



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 334 of the Prospectus dated February 9, 2024 filed with RoC.



(Please scan this QR Code to view the Prospectus)

OUR PROMOTERS: JANA CAPITAL LIMITED AND JANA HOLDINGS LIMITED

Our Bank has filed the Prospectus dated February 09, 2024 with the RoC (the "Prospectus") and the Equity Shares (as defined below) are proposed to be listed on the Main Board platform of National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") and the trading is expected to commence on February 14, 2024.

BASIS OF ALLOTMENT

INITIAL PUBLIC OFFER OF 13,768,049 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 ₹ 414 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 404 PER EQUITY SHARE) AGGREGATING TO ₹ 5,699.98 MILLION ("OFFER") COMPRISING OF A FRESH ISSUE OF 11,159,420 EQUITY SHARES AGGREGATING TO ₹ 4,620 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 2,608,629 EQUITY SHARES AGGREGATING TO ₹ 1,079.98 MILLION (THE "OFFER FOR SALE"), COMPRISING 906,277 EQUITY SHARES AGGREGATING TO ₹ 375.20 MILLION BY CLIENT ROSEHILL LIMITED, 929,656 EQUITY SHARES AGGREGATING TO ₹ 384.88 MILLION BY CVICGP II EMPLOYEE ROSEHILL LIMITED, 141,285 EQUITY SHARES AGGREGATING TO ₹ 58.49 MILLION BY GLOBAL IMPACT FUNDS, S.C.A., SICAR, SUB-FUND GLOBAL FINANCIAL INCLUSION FUND, 413 EQUITY SHARES AGGREGATING TO ₹ 0.17 MILLION BY GROWTH PARTNERSHIP II AJAY TANDON CO-INVESTMENT TRUST, AND 998 EQUITY SHARES AGGREGATING TO ₹ 0.41 MILLION BY GROWTH PARTNERSHIP II SIVA SHANKAR CO-INVESTMENT TRUST, AND 630,000 EQUITY SHARES AGGREGATING TO ₹ 260.82 MILLION BY HERO ENTERPRISE PARTNER VENTURES (THE "SELLING SHAREHOLDERS" AND SUCH EQUITY SHARES THE "OFFERED SHARES"). THE OFFER INCLUDED A RESERVATION OF 326,086 EQUITY SHARES, AGGREGATING TO ₹ 135.00 MILLION (CONSTITUTING 0.31% 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". THE OFFER AND THE NET OFFER CONSTITUTE 13.16% AND 12.85%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR BANK. OUR BANK, IN CONSULTATION WITH THE BRLMS, UNDERTOOK A PRIVATE PLACEMENT OF (i) 12,154,044 CCPS (WHICH WERE SUBSEQUENTLY CONVERTED INTO 401,149 EQUITY SHARES) AT AN ISSUE PRICE OF ₹ 10 EACH AGGREGATING TO ₹ 121.54 MILLION ("PRE-IPO CCPS PLACEMENT"); AND (ii) 2,439,607 EQUITY SHARES AT AN ISSUE PRICE OF ₹ 414 EACH (INCLUDING A PREMIUM OF ₹ 404 PER EQUITY SHARE) AGGREGATING TO ₹ 1,009.99 MILLION ("PRE-IPO EQUITY PLACEMENT", AND TOGETHER WITH PRE-IPO CCPS PLACEMENT, THE "PRE-IPO PLACEMENT"). THE SIZE OF THE FRESH ISSUE HAS BEEN ADJUSTED TO ₹ 4,620.00 MILLION. OUR BANK HAD INTIMATED THE SUBSCRIBERS TO THE PRE-IPO PLACEMENT THAT OUR BANK IS CONTEMPLATING THE OFFER AND THAT THERE IS NO GUARANTEE THAT OUR BANK MAY PROCEED WITH THE OFFER, OR THAT THE OFFER MAY BE SUCCESSFUL AND WILL RESULT INTO LISTING OF THE EQUITY SHARES ON THE STOCK EXCHANGES, AND THE INVESTMENT IS BEING DONE SOLELY AT THEIR OWN RISK.

ANCHOR INVESTOR OFFER PRICE: ₹ 414 PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH
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THE OFFER PRICE IS 41.4 TIMES THE FACE VALUE OF THE EQUITY SHARES.

RISK TO INVESTORS

- Our Bank has a high Illiquidity ratio. A high Illiquidity Ratio indicates that a bank holds a low amount of liquid assets, which affects its ability to pay its debt obligations and short-term liabilities. If we are unable to decrease our Illiquidity Ratio, it could have an adverse effect on our business, financial condition, results of operations and cash flows.

