules, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the FDI Policy and the FEM NDI Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Bank and the Registrar in writing about such approval along with a copy thereof within the Bid/ Offer Period.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

Foreign Exchange Laws

The foreign investment in our Bank is governed by *inter alia* the FEMA, as amended, the FEM NDI Rules, as amended, and the FDI Policy issued and amended by way of press notes.

In terms of the FDI Policy and SFB Licensing Guidelines, the aggregate foreign investment in an SFB is allowed up to a maximum of 74% of the paid-up capital of the SFB (automatic up to 49% and approval route beyond 49% up to 74%). At all times, at least 26% of the paid-up capital will have to be held by residents.

Investment by Eligible NRIs

In accordance with the FDI Policy, the total holding by any individual NRI, on a repatriation or non-repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together, on a repatriation or non-repatriation basis, shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

Our Bank has, pursuant to a Board resolution dated March 22, 2021 and Shareholders resolution dated March 25, 2021, has increased the limit of investment of NRIs to up to 24% of the paid-up equity share capital of the Bank, provided that the shareholding of each NRI in the Bank shall not exceed 5% of the equity share capital or such other limit as may be stipulated by the RBI.

Investment by FPIs

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer equity share capital. Further, in terms of the FEM NDI Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up equity share capital of our Bank and the total holdings of all FPIs put together can be up to the sectoral cap applicable to the sector in which our Bank operates (i.e., up to 74%), as prescribed under the FEM NDI Rules.

In case the total holding of an FPI increases beyond 10% of the total paid-up equity share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Bank, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Bank and the investor will be required to comply with applicable reporting requirements.

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Bank. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Bank are detailed below.

The Articles of Association of our Bank comprise two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other until the commencement of the listing of Equity Shares pursuant to the Offer. In case of inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall, subject to applicable law, prevail and be applicable. Except for Articles 6.1, 6.4, 6.5, 15.5, of Part B, all provisions of Part B shall automatically terminate and cease to have any force and effect from the date of listing of Equity Shares on a recognized stock exchange in India pursuant to the Offer and the provisions of Part A shall continue to be in effect and be in force, without any further corporate or other action, by our Company or by its Shareholders. The Articles of Association have been approved by the Board pursuant to the resolution dated March 22, 2021, and are subject to the approval the Reserve Bank of India and the Shareholders of the Bank.

PART A

Authorised share capital

The authorized share capital of Jana Small Finance Bank Limited (the "**Bank**") shall be such as given in Clause V of the Memorandum from time to time, with the power to increase or reduce the capital and to issue any part of its capital original or increased with or without any priority or special privilege, subject to the provisions of the 1949 Act, the Act, the Guidelines or any other rules under Applicable.

Alteration of capital

The Bank shall have the power to increase or reduce the authorised capital and to issue any part of its capital original or increased with or without any priority or special privilege subject to compliance with the 1949 Act, the Act, the Guidelines or any other rules under Applicable Law, or subject to any postponement of rights or to any conditions or restrictions so that unless the conditions of issue otherwise prescribe such issue shall be subject to the provisions herein contained.

The Bank in General Meeting may, from time to time, increase the capital by the creation of new shares of such amount as may be deemed expedient.

Subject to the provisions of Section 43 of the Act and Section 12 of the 1949 Act and the Guidelines, the new shares shall be issued upon such terms and conditions and with such rights and privileges as the Bank in General Meeting shall prescribe, and in particular, such shares may be issued, subject to the 1949 Act and circulars that may be issued by the RBI from time to time, with a special or qualified right to dividend and in the distribution of assets of the Bank.

Any issue of shares which results in a Person (by himself or acting in concert with any other Person) acquiring 5% or more of the paid-up Equity Share capital or voting rights of the Bank shall be made with prior approval of RBI.

Power to sub- divide and consolidate

The Bank may, by ordinary resolution, from time to time, subject to Section 61 of the Act, alter the conditions of Memorandum as follows:

a. Consolidate and divide all or any its share capital into shares of larger amount than its existing shares;

b. Sub- divide its existing shares or any of them into shares of smaller amount than is fixed by Memorandum;

c. Cancel any shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and

d. Convert all or any one its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination.

