



JSFB/SEC/2025-26/89

08th October 2025

National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai 400051.

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400001.

Dear Sir/Madam,

Sub: Update on Credit rating

Ref: Regulation 30, 51 and 55 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)

Please find below credit rating assigned by India Ratings and Research on the Subordinate Debt. The details required pursuant to Regulation 55 of the Listing Regulations read with SEBI Master Circular no. SEBI/HO/DDHS/PoD1/P/CIR/2023/108 dated 30th June 2023 is as follows:

Details of credit rating									
S. No.	ISIN	Name of the credit rating agency	Credit rating assigned	Outlook	Rating action	Specify other rating action	Date of credit rating	Verification status of credit rating agencies	Date of verification
1.	INE953L08329	India	IND A	Stable	Reaffirmed	-	07 th October 2025	Verified	07 th October 2025
2.	INE953L08295	Ratings	Withdrawn	-	Withdrawn				
3.	INE953L08303	and	Withdrawn	-	Withdrawn				
4.	INE953L08311	Research	IND A	Stable	Reaffirmed				

The rating rationale has been annexed to this letter and the same will also be uploaded to the Bank’s website at www.jana.bank.in.

You are requested to kindly take the same on your record and oblige.

Thank you

Yours faithfully

For Jana Small Finance Bank Limited

Lakshmi R N

Company Secretary & Compliance Officer

JAMA KARO, JANA KARO.

Registered Office:

Jana Small Finance Bank Limited
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India Ratings Affirms Jana Small Finance Bank's NCDs and Fixed Deposits at 'IND A'/Stable

Oct 07, 2025 | Private Sector Bank

India Ratings and Research (Ind-Ra) has affirmed Jana Small Finance Bank Limited's (JSFB) non-convertible debentures' (NCDs) and fixed deposits' (FDs) ratings as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Fixed deposit	-	-	-	INR200,000	IND A/Stable	Affirmed
Non-convertible debentures*	-	-	-	INR1,250 (reduced from INR3,500)	IND A/Stable	Affirmed

*Details in Annexure

Analytical Approach

Ind-Ra continues to take a standalone view of JSFB to arrive at the ratings.

Detailed Rationale of the Rating Action

The affirmation reflects JSFB's track record in the lending business, supported by a diversified portfolio mix, and a continued increase in the proportion of secured loan assets, which will further strengthen the bank's overall risk profile. Additionally, JSFB has shown continued growth in the scale of operations while maintaining adequate profitability and capitalisation. However, the ratings remain constrained by elevated refinancing and repayment risks at the holding companies, Jana Capital Limited (debt rated ['IND BB'/Stable](#)) and Jana Holdings Limited (debt rated ['IND BB'/Stable](#)). JSFB's ability to mobilize low-cost deposits to narrow the cost-of-funds gap with peers, will be a key monitorable from a credit perspective.

List of Key Rating Drivers

Strengths

- Diversified portfolio mix with growing share of secured products
- Moderation in asset quality in FY25; earnings profile remains adequate
- Adequate capitalisation

Weaknesses

- Ability to garner low-cost deposits to be monitorable
- High refinancing risk at holding companies

Detailed Description of Key Rating Drivers

Diversified Portfolio Mix with Growing Share of Secured Products: In 1QFY26, JSFB's assets under management (AUM) stood at INR299.3 billion (FY25: INR295.5 billion; FY24: INR247.5 billion; FY23: INR198.1 billion; FY22: INR152.6 billion). The AUM grew by 19.4% yoy during FY25, driven by growth of 39.9% in the secured asset segments. During 1QFY26, the secured asset segments grew by 3.0% on a qoq basis and the unsecured asset segment de-grew by 2.5% qoq, leading to a modest overall growth of 1.3% during the period. The management expects the portfolio to grow by around 20% yoy during FY26, which will be supported by a higher growth in the secured asset segments. At 1QFY26, the bank had a well-diversified portfolio across products such as affordable housing loans (22%), micro loan against property (LAP; 20%), secured small, medium enterprise (SME) loans (14%), vehicle loans, gold loans, loans against fixed deposits and loans to non-bank financial companies (15%) and unsecured microfinance loans (29%).

JSFB had mainly been operating in the microfinance segment at the time of becoming a bank in March 2018. However, it started strategically shifting its loan book to a secured loan portfolio, with the share of the same in the company's portfolio increasing to 71% at 1QFY26 (FY25: 70%; FY24: 60%; FY23: 56%). Ind-Ra expects this ratio to further increase to around 80% by FY27-FY28, with higher contribution coming from affordable home loans, LAP and secured SME loans.

