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JANA SMALL FINANCE BANK LIMITED

RED HERRING PROSPECTUS

Dated: February 1, 2024

Please read Section 32 of the Companies Act, 2013 100% Book Built Offer



| TYPE | FRESH ISSUE (IN ₹ MILLION) | OFFER FOR SALE SIZE (BY NUMBER OF SHARES OR BY AMOUNT IN ₹ MILLION) | |
|--------------------------------|--|---|---|
| Fresh Issue and Offer for Sale | Up to [●] Equity Shares of face value of ₹10 each aggregating up to ₹ 4,620 million* | Up to 2,608,629 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] million | U E S fa o ₹ ag n; ₹ m |

*Our Bank, in consultation with the Book Running Lead Managers (“BRL”) subsequently converted into 401,149 Equity Shares) at an issue price of ₹ 10 (ii) 2,439,607 Equity Shares at an issue price of ₹ 414 each (including (“Pre-IPO Equity Placement”, and together with Pre-IPO CCPS Placement to ₹ 4,620.00 million.

Our Bank had intimated the subscribers to the Pre-IPO Placement that our may proceed with the Offer, or that the Offer may be successful and will result is being done solely at their own risk.

DETAILS OF THE SELLING SHAREHOLDERS, OFFER SIZE AND COST OF ACQUISITION

| NAME OF THE SELLING SHAREHOLDERS | TYPE |
|-------------------------------------|------------------------------|
| Client Rosehill Limited | Investor Selling Shareholder |
| CVCIGP II Employee Rosehill Limited | Investor Selling Shareholder |

Corporate Identity Number: U65923KA2006PLC040028

| REGISTERED AND CORPORATE OFFICE | CONTACT |
|--|----------------------------|
| 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 | Laksh Company and Comptiar |
| OUR PROMOTERS: JANA CAPITAL | |
| DETAILS OF | |

| | | | |
|--|------------------------------|---|--------|
| | | million | |
| Global Impact Funds, S.C.A., SICAR, sub-fund Global Financial Inclusion Fund | Investor Selling Shareholder | Up to 141,285 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] million | 800.00 |
| Growth Partnership II Ajay Tandon Co-Investment Trust | Investor Selling Shareholder | Up to 413 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] million | 359.70 |
| Growth Partnership II Siva Shankar Co-Investment Trust | Investor Selling Shareholder | Up to 998 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] million | 362.76 |
| Hero Enterprise Partner Ventures | Investor Selling Shareholder | Up to 630,000 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] million | 141.14 |

[^] As certified by JHS & Associates LLP, Chartered Accountants pursuant to the certificate dated February 1, 2024

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of Equity Shares 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 each. The Floor Price, Cap Price and Offer Price as determined in accordance with the SEBI ICDR Regulations and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under “Basis for Offer Price” on page 186 should not be considered 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 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 Red Herring Prospectus. Specific attention of the investors is invited to “Risk Factors” on page 37.



ISSUER’S AND SELLING SHAREHOLDERS’ ABSOLUTE RESPONSIBILITY


Our Bank, having made all reasonable inquiries, accepts responsibility for and confirms that this 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 Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this 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, severally and not jointly, accepts responsibility for and confirms the statements specifically made or confirmed by such Selling Shareholders in this Red Herring Prospectus to the extent of information specifically pertaining to itself and the respective portion of its Offered Shares in the Offer for Sale and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. However, no Selling Shareholder assumes any responsibility for any other statements, including without limitation, any and all statements made by or relating to our Bank or any other Selling Shareholder or person(s) in this Red Herring Prospectus.

LISTING


The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE” and together with BSE, the “Stock Exchanges”). For the purposes of the Offer, the Designated Stock Exchange shall be BSE.

BOOK RUNNING LEAD MANAGERS

| NAME OF BRLM AND LOGO | CONTACT PERSON | E-MAIL AND TELEPHONE |
|---|------------------------------|---|
|  Axis Capital Limited | Simran Gadh / Sagar Jatakiya | E-mail: jana.ipo@axiscap.in Tel: +91 22 4325 2183 |
|  ICICI Securities Limited | Ashik Joisar / Harsh Thakkar | Email: jana.ipo@icicisecurities.com Tel: +91 22 6807 7100 |

| | | |
|--|--------------|---|
|  SBI Capital Markets Limited | Vaibhav Shah | E-mail: jana.ipo@sbicaps.com Tel: +91 22 4006 9807 |
|--|--------------|---|

REGISTRAR TO THE OFFER

| NAME OF THE REGISTRAR | CONTACT PERSON | E-MAIL AND TELEPHONE |
|---|------------------|--|
|  KFin Technologies Limited (formerly known as KFin Technologies Private Limited) | M Murali Krishna | E-mail: jana.ipo@kfintech.com Tel: +91 40 6716 2222 |

BID/ OFFER PERIOD

| | | | | | |
|--------------------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| ANCHOR INVESTOR BIDDING DATE* | Tuesday, February 6, 2024 | BID/ OFFER OPENS ON* | Wednesday, February 7, 2024 | BID/ OFFER CLOSES ON | Friday, February 9, 2024** |
|--------------------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|

* Our Bank 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 i.e. Tuesday, February 6, 2024

** The UPI mandate end time and date shall be at 5:00 p.m. on Bid/ Offer Closing Day.



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.

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

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 ₹ 4,620 MILLION (THE “FRESH ISSUE”)* AND AN OFFER FOR SALE OF UP TO 2,608,629 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION (THE “OFFER FOR SALE”), COMPRISING UP TO 906,277 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY CLIENT ROSEHILL LIMITED, UP TO 929,656 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY CVCIGP II EMPLOYEE ROSEHILL LIMITED, UP TO 141,285 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY GLOBAL IMPACT FUNDS, S.C.A., SICAR, SUB FUND GLOBAL FINANCIAL INCLUSION FUND, UP TO 413 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY GROWTH PARTNERSHIP II AJAY TANDON CO-INVESTMENT TRUST, AND UP TO 998 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY GROWTH PARTNERSHIP II SIVA SHANKAR CO-INVESTMENT TRUST, AND UP TO 630,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY HERO ENTERPRISE PARTNER VENTURES (THE “SELLING SHAREHOLDERS” AND SUCH EQUITY SHARES THE “OFFERED SHARES”).

THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES, AGGREGATING UP TO ₹ 135.00 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". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●] AND [●]%, 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.

THE PRICE BAND AND THE MINIMUM BID LOT SHALL BE DECIDED IN COMPLIANCE WITH SEBI ICDR REGULATIONS AND WILL BE ADVERTISED IN ALL EDITIONS OF THE FINANCIAL EXPRESS, AN ENGLISH NATIONAL DAILY NEWSPAPER, ALL EDITIONS OF JANSATTA, A HINDI NATIONAL DAILY NEWSPAPER AND BENGALURU EDITION OF VISHWAVANI 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.

| | | | |
|--|--|--|--|
| <p>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 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(s).</p> | | | |
| <p>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(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (and such portion, the "QIB Portion"), provided that our Bank 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 less than 15% of the Net Offer shall be available for allocation to Non-Institutional Investors which (a) one third portion shall be reserved for Bidders with application size of more than 0.20 million and up to 1 million; and (b) two-thirds of the portion shall be reserved for Bidders with application size of more than 1 million, provided that the unsubscribed portion in either of such sub-categories may be allocated to Bidders in other sub-category of the Non-Institutional Bidders in accordance with SEBI ICDR Regulations, subject to valid Bids being received above the Offer Price and not less than 35% 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 by providing details of their respective ASBA accounts, and UPI ID (in case of UPI Bidders using the UPI Mechanism), in which case the corresponding Bid Amounts will be blocked by the SCSBs or under the UPI Mechanism, as applicable to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion of the Offer through the ASBA process. For details, see "Offer Procedure" on page 550.</p> | | | |
| <p>This being the first public issue of Equity Shares 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 each. The Floor Price, Cap Price and Offer Price as determined and justified in accordance with the SEBI ICDR Regulations and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "Basis for Offer Price" on page 186 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.</p> | | | |
| <p>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 Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 37.</p> | | | |
| <p>Our Bank, having made all reasonable inquiries, accepts responsibility for and confirms that this 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 Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this 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, severally and not jointly, accepts responsibility for and confirms the statements specifically made or confirmed by such Selling Shareholder in this Red Herring Prospectus to the extent of information specifically pertaining to itself and the respective portion of its Offered Shares in the Offer for Sale and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. However, no Selling Shareholder assumes any responsibility for any other statements, including without limitation, any and all statements made by or relating to our Bank or any other Selling Shareholder or person(s) in this Red Herring Prospectus.</p> | | | |
| <p>The Equity Shares issued through this 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 September 7, 2023, each. For the purposes of the Offer, the Designated Stock Exchange shall be BSE. A copy of this Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of this Red Herring Prospectus up to the Bid/ Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 577.</p> | | | |
| <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>AXIS CAPITAL</p> </div> <div style="text-align: center;">  <p>ICICI Securities</p> </div> <div style="text-align: center;">  <p>SBICAPS Complete Investment Banking Solutions</p> </div> <div style="text-align: center;">  <p>KFINTECH FINANCIAL TECHNOLOGIES</p> </div> </div> | | | |
| <p>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</p> | <p>ICICI Securities Limited ICICI Venture House Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India Tel: +91 22 6807 7100 E-mail: jana.ipo@icicisecurities.com Website: www.icicisecurities.com Investor Grievance ID: customercare@icicisecurities.com Contact Person: Ashik Joisar / Harsh Thakkar SEBI Registration Number: INM000011179</p> | <p>SBI Capital Markets Limited 1501, 15th floor, A & B Wing, Parinee Crescenzo, G Block Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India Tel: +91 22 4006 9807 E-mail: jana.ipo@sbicaps.com Website: www.sbicaps.com Investor Grievance ID: investor.relations@sbicaps.com Contact Person: Vaibhav Shah SEBI Registration Number: INM000003531</p> | <p>KFin Technologies Limited (formerly known as 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</p> |

| | | | |
|----------------------------|--|-----------------------------|---|
| BID/ OFFER OPENS ON | Wednesday, February 7, 2024 ⁽¹⁾ | BID/ OFFER CLOSES ON | Friday, February 9, 2024 ⁽²⁾ |
|----------------------------|--|-----------------------------|---|

⁽¹⁾ Our Bank 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 i.e. Tuesday, February 6, 2024.

⁽²⁾ The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Day.

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DEFINITIONS AND ABBREVIATIONS

This 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, circulars, notifications, clarifications 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 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 SEBI Act, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder, each as amended, as applicable. 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 215, 313, 210, 388, 186, 334, 371, 507, 524, 510 and 571, respectively, shall have the meaning ascribed to them in the relevant section.

General Terms

| Term | Description |
|---|---|
| “our Bank”, “the Bank”, or “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 |
|--|---|
| Amansa | Amansa Holdings Pte. Ltd. |
| “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 - Committees of the Board” on page 351 |
| “Auditors” or “Statutory Auditors” or “Joint Statutory Auditors” | M M Nissim & Co LLP, Chartered Accountants and Brahmayya & Co., Chartered Accountants, current Joint 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 |
| Bank SHA | Restated shareholders’ agreement dated June 9, 2016 entered into between our Bank, Ramesh Ramanathan, JUF, JHL, JCL, Badri Narayan Piliinja, 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; (vi) the HV Entities; and (vii) Volrado, Dovetail, Deepak and Singularity, dated September 7, 2017, April 5, 2018, April 5, 2018, March 28, 2019, March 29, 2019, August 23, 2018, and June 27, 2023 respectively; assignment and assumption agreements entered into between Hero Ventures and (i) Amer Investments (Delhi) Limited; (ii) Ananta Capital Ventures Fund 1; (iii) Bengal Rubber Company Limited; (iv) Bharti |

(Satya) Family Trust; (v) Central India Industries

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| Term | Description |
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| | Limited; (vi) Elpro International Limited; (vii) Par Solar Private Limited; (viii) Puran Associates Private Limited; (ix) Ranchi Enterprise and Properties Limited; (x) S Four Capital; (xi) Spark Fund Advisors LLP; and (xi) Universal Trading Company Limited dated August 9, 2023, August 9, 2023, August 9, 2023, August 14, 2023, August 9, 2023, August 8, 2023, August 9, 2023, August 9, 2023, August 9, 2023, August 9, 2023, August 9, 2023 and August 9, 2023, respectively; and assignment and assumption agreements entered into between Spark Fund Advisors LLP and (i) P Deepak; (ii) Dhankalash Distributors Private Limited; (iii) NABS Vriddhii LLP; (iv) Tarak Bhikhalal Madhani HUF; (v) Bijoy Paulose; (vi) Genesis Exports Ltd Limited; (vii) Kairos Capital Trust; (viii) Valluru Venkat Ruthvik Reddy; and (ix) S Four Capital dated September 12, 2023, September 12, 2023, September 12, 2023, September 12, 2023, September 13, 2023, September 12, 2023, September 12, 2023, September 20, 2023 and August 28, 2023 respectively |
| Bank WCA | Waiver cum amendment agreement dated July 27, 2023 to the Bank SHA. |
| “Board” or “Board of Directors” | Board of directors of our Bank as described in “ <i>Our Management</i> ” on page 345 |
| CCPS | Compulsorily convertible preference shares |
| “CFO” or “Chief Financial Officer” | Chief Financial Officer of our Bank, being Abhilash Sandur. For details, see “ <i>Our Management</i> ” on page 345 |
| 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 “ <i>Our Management - Committees of the Board</i> ” on page 351 |
| “Company Secretary” and “Compliance Officer” | Company Secretary and Compliance Officer of our Bank, being Lakshmi R N. |
| Director(s) | The director(s) on the Board of our Bank |
| Dovetail | Dovetail India Fund - Class 6 Shares |
| 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 |
| “Fitch Solutions” or “FSIAPL” | Fitch Solutions India Advisory Private Limited |
| Fitch Report | Report titled ‘Industry Research Report on the Banking Sector in India’ issued on December 4, 2023 by Fitch Solutions |
| GAWA 2 | Global Impact Funds, S.C.A., SICAR, sub-fund 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 namely, Jana Urban Foundation, Jana Urban Services For Transformation Private Limited and Jana Urban Space Foundation (India), identified in accordance with SEBI ICDR Regulations and as disclosed in “ <i>Our Group Companies</i> ” on page 522 |
| 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. |

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| Hero Ventures | Hero Enterprise Partner Ventures |
| Hero Subscription Agreement | Securities subscription agreement dated March 29, 2019 and amended and restated securities subscription agreement dated March 17, 2020 entered into between the Bank, Ramesh Ramanathan, JUF and Hero Ventures, as amended by the letter amendment agreement dated March 25, 2021 and the letter amendment agreement dated March 31, 2023 |

| Term | Description |
|---|---|
| HV Entities | HarbourVest Co-Invest 2017 Private Equity Parties L.P. and The Maple Fund L.P. |
| ICICI Lombard | ICICI Lombard General Insurance Company Limited |
| ICICI Prudential | ICICI Prudential Life Insurance Company Limited |
| Independent Directors | Independent directors on the Board, as described in “ <i>Our Management</i> ” on page 345 |
| “Investor Selling Shareholders” or “Selling Shareholders” | Collectively, CRL, ERL, GAWA II, GP II Trust (Ajay Tandon), GP II Trust (Siva Sankar), and Hero Ventures |
| I-Sec | ICICI Securities Limited |
| IPO Committee | The IPO committee of our Board, as described in “ <i>Our Management - Committees of the Board</i> ” on page 351 |
| 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 “ <i>Our Management</i> ” on page 345 |
| 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 “ <i>Our Management - Committees of the Board</i> ” on page 351 |
| North Haven | North Haven Private Equity Asia Platinum Pte. Ltd |
| Preference Shares | 282,154,044 unsecured, fully paid-up, non-redeemable, non-cumulative compulsorily convertible preference shares of face value of ₹10 each issued by our Bank which were converted into 17,351,229 Equity Shares. For further details, see “ <i>Capital Structure- Share Capital History of our Bank</i> ” and “ <i>History and Certain Corporate Matters- Key terms of other subsisting material agreements</i> ” on pages 130 and 340, respectively. |
| 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 “ <i>Our Promoters and Promoter Group</i> ” on page 365 |
| QRG | QRG Enterprises Limited |
| RBI Auditor Guidelines | Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 |
| 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 |

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| 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 for the six month periods ended September 30, 2023 and September 30, 2022 and as at and for the Fiscals 2023, 2022 and 2021 which comprises the restated summary statement of assets and liabilities as at and for the six month periods ended September 30, 2023 and September 30, 2022 and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, and the restated summary statements of profit and loss account and restated summary |

| Term | Description |
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| | statement of cash flows for the six month period ended September 30, 2023 and September 30, 2022 and financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 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 |
| Second SHA Amendment Agreement | SHA Amendment Agreement dated January 22, 2024 to the Bank SHA. |
| “Senior Management Personnel” or “SMP” | Senior management personnel of our Bank in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, as described in “ <i>Our Management</i> ” on page 345 |
| Shareholders | Shareholders holding equity shares of our Bank from time to time |
| Singularity | Singularity Growth Opportunities Fund – I |
| 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 “ <i>Our Management</i> ” on page 345 |
| Subscription Agreement 2023 | Securities subscription agreement dated June 27, 2023 entered into between the Bank, Ramesh Ramanathan, JUF, Dovetail, Volrado, Deepak Talwar and Singularity. |
| TPG Asia | TPG Asia VI SF Pte. Ltd. |
| TPG Asia Market | TPG Asia VI India Market Pte. Ltd. |
| TPG Subscription Agreement | Securities subscription agreement dated August 16, 2022 entered into between the Bank, Ramesh Ramanathan, JUF and TPG Asia, as amended by the letter amendment agreement dated July 28, 2023 |
| Trademark Agreement | Trademark licence agreement dated November 5, 2019 entered into between our Bank and JUF |
| Tree Line | Tree Line Asia Master Fund (Singapore) Pte. Ltd. |
| Volrado | Volrado Venture Partners Fund III-BETA |

| 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 |
| Amendment Agreement to Offer Agreement | Amendment Agreement to Offer Agreement dated January 23, 2024 entered amongst our Bank, the Selling Shareholders, and the BRLMs. |
| Amendment Agreement to Registrar Agreement | Amendment Agreement to Registrar Agreement dated January 23, 2024 entered amongst our Bank, the Selling Shareholders, and the Registrar to the Offer. |
| Anchor Investor | A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and this 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 this Red Herring |

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| Term | Description |
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| | Prospectus and the Prospectus, which will be decided in compliance with SEBI ICDR Regulations |
| 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 this 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 this 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 in compliance with SEBI ICDR Regulations |
| Anchor Investor Portion | Up to 60% of the QIB Portion which may be allocated by our Bank, 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 UPI Bidders using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by UPI Bidders 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 UPI Bidder which is blocked upon acceptance of a UPI Mandate Request made by the UPI Bidders using the UPI Mechanism |
| ASBA Bid | A Bid made by an ASBA Bidder |
| ASBA Bidders | All Bidders except Anchor Investors |

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| ASBA Form | Application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus |
| Axis | Axis Capital Limited |
| 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” on page 545 |
| 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 this Red Herring Prospectus and the Bid cum Application Form. The term “Bidding” shall be construed accordingly |
| Bid Amount | <p>The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs 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</p> <p>However, RIBs and Eligible Employees applying in the Employee Reservation Portion can apply at the Cut off Price (in case of Eligible Employees), and the Bid Amount shall be Cap Price (in case of Eligible Employees), multiplied by the number of Equity Shares Bid for such Eligible Employee and mentioned in the Bid cum Application Form</p> <p>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 0.50 million. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 0.20 million. Only in the event of under-subscription in the Employee Reservation Portion, such unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹0.2 million, subject to</p> |

| Term | Description |
|--------------------------|--|
| | the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 0.50 million |
| 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 | <p>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 all editions of The Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and Bengaluru edition of Vishwavani, a Kannada daily newspaper (Kannada also being the regional language of Karnataka, 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(s).</p> <p>In case of any revision (in case of Eligible Employees), the extended Bid/ Offer Closing Date shall also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members, and communicated to the Designated Intermediaries and the Sponsor Bank(s) 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</p> |
| 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 all editions of The Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and Bengaluru edition of Vishwavani, a Kannada daily newspaper (Kannada also being the regional language of Karnataka, where our Registered and Corporate Office is located), each with wide circulation |

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| 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. Provided that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors. The Bid/Offer Period will comprise of Working Days only. |
| Bidder | Any prospective investor who makes a Bid pursuant to the terms of this 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 |
| Broker Centres | Centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker 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. The Cap Price shall not be more than 120% of the Floor Price, provided that the Cap Price shall be at least 105% of the Floor Price. |
| Cash Escrow and Sponsor Bank Agreement | Cash escrow and sponsor bank agreement dated January 31, 2024 to be entered amongst our Bank, the Selling Shareholders, the BRLMs, Syndicate Members, the Bankers to the Offer and Registrar to the Offer, <i>inter alia</i> , 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 | A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who |

| Term | Description |
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| Participant” or “CDP” | 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 Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time and the UPI Circulars |
| Cut-off Price | Offer Price, as finalised in compliance with SEBI ICDR Regulations, 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 |

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| 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 UPI Bidders using UPI Mechanism, instructions being issued through the Sponsor Bank(s)) 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 this 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 UPI Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidders 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 | BSE |
| “Draft Red Herring Prospectus” or “DRHP” | The draft red herring prospectus dated July 30, 2023 issued in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer |
| 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 this 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 The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 0.50 million. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 0.20 million. Only in the event of an under-subscription in the Employee Reservation Portion post initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 0.20 million, subject to the total Allotment to an Eligible Employee not exceeding ₹ 0.50 million |
| Eligible NRI(s) | NRI(s) from jurisdictions outside India where it is not unlawful to make an Offer or invitation under the |

| Term | Description |
|------------------------------|---|
| | Offer and in relation to whom the ASBA Form and this Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares |
| Employee Reservation Portion | The portion of the Offer being up to [●] Equity Shares aggregating up to ₹ 135.00 million, available for allocation to Eligible Employees, on a proportionate basis |
| Escrow Account(s) | Account(s) 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 |

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| Escrow Collection Bank(s) | Bank(s) which are a clearing member(s) and registered with SEBI as banker(s) to an issue and with whom the Escrow Account(s) will be opened, in this case being ICICI Bank Limited |
| 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 |
| Fresh Issue | <p>Fresh issue of up to [●] Equity Shares aggregating up to ₹ 4,620 million* by our Bank.</p> <p><i>*Our Bank, in consultation with the BRLMs undertook (i) a pre-IPO placement of 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 and (ii) a pre-IPO placement of 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. The size of the Fresh Issue has been adjusted to ₹ 4,620.00 million.</i></p> <p><i>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.</i></p> |
| 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, and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs |
| 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 181 |
| 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, RIBs or Eligible Employees Bidding in the Employee Reservation Portion and who have Bid for Equity Shares, for an amount of more than ₹ 0.20 million (but not including NRIs other than Eligible NRIs) |
| Non-Institutional Portion | The portion of the Offer being not less than 15% of the Net Offer comprising [●] Equity Shares which shall be available for allocation on a proportionate basis or any other manner as introduced in accordance with applicable laws, to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price. One-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 0.20 million and up to ₹ 1 million and two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 1 million, provided that the unsubscribed portion in either of the sub-categories, may be allocated to applicants in the other sub-category of Non-Institutional Bidders in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price |
| Non-Resident | Person resident outside India, as defined under FEMA |
| Offer | <p>The initial public offer of up to [●] Equity Shares aggregating up to ₹ [●] million, comprising of the Net Offer and the Employee Reservation Portion</p> <p>Our Bank, in consultation with the BRLMs undertook (i) a pre-IPO placement of 12,154,044 CCPS</p> |

| Term | Description |
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| | <p>(which were subsequently converted into 401,149 Equity Shares) at an issue price of ₹ 10 each aggregating to ₹ 121.54 million and (ii) a pre-IPO placement of 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. The size of the Fresh Issue has been adjusted to ₹ 4,620.00 million.</p> <p>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.</p> |
| Offer Agreement | Agreement dated July 30, 2023 entered amongst our Bank, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements have been agreed to in relation to the Offer |
| Offer for Sale | The offer for sale of up to 2,608,629 Equity Shares by the Selling Shareholders at the Offer Price aggregating up to ₹ [●] million of the Offer |
| Offer Price | <p>The final price at which Equity Shares will be Allotted to ASBA Bidders in terms of this Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price which will be decided in compliance with SEBI ICDR Regulations in terms of this Red Herring Prospectus and the Prospectus</p> <p>The Offer Price will be decided in compliance with SEBI ICDR Regulations, on the Pricing Date in accordance with the Book Building Process and this Red Herring Prospectus</p> |
| 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 “ <i>Objects of the Offer</i> ” on page 181 |
| Offered Shares | Up to 2,608,629 Equity Shares being offer for sale by the Selling Shareholders pursuant to the Offer for Sale |
| Pre-IPO Placement | <p>Private placement by our Bank, in consultation with the BRLMs 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”), pursuant to resolutions passed by our Board of Directors, at their meetings dated August 11, 2023 and January 15, 2024, respectively and resolutions passed by our Shareholder at their meetings dated September 4, 2023 and January 18, 2024, respectively. The size of the Fresh Issue has been adjusted to ₹ 4,620.00 million. For further details in relation to the Pre-IPO Placement, see “<i>Capital Structure</i>” on page 130.</p> <p>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.</p> |
| Price Band | <p>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</p> <p>The Price Band and the minimum Bid Lot, will be decided in compliance with SEBI ICDR Regulations, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in all editions of the Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and Bengaluru edition of Vishwavani, a Kannada 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</p> |
| Pricing Date | The date on which the Offer Price will be finalised |
| 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, <i>inter alia</i> , 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(s) 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 Axis Bank Limited. |

| Term | Description |
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| QIB Portion | The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Net Offer consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to QIBs (including Anchor Investors in which allocation shall be on a discretionary basis, as determined in compliance with SEBI ICDR Regulations), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price |
| 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 | This Red Herring Prospectus dated February 1, 2024, issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which does not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto. This 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(s) 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 to Anchor Investors |
| Refund Bank(s) | Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being ICICI Bank Limited. |
| Registered Brokers | Stock brokers registered under the 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 and the UPI Circulars |
| Registrar Agreement | Agreement dated July 29, 2023 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 Limited (<i>formerly known as KFin Technologies Private Limited</i>) |
| “Retail Individual Bidder(s)” or “RIB(s)” | Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹ 0.20 million 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 less than 35% of the Net Offer consisting of not less 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 |