Allotment of shares

Subject to the provisions of the Act, 1949 Act and these Articles the shares in the capital of the Bank for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount and at such times as they may from time to time think fit and proper, and with full power with the sanction of the Bank in General Meeting, to give to any person the option or right to call for or be allotted shares of any class of the Bank either at par or at premium such option being exercisable at such time and for such consideration as the Directors think fit and may issue and allot shares in the capital of the Bank on payment in full or part of any property sold and transferred or for any services rendered to the Bank in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up shares and if so issued, shall be deemed to be fully paid shares. Provided that the option or right to call for shares shall not be given to any person or persons without the sanction of the Bank in the General Meeting.

Forfeiture and lien

If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter while the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Bank by reason of such non-payment. The provisions of forfeiture shall apply in the case of non- payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

The Bank shall have no lien on its fully paid-up shares.

The Bank shall have a first and paramount lien (i) on every share to the extent of all moneys called or payable at a fixed time in respect of such shares and (ii) on all shares/ debentures (not being fully paid-up) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Bank. If a member fails to pay any call, or instalment on or before the day appointed for the payment of the same, the Board may at any time thereafter, during such time as the call or instalment remain unpaid, serve notice on such member requiring him to pay the same together with any interest that may have accrued and expenses that may have been incurred by the Bank by reasons of such non-payment.

Shares

When at any time the Bank proposes to increase the subscribed capital of the Bank by the issue of new shares, then subject to any decision which may be taken by the Bank in General Meeting, such new shares shall be offered to such persons as specified in the Act and these Articles.

Nothing in this Article shall apply to the increase of the subscribed capital of the Bank caused by the exercise of an option attached to the debentures issued or loans raised by the Bank to convert such debentures or loans into shares of the Bank or subscribe to shares of the Bank in accordance with the provisions of the 1949 Act and guidelines issued by the RBI from time to time. Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debentures or the raising of loan by a Special Resolution passed by the Bank in a General Meeting.

Subject to the provisions of the Act, 1949 Act and these Articles the shares in the capital of the Bank for the time being (including any shares forming a part of any increased capital of the Bank) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par (and subject to compliance with applicable law) at a discount and at such times as they may from time to time think fit and proper, and with full power with the sanction of the Bank in General Meeting, to give to any person the option or right to call for or be allotted shares of any class of the Bank either at par or at premium such option being exercisable at such time and for such consideration as the Directors think fit and may issue and allot shares in the capital of the Bank on payment in full or part of any property sold and transferred or for any services rendered to the Bank in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up shares and if so issued, shall be deemed to be fully paid shares. Provided that the option or right to call for shares shall not be given to any person or persons without the sanction of the Bank in the General Meeting.

Any application signed by the applicant for shares in the Bank, followed by an allotment of any shares therein, shall on acceptance of the shares by him within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purposes of the Act and these Articles, be a Member of the Bank.

Every Member shall pay to the Bank the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereof, in such amounts, at such time or times and in such manner as the Board of Directors shall from time to time, in accordance with these Articles, require or fix for the payment thereof.

The Bank shall cause to be kept a Register of Members, an index of Members, a register of debenture holders and an index of debenture holders in accordance with Section 88 of the Act.

Subject to Section 89 of the Act and save as herein otherwise provided, the Bank shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof.

Certificate

The certificates of title to shares shall be issued under the Companies (Share Capital and Debentures) Rules, 2014 and other relevant provisions under Applicable Law.

Unless where the shares are issued in dematerialized form, every Member or allottee of shares shall be entitled, without payment, to receive within 2 months after incorporation, in case of subscribers to the Memorandum or after allotment or within

1 month after the application for the registration of transfer or transmission, or within such other period as per the conditions of issue or Applicable Law:

(a) One certificate for all his shares without payment of any charge; or

(b) Several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

On listing of the shares of the Bank on a recognised stock exchange, the share certificates shall be generally issued in marketable lots and where share certificates are issued in lots other than marketable lots, subdivision, and consolidation of share certificates into marketable lots shall be done by the Bank free of charge.

Every certificate shall specify the name of the person in whose favour it is issued. Every share shall be distinguished by its appropriate number and shall specify the shares to which it relates and the amount paid-up thereon.

No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or where the pages on the reverse for recording transfers have been duly utilized, unless the certificate in lieu of which it is issued is surrendered to the Bank. Duplicate share certificates may be issued in lieu of those that are lost or destroyed or in replacement of those which are defaced, torn, old, decrepit, worn out with the prior consent of the Board and on such reasonable terms, as the Board may think fit. The Bank shall make entry of such share certificates issued in the register of renewed and duplicate share certificates in such manner and within such timeframe prescribed in the Act.

