

# EMBRACING CHANGE DELIVERING RESULTS

26TH ANNUAL REPORT



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## MISSION STATEMENT

“

Our motto is to empower the no credit access poor with financial support at reasonable cost and in a transparent manner with the help of technology and aim to achieve acceptable returns on our investments.

”





# Core Values



# BUSINESS CONTINUITY



## THANK YOU

to all our Clients and Staff Members for their support in this pandemic.



Narnaund - Julana Road  
Khraintee  
Jind  
Haryana



# CORPORATE INFORMATION



www.digamberfinance.com

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## Company Identification Number

U67120RJ1995PLC009862

## Company's Official Website

<https://www.digamberfinance.com>

## Company's Official E-Mail

[info@digamberfinance.com](mailto:info@digamberfinance.com)

## Statutory Auditors

**A.K Chordia & Company**  
Chartered Accountants  
2nd Floor, S.No.335, Johri Bazar, Jaipur-03

## Registrar & Transfer Agent

**CDSL Ventures Ltd.**  
I-202, Deck Level, Tower No.4, 2nd Floor  
above Belapur Railway Station, Belapur,  
Navi Mumbai-400614

## Debenture Trustee

**Catalyst Trusteeship Ltd**  
Windsor, 6th Floor, Office No.604,  
C.S.T Road, Kalina, Santacruz (E)  
Mumbai-400098

## Registered & Corporate Office

**Digamber Capfin Ltd**  
J-54&55, IIInd Floor, Anand Moti, Himmat  
Nagar, Gopalpura, Tonk Road, Jaipur-302018  
Toll Free 1800 1806 365

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# Key Performance Indicator

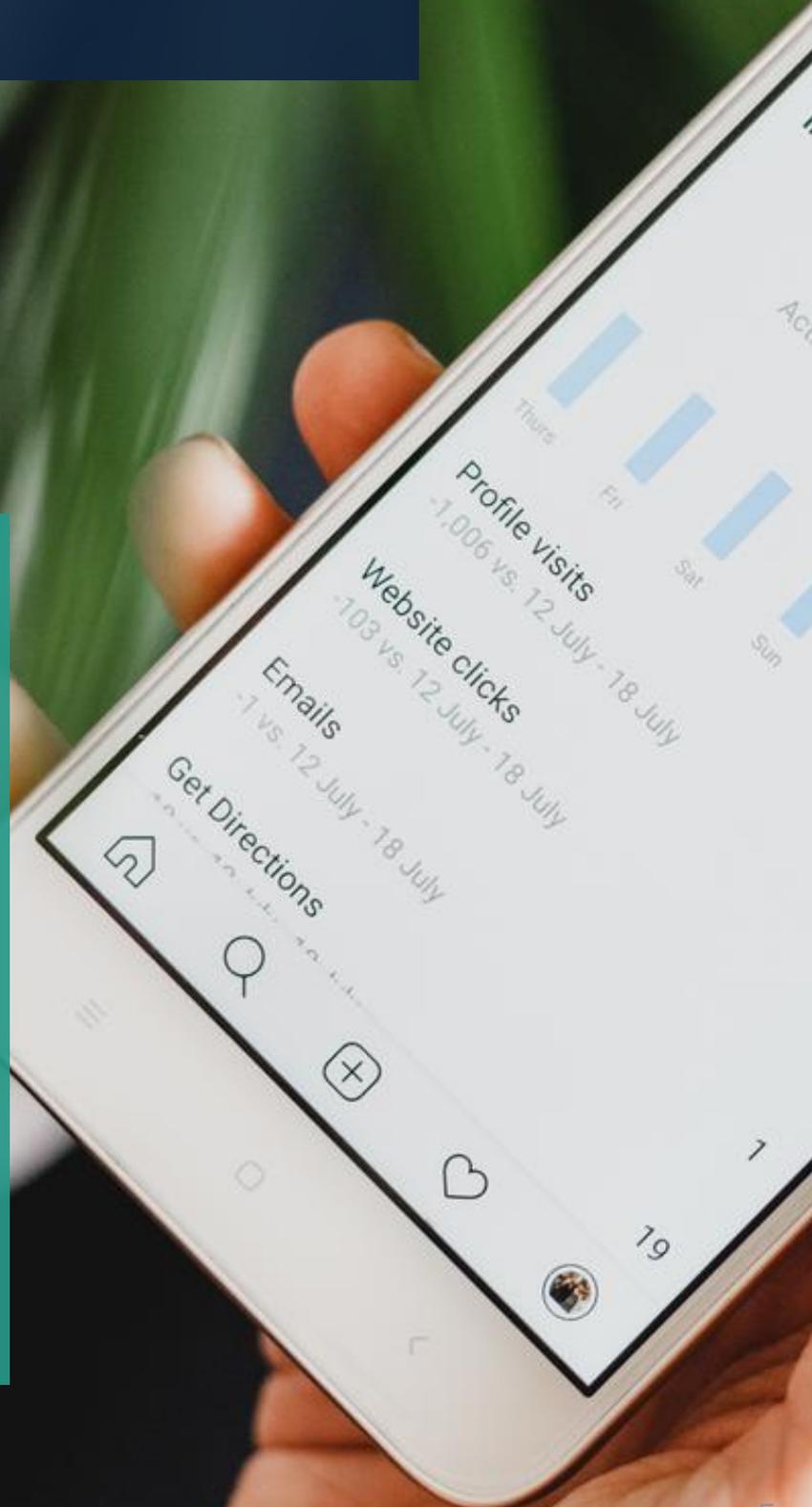
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## OPERATIONAL

