

Jana Small Finance Bank Ltd.

Initiating Coverage

25 Jun 2026

Spark Initiating Coverage Reports – Rebooted!

Outlining the framework from our desk

In our new, rejuvenated approach to publishing fundamental research ideas, we aim to balance a traditional, time-tested framework with a contemporary and hopefully refreshing segue into stock-picking. Accordingly, our Initiating Coverage reports will be presented in five sections: **(1) Annual Report Deep-dive, (2) Business Assessment Scores, (3) Valuation Framework, (4) Stock Buzz & Influencing Factors, and (5) Technical Analysis.**

This report is underpinned by three key beliefs: (1) Technical analysis, when combined with fundamentals, leads to better stock calls; (2) business assessment should be separated from valuation frameworks so that equity research can calibrate the mix objectively when making stock calls; and (3) reactions to “buzz” and other factors that influence price action must be identified and given due regard when timing stock calls, particularly in the current environment where information flow is incessant.

Annual Report Deep-dive

Drawing on the time-tested but sadly, rarely-applied practice of drilling into historical annual reports, we dedicate the opening section to the **Analytical Perspective gleaned** from this exercise. A helpful forensic overlay provides a clearer view of the company’s **historical operating performance, balance sheet behaviour, cash flow quality & governance structure.** By anchoring the analysis in reported numbers and disclosures, this section helps assess earnings quality and risk before progressing to any forward-looking calls with conviction.

Business Assessment Scores

To address the question of whether a company’s business can emerge as a long-term winner, we draw on Porter’s Five Forces framework to examine key aspects such as revenue models, pricing risks, market positioning, and competitive moats. Our financial analysis and estimates are anchored in our assessment of both the company’s current performance and its long-term potential. To ensure that this assessment remains objective and not influenced by subjective judgment, we employ a scoring model that captures the key drivers of business quality across five composite vectors. The resulting scores form the basis of our call on the business.

Valuation Framework

We have often observed how markets can make multiples appear like the proverbial rabbits out of a hat. To avoid the temptation of retrospectively justifying valuations alongside the broader market, we returned to first principles while designing our Valuation Framework. Anchored in market, peer, and historical absolute benchmarks, our valuation scores incorporate Economic Value Added, return profiles, growth prospects, and leadership positions, mapped against relevant valuation multiples. Ultimately, the central question remains: given everything we know about the business, markets, and peers, does the current pricing appear attractive? This question forms the bedrock of stock-picking in equity research.

Stock Buzz & Influencing Factors

The **Buzz Chart** & Liquidity Chart track stock-specific news flow, events, and market activity to help identify **periods of elevated attention or sentiment shifts**, complementing fundamental and valuation analysis.

Technical Analysis

The report also includes a **Technical Analysis** section to capture prevailing price trends, momentum, and key support–resistance levels, offering additional insight into **market timing and near-term market behavior.**

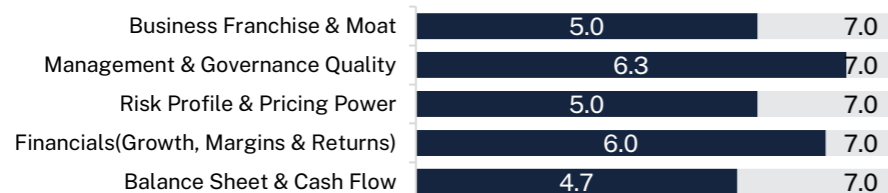
About the company

- Jana Small Finance Bank Limited (Jana SFB) was originally incorporated on July 24, 2006. The company was registered as a Non-Banking Financial Company (NBFC) on March 4, 2008, and was subsequently classified as an NBFC-MFI with effect from September 5, 2013. Upon receiving a small finance bank licence from the RBI on April 28, 2017, the company transitioned into a bank and commenced operations as Jana Small Finance Bank on March 28, 2018.
- The bank received scheduled bank status in 2019 and is headquartered in Bengaluru, Karnataka. It offers a wide range of banking and financial services, including retail banking, wholesale banking, and treasury operations, catering to a diverse customer base comprising individuals, MSMEs, corporates, and other segments. The bank has a pan-India presence with over 822 banking outlets, serving more than 43 lakh active customers across 23 states and 2 Union Territories, supported by a workforce of over 26,000 employees.

Annual Report Deep-dive

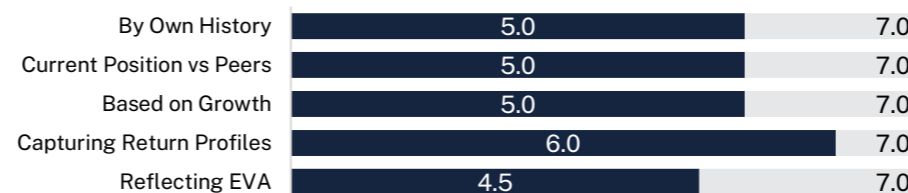
- Over the last five years between FY21 – FY26, bank's productivity has scaled remarkably with business Turnover, employee & branch productivity clocking 23%, 13% and 16%, respectively.
- The statutory auditor has expressed an unmodified opinion, stating that the bank's financial statements present a true and fair view and are in accordance with the applicable circulars and guidelines issued by the Reserve Bank of India.
- The bank has not entered into any related-party transactions, enhancing transparency and stakeholder confidence.

Business Assessment Scores



■ Average factor score

Valuation Framework



■ Average factor score

Financials and Estimates Summary

Particulars (Rs Cr)	Net Interest Income	PPOP	PAT	RoE %	RoA %	EPS	PE	Adj BV	Adj P/B
FY24	2,127	1,193	670	18.7%	2.0%	64	7	330	1.4
FY25	2,394	1,227	502	12.2%	1.3%	48	9	368	1.2
FY26	2,593	1,166	327	7.3%	0.7%	31	15	395	1.2
FY27E	3,115	1,641	890	16.2%	1.5%	85	5	497	0.9
FY28E	3,963	2,244	1195	16.5%	1.7%	99	5	581	0.8

25 Jun 2026

Industry Other Banks

Key Stock Data

Bloomberg	JSFB:IN
Shares o/s (cr)	10.5
Market Cap (Rs Cr)	4,854
52-wk High/Low	519/330
30D ADV ('000)	284
Index	Nifty Microcap 250
F&O	N

Latest Shareholding (%)

	Mar 26	Dec 25	Sep 25
Promoters	21.9	21.9	21.9
Institutions	18.6	17.0	16.0
Public	57.6	59.2	62.1
Government	1.9	1.9	0.0

Stock Performance (%)

	1M	6M	12M
JSFB IN	2.3	10.6	-10.2
Nifty Microcap 250	8	11.4	7.2

RESEARCH ANALYST

Sagar Shah

sagar.s@sparkcapital.in

Report In Gist (2/2)

Stock Buzz & Influencing Factors



- Jana SFB was listed in February 2024. It raised Rs. 570 cr through its IPO, of which Rs. 462 cr was via a fresh issue, and the balance of Rs. 108 cr was through an offer for sale (OFS).
- The bank has underperformed the banking index since its listing due to the adverse MFI cycle over the past two years. However, the bank has diversified away from unsecured lending through its three BC.



Technical Analysis



- Following a period of positive momentum, the stock has spent the past month consolidating within a broader range of 440-507.
- The overall chart structure remains sideways-to-positive, with the price holding comfortably above its key moving averages. This underlying bullish bias is further reinforced by a "golden crossover" of the 50-day and 200-day EMAs last month.



Investment Rationale

- **Diversification is a key enabler towards stability** - The bank's diversification journey towards a secured loan book has boded well, with products such as affordable housing loans, MSME loans, and gold loans leading to lower credit costs and aiding stronger return ratios. Apart from this, geographical diversification has reduced social and regional risks for the bank which will enable the bank to geographies which are good for assets & liabilities.
- **Growth enabling segments like Gold Loans & Two-Wheeler gaining traction** - Within the secured loans basket, going ahead, we believe Gold Loans and two-wheeler loans will be major growth enabler within the secured lending basket. Gold Loans and Two-wheeler loans are expected to clock 55% and 56% CAGR growth between FY26-FY28E. These products will cushion the falling NIM trajectory due to nominal growth of 10% CAGR growth in unsecured loans.
- **Asset quality picture to look far better** - Secured products like MSME, Affordable housing finance, Micro LAP have shown remarkable resilience on Asset quality with GNPA & NNPA ratios well within comfort zone. With secured assets reaching 77% by end of FY28E and unsecured assets like Group Loans and Individual Loans slowing down, we believe GNPA & NNPA to reach 1.1% and 0.4% by FY28E.
- Given a projected profit CAGR of ~91% over FY26-28E, the stock appears attractively valued at **0.8x FY28E Adj P/B**.
- **Valuation** - We conservatively assign a **1.1x FY28E Adj P/B** multiple, at the lower end of its historical trading range. This results in a **Price of Rs. 639 (including dividends)**, implying an **upside of ~39%** from the CMP of Rs. 461.

INDEX

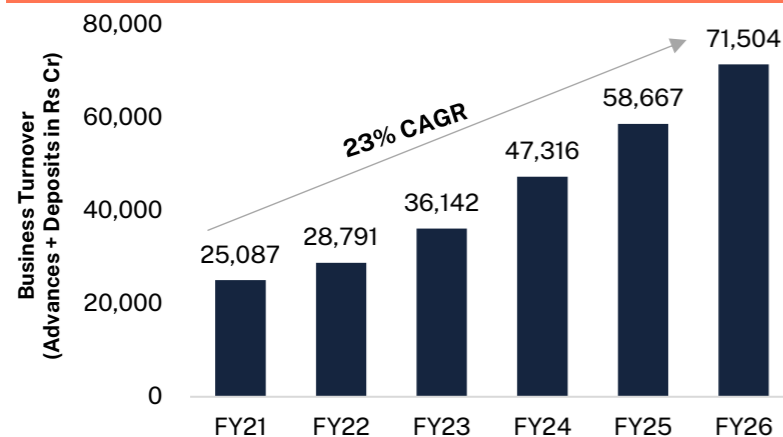
Initiating Coverage Reports – Rebooted

Report In Gist

→	Section 1 - Annual Report Deep-dive	06
→	Section 2 – Business Assessment Scores	08
	2.1 Business Franchise and Moat	11
	2.2 Management and Governance Quality	15
	2.3 Risk Profile and Pricing Power	17
	2.4 Financials	18
	2.5 Balance Sheet Strength	23
→	Section 3 – Valuation Framework	24
	3.1 By Own History	26
	3.2 Current Position vs Peers	27
	3.3 Based on Growth	28
	3.4 Capturing Return Profiles	29
	3.5 Reflecting EVA	30
→	Section 4 – Stock Buzz and Influencing Factors	32
→	Section 5 – Technical Analysis	34
→	Annexures	38

1 – Annual Report Deep-dive (1/2)

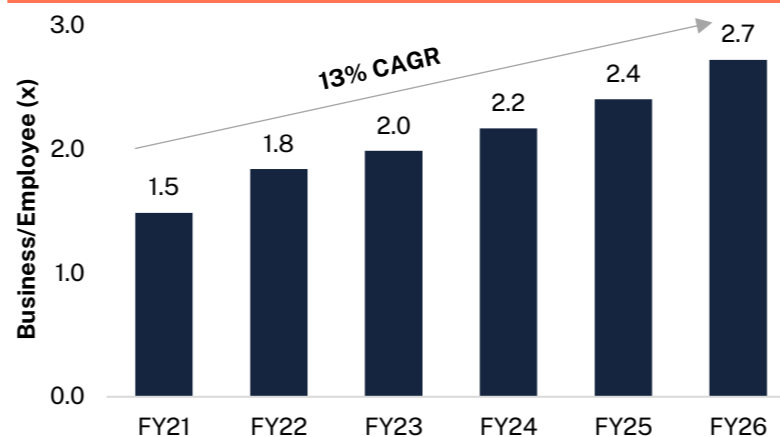
Total business aided by new liability and loan products



Business strength

- Business turnover is a critical parameter for evaluating a bank, as it reflects its ability to sustain growth even during challenging periods.
- Jana SFB's business turnover recorded a CAGR of 23% between FY21 and FY26, despite multiple headwinds such as COVID-19 and the MFI crisis.**
- Business turnover was supported by healthy deposits and gross advances growth, which recorded CAGRs of 24% and 23%, respectively, between FY21 and FY26.**
- Healthy growth in gross advances and deposits reflects the strong execution capabilities of the team.

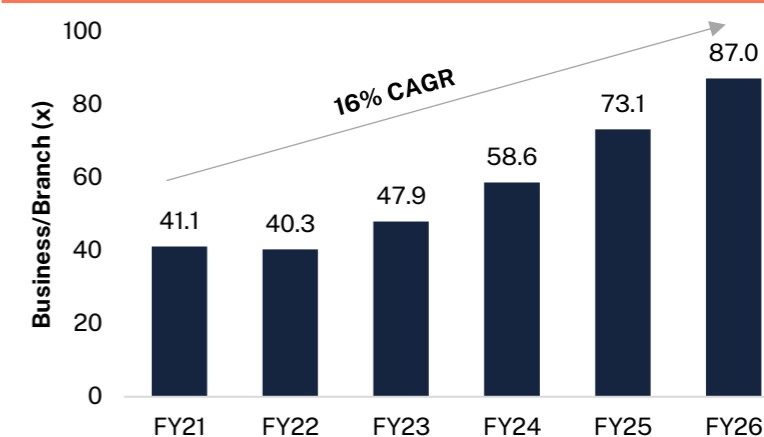
Employee productivity aided by cross-selling of new secured loan products like affordable housing, MSME, and Micro LAP



Productivity in terms of employee

- Productivity per employee is a critical parameter for any bank, as it reflects the institution's ability to maximize the effectiveness of its workforce.
- The number of employees at Jana SFB increased from 16,867 in FY21 to 26,246 in FY26.
- Despite the addition of 9,379 employees, Jana SFB's business per employee improved from 1.5x in FY21 to 2.7x in FY26.**
- Higher employee productivity has enabled the bank to sustain healthy growth while supporting business turnover expansion.**

Branch productivity improved through technology upgrades and the relocation of inactive



Productivity in terms of Branches

- Branch network is a critical parameter for any commercial bank in India, given the country's vast geographical spread and diverse demographics.
- Jana SFB expanded its branch network from 611 in FY21 to 822 in FY26.
- Alongside the expansion in its branch network, the bank has improved business productivity, as reflected in its business per branch.
- Business per branch improved from Rs. 41.1 Cr in FY21 to Rs. 87.0 Cr in FY26, reflecting the bank's focus on branch expansion and productivity.**

1 – Annual Report Deep-dive (2/2)

Auditor quality and opinion

- The statutory auditor, S.R. Batliboi & Associates LLP, has expressed a true and fair view, stating that the financial statements comply with the requirements of Section 133 of the Companies Act, 2013, and the relevant provisions of the Banking Regulation Act, 1949, and the guidelines issued by the Reserve Bank of India (RBI) from time to time.
- S.R. Batliboi & Associates LLP was appointed as the statutory auditor in April 2024.
- **During FY25, no frauds were reported by the statutory auditor or the secretarial auditor under Section 143(12) of the Companies Act, 2013.**

IPO proceeds

- Jana SFB launched its IPO in February 2024. The issue comprised a mix of a fresh issue and an offer for sale (OFS).
- **The total issue size was Rs. 570 cr, of which the fresh issue accounted for Rs. 462 cr and the offer for sale for Rs. 108 cr. The object of the offer is to meet our bank's future capital requirements to augment Tier 1 Capital.**
- The issue price was fixed at Rs. 414 per share.

Management remuneration

- During FY25, the remuneration of the Managing Director & CEO, Mr. Ajay Kanwal, comprised a fixed pay of Rs. 5.8 cr (including perquisites) and a variable pay of Rs. 6.4 cr (including cash and stock options).
- **Mr. Ajay Kanwal's remuneration amounted to 2.4% of FY25 PAT and, therefore, does not materially impact the bank's profitability.**

Corporate governance

- The company did not have any materially significant related-party transactions in FY24 – 25 as stated in the annual report.
- **The bank's contingent liabilities stood at Rs. 210 cr as of FY25, representing 0.5% of total liabilities. Hence, they are not expected to have a material impact on the bank.**
- As per the FY25 Annual Report, the bank has one-woman independent director, in line with the prevailing SEBI LODR Regulations and the Companies Act.