In respect of any share or shares held jointly by several persons, the Bank shall not be bound to issue more than one share certificate. The certificates of shares registered in the names of two or more persons shall be delivered to any one of such persons named in the Register, which shall be sufficient delivery to all such holders.

The provisions above shall mutatis mutandis apply to debentures of the Bank.

Transfer and transmission of shares

No transfer shall be registered unless a proper instrument of transfer has been delivered to the Bank. Every such instrument of transfer shall be duly stamped and executed both by the transferor and transferee and duly attested. The instrument of transfer of any share shall be in the prescribed form and in accordance with the requirements of sub-section (1) of Section 56 of the Act. The transferor shall be deemed to remain as the holder of such share until the name of the transferee shall have been entered in the Register in respect thereof.

The Board may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of shares. Further, except in case of transmission or transposition of Equity Shares, requests for effecting transfer of Equity Shares shall not be processed unless the Equity Shares are held in dematerialized form with a depository.

Any transfer of shares which results in a Person (by himself or acting in concert with any other Person) acquiring 5% (five per cent) or more of the paid-up Equity Share capital or voting rights of the Bank shall be made with prior approval of RBI. No person/ group of persons shall acquire or agree to acquire directly or indirectly by himself or acting in concert with any other person, any shares of the Bank or voting rights therein, in contravention of the provisions of the 1949 Act or the Guidelines.

If the Board of Directors refuses to register a transfer of any shares, they shall, within 15 days from the date on which the transfer was lodged with the Bank, send to the transferee and the transferor notice of the refusal.

The legal heir, nominee, executors or administrators of a deceased Member shall be the only persons recognised by the Bank as having any title to his share except in cases of joint holders, in which case the surviving holder or holders or the executors or administrators of the last surviving holders shall be the only persons entitled to be so recognised; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him. The Bank shall not be bound to recognise such executor or administrator, unless he shall have obtained probate or letters of administration or other legal representation, as the case may be, from a competent court in India. Provided nevertheless that in cases, which the Board in its discretion considers to be special cases and in such cases only, it shall be lawful for the Board to dispense with the production of probates or letters of administration or such other legal representations upon such terms as to indemnity, publication of notice or otherwise as the Board may deem fit.

Every transmission of a share shall be verified in such manner as the Board of Directors may require and the Bank may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Bank with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation of the Bank or the Board of Directors to accept any indemnity. The Bank shall ensure that transmission requests are processed for securities held in dematerialized mode and physical mode within seven days and twenty one days respectively, after receipt of the specified documents.

The provisions of these Articles shall mutatis mutandis apply to the transfer of debentures and other securities of the Bank or transmission thereof by operation of law.

Buyback

Subject to the provisions of Section 68 to 70 of the Act, provisions of 1949 Act and guidelines issued by the RBI from time to time, FEMA and any other Applicable Law for the time being in force, the Bank may purchase its own shares or specified securities in such manner as may be prescribed.

Borrowing powers

The Board may, from time to time by a resolution passed at a meeting of the Board, borrow money for the purposes of the Bank. Subject to the provisions of the Act, the 1949 Act and guidelines issued by the RBI from time to time, and these Articles, the Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit. Provided that the Board of Directors shall not borrow money except with the approval of the Bank in General Meeting by Special Resolution, where money to be borrowed together with the money already borrowed by the Bank, apart from temporary loans obtained in its ordinary course of business and except as otherwise provided hereafter, shall exceed the aggregate of the paid-up capital of the Bank and its free reserves or limits as set under the Act.

Provided that nothing contained herein above shall apply to: (i) any sums of money borrowed by the Bank from any other banking companies or from the RBI, or any other scheduled banks established by or under any law for the time being in force; and (ii) acceptance by the Bank in the ordinary course of business of deposits of money from the public, repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise.

Issue of Bonus Shares

The Bank may issue fully paid-up bonus shares to its Members in accordance with the provisions of Section 63 of the Act, 1949 Act and Applicable Laws subject to such terms and conditions as may be prescribed from time to time.

General Meetings

All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting.

Meetings of Directors

The Directors may meet together at a Board for the dispatch of business from time to time, and at least 4 such meetings shall be held in every year with a time gap of not more than 120 days. The Directors may adjourn and otherwise regulate their meetings and proceedings as they may think fit. Notice of every meeting of the Board of Directors shall be given in writing to every Director at his usual address in India and, in the case of any Director residing abroad, such notice shall also be given by fax to such Director's fax number abroad. A notice of the Board meeting may also be served electronically.