Branches: 147 in 7 States and 1 UT  
Employees: 1327  
Loan Officers: 919  
Total Members: More than 4,00,000  
Total Borrowers: 239037

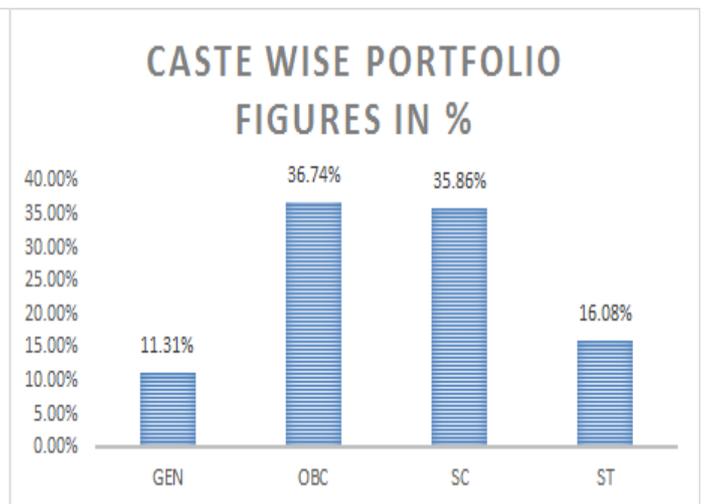
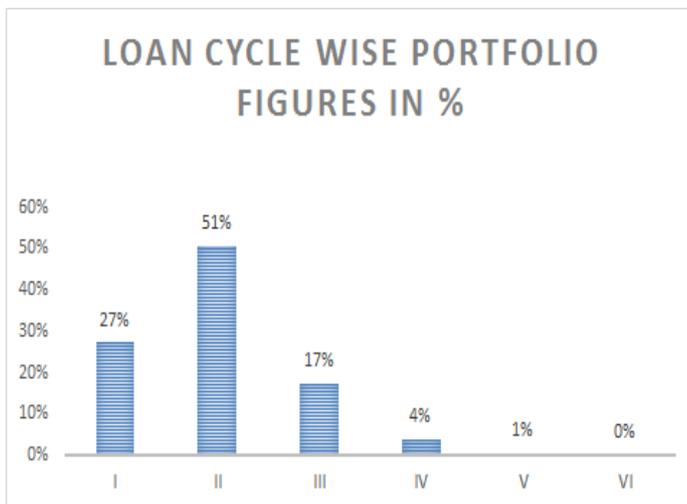
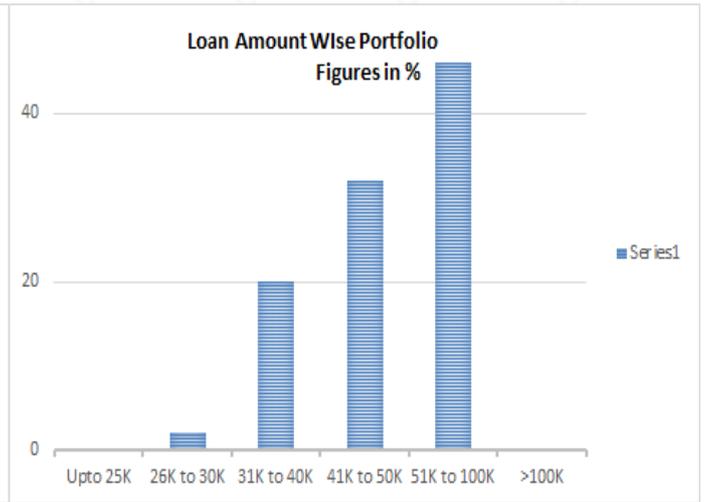
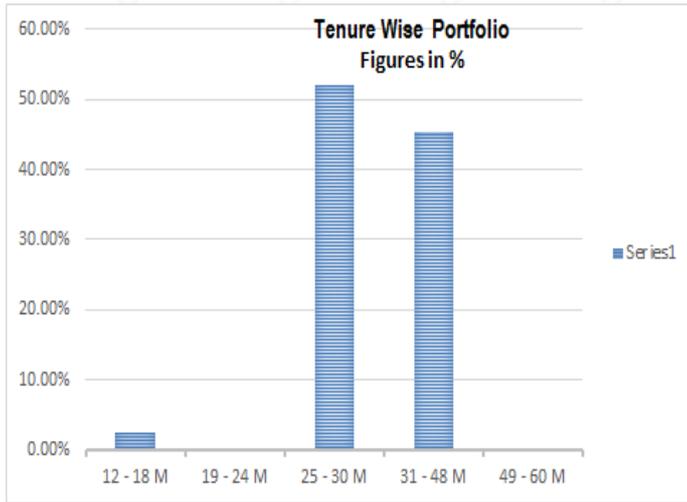
## FINANCIAL