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| Self-Certified Syndicate Bank(s) or SCSB(s) | <p>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 UPI Bidders 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</p> <p>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 April 5, 2022. The said list shall be updated on SEBI website</p> |
| Share Escrow Agent | Share escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, KFin Technologies Limited (formerly known as KFin Technologies Private Limited) |

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| Term | Description |
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| Share Escrow Agreement | Share escrow agreement dated January 29, 2024 entered into between 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(s) | ICICI Bank Limited and Axis Bank Limited, being Bankers 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 UPI Bidders 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 | Syndicate agreement dated January 31, 2024, entered into between 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, Investec Capital Services (India) Private Limited, and SBICAP Securities Limited |
| 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 Bidder(s) | <p>Collectively, individual investors applying as (i) RIBs in the Retail Portion, (ii) Non-Institutional Bidders with an application size of up to ₹ 0.50 million in the Non-Institutional Portion, and (iii) Eligible Employees Bidding under the Employee Reservation Portion, in each case Bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and RTAs.</p> <p>Pursuant to circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹ 0.50 million shall use the UPI Mechanism and shall provide their UPI ID in the Bid cum Application Form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity)</p> |

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| UPI Circulars | 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 circular no. 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, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, SEBI master circular with circular number SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent that such circulars pertain to the UPI Mechanism), SEBI master circular with circular number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, and any subsequent circulars or notifications issued by SEBI in this regard, along with the circulars issued by the Stock Exchanges in this regard, including the circular issued by the NSE having reference no. 25/2022 dated August 3, 2022, and the circular issued by BSE having reference no. 20220803- 40 dated August 3, 2022. |
| UPI ID | ID created on the UPI for single-window mobile payment system developed by the NPCI |

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| Term | Description |
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| UPI Mandate Request | A request (intimating the UPI Bidders 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 on directing the UPI Bidders to such UPI linked mobile application) to the UPI Bidders initiated by the Sponsor Bank(s) to authorise blocking of funds on the UPI application and subsequent debit of funds in case of Allotment |
| UPI Mechanism | The bidding mechanism that may be used by an UPI Bidders in accordance with the UPI Circulars to make an ASBA Bid in the Offer |
| UPI PIN | Password to authenticate UPI transaction |
| 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 |
| ARCs | Asset reconstruction companies |
| ATMs | Automated teller machines |
| “Advances Under Management” or “AUM” | Gross advances, IBPCs, assigned advances and advances sold to ARCs for which a bank is acting as a collection agent |
| Average CASA | CASA calculated on the basis of the average of the opening balance at the start of the relevant fiscal year and the closing balance as at quarter end for all quarters in the relevant fiscal year |

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| Average Deposits | Deposits calculated on the basis of the average of the opening balance at the start of the relevant fiscal year and the closing balance as at quarter end for all quarters in the relevant fiscal year |
| Average Gross Advances | Gross advances calculated on the basis of the average of the opening balance at the start of the relevant year and the closing balance as at quarter end for all quarters in the relevant year |
| Average Interest-Earning Advances | Interest-earning assets (advances) calculated on the basis of the average of the opening balance at the start of the relevant year and the closing balance as at quarter end for all quarters in the relevant year |
| Average Interest-Earning Advances of the Retail Banking Segment | Interest-earning advances of the Retail Banking segment calculated on the basis of the average of the opening balance at the start of the relevant year and the closing balance as at quarter end for all quarters in the relevant year |
| Average Interest-Earning Investments | Interest-Earning Investments calculated on the basis of the average of the opening balance at the start of the relevant year and the closing balance as at quarter end for all quarters in the relevant year |
| Average Shareholders' Funds | Share capital plus reserves and surplus calculated on the basis of the average of the opening balance at the start of the relevant year and the closing balance as at quarter end for all quarters in the relevant year |
| Average Term Deposits | Term deposits calculated on the basis of the average of the opening balance at the start of the relevant year and the closing balance as at quarter end for all quarters in the relevant year |
| Average Total Assets | Total assets calculated on the basis of the average of the opening balance at the start of the relevant year and the closing balance as at quarter end for all quarters in the relevant year |
| Average Total Interest-Bearing Liabilities | Total interest-bearing liabilities calculated on basis of the average of the opening balance at the start of the relevant year and the closing balance as at quarter end for all quarters in the relevant year |
| Average Total | Total interest-earning assets calculated on the basis of the average of the opening balance at the |

| Term/Abbreviation | Full Form/Description |
|-------------------------------|--|
| Assets | of the relevant year and the closing balance as at quarter end for all quarters in the relevant year |
| Banking outlets | A fixed point service delivery unit, manned by either the bank's staff or its business correspondent, where services of acceptance of deposits, encashment of cheques, cash withdrawal or lending of money are provided for a minimum of 4 hours per day for at least five days a week |
| Basel Committee / BCBS | Basel Committee on Banking Supervision |
| BC | Business Correspondent |
| BoM | Bank of Maharashtra |
| Branches | Our branches that make loans and accept deposits |
| Bulk Deposits | Single rupee term deposits of ₹20.00 million or more |
| CAR | 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 |
| Cost of Average Borrowings | The ratio of interest expended on borrowings to the average of the opening balance at the start of the relevant year and the closing balance as at quarter end for all quarters in the relevant year |
| Cost of Average Term Deposits | The ratio of interest expended on term deposits to Average Term Deposits |

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| Cost of Funds | The ratio of interest expended to Average Total Interest-Bearing Liabilities |
| Cost to Income Ratio | The ratio of operating expenses divided by Operating Income |
| 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 |
| CRAR | Capital to risk-weighted asset ratio |
| Credit to Deposits Ratio | The ratio of gross advances divided by total deposits |
| 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 |
| FFI | Foreign financial institution |
| GAAP | Generally accepted accounting principles |
| GNPA | Gross non-performing assets |
| HFT | Held for Trading |
| HTM | Held to Maturity |
| IBA | Indian Banks Association |
| IBPCs | Inter-bank participatory certificates |
| ICAAP | Internal Capital Adequacy Assessment Process |

| Term/Abbreviation | Full Form/Description |
|--|--|
| IGA | Intergovernmental agreement |
| IMPS | Immediate Payment System |
| Interest-Earning Advances | Gross advances net of provisions for NPAs, which is the amount of advances shown on the balance sheet |
| 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 |
| Interest-Earning Investments | Government securities, treasury bills and other interest earning securities net of depreciation or provision for investments, if any |
| IRDA | Insurance Regulatory and Development Authority |
| IT | Information technology |
| JLG | Joint Liability Group |
| KYC | Know your customer |
| LCR | Liquidity coverage ratio |

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|--------------------------------|--|
| LTV | Loan to value |
| MCLR | Marginal cost of funds based lending rate |
| MFI | Microfinance Institution |
| Microfinance Loans | Microfinance Loans, with respect to our Bank, means all of our unsecured loans except unsecured working capital loans and overdraft facilities to micro and small enterprises based on their GST returns up to and including October 16, 2022 and from and including October 17, 2022, Microfinance Loans has the meaning given to that term in the RBI Regulatory Framework for Microfinance Loans Direction, 2022. The RBI Regulatory Framework for Microfinance Loans Direction, 2022, which was effective from October 17, 2022, defines microfinance loans as follows: (i) a microfinance loan is defined as a collateral-free loan given to a household having annual household income up to ₹300,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children. (ii) All collateral-free loans, irrespective of end use and mode of application/ processing/ disbursement (either through physical or digital channels), provided to low-income households, i.e., households having annual income up to ₹300,000, shall be considered as microfinance loans. (iii) To ensure collateral-free nature of the microfinance loan, the loan shall not be linked with a lien on the deposit account of the borrower. (iv) The bank shall have a board-approved policy to provide the flexibility of repayment periodicity on microfinance loans as per borrowers' requirements. |
| Micro LAP | Micro loans against property |
| 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 |
| MSEs | Micro and small enterprises |
| MSMEs | Micro, small and medium enterprises |
| NABARD | National Bank for Agriculture and Rural Development |
| NBFC | Non-banking finance company |
| NBFC-MFIs | Non-banking finance company-microfinance institutions |
| NCDs | Non-convertible debentures |
| NDS-OM | Negotiated Dealing System - Order Matching System |
| Net advances | Gross advances less provisions for NPAs. This is the line item "advances" shown in the balance sheet |
| Net Interest Income | Interest earned less interest expended |
| "NIM" or "net interest margin" | The ratio of Net Interest Income to Average Total Interest-Earning Assets |

| Term/Abbreviation | Full Form/Description |
|--------------------------|---|
| NNPA | Net NPAs |
| Net Worth | The sum of capital and reserves and surplus |
| NPAs | Non-performing assets |
| NPI | Non-performing investments |
| Operating Income | The sum of Net Interest Income and Other Income |
| OTP | One time password |
| PDAI | Primary Dealers Association of India |
| PF Act | Employees' Provident Funds and Miscellaneous Provisions Act, 1952 |
| PFIC | Passive foreign investment company |

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| PFRDA | Pension Fund Regulatory and Development Authority |
| PMLA | Prevention of Money Laundering Act, 2002 |
| POS | Point of sales |
| Provision Coverage Ratio | The ratio of total provision towards NPAs as at the end of the year divided by gross NPAs as at the end of the year |
| PSL | Priority Sector Lending |
| PSLC | Priority Sector Lending Certificates |
| RC | Reconstruction company |
| Repo | Repurchase transactions in government securities and corporate debt securities |
| Retail Deposits | CASA plus Retail Term Deposits |
| Retail Term Deposits | Single rupee term deposits of less than ₹20.00 million |
| Reverse Repo | Reverse repurchase in government securities and corporate debt securities are reflected as borrowing |
| RWAs | Risk weighted assets |
| SC | Securitisation company |
| Secured Advances | Secured advances, which includes advances covered by bank/government guarantees |
| Shareholders' Funds | Capital plus reserves and surplus |
| SLR | Statutory liquidity ratio |
| SMA | Special mention accounts |
| SMS | Short message service |
| Social Security Code | Code on Social Security, 2020 |
| SR | Security receipts |
| TASCs | Trusts, associations, societies, clubs and NGOs |
| TBLR | Treasury bill based lending rate |
| Yield on Average Interest-Earning Advances | The ratio of interest earned on advances to Average Interest-Earning Advances |
| Yield on Average Interest-Earning Investments | The ratio of interest earned on investments to Average Interest-Earning Investments |
| Yield on Average Interest-Earning Balances with Reserve Bank of India and other Inter-Bank Funds | The ratio of interest earned on Interest-Earning Balance with Reserve Bank of India and other Inter Bank Funds to Average Interest-Earning Balances with Reserve Bank of India and other Inter-Bank Funds |

| Term/Abbreviation | Full Form/Description |
|--|---|
| Yield on Average Total Interest Earning Assets | The ratio of interest earned to Average Total Interest-Earning Assets |
| YTM | Yield-to-Maturity |

| Term | Description |
|--------------------------------------|---|
| ₹/Rs./Rupees/INR | Indian Rupees |
| AGM | Annual General Meeting |
| AIFs | Alternative Investments Funds |
| ATM | Automated Teller Machine |
| 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 (<i>earlier known as the Department of Industrial Policy and Promotion</i>) |
| 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 |

| Term | Description |
|---|--|
| 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 |
| Fraudulent Borrower | Fraudulent Borrower as defined under Regulation 2(1)(III) of the SEBI ICDR 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 |
| 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 and the Companies (Accounts) Rules, 2014 |
| India | Republic of India |
| Indian GAAP/ IGAAP | Indian generally accepted accounting principles generally accepted in India including the Companies (Accounting Standard) Rules (as amended) specified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 in compliance with Banking Regulation Act 1949 and circulars, guidelines and directions issued by Reserve Bank of India from time to time |
| 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 |

| Term | Description |
|-----------------------------|---|
| 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 Finance 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 external 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 |
| RBI Compensation Guidelines | “Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff” issued in accordance with RBI circular no. RBI/2019-20/89 DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 4, 2019. |
| 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 |
| SCRRI | Securities Contracts (Regulation) Rules, 1957 |
| SCORES | SEBI Complaints Redress System |
| 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 |

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| Term | Description |
|------------------------------------|--|
| SEBI RTA Master Circular | SEBI master circular bearing number SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 |
| SEBI SBEB Regulations | Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 |
| 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 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 |
| SIDBI | Small Industries Development Bank of India |
| 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. GAAP | Generally Accepted Accounting Principles in the United State of America |
| U.S. Securities Act | U.S. Securities Act of 1933, as amended |
| 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)(III) of the SEBI ICDR Regulations |

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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 Red Herring Prospectus, the 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 Red Herring Prospectus, including “Risk Factors”, “Objects of the Offer”, “Our Business”, “Industry Overview”, “Capital Structure”, “The Offer”, “Our Promoters and Promoter Group”, “Financial Statements”, “Outstanding Litigation and Material Developments”, “Offer Procedure” and “Description of Equity Shares and Terms of Articles of Association” on pages 37, 181, 255, 215, 130, 115, 365, 388, 510, 550 and 571 respectively.

| | |
|---|---|
| <p>Summary of the primary business of the Bank</p> | <p>We are a small finance bank with our registered and corporate office in Bengaluru, Karnataka, India. As at September 30, 2023, we had 771 banking outlets in 22 states and two union territories. Our primary products are deposits (demand deposits, savings deposits and term deposits) and advances. We offer secured loans, including micro loans against property, loans to micro, small and medium enterprises, affordable housing loans, term loans to non-banking finance companies, loans against fixed deposits, two-wheeler loans and gold loans, and unsecured loans, including individual and micro business loans, agricultural and allied loans, and loans offered to groups of women as per the joint liability group model.</p> |
| <p>Summary of the Industry</p> | <p>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 unorganized sector. SFBs are focused on serving the customers at the bottom of the pyramid to drive financial inclusion. The growth in the industry is illustrated by the exponential growth in both advances and deposits and is supported by the robust rural growth, new product offerings and associated cross-selling opportunities, which will drive the SFBs’ market share to multi folds in the future. (Source: Fitch Report)</p> |
| <p>Names of our Promoters</p> | <p>Jana Capital Limited and Jana Holdings Limited*</p> <p>* 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 this Red Herring Prospectus and the Prospectus in accordance with the applicable provisions of the SEBI ICDR Regulations. 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.</p> |
| <p>Offer size</p> | <p>The following table summarizes the details of the Offer:</p> <p>Offer of Equity Shares Up to [●] Equity Shares aggregating up to ₹[●] million of which:</p> <p>(i) Fresh Issue ⁽¹⁾ Up to [●] Equity Shares aggregating up to ₹ 4,620 million* (ii) Offer for Sale ^{(2) (3)} Up to 2,608,629 Equity Shares aggregating up to ₹[●] million The Offer comprises:</p> <p>Employee Reservation Portion Up to [●] Equity Shares aggregating up to ₹135.00 million Net Offer Up to [●] Equity Shares aggregating up to ₹[●] million * Our Bank, in consultation with the BRLMs undertook (i) a pre-IPO placement of 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 and (ii) a pre-IPO placement of 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. The size of the Fresh Issue has been adjusted to ₹ 4,620.00 million.</p> <p>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.</p> <p>1) The Fresh Issue has been authorised by a resolution passed by our Board of Directors at their meeting held on July 20, 2023 and by a resolution passed by our Shareholders at their meeting held on July 26, 2023. 2) Our Board has taken on record the approval for the Offer for Sale by each of the Selling Shareholders pursuant to its resolution dated July 29, 2023. Our Board of Directors has taken on record the revised Offer size on January 24, 2024. For details on the consent and authorisations of the Selling Shareholders in relation to the Offer for Sale, see “The Offer” beginning on page 115.</p> <p>3) Each of the Selling Shareholders has severally and not jointly, specifically confirmed that their respective Offered Shares are eligible for being offered for sale in the Offer, in terms of Regulation 8 of the SEBI ICDR Regulations.</p> <p>The Offer and Net Offer shall constitute [●]% and [●]% of the post-Offer paid-up Equity Share capital of our Bank. For further details, see “The Offer” and “Offer Structure” beginning on pages 115 and 545, respectively.</p> <p>Our Bank, in consultation with the BRLMs undertook (i) a pre-IPO placement of 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 and (ii) a pre-IPO placement of 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. The size of the Fresh Issue has been adjusted to ₹ 4,620.00 million.</p> <p>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</p> |

| | solely at their own risk. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|---------------------------------|--|------------------------------------|-----------------------------|-----------------------------|---------------|------------|----------|---------------------------|--------------|-------------------------|-------------|-----------------------------|---|-----------|-----------|-----------|----------------------------------|---------|--------|--------|---------|--------|---|-----------|------------|----------------------------|-----------|------------|--------------------|---|------|--------------|---------------------------------------|-------------|--|--|-------------|-------------|-------------|-------------|-------------|--|--------------|-----------|-----------|-----------|-----------|-----------|-------------------------|-------------------------|----------|--------|----------|--------|--------|---------------------------|---------|--------|--------|-------|------|-------|-----------|-----------|--------|-------|-------|------|-------|-----------------|
| Objects of the Offer | <p>The objects for which the Net Proceeds shall be utilised are as follows:</p> <p style="text-align: right;"><i>(in ₹ million)</i></p> <p style="text-align: center;">Particulars Amount to be funded from the Net Proceeds</p> <p>For augmentation of our Bank's Tier – 1 capital base [●]^{(1) (i)} <i>To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aggregate pre-Offer shareholding of our Promoters and Promoter Group, and Selling Shareholders as a percentage of our paid-up equity share capital | <p>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:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: left;">No. of Equity Shares</th> <th style="text-align: left;">Percentage of the pre- Offer paid-up equity share capital (%)</th> </tr> </thead> <tbody> <tr> <td colspan="3">Promoter and Promoter Group</td> </tr> <tr> <td>JCL - - JHL</td> <td>23,575,790</td> <td>25.23</td> </tr> <tr> <td>Jana Urban Foundation - -</td> <td>Total</td> <td>23,575,790 25.23</td> </tr> </tbody> </table> <p>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:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: left;">No. of Equity Shares</th> <th style="text-align: left;">Percentage of the pre- Offer paid-up capital (%)</th> </tr> </thead> <tbody> <tr> <td>CRL</td> <td>1,812,554</td> <td>1.94</td> </tr> <tr> <td>ERL</td> <td>929,656</td> <td>1.00</td> </tr> <tr> <td>GAWA 2</td> <td>141,285</td> <td>0.15</td> </tr> <tr> <td>GP II Trust (Ajay Tandon)</td> <td>825</td> <td>Negligible</td> </tr> <tr> <td>GP II Trust (Siva Shankar)</td> <td>1,995</td> <td>Negligible</td> </tr> <tr> <td>Hero Ventures</td> <td>4,527,856</td> <td>4.85</td> </tr> <tr> <td>Total</td> <td>7,414,171</td> <td>7.94</td> </tr> </tbody> </table> | Name | No. of Equity Shares | Percentage of the pre- Offer paid-up equity share capital (%) | Promoter and Promoter Group | | | JCL - - JHL | 23,575,790 | 25.23 | Jana Urban Foundation - - | Total | 23,575,790 25.23 | Name | No. of Equity Shares | Percentage of the pre- Offer paid-up capital (%) | CRL | 1,812,554 | 1.94 | ERL | 929,656 | 1.00 | GAWA 2 | 141,285 | 0.15 | GP II Trust (Ajay Tandon) | 825 | Negligible | GP II Trust (Siva Shankar) | 1,995 | Negligible | Hero Ventures | 4,527,856 | 4.85 | Total | 7,414,171 | 7.94 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Name | No. of Equity Shares | Percentage of the pre- Offer paid-up equity share capital (%) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Promoter and Promoter Group | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| JCL - - JHL | 23,575,790 | 25.23 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jana Urban Foundation - - | Total | 23,575,790 25.23 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Name | No. of Equity Shares | Percentage of the pre- Offer paid-up capital (%) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CRL | 1,812,554 | 1.94 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ERL | 929,656 | 1.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GAWA 2 | 141,285 | 0.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GP II Trust (Ajay Tandon) | 825 | Negligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GP II Trust (Siva Shankar) | 1,995 | Negligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hero Ventures | 4,527,856 | 4.85 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 7,414,171 | 7.94 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Summary of Selected Financial Information | <p>The details of our share capital, net worth, the net asset value per Equity Share and total borrowings for the six month period ended September 30, 2023, September 30, 2022 and for the financial years ended March 31, 2023, March 31, 2022, and March 31, 2021, as per the Restated Financial Statements are as follows:</p> <p style="text-align: right;"><i>(₹ in million, except per share data)</i></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">As at September 30, 2023</th> <th style="text-align: right;">As at September 30, 2022</th> <th style="text-align: right;">As at March 31, 2023</th> <th style="text-align: right;">As at March 31, 2022</th> <th style="text-align: right;">As at March 31, 2021</th> </tr> </thead> <tbody> <tr> <td>Share capital</td> <td style="text-align: right;">3,435.26*</td> <td style="text-align: right;">3,249.79</td> <td style="text-align: right;">3,249.79</td> <td style="text-align: right;">2,014.12</td> <td style="text-align: right;">2,007.27</td> </tr> <tr> <td>Net worth</td> <td style="text-align: right;">25,471.08</td> <td style="text-align: right;">15,773.17</td> <td style="text-align: right;">17,770.69</td> <td style="text-align: right;">11,845.58</td> <td style="text-align: right;">11,007.65</td> </tr> <tr> <td>Net asset value per Equity Share</td> <td style="text-align: right;">346.42</td> <td style="text-align: right;">286.90</td> <td style="text-align: right;">323.23</td> <td style="text-align: right;">230.41</td> <td style="text-align: right;">217.00</td> </tr> <tr> <td>Total borrowings (as per balance sheet)</td> <td style="text-align: right;">53,135.43</td> <td style="text-align: right;">59,992.36</td> <td style="text-align: right;">62,774.60</td> <td style="text-align: right;">45,098.32</td> <td style="text-align: right;">48,153.19</td> </tr> </tbody> </table> <p><i>*Including the preference share capital aggregating to ₹2,700 million divided into 270,000,000 preference shares of ₹10 each.</i></p> <p>Notes:</p> <p><i>Net asset value per equity share is computed on Net worth at the end of the period/years divided by Total number of equity shares outstanding at the end of period/years.</i></p> <p>The details of our total income, profit/(loss) after tax and earnings per Equity Share (basic and diluted) for the six month period ended September 30, 2023, September 30, 2022 and for the Fiscals 2023, 2022 and 2021 as per the Restated Financial Statements are as follows:</p> <p style="text-align: right;"><i>(₹ in million, except per share data)</i></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th colspan="3" style="text-align: center;">For the period ended September 30,</th> <th colspan="3" style="text-align: center;">For the period ended March 31,</th> </tr> <tr> <td></td> <th style="text-align: right;">2023</th> <th style="text-align: right;">2022</th> <th style="text-align: right;">2023</th> <th style="text-align: right;">2022</th> <th style="text-align: right;">2021</th> <td></td> </tr> </thead> <tbody> <tr> <td>Total income</td> <td style="text-align: right;">22,155.68</td> <td style="text-align: right;">16,896.17</td> <td style="text-align: right;">36,998.75</td> <td style="text-align: right;">30,623.65</td> <td style="text-align: right;">27,207.41</td> <td style="text-align: right;">Profit/(loss) after tax</td> </tr> <tr> <td>Profit/(loss) after tax</td> <td style="text-align: right;">2,132.18</td> <td style="text-align: right;">556.34</td> <td style="text-align: right;">2,559.71</td> <td style="text-align: right;">174.71</td> <td style="text-align: right;">722.60</td> <td style="text-align: right;">Earnings per Equity Share</td> </tr> <tr> <td>- Basic</td> <td style="text-align: right;">33.26*</td> <td style="text-align: right;">10.52*</td> <td style="text-align: right;">47.47</td> <td style="text-align: right;">3.44</td> <td style="text-align: right;">14.25</td> <td style="text-align: right;">- Diluted</td> </tr> <tr> <td>- Diluted</td> <td style="text-align: right;">29.45*</td> <td style="text-align: right;">9.76*</td> <td style="text-align: right;">42.64</td> <td style="text-align: right;">3.21</td> <td style="text-align: right;">13.46</td> <td style="text-align: right;">*Not annualised</td> </tr> </tbody> </table> | Particulars | As at September 30, 2023 | As at September 30, 2022 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 | Share capital | 3,435.26* | 3,249.79 | 3,249.79 | 2,014.12 | 2,007.27 | Net worth | 25,471.08 | 15,773.17 | 17,770.69 | 11,845.58 | 11,007.65 | Net asset value per Equity Share | 346.42 | 286.90 | 323.23 | 230.41 | 217.00 | Total borrowings (as per balance sheet) | 53,135.43 | 59,992.36 | 62,774.60 | 45,098.32 | 48,153.19 | Particulars | For the period ended September 30, | | | For the period ended March 31, | | | | 2023 | 2022 | 2023 | 2022 | 2021 | | Total income | 22,155.68 | 16,896.17 | 36,998.75 | 30,623.65 | 27,207.41 | Profit/(loss) after tax | Profit/(loss) after tax | 2,132.18 | 556.34 | 2,559.71 | 174.71 | 722.60 | Earnings per Equity Share | - Basic | 33.26* | 10.52* | 47.47 | 3.44 | 14.25 | - Diluted | - Diluted | 29.45* | 9.76* | 42.64 | 3.21 | 13.46 | *Not annualised |
| Particulars | As at September 30, 2023 | As at September 30, 2022 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Share capital | 3,435.26* | 3,249.79 | 3,249.79 | 2,014.12 | 2,007.27 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net worth | 25,471.08 | 15,773.17 | 17,770.69 | 11,845.58 | 11,007.65 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net asset value per Equity Share | 346.42 | 286.90 | 323.23 | 230.41 | 217.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total borrowings (as per balance sheet) | 53,135.43 | 59,992.36 | 62,774.60 | 45,098.32 | 48,153.19 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Particulars | For the period ended September 30, | | | For the period ended March 31, | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2023 | 2022 | 2023 | 2022 | 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total income | 22,155.68 | 16,896.17 | 36,998.75 | 30,623.65 | 27,207.41 | Profit/(loss) after tax | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit/(loss) after tax | 2,132.18 | 556.34 | 2,559.71 | 174.71 | 722.60 | Earnings per Equity Share | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Basic | 33.26* | 10.52* | 47.47 | 3.44 | 14.25 | - Diluted | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Diluted | 29.45* | 9.76* | 42.64 | 3.21 | 13.46 | *Not annualised | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Auditor qualifications | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