Subject to Section 174 of the Act, the quorum for a meeting of the Board of Directors shall be 1/3rd of its total strength, or 2 Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to 2/3rd of the total strength of the number of the remaining Directors, that is to say, the number of Directors who are not interested and present at the meeting being not less than 2, shall be the quorum during such time. Subject to the Act, participation of the Directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum. If a meeting of the Board cannot be held for want of quorum, then the meeting shall stand adjourned to such day, time and place as the Director or Directors present at the meeting may fix.

A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all authority, powers and discretions which by or under the Act or the Articles of the Bank are for the time being vested in or exercisable by the Board of Directors generally.

The Board of Directors may constitute such committees of Directors as may be required under the Act or 1949 Act or other Applicable Laws as may be applicable from time to time. The Directors may subject to the provisions of the Act and the 1949 Act, delegate any of their powers to committees consisting of such member or members of their body as they think fit and they may from time to time revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors.

The Bank shall cause minutes of the proceedings of every meeting of the Board of Directors and of every committee of the Board to be recorded in accordance with the relevant provisions of Section 118 of the Act, within 30 days of the conclusion of every such meeting and the minutes shall contain the matters specified in the said section.

The Bank shall maintain such registers, books and documents as may be required under the Act and 1949 Act.

Managing Directors

Subject to the provisions of the Act and the previous approval of the RBI if required under the 1949 Act, a Managing Director may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit and may be removed by means of a resolution of the Board. Further, the Bank may appoint such number of Directors as the Managing Director as it deems fit, subject to the requisite approval from the RBI and other Applicable Laws.

A Managing Director whose term of office has come to an end, either by reason of his resignation or by reason of expiry of the period of his office, shall, subject to the approval of the RBI, continue in office until his successor assumes office. Further, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation under the Act or these Articles but he shall, subject to the provisions of any contracts between him and the Bank, be subject to the same provisions as to resignation and removal as the other Directors of the Bank and he shall ipso facto immediately cease to be a Managing Director if he ceases to hold the office of Director for any cause.

Appointment of Directors

(a) Until otherwise determined by the General Meeting, the number of Directors on the Board of the Bank shall not be less than 3 (three) or more than 15 (fifteen). Majority of the Board of Directors shall include persons with professional and other experience as required under the 1949 Act. The Bank shall appoint such number of Independent Directors and woman Director as may be required under the Act, 1949 Act or any other Applicable Law for the time being in force. Subject to Sections 152, 160 and other applicable provisions of the Act and 1949 Act, one third of the total number of Directors of the Bank may be non-retiring Directors.

(b) If it is provided by any trust deed, securing or otherwise, in connection with any issue of debentures of the Bank, that any person or persons shall have powers to nominate a Director of the Bank, then in the case of any and every such issue of debentures, the person or persons having such power may exercise, such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a "Debenture Director". A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place.

Extra-ordinary general meeting

The Board may, whenever it thinks fit, call an Extra- Ordinary General Meeting.

Votes of Members

Subject to the provisions of the Act, votes may be given either personally or by an attorney or by Proxy or, in the case of a body corporate, by a representative duly authorised under Section 113 of the Act. A Member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

Subject to any rights or restrictions for the time being attached to any class or classes of shares, (i) on a show of hands, every Member present in person shall have one vote; and (ii) on a poll, the voting rights of Members shall be in proportion to his share in paid-up equity share capital. Provided however that the voting rights shall be subject to the restrictions imposed under Section 12 of the 1949 Act.

A body corporate (whether a company within the meaning of the Act or not) may if it is duly authorised by a resolution of its Directors or other governing body, appoint a person to act as its representative at any meeting in accordance with the provisions of section 113 of the Act. The production at the meeting of a copy of such resolution duly signed by one Director of such body corporate or by a Member of its governing body and certified by him as being a true copy of the resolution shall on production at the meeting be accepted by the Bank as sufficient evidence of the validity of his appointment.

Any Member of the Bank entitled to attend and vote at a meeting of the Bank shall be entitled to appoint any other person (whether a Member or not) as his Proxy to attend and vote instead of himself, but a Proxy so appointed shall not have any right to speak at the meeting.