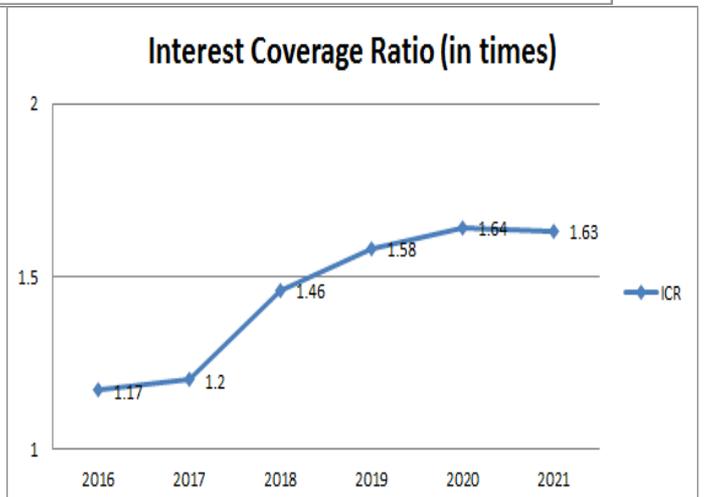
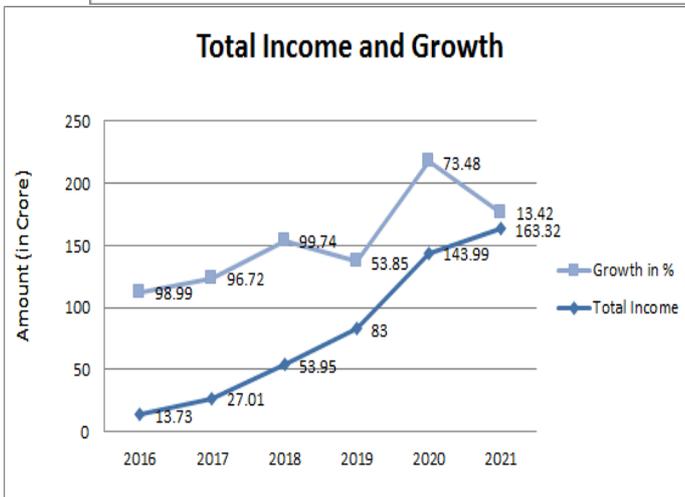
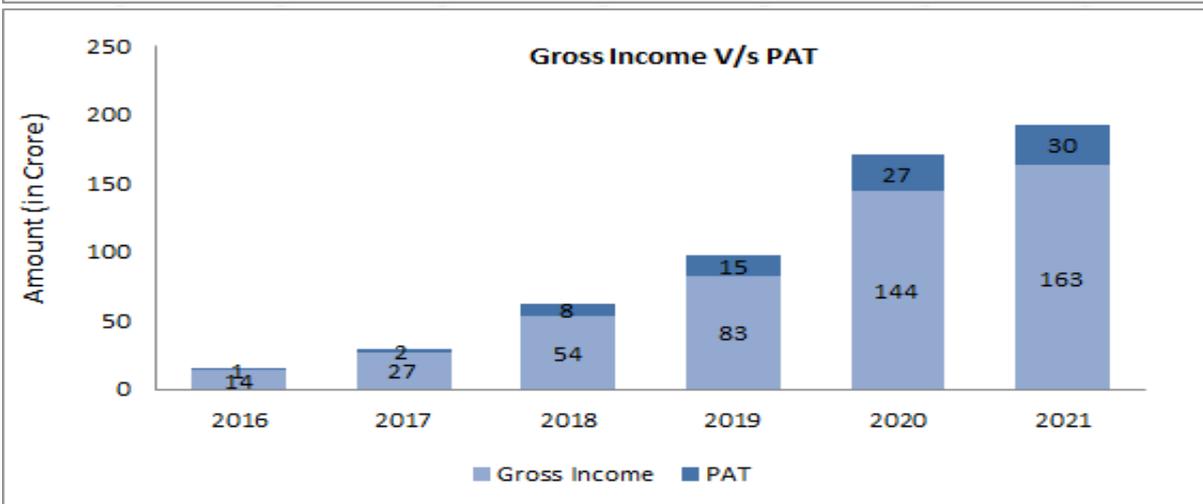
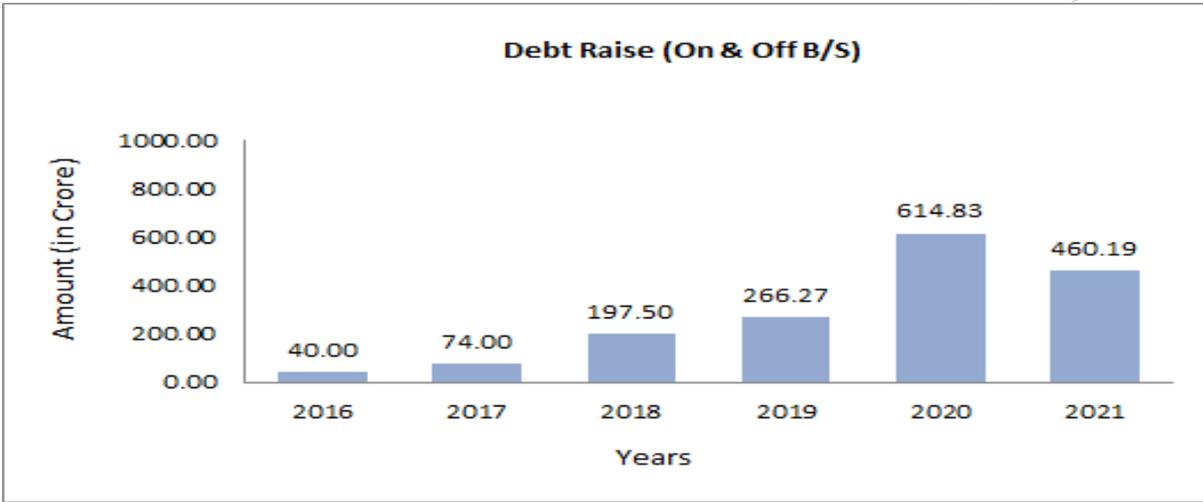
- ▲ AUM: 746.78 Crore
- ▲ Gross Revenue: 163.22 Crore
- ▲ Net Profit: 29.39 Crore
- ▲ GNPA: 1.27%
- NNPA: NIL