which have not been given


| <p>effect to in the Restated Financial Statements</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|-------------------------------------|--|-------------------------------------|--|----------------------------|---|-------------|-----------------------|-----------------|----------------------|-----|---|----------|------------------|----|----|---|-----|---|--------|------------------|-----|-----|-----|-----|-----|-----|-----------------------|-----|-----|-----|-----|-----|-----|------------------|-----|-----|-----|-----|-----|-----|-----------------------|-----|-----|-----|-----|-----|-----|
| <p>Summary table of outstanding litigations</p> | <p>A summary of outstanding litigation proceedings involving our Bank, Promoters and Directors as on the date of this Red Herring Prospectus as disclosed in “<i>Outstanding Litigation and Other Material Developments</i>” on page 510 in terms of the SEBI ICDR Regulations is provided below:</p> <table border="1"> <thead> <tr> <th data-bbox="475 510 734 539">Name of Entity</th> <th data-bbox="651 510 778 712">Criminal proceedings</th> <th data-bbox="831 539 871 568">Tax proceedings</th> <th data-bbox="898 568 1027 598">Statutory or Regulatory Proceedings</th> <th data-bbox="1038 598 1241 627">Disciplinary actions by SEBI or Stock Exchanges against our Promoters in the last five years, including outstanding action</th> <th data-bbox="1257 622 1353 824">Material civil litigations</th> <th data-bbox="1369 651 1481 1084">Aggregate amount involved (₹ in million)⁽¹⁾</th> </tr> </thead> <tbody> <tr> <td data-bbox="459 1151 890 1211">By the Bank</td> <td data-bbox="651 1151 778 1180">11,604⁽²⁾</td> <td data-bbox="831 1151 871 1180">Nil</td> <td data-bbox="898 1151 1027 1180">2,051⁽³⁾</td> <td data-bbox="1038 1151 1241 1180">Nil</td> <td data-bbox="1257 1151 1353 1180">3</td> <td data-bbox="1369 1151 1481 1180">8,264.21</td> </tr> <tr> <td data-bbox="459 1211 890 1272">Against the Bank</td> <td data-bbox="651 1211 778 1240">19</td> <td data-bbox="831 1211 871 1240">25</td> <td data-bbox="898 1211 1027 1240">1</td> <td data-bbox="1038 1211 1241 1240">Nil</td> <td data-bbox="1257 1211 1353 1240">1</td> <td data-bbox="1369 1211 1481 1240">927.13</td> </tr> <tr> <td data-bbox="459 1272 890 1332">By the Directors</td> <td data-bbox="651 1272 778 1301">Nil</td> <td data-bbox="831 1272 871 1301">Nil</td> <td data-bbox="898 1272 1027 1301">Nil</td> <td data-bbox="1038 1272 1241 1301">Nil</td> <td data-bbox="1257 1272 1353 1301">Nil</td> <td data-bbox="1369 1272 1481 1301">Nil</td> </tr> <tr> <td data-bbox="459 1332 890 1393">Against the Directors</td> <td data-bbox="651 1332 778 1361">Nil</td> <td data-bbox="831 1332 871 1361">Nil</td> <td data-bbox="898 1332 1027 1361">Nil</td> <td data-bbox="1038 1332 1241 1361">Nil</td> <td data-bbox="1257 1332 1353 1361">Nil</td> <td data-bbox="1369 1332 1481 1361">Nil</td> </tr> <tr> <td data-bbox="459 1393 890 1453">By the Promoters</td> <td data-bbox="651 1393 778 1422">Nil</td> <td data-bbox="831 1393 871 1422">Nil</td> <td data-bbox="898 1393 1027 1422">Nil</td> <td data-bbox="1038 1393 1241 1422">Nil</td> <td data-bbox="1257 1393 1353 1422">Nil</td> <td data-bbox="1369 1393 1481 1422">Nil</td> </tr> <tr> <td data-bbox="459 1453 890 1514">Against the Promoters</td> <td data-bbox="651 1453 778 1482">Nil</td> <td data-bbox="831 1453 871 1482">Nil</td> <td data-bbox="898 1453 1027 1482">Nil</td> <td data-bbox="1038 1453 1241 1482">Nil</td> <td data-bbox="1257 1453 1353 1482">Nil</td> <td data-bbox="1369 1453 1481 1482">Nil</td> </tr> </tbody> </table> <p>⁽¹⁾ To the extent ascertainable and quantifiable</p> <p>⁽²⁾ Including 259 First Information Reports registered by our Bank, 16 cases filed before the Judicial Magistrates under Section 156 of the CrPC, 6,307 filed under Section 138 Negotiable Instruments Act, 1881 involving an aggregate amount of ₹4,757.78 million (to the extent quantifiable) and 5,022 police complaints filed by the Bank.</p> <p>⁽³⁾ Including 2,051 proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the Security Interest (Enforcement) Rules, 2002, each as amended, involving an aggregate amount of ₹ 3,295.04 million (to the extent quantifiable).</p> <p>As on the date of this Red Herring Prospectus, there are no outstanding litigation proceedings involving our Group Companies, the outcome of which may have a material impact on our Bank.</p> <p>For further details of the outstanding litigation proceedings, see “<i>Outstanding Litigation and Material Developments</i>” on page 510.</p> | Name of Entity | Criminal proceedings | Tax proceedings | Statutory or Regulatory Proceedings | Disciplinary actions by SEBI or Stock Exchanges against our Promoters in the last five years, including outstanding action | Material civil litigations | Aggregate amount involved (₹ in million) ⁽¹⁾ | By the Bank | 11,604 ⁽²⁾ | Nil | 2,051 ⁽³⁾ | Nil | 3 | 8,264.21 | Against the Bank | 19 | 25 | 1 | Nil | 1 | 927.13 | By the Directors | Nil | Nil | Nil | Nil | Nil | Nil | Against the Directors | Nil | Nil | Nil | Nil | Nil | Nil | By the Promoters | Nil | Nil | Nil | Nil | Nil | Nil | Against the Promoters | Nil | Nil | Nil | Nil | Nil | Nil |
| Name of Entity | Criminal proceedings | Tax proceedings | Statutory or Regulatory Proceedings | Disciplinary actions by SEBI or Stock Exchanges against our Promoters in the last five years, including outstanding action | Material civil litigations | Aggregate amount involved (₹ in million) ⁽¹⁾ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| By the Bank | 11,604 ⁽²⁾ | Nil | 2,051 ⁽³⁾ | Nil | 3 | 8,264.21 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against the Bank | 19 | 25 | 1 | Nil | 1 | 927.13 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| By the Directors | Nil | Nil | Nil | Nil | Nil | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against the Directors | Nil | Nil | Nil | Nil | Nil | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| By the Promoters | Nil | Nil | Nil | Nil | Nil | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against the Promoters | Nil | Nil | Nil | Nil | Nil | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Risk Factors</p> | <p>For details of the risks applicable to us, see “<i>Risk Factors</i>” on page 37.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Summary table of contingent liabilities</p> | <p>The following is a summary table of our contingent liabilities as at September 30, 2023:</p> <table border="1"> <thead> <tr> <th colspan="2" data-bbox="970 1899 1481 1928">Contingent Liabilities As at September 30, 2023</th> </tr> </thead> <tbody> <tr> <td data-bbox="459 1928 954 1957">Income tax liability</td> <td data-bbox="970 1928 1481 1957">559.72</td> </tr> <tr> <td data-bbox="459 1957 954 1986">Guarantees given on behalf of constituents</td> <td data-bbox="970 1957 1481 1986">327.83</td> </tr> <tr> <td data-bbox="459 1986 954 2016">Others</td> <td data-bbox="970 1986 1481 2016">149.03</td> </tr> <tr> <td data-bbox="459 2016 954 2045">Total</td> <td data-bbox="970 2016 1481 2045">1,036.58</td> </tr> </tbody> </table> <p>For further details of our contingent liabilities, see “<i>Financial Statements – Annexure 23 - Note 13 – Contingent Liabilities</i>” on page 443.</p> | Contingent Liabilities As at September 30, 2023 | | Income tax liability | 559.72 | Guarantees given on behalf of constituents | 327.83 | Others | 149.03 | Total | 1,036.58 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Contingent Liabilities As at September 30, 2023 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income tax liability | 559.72 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Guarantees given on behalf of constituents | 327.83 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Others | 149.03 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 1,036.58 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Summary of related party transactions

A summary of related party transactions (as per AS 24 – related party disclosures read with SEBI ICDR Regulations) entered into by our Bank for the six months period ended September 30, 2023 and September 30, 2022 and the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021 are as follows, whose arithmetic aggregated absolute total amounts to ₹ 241.00 million, ₹ 1,188.81 million, ₹ 1,292.53 million, ₹ 901.41 million and ₹ 250.55 million, respectively, which represented 1.09%, 7.04%, 3.49%, 2.94% and 0.92%, respectively of our total income:

(₹ in million)

| Name of the Related Party | Nature of Transaction | Amount of (Payable)/Receivable | | Amount of (Payable)/Receivable | | |
|---------------------------|---------------------------------------|-------------------------------------|-------------------------------------|--------------------------------|---------------------------|---------------------------|
| | | Six months ended September 30, 2023 | Six months ended September 30, 2022 | Year Ended March 31, 2023 | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
| | JHL Issue of Equity Shares - 1,000.00 | 1,000.00 | 660.00 | - | - | - |
| | professional services | | | | | 0.12 |
| | Deposits | 25.22 | 8.91 | 0.06 | 15.84 | 7.50 |

| | |
|--|---|
| | Interest 0.20 0.06 - 0.09 0.74 |
| Jana Urban Foundation Royalty payments* | 45.43 99.56 55.01 49.60 |
| 58.38 | Deposits 26.56 25.05 26.56 25.05 23.51 |
| | Interest 1.82 1.49 0.88 0.72 0.75 |
| JCL Rendered | - - - - 0.06 |
| professional services | Deposits 8.78 4.01 0.04 - - |
| | Interest 0.06 0.02 - - - |
| Jana Urban Space | Deposits 11.38 11.71 11.71 0.13 27.99 |
| Foundation India | Interest 0.39 0.34 0.69 - 0.11 |
| Jana Urban Space | Deposits 7.71 7.24 7.46 7.04 1.22 |
| Foundation | Interest 0.04 0.03 0.04 0.04 - |
| Jana Urban Services | Deposits 29.35 29.35 29.35 29.84 28.21 |
| for Transformation | Interest 0.16 0.16 0.16 0.67 0.01 |
| Private Limited | |
| Ajay Kanwal Remuneration 28.49 22.11 62.12 55.19 66.87 | Abhilash Sandur Remuneration 2.30 - - - |
| Buvanesh | Remuneration 5.94 7.24 15.40 5.08 - |
| Tharashankar | |
| Kapil Krishan Remuneration - - - 7.80 12.31 | Lakshmi R N Remuneration 2.82 1.65 3.81 2.79 2.42 |
| KMP Deposits 7.80 9.74 13.87 7.67 5.97 | Interest 0.11 0.07 0.06 0.03 0.03 |
| Relatives of KMP Deposits 1.80 0.32 0.75 0.35 0.34 | Interest 0.07 - 0.04 0.06 0.04 |
| Directors Deposits 13.00 6.62 12.04 22.09 14.86 | Interest 0.50 0.19 0.47 1.06 0.58 |
| Relative of Directors Deposits 7.96 6.99 7.36 4.82 7.18 | Interest 0.16 0.07 0.10 0.04 0.13 |
| <p><i>*The royalty was paid to JUF pursuant to the terms stipulated under the Trademark Agreement between JUF and our Bank for usage of trademarks. The Trademark Agreement provides that the royalty payable by our Bank is 0.40% (excluding GST) of our Bank's revenue from operations, subject to an overall cap of ₹250 million per annum, which is to be reviewed annually. The term "revenue from operations" is not a line item in our Bank's financial statements and it is not defined in the Trademark Agreement. Accordingly the amount payable under the Trademark Agreement has been calculated based on our Bank's Operating Income (Net Interest Income (interest earned minus interest expended) and other income). For further details, see "Risk Factors - 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"</i></p> | |
| <p> " and "JANA" is terminated, our business, results of operations and cash flows would be adversely affected." and "History and Certain Corporate Matters - Trademark license agreement dated November 5, 2019 entered into between JUF and the Bank ("Trademark Agreement")" on pages 86 and 344.</p> | |
| For further details, see "Other Financial Information – Related Party Transactions" on page 462. | |

| | |
|--|--|
| <p>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 Red Herring Prospectus</p> | <p>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 Red Herring Prospectus.</p> |
|--|--|

Weighted average price at

The weighted average price at which Equity Shares were acquired by our Promoters and the Selling

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which the specified securities were acquired by our Promoters and Selling Shareholders, in the last one year preceding the date of this Red Herring Prospectus

Shareholders in the one year preceding the date of this Red Herring Prospectus is as

follows: **Name No. of Equity Shares acquired**

in the last one year

Weighted average price of Equity Shares acquired in the last one year*

Promoters

JCL Nil Nil JHL Nil Nil **Selling Shareholders**

CRL 54,799 456.95 ERL Nil Nil GAWA 2 Nil Nil GP II Trust (Ajay Tandon) Nil Nil GP II Trust (Siva Shankar) Nil Nil Hero Ventures 3,966,209** 414.00 *As certified by JHS & Associates LLP, Chartered Accountants pursuant to their certificate dated February 1, 2024.

** Pursuant to conversion of 42,901,858 Preference Shares held by Hero Ventures on January 31, 2024.

The weighted average price at which CCPS were acquired by our Promoters and the Selling Shareholders in the one year preceding the date of this Red Herring Prospectus is as follows:

Name No. of CCPS acquired in the

last one year

Weighted average price of CCPS acquired in the last one year*

Promoters

JCL Nil Nil JHL Nil Nil **Selling Shareholders**

CRL Nil Nil ERL Nil Nil GAWA 2 Nil Nil GP II Trust (Ajay Tandon) Nil Nil GP II Trust (Siva Shankar) Nil Nil Hero Ventures Nil Nil *As certified by JHS & Associates LLP, Chartered Accountants pursuant to their certificate dated February 1, 2024.

Weighted average cost of acquisition of all Equity Shares transacted in one year, eighteen months and three years preceding the date of this Red Herring Prospectus

Weighted average cost of acquisition of all Equity Shares transacted in one year, eighteen months and three years preceding the date of this Red Herring Prospectus:

Period Weighted average

Upper end of the price

cost of acquisition

Range of

band (₹[●]) is 'X' times

acquisition price:

per Equity Share

the weighted average

Lowest price –

(in ₹)

cost of acquisition

Highest price (in ₹)*

Last one year preceding the date of

309.76 [●] 10.00 – 456.95

this Red Herring Prospectus

Last 18 months preceding the date

313.73 [●] 10.00 – 580.55

of this Red Herring Prospectus

Last three years preceding the date

341.85 [●] 10.00 – 968.56

of this Red Herring Prospectus

*As certified by JHS & Associates LLP, Chartered Accountants pursuant to their certificate dated February 1, 2024.

Details of price at which specified securities were acquired by our Promoter, Selling Shareholders and Shareholders with special right to nominate one or more directors on the Board or other special rights in the last three years preceding the date of this Red Herring Prospectus

Except as stated below, there have been no specified securities that were acquired in the last three years preceding the date of this Red Herring Prospectus, by our Promoters, members of the Promoter Group, Selling Shareholders and Shareholders with right to nominate directors or other rights. The details of the price at which these acquisitions were undertaken are stated below:

| Name of the acquirer/ shareholder | Type of specified security | Date of acquisition of specified securities | Number of Equity Shares acquired* | Face value per Equity Shares | Acquisition price per Equity Shares (in ₹)* |
|--------------------------------------|---|---|-----------------------------------|------------------------------|---|
| Promoters | JCL Nil Nil Nil Nil Nil JHL Equity Shares | January 31, 2022 | 423,308 | 10.00 | 968.56 |

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| | | | | | |
|-----------------------------|------------------------------|-------------------|-----------|-------|--------|
| | Equity Shares | February 28, 2022 | 258,115 | 10.00 | 968.56 |
| | Equity Shares | May 31, 2022 | 258,115 | 10.00 | 968.56 |
| | Equity Shares (Rights Issue) | June 30, 2022 | 861,252 | 10.00 | 580.55 |
| | Equity Shares (Rights Issue) | July 29, 2022 | 430,626 | 10.00 | 580.55 |
| Promoter Group | | | | | |
| JUF | Nil | Nil | Nil | Nil | Nil |
| Selling Shareholders | | | | | |
| CRL | Equity Shares | April 6, 2023 | 54,799 | 10.00 | 456.95 |
| ERL | Nil | Nil | Nil | Nil | Nil |
| GAWA 2 | Nil | Nil | Nil | Nil | Nil |
| GP II Trust (Ajay Tandon) | Nil | Nil | Nil | Nil | Nil |
| GP II Trust (Siva Shankar) | Nil | Nil | Nil | Nil | Nil |
| Hero Ventures | Equity Shares (Conversion of | January 31, 2024 | 3,966,209 | 10.00 | 414.00 |

| | | | | | | |
|--|---------------------------------|--------------------|-------------|-------|--------|--|
| | | CC PS) | | | | |
| <i>Other Shareholders with special rights to nominate one or more directors on the Board of our Bank and other rights</i> | | | | | | |
| BALIC | Equity Shares (Rights Issue) | July 27, 2022 | 120,458 | 10.00 | 580.55 | |
| HarbourVest Partners Co-Investment Fund IV L.P. | Equity Shares (Rights Issue) | August 5, 2022 | 237,309 | 10.00 | 580.55 | |
| HarbourVest Partners Co-Investment IV AIF L.P. | Equity Shares (Rights Issue) | August 5, 2022 | 62,323 | 10.00 | 580.55 | |
| HarbourVest Skew Base AIF L.P. | Equity Shares (Rights Issue) | August 5, 2022 | 7,377 | 10.00 | 580.55 | |
| HIPEP VIII Partnership Fund L.P. | Equity Shares (Rights Issue) | August 5, 2022 | 28,765 | 10.00 | 580.55 | |
| HIPEP VIII Partnership AIF L.P. | Equity Shares (Rights Issue) | August 5, 2022 | 19,176 | 10.00 | 580.55 | |
| HarbourVest Asia Pacific Fund VIII L.P. | Equity Shares (Rights Issue) | August 5, 2022 | 4,195 | 10.00 | 580.55 | |
| HarbourVest Asia Pacific VIII AIF L.P. | Equity Shares (Rights Issue) | August 5, 2022 | 7,790 | 10.00 | 580.55 | |
| HarbourVest Co Investment Opportunities Fund L.P. | Equity Shares (Rights Issue) | August 5, 2022 | 29,964 | 10.00 | 580.55 | |
| HarbourVest Co Invest 2017 Private Equity Partners L.P. | Equity Shares (Rights Issue) | August 5, 2022 | 59,926 | 10.00 | 580.55 | |
| The Maple Fund L.P. | Shares (Rights Issue) | August 5, 2022 | 59,926 | 10.00 | 580.55 | |
| ENAM Securities Private Limited | Equity Shares (Rights Issue) | June 26, 2023 | 1,159 | 10.00 | 302.98 | |
| Tree Line Asia Master Fund (Singapore) Pte Ltd | Equity Shares (Rights Issue) | June 26, 2023 | 446,314 | 10.00 | 302.98 | |
| QRG | Equity Shares (Rights Issue) | July 29, 2022 | 164,370 | 10.00 | 580.55 | |
| | Equity Shares (Rights Issue) | June 26, 2023 | 936,841 | 10.00 | 302.98 | |
| TPG Asia | CCPS | August 19, 2022 | 120,000,000 | 10.00 | 10.00 | |
| | Equity Shares | July 29, 2022 | 378,950 | 10.00 | 580.55 | |

| | | | | | | |
|--|--|------------------------------|----------------|--------|-------|--------|
| | | (Rights Issue) | | | | |
| | | Equity Shares (Rights Issue) | August 5, 2022 | 51,676 | 10.00 | 580.55 |

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| | | | | | | |
|--|---|------------------------------------|------------------|------------|-------|--------|
| | Vallabh Bhansali | Equity Shares (Rights Issue) | June 26, 2023 | 32,259 | 10.00 | 302.98 |
| | Vallabh Bhansali HUF | Equity Shares (Rights Issue) | June 26, 2023 | 54,019 | 10.00 | 302.98 |
| | ICICI Prudential | Equity Shares (Rights Issue) | July 27, 2022 | 184,607 | 10.00 | 580.55 |
| | | Equity Shares (Rights Issue) | June 26, 2023 | 349,099 | 10.00 | 302.98 |
| | Amansa | Equity Shares (Rights Issue) | July 27, 2022 | 525,713 | 10.00 | 580.55 |
| | | Equity Shares (Rights Issue) | June 26, 2023 | 2,700,000 | 10.00 | 302.98 |
| | Dovetail India Fund - Class 6 Shares | CCPS | June 30, 2023 | 20,000,000 | 10.00 | 10.00 |
| | | Equity Shares (Secondary) | June 26, 2023 | 1,748,975 | 10.00 | 302.98 |
| | | Equity Shares (Conversion of CCPS) | July 31, 2023 | 660,110 | 10.00 | - |
| | Deepak Talwar | CCPS | June 30, 2023 | 1,000,000 | 10.00 | 10.00 |
| | | Equity Shares (Conversion of CCPS) | July 31, 2023 | 33,005 | 10.00 | - |
| | Volrado Venture Partners Fund III Beta | CCPS | June 30, 2023 | 53,000,000 | 10.00 | 10.00 |
| | | Equity Shares (Conversion of CCPS) | July 31, 2023 | 1,749,290 | 10.00 | - |
| | Singularity Growth Opportunities Fund I | CCPS | June 30, 2023 | 38,000,000 | 10.00 | 10.00 |
| | | Equity Shares (Conversion of CCPS) | July 31, 2023 | 1,254,208 | 10.00 | - |
| | Elpro International Limited | CCPS (Secondary) | August 16, 2023 | 7,812,500 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 722,256 | | 414.00 |
| | Bharti (Satya) Trustees Private Limited | CCPS (Secondary) | August 16, 2023 | 31,250,000 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 2,889,023 | 10.00 | 414.00 |

| | | | | | | |
|--|---|-----------------------------|------------------|-----------|-------|--------|
| | Par Solar Private Limited | CCPS (Secondary) | August 16, 2023 | 3,906,250 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 361,128 | 10.00 | 414.00 |
| | Spark Fund Advisors LLP | CCPS (Secondary) | August 16, 2023 | 7,812,500 | 10.00 | 32.00 |
| | Bengal Rubber Company Limited | CCPS (Secondary) | August 16, 2023 | 1,562,500 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 144,451 | 10.00 | 414.00 |
| | Central India Industries Limited | CCPS (Secondary) | August 16, 2023 | 3,125,000 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 288,902 | 10.00 | 414.00 |
| | Universal Trading Company Limited | CCPS (Secondary) | August 16, 2023 | 1,562,500 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 144,451 | 10.00 | 414.00 |
| | Ranchi Enterprises And Properties Limited | CCPS (Secondary) | August 16, 2023 | 3,125,000 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 288,902 | 10.00 | 414.00 |

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|--|----------------------------------|-----------------------------|-------------------|-----------|-------|--------|
| | | CCPS) | | | | |
| | Amer Investments (Delhi) Limited | CCPS (Secondary) | August 16, 2023 | 1,562,500 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 144,451 | 10.00 | 414.00 |
| | Shikhar Rajsakshi Sinha | CCPS (Secondary) | August 16, 2023 | 3,906,250 | 10.00 | 32.00 |
| | | CCPS (Secondary) | September 1, 2023 | 3,044,140 | 10.00 | 32.00 |
| | | CCPS (Secondary) | January 5, 2024 | 2,105,263 | 10.00 | 38.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 361,128 | 10.00 | 414.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 281,427 | 10.00 | 414.00 |

| | | | | | | |
|---|--|-----------------------------------|----------------------------------|------------|-------|--------|
| | | Equity (Conversion of CCPS) | January 31, 2024 | 194,629 | 10.00 | 414.00 |
| Puran Associates Private Limited | | CCPS (Secondary) | August 16, 2023 | 15,625,000 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 1,444,511 | 10.00 | 414.00 |
| Ananta Capital Ventures Fund 1 | | CCPS (Secondary) | August 16, 2023 | 12,500,000 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 1,155,609 | 10.00 | 414.00 |
| P Deepak | | CCPS (Secondary) | September 15 , 20 23 | 285,714 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 26,414 | 10.00 | 414.00 |
| Bijoy Paulose | | CCPS (Secondary) | September 15 , 20 23 | 285,714 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 26,414 | 10.00 | 414.00 |
| Dhankalash Distributors Private Limited | | CCPS (Secondary) | September 15 , 20 23 | 1,136,363 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 105,055 | 10.00 | 414.00 |
| Genesis Exports Limited | | CCPS (Secondary) | September 15 , 20 23 | 280,898 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 25,969 | 10.00 | 414.00 |
| Tarak Bhikhalal Madhani HUF | | CCPS (Secondary) | September 15 , 20 23 | 209,871 | 10.00 | 32.00 |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 19,402 | 10.00 | 414.00 |
| Kurugod Setra Mayurnathlatha | | CCPS (Secondary) | September 15 | 285,715 | 10.00 | 32.00 |

| | | | | | | |
|--|---------------------------|-----------------------------------|----------------------------------|-----------|-------|--------|
| | Mayur | | , 20 23 | | | |
| | | Equity (Conversion of CCPS) | January 31, 2024 | 26,414 | 10.00 | 414.00 |
| | Neelanchal Edifice LLP | CCPS (Secondary) | September 15 , 20 23 | 1,714,285 | 10.00 | 32.00 |
| | | CCPS (Secondary) | December 22 , 20 23 | 2,368,421 | 10.00 | 38.00 |
| | | Equity | January 31, | 158,483 | 10.00 | 414.00 |