As noted in the RBI Inspection report, our Bank's illiquidity ratio was 46.16% as at March 31, 2022, as against industry average of 40% (as per the RBI), indicating our Basic Earning Assets were supported by Volatile Liabilities. A high Illiquidity Ratio indicates that a bank holds a low amount of liquid assets, which affects its ability to pay its debt obligations and short-term liabilities. Our Illiquidity Ratio improved to 40.24% as at September 30, 2023, which was primarily due to an increase in our Basic Earning Assets. However, we cannot assure you this improvement will be sustained and if our Bank's Illiquidity Ratio increases, it could have an adverse effect on our business, financial condition, results of operations and cash flows.

The table below sets forth our Bank's Illiquidity Ratio as at the dates indicated:

Particulars	As at September 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	(₹ in millions, except percentages)			
Illiquidity Ratio (%)	40.24%	32.75%	46.16%	30.44%

- Our Bank has a low Core Deposit Ratio. A low Core Deposit Ratio means that a bank has less assets that are backed by deposits, and indicates that the bank has low liquidity. If we are unable to increase our Core Deposits Ratio, it could have an adverse effect on our business, financial condition, results of operations and cash flows.

As noted in the RBI Inspection report, our Bank's Core Deposit Ratio was 36.03% as at March 31, 2022, as against the industry average of 50.00% (as per the RBI), indicating that 63.97% of our total assets were funded through an unstable deposit base. A low Core Deposit Ratio means that a bank has less assets that are backed by deposits, and indicates that the bank has low liquidity. Our Core Deposits Ratio improved to 40.19% as at September 30, 2023, which was primarily due to an increase in our Core Deposits. However, we cannot assure you this improvement will be sustained and if our Bank's Core Deposit Ratio decreases, it could have an adverse effect on our business, financial condition, results of operations and cash flows.

The table below sets forth our Core Deposit Ratio as at the dates indicated:

Particulars	As at September 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	(₹ in millions, except percentages)			
Core Deposit Ratio (%)	40.19%	38.31%	36.03%	35.35%

- Our Bank has a high Illiquid Assets Ratio. A high Illiquid Assets Ratio may affect a bank's ability to pay its liabilities. If we are unable to decrease our Illiquid Assets Ratio, it could have an adverse effect on our business, financial condition, results of operations and cash flows.

As noted in the RBI Inspection report, our Bank's Illiquid Assets Ratio as at March 31, 2022 was 252.97%, signifying a higher degree of illiquidity embedded in our Bank's balance sheet. A high Illiquid Assets Ratio may adversely affect a bank's ability to pay its liabilities. Our Illiquid Assets Ratio increased to 221.72% as at September 30, 2023, which was primarily due to an increase in our Core Deposits. The maturity of deposits has been calculated on the basis of contractual maturity for deposits and a fixed ratio for CASA. However, we cannot assure you this improvement will be sustained and if our Bank's Illiquid Assets Ratio increases, it could have an adverse effect on our business, financial condition, results of operations and cash flows.

The table below sets forth our ratio of Illiquid Assets to Core Deposits ("Illiquid Assets Ratio") as at the dates indicated:

Particulars	As at September 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	(₹ in millions, except percentages)			
Illiquid Assets Ratio (%)	221.72%	212.94%	252.97%	205.32%

- Our unsecured loans have a higher credit risk than our secured loans because the vast majority of those loans are Microfinance Loans and customers availing Microfinance Loans have limited sources of income (annual household income of up to ₹300,000) and savings and, as such, generally do not have a high level of financial resilience and unsecured loans are not supported by collateral. If we are unable to recover such advances in a timely manner or at all, our financial condition, results of operations and cash flows would be adversely affected.

The table below sets forth our gross unsecured loans by category and as a percentage of our total gross advances and our gross unsecured loans that are NPAs and as a percentage of our total gross unsecured advances as at the dates provided.

Particulars	As at September 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	(₹ in millions, except percentages)			
Gross Microfinance Loans⁽¹⁾:				
Gross individual and micro business loans	47,481.50	42,869.91	28,912.57	10,843.91
Gross agricultural and allied loans	36,141.39	30,944.43	18,770.00	15,510.70
Gross group loans	6,756.60	6,414.88	13,191.17	38,590.26
Total Gross Microfinance Loans	90,379.49	80,229.22	60,873.74	64,944.87
Gross Non-Microfinance Loans:				
Gross unsecured working capital loans and overdraft facilities to micro and small enterprises based on their GST returns	514.42	730.65	1,358.20	2,684.95
Total gross Non-Microfinance Loans	514.42	730.65	1,358.20	2,684.95
Total gross unsecured advances [A]	90,893.91	80,959.87	62,231.95	67,629.82
Gross unsecured loans as a percentage of our total gross advances [B = A/C] (%)	42.58%	44.98%	46.97%	57.12%
Total gross advances [C]	213,471.30	180,007.41	132,503.20	118,389.82
Gross NPAs of unsecured advances [D]	3,085.31	6,210.68	6,999.31	6,484.21
Gross NPAs of unsecured advances as a percentage of gross unsecured advances [E = D/A]	3.39%	7.67%	11.25%	9.59%

- Our Bank is subject to restrictions relating to the Equity Shares as per the RBI In-Principle Approval, RBI Final Approval, SFB Licensing Guidelines and SFB Operating Guidelines.