# INFO GRAPHICS 2021







## Pandemic and Microfinance Institutions

Source: The Financial Express

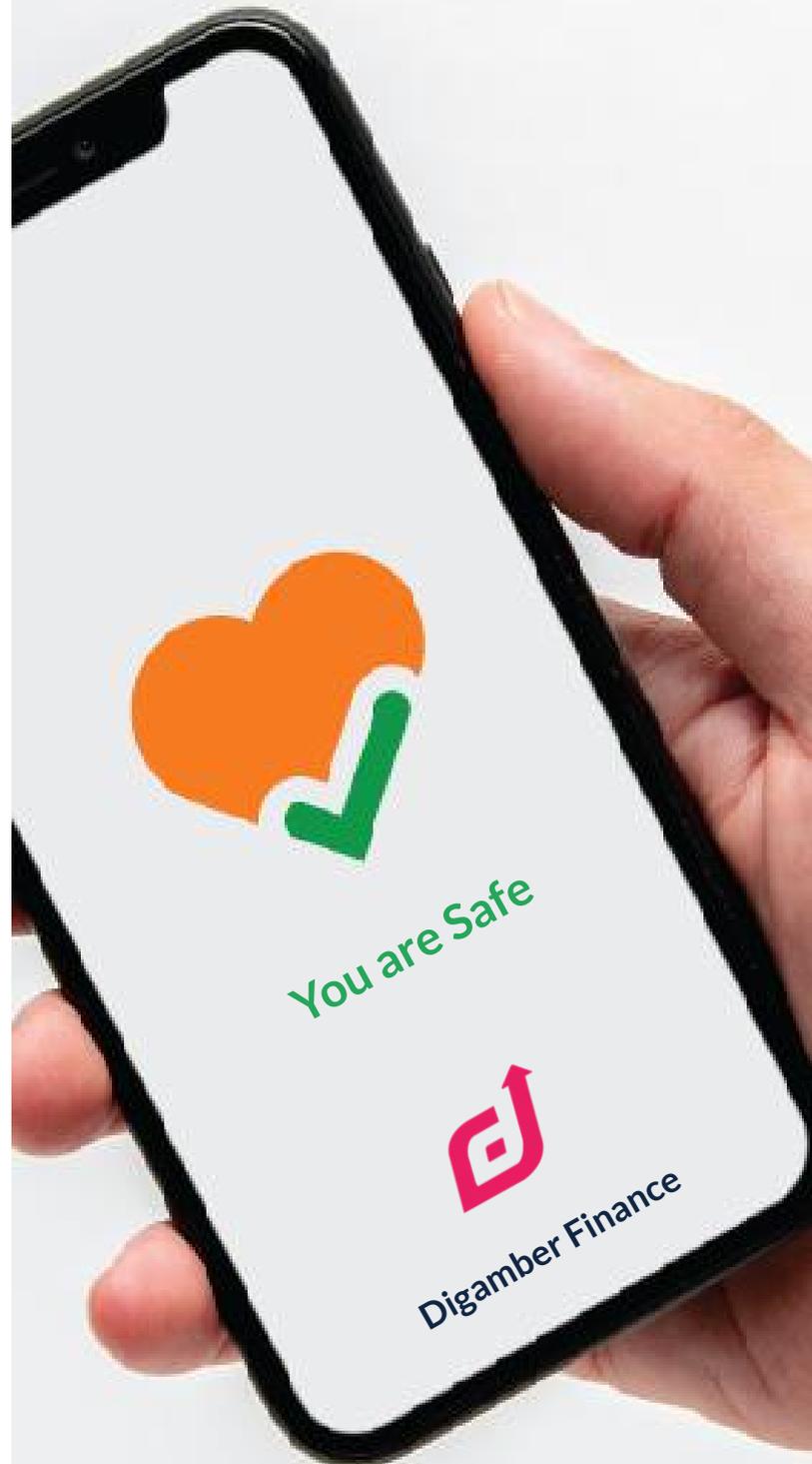
Microfinance was strongly tested at the start of the Covid-19 pandemic. Microfinance institutions, running a high touch business and serving lower income clients severely impacted by the pandemic, were projected to potentially become extinct.