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|--|---------------------------------|---|-----------------------|--|--|-----------------------|
| | | (Conversion of CCPS) Equity | 2024 January 31, | | | 218,957 10.00 414.00 |
| | Valluru Venkat | (Conversion of CCPS) CCPS (Secondary) | 2024 September 22, | | | 284,900 10.00 32.00 |
| | Ruthvik Reddy | Equity | 2023 January 31, | | | 26,339 10.00 414.00 |
| | Pushpa Ajmera. | (Conversion of CCPS) CCPS (Secondary) | 2024 September 22, | | | 284,900 10.00 32.00 |
| | Sunita Daga. | Equity | 2023 January 31, | | | 26,339 10.00 414.00 |
| | VLS Finance Limited | (Conversion of CCPS) CCPS (Secondary) | 2024 January 24, | | | 2,380,952 10.00 42.00 |
| | | Equity | 2024 January 31, | | | 220,116 10.00 414.00 |
| | Globe Capital Market Limited | (Conversion of CCPS) CCPS (Secondary) | 2024 January 24, | | | 6,493,506 10.00 38.50 |
| | | Equity | 2024 | | | |

| | <p style="text-align: right;">January 31, 600,316 10.00 414.00</p> <p style="text-align: center;">(Conversion of 2024 CCPS)</p> <p>TPG Asia Equity</p> <p style="text-align: right;">January 31, 3,082,772 10.00 389.26</p> <p style="text-align: center;">(Conversion of 2024 CCPS)</p> <p><i># As certified by JHS & Associates LLP, Chartered Accountants pursuant to their certificate dated February 1, 2024.</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|-------------------------|--|------------------|--|--|-----|------------|----------|-----|---|---|-----------------------------|--|--|-----|-----------|--------|-----|---------|--------|--------|---------|--------|---------------------------|------------|--------|----------------------------|-------|--------|-----------------|-----------|--------|
| <p>Average cost of acquisition of Equity Shares of our Promoters and the Selling Shareholders</p> | <p>The average cost of acquisition of Equity Shares held by our Promoters and the Selling Shareholders is as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Number of Equity Shares</th> <th>Average cost of acquisition per Equity Share (in ₹)*</th> </tr> </thead> <tbody> <tr> <td colspan="3">Promoters</td> </tr> <tr> <td>JHL</td> <td>23,575,790</td> <td>1,056.24</td> </tr> <tr> <td>JCL</td> <td>-</td> <td>-</td> </tr> <tr> <td colspan="3">Selling Shareholders</td> </tr> <tr> <td>CRL</td> <td>1,812,554</td> <td>366.43</td> </tr> <tr> <td>ERL</td> <td>929,656</td> <td>363.61</td> </tr> <tr> <td>GAWA 2</td> <td>141,285</td> <td>800.00</td> </tr> <tr> <td>GP II Trust (Ajay Tandon)</td> <td>825,359.70</td> <td>359.70</td> </tr> <tr> <td>GP II Trust (Siva Shankar)</td> <td>1,995</td> <td>362.76</td> </tr> <tr> <td>Hero Ventures**</td> <td>4,527,856</td> <td>141.14</td> </tr> </tbody> </table> <p><i>* As certified by JHS & Associates LLP, Chartered Accountants pursuant to the certificate dated February 1, 2024.</i> <i>** Pursuant to conversion of 42,901,858 CCPS held by Hero Enterprise Partner Ventures on January 31, 2024.</i></p> | Name | Number of Equity Shares | Average cost of acquisition per Equity Share (in ₹)* | Promoters | | | JHL | 23,575,790 | 1,056.24 | JCL | - | - | Selling Shareholders | | | CRL | 1,812,554 | 366.43 | ERL | 929,656 | 363.61 | GAWA 2 | 141,285 | 800.00 | GP II Trust (Ajay Tandon) | 825,359.70 | 359.70 | GP II Trust (Siva Shankar) | 1,995 | 362.76 | Hero Ventures** | 4,527,856 | 141.14 |
| Name | Number of Equity Shares | Average cost of acquisition per Equity Share (in ₹)* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Promoters | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| JHL | 23,575,790 | 1,056.24 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| JCL | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Selling Shareholders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CRL | 1,812,554 | 366.43 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ERL | 929,656 | 363.61 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GAWA 2 | 141,285 | 800.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GP II Trust (Ajay Tandon) | 825,359.70 | 359.70 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GP II Trust (Siva Shankar) | 1,995 | 362.76 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hero Ventures** | 4,527,856 | 141.14 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Size of the pre-IPO placement and allottees, upon completion of the placement</p> | <p>Our Bank, in consultation with the BRLMs undertook (i) a pre-IPO placement of 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 and (ii) a pre-IPO placement of 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. The size of the Fresh Issue has been adjusted to ₹ 4,620.00 million.</p> <p>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.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Any issuance of Equity Shares in the last one year for consideration other than cash</p> | <p>Our Bank has not issued any Equity Shares in the last one year from the date of this Red Herring Prospectus, for consideration other than cash.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Any split/consolidation of Equity Shares in the last one year</p> | <p>Our Bank has not split or consolidated the face value of the Equity Shares in the last one year.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| <p>Exemption from complying with any provisions of securities laws, if any, granted by SEBI</p> | <p>Nil</p> |
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KEY PERFORMANCE METRICS

The table below sets forth key GAAP measures and key performance indicators for the periods and years indicated:

| KPIs | Six months ended September 30, 2023 | Six months ended September 30, 2022 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|------|-------------------------------------|-------------------------------------|-------------|-------------|-------------|
| | | | | | |

| Operations | | | | | |
|---|------------|------------|-------------|-------------|-------------|
| Banking Outlets ⁽¹⁾ | 771 | 723 | 754 | 715 | 619 |
| AUM (in INR million) ⁽²⁾ | 230,295.58 | 170,567.55 | 201,018.01 | 153,473.37 | 127,705.26 |
| AUM Growth (%) ⁽³⁾ | 35.02% | NA | 30.98% | 20.18% | NA |
| Gross Advances (in INR million) ⁽⁴⁾ | 213,471.30 | 149,920.24 | 180,007.41 | 132,503.20 | 118,389.82 |
| Gross Advances Growth (%) ⁽⁵⁾ | 42.39% | NA | 35.85% | 11.92% | NA |
| Gross Secured Advances (in INR million) ⁽⁶⁾ | 122,577.38 | 82,998.38 | 99,047.54 | 70,271.26 | 50,760.00 |
| Gross Secured Advances (% to Gross Advances) ⁽⁷⁾ | 57.42% | 55.36% | 55.02% | 53.03% | 42.87% |
| Deposits (in INR million) | 189,367.24 | 141,677.52 | 1,63,340.16 | 1,35,364.92 | 1,23,162.58 |
| Deposits Growth (%) ⁽⁸⁾ | 33.66% | NA | 20.67% | 9.91% | NA |
| CASA Ratio (%) ⁽⁹⁾ | 20.49% | 22.78% | 20.21% | 22.52% | 16.29% |
| CASA + Retail Term Deposits Ratio (as percentage of total deposits) ⁽¹⁰⁾ | 67.21% | 75.91% | 70.22% | 75.86% | 73.18% |
| Capital | | | | | |
| Net worth (in INR million) ⁽¹¹⁾ | 25,471.08 | 15,773.17 | 17,770.69 | 11,845.58 | 11,007.66 |
| Total Capital Ratio (CRAR) (%) ⁽¹²⁾ | 17.50% | 16.36% | 15.57% | 15.26% | 15.51% |
| Tier 1 Capital Ratio (%) ⁽¹³⁾ | 15.73% | 14.08% | 13.02% | 11.83% | 11.75% |
| Cost of Deposits (%) ⁽¹⁴⁾ | 7.54% | 6.57% | 7.22% | 8.12% | 8.89% |
| Cost of Funds (%) ⁽¹⁵⁾ | 7.40% | 6.73% | 7.02% | 7.37% | 8.61% |
| Asset Quality | | | | | |
| Gross NPA (%) ⁽¹⁶⁾ | 2.44% | 6.83% | 3.94% | 5.71% | 7.25% |
| Provision Coverage Ratio (%) ⁽¹⁷⁾ | 64.90% | 34.14% | 34.01% | 32.19% | 27.89% |
| Restructured Book as % of Advances (%) ⁽¹⁸⁾ | 1.27% | 4.73% | 1.04% | 4.61% | 8.40% |
| Net NPA (%) ⁽¹⁹⁾ | 0.87% | 4.60% | 2.64% | 3.95% | 5.33% |
| Profitability | | | | | |
| Pre-Provision Operating Profit (PPOP) ⁽²⁰⁾ | 5,561.02 | 4,346.54 | 10,003.74 | 5,867.92 | 4,388.52 |
| Net Profit (in INR million) | 2,132.18 | 556.34 | 2,559.71 | 174.71 | 722.60 |
| Yield on Advances (%) ⁽²¹⁾ | 17.18% | 17.81% | 18.09% | 19.94% | 21.81% |
| Net Interest Margin (%) ⁽²²⁾ | 7.76% | 7.45% | 7.73% | 7.32% | 8.36% |
| Credit Cost Ratio (%) ⁽²³⁾ | 3.53% | 5.47% | 4.95% | 4.70% | 3.51% |
| Operating Expenses to Average Total Assets (%) ⁽²⁴⁾ | 5.81% | 5.68% | 5.66% | 5.68% | 6.52% |
| Cost to Income Ratio (%) ⁽²⁵⁾ | 58.48% | 58.42% | 56.22% | 66.00% | 70.47% |
| Return on Average Assets (%) ⁽²⁶⁾ | 1.61% | 0.52% | 1.13% | 0.09% | 0.45% |
| Return on Average Equity (%) ⁽²⁷⁾ | 19.60% | 8.00% | 16.78% | 1.53% | 6.51% |

| | | | | | |
|------------------------------------|-------|-------|-------|------|-------|
| Basic EPS (in INR) ⁽²⁸⁾ | 33.26 | 10.52 | 47.47 | 3.44 | 14.25 |
|------------------------------------|-------|-------|-------|------|-------|

- ⁽¹⁾ Number of banking outlets represents aggregate number of banking outlets (including Business Correspondent run outlets) as of the last day of the relevant period/year
- ⁽²⁾ AUM represents Advances under Management and is calculated as the sum of gross advances plus advances originated and transferred under securitization, assignment, and inter-bank participation certificates and sale to ARCs for which the company continues to hold collection responsibilities. ⁽³⁾ AUM growth represents growth in AUM as of the last day of the relevant period/fiscal year over AUM as of the last day of the previous period/fiscal year.
- ⁽⁴⁾ Gross Advances is calculated as the AUM subtracted for advances originated and transferred under securitization, assignment, and inter-bank participation certificates and sale to ARCs for which the company continues to hold collection responsibilities.
- ⁽⁵⁾ Gross Advances growth represents growth in Gross Advances as of the last day of the relevant period/fiscal year over Gross Advances as of the last day of the previous period/fiscal year.
- ⁽⁶⁾ Gross Secured Advances Gross advances against which there is a security in form of gold, property, Fixed Deposits, Two-Wheeler or any other security. ⁽⁷⁾ Gross Secured Advances % to Gross advances as of the last day of the relevant period/fiscal, expressed for the period as a percentage. ⁽⁸⁾ Deposits growth represents the percentage increase in deposits as of the last day of the relevant period/fiscal year over deposits as of the last day of the previous period/fiscal year.
- ⁽⁹⁾ CASA Ratio represents current account deposits and savings account deposits (together, "CASA") to total deposits as of the last day of the relevant period/fiscal year, expressed as a percentage.
- ⁽¹⁰⁾ CASA + Retail Term Deposits Ratio represents CASA and retail term deposits (term deposits of less than Rs. 20 million) to total deposits as of the last day of the relevant period/fiscal year, expressed for the period as a percentage.
- ⁽¹¹⁾ Net worth represents the sum of equity share capital and reserves and surplus as of the last day of the relevant period/fiscal year. ⁽¹²⁾ CRAR (%) as of the last day of the relevant period/fiscal year as reported by the company.
- ⁽¹³⁾ Tier 1 Capital Ratio (%) of the last day as of the last day of the relevant period/fiscal year as reported by the company. ⁽¹⁴⁾ Cost of Deposits represents interest expense on deposits for the relevant period/fiscal year to the average deposits as of the last day of the relevant period/fiscal year, expressed as a percentage.
- ⁽¹⁵⁾ Cost of Funds represents total interest expense for the relevant period/fiscal year to the average of sum of deposits and borrowings as of the last day of

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the relevant period/fiscal year, expressed as a percentage.

- ⁽¹⁶⁾ Gross NPA (%) as reported by the company represents Gross NPAs to gross advances as of the last day of the relevant period/fiscal year. ⁽¹⁷⁾ Provision Coverage Ratio (%) – Provision Coverage Ratio represents the ratio of NPA provision including technical write off and Gross NPA, including technical write-off.
- ⁽¹⁸⁾ Restructured book as % of advances represent standard restructured book to net advances as of the last day of the relevant period/fiscal year, expressed as percentage.
- ⁽¹⁹⁾ Net NPA disclosed by the company as of the last day of the relevant period/fiscal year.
- ⁽²⁰⁾ Pre-Provision Operating Profit represents difference of total income and expenses including interest expense and operating expenses for the period. ⁽²¹⁾ Yield on Advances represents the ratio of interest income on loan assets for the relevant period/fiscal year to the average net advances as of the last day of the relevant period/fiscal year, expressed as a percentage.
- ⁽²²⁾ Net Interest Margin represents net interest income for the relevant period/fiscal year to the Average Total Assets for the relevant period/fiscal year, represented as a percentage.
- ⁽²³⁾ Credit Cost Ratio is calculated as the ratio of total provisions towards NPAs and write-offs and provision towards standard assets to the company's average net advances for the relevant period/fiscal year, expressed as a percentage.
- ⁽²⁴⁾ Operating Expenses to Average Total Assets represents operating expenses for the relevant period/fiscal year to the Average Total Assets for the relevant period/fiscal year, expressed as a percentage.
- ⁽²⁵⁾ Cost to Income Ratio represents operating expenses for the relevant period/fiscal year to the sum of Net Interest Income (interest earned minus interest expended) and other income for the relevant period/fiscal year, expressed as a percentage.
- ⁽²⁶⁾ Return on Average Assets is calculated as the net profit for the relevant period/fiscal year to Average Total Assets for the relevant period/fiscal year, expressed as a percentage.
- ⁽²⁷⁾ Return on Average Equity is calculated as the net profit for the relevant period/fiscal year to Average Net Worth for the relevant period/fiscal year, expressed as a percentage.
- ⁽²⁸⁾ Basic EPS: EPS as computed in accordance with Accounting Standard 20 notified under the Companies Act (Accounting Standards) Rules of 2014 (as amended).

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

Certain Conventions

All references in this Red Herring Prospectus to “India” are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable, and all references to the “US”, “U.S.” “USA” or “United States” are to the United States of America.

In this Red Herring Prospectus, unless otherwise specified:

- any time mentioned is in IST;
- all references to a year are to a calendar year; and
- all references to page numbers are to the page numbers of this Red Herring Prospectus.

Financial Data

Unless stated otherwise, the financial information in this Red Herring Prospectus is derived from the Restated Financial Statements, derived from the audited financial statements for the six months period ended September 30, 2023 and September 30, 2022 and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, derived from our audited financial statements prepared in accordance with the provisions of Banking Regulation Act 1949, as well as the Companies

Act, 2013 and circulars and guidelines issued by RBI in the manner so required by banking companies and give a true and fair view in conformity with the applicable accounting standards described under Section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, as amended and other accounting principles generally accepted in India, 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”, “Other Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 388, 462 and 463, respectively. 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 RHP have been compiled by the management from the audited financial statements of our Bank for the six months period ended September 30, 2023 and September 30, 2022 and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, 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 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 Factors – 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 flow” on page 107. Accordingly, the degree to which the financial information included in this 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 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 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 may be 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 this 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 100.

Unless the context otherwise indicates, any percentage amounts, as set forth in “Risk Factors”, “Our Business” and

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“Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 37, 255 and 463 respectively, and elsewhere in this Red Herring Prospectus have been calculated on the basis of the Restated Financial Statements.

Further, Fitch Solutions derived the financial information of our Bank as included in the Fitch Report from our audited financial statements as at and for the half years ended September 30, 2023 and September 30, 2022, and as at and for the years ended March 31, 2023, 2022 and 2021 and not from the Restated Financial Statements. There are certain differences between the abovementioned audited financial statements and the Restated Financial Statements, and for details of the same, see “Financial Statements – Annexure 4 – Restated Statement of Adjustments to Audited Financial Statements” on page 397.

In this 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 Red Herring Prospectus. These Non-GAAP Financial Measures are supplemental measures of our performance and liquidity and 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 are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Indian GAAP, Ind AS, IFRS or US GAAP. Yield and cost percentages for the half years ended September 30, 2023 and 2022 have been annualised.

In addition, these non-GAAP measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure 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 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 104.

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 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 Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Exchange Rates

This 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

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USD (in Rupees per USD):

| Currency | As at | | | | |
|----------|--------------------|--------------------|----------------|----------------|----------------|
| | September 30, 2023 | September 30, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| 1 USD | 83.06 | 81.56 | 82.22 | 75.81 | 73.50 |

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

Industry and Market Data

Unless otherwise indicated, industry and market data used throughout this Red Herring Prospectus has been obtained or derived from the Fitch Report has been commissioned by our Bank for an agreed fee, and which is subject to the following disclaimer:

“This report is prepared by Fitch Solutions India Advisory Pvt. Ltd. (FSIAPL) (erstwhile IRR Advisory Services Pvt. Ltd.) FSIAPL has taken utmost care to ensure accuracy and objectivity while developing 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 FSIAPL.” For risks in this regard, see “Risk Factors – Statistical and industry data in this Red Herring Prospectus are derived from the Fitch Report, which was commissioned and paid for by us for the purpose of the Offer. Reliance on information from the Fitch Report for making an investment in the Offer is subject to inherent risks” on

The extent to which the market and industry data used in this 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 37.

In accordance with the SEBI ICDR Regulations, "*Basis for Offer Price*" on page 186 includes information relating to our peer group companies. Accordingly, no investment decision should be made solely on the basis of such information.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward-looking statements". All statements contained in this 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", "continue", "can", "could", "expect", "estimate", "intend", "likely to", "seek to", "shall", "objective", "plan", "project", "propose", "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 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 our competitive landscape. Important factors that

could cause actual results to differ materially from our expectations include, but are not limited to, the following:

1. We are subject to inspections by various regulatory authorities, such as the RBI, PFRDA, IRDA and National Pension System Trust. Non-compliance with the observations of such regulators could adversely affect our business, financial condition, results of operations and cash flows.
2. We are subject to stringent regulatory requirements and prudential norms. In addition, some of these regulatory requirements and prudential norms are more onerous for Small Finance Banks compared to other banks. 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.
3. 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.
4. 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 untraceable. 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.
5. 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.
6. 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.
7. 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.

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 37, 255 and 463, 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 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 forward-looking 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 Selling Shareholders, 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 shall ensure that Bidders in India are informed of material developments, in relation to statements and undertakings confirmed and undertaken by the Bank and each of the Selling Shareholders, severally and not jointly, in relation to themselves as a Selling Shareholder and their respective portion of the Offered Shares, in this Red Herring Prospectus, from the date thereof until the time of the grant of listing and trading permission by the Stock Exchanges for the Offer. In this regard, each of the Selling Shareholders shall, severally and not jointly, ensure that the Bank and BRLMs are informed of material developments in relation to the statements and undertakings specifically confirmed or undertaken by such Selling Shareholder in relation to themselves as a Selling Shareholder and their respective portion of the Offered Shares in this Red Herring Prospectus, from the date thereof until the time of the grant of listing and trading permission by the Stock Exchanges for the Offer.

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 Red Herring Prospectus, including the risks and uncertainties described below, before evaluating our business and making an investment in the Equity Shares pursuant to the Offer.

This section should be read in conjunction with “Industry Overview”, “Our Business”, “Selected Statistical Information”, “Financial Statements”, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 215, 255, 371, 388 and 463, 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 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 Red Herring Prospectus. For details, see "Forward-Looking Statements" on page 35.

All industry and market data used in this section have been derived from the Fitch Report, which was prepared by Fitch Solutions. We commissioned Fitch Solutions to prepare the Fitch Report specifically for the purpose of the Offer for an agreed fee pursuant to the engagement letter dated June 19, 2023 and an addendum dated November 16, 2023. A copy of the Fitch Report is available on our Bank's website at <https://www.janabank.com/about-us/disclosures/#industry-report> until the Bid/Offer Closing Date.

INTERNAL RISKS

Regulatory Risks

1. We are subject to inspections by various regulatory authorities, such as the RBI, PFRDA, IRDA and National Pension System Trust. 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, the Pension Fund Regulatory and Development Authority ("**PFRDA**"), Insurance Regulatory and Development Authority ("**IRDA**") and National Pension Scheme.

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 carried out two inspections of our Bank and one examination of our Bank's information technology ("**IT**") systems and processes.

The RBI carried out an examination of our Bank's IT systems and processes from July 12, 2021 to July 16, 2021 ("**IT Examination**"). Basis the IT Examination, the RBI issued a report on IT Examination and identified certain deficiencies, including among other things, (i) measures for reporting of phishing emails to concerned team/personnel was not defined; (ii) documentation of USB procedures; (iii) strengthening the measures for reporting cyber security events; and (iv) action on high alerts in web application firewalls.

We have responded to the observations included in IT Examination and have taken corrective actions, wherever applicable.

Most recently, the RBI has conducted an on-site inspection for supervisory evaluation from September 26, 2022 to November 14, 2022 for the Fiscal 2022 and an off-site analysis of the data and information furnished by our Bank (the "**Inspection**"). Based on the Inspection, the RBI issued its (a) inspection report; (b) risk assessment report; and (c) letter dated December 23, 2022 and noted certain deficiencies, including among others: (i) decrease in CRAR below the threshold of 16% set in risk appetite statement of our Bank since March 31, 2021; (ii) failure to achieve the targeted

capital infusions and projected financial parameters for Fiscal 2022; (iii) non-identification of the level of compliance risk in each business line, products and processes and non-availability of function-wise compliance manuals; (iv) loan pricing was not done as per the risk profile of the borrowers; (v) multiple customer identification numbers for the same borrower, which resulted in different asset classification for their various accounts; (vi) business loans of less than ₹ 50 million were not subjected to periodic review; (vii) the number of frauds increased from 573 to 772 from Fiscal 2021 to Fiscal 2022, out of which 736 were internal. The total amount of fraud incidents of ₹0.10 million and above increased by 47.29% despite a reduction of 34.73% in the total number of such incidents; (viii) internal audit did not cover certain areas, including treasury, CRAR computation, fraud management, early warning signals, sustenance of regulatory compliance and AML closed alerts; (ix) the Bank's illiquidity ratio was at 46.16% as on March 31, 2022, as against industry average of 40%, indicating basic earning assets were supported by volatile money; (x) core deposits to total assets ratio was at 36.03% as at March 31, 2022, as against industry average of 50.00%, indicating that 63.97% of total assets were funded through unstable deposit base; (xi) ratio of illiquid assets financed out of core deposits as at March 31, 2023 of 252.97%, signifying higher degree of illiquidity embedded in

our Bank's balance sheet; (xii) 13,577 existing NPA borrowers were granted new loans amounting to ₹ 670 million, with earlier NPAs being netted off with the proceeds of new loans; (xiii) 15% of the customer complaints were closed beyond the internally set maximum turn-around time; (xiv) priority sector lending classification was not done at the time of origination of the loan facility but on a quarterly basis; and (xvi) 74% of staff were overdue for rotation

Further, the RBI issued a letter dated January 12, 2023 on the basis of the Inspection, highlighting certain supervisory concerns and setting forth the risk mitigation plan for our Bank. The RBI's risk mitigation plan for our Bank includes, among other things, (i) our Bank shall comply with listing requirements, as stipulated in the licensing guidelines of our Bank; (ii) our Bank shall review and address the gaps in system-based NPA identification and clarification as per extant guidelines; (iii) our Bank shall review the management of internal/office accounts by rationalisation of office accounts on an ongoing basis and enhancing system based checks and controls; (iv) our Bank shall categorise its functions based on risk for prioritising, deciding on the frequency of audit and resources allocation for audit purposes; (v) our Bank shall implement risk rating/risk scoring and shall use them for credit decision and pricing of loans based on the risk profile of the borrowers; (vi) our Bank shall implement a system for monitoring early warning signals and tagging of red flagged accounts; and (vii) our Bank shall ensure completion of integration of the applications with a centralised identity and access management solution.