No Member shall be entitled to vote at any General Meeting either personally or by Proxy or as Proxy for another Member or be reckoned in a quorum while any call or other sum shall be due and payable to the Bank in respect of any of the shares of such Member or in respect of any shares on which the Bank has or had exercised any right of lien.

Dividend

No dividend shall be declared or paid by the Bank for any Financial Year, unless requirement of Sections 15, 17 and other applicable provisions, if any, of the 1949 Act are complied with.

Subject to the provisions of Section 123 of the Act, the Board may from time to time pay interim dividends as they deem fit and justified by the profits of the Bank.

The Bank may in General Meeting subject to Sections 123 and other applicable provisions of the Act and 1949 Act, declare dividends, to be paid to Members according to their respective right but no dividend shall exceed the amount recommended by the Board of Directors. No dividend shall be paid otherwise than out of profits of the year or any other undistributed profits or otherwise than in accordance with the provisions of Sections 123 of the Act or any other law for the time being in force and no dividend shall carry interest as against the Bank unless required by law. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such shares shall rank for dividend accordingly.

Unpaid or Unclaimed Dividend

Unclaimed / unpaid dividend shall not be forfeited by the Board. However, if it remains unclaimed / unpaid for a period beyond that specified under the Act, the same shall be transferred to the Investor Education and Protection Fund.

Where a dividend has been declared by the Bank but has not been paid or claimed within 30 days from the date of the declaration, the Bank shall, within 7 days from the date of expiry of the said period of 30 days, transfer the total amount of dividend which remains unpaid / unclaimed to a special account to be opened by the Bank in that behalf in any Scheduled Bank to be called "Unpaid Dividend Account of Jana Small Finance Bank Limited." and all the other provisions of Sections 123 and 124 of the Act in respect of any such unpaid dividend or any part thereof shall be applicable, observed, performed and complied with.

No dividend shall be payable except in cash; Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profits of the Bank for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the Members of the Bank.

No dividend shall bear interest against the Bank.

Winding Up

Subject to the provisions of 1949 Act and Chapter XX of the Act and the rules made thereunder:

(1) If the Bank shall be wound up, the liquidator may, with the sanction of a shareholders resolution as necessary and any other sanction required by the Act, divide amongst the Members, in specie or kind, the whole or any part of the assets of the Bank, whether they shall consist of property of the same kind or not.

(2) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as among the Members or different classes of Members.

(3) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

Every officer or agent for the time being of the Bank shall be indemnified out of the funds of the Bank against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the Court or the Tribunal.

Subject to the provisions of Section 197 of the Act, no Director, Managing Director & CEO or whole time Director or other officer of the Bank shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any respect of other act for conformity or for any loss or expenses happening to the Bank through the insufficiency or deficiency of title to any property acquired by order of the Directors in or upon which any of the moneys of the Bank shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment, omission or default or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

Part B

Part B of the Articles of Association of the Bank provides for the rights and obligations of the parties to the Bank SHA.

In case of inconsistency, contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall subject to applicable law, prevail and be applicable. However, except for Articles 6.1, 6.4, 6.5, 15.5 of Part B, all other articles of Part B shall automatically terminate and cease to have any force and effect from the date of listing of Equity Shares of the Bank on the recognized Stock Exchanges pursuant to the Offer and the provisions of Part A shall continue to be in effect and be in force without any further action, including any corporate or other action, by the Bank or by its Shareholders.

Article 6.1 of Part B of the Articles of Association provides that the investors shall be entitled to jointly recommend one person to the Board for appointment as a non retiring nominee director and the Board shall appoint such person as a non-retiring nominee director ("**Nominee Director**") for so long as any of the investors continue to be shareholders of the Bank, provided, however, that, upon the consummation of the IPO, the investors will be entitled to exercise this right only after receipt of approval of the public shareholders post consummation of the IPO, by way of a special resolution, at the first shareholders' meeting held by the Bank post consummation of the IPO. For the avoidance of doubt, the investors shall cease to have the right to appoint a Nominee Director upon all of the investors ceasing to be shareholders in the Bank, notwithstanding any subsequent acquisition of Equity Shares by any of the investors in the Bank.

Article 6.4 of Part B of the Articles of Association provides that for so long as it is a promoter of the Bank under applicable law, JCL shall have a right to appoint a person as a part-time Chairperson of the Board in accordance with applicable Law, provided, however, that, upon the consummation of the IPO, JCL shall be entitled to exercise this right only after receipt of approval of the public shareholders post consummation of the IPO, by way of a special resolution, at the first shareholders' meeting held by the Bank post consummation of the IPO.