2 - Business Assessment Scores



Business Assessment Scores – Summary

2.1 Business franchise and moat:

Having navigated a period of uncertainty, Jana SFB is poised for a smoother growth trajectory, driven by rising exposure to secured and low-risk segments such as affordable housing, MSME financing, and gold loans. Its geographically diversified franchise mitigates cyclical risks, while high-yielding segments such as gold and two-wheeler loans should support growth and cushion yield compression. **Thus, we assign a rating of 5.0 out of 7.**

2.2 Management and governance quality:

The company has a stable leadership team, with MD & CEO Mr. Ajay Kanwal serving since 2017 and CFO Mr. Abhilash Sandur serving for the last six years. The board comprises 10 independent directors, including one woman director. **Accordingly, we assign a rating of 6.3 out of 7.**

2.3 Risk profile and pricing power:

The company operates in a highly competitive industry with limited pricing power. While entry barriers are relatively low, its extensive geographical reach remains a key strength. The opportunity size in both new and existing segments remains sizeable, although pricing pressure is likely to persist. **Accordingly, we assign a rating of 5.0 out of 7.**

2.4 Financials (Growth, margins & returns):

Jana SFB's financials are likely to expand meaningfully over FY26–FY28, with PAT CAGR of ~91%, driven by improving earnings prospects, better asset quality, and a strong balance sheet. **Accordingly, we assign a rating of 6.0 out of 7.**

2.5 Balance sheet strength:

Balance sheet strength is underpinned by a strong liability franchise. Retail term deposit growth will be pivotal for Jana SFB in the coming years, with improving productivity expected to further strengthen the liability franchise. **Accordingly, we assign a rating of 4.7 out of 7.**



Jana Small Finance Bank Ltd. – Company Factsheet

Corporate Snapshot	
Company background	<ul style="list-style-type: none"> Jana Small Finance Bank Limited was incorporated in 2006. The company was registered as a Non-Banking Financial Company (NBFC) in March 2008 and was subsequently classified as an NBFC-MFI in September 2013. Upon receiving a Small Finance Bank licence from the RBI in April 2017, the company transitioned into a bank and commenced operations as Jana Small Finance Bank in March 2018. The bank received scheduled bank status in 2019 and is headquartered in Bengaluru, Karnataka. It offers a wide range of banking and financial services, including retail banking, wholesale banking, and treasury operations, catering to a diverse customer base comprising individuals, MSMEs, corporates, and other segments. The bank has a pan-India presence with over 800 banking outlets, serving more than 43 lakh active customers across 23 states and 2 Union Territories, supported by a workforce of over 26,000 employees.
Revenue by segment	<ul style="list-style-type: none"> Interest/discount on advances/bills (~89.7% of total FY26 Interest income). Income on Investments(~9.2% of total FY26 Interest income). Interest on balances with RBI and other Interbank funds (~0.9% of total FY26 Interest income). Others (~0.2% of total FY26 Interest income).
Geographical presence	<ul style="list-style-type: none"> State-wise secured loan book mix (FY26): Maharashtra, Tamil Nadu & Karnataka ~36%; Gujarat, Madhya Pradesh, Rajasthan & Uttar Pradesh ~31%; Others ~33%.
Branch network	<ul style="list-style-type: none"> As of FY26, the bank operated 822 outlets & 62 ATM's across 23 states and 2 Union Territories and served 4.3 mn customers.
Deposits	<ul style="list-style-type: none"> The CASA ratio stood at 18% in FY26. CASA and retail term deposits together accounted for 52% of total liabilities in FY26. Retail deposits formed 62.6% of total deposits in FY26.
Key Management Personnel	<ul style="list-style-type: none"> Mrs. Chitra Talwar- Part-Time Chairperson and Independent Director Mr. Ajay Kanwal - MD & CEO Mr. Asheesh Maroo – Chief Credit Officer Mr. Rajesh Kumar Sharma – Chief Operating Officer Ms. Chitra Menon – Chief Compliance Officer
Auditors	<ul style="list-style-type: none"> S.R. Batliboi & Associates LLP Batliboi & Purohit

Category (Mar '26)	% Share
Promoter Group	21.9
FII	4.3
DII	14.3
Government	1.9
Others (Public)	57.6
Total	100.0

Key metrics (Rs Cr)	FY24	FY25	FY26
Total Income	4,684	5,486	6,375
Interest expended	1,886	2,316	2,760
Net Interest Income	2,127	2,394	2,593
Operating expenses	1,605	1,943	2,449
PPOP	1,193	1,227	1,166
PPOP %	25%	22%	18%
Provisions	679	753	839
PBT	514	474	327
PAT	670	502	327
PAT %	14%	9%	5%
Net worth	3,577	4,118	4,470
Total Assets	32,710	38,464	47,447

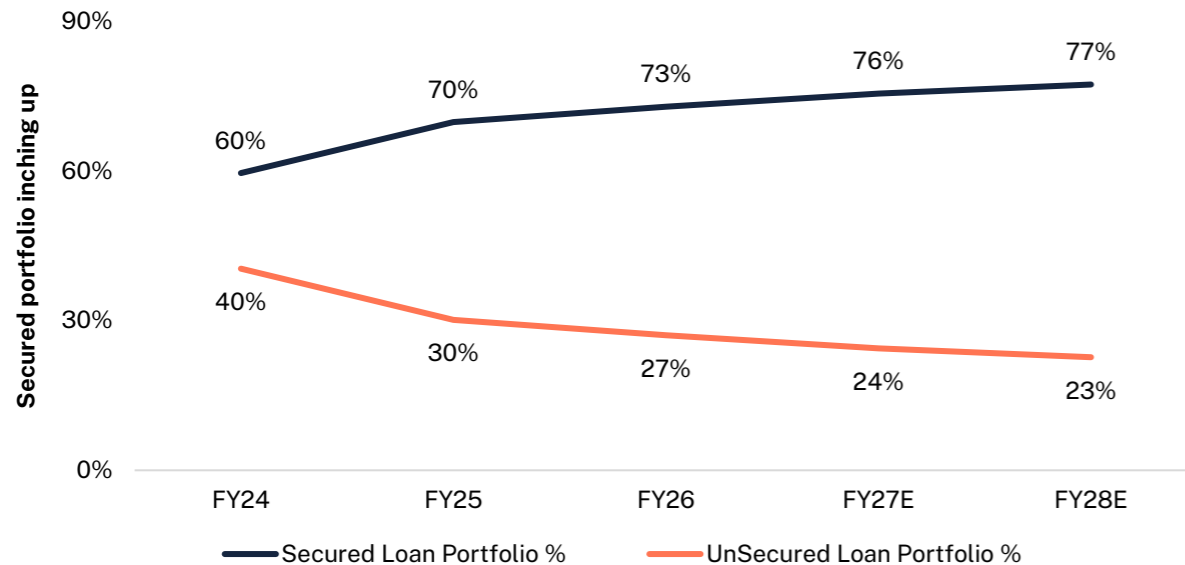
Source: Company, Midas Research

2.1 - Business Franchise and Moat (1/4)

5.0 / 7

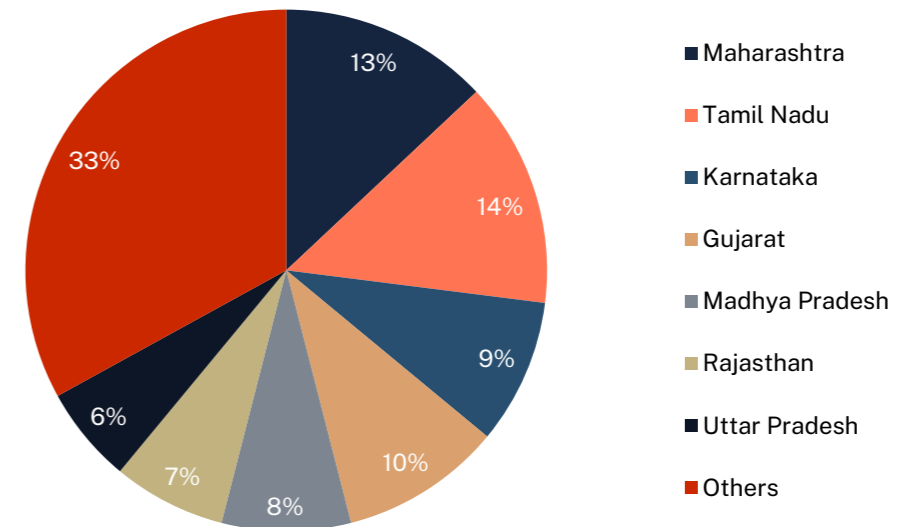
Having navigated a period of uncertainty, Jana SFB is poised for a smoother growth trajectory, driven by rising exposure to secured and low-risk segments such as affordable housing, MSME financing, and gold loans. Its geographically diversified franchise mitigates cyclical risks, while high-yielding segments such as gold and two-wheeler loans should support growth and cushion yield compression. Thus, we assign a rating of **5.0 out of 7**.

A higher secured loan mix lends stability to earnings and reduces cyclicality. Jana SFB has the highest secured asset mix among SFB peers



State diversification mitigates risks in unsecured lending; Jana and Ujjivan are among the few diversified SFBs

Diversified geographical loan Mix (FY26)



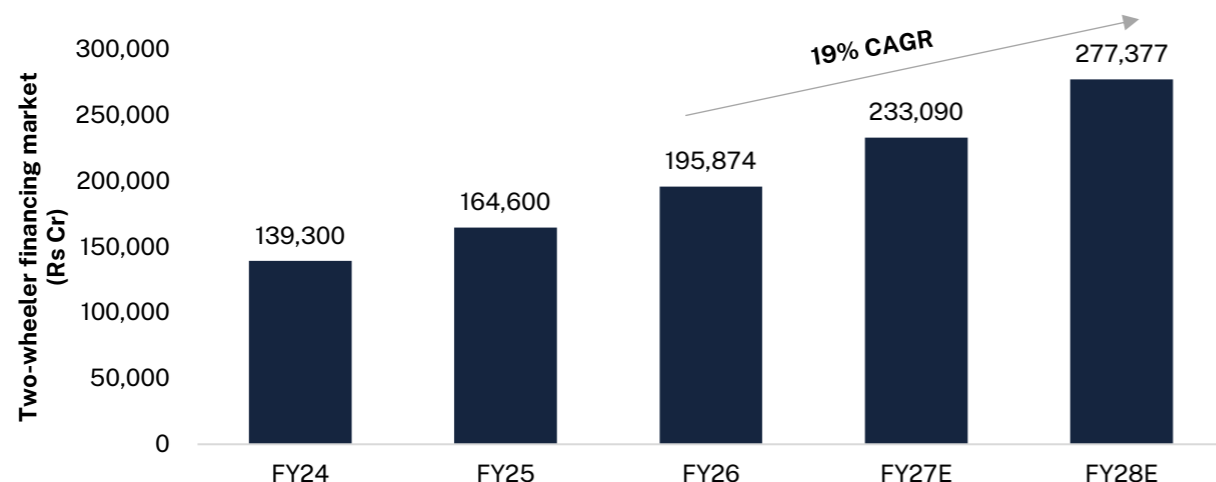
- **Jana SFB has been pursuing diversification over the past few years to reduce cyclicality in its loan portfolio.**
- Due to the volatile nature of the unsecured MFI business, credit costs increased to an average of 3.5% during FY21-23. With the shift towards a secured loan book, credit costs declined to 2.3% as of FY26.
- **Secured loan segments - affordable housing finance, MSME financing & gold loans - have played a key role in stabilising earnings & improving the bank's resilience to cyclicality.**
- We expect the secured loan book to increase to 77% by FY28 from 73% in FY26, supported by sustained growth in existing segments and the development of new segments.

- For a bank, diversification is essential not only across liabilities and assets but also across geographies. Key drivers include political uncertainties and unforeseen external events.
- **Jana SFB has successfully built its liabilities and assets franchise across India. The bank has identified specific growth pockets; for instance, West Bengal and Karnataka have been strong liability markets, while Maharashtra, Gujarat, and Tamil Nadu offer significant potential for advances.**
- Geographical diversification has helped the bank remain resilient to state-specific risks and will further aid its expansion into underpenetrated markets.

Source: Company, Midas Research.

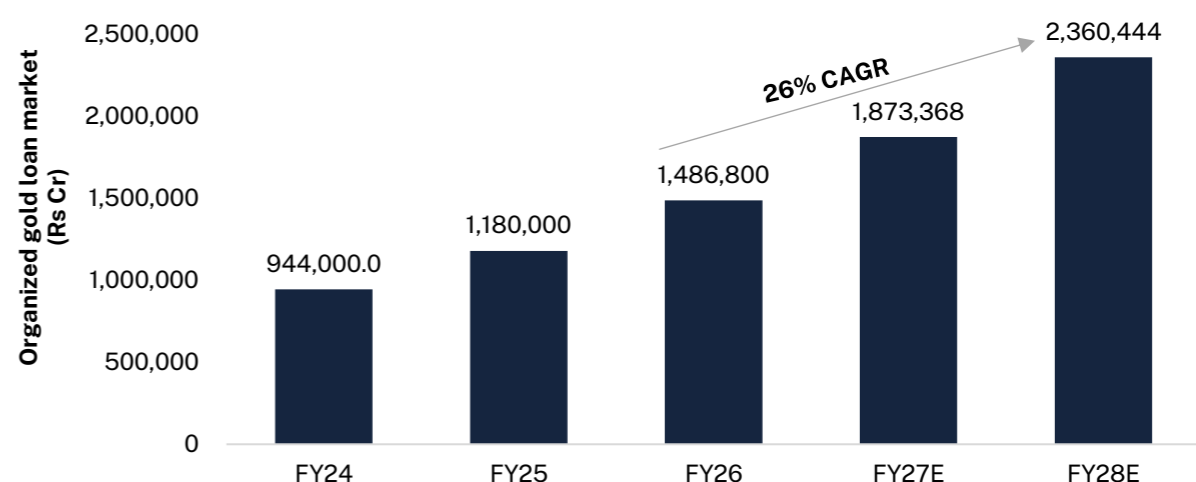
2.1 - Business Franchise and Moat (2/4)

Jana SFB is likely to capitalize on the growing two-wheeler financing market



- We expect the two-wheeler financing market to grow at a 19% CAGR between FY26 and FY28E, driven by 7% volume growth and the remainder by higher average ticket sizes.
- NBFCs and private banks dominate the 2W financing market with a 95.4% share as of FY25.
- **Going ahead, growth in the two-wheeler financing market is expected to be driven by premiumisation and rising ticket sizes. Another key driver is improving consumer purchasing power and a shift towards higher-value products.**
- We believe Jana SFB's foray into the two-wheeler financing segment will play a pivotal role in shaping its growth trajectory. The segment offers significant scope for private banks to gain market share due to their ability to deeply penetrate markets.
- Jana SFB commenced this business in FY25, and we expect it to contribute meaningfully to the bank's bottom line in the coming years.

Jana SFB set to capitalize on the fast-growing gold loan market, with banks holding an 82% share

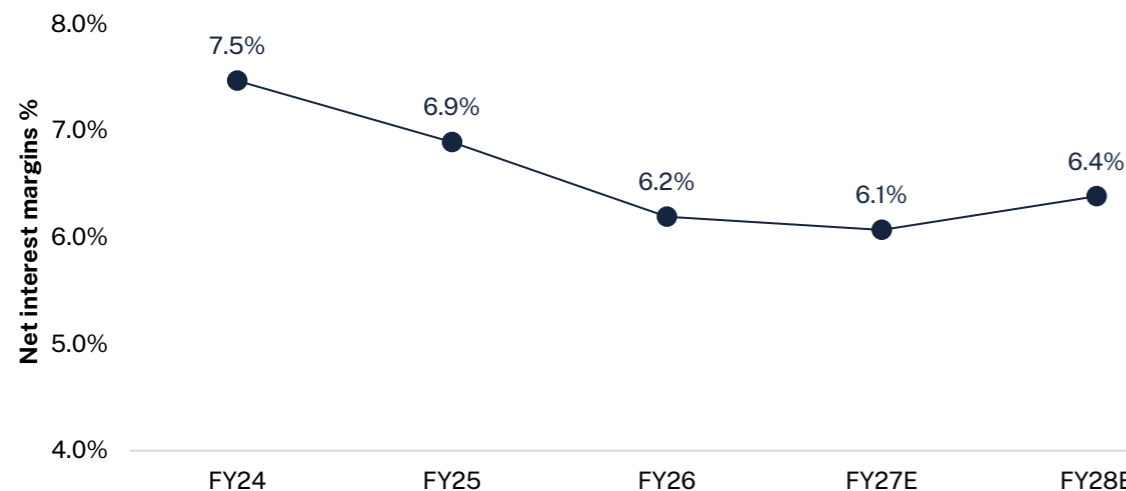


- The organized gold loan market is a large and attractive secured lending segment in India, where banks have a dominant share of 82%. Given its secured nature, it offers a relatively safe avenue for growth.
- We expect the organized gold loan market to reach ~Rs. 23.6 lakh Cr by FY28E, driven by increasing consumer preference to monetize gold holdings, significant under-penetration relative to potential, and steadily rising gold prices.
- **Banks currently dominate the segment with a 82% market share, while the remainder is held by NBFCs. Within banks, PSU banks have been more aggressive, while private sector banks have lagged.**
- We expect small finance banks such as Jana SFB, along with select NBFCs, to gain share in this segment due to their ability to penetrate underserved regions.
- We believe gold loans will become an integral part of Jana SFB's secured lending portfolio, supported by branch-level scaling. Currently, gold loans are offered in 550 , and the bank plans to expand coverage by ~100 annually while improving efficiency in existing .

Source: Company, Midas Research. Care Ratings,

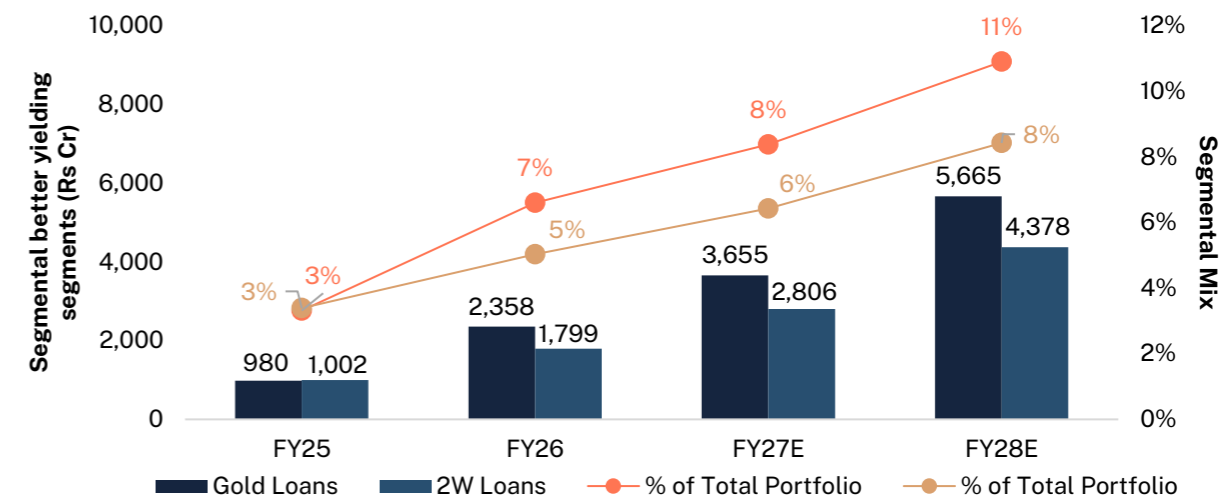
2.1 - Business Franchise and Moat (3/4)

High-yielding gold and two-wheeler loans offset the impact of lower-yielding secured advances, supporting NIM stability



- Even as the secured loan portfolio is likely to gain traction, we expect NIMs to remain range-bound at 6.2%–6.4% over FY26–FY28E.
- Through FY27, we see earnings recovery from the unsecured portfolio along with sustained momentum in the secured portfolio. That said, NIMs are expected to remain stable, supported by this portfolio mix.
- **Higher-yielding segments such as gold loans and two-wheeler financing are likely to offset the moderation in unsecured lending, as well as the lower yields from segments such as affordable housing finance and MSME lending.**

Gold and two-wheeler loans to act as growth enablers and yield stabilizers

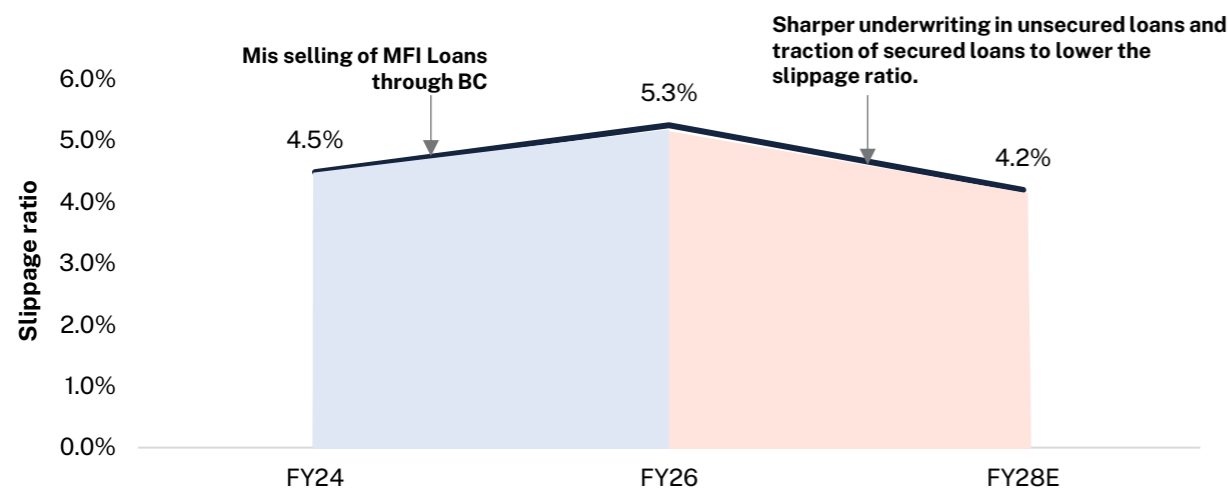


- We expect the gold loans and two-wheeler financing segments to grow at a CAGR of 55% and 56%, respectively, between FY26 and FY28E. These are the fastest-growing segments in the loan portfolio, albeit on a low base.
- These segments currently constitute 12% of the total portfolio and 16% of the secured portfolio as of FY26. Given the strong growth trajectory, we expect their combined contribution to increase to 19% of the total loan portfolio and 25% of the secured portfolio.
- **Gold loan growth is expected to be driven by improving branch productivity and higher ticket sizes, while two-wheeler financing growth will be supported by expansion into used vehicle financing and deeper penetration in newer geographies.**
- **Gold loans and two-wheeler financing offer yields at 13%~15% and 16%~18% respectively than affordable housing (11~13%) and MSME financing (10~12%). This should offset the impact of the low-growth but high-yield unsecured portfolio (10% CAGR between FY26-FY28E), thereby supporting NIM stability going forward.**

Source: Company, Midas Research
Two-wheeler loans were introduced in FY25.

