



To,  
The Board of Directors  
Jana Capital Limited

**Auditor's Report on maintenance of asset cover including compliance with covenants with respect to listed non-convertible debentures issued by M/s Jana Capital Limited for the half year ended September 30, 2021**

1. This Report is issued in accordance with the terms of our agreement with **M/s Jana Capital Limited** ("the Company") dated November 04 ,2021.
2. We M/s K.S. Rao & Co., Statutory Auditors of **M/s. Jana Capital Limited**. (CIN: U67100KA2015PLC079488) ("the Company") having its registered office at Plot No. at 2<sup>nd</sup> Floor, No. 80, 5<sup>th</sup> cross , 4<sup>th</sup> Main , Maruthi Extension Bengaluru 560021 India have examined unaudited books of account and other relevant records maintained by the Company with respect to the issue Report on maintenance of asset cover including compliance with covenants with respect to listed non-convertible Debentures ("NCDs"), for an amount aggregating to ₹ 150 crores (ISIN: INE028U08016).
3. The accompanying statement (Annexure-A) on value of security placed for listed Non-Convertible Debentures (NCD's) issued by Jana Capital Limited ("the Company") which were outstanding as at September 30, 2021 ("the Statement"), is prepared by the Company for the purpose of submission to Catalyst Trusteeship Limited ("the Debenture Trustee"), as per terms of our agreement, we are required to issue report on the maintenance of hundred percent asset cover or asset cover as per the terms of the offer document/ Information memorandum and/ or Debenture Trust Deed (the "asset cover"), including compliance with all financial covenants, in respect of NCD's issued by the Company for the half year ended September 30, 2021, in accordance with terms of regulation 56(1)(d) of the Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended from time to time(hereinafter referred as the "SEBI Regulation").

**Management's Responsibility:**

4. Preparation of accompanying statement (Annexure-A) is the responsibility of the Management of the Company including the preparation and maintenance of accounting and other relevant supporting records and documents in accordance with the applicable generally accepted accounting principles. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.



5. The Management is also responsible for ensuring that the Company complies with the requirements of the Companies Act' 2013, Securities and Exchange Board of India Act, 1992 ("the SEBI") and all other relevant circulars, guidelines and regulations applicable to the Company that it provides complete and accurate information as required therein.

**Auditor's Responsibility:**

6. Our responsibility is only to provide reasonable assurance in the form of an opinion based on our examination of unaudited books of account and other relevant records that, the Company has complied with asset cover ratio including compliance with all financial covenants, in respect of NCD's issued by the Company.
7. We conducted our examination of information provided in accompanying statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion:**

9. Based on the examination as above, and the information and explanations provided to us, in our opinion the Company has complied with the requirements of SEBI regulations in relation to maintenance of the hundred percent asset cover, and related to the financial covenants, following are the compliances:
- i. As per the Debenture Trust Deed ('DTD'), the Target Company shall, on a continuous basis, be at least such target percentage of its risk weighted assets (RWA), as may be set / approved by the board of directors of the Target Company, or such other percentage as may be prescribed by the RBI for the half year ending September 30, 2021. We noted that the risk weighted assets of target Company is 15.9% as on September 30, 2021 which is in compliance with prescribed limit.
- ii. As per the Debenture Trust Deed ('DTD'), Exposure to a single borrower shall, at all times, not exceed such percentage of the gross loan portfolio of the Target Company for the previous Financial Year, as may be set / approved by the board of directors of the Target Company. We noted that the exposure single borrower as on and half year ended September 30, 2021 is 0.50% which is within the limit.



We noted that in case of following financial covenants the Company has deviated/not complied with compliance requirement:

- i. As per the Debenture Trust Deed ('DTD'), total debt to net-worth ratio of Jana Small Finance Bank Limited ("the target Company") in any financial year, should not exceed such ratio as may be set/approved by the board of directors of the target Company, however the actual debt to networth ratio of the target Company is 4.8 times, which is more than the ratio as set by the board of target Company.
- ii. As per the Debenture Trust Deed ('DTD'), the operating profit of the target Company (before provisioning and the profit before tax of the target Company shall meet the threshold as may be set/approved by the board of directors of the target Company, for the half year ended September 30, 2021. We have noted that the operating profit before tax of the target Company is Rs. 240 crores which is less than the threshold set by the board for the half year ended September 30, 2021.
- iii. As per the Debenture Trust Deed ('DTD'), net interest margin of the target Company in any financial year, should not be less than the percentage as may be set/approved by the board of directors of the target Company for the financial year ended September 30, 2021. We have noted that the actual net interest margin of the target Company for the half year ended September 30, 2021 is 6.9% which is less than the percentage set up by the board.
- iv. As per the Debenture Trust Deed ('DTD'), the percentage of unsecured loans to total loans of the target Company shall not exceed such percentage as may be set/approved by the board of directors of the target Company for the half year ended September 30, 2021. We have noted that the actual percentage of unsecured loans to total loans of the target Company is 57% which is more than the board approved percentage for the half year ended September 30, 2021.
- v. As per the Debenture Trust Deed ('DTD'), the gross non-performing assets on new disbursement to gross loan portfolio of the target Company shall not exceed such percentage as may be set/approved by the board of directors of the target Company for the half year ended September 30, 2021. We have noted that the actual percentage of the target Company is 7.6% which is more than the board approved percentage for the half year ended September 30, 2021.