The below summarises the compliance status of our Bank with respect to the restrictions on Equity Shares as per the RBI In-Principle Approval, RBI Final Approval, SFB Licensing Guidelines, and SFB Operating Guidelines only for the points that are not complied as of the date of Prospectus. For other points, please refer Risk Factor no. 3 on page 42 of Prospectus.

- Our Bank is required to identify JCL as the sole Promoter of our Bank** : Under the conditions set out in the RBI Final Approval dated April 28, 2017, JCL is required to be the sole promoter of our Bank. We have identified both JCL and JHL as the 'promoters' of our Bank in the Red Herring Prospectus in accordance with the applicable provisions of the SEBI ICDR Regulations, since JHL and JCL have decided not to go ahead with their proposed scheme of amalgamation (merger). The same has been intimated to the RBI pursuant to our letters dated June 29, 2023 and July 4, 2023 ("Intimation Letters"). Since the date of Intimation Letters, the RBI has not issued any further correspondence on this matter. Please note that there is no prescribed requirement for a specific approval from the RBI for identifying JCL and JHL as the 'promoters' of our Bank.

For further details, see "2. We are subject to stringent regulatory requirements and prudential norms, some of which are more onerous than for banks that are not Small Finance Banks, like us. We have not been able to comply with certain provisions of the SFB Licensing Guidelines and the RBI Final Approval. As a result, 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, the imposition of any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows" on page 39 of the Prospectus.

- The 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** : We filed the draft red herring prospectus dated March 31, 2021 (the "2021 DRHP") with SEBI and received the letter bearing reference number SEBI/HO/CFD/DIL1/OW/P/2021/14928/1, dated July 9, 2021, from SEBI on the 2021 DRHP. 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, due to market conditions. We have re-initiated the initial public offering process and are working towards completing the listing of the Equity Shares and meeting the licensing conditions. For further details, see "2. We are subject to stringent regulatory requirements and prudential norms, some of which are more onerous than for banks that are not Small Finance Banks, like us. We have not been able to comply with certain provisions of the SFB Licensing Guidelines and the RBI Final Approval. As a result, 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, the imposition of any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows" on page 39 of the Prospectus.

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

The Selling Shareholders will receive the entire proceeds from the Offer for Sale.

- Weighted Average Cost of Acquisition at Floor and Cap Price in the last 18 months preceding the date of the Red Herring Prospectus are disclosed below:**

Past Transactions	Weighted average cost of acquisition (in ₹)	Floor Price (in ₹)*	Cap Price (in ₹)*
WACA of Equity Shares that were issued by our Bank	322.86	1.22 times	1.28 times
WACA of Equity Shares that were acquired or sold by way of secondary transactions	346.14	1.14 times	1.20 times

*As certified by JHS & Associates LLP, Chartered Accountants pursuant to their certificate dated February 09, 2024.

- Weighted Average Return on Net Worth for Fiscals 2023, 2022 and 2021 is 8.78%.**

- Our Bank has issued Equity Shares and Preference Shares in the last 12 months immediately preceding the date of the Red Herring Prospectus at prices that may be lower than the Offer Price. Weighted average cost of acquisition of all Equity Shares transacted in one year, eighteen months and three years preceding the date of the Prospectus:

Period	Weighted average cost of acquisition per Equity Share (in ₹)	Upper end of the price band (₹414) is 'X' times the weighted average cost of acquisition	Range of acquisition price: Lowest price – Highest price (in ₹)*
Last one year preceding the date of the Prospectus	309.78	1.34	10.00 - 456.95
Last 18 months preceding the date of the Prospectus	309.78	1.34	10.00 - 456.95
Last three years preceding the date of the Prospectus	341.85	1.21	10.00 - 968.56

*As certified by JHS & Associates LLP, Chartered Accountants pursuant to their certificate dated February 09, 2024.

For details, see "Capital Structure - Notes to Capital Structure - Share Capital History of our Bank" on page 130 of the Prospectus.

- Average cost of acquisition per Equity Share for the Selling Shareholders are ranging from ₹ 141.14 to ₹ 800.00 and Offer Price at upper Price Band is ₹ 414.**

- The three BRLMs associated with the Offer have handled 89 public Issues in the past three financial years, out of which 26 Issues closed below the offer price on listing date:

Name of the BRLMs	Total Issues	Issues closed below IPO Price on listing date
Axis Capital Limited*	22	4
ICICI Securities Limited*	28	5
SBI Capital Markets Limited*	6	3
Common issues of above BRLMs	33	14
Total	89	26

*Issues handled where there were no common BRLMs