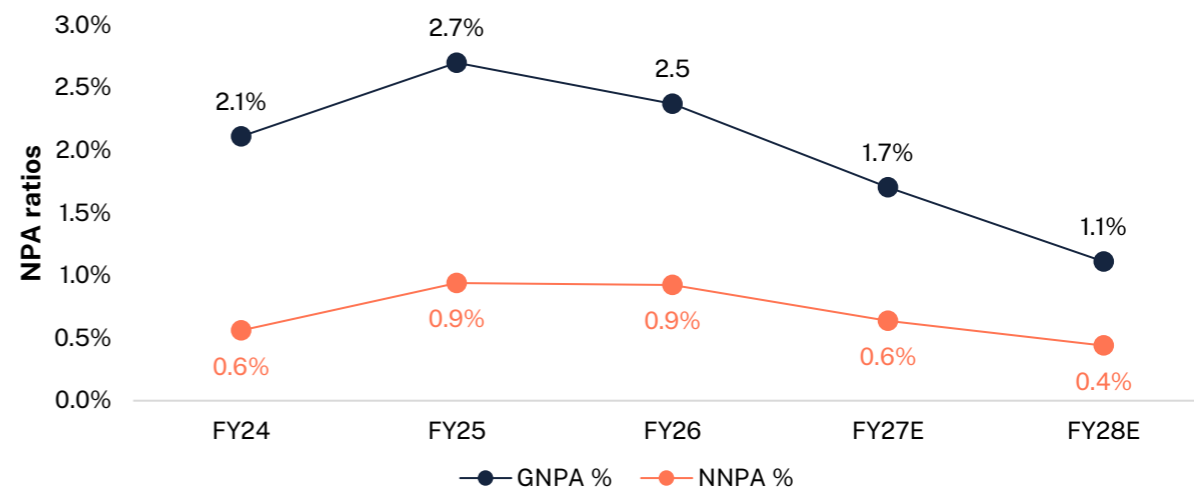
2.1 - Business Franchise and Moat (4/4)

Slippage ratio to moderate driven by MFIN Guardrails 2 and secured products



- Slippages in unsecured loans are generally higher than in secured advances. Accordingly, the bank's slippage ratio stood at 6.3% in FY25, driven largely by the stress cycle in the MFI sector between FY24 and FY26.
- FY26 witnessed a lower slippage ratio compared to FY25, supported by reduced slippages in the unsecured portfolio and a gradual shift towards secured lending. Slippages are lower in secured assets due to the collateral-backed nature of these loans.
- We expect the slippage ratio to decline significantly to 4.2% by FY28E as the secured portfolio reaches 77% in FY28E of the total loan book. The increasing share of secured lending is likely to improve asset quality and reduce delinquency levels in the unsecured segment.

Recoveries from unsecured loans such as Group Loans & BC Loans to improve NPA ratios



- NPA (Non-Performing Assets) ratios are critical indicators for assessing the asset quality of a bank. Due to the higher cyclical nature in unsecured lending and the lumpy nature of collections, GNPA in unsecured assets is typically higher.
- During the peak of the MFI stress cycle in FY25, driven by customer overleveraging, Jana SFB witnessed stress in its BC and agri portfolios as well. GNPA in the JLG portfolio peaked at 16.6% in FY26, due to stress in three outlets. Asset quality in the BC and core JLG portfolios is expected to improve going forward, aided by MFIN Guardrails 2 and measures such as deploying the bank's own personnel at outlets to strengthen underwriting and enhance transparency.
- Significant recoveries supported by the CGTMSE scheme in the unsecured portfolio, along with faster recoveries in secured segments, are expected to drive NNPA down to 0.4% in FY28E from 0.9% in FY26.

Source: Company, Midas Research.

2.2 - Management and Governance Quality (1/2)

Management team

6.3

7

The company has a stable leadership team, with MD & CEO Mr. Ajay Kanwal serving since 2017 and CFO Mr. Abhilash Sandur serving for the last six years. The board comprises 10 independent directors, including one woman director. Accordingly, we assign a rating of **6.3 out of 7**.

Senior management comprises seasoned professionals with decades of industry experience



Mr. Ajay Kanwal
MD & CEO

- Mr. Ajay Kanwal is a veteran consumer and commercial banker with over 35 years of experience in the banking industry.
- He served as Regional CEO, ASEAN & South Asia at Standard Chartered Bank prior to joining Jana Small Finance Bank as CEO in 2017.
- He has also had a brief stint as Senior Advisor at TPG and Mastercard.
- He began his career with Citibank and has since held several senior leadership positions across his banking career.



Mr. Abhilash Sandur
Chief Financial Officer

- Mr. Abhilash Sandur is a qualified Chartered Accountant and holds a Master's degree in Commerce from Bangalore University.
- He has over 15 years of experience, including the last 6 years with Jana Small Finance Bank.
- He has extensive experience across finance functions, including controllership, business planning and analytics, cost control, business finance, process re-engineering, and balance sheet management. Prior to joining Jana, he worked with ING Vysya Bank, Kotak Mahindra Bank, and Bharti AXA General Insurance.



Mr. Krishnan Subramania Raman
Executive Director

- Mr. Krishnan has over 35 years of banking experience across India, Singapore, Indonesia, and the UAE, including 5 years with Jana Small Finance Bank.
- Prior to joining Jana, he held senior risk management roles at Mashreq Bank (UAE), Standard Chartered Bank (Permata Bank), and Dunia Finance.
- He holds a PGDBM from IIM Calcutta, is an Associate Member of the Institute of Chartered Accountants of India (ICAI), and is a member of the Indian Institute of Bankers.



2.2 - Management and Governance Quality (2/2)

✔: Positive
✔: Neutral
✘: Negative

Governance overview

Rating	Corporate Factsheet
✔ Board of Directors – Independence & Diversity (Positive)	<ul style="list-style-type: none"> ▪ The Board of Directors comprises 12 members, including one Executive Director, one Managing Director & 10 Non-Executive Independent Directors. ▪ Of the 10 independent directors, one is women. ▪ The Board is largely composed of seasoned professionals, with representation from one promoter family member. ▪ Independent directors constitute 83.3% of the Board.
✔ Board of Directors – Changes in directors (Neutral)	<ul style="list-style-type: none"> ▪ Mrs. Malini B Mallikarjun has been appointed as Additional director (non-executive and independent Director).
✔ Board of Directors – Independence in board committees (Positive)	<ul style="list-style-type: none"> ▪ The Audit Committee comprises five directors, of whom four are independent directors. ▪ The Nomination and Remuneration Committee comprises 6 directors of whom four are independent directors.
✔ Changes in Key Managerial Personnel (Neutral)	<ul style="list-style-type: none"> ▪ The Board approved Nagendra D Rao & Associates LLP as the Secretarial Auditor of the Bank for a period of five years on April 30, 2025. ▪ Mr. Sudhir Madhavan resigned as Head of RFS (Microfinance and Gold Finance business), and K.S. Raman assumed the position on May 1, 2025. ▪ Mr. Asheesh Maroo joined the Bank as Chief Credit Officer, and Mr. Rajesh Sharma joined as Chief Operating Officer on August 18, 2025. ▪ Mr Ganesh Nagarajan tendered his resignation from the bank as Chief Operations Officer on August 18, 2025. ▪ Mr Sumit Madhavan rejoined the organisation as the bank as President & Head Strategy Alliance on September 25, 2025.
✔ Management continuity (Positive)	<ul style="list-style-type: none"> ▪ Mr. Ajay Kanwal, MD & CEO, has been with the Bank since 2017 and has played a key role in driving growth initiatives while building and managing diverse teams across geographies. ▪ Mr. Abhilash Sandur, CFO, has been with the Bank for the last six years.
✔ Management remuneration (Positive)	<ul style="list-style-type: none"> ▪ MD & CEO - Mr. Ajay Kanwal 's remuneration stood at 2.4% of FY25 PAT. ▪ Executive Director – Mr. K.S. Raman's remuneration was at 0.8% of FY25 PAT
✔ Promoter holding (Negative)	<ul style="list-style-type: none"> ▪ Jana Holdings Ltd – 21.85%,
✔ Related-party transactions (Positive)	<ul style="list-style-type: none"> ▪ Related-party transactions are nil, and contingent liabilities stood at Rs. 210 cr (0.5% of total liabilities), which are negligible.

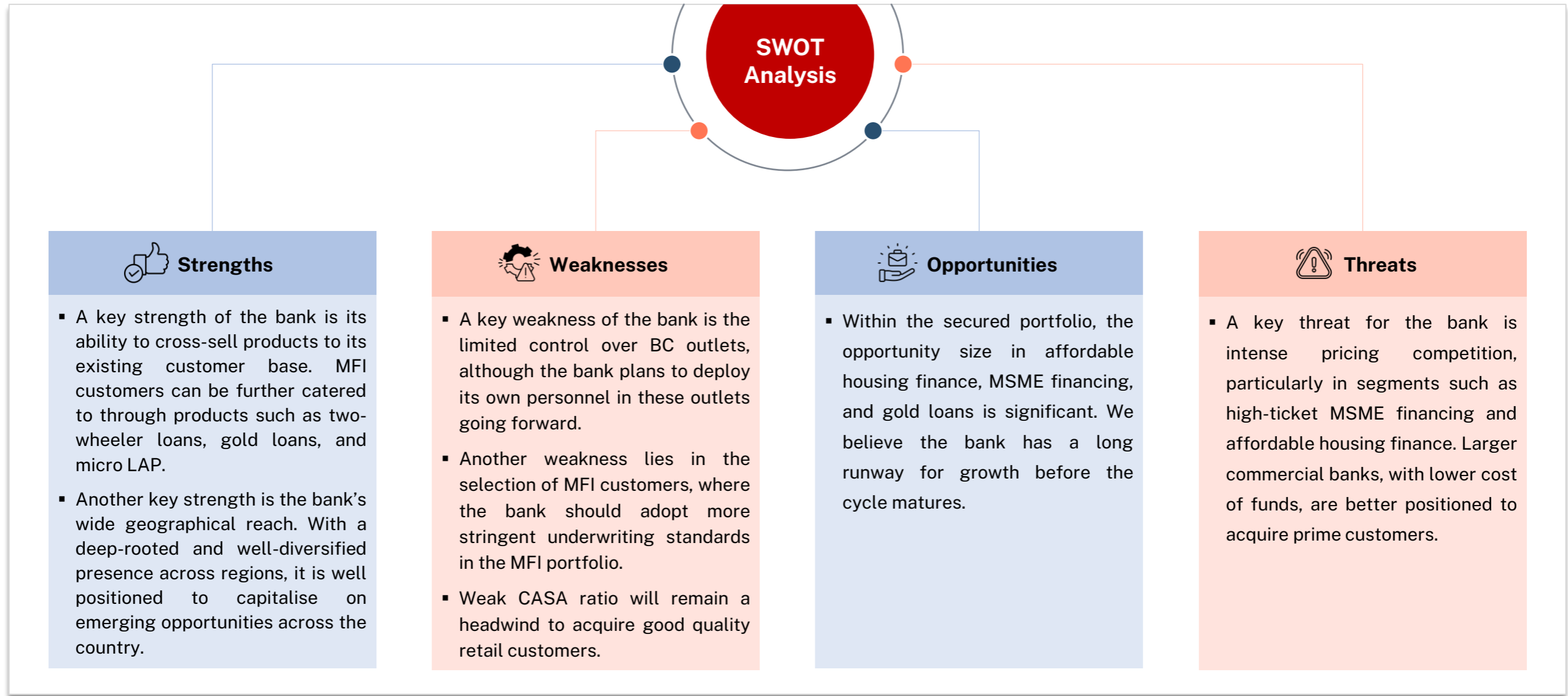
2.3 - Risk Profile and Pricing Power

Highly competitive industry

5.0

7

The company operates in a highly competitive industry with limited pricing power. While entry barriers are relatively low, its extensive geographical reach remains a key strength. The opportunity size in both new and existing segments remains sizeable, although pricing pressure is likely to persist. Accordingly, we assign a rating of **5.0 out of 7**



Source: Company, Industry, Midas Research

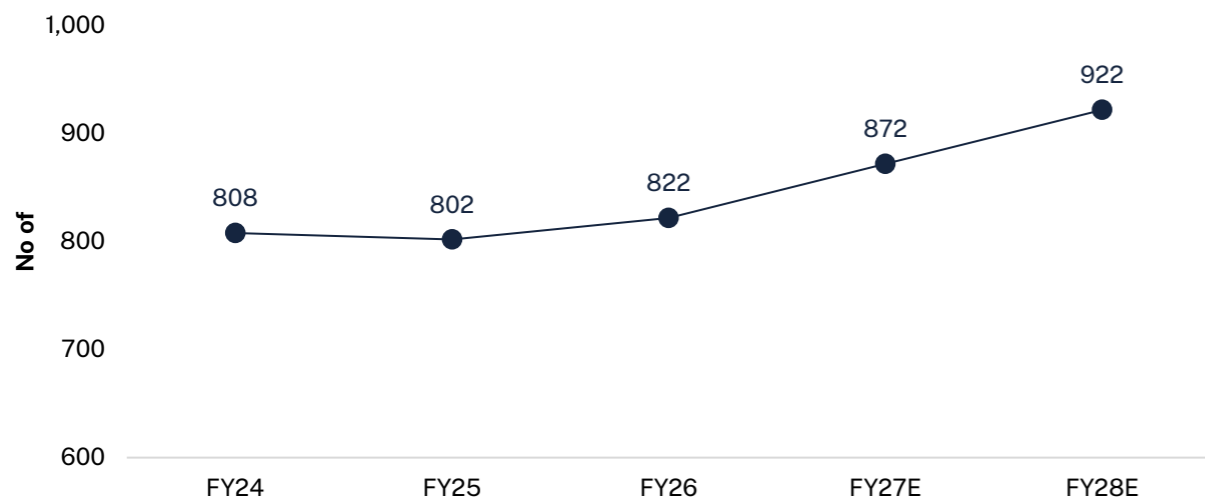
2.4 - Financials (1/5)

6.0

7

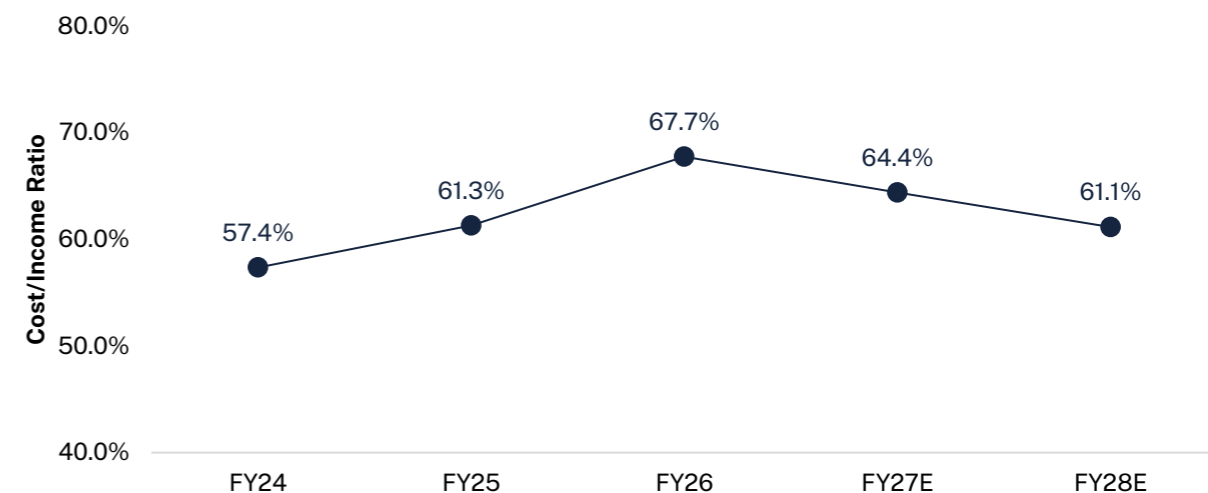
Jana SFB's financials are likely to expand meaningfully over FY26–FY28, with PAT CAGR of ~91%, driven by improving earnings prospects, better asset quality, and a strong balance sheet. Accordingly, we assign a rating of **6.0 out of 7**.