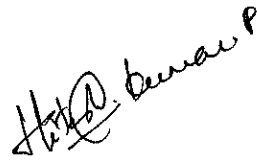
**Restriction on Use:**

10. This report has been issued at the request of the Company solely with reference to the asset security coverage and compliance covenants with respect to Unsecured Rated Listed Redeemable Non-Convertible Debentures ("NCDs"). It should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

**For K.S. Rao & Co.,**

Chartered Accountants

ICAI Firm Registration No: 003109S

**Hitesh Kumar P**

Partner

Membership No.: 233734

UDIN: 21233734AAAAMV3413

Place: Bengaluru

Date: November 12, 2021



## Annexure A

### Certificate for asset cover by issuer of Debt Securities

To,  
Catalyst Trusteeship Limited

We here by confirm the following details to Debenture trustee

- a) We Jana Capital Limited, vide its Board Resolution and information memorandum/ offer document and under various Debenture Trust Deeds, has issued the following listed debt securities where Catalyst Trusteeship Ltd are the trustees.

ISIN	Private Placement/ Public Issue	Secured/ Unsecured	Sanctioned Amount
INE028U08016	Private Placement	Unsecured	Rs. 150 Crores

**b) Asset Cover for listed debt securities:**

- i. The financial information as on 30-09-2021 has been extracted from the books of accounts for the financial half year ended 30-09-2021 and other relevant records.
- ii. The Company has issued unsecured listed debt securities. Hence, calculation as per statement of asset cover ratio for the Secured debt securities - table – I is **Not applicable**
- iii. The total assets of the Jana Capital Limited provide coverage of 1.73 times of the principal, which is in accordance with the terms of issue (calculation as per statement of asset coverage ratio available for the unsecured debt securities - table - II) (as per requirement of Regulation 54 read with Regulation 56(1)(d) of LODR.

**Table - I:**

Amount in Rupees			
Sr. No.	Particulars		Amount
i.	Total assets available for secured Debt Securities' - (secured by either pari passu or exclusive charge on assets) (mention the share of Debt Securities' charge holders )	A	Nil
	• Property Plant & Equipment (Fixed assets) - movable/immovable property etc		-
	• Loans /advances given (net of provisions, NPAs and sell down portfolio), Debt Securities, other credit extended etc		-
	• Receivables including interest accrued on Term loan / Debt Securities etc		-
	• Investment(s)		-
	• Cash and cash equivalents and other current/ Non-current assets		-
ii.	Total borrowing through issue of secured Debt Securities (secured by either pari passu or exclusive charge on assets)	B	Nil
	• Debt Securities (Provide details as per table below)		-
	• IND - AS adjustment for effective Interest rate on secured Debt Securities		-
	• Interest accrued/payable on secured Debt Securities		-
iii.	Asset Coverage Ratio (100% or higher as per the terms of offer document/information memorandum/ debenture trust deed)	(A/B)	Nil

**Table - II:**

		Amount in Rupees	
Sr. No.	Particulars		Amount
i.	Net assets of the listed entity available for unsecured lenders (Property Plant & Equipment (excluding intangible assets and prepaid expenses) + Investments + Cash & Bank Balances + Other current/ Non-current assets excluding deferred tax assets (-) Total assets available for secured lenders /creditors on pari passu/exclusive charge basis under the above heads (-) unsecured current/ non-current liabilities (-) interest accrued/ payable on unsecured borrowings)	A	<b>3,47,79,91,751</b>
ii.	Total Borrowings (unsecured)	B	<b>2,00,89,59,017</b>
	• Term loan		-
	• Non-convertible Debt Securities		2,00,89,59,017
	• CC/ OD Limits		-
	• Other Borrowings		-
	• IND - AS adjustment for effective Interest rate on unsecured borrowings		-
iii.	Assets Coverage Ratio (100% or higher as per the terms of Offer Document/Information Memorandum/ Debenture Trust Deed)	(A/B)	<b>1.73</b>

**c) Compliance of all the covenants/terms of the issue in respect of listed debt securities of the listed entity**

I hereby certify that the above information are correct and the Company has complied with the covenants/terms of the issues of the listed debt securities (NCD's). I further certify that the Target Company has complied with such covenants/terms of the issues of the listed debt securities except for the following: -

- Total debt net worth ratio of the target Company is 4.8 times which is more than the ratio as set by the board.
- The operating profit of the target Company for the financial half year ended Sept 30, 2021 is Rs.240 crores is less than the threshold set by the board.
- The Net Interest Margin of the Target Company for the financial half year ended Sept 30,2021 is 6.9% which is less than the percentage by the board.
- The ratio of unsecured loans to secured loans as part of the gross loan portfolio of the target Company is at 57% which is more than the percentage prescribed by the board.
- Gross non-performing assets on new disbursements of the target Company is at 7.6% which is more than the percentage prescribed by the board.

For **Jana Capital Limited**



Authorised Signatory.  
Rajamani Muthuchamy  
Managing Director and CEO

Place: Bengaluru  
Date: 12-Nov-2021