We have responded to these observations with our compliances, wherever applicable. Our Bank has taken corrective action based on the Inspection and many of the compliances have been accepted by the RBI. Our Bank is in the process of complying with the remaining observations under the timelines we informed to the RBI, and we are in the process of implementing the observations as per the applicable timelines. Post the Inspection, the RBI has not instructed us to make any adjustments to our financial statements, issued us any show cause notices or imposed any penalties or other sanctions on us.

Further, a select scope of inspection has been undertaken by the RBI between September 20, 2023 and October 13, 2023 for Fiscal 2023, and as of the date of this Red Herring Prospectus, we await the observations pursuant to such inspection. We cannot provide any assurance that the RBI will not have significant observations, or require us to take corrective actions, as part of such inspection report.

Additionally, the RBI issued a letter dated October 17, 2023, outlining supervisory concerns related to CASA and credit growth. The letter also outlined that while a marginal decline had been reported in the Bank's unsecured loan portfolio, it still continued to be high at 42% as on September 30, 2023. In light of the above, the RBI had advised our Bank to (a) moderate our credit growth to more sustainable levels, and monitor the quality of credit on a continuous basis, (b) make sustained efforts to enhance the contribution of low-cost CASA and stable CASA deposits, (c) frame a well-considered strategy regarding the unsecured credit portfolio of our Bank and articulate the mitigating measures to address the risks associated with the same, (d) improve our systems to document the purpose and monitor the end use of funds lent by us so as to ensure that the proceeds of the loans are not diverted towards any speculative activity, and (e) adopt a conservative, cautious and careful approach to ensure sustainability and viability of our Bank in the long run. Taking note of the letter, a Board-approved monitorable action plan was submitted by our Bank to RBI by way of a letter dated November 15, 2023. The monitorable action plan laid out efforts the Bank would be undertaking with respect to (a) reducing its unsecured loan portfolio, (b) raising low cost and stable CASA deposits, (c) credit quality monitoring and credit growth moderation, and (d) monitoring end-use of funds.

We cannot assure you that the RBI will not require us to take further actions to comply with their observations or that RBI will not make similar or other observations in the future. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the RBI, we could be subject to sanctions (such as restrictions being applied on our carrying out of certain business activities or our ability to obtain the regulatory permits and approvals required to expand our business) and/or penalties imposed by the RBI. The imposition of any sanction or penalty or issue of adverse findings by the RBI during the ongoing or any future inspections may have an adverse effect on our reputation, business, financial condition, results of operations and cash

flows.

- 2. We are subject to stringent regulatory requirements and prudential norms. In addition, some of these regulatory requirements and prudential norms are more onerous for Small Finance Banks compared to other banks. 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.***

We are regulated under the Banking Regulation Act and are required 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, SFB Operating Guidelines and the Recommendations of the Internal Working Group to Review Extant Ownership Guidelines and Corporate Structure for Indian Private Sector Banks dated November 26, 2021 (our Bank is also a private sector bank) require us to comply with certain conditions in order to operate our business. In addition, we are subject to other laws and regulations, such as the Companies Act and FEMA regulations.

In case we fail to comply with applicable directives and reporting requirements or meet 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.

We have highlighted below some of the more material rules and regulations that we need to comply with as a Small Finance Bank. Unless stated otherwise, we are in compliance with all of the following rules and regulations as on date of this Red Herring Prospectus.

| S. No. | Regulatory Requirement | Status of compliance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------|--|--|-------------------------|--------------------------------|-------------------------|-------------------------|-------------------------|------|------|------|------|------|------|------|------|------|------|----|----|----|----|----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-----|-----|---------|---------|---------|---------|---------|
| 1. | <p><u>Listing requirement:</u> Under the provisions of the SFB Licensing Guidelines and the RBI Final Approval, the Equity Shares of our Bank were required to be listed on a stock exchange within three years from the date of commencement of our banking business i.e., on or prior to March 27, 2021.</p> | <p>Pursuant to complying with the observation pertaining to the listing process, our Board and Shareholders have, pursuant to the resolutions passed at their meetings held on July 20, 2023 and July 26, 2023, respectively, approved the Offer. The Bank has undertaken to take the necessary steps towards listing including, filing of the draft red herring prospectus dated July 30, 2023 with SEBI and is in the process of complying with the requirement of listing. For further details, see “- 3. 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” on page 42.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | <p><u>Restrictions relating to advances:</u></p> <p>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, which requirement is only applicable to Small Finance Banks.</p> <p>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</p> | <p>Our Bank is in compliance with this requirement. The table below sets forth our total net advances of up to ₹2.50 million and such amount as a percentage of our total net advances as at the dates indicated.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">As at September 30, 2023</th> <th style="text-align: center;">As at March 31, 2023</th> <th style="text-align: center;">As at March 31, 2022</th> <th style="text-align: center;">As at March 31, 2021</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Amou</td> <td style="text-align: center;">Amou</td> <td style="text-align: center;">Amou</td> <td style="text-align: center;">Amou</td> <td style="text-align: center;">Amou</td> </tr> <tr> <td style="text-align: center;">% of</td> <td style="text-align: center;">% of</td> <td style="text-align: center;">% of</td> <td style="text-align: center;">% of</td> <td style="text-align: center;">% of</td> </tr> <tr> <td style="text-align: center;">nt</td> <td style="text-align: center;">nt</td> <td style="text-align: center;">nt</td> <td style="text-align: center;">nt</td> <td style="text-align: center;">nt</td> </tr> <tr> <td style="text-align: center;">total</td> <td style="text-align: center;">total</td> <td style="text-align: center;">total</td> <td style="text-align: center;">total</td> <td style="text-align: center;">total</td> </tr> <tr> <td style="text-align: center;">(₹ in</td> <td style="text-align: center;">(₹ in</td> <td style="text-align: center;">(₹ in</td> <td style="text-align: center;">(₹ in</td> <td style="text-align: center;">(₹ in</td> </tr> <tr> <td style="text-align: center;">net</td> <td style="text-align: center;">net</td> <td style="text-align: center;">net</td> <td style="text-align: center;">net</td> <td style="text-align: center;">net</td> </tr> <tr> <td style="text-align: center;">million</td> <td style="text-align: center;">million</td> <td style="text-align: center;">million</td> <td style="text-align: center;">million</td> <td style="text-align: center;">million</td> </tr> </tbody> </table> | | As at September 30, 2023 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 | Amou | Amou | Amou | Amou | Amou | % of | % of | % of | % of | % of | nt | nt | nt | nt | nt | total | total | total | total | total | (₹ in | (₹ in | (₹ in | (₹ in | (₹ in | net | net | net | net | net | million | million | million | million | million |
| | As at September 30, 2023 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amou | Amou | Amou | Amou | Amou | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % of | % of | % of | % of | % of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| nt | nt | nt | nt | nt | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| total | total | total | total | total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (₹ in | (₹ in | (₹ in | (₹ in | (₹ in | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| net | net | net | net | net | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| million | million | million | million | million | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | advan | million | advan | million | advan | million | advan |
|--------------------|--------|-------|---------|-------|---------|-------|---------|-------|
| Particulars | | | | | | | | |
| s) | ces | | s) | ces | s) | ces | s) | ces |
| Total net | 150,87 | 71.81 | 141,47 | 79.66 | 112,75 | 86.69 | 104,85 | 90.39 |
| advances of up | 2.70 | | 6.86 | | 0.00 | | 0.00 | |
| to ₹2.50 million | | | | | | | | |
| Total net | 210,08 | 100.0 | 177,59 | 100.0 | 130,06 | 100.0 | 115,99 | 100.0 |
| advances | 7.10 | 0 | 5.55 | 0 | 6.74 | 0 | 6.73 | 0 |

| S. No. | Regulatory Requirement | Status of compliance |
|--------|--|----------------------|
| | shareholders have significant influence or control (as defined under applicable accounting standards). | |

| <p>3.</p> | <p><u>Maintenance of cash reserve ratio (“CRR”) and statutory liquidity ratio (“SLR”)</u></p> <p>We are currently required to maintain a CRR of a minimum of 4.50% of our demand and time liabilities with the RBI, on which no interest is paid. Due to the COVID 19 pandemic, from the fortnight beginning on March 27, 2021, the RBI raised the minimum CRR from 3.00% to 3.50% of net demand and time liabilities, which was revised to 4.00% from the fortnight beginning on May 22, 2021, and further revised to 4.50% from May 21, 2022. In addition, we are also currently required to maintain SLR equivalent to 18.00% of our net demand and time liabilities in cash and invested in Government and other RBI approved securities.</p> | <p>Our Bank is in compliance with this requirement. The table below sets forth our CRR and SLR as at the fortnights beginning on the dates indicated, which were above the minimum CRR and SLR required by the RBI as at the dates indicated</p> <table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th>As at</th> <th>As at</th> <th>As at</th> </tr> <tr> <th>September 30, 2023*</th> <th>March 31, 2023</th> <th>March 31, 2021</th> </tr> </thead> <tbody> <tr> <td>Regulatory minimum required CRR</td> <td>4.82%</td> <td>4.50%</td> <td>4.00%</td> </tr> <tr> <td>Our CRR</td> <td>4.84%</td> <td>4.52%</td> <td>4.02%</td> </tr> <tr> <td>Regulatory minimum required SLR</td> <td>18.00%</td> <td>18.00%</td> <td>18.00%</td> </tr> <tr> <td>Our SLR</td> <td>23.18%</td> <td>30.45%</td> <td>34.07%</td> </tr> </tbody> </table> <p>* Minimum CRR as at September 30, 2023 was 4.50% and on incremental NDTL, an additional CRR equating to 10% is to be maintained. Hence, the effective CRR requirement is included in the above table.</p> <p>For further details, see “- 17. We are required to maintain a minimum cash reserve ratio (“CRR”) and statutory liquidity ratio (“SLR”). 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.” on page 54.</p> | Particulars | As at | As at | As at | September 30, 2023* | March 31, 2023 | March 31, 2021 | Regulatory minimum required CRR | 4.82% | 4.50% | 4.00% | Our CRR | 4.84% | 4.52% | 4.02% | Regulatory minimum required SLR | 18.00% | 18.00% | 18.00% | Our SLR | 23.18% | 30.45% | 34.07% |
|---------------------------------|--|---|----------------|----------------------|----------------------|----------------------|----------------------|----------------|----------------|---------------------------------|--------|--------|----------------|---------|--------|--------|--------|---------------------------------|--------|--------|--------|---------|--------|--------|--------|
| Particulars | As at | As at | | As at | | | | | | | | | | | | | | | | | | | | | |
| | September 30, 2023* | March 31, 2023 | March 31, 2021 | | | | | | | | | | | | | | | | | | | | | | |
| Regulatory minimum required CRR | 4.82% | 4.50% | 4.00% | | | | | | | | | | | | | | | | | | | | | | |
| Our CRR | 4.84% | 4.52% | 4.02% | | | | | | | | | | | | | | | | | | | | | | |
| Regulatory minimum required SLR | 18.00% | 18.00% | 18.00% | | | | | | | | | | | | | | | | | | | | | | |
| Our SLR | 23.18% | 30.45% | 34.07% | | | | | | | | | | | | | | | | | | | | | | |
| <p>4.</p> | <p><u>Maintenance of capital to risk (weighted) assets ratio (“CRAR”)</u> 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.</p> | <p>Our Bank is in compliance with this requirement. The table below sets forth our CRAR and Tier I Capital as at the dates indicated.</p> <table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th>As at</th> <th>As at March 31, 2023</th> <th>As at March 31, 2022</th> <th>As at March 31, 2021</th> </tr> </thead> <tbody> <tr> <td>CRAR</td> <td>17.50%</td> <td>15.57%</td> <td>15.26%</td> <td>15.51%</td> </tr> <tr> <td>Tier I Capital</td> <td>15.73%</td> <td>13.02%</td> <td>11.83%</td> <td>11.75%</td> </tr> </tbody> </table> <p>For further details, see “- 18. We are required to maintain a minimum CRAR. 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. However, 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.” on page 55.</p> | Particulars | As at | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 | CRAR | 17.50% | 15.57% | 15.26% | 15.51% | Tier I Capital | 15.73% | 13.02% | 11.83% | 11.75% | | | | | | | | |
| Particulars | As at | As at March 31, 2023 | | As at March 31, 2022 | As at March 31, 2021 | | | | | | | | | | | | | | | | | | | | |
| | CRAR | 17.50% | 15.57% | 15.26% | 15.51% | | | | | | | | | | | | | | | | | | | | |
| Tier I Capital | 15.73% | 13.02% | 11.83% | 11.75% | | | | | | | | | | | | | | | | | | | | | |

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| 5. | <p><u>Maintenance of priority sector lending (“PSL”) requirements</u></p> <p>As a Small Finance Bank, we are required to extend at least 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. 40% of our ANBC is required to be allocated to different sub-sectors under PSL as per the PSL requirements. We can allocate the remaining 35% to any one or more</p> | <p>We were in compliance with the PSL requirements as at March 31, 2023, 2022 and 2021.</p> <p>For further details, see “- 20. The priority sector lending (“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 the 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.” on page 58.</p> |
|----|--|---|

| S. No. | Regulatory Requirement | Status of compliance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------|---|--|----------------------|--------------------|--------------------|--------------------|--------------------|--|--------------------|--|-------------|--|-----------------|--|-----------------|--|-----------------|--|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| | <p>sub-sectors under the PSL requirements.</p> <p>The sub-targets applicable to various sectors for Fiscal 2024 are as under: • 18% of the ANBC towards advances to agriculture, of which 10% of ANBC is prescribed for small and marginal farmers;</p> <ul style="list-style-type: none"> • 7.50% of ANBC towards advances to micro enterprises; and • 12.00% of ANBC towards advances to weaker sections. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. | <p><u>Branches in Unbanked Rural Centres</u></p> <p>At least 25.00% of our total banking outlets, which comprises our Branches and business correspondent-operated banking outlets, are required to be located in Unbanked Rural Centres. Left Wing Extremism affected districts as notified by the Government are considered as equivalent to Unbanked Rural centres as per RBI guidelines. This requirement is only applicable to Small Finance Banks.</p> | <p>Our Bank is in compliance with this requirement.</p> <p>The table below sets forth the number of our banking outlets in Unbanked Rural Centres and as a percentage of our total banking outlets as at the dates indicated.</p> <p>As at</p> <table border="1"> <thead> <tr> <th colspan="2">September 30,</th> <th colspan="2">As at March</th> <th colspan="2">As at March</th> <th colspan="2">As at March</th> </tr> <tr> <th colspan="2">2023</th> <th colspan="2">31, 2023</th> <th colspan="2">31, 2022</th> <th colspan="2">31, 2021</th> </tr> <tr> <th>Numb</th> <th>% of</th> <th>Numbe</th> <th>% of</th> <th>Numb</th> <th>% of</th> <th>Numb</th> <th>% of</th> </tr> <tr> <td>er of</td> <td>total</td> <td>r of</td> <td>total</td> <td>er of</td> <td>total</td> <td>er of</td> <td>total</td> </tr> </thead> </table> | September 30, | | As at March | | As at March | | As at March | | 2023 | | 31, 2023 | | 31, 2022 | | 31, 2021 | | Numb | % of | Numbe | % of | Numb | % of | Numb | % of | er of | total | r of | total | er of | total | er of | total |
| September 30, | | As at March | | As at March | | As at March | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2023 | | 31, 2023 | | 31, 2022 | | 31, 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Numb | % of | Numbe | % of | Numb | % of | Numb | % of | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| er of | total | r of | total | er of | total | er of | total | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | | <p>banki banki bankin banki bankin bankin banki banki banki</p> <p>Banking ng ng ng ng ng ng ng ng ng</p> <p>Outlets outlets outlets outlets outlets outlets outlets outlets outlets outlets</p> <p>Unbanke d Rural Centres⁽¹⁾ 278 36.06 272 36.07 259 36.22 174 28.10 Total 771 100.00 754</p> <p>100.00 715 100.00 619 100.00</p> <p>Note: (1) Includes Left Wing Extremism affected districts as notified by the Government, which are equivalent to Unbanked Rural Centres as per RBI guidelines.</p> |
| 7. | <p><u>Compliance with stipulations in relation to maintenance of our subscribed share capital.</u></p> <p>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.</p> | <p>Our Bank is in compliance with this requirement. However, previously, the RBI pursuant to a letter dated July 19, 2019, stated that our 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 (i.e., 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. Our Bank subsequently reduced its authorised 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, we were 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 may result in further regulatory action from the RBI, which could adversely affect our business and reputation. For details on our authorised share capital and paid-up share capital, see “Capital Structure” on page 130.</p> |

For details relating to 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, see “- 3. 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.” on page 42.

3. 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 table 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.

| S r N o | Particulars | Compliance status |
|------------------|---|--|
| 1. | Our Bank has to be owned and controlled by residents of India in accordance with FEMA at all times from the date of commencement of our business. | Complied with. The resident Shareholders hold 65.94% of the pre-Offer paid-up equity share capital of our Bank. |
| 2 | Our Promoters are required to reduce their shareholding to 26.00% of our paid-up Equity Share Capital or voting rights after the completion of 15 years from the commencement of our business operations (i.e., by March 28, 2033), as per the Reserve Bank of India Guidelines on Acquisition and Holding of Shares dated January 16, 2023 read with Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023. | Complied with, to the extent applicable. Please note that as per Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023, read along with Reserve Bank of India's Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies dated January 16, 2023, during the period prior to completion of fifteen years from the commencement of banking company, our Promoters may be allowed to hold a higher percentage of shareholding, i.e. at least 40% of the total shareholding as initial contribution which shall be gradually brought down to 26% of the total shareholding, in accordance with Reserve Bank of India's Guidelines for Licensing of Small Finance Banks in the Private Sector dated November 27, 2014. Thereafter, our Promoters' voting rights in our Bank shall be capped to 26% of the total voting rights of our Bank (i.e., the maximum voting rights permitted to be exercised by a promoter in a banking company, after completion of fifteen years from commencement of business of banking company. Our Promoters hold 25.20% of our pre-Offer paid-up Equity Share Capital on a fully diluted basis. Following the Offer (assuming all of the Equity Shares offered in the Offer are sold), our Promoters will hold [●] % of our post-Offer paid-up equity share capital. For further details, see "- 54. Our Promoters will continue to exercise significant influence over our Bank after the completion of the Offer" on page 98. |
| 3 | A strategic non-Promoter investor should not hold more than 20% or more of the share capital of our Promoters at any time from the date of commencement of our business operations. | Complied with. No strategic non-promoter investor of our Bank holds more than 20% or more of the share capital of our Promoters, i.e., JCL and JHL. For further details, see "Our Promoters and Promoter Group-Details of our Promoters" on page 365. |
| 4 | Our Bank is required to maintain a minimum paid-up equity share capital and a net worth of ₹1,000 million. | The table below sets forth the Bank's paid-up equity share capital and net worth as at September 30, 2023, March 31, 2023, March 31, 2022, and March 31, 2021: (₹ in millions) Particulars As at September 30, As at March 31, 2023 2023 2022 2021 Paid-up equity share capital 3,435.26 3,249.79 ⁽¹⁾ 2,014.12 ⁽²⁾ 2,007.27 ⁽³⁾ Net Worth 25,471.08 17,770.69 11,845.58 11,007.65 ⁽¹⁾ Includes the preference share capital aggregating to ₹2,700.00 million divided into 270 million preference shares of ₹10 each. ⁽²⁾ Includes the preference share capital aggregating to ₹1,500.00 million divided into 150 million preference shares of ₹10 each. ⁽³⁾ Includes the preference share capital aggregating to ₹1,500.00 million divided into 150 million preference shares of ₹10 each. |
| 5 | No Shareholder will be entitled to exercise voting rights in excess of 26% of the total voting rights of all Shareholders; | Complied with. Please note that, except for our Promoter, JCL, no Shareholders holds more than 26% of the pre-Offer Equity Share capital of our Bank, and as per applicable law, JCL's voting rights are capped to 26% of the total voting rights of all Shareholders. For further details, see "- 85. 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 112. |
| 6 | An investor proposing to acquire shares in our Bank (directly or indirectly) where the | Complied with. Please note that as of the date of the Red Herring Prospectus, investors of our Bank |

| S r. N o | Particulars | Compliance status |
|-------------------|---|---|
| | <p>aggregate holding of such investor, their relatives, associate enterprise or persons acting in concert (within the meaning of Regulation 2(1)(q)(1) of the Takeover Regulations) 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</p> | <p>(i.e. TPG Asia VI SF Pte. Ltd., Amansa Holdings Pte. Ltd., HarbourVest Entities and North Haven Private Equity Asia Platinum Pte. Ltd) whose aggregate holding along with their respective relatives, associate enterprise or persons acting in concert (within the meaning of Regulation 2(1)(q)(1) of the Takeover Regulations) is 5% or more of the paid-up share capital of our Bank or 5% or more of the voting rights in our Bank, have obtained approval from RBI.</p> <p>For further details, see “- 85. 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 112.</p> |
| 7 | <p>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.</p> | <p>Not complied with.</p> <p>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.</p> <p>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.</p> |
| 8 | <p>Our Bank is required to identify JCL as the sole Promoter of our Bank.</p> | <p>Not complied with.</p> <p>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 this 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.</p> <p>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.</p> |

4. There have been irregularities in certain regulatory filings made by us with the RoC under applicable law and delays in submitting regulatory filings with the RBI. Further, certain of our statutory and regulatory records are

untraceable. 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

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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 our 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.

Further, in the past, there have been certain delays in filing of certain regulatory forms with the RBI, for instance the Form FCGPR for the allotment of convertible securities on June 30, 2023. While we have paid the late submission fee for such delay in submission, there is no assurance that the RBI will not take any action against us.

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. RBI was not informed of certain irregularities in our regulatory filings and of the missing corporate records, as there is no requirement to inform RBI regarding the same.

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.

5. 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 the 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, 2021 and applicable provisions of the Listing Regulations, in terms of our listed non-convertible debentures. Since April 1, 2020, we have been compliant with the various applicable rules and regulations. 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 509.

6. 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 are required to maintain a number of statutory and regulatory permits and approvals to operate our business under central, state and local government rules in India. 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. We may not, at all points of time, have all approvals required for our business. Further, in relation to our Branches, 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 in the process of making such application.

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

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affect our business, future financial performance and results of operations.

7. 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 such removal is in the public's interest or to prevent the affairs of a bank from being conducted in a manner detrimental to the interests of the depositors. The 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 penalise a bank's 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 Government that it is in the public's 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 to secure the proper management of any bank. Should any of the steps as explained herein be taken by the RBI against our Bank, our reputation, business, results of operations, financial conditions and cash flows would be materially and adversely affected.

8. 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. We are unaware of any material breaches by us of any AML, CFT and KYC regulations since April 1, 2020.

9. Due to the non-updating of their Aadhaar numbers by certain of our employees with the Pension Fund Regulatory and Development Authority ("PFRDA"), we were unable to deposit the provident fund payments for such employees with the PFRDA. All such amounts have been remitted to an escrow account. We deposit the provident fund payments for such employees with the PFRDA once we receive their updated Aadhaar numbers. We are subject to an interest levy payable on the amounts that are required to be deposited with the PFRDA until the date such amounts are deposited with the PFRDA.

Due to the non-updating of their Aadhaar numbers by certain of our employees with the PFRDA, we have been unable to deposit the provident fund payments for such employees with the PFRDA. All such amounts have been remitted to an escrow accounts and we deposit the provident fund payments for such employees with the PFRDA once we receive their updated Aadhar numbers. As we have deposited the provident fund payments not deposited with the PFRDA in an escrow account, the subsequent transfer of any such amounts to the PFRDA has no material effect on our financial condition, results of operations or cash flows. However, we are subject to an interest levy payable on the amounts that are required to be deposited with the PFRDA until the date such amounts are deposited with the PFRDA under the provisions of Employees Provident Fund Act, 1952 or the Employees' Provident Funds Scheme, 1952.

The table below sets forth the total provident fund payments not deposited with the PFRDA and the provident fund payments not deposited with the PFRDA and held in an escrow account as at the dates indicated as well as the interest levy payable on the amounts that are required to be deposited with the PFRDA until the date such amounts are deposited with the PFRDA and the amount transferred from the escrow account to the PFRDA for the period and years indicated.

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| Particulars | As at and for half year ended September 30, | As at and for the year ended March 31, | | |
|--|---|--|-------|-------|
| | 2023 | 2023 | 2022 | 2021 |
| | (₹ in millions) | | | |
| Provident fund payments not deposited with the PFRDA as at the end of the period/ year | 11.00 | 16.36 | 5.91 | 30.15 |
| Provident fund payments not deposited with the PFRDA and held in an escrow account as at the end of the period/ year | 11.00 | 16.36 | 5.91 | 30.15 |
| Interest levy payable on the amounts that had not been deposited with the PFRDA | 3.78 | 1.52 | 1.24 | 5.71 |
| Amount transferred from the escrow account to the PFRDA during the year | 5.36 | 22.08 | 24.24 | - |

Financial Risks

10. 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.

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 ^{(1)(*)} (%) | 40.24% | 32.75% | 46.16% | 30.44% |

Notes:

(1) Illiquidity Ratio = (Volatile Liabilities - Temporary Assets) / (Basic Earning Assets - Temporary Assets). Volatile Liabilities are deposits payable within one year + borrowings from RBI + Call borrowings + borrowings from other institutions + Refinance + bills payable up to 1 year + letters of credit + component-wise Credit Conversion Factor of other contingent credit ("Volatile Liabilities"). Temporary Assets are Cash in hand + Excess Cash Reserve Ratio maintained with RBI + Balances with banks + bills purchased / discounted with residual maturity up to one year + Investments with residual maturity up to one year + Swap funds (sell/ buy) with residual maturity up to one year ("Temporary Assets"). Basic Earning Assets are total assets - fixed assets - balances in current accounts with other banks - other assets excluding leasing - intangible assets ("Basic Earning Assets").

(*) Non-GAAP Financial Measure

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.

11. 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.