Branch expansion along with productivity will aid growth



- A strong branch network remains critical for banks to deepen their presence across the country, with Jana SFB operating 822 outlets as of FY26, including BC-operated outlets that cater to underpenetrated rural regions.
- The bank added only 14 outlets between FY24 and FY26 as management prioritized recoveries and portfolio stabilization amid challenges in the MFI business.
- **We expect Jana SFB to add around 100 by FY28E and believe continued expansion of its branch and employee network, alongside portfolio diversification, will be essential to sustain organic growth across India.**

Cost-to-income ratio is likely to improve, led by better income visibility, but remain elevated

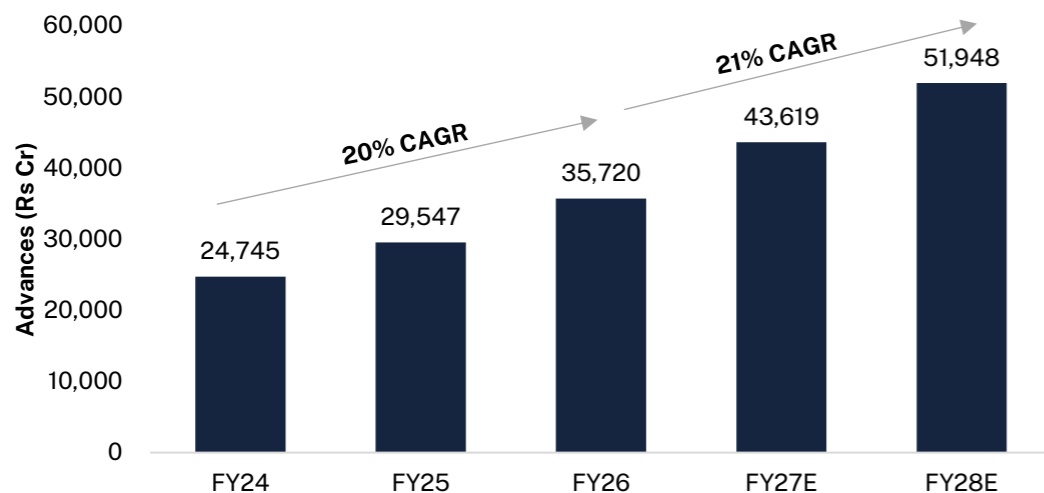


- Cost-to-Income ratio is always a function of profitability and operating expenses. This ratio is critical for any bank as it will determine whether the bank will be able to enjoy the operating leverage benefits or not.
- Cost-to-income ratio for Jana SFB between FY24 & FY26 was on an increasing trend due to factors like loss of income in the unsecured portfolio and elevated Opex CAGR of 24% led by employee expenses (CAGR of 22%). Employee expenses were up during the period due to the temporary addition of the collection team.
- **We expect the cost-to-income ratio to decline from 67.7% in FY26 to 61.1% in FY28E, driven by recovery in unsecured lending and a moderation in Opex CAGR to 20%.**
- Although branch additions are expected to remain elevated between FY26 and FY28E, we believe total income will grow at a higher CAGR of 23%, resulting in operating leverage and a lower cost-to-income ratio.

Source: , Company, Midas Research

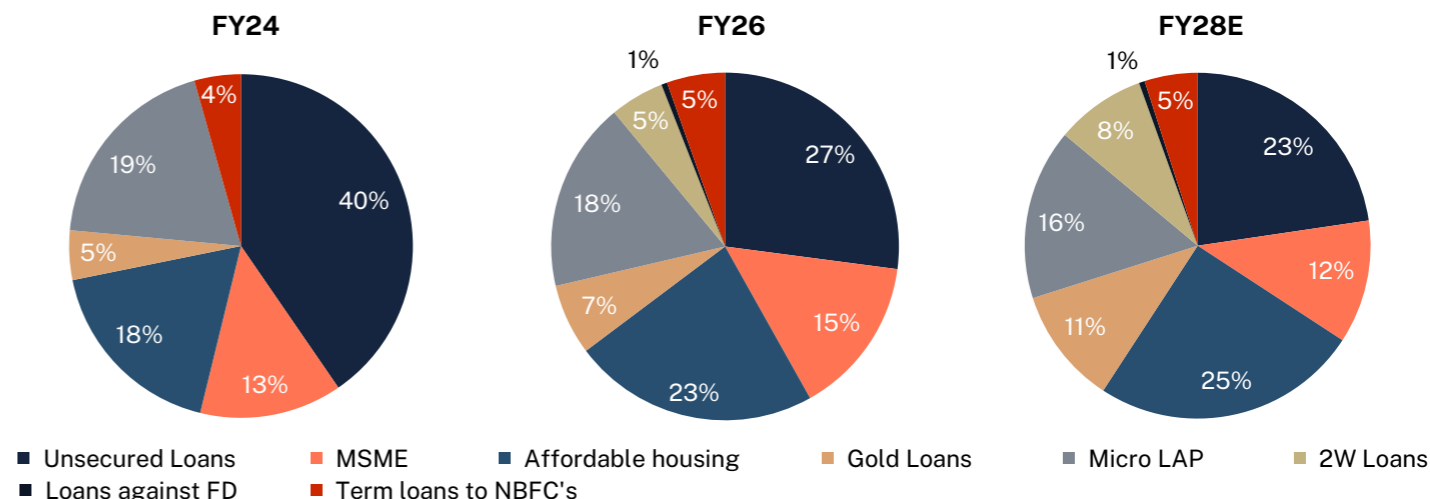
2.4 - Financials (2/5)

Loan growth to be healthy at 21% CAGR over FY26 – 28E



- In the exhibit above, we explain the bank's growth trajectory in terms of loan growth in the last five years and how we expect it to evolve over the next three years. We believe the FY26–FY28E loan growth trajectory will be higher by 100 bps at 21% CAGR, compared to 20% CAGR during FY24–FY26.
- Post covid, the banking industry's non-food credit growth was relatively strong at ~15–20% before moderating to 11% in FY25. We expect the improving credit growth trajectory seen in FY26 to sustain, led by unsecured lending, gold finance, and vehicle finance.
- Jana SFB reported 20% CAGR loan growth between FY24 and FY26, driven by secured lending, particularly affordable housing finance (35% CAGR), MSME financing (26% CAGR), micro LAP (15% CAGR), and term loans (34% CAGR).
- **Going forward, we expect the loan growth trajectory to increase to 21% CAGR over FY26–FY28E, as the unsecured portfolio is likely to see lower growth vs the historical base. We also expect the introduction of new products to aid growth in the coming years.**

Loan mix tilting towards secured lending

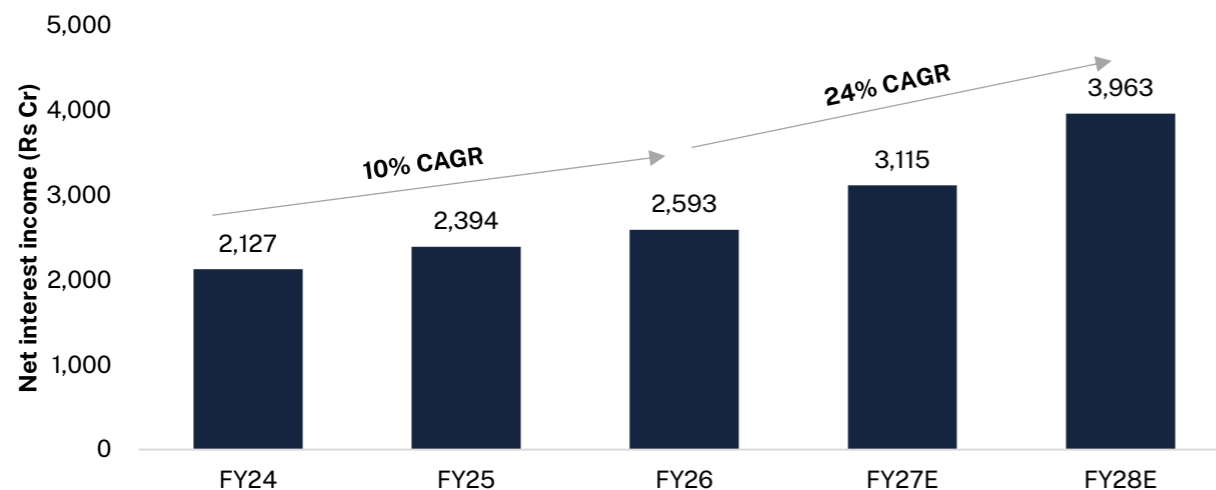


- Like the MFI industry, Covid-19 was a nightmare for Jana SFB as well. Due to limited access to customers, there was significant pressure on asset quality, with GNPA touching 7.3% in FY21. Since then, management has taken a conscious call to diversify towards secured lending.
- **Unsecured loans grew at a meagre CAGR of 5% between FY21 and FY26. Growth deceleration was largely driven by a decline of 11% in FY25, led by the recent MFI over-leveraging crisis. Going forward, till FY28E, we expect the unsecured portfolio share to reduce to around 23%, even though it is projected to grow at a 10% CAGR over FY26–28E.**
- **The transition in loan mix between FY21, FY26, and FY28E is clearly visible in the case of Jana SFB. Secured segments such as affordable housing, MSME financing, and micro LAP have been pivotal in increasing the secured loan composition to 73% in FY26. We expect this ratio to move further up to 77% by FY28E.**
- With the introduction of high-growth, low-base products such as gold loans and two-wheeler loans, we expect the portfolio to become increasingly skewed towards secured lending.

Source: Company, Midas Research

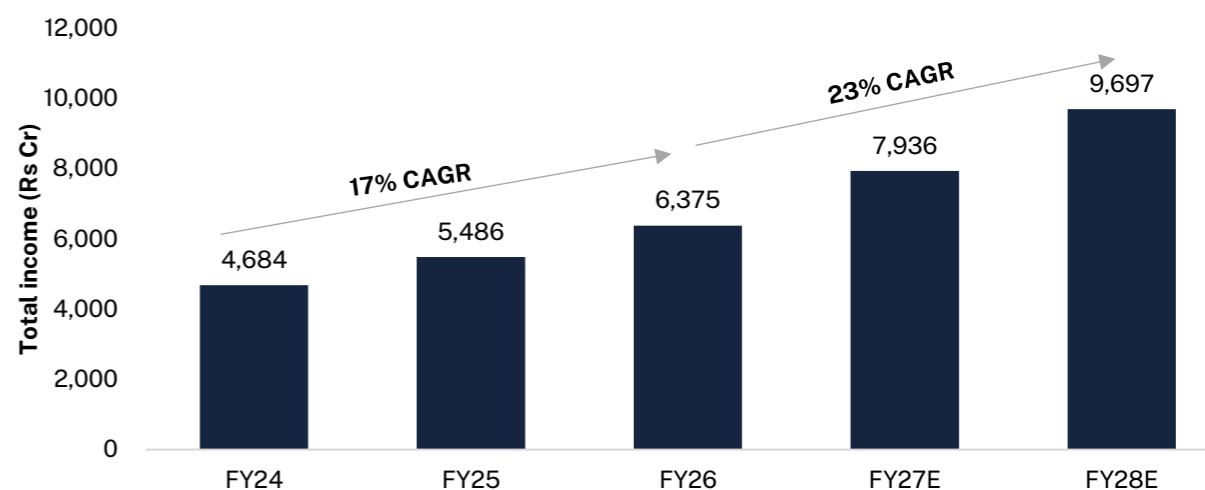
2.4 - Financials (3/5)

NII to grow at a 24% CAGR through FY28E, driven by recovery in unsecured income and higher contributions from high-yielding secured segments



- Net Interest Income (NII) grew at a 10% CAGR between FY24 and FY26, impacted by interest reversals in the MFI portfolio, limited diversification into new lending segments, and a weak industry outlook, particularly in the unsecured space.
- **With the industry credit outlook improving, particularly in rural portfolios, we expect this to be reflected in Jana SFB's credit growth trajectory. Overall banking credit growth of ~16% indicates further headroom over the next two years. We believe Jana SFB's 21% credit growth is sustainable, supported by expansion into new segments, a long runway in existing businesses, and robust domestic demand.**
- As a result, we expect NII to grow at a 24% CAGR between FY26 and FY28E, driven by improved unsecured income, higher yields from new segments, and sustained momentum in existing lending portfolios.

Total income to clock a 23% CAGR over FY26–FY28E, driven by improving earnings prospects

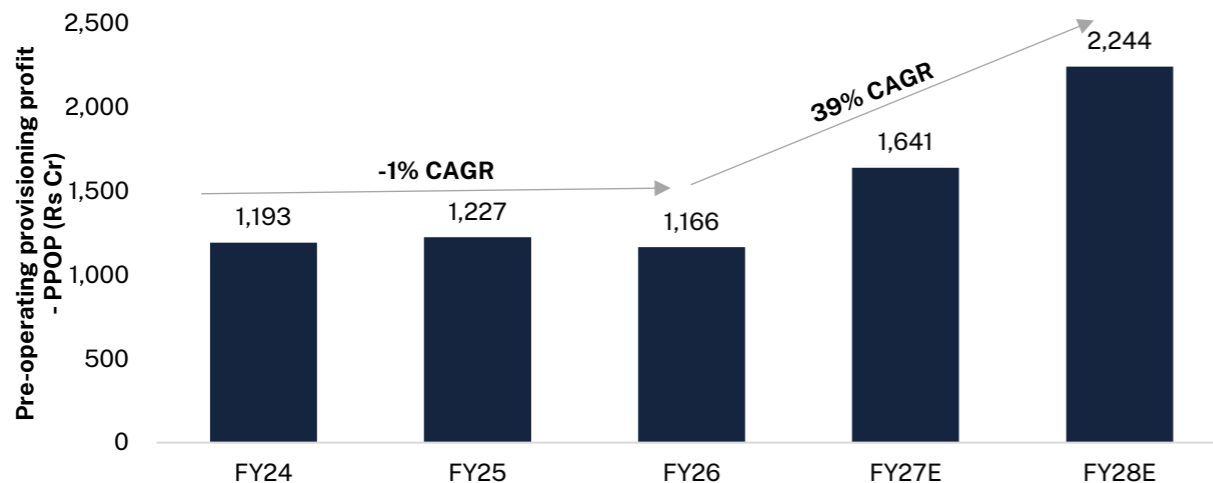


- Total Income grew at a 17% CAGR between FY24 and FY26, aided by sustained income from secured products, solid fee income (37% CAGR between FY26-FY28E particularly from products like Home Loans & LAP).
- With the secured lending portfolio expected to reach 77% by FY28E, we believe the total income trajectory will improve. Fee income typically aids RoA and RoE over the long term. Hence, maintaining an optimal mix within secured loan products will remain critical for the bank over the medium to long term.
- **Thus, we expect total income to grow at a 23% CAGR over FY26–28E, driven by fee income from secured lending products such as home loans, LAP, gold loans, and MSME loans.**

Source: Company, Midas Research

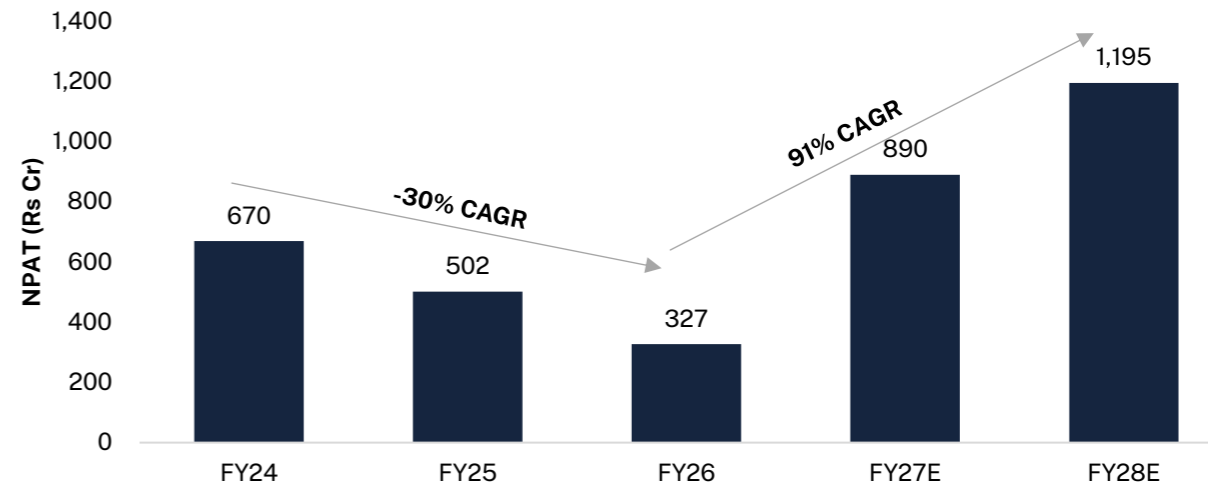
2.4 - Financials (4/5)

PPOP trajectory to improve considerably due to robust topline outlook



- Jana SFB's PPOP growth remained subdued at -1.2% CAGR over FY24–26, mainly due to weak unsecured income and elevated opex growth of 24%, leading to negative operating leverage.
- Going forward, we expect a turnaround in PPOP, driven by recovery in unsecured income amid an improving MFI cycle and moderation in opex growth to 20% over FY26–FY28E. During FY24–FY26, the bank had hired a temporary collections team to aid recoveries in the MFI portfolio, and we expect a gradual reduction in these costs going ahead.
- Accordingly, we expect PPOP to grow at a CAGR of 39% over FY26–FY28E. Recovery in unsecured lending and cost control will be critical to delivering this growth trajectory.