Article 6.5 of Part B of the Articles of Association provides that upon upon the consummation of the IPO, the investors may exercise the right to have the Nominee Director present on every committee, subject to receipt of approval of the public shareholders post consummation of the IPO, by way of a special resolution, at the first shareholders' meeting held by the Bank post consummation of the IPO.

Article 15.5 of Part B of the Articles of Association provides that Except for: (a) the listing fees; (b) audit fees of statutory auditors (to the extent not attributable to the Offer); (c) expenses for any product or corporate advertisements consistent with past practice of the Bank (other than the expenses relating to marketing and advertisements undertaken in connection with the Offer) which will be borne by the Bank; and (d) fees and expenses in relation to the legal counsel to the Selling Shareholders (which shall be borne by the respective Selling Shareholders), all costs, charges, fees and expenses associated with and incurred in connection with the Offer will be shared amongst the Bank and each of the Selling Shareholders in proportion to the Equity Shares sold by them, as applicable, in the Offer, in accordance with applicable law. The Bank agrees to pay the costs and expenses of, and arising in connection with, the Offer in advance and will be reimbursed by the Selling Shareholders for their respective proportion of such costs and expenses only upon the consummation of the IPO. In the event that the Offer is postponed or withdrawn or abandoned for any reason or the Offer is not successfully completed, the Bank shall pay all costs, charges, fees and expenses in relation to the IPO, as the case may be.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Bank (not being contracts entered into in the ordinary course of business carried on by our Bank or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus/ Prospectus which will be filed with the RoC for registration. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all Working Days from date of the Red Herring Prospectus until the Bid/ Offer Closing Date.

A. Material Contracts for the Offer

a) Offer Agreement dated March 31, 2021 between our Bank, the Selling Shareholders and the BRLMs.

b) Registrar Agreement dated March 30, 2021 between our Bank, the Selling Shareholders and the Registrar to the Offer.

c) Cash Escrow and Sponsor Bank Agreement dated [●] between our Bank, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s), Sponsor Bank, Public Offer Bank and the Refund Bank(s).

d) Share Escrow Agreement dated [●] amongst the Selling Shareholders, our Bank and the Share Escrow Agent

e) Syndicate Agreement dated [●] between our Bank, the Selling Shareholders, the BRLMs, the Registrar to the Offer and Syndicate Members.

f) Underwriting Agreement dated [●] between our Bank, the Selling Shareholders and the Underwriters.

B. Material Documents

a) Certified copies of the updated Memorandum and Articles of Association of our Bank as amended from time to time.

b) Certificate of incorporation dated July 24, 2006 issued by the RoC to our Bank, in the name of 'Janalakshmi Financial Services Private Limited'.

c) Certificate of incorporation dated August 10, 2017 issued by the RoC to our Bank, in the name of 'Janalakshmi Financial Services Limited'.

d) Certificate of incorporation dated January 29, 2018 issued by the RoC to our Bank, in the name of 'Jana Small Finance Bank Limited'.

e) RBI In-Principle Approval dated October 7, 2015, pursuant to which our Bank (then known as Janalakshmi Financial Services Private Limited) was granted an in-principle approval no. DBR.PSBD.NBC (SFB-JFS) No.4918/16.13.216/2015-16, to establish and convert into an SFB under Section 22 of the Banking Regulation Act.

f) RBI Final Approval dated April 28, 2017 bearing no. DBR.NBD (SFB-JFS) No.12881/16.13.216/2016-17, pursuant to which RBI granted license no. MUM:134 to our Bank to carry on the SFB business in terms of Section 22 of the Banking Regulation Act.

g) RBI letter bearing no. Ref DOS. ARG. No. AS-16/08.72.005/2019-20 dated May 29, 2020 approving the appointment of M/s MSKC & Associates & Co (*formerly known as R K Kumar & Co*), Chartered Accountants as the statutory auditors of our Bank for the Fiscal 2020-21.

h) RBI letter bearing no. DBR. Appt. No. 5854/29.44.001/2017-18 dated December 21, 2017 read with RBI letter bearing no. DBR. Appt. No. 8428/29.44.001/2017-18 dated March 21, 2018, approving the appointment of Ajay Kanwal as the Managing Director and Chief Executive Officer of our Bank for a period of three years with effect from the date of his taking charge.