Microfinance institutions managed to not merely survive the crisis, they are now seen as more resilient and relevant than before. What explains this? Looking back, the answers lie in how microfinance institutions responded to the pandemic and how they were supported by external factors.

At the onset of the pandemic, microfinance institutions reconnected with their clients, often with text messages on hygiene, and safety and social distancing reminders. Microfinance institutions reached out to their clients even as microfinance lending and loan collections came to a standstill.

These lenders sensibly avoided sending reminders on loan overdues and missed payments, instead focusing on the government-endorsed messages, which helped to build trust. Clients were also able to draw assurance from their past dealings with these microfinance institutions when they stood by them and extended lifeline credit.

First cautiously and then with renewed momentum, microfinance institutions reopened for business. The first wave of the pandemic, largely limited to cities, posed fewer operating challenges for microfinance institutions. With clearer regulations and improved liquidity, microfinance institutions helped restart pandemic-impacted livelihoods, with smaller-sized and speedily disbursed micro loans, often for amounts which were half the pre-pandemic levels.





For a borrower seeking credit amid such distressed circumstances, when other lenders have shied away, microfinance institutions emerged as a lender of last resort. And despite facing overdue loans and high operating costs, these institutions kept to fair lending practices and treated clients with respect and dignity, which reaffirmed this trust.

A variety of other factors were at play: help came as regulators stepped in; lenders and investors stayed confident; monsoons were normal and local socio-political uncertainties were kept aside.

Regulators have been notably supportive of microfinance, balancing the needs of the microfinance institutions (liquidity and loan portfolio quality) with micro-borrowers (loan obligations). Measures like loan moratoriums, directed lending and credit-guarantees were effective in injecting liquidity, preventing financial distress and contagion in the sector. Access to liquidity, which had been an Achilles Heel in previous crises - was a key factor in microfinance institutions' ability to bounce back.

The lenders to microfinance institutions, benefiting too from regulatory provisions, re-scheduled loans and steadily released funds for them. Many equity investors re-confirmed their confidence by injecting new capital, an act of immense confidence not overlooked by lenders.

Local socio-political processes, which often played critical roles in previous similar situations, have been largely neutral or non-interfering during the pandemic, supporting the recovery process. A normal spell of monsoons across South Asia and Southeast Asia supported farm-based income and cushioned the impact of lockdowns on the micro-borrowers, which are predominantly in the rural areas.

The clients responded positively, despite their challenged economic situation. With microfinance institutions seen as lenders of last resort, their clients too treated them as preferred creditors, taking extraordinary measures to service their dues. The borrowers' desire to keep clean repayment histories with credit bureaus, often a requirement for accessing new loans, has emerged as a form of collateral.

The small-ticket loans, targeted at these paying borrowers, had a positive demonstration effect on repayment behavior.

A data set for India which showed that the trend in collection efficiency, a key operating parameter in microfinance for analyzing timely repayments, has been analysed to get a picture of sector. The trend analysis, also representative of most Asian developing countries, showed that the fall in collections in April 2020 and then later in May 2021 reflects the impact that the first and second waves of pandemic had on microfinance; while the recovery in the following months showed its resilience.

So, is microfinance out of its existential crises? Will it go back to pre-pandemic levels?

The future of microfinance is no longer in question. It has emerged stronger from the pandemic. For microfinance institutions, attaining the pre-pandemic levels of loan portfolio growth, collection efficiency, and scale economies in operations will likely take substantially longer, and some say may never be achieved.

After the initial 'V-shaped' recovery, more tapered improvements, amid smaller localized 'W-shaped' economic ripples, are expected ahead. The economic profile of microfinance institution clients has changed too, unfortunately not for the better.

Microfinance institutions are 'learning' organisations. The pandemic has again underscored their ability to learn and change. Factors like a culture of bottom-up planning, staff progression policies which encourage in-house talent and openness to adoption of technology and new processes, have enhanced their adaptability.