PAT trajectory to improve meaningfully, driven by credit cost normalization and a robust topline outlook

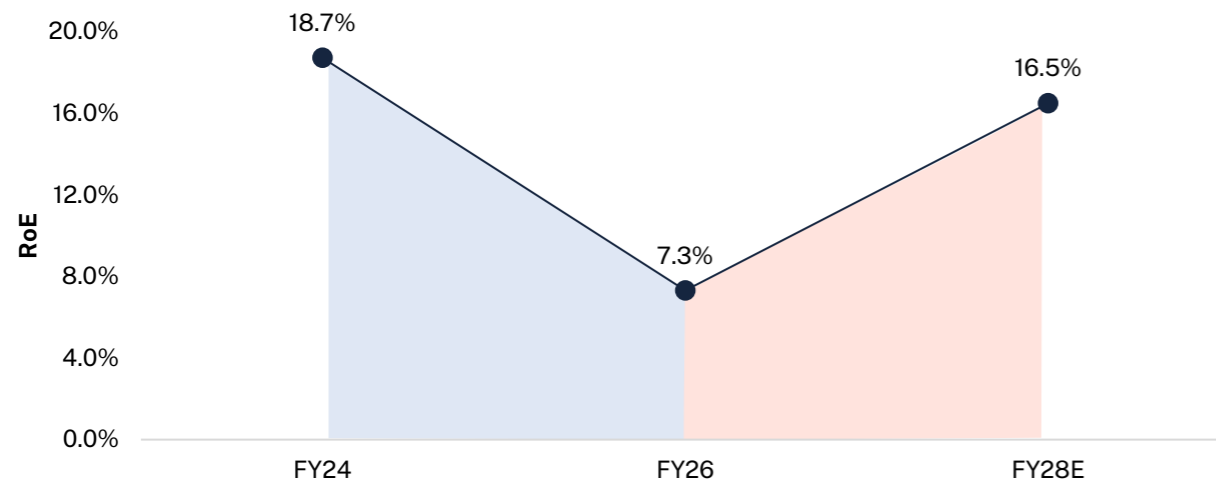


- Net profit after tax (PAT) declined sharply between FY24 and FY26, falling from Rs. 670 cr in FY24 to Rs. 327 cr in FY26, despite relatively stable NII during the period.
- We expect PAT to grow at a 91% CAGR between FY26 and FY28E, driven by multiple factors, including a moderation in average credit costs to 1.9% versus 2.5% in FY24–FY26, an improved income outlook supported by recovery in unsecured interest income, and robust other income growth led by fee income. Fee income is projected to grow at a 37% CAGR over FY26–FY28E, driven by growth in secured advances.
- The decline in credit costs is expected to be supported by lower delinquencies in the MFI portfolio and reduced provisioning requirements in secured lending, particularly mortgages.

Source: Company, Midas Research

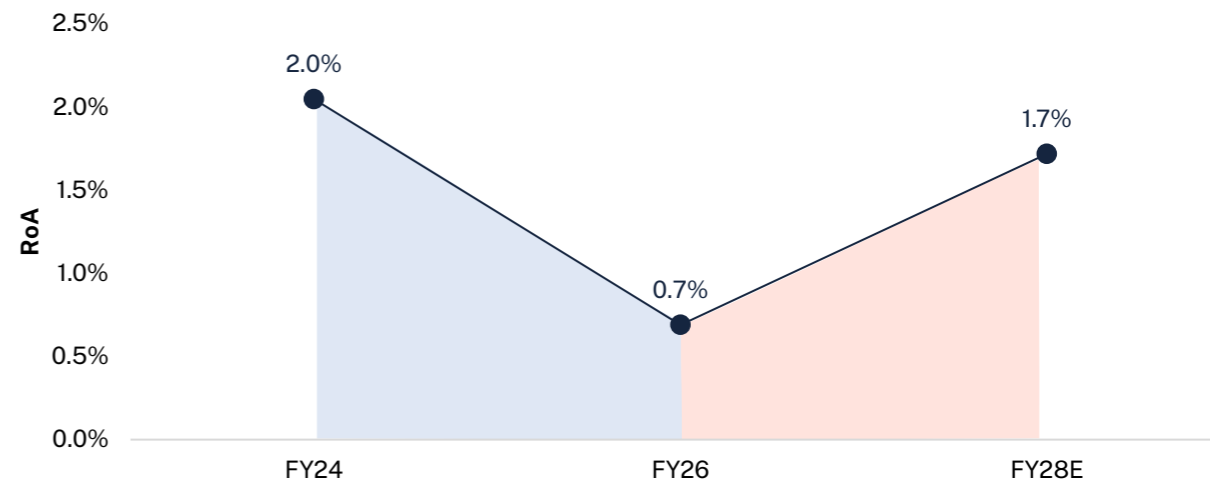
2.4 - Financials (5/5)

Return on Equity (RoE) to rebound on back of strong earnings momentum



- RoE is a key indicator of a bank's ability to generate shareholder returns and is influenced by factors such as net interest margins, credit costs, and overall profitability.
- Jana SFB's RoE declined from 18.7% in FY24 to 7.3% in FY26 due to elevated credit costs arising from stress in the unsecured portfolio, with credit costs remaining high at 2.5% in FY25 and 2.3% in FY26.
- **We expect RoE to improve from FY27E onwards, driven by recovery in high-yielding unsecured income, the emergence of new high-yielding segments, and continued growth in secured lending. While we forecast RoE to reach 16.5% by FY28E, we do not expect a return to FY24 levels, as a larger proportion of future loan growth is likely to come from lower-yielding secured advances rather than MFI loans.**

Return on Assets (RoA) to rebound improving balance sheet strength.



- Return on Assets (RoA) is a critical measure of a bank's balance sheet strength and franchise quality. Similar to the trend in RoE, Jana SFB's RoA has remained subdued due to elevated funding costs, with the cost of funds at 7.4% in FY26, although we expect this to decline to 7.2% by FY28E, supported by RBI repo rate cuts and a higher share of retail term deposits.
- Another factor weighing on RoA has been the elevated credit-deposit ratio, which stood at 109.6% in FY24. With improving liability conditions, we expect the ratio to moderate to 95.6% by FY28E, providing additional support to profitability.
- **Strong growth in loans and advances, coupled with liability strengthening and improving asset quality, should drive RoA above 1%, with our estimates pointing to 1.7% by FY28E. We believe sustained RoA above 1% will be a key catalyst for a rerating of the stock.**

Source: Company, Midas Research

2.5 – Balance Sheet Strength

Building a strong backbone

4.7 / 7

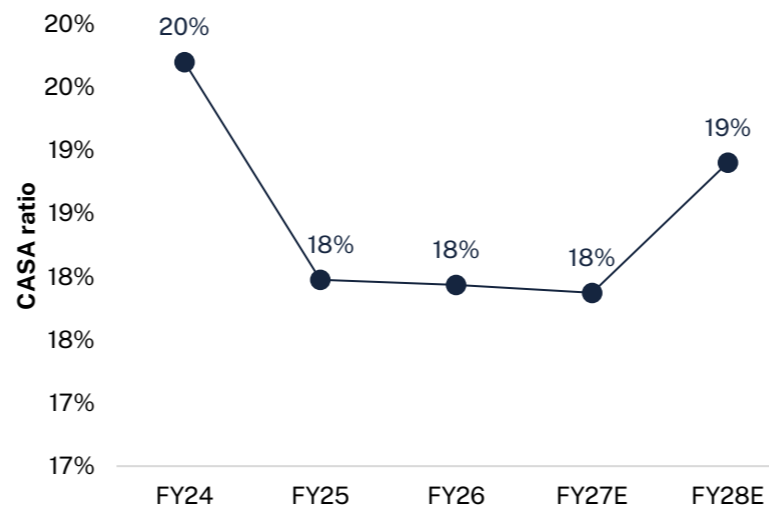
Balance sheet strength is underpinned by a strong liability franchise. Retail term deposit growth will be pivotal for Jana SFB in the coming years, with improving productivity expected to further strengthen the liability franchise. Accordingly, we assign a rating of **4.7 out of 7**.

Focus on granular term deposits



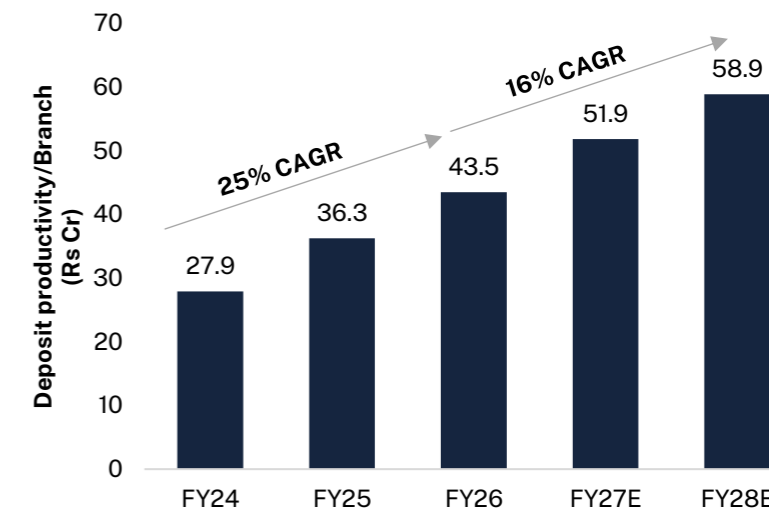
- For Jana SFB, term deposits remain a critical component of its balance sheet. We expect term deposits to account for around 81% of total deposits by FY28E.
- To boost term deposit growth, the bank has introduced several products, including the senior citizen product “Legend”, the “Solitaire” programme for women, obtained an ADI license for forex services, and launched offerings such as credit lines on UPI. We believe these initiatives will support robust term deposit growth of ~22% CAGR over FY26-28E.
- Healthy term deposits will be crucial for the bank in bringing the cost of funds from 7.4% in FY26 to 7.2% in FY28E.

CASA ratio to remain rangebound



- CASA remains a key weakness for Jana SFB, with the ratio largely stuck in the 18–20% range, highlighting the need for sustained improvement over the medium to long term. We expect initiatives such as the launch of “Solitaire” and “Legend” products, along with the rollout of forex services for MSME clients, to support CASA mobilization and help the ratio improve to ~19% by FY28E.**
- Improving the CASA ratio will be crucial for Jana SFB’s long-term growth strategy and its aspiration to secure a universal banking license. A stronger CASA franchise would reduce reliance on term deposits to fund growth, support a healthier credit-to-deposit ratio, and contribute to a lower overall cost of funds.

Productivity remains robust



- Deposit productivity is an important metric for any bank to assess traction from branch expansion and existing branch networks.
- For Jana SFB, branch productivity has improved steadily, rising from Rs. 27.9 cr per branch to Rs. 43.5 cr per branch. Deposits per branch grew at a 25% CAGR between FY24 and FY26, supported by branch expansion and product diversification.**
- With the introduction of new deposit products, we expect this momentum to continue, and project deposits per branch to grow at a 16% CAGR between FY26 and FY28E.



3 - Valuation Framework



Valuation Framework – Summary

By Own History:

3.1

Valuations remain reasonable for Jana SFB, as the stock trades close to its historical mean. With a significant recovery in sight, we believe the stock is well-positioned for rerating from hereon. **Accordingly, we assign a rating of 5.0 out of 7.**

Current Position vs Peers:

3.2

The SFB universe is expected to deliver healthy PAT growth over FY26–FY28E, driven by recovery from the MFI stress cycle, except for Capital Small Finance Bank, which remained relatively insulated from the crisis. **Accordingly, we assign a rating of 5.0 out of 7.**

Based on Growth:

3.3

Growth and valuation metrics indicate that Jana SFB is well placed to capitalise over FY26–FY28E. **Thus, we assign a rating of 5.0 out of 7.**

Capturing Return Profiles:

3.4

Financials of Jana SFB will see a meaningful uptick going ahead, with PAT CAGR of ~91% between FY26–FY28, driven by improving earnings prospects, better asset quality, and a strong balance sheet. **Accordingly, we assign a rating of 6.0 out of 7.**

EVA Spread:

3.5

Going forward, EVA spread is likely to moderate going ahead due to transition to secured advances but still as on FY26 it remains on the higher side, **so we assign a rating of 4.5 out of 7.0.**



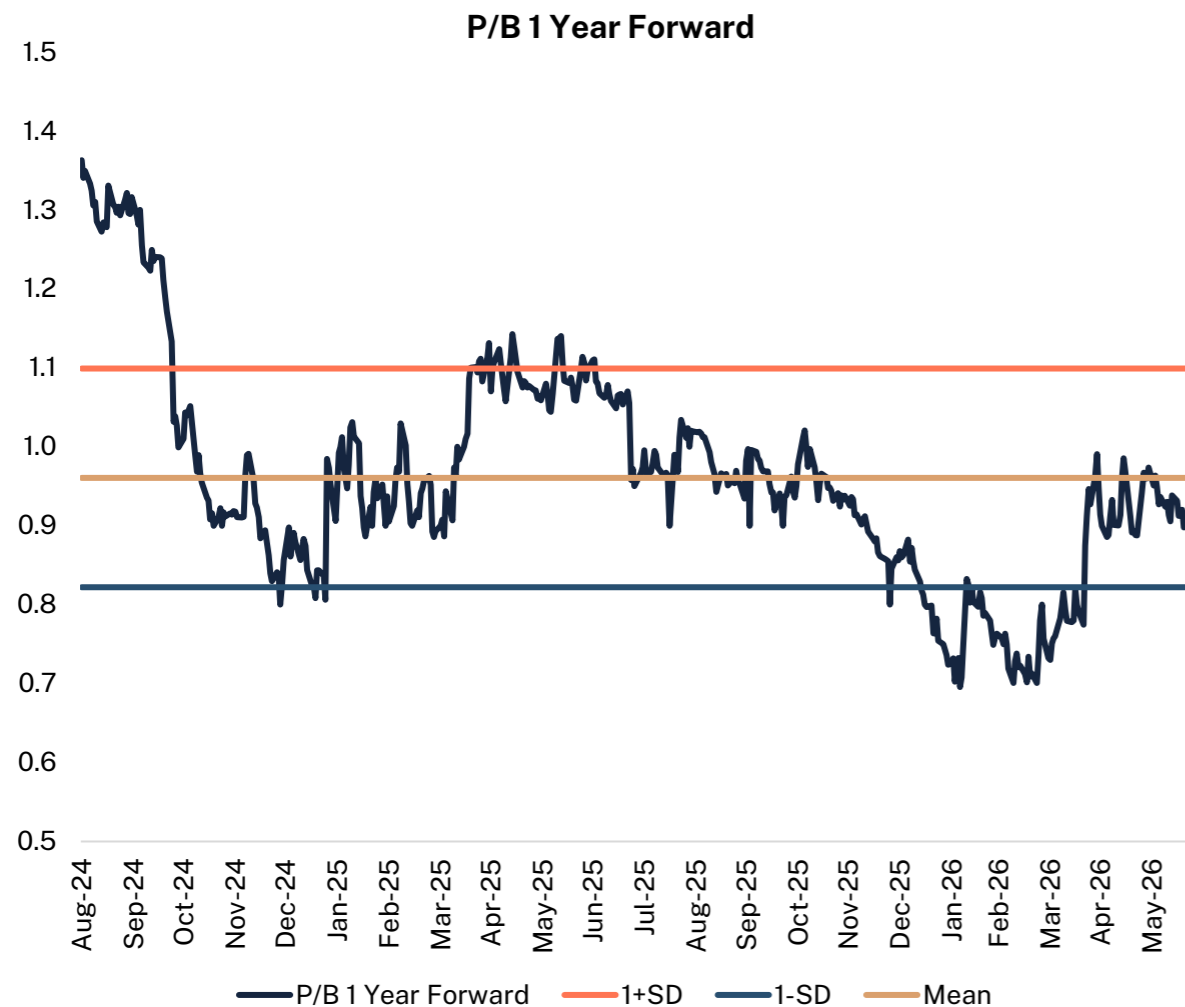
3.1 - By Own History (in charts)

Reasonable and range-bound valuations

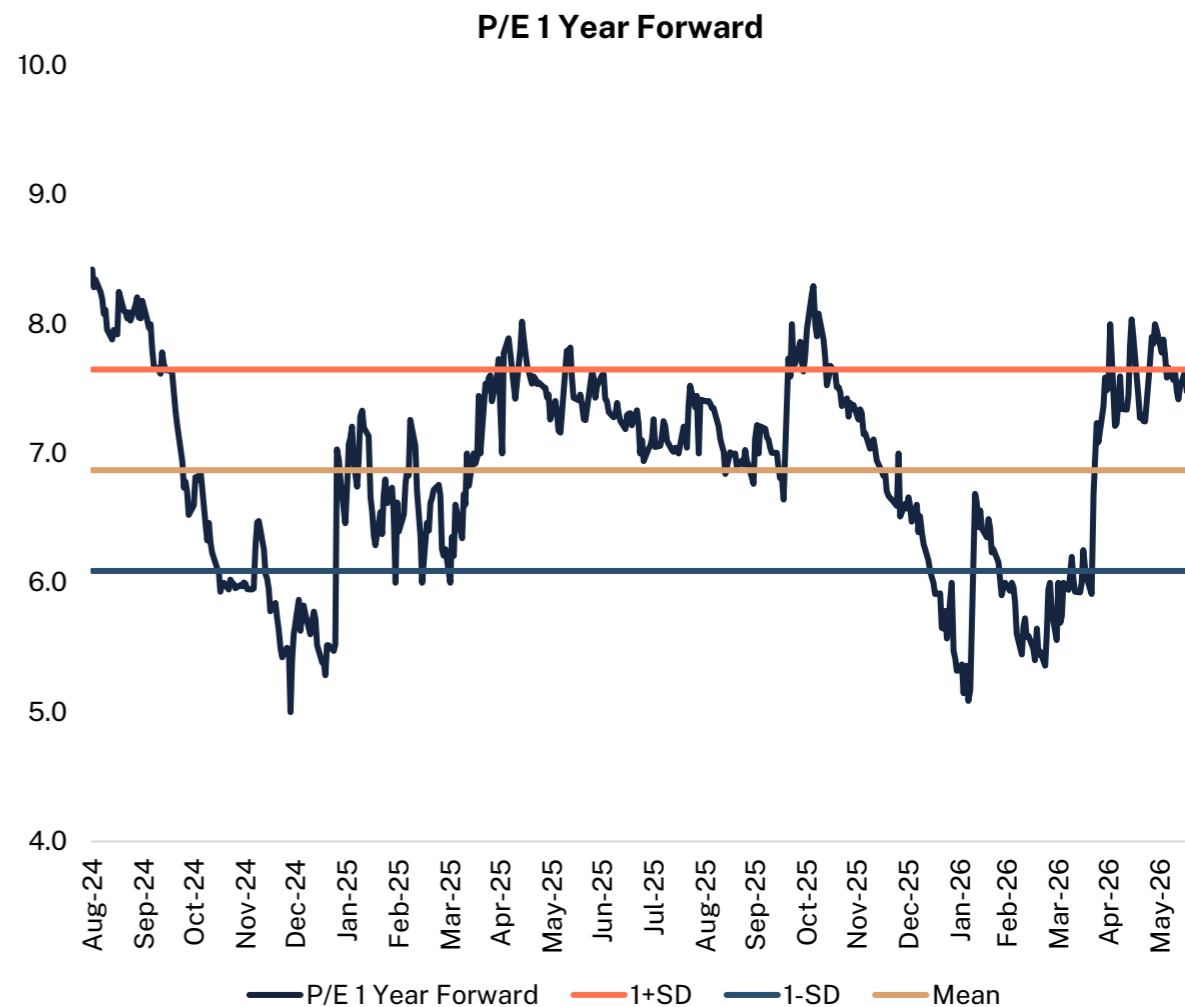
5.0 7

Valuations remain reasonable for Jana SFB, as the stock trades close to its historical mean. With a significant recovery in sight, we believe the stock is well-positioned for rerating from hereon. Accordingly, we assign a rating of 5.0 out of 7.