i) RBI letter bearing no. DBR. Appt. No. 11274/29.44.001/2017-18 dated June 14, 2018, approving the appointment of Ramesh Ramanathan as the Part-Time Chairman of our Bank for a period of three years from the date of his taking charge.

j) Restated shareholders' agreement dated June 9, 2016 entered into between our Bank, Ramesh Ramanathan, JUF, JHL, JCL, Badri Narayan Pilinja, CRL, ERL, KP Samuel and Alwyn D'Souza, as trustees of GP II Trust (Ajay Tandon) and GP II Trust (Siva Shankar), India Financial Inclusion Fund, ENAM, Vallabh Bhanshali, Vallabh Bhanshali HUF, Tree Line, North Haven, Alpha TC, QRG, TPG Asia VI SF Pte. Ltd, GAWA 2 and Caladium Investment Pte Ltd. read with deeds of adherence entered into with (i) Bajaj Allianz Life Insurance Company Limited and Bajaj Allianz General Insurance Company Limited; (ii) ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited; (iii) the HV Entities and the HarbourVest Entities; (iv) Amansa Holdings Pte Ltd; (v) Hero Ventures; and (vi) the HV Entities, dated September 7, 2017, April 5, 2018, April 5, 2018, March 28, 2019, March 29, 2019 and August 23, 2018, respectively, as amended by the waiver cum amendment agreement dated March 30, 2021

k) Shareholders' agreement dated February 11, 2016 entered into between JCL, JUF and Ramesh Ramanathan, Raghunath Srinivasan and V. S. Radhakrishnan, North Haven, QRG, TPG Asia VI SF Pte Ltd., Caladium Investment Pte Ltd. and ENAM, as amended by the amendment agreement dated September 25, 2017, as amended by the waiver cum amendment agreement dated March 30, 2021

l) Securities subscription agreement dated March 29, 2019 entered into between the Bank, Ramesh Ramanathan, JUF and Hero Ventures, as amended by way of the letter amendment agreement dated March 25, 2021

m) Trademark licence agreement dated November 5, 2019 entered into between JUF and our Bank in connection with the licensing of certain trademarks to our Bank.

n) Resolutions of the Board of Directors dated March 22, 2021, authorising the Offer and other related matters.

o) Shareholders' resolution dated March 25, 2021, in relation to this Offer and other related matters.

p) Copies of the annual reports of our Bank for the Fiscals 2020, 2019 and 2018.

q) The examination report of the Statutory Auditor, on our Bank's Restated Financial Statements, included in this Draft Red Herring Prospectus along with the Restated Financial Statements.

r) The statement of special tax benefits dated March 30, 2021 from the Statutory Auditors.

s) Written consent of the Directors, the BRLMs, the Syndicate Members, Domestic Legal Counsel to our Bank, Legal Counsel to the BRLMs as to Indian Law, International Legal Counsel to the BRLMs, Registrar to the Offer, Escrow Collection Bank(s), Public Offer Account Bank(s), Refund Bank(s), Sponsor Bank, Company Secretary and Compliance Officer as referred to in their specific capacities.

t) Written consent dated March 30, 2021 of the Statutory Auditor, M/s MSKC & Associates (formerly known as R K Kumar & Co), Chartered Accountants to include their name as required under Section 26(5) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013.

u) Consent letters from the Selling Shareholders, authorising their participation in the Offer.

v) Report titled '*Overview of Banking Sector in India*' March 12, 2021, issued by IRR Advisory.

w) Board resolution dated March 30, 2021 approving the Draft Red Herring Prospectus.

x) IPO Committee resolution dated March 31, 2021 approving the DRHP.

y) Due diligence certificate dated March 31, 2021, addressed to SEBI from the BRLMs.

z) In principle listing approvals dated [•] and [•], issued by BSE and NSE, respectively.

aa) SEBI observation letter dated [•].

bb) Tripartite agreement dated October 31, 2013 between our Bank, NSDL and the Registrar to the Offer.

cc) Tripartite agreement dated October 10, 2013, between our Bank, CDSL and the Registrar to the Offer.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Bank or if required by the other parties, without notice to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Bank

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Ramesh Ramanathan
Part-Time Chairman and Executive Director

Place: Bengaluru
Date: March 31, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Bank

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Ajay Kanwal
Managing Director and Chief Executive Officer

Place: Bengaluru
Date: March 31, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Bank

