

To,  
The Board of Directors,  
Jana Capital Limited

**Independent Auditor's Report on maintenance of asset cover including compliance with financial covenants in respect of listed non-convertible debt securities issued by Jana Capital Limited for the half year ended March 31, 2021.**

1. This report is issued in accordance with the terms of our Engagement letter dated March 1, 2021 (hereinafter referred to as the "Engagement letter").
2. The accompanying statement on value of security placed for listed Non-Convertible Debentures (NCD's) issued by Jana Capital Limited ('the Company') which were outstanding as at March 31, 2021 (the "Statement"), is prepared by the Company for the purpose of submission to Catalyst Trusteeship Limited ("the Debenture Trustee"), pursuant to the engagement letter we are required to 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 March 31, 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**

3. The Management of the Company is responsible for the maintenance of the asset cover and compliance with the covenants of debt securities, including the preparation and maintenance of all accounting and other records supporting such compliance. This responsibility includes the design, implementation and maintenance of internal control relevant to such compliance with the SEBI Regulation and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.
4. 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 other relevant circulars, guidelines and regulations as applicable to the Company and for providing all relevant information to the SEBI.

**Auditor's Responsibility**

5. Pursuant to the engagement letter, it is our responsibility to provide a limited assurance and examine the books and records maintained by the Company as at and for the half year ended March 31, 2021, produced for our examination and report whether the Company is in compliance with maintenance of the asset cover including the compliance with all financial covenants.
6. We have planned and performed the following procedures for the half year ended March 31, 2021;
  - i. Verified the covenants as per the Debenture Trust Deed/ Information Memorandum and the term sheet of NCD's issued by the Company;
  - ii. Verified the charge creation forms filed with the Ministry of Corporate Affairs;

- iii. Verified the asset cover details as per the Debenture Trust Deed/ Information Memorandum and the books and records of the Company;
  - iv. Obtained written representations from the Management in this regard.
7. We have audited the financial statements of the Company as of and for the financial year ended March 31, 2021, on which we issued an unmodified audit opinion vide our report dated June 24, 2021. Our audit of the financial statements was conducted in accordance with the Standards on Auditing under section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
  8. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
  9. We conducted our examination, on a test check basis 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"). 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.
  10. 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.

#### Observations

11. 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 net-worth ratio of the target Company is 4.27%, which is more than the ratio as set by the board of target Company.
12. 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 March 31, 2021. We have noted that the actual net interest margin is less than the percentage set up by the board financial year March 31, 2021.
13. 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 financial year ended March 31, 2021. We have noted that the operating profit before tax of the target Company is less than the threshold set by the board for the financial year March 31, 2021.

14. 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 financial year ended March 31, 2021. We have noted that the actual percentage of the target Company is 6.7% which is more than the board approved percentage for the financial year March 31, 2021.

#### Conclusion

15. Based on our examination as above, and to the best of our knowledge and according to the information, explanations and representation given to us and subject to the observations mentioned in the paragraph 11, 12, 13 and 14 above, in our opinion, nothing has come to our attention that causes us to believe that Company has not complied, in all material respects, with the requirements of SEBI regulations in relation to maintenance of the hundred percent asset cover, including the compliance with financial covenants, in respect of its debt securities for the half year ended March 31, 2021.

#### Restriction on Use

16. This report is addressed to the Board of Directors of the Company, pursuant to our obligations under the Engagement Letter for onward submission of this report to the Debenture Trustee and should not be used by any other person or for any other purpose. MSKC & Associates (formerly known as R.K. Kumar & co.) shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment.
17. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For MSKC & Associates (Formerly Known as R.K. Kumar & Co.)**

**Chartered Accountants**

ICAI Firm Registration No. 001595S

**Tushar**

**Ramniklal**

**Kurani**

Digitally signed by  
Tushar Ramniklal Kurani  
Date: 2021.07.01  
20:55:53 +05'30'

Tushar Kurani

Partner

Membership No: 118580

UDIN: 21118580AAAAEZ5284

Mumbai

July 1, 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

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

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

- The financial information as on 31-03-2021 has been extracted from the books of accounts for the year ended 31-03-2021 and other relevant records.
- 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**
- The total assets of the Jana Capital Limited provide coverage of 2.58 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)	<b>Nil</b>

**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>479,22,93,455</b>
ii.	Total Borrowings (unsecured)	B	<b>186,02,82,230</b>
	• Term loan		-
	• Non-convertible Debt Securities		186,02,82,230
	• 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>2.58</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 compliance has been made in respect of the covenants/terms of the issue of the listed debt securities (NCD's). I further certify that the such covenants/terms of the issue have been complied by the Jana Capital Limited except as stated below: -

- Total debt network ratio of the target Company is 4.3 times as against the board approved limit of 1.84 times.
- The operating profit of the target Company for the year ended March 31, 2021 is Rs. 451 crores as against the board approved threshold of Rs. 572 crores.
- Gross non-performing assets on new disbursements of the target Company is at 6.71% which is in excess of limits prescribed by the board i.e. 2.96%.

 For **Jana Capital Limited**


 Authorised Signatory.  
 Rajamani Muthuchamy  
 Managing Director and CEO