Trading at Fwd. P/B valuation below historical average



Trading at Fwd. P/E valuation at the upper end due to equity dilution



Source: Bloomberg, Midas Research

All forward data is based on Blended forward 12 months basis.; Forward multiple data available for 3 years, as the stock listed in Feb'24.

3.2 – Current Position vs Peers

Attractively valued compared to peers

5.0 / 7

The SFB universe is expected to deliver healthy PAT growth over FY26–FY28E, driven by recovery from the MFI stress cycle, except for Capital Small Finance Bank, which remained relatively insulated from the crisis. Accordingly, we assign a rating of **5.0 out of 7**.

- Jana SFB currently trades at 0.8x FY28E adjusted P/B. Given its recent listing in February 2024, a long-term trading history is not yet available; however, we believe the stock continues to trade at an attractive valuation. The bank was also impacted during the recent MFI stress, partly due to its exposure through 3 BC .
- We believe Jana SFB will gradually emerge from the cyclical headwinds, delivering 21% CAGR in gross advances over FY26–FY28E. We remain optimistic on the recovery in unsecured disbursements, which should also improve the overall quality of the MFI portfolio. We expect PAT CAGR of 91% over FY26–FY28E, driven by high-yield income from unsecured lending and normalization of credit costs.
- Thus, we believe Jana SFB is available at a compelling valuation of 0.8x FY28E P/B, with a favorable risk-reward setup for shareholders.

	CMP (Rs.)	Market cap (Rs Cr)	No of Branches FY26	Gross advances (Rs Cr) FY26	PAT (Rs Cr)			RoE		RoA		P/B
					FY26	FY28E	CAGR	FY26	FY28E	FY26	FY28E	FY28E
JANA SFB	461	4,854	822	35,720	327	1,195	91%	7.3%	16.5%	0.7%	1.7%	0.8
Ujjivan SFB	57.4	11,107	776	40,656	693	1551	50%	10.2%	16%	1.2%	1.9%	1.2
Equitas SFB	77	8,797	630	46,165	103	982	209%	1.7%	13.5%	0.2%	1.2%	1.2
Suryodaya SFB	174	1,844	717	13,261	152	352	52%	7.6%	13.4%	0.9%	1.3%	0.7
Capital SFB	282	1,269	211	8,687	141	232	28%	10.1%	13.3%	1.3%	1.5%	0.7
Utkarsh SFB	14.8	2,634	1,110	19,332	(1,151)	397	NA	-40.0%	12.2%	-4.0%	1.1%	0.8
Average							86%		14.1%		1.5%	0.9

Source: Bloomberg, Midas Research

Source: Bloomberg, Midas Research

Jana SFB

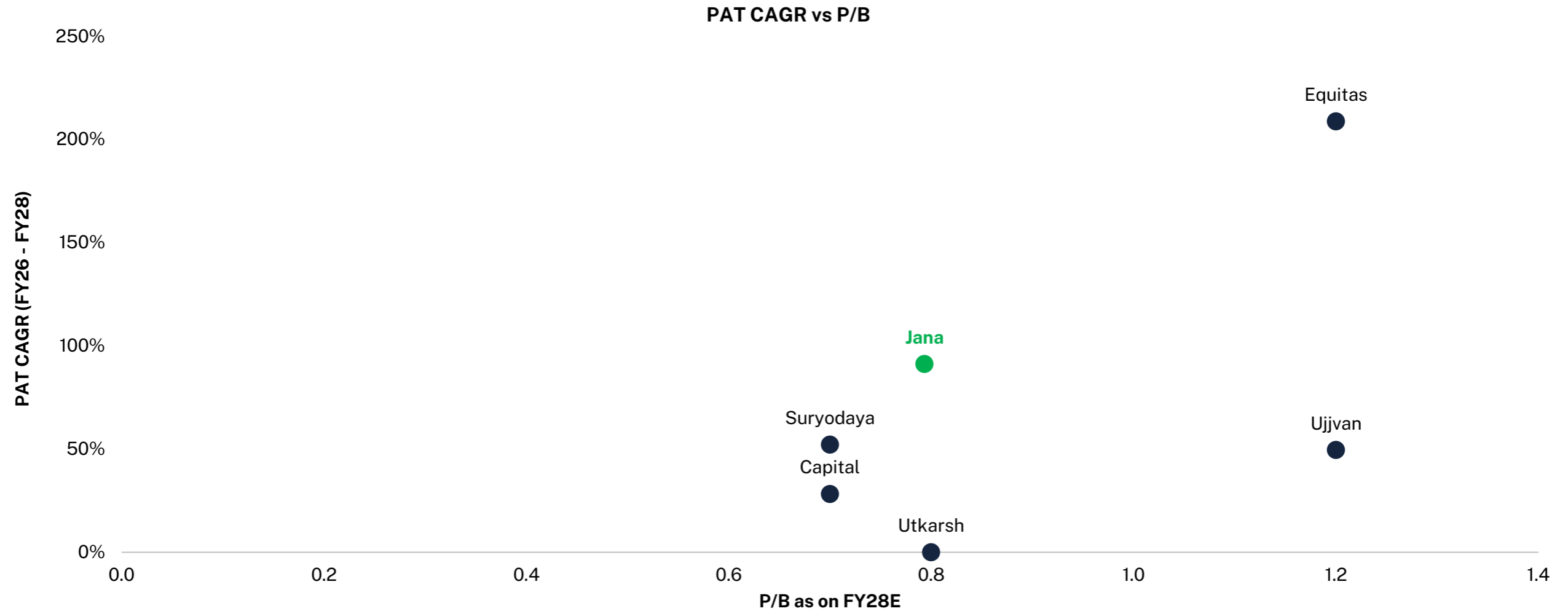
3.3 – Based on Growth

Relatively better placed on a PEG basis

5.0 / 7

Growth and valuation metrics indicate that Jana SFB is well placed to capitalise over FY26–FY28E. Thus, we assign a rating of 5.0 out of 7.

JANASFB is currently trading at 0.8x FY28E P/B, with anticipation of 91% FY26-28E PAT CAGR. thus, providing an attractive investment opportunity.



Source: Bloomberg, Midas Research

3.4 - Capturing Return Profiles

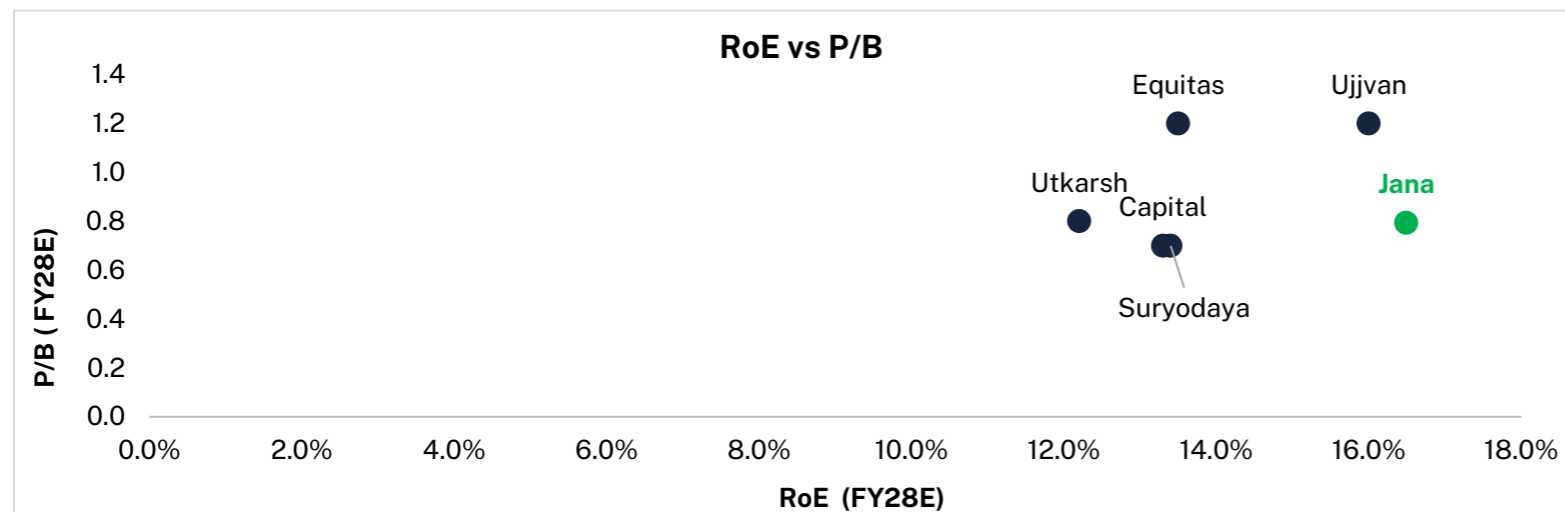
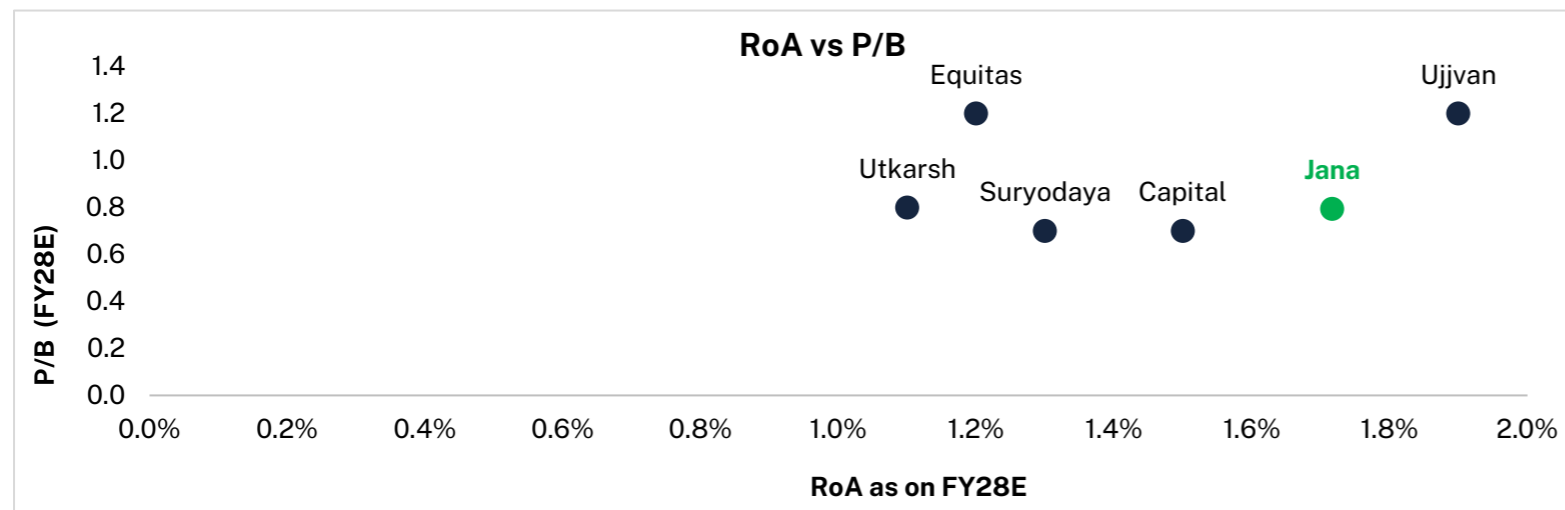
Historically, lower return profile weighed on valuations

6.0

7

Financials of Jana SFB will see a meaningful uptick going ahead, with PAT CAGR of ~91% between FY26–FY28, driven by improving earnings prospects, better asset quality, and a strong balance sheet. Accordingly, we assign a rating of **6.0 out of 7**.

Based on Return ratios too, JANASFB looks well placed with ROE and ROA touching 16.5% and 1.7% as on FY28E.



- Return ratios are a critical factor for any bank to assess profitability and balance sheet quality.
- Jana SFB delivered robust RoE and RoA in FY24 during a period of normalcy in the unsecured MFI business, before the onset of the recent stress, with secured loans accounting for ~60% of the portfolio. RoE and RoA stood at 18.7% and 2.0%, respectively, in FY24, supporting a stronger valuation multiple at that time.
- Between FY25 & FY26, RoE and RoA moderated to an average of 9.7% & 1.0%, respectively, which is subdued compared to the small finance bank sector. This decline was driven by contraction in unsecured loan AUM, stress in asset quality—particularly in unsecured segments—and a shift towards lower-yielding secured advances.
- Going ahead, we believe a gradual turnaround in the unsecured business, aided by rate cuts, MFIN-led guardrails & continued momentum in secured lending, will help the bank deliver higher RoE & RoA in the next 2 years.

Source: Bloomberg, Midas Research

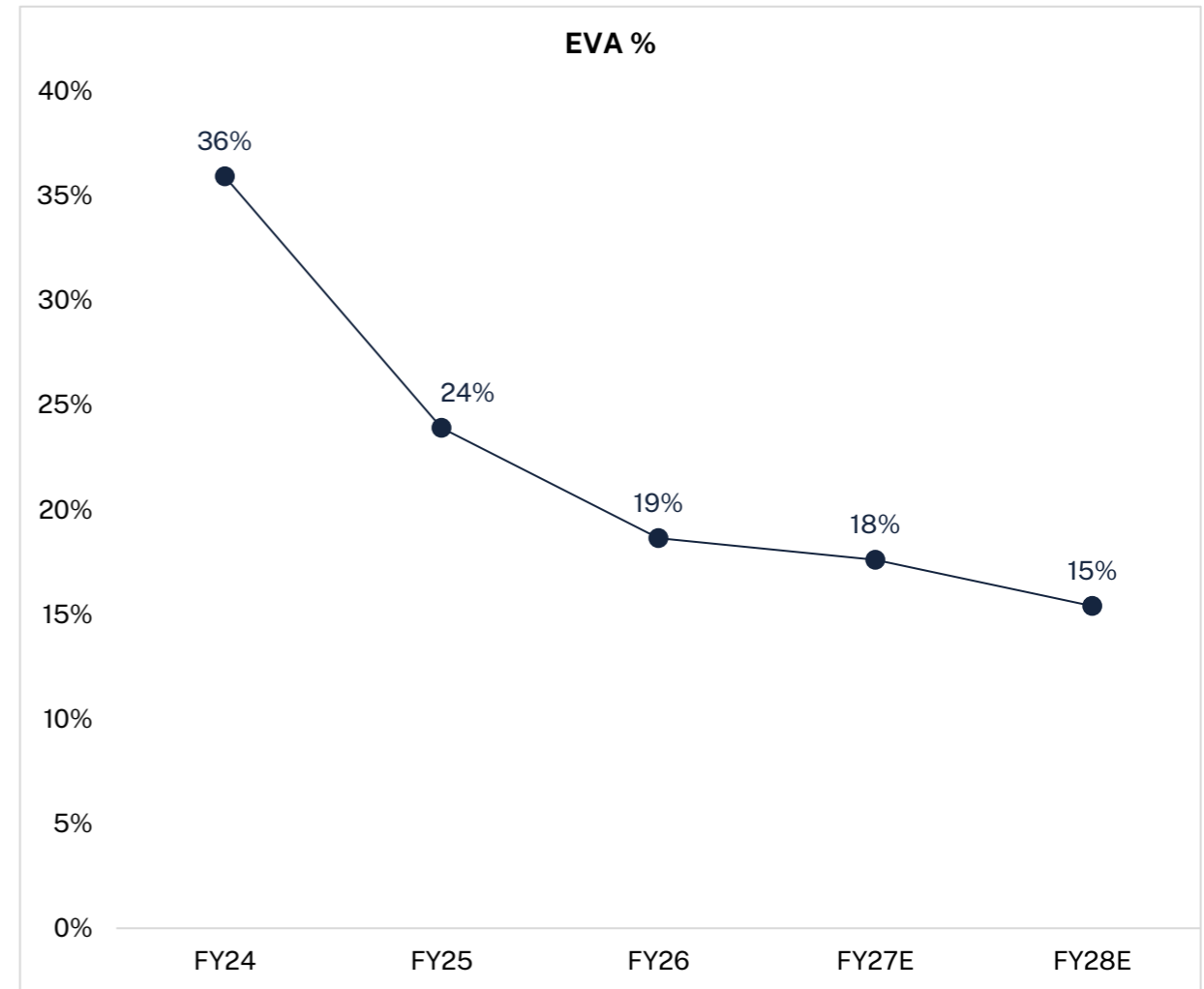
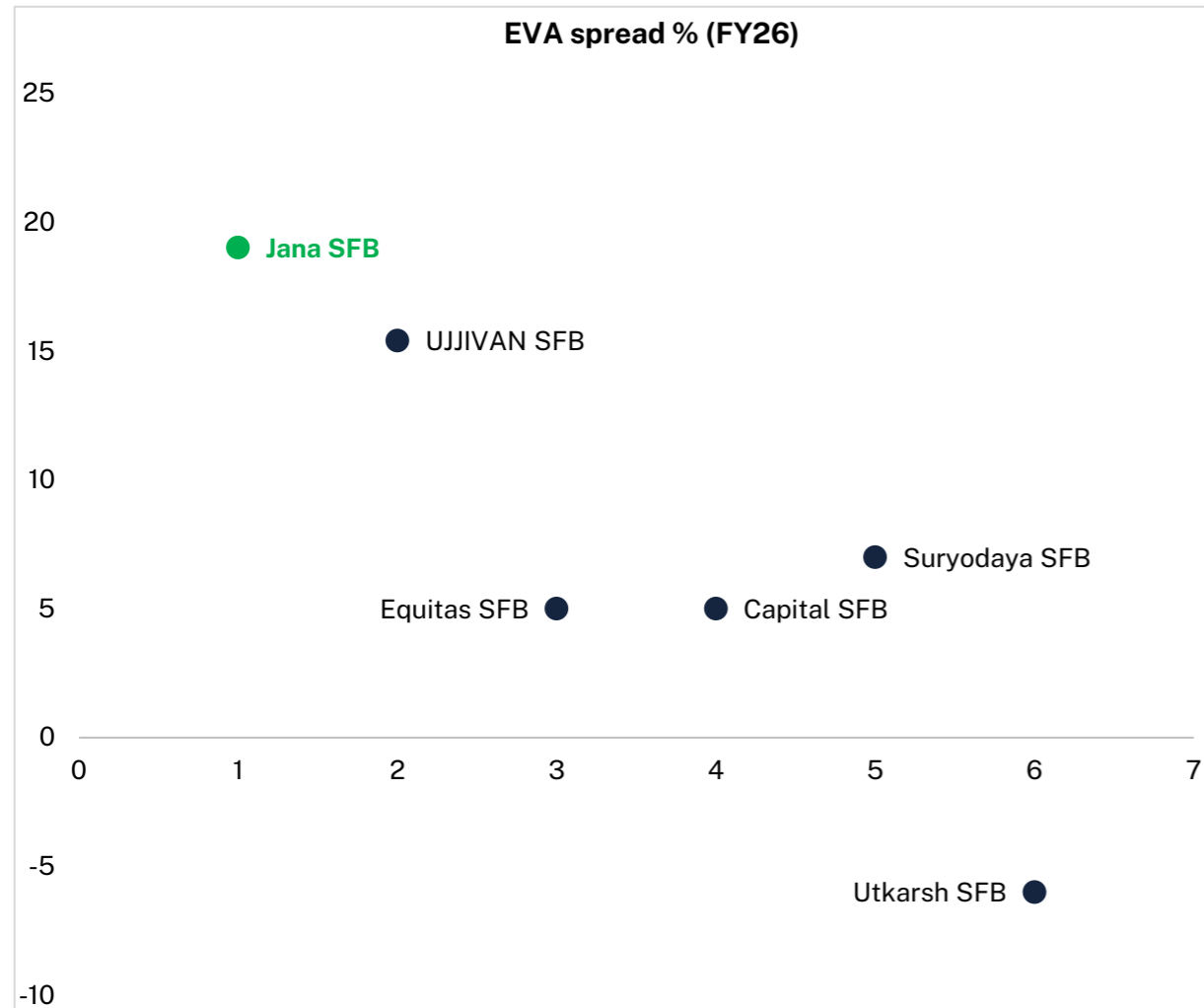
3.5 – Reflecting EVA

Economic value addition

4.5 7

Going forward, EVA spread is likely to moderate going ahead due to transition to secured advances but still as on FY26 it remains on the higher side, so we assign a rating of 4.5 out of 7.0.