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Vikram Gandhi
Non-Executive Independent Director

Place: Boston, USA
Date: March 31, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Bank

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Vijayalatha Reddy
Non-Executive Independent Director

Place: Bengaluru
Date: March 31, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Bank

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Ramalingam Ramaseshan
Non-Executive Independent Director

Place: Bengaluru
Date: March 31, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Bank

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Chitra Talwar
Non-Executive Independent Director

Place: Bengaluru
Date: March 31, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Bank

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Eugene Emmanuel Karthak
Non-Executive Independent Director

Place: New Delhi
Date: March 31, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Bank

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Peruvemba Ramachandran Seshadri
Non-Executive Independent Director

Place: Singapore
Date: March 31, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Bank

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Rahul Khosla
Non-Executive Non-Independent Director

Place: Singapore
Date: March 31, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Chief Financial Officer of our Bank

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Kapil Krishan
Chief Financial Officer

Place: Bengaluru
Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF ALPHA TC HOLDINGS PTE LTD

Authorized Signatory

Name: Pritiraj Mahapatra

Designation: Director

Place: Singapore

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

BADRI NARAYAN PILINJA

Place: Mumbai

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF BAJAJ ALLIANZ GENERAL INSURANCE COMPANY LIMITED - POLICYHOLDER FUND

Authorized Signatory

Name: Amit Joshi

Designation: Chief Investment Officer

Place: Pune

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF BAJAJ ALLIANZ GENERAL INSURANCE COMPANY LIMITED - SHAREHOLDER FUND

Authorized Signatory

Name: Amit Joshi

Designation: Chief Investment Officer

Place: Pune

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF BAJAJ ALLIANZ LIFE INSURANCE COMPANY LIMITED

Authorized Signatory

Name: Sampath B Reddy

Designation: Chief Investment Officer

Place: Pune

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF CLIENT ROSEHILL LIMITED

Authorized Signatory

Name: Litasha Callycharran-Ramnohur

Designation: Director

Place: Mauritius

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF CVCIGP II EMPLOYEE ROSEHILL LIMITED

Authorized Signatory

Name: Gulshan Ramgoolam

Designation: Director

Place: Mauritius

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF ENAM SECURITIES PRIVATE LIMITED

Authorized Signatory

Name: VALLABH BHANSHALI

Designation: DIRECTOR

Place: MUMBAI

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF GLOBAL FINANCIAL INCLUSION FUND

Authorized Signatory

Name: Luca Torre / Agustín Vitórica

Designation: Directors

Place: Spain

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF GROWTH PARTNERSHIP II AJAY TANDON CO-INVESTMENT TRUST

Name: K P Samuel

Authorized Signatory

Designation: Trustee

Name: Allwyn Dsouza

Authorized Signatory

Designation: Trustee

Place: Mumbai

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF GROWTH PARTNERSHIP II SIVA SHANKAR CO-INVESTMENT TRUST

Name: K P Samuel	**Name:** Allwyn Dsouza
Authorized Signatory	**Authorized Signatory**
Designation: Trustee	**Designation:** Trustee

Place: Mumbai

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF HERO ENTERPRISE PARTNER VENTURES

Authorized Signatory

Name: Amit Aggarwal and Rakesh Kumar

Designation: Authorised Signatories

Place: New Delhi

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED

Authorized Signatory

Name	Manish Kumar	Satyan Jambunathan
Designation	Chief Investments Officer	Chief Financial Officer

Place: Mumbai

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF NORTH HAVEN PRIVATE EQUITY ASIA PLATINUM PTE. LTD

Authorized Signatory

Name: Erich Michiel J. Lechat

Designation: Director

Place: Singapore

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF QRG ENTERPRISES LIMITED

Authorized Signatory

Name: Ameet Kumar Gupta

Designation: Director

Place: Delhi

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF TREE LINE ASIA MASTER FUND (SINGAPORE) PTE. LTD.

Authorized Signatory

Name: Robert Herries

Designation: Chief Operating Officer

Place: Singapore

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF VALLABH BHANSHALI

Authorized Signatory

Name: VALLABH BHANSHALI

Designation: DIRECTOR

Place: MUMBAI

Date: March 31, 2021

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings, made or confirmed by, or relating to, the Bank, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF VALLABH BHANSHALI HUF

Authorized Signatory

Name: VALLABH BHANSHALI

Designation: DIRECTOR

Place: MUMBAI

Date: March 31, 2021