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

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| 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 ^{(1)(*)} (%) | 40.19% | 38.31% | 36.03% | 35.35% |

Notes:

(1) Core Deposit Ratio is Core Deposits divided by total assets. Core Deposits are demand deposits + savings deposits + term deposits with a tenure of above one year (as reported in structural liquidity statement) + capital + reserves and surplus ("Core Deposits") (*) Non-GAAP Financial Measure.

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.

12. 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.

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% |

Notes:

(1) *Illiquid Assets Ratio is the ratio of Illiquid Assets to Core Deposits. Illiquid Assets is the sum of loans + mandatory SLR + mandatory CRR + fixed assets (“Illiquid Assets”).*

(*) *Non-GAAP Financial Measure.*

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 being calculated on the basis of contractual maturity for deposits and a fixed ratio for CASA. As our Bank moves towards calculating our Core Deposits based on a behavioural pattern of maturity of deposits, we expect our Illiquid Assets Ratio to improve. This change will be implemented in the fourth quarter of Fiscal 2024. 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.

13. We have made new loans to microfinance loan borrowers who had NPAs (“Microfinance NPA Borrowers”), with earlier NPAs being netted off with the proceeds of new loans, which poses a risk of further deteriorating asset quality and increasing credit risk.

The table below sets forth the number of Microfinance NPA Borrowers granted new loans and such loans as percentage of the total number of new loans granted, the amount of new loan disbursed to Microfinance NPA Borrowers and such loans as percentage of the total amount of loans disbursed by our Bank for the following periods and years:

| Particulars | Half year ended September 30, | | Year ended March 31, | | |
|--|-------------------------------|---------|----------------------|---------|---------|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| Number of Microfinance NPA Borrowers granted new loans [A] | 218 | 1,814 | 1,224 | 31,118 | 606 |
| Total number of new loans granted [B] | 807,691 | 693,924 | 1,514,481 | 125,999 | 999,180 |
| Number of Microfinance NPA Borrowers granted | 0.03% | 0.26% | 0.08% | 2.18% | 0.06% |

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| Particulars | Half year ended September 30, | | Year ended March 31, | | |
|--|-------------------------------|-----------|----------------------|------------|-----------|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| new loans as a percentage of new loans granted [C = A/B] (%) | | | | | |
| Amount of new loans disbursed to Microfinance NPA Borrowers [D] (₹ in millions) | 14.50 | 83.30 | 70.25 | 1,584.23 | 27.64 |
| Total amount of loans disbursed [E] (₹ in millions) | 84,182.28 | 65,204.16 | 148,117.18 | 115,862.61 | 76,244.62 |
| Amount of new loans disbursed to Microfinance NPA Borrowers as a percentage of the total amount of loans disbursed [F = D/E] (%) | 0.02% | 0.13% | 0.05% | 1.37% | 0.04% |

In order to help revive the livelihood of our microfinance customers adversely affected by the effects of COVID-19, we offered additional credit to Standard Customers (which are borrowers with advances that are not NPAs (“Standard Customers”)). Of the eligible Standard Customers identified by us, approximately 30% received advances under the programme during Fiscal 2022. Both our Bank and our customers were adversely affected by the second wave of COVID-19, resulting in serious disruptions to our and their businesses. This resulted in some advances to Standard Customers becoming NPAs before new loans could be extended.

The fact that our Bank had made new loans to existing NPA borrowers, with earlier NPAs being netted off with the proceeds of the new loans was noted in the RBI Inspection report. Granting new loans to existing Microfinance NPA Borrowers, with the aim of offsetting earlier NPAs, introduces significant risks for our Bank. Firstly, this strategy may prolong asset quality concerns, as some borrowers may still struggle with repayment, potentially leading to further deterioration in our loan portfolio. Secondly, there is an increased credit risk associated with extending loans to borrowers with a history of non-repayment, as it may result in a higher likelihood of defaults on these new loans, exacerbating the magnitude of NPAs and necessitating additional provisioning. Additionally, regulatory scrutiny, liquidity and capital strain, recovery uncertainty, and potential damage to investor confidence and reputation are notable concerns linked to this approach. To address this issue and prevent similar issues recurring, the lead list generated for net off is scrubbed to ensure that no potential NPA customer could be eligible for top up loans. All NPA accounts are red-flagged on the CRM application. This will help ensure that new loans to NPA customers are prevented by the system from being booked. Furthermore, a secondary level of check is performed for all disbursements prior to disbursement. To cater for any failures in these measures, a manual process has been defined to ensure NPA tagging and provisioning as per IRAC-P norms at the month end in the exceptional situations where such loans are booked. NPA customers with unsecured exposure, mainly microfinance loans, do borrow gold loans from us. We allow the same as it strengthens our security position, and we mark the new loan as an NPA, suspend the interest and take the required provision. These controls have been reviewed by our Internal Audit and they have found the same to be working satisfactorily. However, we cannot assure that these new controls and procedures will eliminate all new loans to NPA customers and that any such new loans would not have an adverse effect on our financial condition, results of operations or cash flows.

14. If we are unable to control the level of our non-performing assets (“NPAs”) or if we are unable to maintain adequate provisioning coverage or if there is any change in regulation-mandated provisioning requirements, our financial condition and results of operations could be adversely affected.

The tables below set forth our and our peers gross NPAs as a percentage of gross advances (“Gross NPA %”), net NPAs as a percentage of net advances (“Net NPA %”) and Provision Coverage Ratio as at the dates indicated.

| Gross NPA % ⁽¹⁾ | As at September 30, 2023 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|------------------------------------|--------------------------------|-------------------------|-------------------------|-------------------------|
| Our Bank | 2.44% | 3.94% | 5.71% | 7.24% |
| AU Small Finance Bank Limited | 1.91% | 1.66% | 1.98% | 4.25% |
| Equitas Small Finance Bank Limited | 2.12% | 2.76% | 4.24% | 3.73% |

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| Gross NPA % ⁽¹⁾ | As at September 30, 2023 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|--------------------------------------|--------------------------------|-------------------------|-------------------------|-------------------------|
| Ujjivan Small Finance Bank Limited | 2.35% | 2.88% | 7.34% | 7.07% |
| Suryoday Small Finance Bank Limited | 2.90% | 3.13% | 11.80% | 9.41% |
| Bandhan Bank Ltd. | 7.30% | 4.87% | 6.46% | 6.81% |
| Credit Access Grameen Limited | 0.77% | 1.21% | 3.12% | 4.38% |
| Spandana Sphoorthy Financial Limited | 1.40% | 1.95% | 15.00% | 5.60% |
| Fusion Micro Finance Limited | 2.68% | 3.46% | 5.71% | 5.50% |
| Utkarsh Small Finance Bank Limited | 2.81% | 3.23% | 6.10% | 3.75% |

| | | | | |
|------------------------------------|-------|------|------|------|
| ESAF Small Finance Bank Limited | NA | 2.5% | 7.8% | 6.7% |
| Fincare Small Finance Bank Limited | 1.59% | 3.3% | 7.8% | 6.4% |
| Capital Small Finance Bank Limited | 2.73% | 2.8% | 2.5% | 2.1% |

Note:

1. Gross NPA % as reported by the companies.

(Source: Fitch Report)

| Net NPA % ⁽¹⁾ | As at September 30, 2023 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|--------------------------------------|--------------------------------|-------------------------|-------------------------|-------------------------|
| Our Bank | 0.87% | 2.64% | 3.95% | 5.33% |
| AU Small Finance Bank Limited | 0.60% | 0.42% | 0.50% | 2.18% |
| Equitas Small Finance Bank Limited | 0.91% | 1.21% | 2.47% | 1.58% |
| Ujjivan Small Finance Bank Limited | 0.09% | 0.04% | 0.61% | 2.93% |
| Suryoday Small Finance Bank Limited | 1.46% | 1.55% | 5.97% | 4.73% |
| Bandhan Bank Ltd. | 2.30% | 1.17% | 1.66% | 3.51% |
| Credit Access Grameen Limited | 0.24% | 0.35% | 0.94% | 1.37% |
| Spandana Sphoorthy Financial Limited | 0.42% | 0.58% | 6.20% | 3.10% |
| Fusion Micro Finance Limited | 0.65% | 0.87% | 1.71% | 2.20% |
| Utkarsh Small Finance Bank Limited | 0.16% | 0.39% | 2.31% | 1.33% |
| ESAF Small Finance Bank Limited | NA | 1.13% | 3.92% | 3.88% |
| Fincare Small Finance Bank Limited | 0.77% | 1.30% | 3.55% | 2.80% |

Note:

1. Net NPA % as reported by the companies. Net NPA % for Capital Small Finance Bank as at September 30, 2023 and March 31, 2023, 2022, and 2021 is not included in the Fitch Report.

(Source: Fitch Report)

| Provision Coverage Ratio ⁽¹⁾ (%) | As at September 30, 2023 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|---|--------------------------------|-------------------------|-------------------------|-------------------------|
| Our Bank ⁽²⁾ | 64.92% | 34.01% | 32.19% | 27.89% |
| AU Small Finance Bank Limited | 69.00% | 75.00% | 75.00% | 50.00% |
| Equitas Small Finance Bank Limited | 57.72% | 56.90% | 42.73% | 58.59% |
| Ujjivan Small Finance Bank Limited | 96.00% | 98.00% | 92.20% | 60.34% |
| Suryoday Small Finance Bank Limited | 50.50% | 51.43% | 69.83% | 63.73% |

| Provision Coverage Ratio ⁽¹⁾ (%) | As at September 30, 2023 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|---|--------------------------------|-------------------------|-------------------------|-------------------------|
| Bandhan Bank Ltd. | 70.00% | 76.82% | 87.23% | 67.38% |

| | | | | |
|---|--------|--------|--------|--------|
| Credit Access Grameen Limited | 69.31% | 71.58% | 70.55% | NA |
| Spandana Sphoorthy Financial Limited | 70.00% | 70.00% | NA | NA |
| Fusion Micro Finance Limited | 76.39% | 75.50% | 71.26% | NA |
| Utkarsh Small Finance Bank Limited ⁽²⁾ | 94.60% | 88.29% | 63.62% | 65.49% |
| ESAF Small Finance Bank Limited | NA | 56.67% | 59.38% | 52.77% |
| Fincare Small Finance Bank Limited | 52.03% | 60.82% | 78.16% | 73.68% |

Note:

1. Except as noted, Provision Coverage Ratio represents the ratio of NPA provision, including technical write off, to Gross NPAs, including technical write off. Provision Coverage Ratio of Capital Small Finance Bank as at September 30, 2023 and March 31, 2023, 2022, and 2021 is not included in the Fitch Report.
2. Provision Coverage Ratio excluding technical write-off.
(Source: Fitch Report, except for our Bank)

Our Gross NPA % was 2.44% as at September 30, 2023, which was amongst the lowest compared to our peers in the table above. Our Net NPA % was 0.87% as at September 30, 2023, which was amongst the lowest compared to our peers in the table above. Our Provision Coverage Ratio was 64.92% as at September 30, 2023, which ranked as the sixth highest compared to our peers in the table above.

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. Guidelines around NPA provisioning applicable to our Bank are specified under RBI regulations, including RBI's master circular DOR.No.STR.REC.55/21.04.048/2021-22 on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances", dated October 1, 2021, which sets forth consolidating instructions / guidelines issued to banks until September 30, 2021, the RBI's master circular DOR.STR.REC.4/21.04.048/2022-23 on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances", dated April 1, 2022, which sets forth consolidating instructions / guidelines issued to banks until March 31, 2022, and the RBI's master circular DOR.STR.REC.3/21.04.048/2023-24 on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances", dated April 1, 2023, which sets forth consolidating instructions / guidelines issued to banks until March 31, 2023. 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. We may need to make further provisions if there is dilution/ deterioration in the quality of our security or downgrading of the account or recoveries with respect to such NPAs do not materialise 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. For a discussion on the reasons for changes in our NPAs, 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 – Non-Performing Advances and Provisions and Write-offs for Non-Performing Advances as well as Provisions for Standard Assets and Restructured Standard Assets*" on page 467. Our NPAs may increase in the future, due to several factors, including adverse effects on our borrowers' businesses or incomes, a rise in unemployment, slow business growth, changes in customer behaviour and demographic patterns and Government and state government policies and regulations (including agricultural loan waivers that may affect our agricultural and allied loans advances in the short-term).

In addition, the RBI has from time to time introduced more stringent classification and provisioning requirements. For example, on November 12, 2021, the RBI issued clarifications with respect to the master circular DOR.No.STR.REC.55/21.04.048/2021-22 on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances" dated October 1, 2021, as updated on April 1, 2022, which clarified that the classification of borrower accounts as special mention accounts or NPAs will be on a day-end position basis, credit weakness, along with the record of recovery and accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all outstanding dues (in other words, only if the entire arrears of interest and principal are paid by the borrower), including in instances where the borrowers have more than one credit facility from a bank. We

Clarification”), the RBI deferred the implementation of Paragraph 10 of the “Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances” circular until September 30, 2022 to provide all commercial banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks) with time to put in place necessary systems to implement this provision. Accordingly, in accordance with the RBI Clarification, we implemented the change in income recognition, asset classification and provisioning norms from September 30, 2022. If the RBI continues to impose increasingly stringent classification requirements regarding NPAs and provisioning for such assets, the level of NPAs could increase, and the overall quality of our loan portfolio could deteriorate.

- 15. 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.**

All of our individual and micro business loans, agricultural and allied loans, and group loans are unsecured. The vast majority of our unsecured loans are Microfinance Loans. Customers availing our 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. 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 for 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 ⁽²⁾ | 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] | 90,893.92 | 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% |
|--|-------|-------|--------|-------|

Notes:

1. *The RBI Regulatory Framework for Microfinance Loans Direction, 2022, which was effective from October 17, 2022, defines microfinance loans as follows: (i) a microfinance loan is defined as a collateral-free loan given to a household having annual household income up to ₹300,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children. (ii) All collateral-free loans, irrespective of end use and mode of application/ processing/ disbursal (either through physical or digital channels), provided to low-income households, i.e., households having annual*

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income up to ₹300,000, shall be considered as microfinance loans. (iii) To ensure collateral-free nature of the microfinance loan, the loan shall not be linked with a lien on the deposit account of the borrower. (iv) The bank shall have a board-approved policy to provide the flexibility of repayment periodicity on microfinance loans as per borrowers' requirements. Prior to the effective date of the RBI Regulatory Framework for Microfinance Loans Direction, 2022, we considered all of our unsecured loans (except unsecured working capital loans and overdraft facilities to micro and small enterprises based on their GST returns) to be microfinance loans. Therefore, as used herein, "Microfinance Loans" means all of our unsecured loans except unsecured working capital loans and overdraft facilities to micro and small enterprises based on their GST returns up to and including October 16, 2022 and from and including October 17, 2022, it has the meaning given to that term in the RBI Regulatory Framework for Microfinance Loans Direction, 2022.

2. *We no longer offer this product and are winding down these advances.*

In addition, unsecured loans have 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 decision favourable to us. The table below sets forth our provision for litigation and our contingent liabilities for litigation 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) | | | |
| Provision for litigation | Nil | Nil | Nil | Nil |
| Contingent liabilities for litigation | Nil | Nil | Nil | Nil |

In order decrease the risk in our loan book, our recent focus has been on growing our secured loans and, as result, our gross unsecured loans as a percentage of gross advances have decreased from 57.13% as at March 31, 2021 to 42.58% as at September 30, 2023. Through our focus on growing secured advances, we plan to materially decrease our unsecured loans as a percentage of our gross advances. For details, see "Our Business—Our Strategies—Focus on accelerating secured loans book with the purpose of meeting customers' needs and diversifying our lending book" on page 267. However, our unsecured loans are and will remain material to our business and any failure to recover the full amount of principal and interest on unsecured advances could adversely affect our financial condition, results of operations and cash flows.

16. We are subject to interest rate risk, the occurrence of which 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 could 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 is significantly dependent on our average total interest-earning assets, which are total interest-earning assets calculated on the basis of the average of the opening balance at the start of the relevant year and the closing balance as at quarter end for all quarters in the relevant year ("Average Total Interest-Earning Assets") and our Net Interest Margin, which is the ratio of Net

Interest Income to Average Total Interest-Earning Assets (“**Net Interest Margin**”). The table below sets forth our Net Interest Income, Average Total Interest-Earning Assets and Net Interest Margin for the periods and years indicated.

| Particulars | Half year ended September 30, | | Year ended March 31, | | |
|--|---|------------|----------------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| | (₹ in millions, except for percentages) | | | | |
| Interest earned [A] | 18,639.41 | 13,962.26 | 30,750.10 | 27,265.35 | 24,977.28 |
| Interest expended [B] | 8,763.07 | 6,443.64 | 14,149.90 | 13,367.52 | 12,345.79 |
| Net Interest Income ^(*) [C = A - B] | 9,876.34 | 7,518.62 | 16,600.20 | 13,897.83 | 12,631.49 |
| Average Total Interest-Earning Assets [D] | 247,806.49 | 196,709.24 | 214,677.72 | 189,862.25 | 151,169.82 |
| Net Interest | 7.78% | 7.47% | 7.73% | 7.32% | 8.36% |

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| Particulars | Half year ended September 30, | | Year ended March 31, | | |
|-------------------------------------|---|------|----------------------|------|------|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| | (₹ in millions, except for percentages) | | | | |
| Margin ^(*) (%) [E = C/D] | | | | | |

Note:

(*) Non-GAAP Financial Measure.

The table below sets forth the amount and percentage of our net advances, investments, deposits and borrowings on fixed or floating interest rates as at the date provided.

| Particulars | As at September 30, 2023 | | | |
|--------------|---------------------------|---------------------------------|---------------------------|---------------------------------|
| | Floating interest rates | | Fixed interest rates | |
| | Amount (₹ in millions) | % on floating interest rates | Amount (₹ in millions) | % on floating interest rates |
| Net advances | 2,426.18 | 1.15% | 207,660.92 | 98.85% |
| Investments | - | - | 55,091.94 | 100.00% |
| Deposits | - | - | 189,367.24 | 100.00% |
| Borrowings | 411.23 | 0.77% | 52,724.20 | 99.23% |

We have a very high percentage of fixed interest rate advances as at September 30, 2023 due to the fact that all of our advances are given at fixed interest rates for the first 39 months post disbursement.

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.

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 Asset Liability Management Committee (“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. Despite the measures we have in place to mitigate these risks, there can be no assurance that we will be able to adequately manage our interest rate risk in the future, which could have an adverse effect on our Net Interest Income and Net Interest Margin and could, in turn, have an adverse effect on our financial condition, results of operations and cash flows.

In addition, as a result of the RBI-mandated reserve requirements, we are exposed to interest rate risk with respect to fixed income securities. 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 cash, Government securities and other RBI approved securities. These securities generally carry fixed coupons and, in an environment of rising interest rates, the value of Government securities and other fixed income securities decline. The table below sets forth details of our SLR portfolio as at the dates indicated.

| SLR Portfolio | As at September 30, 2023 | | As at March 31, 2023 | | As at March 31, 2022 | | As at March 31, 2021 | |
|-----------------------|---------------------------|--------------------|---------------------------|--------------------|---------------------------|--------------------|---------------------------|--------------------|
| | Amount (₹ in millions) | % of SLR portfolio | Amount (₹ in millions) | % of SLR portfolio | Amount (₹ in millions) | % of SLR portfolio | Amount (₹ in millions) | % of SLR portfolio |
| Fixed rate securities | 50,014.98 | 100.00 | 49,277.44 | 100.00 | 49,727.38 | 100.00 | 46,977.85 | 100.00 |
| Other securities | - | - | - | - | - | - | - | - |

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| SLR Portfolio | As at September 30, 2023 | | As at March 31, 2023 | | As at March 31, 2022 | | As at March 31, 2021 | |
|----------------------------|---------------------------|--------------------|---------------------------|--------------------|---------------------------|--------------------|---------------------------|--------------------|
| | Amount (₹ in millions) | % of SLR portfolio | Amount (₹ in millions) | % of SLR portfolio | Amount (₹ in millions) | % of SLR portfolio | Amount (₹ in millions) | % of SLR portfolio |
| Total SLR Portfolio | 50,014.98 | 100.00 | 49,277.44 | 100.00 | 49,727.38 | 100.00 | 46,977.85 | 100.00 |

In addition to our SLR portfolio, we also invest in other fixed income securities. For further details, see “Selected Statistical Information-Investment Portfolio” on page 376.

For details of our accounting policies with respect to investments, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies-Investments” on page 478.

With a view to building up of adequate reserves to protect against increase in yields, in accordance with RBI guidelines, we started an Investment Fluctuation Reserve with effect from Fiscal 2019. The amount transferred to the Investment Fluctuation Reserve is not less than lower of the following:

- i. net profit on sale of investments during the year or
- ii. net profit for the year less mandatory appropriations, until the amount of Investment Fluctuation Reserve is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

The amount held in the Investment Fluctuation Reserve shall be utilized by way of draw down, in accordance with the provisions of the RBI guidelines. The table below shows the Investment Fluctuation Reserve 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) | | | | |
| Investment Fluctuation Reserve | 576.89 | 376.89 | 218.12 | 212.34 |

The table below shows our provisions for investments for the periods and years indicated.

| Particulars | Half year ended September 30, | | Year ended March 31, | | |
|----------------------------|-------------------------------|------|----------------------|------|------|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| | (₹ in millions) | | | | |
| Provisions for investments | - | - | - | 0.12 | 4.04 |

There can be no assurance that we will be able to adequately manage our interest rate risk in the future, which could have an adverse effect on our financial condition, results of operations and cash flows.

17. 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, embezzlement and fraud by employees, agents, customers or third parties. For instance, in cases where customers repay their loans in cash directly to us, we are exposed to the risk of fraud, misappropriation or unauthorised transactions by employees responsible for dealing with such cash collections. The table below sets forth cash payments made by our borrowers and as a percentage of total payments made by our borrowers for the periods and years indicated.

| Particulars | Half year ended | | Year ended | | |
|-------------------------------|---|--------------------|----------------|----------------|----------------|
| | September 30, 2023 | September 30, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| | (₹ in millions, except for percentages) | | | | |
| Cash payments by secured loan | 4,840.50 | 4,354.10 | 2,896.88 | 7,114.61 | 8,828.68 |

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| Particulars | Half year ended | | Year ended | | |
|---|---|--------------------|----------------|----------------|----------------|
| | September 30, 2023 | September 30, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| | (₹ in millions, except for percentages) | | | | |
| borrowers [A] | | | | | |
| Percentage of cash payments by secured loan borrowers [B = A/C] (%) | 25.94% | 26.46% | 34.51% | 32.73% | 27.12% |
| Total payments by secured loan | 18,658.11 | 16,452.80 | 8,394.85 | 21,739.56 | 32,558.04 |

| | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| borrowers [C] | | | | | |
| Cash payments by unsecured loan borrowers [D] | 29,606.10 | 27,054.63 | 45,976.66 | 54,457.72 | 55,967.00 |
| Percentage of cash payments by unsecured loan borrowers [E = D/E] (%) | 83.10% | 88.69% | 94.06% | 92.03% | 87.80% |
| Total payments by unsecured loan borrowers [E] | 35,625.55 | 30,505.15 | 48,882.60 | 59,174.45 | 63,740.61 |
| Cash payments by all borrowers [F = A + D] | 34,446.60 | 31,408.73 | 48,873.54 | 61,572.33 | 64,795.68 |
| Percentage of cash payments by all borrowers [G = F/H] (%) | 63.46% | 66.89% | 85.33% | 76.10% | 67.29% |
| Total payments by all borrowers to us [H = C + E] | 54,283.65 | 46,957.95 | 57,277.45 | 80,914.01 | 96,298.65 |

While we have procured insurance for cash in safes and in transit and have put in place systems to detect and prevent any unauthorised transaction, fraud or misappropriation by our employees, these measures may not be effective in all cases. The table below set forth the number of instances of fraud we experienced and our losses due to fraud for the periods and years indicated.

| Particulars | Half year ended September 30, | | Year ended March 31, | | |
|---|-------------------------------|------|----------------------|------|------|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| Instances of fraud (number) | 231 | 433 | 891 | 772 | 573 |
| Of which: | | | | | |
| Misappropriation & Criminal breach of trust (Collection frauds) | 214 | 407 | 831 | 701 | 459 |
| Commission | 0 | 3 | 8 | 5 | 10 |
| Cheating & Forgery (Gold loan) | 3 | 2 | 5 | 7 | 48 |
| Cheating & Forgery (others) | 8 | 9 | 21 | 27 | 20 |
| Cash shortage & Negligence | 0 | 1 | 2 | 4 | 1 |
| Any other type of fraud not coming under the specific heads (Snatching & Theft) | 6 | 11 | 22 | 26 | 25 |
| Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and | 0 | 0 | 2 | 2 | 10 |

| | | | | | |
|-------------------------------------|------|-------|-------|-------|-------|
| conversion of property. | | | | | |
| Losses due to fraud (₹ in millions) | 8.09 | 12.23 | 22.91 | 55.63 | 37.77 |
| Of which: | | | | | |

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| Particulars | Half year ended September 30, | | Year ended March 31, | | |
|---|-------------------------------|------|----------------------|-------|-------|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| Misappropriation & Criminal breach of trust (Collection frauds) | 4.94 | 7.24 | 12.88 | 9.84 | 4.85 |
| Commission | 0.00 | 0.03 | 0.06 | 0.05 | 0.01 |
| Cheating & Forgery (Gold loan) | 1.86 | 0.80 | 1.42 | 15.51 | 27.99 |
| Cheating & Forgery (others) | 0.81 | 3.15 | 6.81 | 9.17 | 0.41 |
| Cash shortage & Negligence | 0.00 | 0.25 | 0.34 | 0.32 | 0 |
| Any other type of fraud not coming under the specific heads (Snatching & Theft) | 0.49 | 0.76 | 1.01 | 1.36 | 2.55 |
| Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property. | 0.00 | 0.00 | 0.39 | 19.38 | 1.96 |

As noted by the RBI following the Inspection, the number of frauds increased from 573 to 772 from Fiscal 2021 to Fiscal 2022, out of which 736 were internal. The total amount of fraud incidents of ₹0.10 million and above increased by 47.29% despite a reduction of 34.73% in the total number of such incidents.