Amongst the SFB pack, Jana SFB is expected to clock the highest EVA spread in FY26, aided by a recovery in unsecured income over the last two quarters. Its EVA spread remains superior to most peers, supported by RoE-accretive asset mix and a relatively benign cost of funds structure.



Source: Company, Midas Research

Valuation Rationale

Conclusion

We value Jana SFB at 1.1x FY28E adjusted P/B to arrive at a price of Rs. 639, implying an upside potential of ~39%.

Why have we used P/B as the valuation metric?

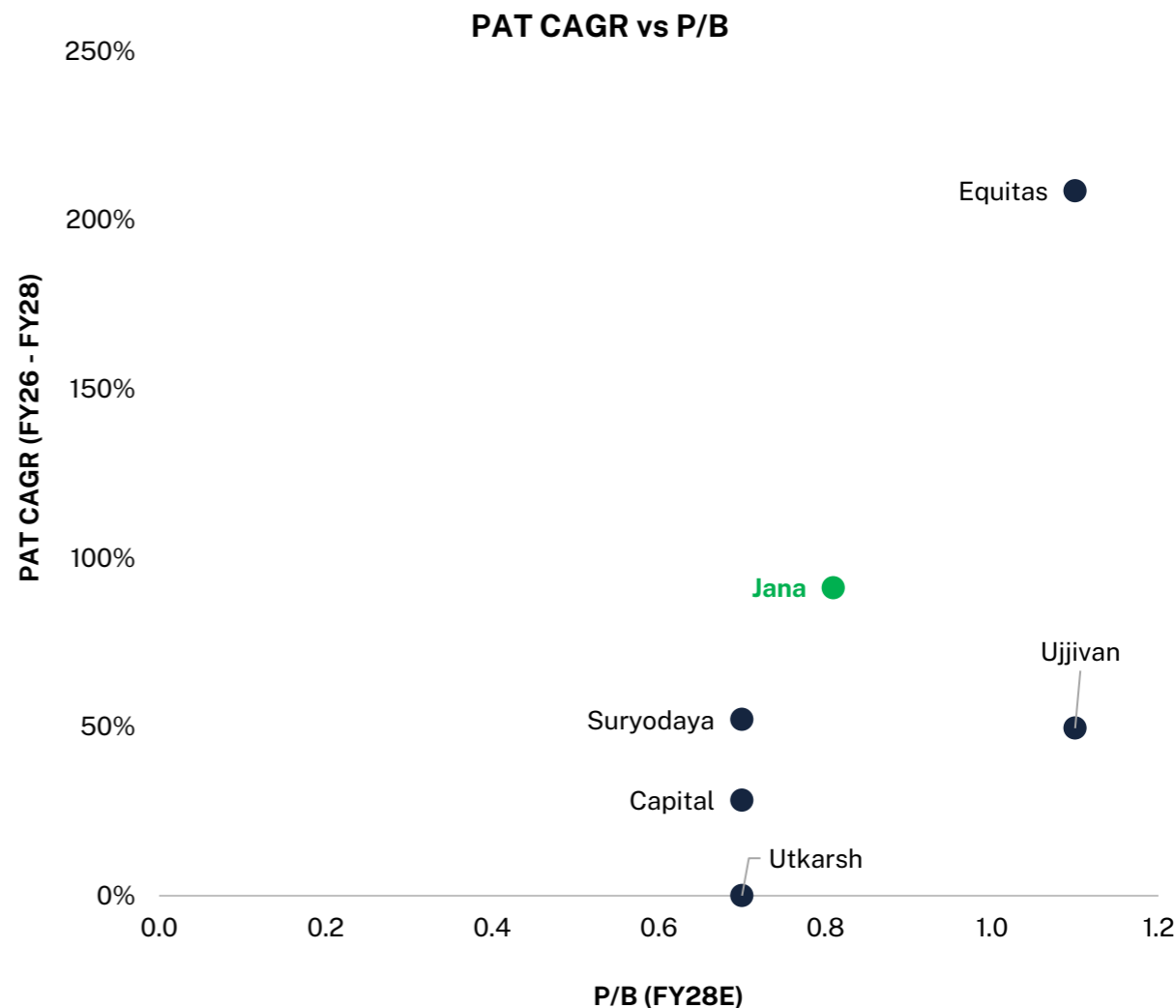
Lending companies are best valued using the P/B multiple, as book value reflects shareholders' net worth after provisions and operating costs.

- Earnings in financials can be volatile due to write-offs, treasury income, or regulatory changes; hence, valuation based purely on earnings can be misleading.
- Banking is a highly leveraged business, where balance sheet structure has a significant impact on earnings. Therefore, book value serves as a more appropriate valuation anchor.
- **Accordingly, RoE and RoA are key return ratios to track in banks, and P/B remains the most suitable valuation framework.**

Rationale for 1.1x Adj P/B multiple

- Improving return ratios (ROE of 16.5% & ROA of 1.7% till FY28E) and expectations of stronger earnings (PAT CAGR of 91% between FY26-FY28E) in the medium term support robust fundamentals, while reasonable valuations provide comfort. **Jump in suppressed ROA of 0.7% in FY26 will be a key catalyst for rerating.**
- **Over FY26-28E, we expect PAT to grow at ~91% CAGR, which is its lifetime high. We value Jana SFB at ~1.1x FY28E Adj P/B multiple, which is inline with its historical average (3 Year Average 1.1x) since its IPO.**
- At the CMP, the stock trades at 0.8x FY28E adjusted P/B, which provides a significant margin of safety & favorable risk-reward setup for our thesis.

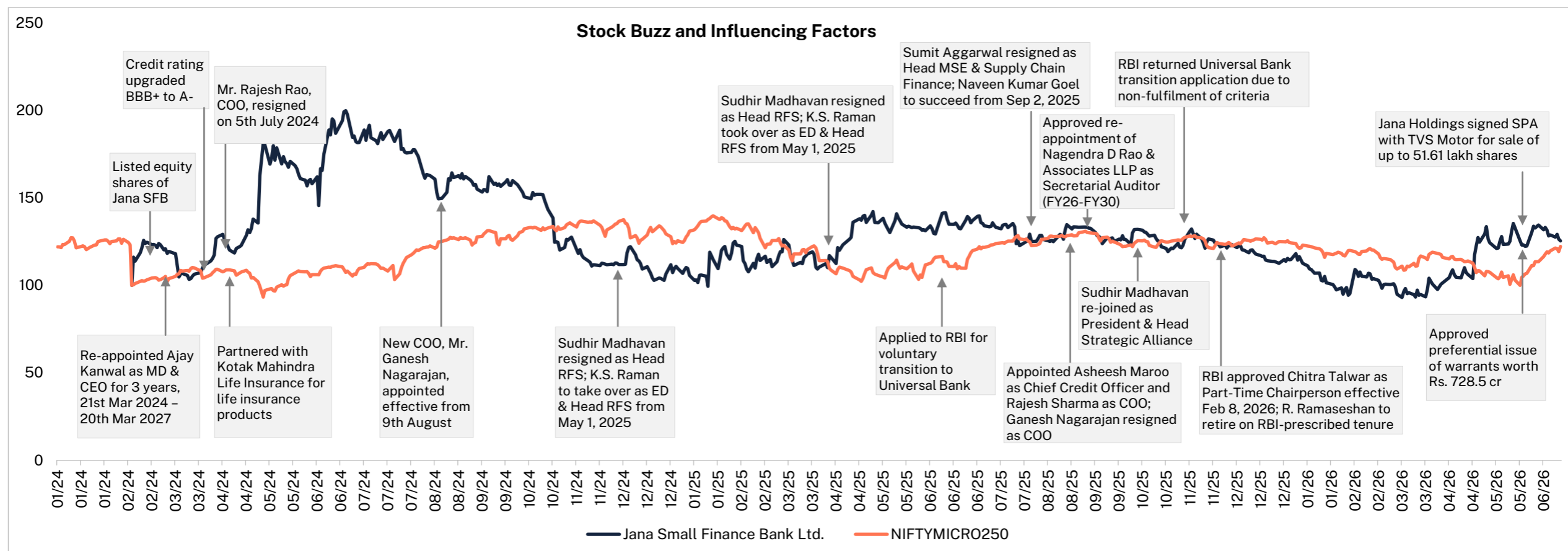
Jana SFB trading at attractive PEG ratio



Source: Bloomberg, Midas Research

4 - Stock Buzz and Influencing Factors (1/2)

Noise vs. Signal: What really drove the stock?



- Jana SFB currently trades at 0.8x FY28E adjusted P/B. Given its recent listing in February 2024, a long-term trading average is not yet meaningful; however, the stock continues to trade at attractive valuations. The bank was also impacted during the recent MFI stress, partly due to its exposure through 3 BC .
- We believe the bank will recover from cyclical headwinds, clocking 21% CAGR in gross advances over FY26–28E. We remain optimistic on the recovery in unsecured disbursements, which should improve overall MFI portfolio quality. We expect PAT CAGR of ~91% over FY26–28E, led by high-yield income from unsecured lending & normalization of credit costs.

Source: Company, Midas Research

4 - Stock Buzz and Influencing Factors (2/2)

Follow the money

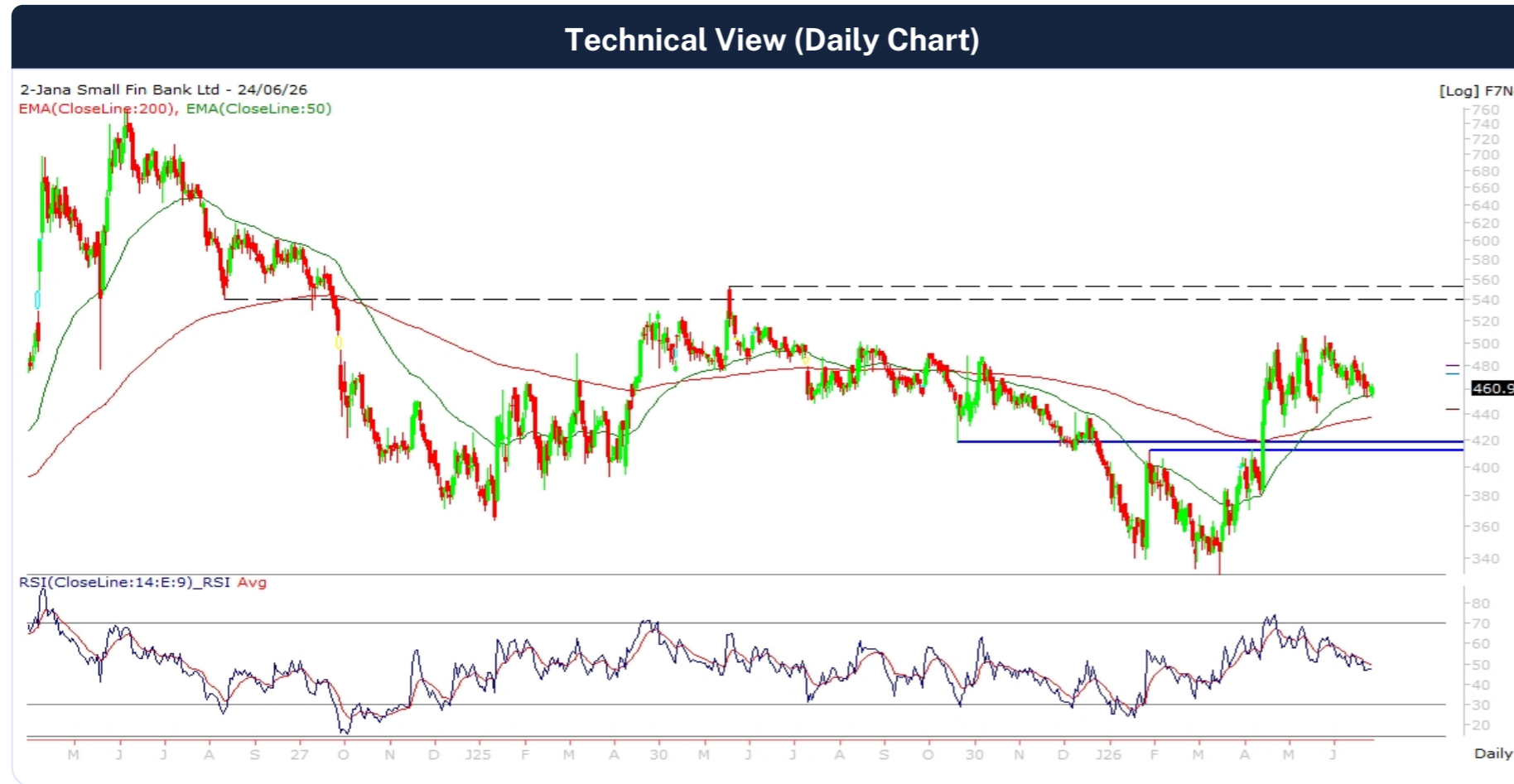


- On 18th May, 2026, the promoter of JANASFB has entered into a share purchase agreement with TVS Motor Company limited in which the seller (Promoter) has agreed to sell 51.6 lakh shares to purchaser (TVS Motor).
- On 24th June, 2026, the board of JANASFB approved the allotment of 88,43,000 warrants to strategic and financial investors. Each warrant carries a right to subscribe to 1 (one) fully paid-up equity share of the company. Upon the full conversion of the warrants, the bank will raise Rs 728.5 Cr at a price of Rs 464.82.

Source: Company, Midas Research

5 - Technical Analysis

Golden Crossover Supports Bullish Bias



Technical View

- After breaking out around the 420 mark, the stock rallied strongly toward the 500-505 zone.
- For the past month, it has been consolidating within a broader range of 440-507.
- The overall chart structure remains sideways-to-positive, with the price holding comfortably above its key moving averages.
- This bullish underlying bias is further supported by a "golden crossover" of the 50-day and 200-day EMAs last month.
- Currently, immediate crucial support is established at 410-420, while resistance is anticipated at 507, followed by 550.

Small Finance Bank

Reco/View

Buy

Last Day Close

Rs. 461

Source: Falcon, Midas Research

Jana SFB

Midas
Equities and Research

Key Risks



Weak deposit growth in the coming years, coupled with a lower CASA ratio, will lead to a higher cost of funds and limit the bank's ability to reduce lending rates.



Worsening macro risks, such as a West Asia crisis, may prompt the RBI to take a harder stance by raising repo rates, which could weigh on overall banking system credit growth.



We believe that although the MFI segment will see a gradual turnaround, it will remain the most vulnerable segment, and this risk will persist.

Financial Summary

All figures in Rs Cr

- Over FY26–FY28E, total income is expected to grow at a 23% CAGR, led by strong interest income growth supported by robust loan book expansion over the next two years.
- Operating profit (PPOP) is expected to grow at a higher CAGR of 39%, driven by a declining cost-to-income ratio from 67.7% in FY26 to 61.1% in FY28E.
- Profitability is projected to improve further, with PAT growing at a 91% CAGR, aided by credit cost moderation.

- Gross NPA is expected to decline on an absolute basis from Rs. 750 cr in FY26 to Rs. 577 cr in FY28E, aided by a lower slippage ratio and higher recoveries.
- The cost-to-income ratio is likely to improve to 61.1% by FY28E, driven by a better income outlook.
- NIMs are projected to remain range-bound over FY26–28E, reflecting the portfolio transition towards secured lending.