Moderation in Asset Quality in FY25; Earnings Profile remains Adequate: In FY24, JSFB's gross non-performing assets (GNPA) and net NPA (NNPA) had improved to 2.0% and 0.5%, respectively (FY23: 3.6% and 2.4%; FY22: 4.98% and 3.43%). However, the asset quality witnessed some moderation during FY25, given the stress in the unsecured microfinance and secured micro-LAP segment and a marginal increase in delinquencies in the affordable housing segment. The overall GNPA and NNPA subsequently increased to 2.5% and 0.9% in FY25 and stood at 2.8% and 0.9%, respectively, in 1QFY26. The bank undertook accelerated provisioning of INR3.05 billion in FY25 and INR1.50 billion in 1QFY26 to maintain the net NPA below 1%, in line with the Reserve Bank of India's guidelines for voluntary transition to a universal bank. These guidelines mandate maintaining the GNPA and NNPA ratios below 3% and 1%, respectively, for the preceding two years. JSFB has filed an application with RBI for voluntary transition into a Universal Bank in June 2025. Given that the bank's target market primarily comprises underbanked and unbanked customers, its ability to safeguard overall asset quality against macroeconomic disruptions remains a critical factor.

JSFB continues to benefit from past losses, which have significantly reduced its outflows towards income tax since FY18. These tax benefits are available till FY27. The bank reported a profit after tax (PAT) of INR1.02 billion in 1QFY26, translating into return on assets (RoA) of 1.05%, while PAT for FY25 had stood at INR5.01 billion, with a RoA of 1.41% (FY24: PAT of INR6.7 billion and RoA of 2.3%). The net interest margin, as a percentage of average earning assets, declined to 6.8% in 1QFY26 (FY25: 7.2%; FY24: 7.8%). This moderation reflects the bank's strategic shift towards increasing the share of low yielding secured asset segments, along with interest income reversals due to the loan portfolio write-offs undertaken by the bank in FY25 and 1QFY26. Operating expenses, as a percentage of average total assets, increased to 5.8% in 1QFY26 from 5.5% during FY24-FY25, primarily on account of the strengthening of the on-ground collections team. The bank's ability to improve and maintain profitability, across business cycles, will remain a key monitorable.

Adequate Capitalisation: JSFB's capital adequacy ratio (CAR) stood at 20.5% as of June 2025 (March 2025: 20.68%; March 2024: 20.31%; March 2023: 15.57%). The improvement in CAR from FY23 levels was driven by the steady internal accruals generated by the company as well as the total capital infusion of INR11.37 billion in FY24, which included INR5.62 billion in 1QFY24 (INR4.5 billion through a rights issue and INR1.12 billion through the issuance of compulsorily convertible preference shares), a pre-IPO placement of INR1.13 billion and INR4.62 billion raised through its IPO in FY24. The bank's net-worth improved to INR42.31 billion in 1QFY26 (FY25: INR41.18 billion; FY24: INR35.77 billion; FY23: INR17.97 billion). Over the medium term, Ind-Ra expects the bank's capitalisation to remain adequate, supported by stable accretions to its net worth.

Ability to Garner Low-cost Deposit Monitorable: JSFB's total deposits rose to INR294.26 billion as of June 2025 (March 2025: INR291.20 billion; March 2024: INR225.71 billion). This reflects a 29% year-on-year growth during FY25 and a 1.1% qoq increase in 1QFY26. However, the CASA ratio has seen a gradual decline, standing at 17.8% as of June 2025, compared to 18.0% in March 2025, 19.7% in March 2024, and 20.2% in March 2023. The trend of de-growth in the share of CASA deposits is in line with broader industry patterns. The combined share of retail term deposits and CASA stood at 60.2% as of June 2025 (March 2025: 58.8%; March 2024: 63.9%; March 2023: 70.2% in), with the bank increasing its reliance on bulk deposits to meet incremental funding needs. JSFB's cost of funds increased over FY24- FY25, in line with the increase in policy rates, and stood at 8.0% in 1QFY26 (FY25: 8.1%; FY24: 7.8%; FY23: 7.0%). The cost of funds

remained slightly higher than its peer small finance banks. The management aims to improve the bank's CASA ratio to around 20% in the near term. Its ability to continue to garner deposits while reducing the spread between the mainstream banks would remain a key rating monitorable over the medium-to-long term. As of June 2025, deposits constituted 87.4% of the bank's external borrowings, with 10.3% sourced from financial institutions such as Micro Units Development & Refinance Agency Ltd (debt rated '[IND AAA/Stable/IND A1+](#)'), National Bank for Agriculture and Rural Development ('[IND AAA/Stable](#)'), Small Industries Development Bank of India and National Housing Bank (rated [IND AAA/ Stable](#)), and the remaining through subordinated debt and bank borrowings.