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 – Operational Risk” on page 302. 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.

Misconduct by our employees could bind us to transactions that exceed authorised limits or present unacceptable risks, and our employees could conceal unauthorised or unlawful activities from us. In the past, we have been subject to individual acts of fraud and theft of a non-material nature, including acts of fraud involving our employees, 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 ₹52.00 million, which represented approximately 0.89% of our gold loans as at March 31, 2021. 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. The table below sets forth details in relation to the amounts lost from fraudulent gold loans cases during the periods and fiscals indicated.

| Fiscal | No. of cases | Amount (₹ in millions) | Amount recovered from insurance settlements (₹ in millions) | Amount from other recoveries (₹ in millions) | Amount of pending insurance claims as the end of the period/Fiscal (₹ in millions) |
|--|---------------------|-----------------------------------|--|---|---|
| Half year ended September 30, 2023 | 3 | 1.86 | 0.74 | 0.00 | 1.11 |
| Half year ended September 30, 2022 | 2 | 0.80 | 0.80 | 0.00 | Nil |
| Fiscal 2023 | 5 | 1.40 | - | 0.60 | 0.80 |
| Fiscal 2022 | 7 | 15.20 | 2.20 | 3.20 | 9.80 |
| Fiscal 2021 | 48 | 34.20 | 2.40 | 11.40 | 20.50 |

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Employee misconduct could also involve front running in securities markets or the improper use or disclosure of confidential information or non-compliance with insider trading rules, which could result in regulatory sanctions against us and serious reputation or financial harm. Since April 1, 2020, we have not had any regulatory sanctions against us for employee misconduct.

As of the date of this Red Herring Prospectus, there are 259 First Information Reports (“FIR”) registered by our Bank under Section 154 of the Code of Criminal Procedure, 1973 and 16 cases are filed before the Judicial Magistrates under Section 156 of the Code of Criminal Procedure, 1973 against our employees, third parties and customers. Further, as at the date of this Red Herring Prospectus, there are 7,393 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 ₹4,757.78 million and there are 5,022 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 Indian Penal Code 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 514.

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 unauthorised transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our reputation, business, financial condition, results of operations and cash flows.

18. We are required to maintain a minimum cash reserve ratio (“CRR”) and statutory liquidity ratio (“SLR”). 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.

We are currently required to maintain a CRR of a minimum of 4.50% of our demand and time liabilities with the RBI, on which no interest is paid. Due to the COVID-19 pandemic, from the fortnight beginning on March 27, 2021, the RBI raised the minimum CRR from 3.00% to 3.50% of net demand and time liabilities, which was revised to 4.00% from the fortnight beginning on May 22, 2021, and further revised to 4.50% from May 21, 2022.

We are also currently required to maintain a SLR equivalent to 18.00% of our net demand and time liabilities in cash and invested in Government and other RBI-approved securities.

The table below sets forth our CRR and SLR as at the fortnights beginning on the dates indicated and the regulatory minimum CRR and SLR 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 |
|---------------------------------|---------------------------|----------------------|----------------------|----------------------|
| Regulatory minimum required CRR | 4.82% | 4.50% | 4.00% | 3.50% |
| Our CRR | 4.84% | 4.52% | 4.02% | 3.53% |
| Regulatory minimum required SLR | 18.00% | 18.00% | 18.00% | 18.00% |
| Our SLR | 23.18% | 30.45% | 34.07% | 47.94% |

* Minimum CRR as at September 30, 2023 was 4.50% and on incremental NDTL, an additional CRR equating to 10% is to be maintained. Hence, the effective CRR requirement is included in the above table.

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.

As a Small Finance Bank, our Net Interest Margin, which is the difference of interest earned and interest expended divided by the average interest-earning assets (“**Net Interest Margin**”) calculated on the basis of a quarterly average, and return on Net Worth (which is calculated as profit for the year divided by (the sum of capital and reserves and

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surplus (“**Net Worth**”)) may be adversely affected, as we are required to set aside resources to meet the RBI’s CRR and SLR requirements. Maintaining the CRR and SLR may impose liquidity constraints on us by reducing the amount of cash available with us for lending. 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 further reduced, which may adversely affect our business, financial condition, results of operations and cash flows.

19. We are required to maintain a minimum CRAR. 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. However, 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.

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.

The table below sets forth the minimum required CRAR and our and our peers CRAR and Tier I Capital Ratio as at the dates indicated.

| CRAR ⁽¹⁾ | As at September 30, 2023 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|-------------------------------------|--------------------------|----------------------|----------------------|----------------------|
| Regulatory minimum required CRAR | 15.00% | 15.00% | 15.00% | 15.00% |
| Our Bank | 17.50% | 15.57% | 15.26% | 15.51% |
| AU Small Finance Bank Limited | 22.40% | 23.59% | 21.00% | 23.37% |
| Equitas Small Finance Bank Limited | 21.33% | 23.80% | 25.16% | 24.18% |
| Ujjivan Small Finance Bank Limited | 25.20% | 25.81% | 18.99% | 26.44% |
| Suryoday Small Finance Bank Limited | 30.23% | 33.72% | 37.86% | 51.47% |

| | | | | |
|--------------------------------------|--------|--------|--------|--------|
| Bandhan Bank Ltd. | 20.60% | 19.76% | 20.10% | 23.47% |
| Credit Access Grameen Limited | 25.00% | 23.58% | 26.54% | 31.75% |
| Spandana Sphoorthy Financial Limited | 36.60% | 36.87% | 50.74% | 39.20% |
| Fusion Micro Finance Limited | 28.78% | 27.94% | 21.94% | 27.26% |
| Utkarsh Small Finance Bank Limited | 24.82% | 20.64% | 21.59% | 21.88% |
| ESAF Small Finance Bank Limited | NA | 19.83% | 18.64% | 24.23% |
| Fincare Small Finance Bank Limited | NA | 20.04% | 22.30% | 29.60% |

Note:

1. CRAR (%) as reported by the companies. CRAR of Capital Small Finance Bank as at September 30, 2023 and March 31, 2023, 2022, and 2021 is not included in the Fitch Report.
(Source: Fitch Report, except for the minimum CRAR)

Our CRAR was 17.50% as at September 30, 2023, which is lower than other peer banks but above the minimum requirement.

The table below sets forth the minimum required Tier 1 Capital Ratio and our and our peers CRAR and Tier 1 Capital Ratio as at the dates indicated.

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| Tier 1 Capital Ratio ⁽¹⁾ | As at September 30, 2023 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|--|--------------------------|----------------------|----------------------|----------------------|
| Regulatory minimum required Tier 1 Capital Ratio | 7.50% | 7.50% | 7.50% | 7.50% |
| Our Bank | 15.73% | 13.02% | 11.83% | 11.75% |
| AU Small Finance Bank Limited | 21.00% | 21.80% | 19.69% | 21.53% |
| Equitas Small Finance Bank Limited | 20.65% | 23.08% | 24.53% | 23.23% |
| Ujjivan Small Finance Bank Limited | 22.50% | 22.69% | 17.70% | 25.06% |
| Suryoday Small Finance Bank Limited | 28.00% | 30.80% | 34.44% | 47.23% |
| Bandhan Bank Ltd. | 18.20% | 18.70% | 18.89% | 22.48% |
| Credit Access Grameen Limited | 24.10% | NA | 25.87% | 30.50% |
| Spandana Sphoorthy Financial Limited | NA | NA | 50.55% | 39.74% |
| Fusion Micro Finance Limited | NA | NA | 19.93% | 25.52% |
| Utkarsh Small Finance Bank Limited | 23.04% | 18.25% | 18.08% | 19.98% |
| ESAF Small Finance Bank Limited | NA | 18.12% | 16.16% | 21.54% |

| | | | | |
|------------------------------------|----|--------|--------|--------|
| Fincare Small Finance Bank Limited | NA | 18.64% | 19.48% | 24.91% |
|------------------------------------|----|--------|--------|--------|

Note:

Tier 1 Capital Ratio (%) as reported by the companies. Tier 1 Capital Ratio for Capital Small Finance Bank as at September 30, 2023 and March 31, 2023, 2022, and 2021 is not included in the Fitch Report.

(Source: Fitch Report, except for the minimum Tier 1 Capital Ratio)

Our Tier 1 Capital Ratio was 15.73% as at September 30, 2023, which ranked as last compared to our peers in the table above,

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. The table below sets forth details of the funds we have raised through the issuance of Equity Shares allotted pursuant to preferential allotments, rights issues and the exercise of RSUs under the ESOP 2018 and the issuance of Preference Shares in the period/years indicated.

| S. No | Particulars | Half year ended September 30, 2023 | | Year ended March 31, | | | | | |
|-------|--|--|-----------------------|------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|-----------------------|
| | | | | 2023 | | 2022 | | 2021 | |
| | | Amount (₹ in millions) | Issue Price (₹) | Amount (₹ in millions) | Issue Price (₹) | Amount (₹ in millions) | Issue Price (₹) | Amount (₹ in millions) | Issue Price (₹) |
| (i) | Equity Shares allotted pursuant to a preferential allotment, including premium | - | - | 250.00 | 968.56 | 660.00 | 968.56 | - | - |
| (ii) | Equity Shares allotted pursuant to a rights issue, | 4,499.44 | 302.98 | 1,917.73 | 580.55 | - | - | - | - |

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| S. No | Particulars | Half year ended September 30, 2023 | | Year ended March 31, | | | | | |
|-------|---|--|-----------------------|------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|-----------------------|
| | | | | 2023 | | 2022 | | 2021 | |
| | | Amount (₹ in millions) | Issue Price (₹) | Amount (₹ in millions) | Issue Price (₹) | Amount (₹ in millions) | Issue Price (₹) | Amount (₹ in millions) | Issue Price (₹) |
| | including premium | | | | | | | | |
| (iii) | Equity Shares allotted pursuant to the exercise of RSUs under the ESOP 2018 | - | 10.00 | 0.06 | 10.00 | 0.03 | 10.00 | 0.08 | 10.00 |

| | | | | | | | | | |
|------|---|-----------------|--------|-----------------|-------|---------------|---|-------------|---|
| (iv) | Equity Shares allotted pursuant to conversion of Preference Shares (including Equity Shares allotted pursuant to conversion of Preference Shares as stated in (vi) below) | 1,120.00 | 302.98 | - | - | - | - | - | - |
| (v) | Allotted Preference Shares | 1,120.00 | 10.00 | 1,200.00 | 10.00 | - | - | - | - |
| (vi) | Preference Shares converted to Equity Shares as stated in (iv) above | (1,120.00) | 302.98 | - | - | - | - | - | - |
| | Total | 5,619.44 | | 3,367.79 | | 660.03 | | 0.08 | |

In addition to the above, our Bank, in consultation with the BRLMs, undertook (i) a pre-IPO placement of 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, and (ii) a pre-IPO placement of 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. The size of the Fresh Issue has been adjusted to ₹4,620.00 million.

For more details on the Equity Shares and Preference Shares we have issued in the period/years indicated above, see “*Capital Structure-Share Capital History of our Bank*” on page 130.

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.

20. We are subject to exposure ceilings

Pursuant to the RBI Circular on Large Exposure Framework (DBR. No. BP.BC.43/21.01.003/2018-19) dated June 3, 2019, exposure ceilings are 20.00% of Tier 1 capital in the case of a single counterparty and 25.00% in the case of a group of connected counterparties (except for an NBFC, which has a ceiling of 15% of Tier 1 capital, and a group of connected NBFCs or a group of connected counterparties having NBFCs in the group, which have a ceiling of 25% of Tier 1 capital). For further information, see “*Key Regulations and Policies*” on page 313. The table below sets forth details our exposure by category and the applicable exposure limits 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 |
|---|--------------------------|----------------------|----------------------|----------------------|
| Our maximum exposure to a counterparty as a percentage of Tier 1 capital ⁽¹⁾ | 3.62% | 5.41% | 4.88% | 3.52% |
| Maximum permitted exposure to a counterparty as a percentage of Tier 1 capital | 20% | 20% ⁽³⁾ | 20% ⁽³⁾ | 20% ⁽³⁾ |
| Our maximum exposure to a group of connected counterparties as a percentage of Tier 1 | 3.82% | 5.41% | 4.88% | 3.52% |

| Particulars | As at September 30, 2023 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|-------------|--------------------------|----------------------|----------------------|----------------------|
|-------------|--------------------------|----------------------|----------------------|----------------------|

| | | | | |
|---|-----|--------------------|--------------------|--------------------|
| capital ⁽²⁾ | | | | |
| Maximum permitted exposure to a group of connected counterparties as a percentage of Tier 1 capital | 25% | 25% ⁽⁴⁾ | 25% ⁽⁴⁾ | 25% ⁽⁴⁾ |

Notes:

1. Exposure refers to gross advances.
2. Except for exposure to a gold loan NBFC, which has a ceiling of 7.5% of Tier 1 capital.
3. Except for an NBFC, which has a ceiling of 15% of Tier 1 capital, and a group of connected NBFCs or a group of connected counterparties having NBFCs in the group, which have a ceiling of 25% of Tier 1 capital
4. "Exposure" and "Group of Connected Parties" as per the RBI Circular on Large Exposure Framework (DBR. No. BP.BC.43/21.01.003/2018-19) dated June 3, 2019.

21. At least 50% of our net advances is required to constitute advances of up to ₹2.50 million, which requirement is only applicable to Small Finance Banks.

Pursuant to SFB Licensing Guidelines, at least 50% of our net advances is required to constitute advances of up to ₹2.50 million, which requirement is only applicable to Small Finance Banks. The table below sets forth our total net advances of up to ₹2.50 million and such amount as a percentage of our total net advances 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 | |
|---|------------------------------|----------------------------------|------------------------------|----------------------------------|------------------------------|----------------------------------|------------------------------|----------------------------------|
| | Amount (₹ in millions) | % of total net advances | Amount (₹ in millions) | % of total net advances | Amount (₹ in millions) | % of total net advances | Amount (₹ in millions) | % of total net advances |
| Total net advances of up to ₹2.50 million | 150,872.70 | 71.81 | 141,476.86 | 79.66 | 112,750.00 | 86.69 | 104,850.00 | 90.39 |
| Total net advances | 210,087.10 | 100.00 | 177,595.55 | 100.00 | 130,066.74 | 100.00 | 115,996.73 | 100.00 |

22. The priority sector lending ("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 the 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.

As a Small Finance Bank, we are required to extend at least 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. 40% of our ANBC is required to be allocated to different sub-sectors under PSL as per the PSL requirements. We can allocate the remaining 35% to any one or more sub-sectors under the PSL requirements. The sub-targets applicable to various sectors for Fiscal 2024 are as under:

- 18% of the ANBC towards advances to agriculture, of which 10% of ANBC is prescribed for small and marginal farmers;
- 7.50% of ANBC towards advances to micro enterprises; and
- 12.00% of ANBC towards advances to weaker sections.

The PSL requirements applicable to a Small Finance Bank are significantly higher than the PSL requirements 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. Other Scheduled Commercial

Banks are required to extend at least 40% of their ANBC to satisfy their PSL requirements. In case of any shortfall by us in meeting the PSL requirements, we would subsequently be required to place the allocated amount by the 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. We were in compliance with the PSL requirements as at March 31, 2023, 2022 and 2021. For details on our PSL lending, see

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“Our Business-Asset Products-Priority Sector Lending” on page 220. Any failure to comply with PSL requirements, may have an adverse effect on our business, financial condition, results of operations and cash flows.

23. 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, sale of inter-bank participation certificates (“IBPCs”), assigned advances, NPAs sold to asset reconstruction companies (“ARCs”) and cash flows from operations. For further details, see “Our Business – Risk Management – Liquidity Risk and Interest Rate Risk” on page 304. For details on the maturity pattern of our Bank’s assets and liabilities as at September 30, 2023, see “Selected Statistical Information – Asset Liability Gap and Interest Sensitivity Data” on page 378.

The table below sets forth our capital, reserves and surplus, deposits and borrowings as at the dates indicated.

| Particulars | As at September 30, 2023 | As at March 31, | | |
|----------------------|--------------------------|-----------------|------------|------------|
| | | 2023 | 2022 | 2021 |
| (₹ in millions) | | | | |
| Capital | 3,435.26 | 3,249.79 | 2,014.12 | 2,007.27 |
| Reserves and surplus | 22,254.39 | 14,722.77 | 9,992.88 | 9,140.86 |
| Deposits | 189,367.24 | 163,340.16 | 135,364.92 | 123,162.58 |
| Borrowings | 53,135.43 | 62,774.60 | 45,098.32 | 48,153.19 |

For more details on our capital, reserves and surplus, deposits and borrowings, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition –Capital and Liabilities” on page 497.

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. From time to time, our Bank also transfers excess priority sector lending 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 our Bank. The table below sets forth the outstanding balance of our IBPC (risk sharing) as at the dates indicated.

| Particulars | As at September 30, 2023 | As at March 31 | | |
|---|--------------------------|----------------|-----------|----------|
| | | 2023 | 2022 | 2021 |
| (₹ in millions) | | | | |
| Outstanding balances of IBPC (risk sharing) | 900.00 | 11,350.00 | 19,627.50 | 8,898.80 |

The table below sets forth the amount of financial assets we sold to securitisation/ reconstruction companies in accordance with the guidelines issued by the RBI for the period and years indicated.

| Particulars | As at September 30, 2023 | As at March 31, | | |
|-----------------|--------------------------|-----------------|------|------|
| | | 2023 | 2022 | 2021 |
| (₹ in millions) | | | | |

| | | | | |
|--|----------|-----------|--------|---|
| Financial assets sold to securitisation/reconstruction companies in accordance with the guidelines issued by the RBI | 8,558.46 | 10,277.57 | 925.23 | - |
|--|----------|-----------|--------|---|

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The table below sets forth the outstanding balance of our securitised advances as at the dates indicated.

| Particulars | As at September 30, 2023 | As at March 31, | | |
|---|--------------------------|-----------------|----------|--------|
| | | 2023 | 2022 | 2021 |
| | (₹ in millions) | | | |
| Outstanding balance of our securitised advances | 15,924.31 | 9,660.60 | 1,342.67 | 415.50 |

For more details on our securitised advances, see “Financial Statements – Annexure 23 – Note 8: Disclosure relating to securitisation” on page 437.

For details on and risks in relation to IBPCs, assigned advances and NPAs sold to ARCs, see “- 28. Advances transferred via IBPCs, assigned advances and NPAs sold to ARCs are all off balance sheet advances. Our off balance sheet advances expose us to certain risks, including not having sufficient liquidity at the time of redemption of an IBPC, the assumption of the IBPC assets on our balance sheet upon redemption will adversely affect our CRAR and the risk of loss of income from those advances if an agreement pursuant to which we act as a collection agent is terminated” on page 71.

The table below sets forth our Cost of Funds, which is a non-GAAP Financial Measure, for the periods and years indicated.

| Particulars | Half year ended September 30, 2023 | Half year ended September 30, 2022 | Year ended | | |
|---------------|------------------------------------|------------------------------------|----------------|----------------|----------------|
| | | | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| Cost of Funds | 7.55% | 6.74% | 7.02% | 7.37% | 8.61% |

In addition, the cost and availability of debt is dependent in part on the ratings given to our debt by rating agencies, which may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. The table set forth below shows our current debt ratings and any changes in our debt ratings since April 1, 2020:

| Instrument | Amount Rated (₹ in millions) | Amount Outstanding as at September 30, 2023 (₹ in millions) | Current Rating | Changes in Debt Rating since April 1, 2020 |
|-------------------------------|------------------------------|---|----------------------|--|
| Subordinated debt (long term) | ₹3,500.00 | ₹3,500.00 | ICRA BBB+ (positive) | Upgraded from BBB (stable) to BBB+ (positive) on September 7, 2023 |
| Subordinated debt (long term) | ₹2,500.00 | - | ICRA BBB+ (positive) | Upgraded from BBB (stable) to BBB+ (positive) on September 7, 2023 |

Any downgrade in our debt ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing agreements and 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.

There can 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.

24. 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

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adverse effect on our financial condition, results of operations and cash flows.

The table below sets forth the amount net advances secured by tangible assets (mortgage of residential property or other approved collateral security) and as a percentage of our total net advances as at the dates indicated.

| Category of Advance | As at September 30, | | As at March 31, | | | | | |
|---|---------------------|-------------------------|-----------------|-------------------------|---------------|-------------------------|---------------|-------------------------|
| | 2023 | | 2023 | | 2022 | | 2021 | |
| | ₹ in millions | % of total net advances | ₹ in millions | % of total net advances | ₹ in millions | % of total net advances | ₹ in millions | % of total net advances |
| Net advances secured by tangible assets | 116,067.91 | 55.25% | 94,453.47 | 53.18% | 68,053.64 | 52.32% | 47,915.43 | 41.31% |
| Total net advances | 210,087.10 | 100.00% | 177,595.55 | 100.00% | 130,066.74 | 100.00% | 115,996.73 | 100.00% |

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; (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 “– 37. 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 78.

As the underlying collateral on our affordable housing loans, which are not under the affordable housing scheme of

the Government, 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. The table below sets forth the loan to collateral value ratio, also known as the loan to value ("LTV") ratio, at origination for the periods and years indicated and the maximum LTV ratio as at the dates indicated under our lending rules and under the applicable RBI guidelines for affordable housing loans, MSME loans and gold loans.

| Particulars | As at and for the half year ended September 30, | | As at and for the year ended March 31, | | |
|--|---|----------------|--|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| | (in percentages) | | | | |
| Affordable housing loans LTV at origination for the year ^(*) | 55.17% | 56.25% | 54.89% | 55.06% | 55.13% |
| Maximum LTV ratio for affordable housing loans at the year-end as per our loan rules | 90.00% | 90.00% | 90.00% | 90.00% | 90.00% |
| Maximum LTV ratio for affordable housing loans at the year-end as per RBI guidelines | 90.00% | 90.00% | 90.00% | 90.00% | 90.00% |
| MSME loans LTV at origination for the year ^(*) | 41.47% | 44.15% | 41.79% | 44.43% | 49.29% |
| Maximum LTV ratio for MSME loans at the year-end as per our loan rules | 85% | 85% | 85% | 85% | 75% |
| Maximum LTV ratio for MSME loans at the year-end as per RBI guidelines | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| Gold loans LTV at origination for the year ^(*) | 69.00% | 74.87% | 62.38% | 65.44% | 84.31% |

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| Particulars | As at and for the half year ended September 30, | | As at and for the year ended March 31, | | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| | (in percentages) | | | | |
| Maximum LTV ratio for gold loans at the year-end as per our loan rules | Non-agri gold loan LTV was capped at 75% and agri gold loan LTV was capped at 80% | Non-agri gold loan LTV was capped at 75% and agri gold loan LTV was capped at 80% | Non-agri gold loan LTV was capped at 75% and agri gold loan LTV was capped at 80% | Non-agri gold loan LTV was capped at 75% and agri gold loan LTV was capped at 80% | Non-agri gold loan LTV was capped at 90% and there was no LTV cap for agri gold loans |
| LTV ratio for gold loans at the year-end as per RBI guidelines ⁽¹⁾ | Non-agri gold loan LTV was capped at 75% and there was no LTV cap for agri gold loans | Non-agri gold loan LTV was capped at 75% and there was no LTV cap for agri gold loans | Non-agri gold loan LTV was capped at 75% and there was no LTV cap for agri gold loans | Non-agri gold loan LTV was capped at 75% and there was no LTV cap for agri gold loans | Non-agri gold loan LTV was capped at 90% |

Notes:

(*) Non-GAAP Financial Measure.

(1) As per RBI guidelines, there is no LTV ratio cap for agri gold loans, which are loans against gold where the end use is for agricultural purposes.

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.

- 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.

25. Many of our customers do not have any credit history supported by tax returns, financial statements, credit card statements, statements of previous loan exposures or other related documents, which makes it more difficult for us to assess the credit risk of loans to such customers. 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 have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business, along with other Small Finance Banks, 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. It is therefore difficult to carry out a formal credit risk analysis for many of our potential borrowers based on financial information. We have corrective measures in place to minimise the risk of potential borrowers submitting inaccurate financial information. In deciding whether to make advances to potential customers, we rely on information furnished to us by or on behalf of borrowers. We may also rely on certain representations as to the accuracy and completeness of that information. To further verify the information provided by potential borrowers, we conduct searches through credit bureaus for creditworthiness of our customers who have a credit history. We have introduced a proprietary scorecard customised to this segment of borrowers in our secured loans business beginning in the second half of Fiscal 2022. The proprietary scorecard draws information from the credit bureau and borrower demographics to determine the credit worthiness of the borrower. While our initial results show that the proprietary scorecard is effective in accurately determining credit worthiness, it has yet to be tested over a full credit cycle. Also, if the information about a potential borrower 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 borrower does not have a credit history. The table below sets forth our total gross advances to borrowers without any past credit history and the amount of our NPAs made to borrowers without any past credit history as well as the percentage of that amount to

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our total gross NPAs as the dates indicated.

| Particulars | As at September 30, | As at March 31, | | |
|--|---------------------|-----------------|-----------|-----------|
| | 2023 | 2023 | 2022 | 2021 |
| (₹ in millions, except for percentages) | | | | |
| Gross advances made to borrowers without any past credit history [A] (*) | 34,393.61 | 28,142.61 | 18,846.61 | 14,226.52 |
| Gross advances made to borrowers without any past credit history | 16.11% | 15.63% | 14.22% | 12.00% |

| | | | | |
|--|------------|------------|------------|------------|
| to gross advances [B = A/C] (*) (%) | | | | |
| Gross advances [C] | 213,471.30 | 180,007.41 | 132,503.20 | 118,389.82 |
| Gross NPAs made to borrowers without any past credit history (*) [D] | 858.60 | 1,378.52 | 738.38 | 1,025.59 |
| Gross NPAs made to borrowers without any past credit history to gross NPAs (*) [E = D/F] (%) | 16.47% | 19.44% | 9.76% | 11.95% |
| Gross NPAs [F] | 5,213.13 | 7,091.86 | 7,569.04 | 8,579.84 |

Note:

(*) Non-GAAP Financial Measure.