Y/E FY,	FY24	FY25	FY26	FY27E	FY28E
Income Statement					
Total Income	4,684	5,486	6,375	7,936	9,697
Interest Income	4,013	4,710	5,353	6,445	7,885
Interest Expended	1,886	2,316	2,760	3,330	3,921
Net Interest Income	2,127	2,394	2,593	3,115	3,963
Other Income	671	776	1,022	1,491	1,812
Operating costs	1,604	1,942	2,449	2,966	3,531
Employee Exp	975	1,210	1,460	1,738	1,984
Other operating expenses	630	732	989	1,228	1,547
PPOP	1,193	1,227	1,166	1,641	2,244
Provisions	679	753	839	695	607
PBT	515	475	327	945	1,637
Tax	(155)	(28)	0	55	442
NPAT	670	502	327	890	1,195
Balance Sheet					
Equity Share Capital	105	105	105	105	121
Reserve & Surplus	3,462	3,986	4,328	5,396	7,126
ESOP's	10.6	27	37	0	0
Net worth	3,577	4,118	4,470	5,502	7,247
AD Net Worth	3,447	3,864	4,157	5,234	7,028
Total Borrowings	5,211	3,867	5,497	4,517	4,832
Total Deposits	22,571	29,120	35,784	45,243	54,321
Total Liabilities	32,710	38,464	47,447	58,086	69,617
Net Advances	23,111	27,155	33,828	41,875	49,870
Investments	6,738	5,945	9,811	11,773	14,717
Cash	2,054	4,459	2,558	2,814	3,095
Total Assets	32,710	38,464	47,447	58,086	69,617

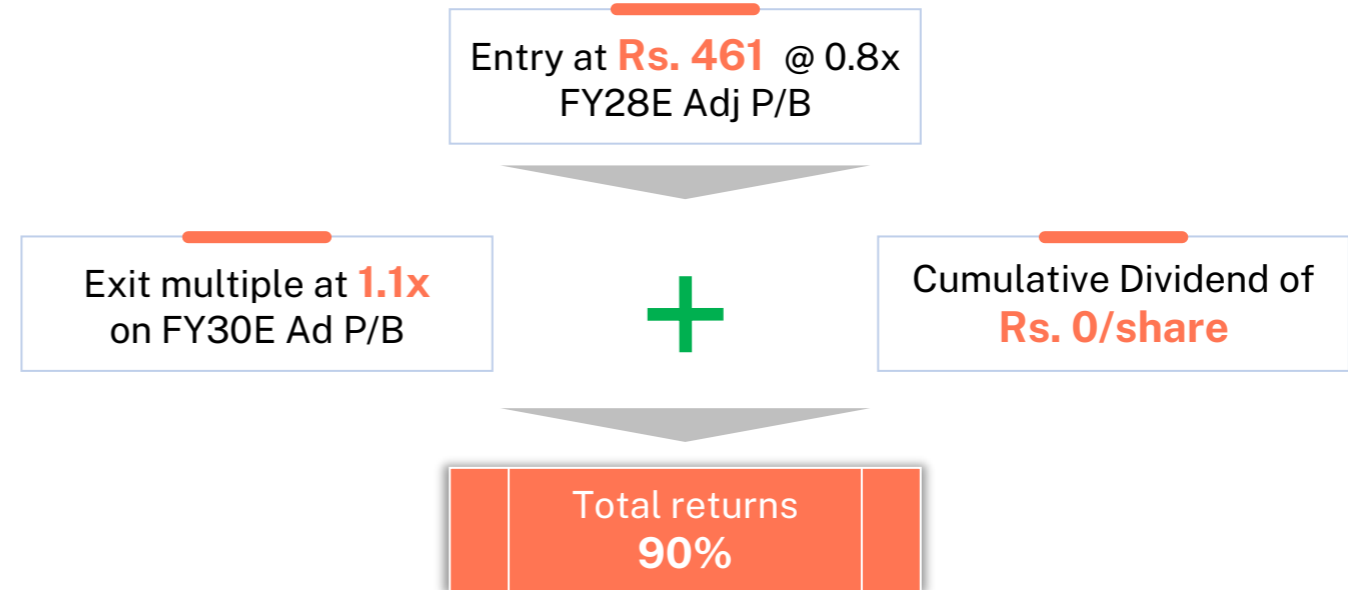
Y/E FY	FY24	FY25	FY26	FY27E	FY28E
Ratios					
Asset Quality Ratios					
GROSS NPA (Cr)	494	750	750	743	577
NET NPA (Cr)	130	254	313	267	219
GNPA %	2.1%	2.7%	2.5%	1.7%	1.1%
NNPA %	0.6%	0.9%	0.9%	0.6%	0.4%
Earnings Ratios					
NIM	7.5%	6.9%	6.2%	6.1%	6.4%
ROE	18.7%	12.2%	7.3%	16.2%	16.5%
ROA	2.0%	%	0.7%	1.5%	1.7%
Cost/Income	57.4%	6%	67.7%	64.4%	61.1%
Cost/Assets	5.5%	5.5%	5.7%	5.6%	5.5%
Yield on Net Advances	17.6%	17.0%	15.8%	15.6%	15.3%
Valuation Ratios					
EPS	64.0	48	31	85	99
PE	7	9	15	5	5
CMP			461.0		
M Cap			4,854		
BV	342	392	425	522	599
P/B	1.4	1.1	1.1	0.9	0.8
AD BV	330	368	395	497	581
Adj P/B	1.4	1.2	1.2	0.9	0.8
Other Ratios					
Credit/Deposit Ratio	110%	101%	100%	96%	96%
Debt/Equity	7.8	8.0	9.2	9.0	8.2
Dividend	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0%	0%	0%	0%	0%
Dividend Payout ratio	0%	0%	0%	0%	0%

Source: Company, Midas Research

Future Lens

We believe Jana SFB has multiple long-term levers to deliver superior financial performance. Within the small finance bank universe, it offers an attractive risk-reward profile.

We expect the secured loan portfolio to drive earnings stability for Jana SFB in the next three years. This will significantly reduce earnings cyclicality and provide insulation from adverse MFIN-related regulatory risks. The unsecured portfolio is expected to grow gradually and remain a smaller portion of the overall portfolio. Going forward, cross-selling is expected to drive growth across both assets and liabilities.



Sensitivity of 3-yr TP

Adj P/B	Adj BV	Dividend	Price	Upside
1	798	0.0	798	73%
1.1	798	0.0	878	90%
1.2	798	0.0	957	110%

Annexure



Abbreviation

AUM	Asset under Management
UT	Union Territories
TI	Total Income
II	Interest Income
BC	Banking Correspondent
NIM's	Net interest Margins
CRR	Cash Reserve Ratio
CAGR	Compounded Annual Growth Rate
EPS	Earnings Per Share
P/E	Price/Earnings
MSE	Micro Small Enterprise
LAP	Loan against property
GNPA	Gross Nonperforming Assets
NNPA	Net Nonperforming Assets
CMP	Current Market Price

P/B	Price/Book
Adj. BV	Adjusted Book Value
RBI	Reserve Bank of India
NBFC-MFI	Non-Banking Financial Companies-Microfinance Institution
SFB	Small Finance Bank
OFS	Offer for Sale
RoC	Registrar of Companies
TD	Term Deposits
PPOP	Pre Provision Operating Profit
PBT	Profit Before Tax
PAT	Profit After Tax
CASA	Current Account Saving Account
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprise

Disclaimer (1/2)

Absolute Rating Interpretation

BUY	Stock expected to provide positive returns of >15% over a 1-year horizon	REDUCE	Stock expected to provide returns of <5% – -10% over a 1-year horizon
ACCUMULATE	Stock expected to provide positive returns of >5% – <15% over a 1-year horizon	SELL	Stock expected to fall >10% over a 1-year horizon

The terms defined above are applicable to fundamental research reports published by the Research Analyst. For technical research reports, the expected (target) price is given in the report along with the time period within which it can be achieved. For Momentum Ideas the expected timeline to achieve the price would be upto 3 months from the date of publication of the research report.

Spark PWM Private Limited (“**Spark PWM**”) holding SEBI Research Analyst Registration No.: INH200008954 and its affiliates are engaged in the business of investment banking, structured finance, asset management and private wealth management. Spark PWM is also registered with SEBI as a Stock Broker, Portfolio Manager, Depository Participant, Investment Adviser and is also a Mutual Fund Distributor registered with the Association of Mutual Funds in India (AMFI) and is also registered with Association of Portfolio Managers in India as a distributor of portfolio management products. Spark PWM is also Investment Manager to a Category I Alternative Investment Fund.

Spark PWM’s affiliates include (1) Spark Capital Advisors (India) Private Limited which is registered with SEBI as Category I Merchant Banker, (2) Spark Asia Impact Private Limited (formerly known as Spark Alternative Asset Advisors India Private Limited) which is an investment manager to a Category II Alternative Investment Fund (3) Spark Asia Impact Managers Private Limited (formerly known as Spark Fund Managers Private Limited) which is registered with SEBI as a Portfolio Manager and (4) Spark Fund Advisors LLP which is an investment manager to a Category II and a Category III Alternative Investment Fund, (5) Spark Financial Holdings Private Limited and (6) Spark Global PWM Private Limited, a Category 4 DIFC registered company engaged in providing financial services.

The information and opinion expressed in this research report do not constitute an offer or an invitation to make an offer, to buy or sell any securities. The securities quoted in this document are for illustration only and are not recommendatory. This research report is provided by Spark PWM on a strictly confidential basis for the exclusive use of the recipient and has been obtained from published information and other sources, which Spark PWM or its affiliates consider to be reliable. None of the research analysts of Spark PWM accepts any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this research report.

This research report does not claim to contain all information that an investor / potential investor may require for the purpose of making an investment. The past performance of a security, product or portfolio does not in any manner indicate the surety of performance in future. Registration granted by SEBI, membership of a SEBI recognized supervisory body (if any) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

This research report also does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Spark PWM also puts together Technical Analysis, and each recipient of this report must note that the views of the Technical Analyst is always based on short term market variables and will be materially different from the views of the other sector/fundamental analyst in Spark PWM, whose research reports are based on fundamental analysis of the subject company. Each recipient of this research report should make such assessment as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this research report (including the merits and risks involved) and should consult their own advisors. This research report is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. The price and value of the investments referred to in this research report and the income from them may go up or down, and investors may realize losses on their investments. Spark PWM does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment. The material is based on information that we consider reliable and may be obtained from third-parties or derived / deducted on the basis of such information. Spark PWM does not represent that such information is accurate or complete.

This research report is not directed or intended for distribution or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Spark PWM and/or its affiliates to obtain any registration or licensing requirement within such jurisdiction. The research analyst preparing this research report is not registered as a broker-dealer in the United States and, therefore, is not subject to US Rules regarding the preparation of research reports. The Research Analysts contributing to this report are residents outside the United States and are not associates, employees, registered or qualified as research analysts with FINRA or a US-regulated broker dealer. Recipients of this material should keep themselves informed about any such restrictions. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. This material should not be construed as an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction where such an offer or solicitation would be illegal. Recipients shall be solely liable for any liability incurred by them in this regard and will indemnify Spark PWM and/or its affiliates for any liability it may incur in this respect.

Securities markets may be subject to significantly higher risks, and in particular, the political and economic environment, company practices and market prices and volumes may be subject to significant variations. The ability to assess such risks may also be limited due to significantly lower information quantity and quality. Investment in securities market are subject to market risks. Read all the related documents carefully before investing. By accepting this document, you agree to be bound by all the provisions as may be applicable pursuant to it. Nothing contained herein should be relied upon as a promise, representation or an indication of future performance. Certain statements made herein may not be based on historical information or facts and may appear to be “Forward Looking Statements”, including those relating to general business plans, future financial condition and growth prospects. The actual results may differ materially from any “Forward-Looking statements” due to a number of factors, including socio, political, competitive environment, force majeure etc. Spark PWM makes no representation or warranty, express or implied, as to the accuracy, completeness or fairness of the information and opinions contained in this research report.

While we would endeavour to update the information herein on a reasonable basis, Spark PWM is under no obligation to update the information. Also, there may be regulatory, compliance or other reasons that prevent Spark PWM from doing so. Neither Spark PWM nor its affiliates or their respective directors, employees, agents or representatives shall be responsible or liable in any manner, directly or indirectly, for views or opinions expressed in this report or the contents or any errors or discrepancies herein or for any decisions or actions taken in reliance on the report or the inability to use or access our service in this report or for any loss or damages whether direct or indirect, incidental, special or consequential including without limitation loss of revenue or profits that may arise from or in connection with the use of or reliance on this report. Opinions expressed herein are our current opinion as of the date of appearing on this material only.

Spark PWM and/or its affiliates and/or employees may have interests/positions, financial or otherwise, in the securities mentioned in this report. To enhance transparency, Spark PWM has incorporated disclosure of interest statement in this research report. This should, however, not be treated as an endorsement of views expressed in this report.

Spark Capital Advisors (India) Private Limited (holding company of Spark PWM) has gone through a process of reorganisation and demerged its institutional equities business (stock broking license and research analyst license) to Spark Institutional Equities Private Limited (Resultant Company) through a Composite Scheme of Demerger (“Scheme”). Further the shares of SIE has been bought by Avendus Capital Private Limited with effect from December 20, 2022.

Disclaimer (2/2)

Disclosure of Interest & Material Conflict of Interest Statement

DISCLOSURE OF INTEREST

Name of the Research Analyst (s): Sagar Shah

The research analyst(s) hereby certifies that opinion expressed in this research report accurately reflects his or her personal opinion about the subject securities and no part of his or her compensation was or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr No.	Particulars	Yes/No
1.	Research Analyst or his/her relative's has financial interest in the subject company(ies)	No
2.	Research Analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the research report	No
3.	Research Analyst or his/her relative has any other material conflict of interest at the time of publication of the research report	No
4.	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5.	Research Analyst has been engaged in market making activity for the subject company(ies)	No

- Spark PWM may have financial interest in the subject company(ies).
- Spark PWM may have actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the research report.
- Spark PWM may have any other material conflict of interest at the time of publication of the research report.
- Spark PWM may have received any compensation from the subject company in the past twelve months.
- Spark PWM may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months.
- Spark PWM may have received any compensation or other benefits from the subject company or third party in connection with the research report.
- Spark PWM may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- Spark PWM may have been engaged in market making activity for the subject company(ies).

Since Spark PWM and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of Spark PWM may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of Spark PWM may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

Spark PWM and/or its affiliates and/or employees, or their relative(s) may have a financial interest in the subject company. Spark PWM and/or its affiliates may have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report. Spark PWM and/or its associates and/or its employees have been engaged in market making activity for the subject company.

In the last twelve month period ending on the last day of the month immediately preceding the date of publication of the research report, Spark PWM and/or its affiliates and/or employees Research Analyst(s) may have;

- managed/co-managed public offering of securities for the subject company;
- received compensation for investment banking/merchant banking/brokerage services/other products/ services of the group from the subject company of this research report;
- received any compensation or other benefit from the subject company or third party in connection with the research report;
- provided services to the subject company as a client under the various services provided by Spark PWM or its affiliates.

However, the above shall have no bearing on the specific recommendation made by the research analyst(s), as the recommendation made by the research analyst(s) are independent of the view of the affiliates of Spark PWM. No part of the research analyst's compensation was, is, or will be related, directly or indirectly, to the specific recommendations or views as expressed in this report.

Research reports are not exchange traded products, and hence disputes relating to research activities of Spark PWM do not have access to exchange investor redressal or arbitration mechanism. Spark PWM also hereby declares that its activities were neither suspended nor Spark PWM has defaulted with any Stock Exchange authority with whom Spark PWM is registered in the last five years. We have not been debarred from doing business by any Stock Exchange/SEBI or any other competent authorities, nor has our certificate of registration been cancelled by SEBI at any point of time.

Certification by Each of the Authors of the Report

The research analyst certifies that the views expressed in this research report are a representation of the Analyst's personal opinions on the stock or sector as covered and reported. The Analyst is principally responsible for the preparation of this research report and does not have any material conflict of interest at the time of publication of this report.

A graph of the daily closing price of securities available is at <https://economictimes.indiatimes.com/markets/stocks/stock-quotes> (Choose a company from the list on the browser and select the "5 years" option from the drop-down available in the price chart).

Spark PWM Private Limited. (Registered Office: No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020; CIN: U93000TN2012PTC086696; Telephone No.: +91 44 69250000; Website: www.sparkcapital.in; Correspondence Address: Solitaire Corporate Park, Unit 1252 , Building No. 12, Andheri Kurla Road, Chakala, Andheri (East), Mumbai 400093; Telephone No: +91 22 62916700; SEBI Registration: (Stock Broker: INZ000285135; Portfolio Manager: INP200007274; Research Analyst: INH200008954; BSE RA Enlistment No- 5503; Investment Adviser: INA000021067; BSE IA Enlistment No. 2390; Depository Participant: IN-DP-757-2023); AMFI – Registered Mutual Fund Distributor: ARN 86685. APMI – Registered PMS Distributor (APRN00662). Compliance and Grievance Officer details: Mr. Anupam Mohaney: +91 22 62916700. [RA Grievance Redressal Matrix & Research T&Cs](#)

Spark PWM Private Limited does not use any Artificial Intelligence tools to provide research services.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Our Offices



Chennai

No. 1, 3rd Floor,
First Crescent Park Road,
Gandhi Nagar,
Adyar,
Chennai – 600 020



Mumbai

Unit – 301, 302, Windsor House, 11th floor, C Wing, ONE BKC,
2, Kolivery Village,
MMRDA Area, Kalina,
Santacruz East,
Mumbai – 400 098

Unit Nos. 1116,
Bandra Kurla Complex,
Bandra East,
Mumbai – 400 051



Delhi

No. 23, 1st Floor,
Community Centre,
Basant Lok,
Vasant Vihar,
New Delhi – 110 057



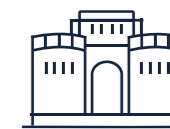
Bengaluru

No. 2, 3rd Floor,
Prestige
Emerald,
Lavelle Road,
Bengaluru – 560 001



Hyderabad

No. 25 & 42, 3rd Floor,
Lumbini Avenue,
Near Preston Prime Mall
Main Road, Gachibowli,
Hyderabad – 500 032



Pune

No. 7/352 1st Floor,
Elbee House,
Boat Club Road,
Sangamvadi,
Pune – 411 001



Ahmedabad

No. 409, 4th Floor,
Venus Amadeus,
Near Jodhpur Cross Road,
Satellite,
Ahmedabad – 380 015



Kolkata

No. 9A-1 & 9B-1,
9th Floor,
No. 95A,
Park Street,
Kolkata – 700 016



Kochi

No.1285 F1, Ground floor,
The Quadrant, MP Pylee Road,
Jawahar Nagar Avenue,
Kadavanthra P O,
Ernakulam – 682 020



Thiruvananthapuram

2nd Floor,
Mankulangara Tower,
Kuravankonam,
Pattom P.O.,
Thiruvananthapuram - 695004



Lucknow

Unit No.6, 3rd Floor
Marigold Building,
Sapru Marg Shahnajaf Road,
Hazratfang,
Lucknow – 226 001



Kanpur

Unit No 205, 2nd Floor,
Imperial Square,
16/105,
MG Road,
Kanpur – 208 001



Spark Global PWM Private Limited

Unit number- GV-00-04-03-BC-24, Gate Village Building
04, Dubai International Financial Centre (DIFC), Dubai, UAE