These lessons will be called upon as clients of microfinance institutions face greater economic pressures. For these clients, income streams like remittances from cities will diminish, and their mainstay agriculture and farm-based income will face increasing fluctuations from climate change related weather events.

As a new normal sets in, there are more reasons to believe that the microfinance growth engine is back on tracks, though the journey ahead may often be uphill.



**RAJIV  
JAIN**

Chairman cum  
Managing  
Director

**JATIN  
CHHABRA**

Non-Executive  
Director



**AMIT  
JAIN**

Whole Time Director



**NAYAN  
AMBALI**

Independent  
Director



**DR. AMITA  
GILL**

Independent  
Director



**LALIT  
KUMAR  
JAIN**

Independent  
Director



**DHARMENDRA  
SAXENA**

Nominee  
Director-SIDBI



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Directors





## On this 26th AGM

Dear Shareholders,

“The future of enterprise: Driven by hybrid work, digital acceleration and cloud”

I, Rajiv Jain, Chairman cum Managing Director of Digamber Capfin Limited welcome you all to the 26th Annual General Meeting of the company. Thank you for your constant support and trust which is vital for the growth and success of the company in these tough times. The journey of 26 years has been a memorable one filled with various challenges and achievements. It is with a great sense of satisfaction that we present to you our Annual Report for Financial year 2020-2021.

The year gone by has been full of various challenges and hardships witnessed in the market, majorly being the aftermath of Coronavirus. The financial year 2020-2021 has proven to be a difficult year for India as well as the whole world. It has begun with the initial days of the lockdown imposed in different regions with different intensities. The global outbreak of Coronavirus proved to be detrimental on the lives and health of human beings as well as on the operations of every business irrespective of the fact whether they are large or small. Covid-19 has caused a significant deterioration in economic condition of many companies and an increase in economic uncertainty for others.

To grapple with such censorious situation, Central Government had issued various Guidelines and Advisories to protect the lives thus resulting in hampering of the day-to-day affairs. Partial Upliftment of the lockdown in the Second half of the financial year 2020-2021 in various regions has helped the operations to be carried out in a consistent manner. The vaccination drive undertaken by the government in the second half of the financial year has helped in coping with the prevailing situation and uplifting the sentiments of public.

The Reserve Bank of India (RBI) has also announced several measures to provide relief to Borrowers by providing moratorium till August 31, 2020 for loan repayments. In line with this company has extended the moratorium benefit to all its borrowers.

Further, RBI has also introduced “Resolution Framework – 2.0: Resolution of COVID-19 related stress of Individuals and Small Business” with the objective to alleviate potential stress to individual borrowers and small business on 05th May, 2021. The objective of this framework is to facilitate the borrowers with rescheduling of payments, conversion of interest accrued or to be accrued into another credit facility, granting of moratorium etc. on the basis of assessment of income streams of the borrower without affecting the asset classification.

Company has benefited 19797 number of borrowers amounting to Rs. 442.52 Mn under RBI circular “Resolution framework- for COVID-19-related Stress dated 6th August, 2020 as measure of COVID -19 in the line of vision of Government of India. The outstanding balance of the same has been reduced to 350.11 Mn and 205.11 Mn as on end of March, 2021 and July, 2021.

Furthermore, despite these unforeseeable circumstances, company has acknowledged balance sheet size of INR 7392.96 Mn. Efforts have been made for geographical expansion. The company has managed to open new branches in the existing states of Uttarakhand and Uttar Pradesh. During the Financial Year 2020-2021, there were 147 branches in 79 districts spread in 8 states. In spite of Covid-19 geographical expansion is still in process. In the second half of the financial year company recommenced its business in full swing and managed to disburse 4844.91 Mn in the whole Financial Year 2020-2021.

With completion of the fiscal 2021 company has witnessed book loan portfolio of INR 5444.03 Mn against total AUM of INR 7467.75 Mn.

Looking back on the year under review, we have faced the crisis with never losing sight of our responsibilities to our employees and clients and stakeholders in general. At Digamber Capfin, we have ensured that appropriate measures were adopted for the utmost protection of the employees at the workplace. Company have taken various steps to ensure the safety and wellness of the employees including enhanced sanitation of facilities, setting up screenings and implementing visitor guidelines. A clear “Do’s and Don’ts” guidelines was also circulated among the employees. In times of such crisis, there has been no pay cuts or layoff on account of COVID-19.

The company, being a Non-Deposit taking Systematically Important Non-Banking Finance Company (NDSI-NBFC-MFI) has an increased regulatory environment with better risk-management and governance across the company. Accordingly, efforts, has been made in increasing for all round sustainable growth. Control teams, Risk, Compliance, Audit, vigilance have enhanced their capabilities manifold and support teams, HR & Training, Operations, Finance, Accounts, Credit Projects & Admin and IT have substantially improved processes for long term growth of the company.

In closing, I would like to take this opportunity to extend my gratitude to our financing partners for their constant support. With their continued trust, we are determined to expand our geographic reach to deliver greater impact. I thank to all company stakeholders especially our valued customers, employees, auditors, central and state governments, regulatory authorities, investors, bankers and financial institutions for their continued faith and trust.