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.

26. 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, among other things, acceleration of repayment schedules, 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 we have entered into include conditions that require us to obtain respective lenders' consents prior to carrying out certain activities and entering into certain transactions, and in some 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 and shareholding pattern which may include reduction or dilution in the shareholding of the Promoters and/or other Shareholders; 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; amendments to our memorandum of association and/or articles of association; and changes in the composition of our Board of Directors, Key Managerial Personnel or other senior management. 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 CRAR, qualifying asset norms and ensuring positive net worth.

Further, in the event of default, some financing arrangements provide the lenders with the right to recall financing arrangements in their entirety on short or no notice and enforce the underlying security. We cannot assure you that we will be able to persuade our lenders to give us extensions or to refrain from exercising such recalls, which may adversely affect our results of operations and cash flows.

As at the date of this Red Herring Prospectus, there are no financial covenants in any of our financing agreements. However, previously there were financial covenants in our financing agreements. The following table sets forth the details of instances in the past where we have not complied with certain covenants under our financing agreements, along with their current status:

| Name of lender | Nature/Type of Facility | Covenant breached | | | | | | | | | | | | | | | | |
|---|----------------------------|--|--------------------------|--------------------------|--------------------------|-------------------------------------|--------------------|--------------------|---|--|---|--|--------|---------------|--|--|-------|-------------|
| Northern Arc Capital Limited | Non Convertible Debentures | <p>Total advances with payments past due exceeding 90 days were not to be more than 20.00% of our tangible Net Worth (which is equal to share capital and reserves). Gross NPAs as a percentage of gross advances may not be above 2.50%. Compliance with these covenants was measured on a half yearly basis. The facility was closed on May 27, 2022. The table below sets forth (i) total advances with payments past due exceeding 90 days as percentage of our tangible Net Worth and (ii) our gross NPAs as a percentage of gross advances as at the dates indicated.</p> <table border="1" data-bbox="534 510 1460 976"> <thead> <tr> <th data-bbox="534 510 917 600"></th> <th data-bbox="917 510 1093 600">As at September 30, 2020</th> <th data-bbox="1093 510 1268 600">As at March 31, 2021</th> <th data-bbox="1268 510 1460 600">As at September 30, 2021</th> </tr> </thead> <tbody> <tr> <td data-bbox="534 600 917 728">Particulars</td> <td data-bbox="917 600 1093 728"></td> <td data-bbox="1093 600 1268 728"></td> <td data-bbox="1268 600 1460 728"></td> </tr> <tr> <td data-bbox="534 728 917 862">Total advances with payments past due exceeding 90 days as percentage of our tangible Net Worth (%)</td> <td data-bbox="917 728 1093 862"></td> <td data-bbox="1093 728 1268 862">25.80%</td> <td data-bbox="1268 728 1460 862">79.80% 97.00%</td> </tr> <tr> <td data-bbox="534 862 917 976">Gross NPAs as a percentage of gross advances (%)</td> <td data-bbox="917 862 1093 976"></td> <td data-bbox="1093 862 1268 976">2.70%</td> <td data-bbox="1268 862 1460 976">7.20% 8.37%</td> </tr> </tbody> </table> | | As at September 30, 2020 | As at March 31, 2021 | As at September 30, 2021 | Particulars | | | | Total advances with payments past due exceeding 90 days as percentage of our tangible Net Worth (%) | | 25.80% | 79.80% 97.00% | Gross NPAs as a percentage of gross advances (%) | | 2.70% | 7.20% 8.37% |
| | As at September 30, 2020 | As at March 31, 2021 | As at September 30, 2021 | | | | | | | | | | | | | | | |
| Particulars | | | | | | | | | | | | | | | | | | |
| Total advances with payments past due exceeding 90 days as percentage of our tangible Net Worth (%) | | 25.80% | 79.80% 97.00% | | | | | | | | | | | | | | | |
| Gross NPAs as a percentage of gross advances (%) | | 2.70% | 7.20% 8.37% | | | | | | | | | | | | | | | |
| IDFC First Bank Limited | Non Convertible Debenture | <p>Net NPAs are not to exceed 1.50% of our total advances under management, which is gross advances plus IBPCs, assigned advances and advances sold to asset reconstruction companies (“ARCs”) for which our Bank is acting as a collection agent (“AUM”). Ratio of Net NPAs to tangible Net Worth are to be 1.00% or less. Compliance with these covenants was measured on a half yearly basis. The facility was closed on June 30, 2021. The table below sets forth (i) our Net NPAs as a percentage of AUM and (ii) our Net NPAs to tangible Net Worth as at the dates indicated.</p> <table border="1" data-bbox="534 1272 1460 1581"> <thead> <tr> <th data-bbox="534 1272 917 1361">Particulars</th> <th data-bbox="917 1272 1093 1361">As at September 30, 2020</th> <th data-bbox="1093 1272 1460 1361">As at March 31, 2021</th> </tr> </thead> <tbody> <tr> <td data-bbox="534 1361 917 1473">Net NPAs as a percentage of AUM (%)</td> <td data-bbox="917 1361 1093 1473"></td> <td data-bbox="1093 1361 1460 1473">0.80% 4.84%</td> </tr> <tr> <td data-bbox="534 1473 917 1581">Ratio of Net NPAs to tangible Net Worth (%)</td> <td data-bbox="917 1473 1093 1581"></td> <td data-bbox="1093 1473 1460 1581">7.78% 57.60%</td> </tr> </tbody> </table> | Particulars | As at September 30, 2020 | As at March 31, 2021 | Net NPAs as a percentage of AUM (%) | | 0.80% 4.84% | Ratio of Net NPAs to tangible Net Worth (%) | | 7.78% 57.60% | | | | | | | |
| Particulars | As at September 30, 2020 | As at March 31, 2021 | | | | | | | | | | | | | | | | |
| Net NPAs as a percentage of AUM (%) | | 0.80% 4.84% | | | | | | | | | | | | | | | | |
| Ratio of Net NPAs to tangible Net Worth (%) | | 7.78% 57.60% | | | | | | | | | | | | | | | | |
| CDC Emerging Markets Limited | Non Convertible Debentures | <p>Portfolio at risk (which is a portfolio 30 days past due) over 30 days as a percentage of our AUM were not to be above 3.00%. Open loan exposure ratio (which is non-performing advances and restructured portfolio reduced by the provision held with respect to non-performing advances and restructured loans and cash collateral held with respect to non-performing advances and restructured loans (“Open Loan Exposure Ratio”) may not be more than 20.00% of our total capital. Compliance with these covenants was measured on a quarterly basis. The debenture was restructured on December 31, 2021 and there was no such covenants in the restructured debenture. The table below sets forth (i) our portfolio at risk over 30 days as a percentage of our AUM and (ii) Open Loan Exposure as a percentage of total capital as at the dates indicated.</p> <table border="1" data-bbox="534 1971 1460 2228"> <thead> <tr> <th data-bbox="534 1971 917 2060">Particulars</th> <th data-bbox="917 1971 1220 2060">As at September 30, 2020</th> <th data-bbox="1220 1971 1460 2060">As at September 30, 2021</th> </tr> </thead> <tbody> <tr> <td data-bbox="534 2060 917 2228">Portfolio at risk over 30</td> <td data-bbox="917 2060 1220 2228"></td> <td data-bbox="1220 2060 1460 2228">4.04% 9.68% 12.58%</td> </tr> </tbody> </table> | Particulars | As at September 30, 2020 | As at September 30, 2021 | Portfolio at risk over 30 | | 4.04% 9.68% 12.58% | | | | | | | | | | |
| Particulars | As at September 30, 2020 | As at September 30, 2021 | | | | | | | | | | | | | | | | |
| Portfolio at risk over 30 | | 4.04% 9.68% 12.58% | | | | | | | | | | | | | | | | |

| | | | |
|------------------------|---------------------------|---|----------------------------|
| | | <p>days as a percentage of our AUM (%)</p> <p>Open Loan Exposure</p> <p>Ratio as a percentage of total capital (%)</p> | <p>7.78% 57.57% 62.42%</p> |
| Asian Development Bank | Non Convertible Debenture | <p>Gross NPAs as a percentage of Net Worth plus provisions may not more than 5.00%. Gross NPAs as a percentage of average of opening and closing advances may not be more than 1.50%. Compliance with these covenants was measured on a quarterly basis. The facility was closed on September 30, 2020. The table below sets forth (i) our gross NPAs as a percentage of (Net Worth plus provisions and (ii) our gross NPAs as a percentage of average of opening and closing advances as at the dates indicated.</p> | |

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| Name of lender | Nature/Type of Facility | Covenant breached | |
|----------------|-------------------------|---|---------------------|
| | | Particulars | As at June 30, 2020 |
| | | Gross NPAs as a percentage of (Net Worth plus provisions) (%) | 24.50% |
| | | Gross NPAs as a percentage of average of opening and closing advances (%) | 2.90% |

As on the date of the Red Herring Prospectus, we have received all of the required consents from our lenders to enable us to undertake the Offer.

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, securitisation 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. If the obligations under any of our financing documents are accelerated, we may have to dedicate a portion of our cash flows to make payments under such financing documents, thereby reducing the availability of cash for making new loans. 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.

27. If our CASA Ratio decreases it could increase our Cost of Funds, 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 demand deposits (current account deposits), savings deposits (together, “CASA”) and single Rupee term deposits of less than ₹20.00 million (“**Retail Term Deposits**” and together with CASA (“**Retail Deposits**”), as they have lower rates of interest compared to single Rupee term deposits of ₹20.00 million or more (“**Bulk Deposits**”). In particular, our CASA tends to provide a stable and low-cost source of deposits compared to Bulk Deposits. The following table sets forth, as at the dates indicated, our deposits and the percentage composition by each category of deposits.

| Particulars | September 30, 2023 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|-------------|--------------------|----------------------|----------------------|----------------------|
|-------------|--------------------|----------------------|----------------------|----------------------|

| | Amount (₹ in millions) | % of total deposit s | Amount (₹ in millions) | % of total deposit s | Amount (₹ in millions) | % of total deposit s | Amount (₹ in millions) | % of total deposit s |
|---------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|
| Demand Deposits [A] | 9,125.89 | 4.82 | 7,123.88 | 4.36 | 7,661.51 | 5.66 | 5,787.83 | 4.70 |
| Savings Bank Deposits [B] | 29,670.13 | 15.67 | 25,885.69 | 15.85 | 22,829.22 | 16.86 | 14,276.30 | 11.59 |
| CASA [C = A + B] | 38,796.02 | 20.49 | 33,009.57 | 20.21 | 30,490.73 | 22.52 | 20,064.13 | 16.29 |
| Term Deposits | 150,571.22 | 79.51 | 130,330.59 | 79.79 | 104,874.19 | 77.48 | 103,098.45 | 83.71 |
| <i>Of which:</i> | | | | | | | | |
| <i>Retail Term Deposits [D]</i> | <i>88,479.10</i> | <i>46.72</i> | <i>81,681.36</i> | <i>50.01</i> | <i>72,191.41</i> | <i>53.33</i> | <i>70,461.29</i> | <i>57.21</i> |

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| Particulars | September 30, 2023 | | As at March 31, 2023 | | As at March 31, 2022 | | As at March 31, 2021 | |
|---------------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|
| | Amount (₹ in millions) | % of total deposit s | Amount (₹ in millions) | % of total deposit s | Amount (₹ in millions) | % of total deposit s | Amount (₹ in millions) | % of total deposit s |
| <i>Bulk Deposits</i> | <i>62,092.12</i> | <i>32.79</i> | <i>48,649.23</i> | <i>29.78</i> | <i>32,682.78</i> | <i>24.14</i> | <i>32,637.16</i> | <i>26.50</i> |
| Retail Deposits [E = C + D] | 127,277.24 | 67.21 | 114,690.93 | 70.22 | 102,682.14 | 75.86 | 90,525.42 | 73.50 |
| Total deposits | 189,367.24 | 100.00 | 163,340.16 | 100.00 | 135,364.92 | 100.00 | 123,162.58 | 100.00 |

We pay no interest on demand deposits (current deposits) and we pay a lower average rate of interest on CASA compared to term deposits. The table below sets forth our Cost of Average CASA and Cost of Average Term Deposit which are Non-GAAP Financial Measures, for the periods and years indicated.

| Particulars | Half year ended | | Year ended | | |
|-------------------------------|--------------------|--------------------|----------------|----------------|----------------|
| | September 30, 2023 | September 30, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| Cost of Average CASA | 4.61% | 5.26% | 5.18% | 4.34% | 3.34% |
| Cost of Average Term Deposits | 8.23% | 6.93% | 7.37% | 7.97% | 8.71% |

The table below sets forth our and our peers' Cost of Funds, which is a Non-GAAP Financial Measure, for the periods and years indicated.

| Cost of Funds ⁽¹⁾ | Half year ended September 30, | | Year ended March 31, | | |
|--------------------------------------|-------------------------------|--------|----------------------|--------|--------|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| Our Bank | 7.55% | 6.74% | 7.02% | 7.37% | 8.61% |
| AU Small Finance Bank Limited | 6.60% | 5.80% | 5.63% | 5.29% | 6.50% |
| Equitas Small Finance Bank Limited | 7.21% | 6.94% | 6.48% | 6.75% | 7.66% |
| Ujjivan Small Finance Bank Limited | 7.40% | 6.20% | 6.08% | 5.70% | 6.93% |
| Suryoday Small Finance Bank Limited | 7.50% | 6.70% | 6.10% | 6.31% | 8.09% |
| Bandhan Bank Ltd. | 6.50% | 5.50% | 5.34% | 4.88% | 5.89% |
| Credit Access Grameen Limited | 9.80% | 9.20% | 8.30% | 8.18% | 8.82% |
| Spandana Sphoorthy Financial Limited | 12.50% | 11.20% | 12.86% | 11.86% | 10.10% |
| Fusion Micro Finance Limited | 10.60% | 10.20% | 10.24% | 9.83% | 10.29% |
| Utkarsh Small Finance Bank Limited | 7.40% | 6.90% | 6.96% | 7.47% | 8.27% |

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| Cost of Funds ⁽¹⁾ | Half year ended September 30, | | Year ended March 31, | | |
|------------------------------------|-------------------------------|------|----------------------|-------|-------|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| ESAF Small Finance Bank Limited | NA | NA | 6.02% | 5.99% | 7.60% |
| Fincare Small Finance Bank Limited | NA | NA | 6.47% | 7.07% | 8.63% |

Note:

1. Cost of funds represents total interest expense for the relevant period/fiscal year to the average of sum of deposits and borrowings as of the last day of the relevant period/fiscal year, expressed as a percentage. Cost of Funds of Capital Small Finance Bank for the half years ended September 30, 2023 and September 30, 2022 and the years ended March 31, 2023, 2022, and 2021 is not included in the Fitch Report.

(Source: Fitch Report)

Our Cost of Funds was 7.55% as at September 30, 2023, which was the fourth highest compared to our peers in the table above.

If our ratio of CASA to total deposits (“CASA Ratio”) decreases it could increase our Cost of Funds, 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 our CASA Ratio decreases, it could adversely affect our business, financial condition, results of operations and cash flows.

The table below sets forth our and our peers' CASA Ratio, which is a Non-GAAP Financial Measure, for as at the dates indicated.

| CASA Ratio⁽¹⁾ | As at September 30, 2023 | | As at March 31, 2023 As at March 31, 2022 As at March 31, 2021 | |
|--------------------------------------|---------------------------------|--------|---|--------|
| Our Bank | 20.49% | 20.21% | 22.52% | 16.29% |
| AU Small Finance Bank Limited | 34.00% | 38.43% | 37.29% | 23.00% |
| Equitas Small Finance Bank Limited | 48.05% | 42.28% | 52.00% | 34.25% |
| Ujjivan Small Finance Bank Limited | 24.06% | 26.41% | 27.30% | 20.55% |
| Suryoday Small Finance Bank Limited | 15.70% | 17.11% | 18.81% | 15.45% |
| Bandhan Bank Ltd. | 38.50% | 39.29% | 41.61% | 43.38% |
| Credit Access Grameen Limited | NA | NA | NA | NA |
| Spandana Sphoorthy Financial Limited | NA | NA | NA | NA |
| Fusion Micro Finance Limited | NA | NA | NA | NA |
| Utkarsh Small Finance Bank Limited | 20.00% | 20.89% | 22.37% | 17.68% |
| ESAF Small Finance Bank Limited | NA | 21.39% | 22.84% | 19.42% |
| Fincare Small Finance Bank Limited | NA | 33.06% | 36.30% | 23.76% |

Note:

1. Cost of funds represents total interest expense for the relevant period/ fiscal year to the average of sum of deposits and borrowings as of the last day of the relevant period/ fiscal year, expressed as a percentage. CASA Ratio for Capital Small Finance Bank as at September 30, 2023 and as at March 31, 2023, 2022, and 2021 is not included in the Fitch Report.

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(Source: Fitch Report)

Our CASA Ratio was 20.49% as at September 30, 2023, which ranked as fifth highest compared to our peers in the table above.

The table below sets forth our and our peers' Net Interest Margin, which is a Non-GAAP Financial Measure, for the periods and years indicated.

| Net Interest Margin⁽¹⁾ | Half year ended | | Year ended | | |
|--|---------------------------|---------------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2023 | September 30, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| Our Bank | 7.78% | 7.47% | 7.73% | 7.32% | 8.36% |
| AU Small Finance Bank Limited | 5.60% | 6.00% | 5.56% | 5.36% | 5.05% |
| Equitas Small Finance Bank Limited | 8.43% | 9.00% | 8.22% | 7.89% | 8.17% |

| | | | | | |
|--------------------------------------|--------|--------|--------|--------|--------|
| Ujjivan Small Finance Bank Limited | 8.80% | 9.80% | 9.48% | 8.07% | 8.91% |
| Suryoday Small Finance Bank Limited | 9.40% | 9.20% | 8.28% | 7.85% | 6.80% |
| Bandhan Bank Ltd. | 7.20% | 7.00% | 6.29% | 6.87% | 7.32% |
| Credit Access Grameen Limited | 13.10% | 12.00% | 10.75% | 9.72% | 9.80% |
| Spandana Sphoorthy Financial Limited | 14.10% | 13.00% | 9.96% | 12.12% | 14.73% |
| Fusion Micro Finance Limited | 11.10% | 9.40% | 11.50% | 8.66% | 9.54% |
| Utkarsh Small Finance Bank Limited | NA | NA | 9.57% | 8.75% | 8.20% |
| ESAF Small Finance Bank Limited | NA | NA | 9.68% | 7.64% | 8.45% |
| Fincare Small Finance Bank Limited | NA | NA | 9.33% | 9.28% | 9.29% |

Note:

1. Net Interest Margin represents net interest income for the relevant period/ fiscal year to the average total assets for the relevant period/ fiscal year, represented as a percentage. Net Interest Margin for Capital Small Finance Bank for the half years ended September 30, 2023 and 2022 and the years ended March 31, 2023, 2022, and 2021 is not included in the Fitch Report. (Source: Fitch Report)

Our Net Interest Margin was 7.78% as at September 30, 2023, which ranked as seventh highest compared to our peers in the table above.

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

Our operating expenses are significant as the cost of sourcing and servicing our unsecured loan customers is high. The table sets forth below our operating expenses, including details of our fixed and variable expenses for the years indicated.

| Particulars | Fixed or variable expense | Fiscal 2023 (₹ in millions) | Fiscal 2022 (₹ in millions) | Fiscal 2021 (₹ in millions) |
|--|---------------------------|--------------------------------|--------------------------------|--------------------------------|
| Payments to and provisions for employees | Fixed and variable | 7,775.78 | 6,989.89 | 6,184.59 |

| Particulars | Fixed or variable expense | Fiscal 2023 (₹ in millions) | Fiscal 2022 (₹ in millions) | Fiscal 2021 (₹ in millions) |
|--------------------------|---------------------------|--------------------------------|--------------------------------|--------------------------------|
| Rent, taxes and lighting | Fixed and variable | 977.06 | 915.63 | 1,010.97 |
| Printing and stationery | Fixed and variable | 95.18 | 89.67 | 62.64 |

| | | | | |
|--|--------------------|------------------|------------------|------------------|
| Advertisement and publicity | Variable | 211.58 | 105.90 | 168.44 |
| Depreciation on Bank's property (including leased assets) | Fixed | 686.89 | 808.15 | 826.77 |
| Directors' fees, allowances and expenses | Variable | 6.38 | 5.51 | 5.48 |
| Auditors' fees and expenses | Fixed | 12.42 | 10.03 | 10.82 |
| Law charges | Variable | 103.05 | 75.88 | 40.95 |
| Postage, courier, telephones etc. | Variable | 175.95 | 163.30 | 204.44 |
| Repairs and maintenance | | 282.19 | 270.87 | 301.40 |
| Insurance | Variable | 174.24 | 164.91 | 126.80 |
| Other expenditure | Fixed and variable | 2,344.39 | 1,788.47 | 1,529.80 |
| <i>Of which:</i> | | | | |
| Travel and conveyance | Variable | 478.29 | 350.39 | 253.27 |
| Professional fees (includes cost of outsourced technology support services) | Variable | 1,479.65 | 1,055.12 | 980.42 |
| Others | Fixed and variable | 386.45 | 382.96 | 296.11 |
| Total | | 12,845.11 | 11,388.21 | 10,473.10 |

The table below sets forth our operating expenses and such expenses as a percentage of our Net Interest Income and other income (together, “**Operating Income**”) (the “**Cost to Income Ratio**”) for the periods and years indicated.

| Particulars | Half year ended September 30, | | Year ended March 31, | | |
|---|---|-----------|----------------------|-----------|-----------|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| | (₹ in millions, except for percentages) | | | | |
| Operating expenses [A] | 7,831.59 | 6,105.99 | 12,845.11 | 11,388.21 | 10,473.10 |
| Net Interest Income ^(*) [B] | 9,876.34 | 7,518.62 | 16,600.20 | 13,897.83 | 12,631.49 |
| Other income [C] | 3,516.27 | 2,933.91 | 6,248.65 | 3,358.30 | 2,230.13 |
| Operating Income ^(*) [D = B + C] | 13,392.61 | 10,452.53 | 22,848.85 | 17,256.13 | 14,861.62 |
| Cost to Income Ratio [E = A / D] (%) ^(*) | 58.48% | 58.42% | 56.22% | 66.00% | 70.47% |

Note:

(*) Non-GAAP Financial Measure.

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An increase in our Cost to Income Ratio will adversely affect our financial condition, results of operations and cash flows.

The table below sets forth our and our peers’ Cost to Income Ratio for the periods and years indicated.

| Cost to Income Ratio ⁽¹⁾ | Half year ended | | Year ended | | |
|-------------------------------------|--------------------|--------------------|----------------|----------------|----------------|
| | September 30, 2023 | September 30, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| | | | | | |

| | | | | | |
|--------------------------------------|--------|--------|--------|--------|--------|
| Our Bank | 58.48% | 58.42% | 56.22% | 66.00% | 70.47% |
| AU Small Finance Bank Limited | 63.10% | 63.80% | 63.01% | 57.07% | 43.46% |
| Equitas Small Finance Bank Limited | 64.37% | 66.58% | 63.41% | 66.12% | 59.99% |
| Ujjivan Small Finance Bank Limited | 52.00% | 52.00% | 54.82% | 71.68% | 60.34% |
| Suryoday Small Finance Bank Limited | 59.70% | 53.50% | 60.02% | 60.93% | 64.44% |
| Bandhan Bank Ltd. | 46.90% | 41.80% | 39.54% | 30.54% | 29.13% |
| Credit Access Grameen Limited | 31.70% | 38.20% | 37.48% | 35.38% | 34.57% |
| Spandana Sphoorthy Financial Limited | 41.80% | 49.70% | 44.84% | 38.56% | 21.63% |
| Fusion Micro Finance Limited | 36.40% | 44.70% | 38.44% | 44.26% | 44.26% |
| Utkarsh Small Finance Bank Limited | 56.50% | 54.10% | 54.15% | 58.90% | 56.54% |
| ESAF Small Finance Bank Limited | NA | NA | 57.93% | 63.69% | 60.31% |
| Fincare Small Finance Bank Limited | NA | NA | 66.36% | 60.01% | 55.93% |

Note:

1. Cost to Income Ratio represents operating expenses for the relevant period/ fiscal year to the sum of Net Interest Income (interest earned minus interest expended) and other income for the relevant period/ fiscal year, expressed as a percentage. Cost to Income Ratio for Capital Small Finance Bank for the half years ended September 30, 2023 and September 30, 2022, and the years ended March 31, 2023, 2022, and 2021 is not included in the Fitch Report. (Source: Fitch Report)

Our Cost to Income Ratio was 58.48% as at September 30, 2023, which was the fifth highest compared to our peers in the table above.

29. Our borrowers may transfer loan balances to other banks or financial institutions, resulting in a loss of expected interest income expected from such loans.

If interest rates rise, borrowers with variable interest rates on their loans are exposed to increased equated monthly instalments (“EMIs”) when the loans’ interest rate adjusts upward. Such borrowers may seek to refinance their loans through balance transfer to other banks and financial institutions to avoid increased EMIs that result from an upwards adjustment of the loans’ interest rate. Even if interest rates do not increase, our borrowers may seek to transfer loans to banks or other financial institutions that offer lower interest rates. The tables below set forth our advances transferred

to other banks or other financial institutions by borrowers (not including advances transferred by us via IBPCs, assigned advances and NPAs sold to ARCs) and as a percentage of our gross loans as at and for the periods and years