High Refinancing Risk at Holding Companies: JHL and JCL had raised debt through the issuance of NCDs, which was infused as equity into JSFB, and the outstanding debt stood at INR34 billion as of June 2025. The NCDs need to be repaid to the extent of the principal and at the rate of return promised to the investors. In the past, the holding companies were able to service the debt repayments through fresh NCD issuances. However, they continue to face refinancing risk, given the limited financial flexibility of the holding companies as they do not have any operations of their own. The repayment of the NCDs would be contingent upon the bank's standalone performance and the liquidation of the promoters' stake in the bank, which is held by the holding companies.

Liquidity

Adequate: JSFB reported a liquidity coverage ratio of 171% as of June 30, 2025 (March 31, 2025: 253%; March 31, 2024: 296%), well above the minimum regulatory requirement of 100%. The bank, however, had negative cumulative mismatches of 14.5% in the up-to-one-year tenor bucket as on 30 June 2025, given the substantial amount of long -tenor affordable housing and SME loans. However, this is adequately covered by its excess statutory liquidity of INR22.62 billion as of June 2025.

Rating Sensitivities

Positive: The following factors could collectively lead to a positive rating action:

- sustained growth in the scale of operations, accompanied by a consistent improvement in profitability
- ability to mobilise low-cost deposits, resulting in a reduction in the cost of funds in line with peers
- maintaining adequate capitalisation levels
- continued demonstration of ability to manage its asset quality better than peers
- successful and timely resolution of debt obligations at the holding companies

Negative: The inability to manage asset quality, resulting in a sharp increase in credit costs, failure to mobilise sufficient deposits, capitalisation levels (tier I capital risk adequacy ratio) falling below 15.0% or sustained deterioration in liquidity buffers could trigger a negative rating action. Furthermore, any delay in the timely resolution of debt at the holding companies could lead to a sharp downgrade from current rating levels.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on JSFB, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

About the Company

JSFB (erstwhile Janalakshmi Financial Services Limited) commenced operations as a non-banking financial company (NBFC) on 4 March 2008 and was later classified as an NBFC-microfinance institution (NBFC-MFI). It received the licence to set up a small finance bank on 28 April 2017 and commenced banking operations on 28 March 2018. The bank was listed on the stock exchange in February 2024. Jana Holdings Limited, an NBFC-non-operative financial holding

company, had a 21.88% stake in JSFB as on 30 June 2025. JSFB has a diversified portfolio, with a presence in 25 states/union territories across India. The top three states (Tamil Nadu, Karnataka, and Maharashtra) accounted for 39% of the AUM as on 30 June 2025.

Key Financial Indicators

Particulars	1QFY26	FY25	FY24
Total assets (INR billion)	393.66	384.64	327.09
Total equity (INR billion)	42.31	41.18	35.77
Net profit (INR billion)	1.02	5.01	6.69
Return on average assets (%)	1.1	1.4	2.3
Tier 1 capital (%)	19.4	19.8	19.0
Source: JSFB, Ind-Ra			
Note: All ratios in the rating rationale are as per Ind-Ra methodology and can vary from those reported by the bank.			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings/Outlook	Historical Rating/Outlook		
				31 January 2025	28 February 2024	2 February 2024
Fixed deposit	Long-term	INR200,000	IND A/Stable	IND A/Stable	IND A-/Stable	IND A-/Stable
NCDs	Long-term	INR 1,250	IND A/Stable	IND A/Stable	IND A-/Stable	-

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Fixed deposit	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (Million)	Rating/Outlook
Non-convertible debentures	INE953L08329	22 December 2015	13.8%	7 July 2027	INR750	IND A/Stable
Non-convertible debentures ^	INE953L08295	29 June 2019	14.5%	29 June 2025	INR1750	WD
Non-convertible debentures ^	INE953L08303	10 July 2019	13.15%	10 July 2025	INR 500	WD
Non-convertible debentures	INE953L08311	31 August 2021	13.5%	30 November 2026	INR500	IND A/Stable
*Total					INR 1,250	

^Ind-Ra is no longer required to maintain the rating, as the NCDs have been paid in full. This is consistent with Ind-Ra's Policy on Withdrawal of Ratings.
Source: NSDL, JSFB; *does not include withdrawn ISINs

Contact

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About India Ratings

India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Rating of Financial Institutions Legacy Hybrids and Sub-Debt

The Rating Process

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