We have many more milestones to accomplish, and we are confident that our entire stakeholder fraternity will always remain our partner in this exciting journey.

I thank all my colleagues on the Board for helping me in creating good governance culture across the organization and fulfilling the responsibilities of Board.

On this occasion of Company’s 26th AGM, I would once again like to express my gratitude to all our valued Shareholders for your continued support in our shared mission of contributing to India’s growth in the form of financial inclusion.

Thank you,

Rajiv Jain,  
Chairman cum Managing Director



# DIRECTORS REPORT

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To,

The Members,  
Digamber Capfin Limited

Your directors have pleasure in presenting the 26th Annual Report of your Company together with the Audited Financial Statements and the Auditors Report of your Company for the financial year ended March 31, 2021.

## OVERVIEW

The Company is Non-Banking Financial Company-Micro Finance Institution (NBFC-ND-SI-MFI) and is registered with Reserve Bank of India under Section 45-IA of Reserve Bank of India Act, 1934 having Registration No. (RBI: B.10.00099). Further, the Company has not accepted any public deposits during the Financial Year 2020-2021 and did not have outstanding public deposits as at the end of the year. There has been no change in the business of the Company during this period.

## FINANCIAL SUMMARY OF THE COMPANY

The Company's financial performance for the year under review along with previous year's figures is given hereunder:

Particulars	Unit	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	Change (%)
Total Income	Rs. In Lakh	16,332.39	14,398.89	13.43
Total Expenditure	Rs. In Lakh	12,387.06	10,779.75	14.91
Profit before tax	Rs. In Lakh	3,945.33	3,619.14	9.01
Tax Expenses	Rs. In Lakh	1,006.77	933.63	7.83
Profit after tax	Rs. In Lakh	2,938.56	2,685.51	9.42
Proposed Dividend on 9% Optionally Convertible Preference Shares	Rs. In Lakh	24.97	27.00	-
Dividend Distribution Tax	Rs. In Lakh	0.00	0.00	-

## OPERATIONAL HIGHLIGHTS.

Particulars	Unit	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	Change (%)
Number of Branches	No's	147	149	(1.34)
No. of Customers/ Borrowers	No's	239037	250813	(4.70)
No. of Employees	No's	1327	1394	(4.81)
Amount Disbursed	Rs. In Lakh	48449.10	73255.15	(33.86)
Gross Loan Portfolio	Rs. In Lakh	54440.25	48729.81	11.72

During the Financial year 2020-2021, nationwide lockdown has been imposed by the Government due to pandemic caused by Covid-19 which has resulted in hampering day-to-day operations of the company. Keeping in mind the guidelines as issued by the government and safety measures of employees, company carried out its operations in a restricted manner. After upliftment of lockdown in various parts of the country, company started its operations more consistently. Disbursements started from the month of August, 2020. Aftermath of Covid-19 had impacted the business of borrowers which resulted in minute collection and disbursement.

Furthermore, company had closed some of its branches in the states of Rajasthan and Madhya Pradesh due to adverse effect on the collection and disbursement of the company.

As on March 31, 2021 Company was operating with 147 branches spread over 8 states with 239037 customers.

## DIVIDEND

Your directors have Proposed Dividend of Rs. 24.97 Lakhs on 9% Optionally Convertible Preference Share during the year.

Further, Board of Directors has not recommended any dividend for the year under consideration on Equity Shares of the Company.

## TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

There is no requirement of transferring any sum during the Financial Year 2020-2021 to the Investor Education and Protection Fund established by the Central Government, in compliance with section 125 of the Companies Act, 2013.

## AMOUNTS TRANSFERRED TO RESERVES AND SURPLUS

As per provisions of section 45-IC of Reserve Bank of India Act, 1934, the Company has to transfer not less than 20% of the Profit after Tax to the Statutory Reserve Fund. The Company has transferred Rs. 5.88 Lakhs to statutory reserves in accordance with the provisions of section 45-IC of Reserve Bank of India Act, 1934.

## BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIR

Your directors wish to present the details of Company's Business operations and State of affairs during the year under review:

### a) PROFITABILITY

The financial statements for the year ended on March 31, 2021 show increment in the profitability by 9.42% from the last year. During the current year profit is Rs. 2,938.56 Lakhs where as in last year profit was Rs. 2,685.51 Lakhs.



**b) INCOME (TURNOVER)**

The financial statements for the year ended on March 31, 2021 show increment in the total income by 13.43% from the last year. During the current year total income is Rs. 16,332.39 Lakhs where as in last year turnover was Rs. 14,398.89 Lakhs.

**c) MARKETING AND MARKET ENVIRONMENT**

The Company has covered whole State of Rajasthan, Madhya Pradesh, Haryana, Uttrakhand, Himachal Pradesh, Punjab, Uttar Pradesh and Jammu & Kashmir during the year by issuing pamphlet and other marketing strategies.

**d) FUTURE PROSPECTS INCLUDING CONSTRAINTS AFFECTING DUE TO GOVERNMENT POLICIES**

Depends on changes in RBI guidelines & regulations and government policies in future. As, recently RBI has released "Consultative Document on Regulation of Microfinance" dated June 14, 2021 regarding new guidelines for microfinance sector. Although same is only a draft to be approved later by RBI.

**MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

The material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which these financial statements relate on the date of this report are as follows: -

- Central Government has introduced TLTRO, Partial Guarantee Scheme (PCGs) and refinancing scheme to enhance the liquidity in the system post Covid-19 crisis. Accordingly, company has issued Non-Convertible debentures through private placement to State Bank of India, Punjab & Sind Bank and UCO and Punjab National Bank for an amount of Rs. 25.00 Crore, 10.00 crore and 15.00 crore (UCO and Punjab National Bank) respectively.
- The non-convertible debentures of the company are listed on the Wholesale Debt Segment Market at BSE Limited.
- During the year company has redeemed 50% of 9% Optionally Convertible Preference Shares i.e. 15,00,000 (Fifteen Lakh) of Rs. 10/- each aggregating to Rs. 150 Lakhs at par from profits of the company on February 05, 2021 out of total 30,00,000 (Thirty lakh) of Rs 10/- each 9% Optionally Convertible Preference Shares. Kindly note, Company had allotted 30,00,000 (Thirty Lakh) 9% Optionally Convertible Preference Shares of Rs. 10/- each aggregating to Rs. 300 Lakhs to Small Industries Development Bank of India (SIDBI) on February 25, 2015.

**DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL**

No significant and material order passed by any such authorities which impacts the going concern status and company's operations in future.

**INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Companies Act, 2013 re-emphasizes the need for an effective Internal Financial Control System in the Company. The system should be designed and operated effectively. Rule 8(5) (viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board's report. To ensure effective Internal Financial Controls, the Company has laid down the following measures:

- a) The internal financial control systems are commensurate with the size and nature of its operations.
- b) All legal and statutory compliances are ensured on a monthly basis. Non-compliance, if any, is seriously taken by the management and corrective actions are taken immediately. Any amendment is regularly updated by internal as well as external agencies in the system.
- c) Approval of all transactions is ensured through a pre approved Delegation of Authority Schedule which is reviewed periodically by the management.

d) The Company follows a robust internal audit process. Transaction audits are conducted regularly to ensure accuracy of financial reporting, safeguard and protection of all the assets. Fixed Asset verification of assets is done on an annual basis. The audit reports for the above audits are compiled and submitted to Board of Directors for review and necessary action.

e) The Company is having keen eyes on activities of its employee having access on company's software. An exceptional report is generated on daily basis about the suspicious activities done by users of software. Report is generated by backhand of software only, without any interference of company. Purpose of this, is to have a report from system only without any kind of alteration/interference from any employee having any kind of interest in the company including top management.

**Main features of the report are as follows:**

- (i) Report provides details of activities done by any user during odd hours. Details contain complete information regarding user along with kind of activity undertaken by him;
- (ii) Report provide details of new user creation/updation in the system including modification in admin panel;
- (iii) Report contains details about re-schedule of loan account, reversed transaction, if any undertaken;
- (iv) Details of client with multiple loan account or any pre closed account are also become part of report;
- (v) Details of any kind of activity not having synchronization with the loan policy of company become part of this report;

After generation of report by backhand team of software, same is submitted only to authorize users including internal audit team of the company as approved by top management of company. This type of internal controls provides benefit to the company in managing its risk control activities.

**DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES**

The Company does not have any Subsidiary or Associate Company or Joint venture.

**PARTICULARS OF DEPOSITS**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. Further, your company is Non-Banking Financial Company registered with Reserve Bank of India (RBI) has confirmed that in future company will not accept public deposit without prior approval of RBI.

The Company has not received any secured or unsecured loan from the Directors or shareholders of the company during the financial year 2020-2021.

Further as a part of business operations of the company, company is required to open fixed deposit account with various banks to provide collateral security against the fund borrowed by the company in compliance of section 179 & 180 (1)(a) & (c) of Companies Act, 2013 along with rules provided for this purpose & modifications thereafter, if any. As on March 31, 2021 outstanding balance of all fixed deposit along with investment in mutual funds was Rs. 11788.18 Lakhs.

**AUDITORS AND THEIR REPORT THEREON**

M/s A K Chordia & Co., Chartered Accountants, Jaipur (Firm Registration No.: 002606C) was appointed as Statutory Auditors in the 21st Annual General Meeting (AGM) held on 30th September 2016 for a term of five consecutive years i.e. till the conclusion of 26th AGM to be held in year 2021. Although this was 2nd term of this statutory auditor firm as same was appointed in 20th Annual general meeting of company held on 30th September, 2015 for the period of 1 year till 21st Annual general meeting of company. Further as per section clause (b) of sub section (2) of section 139 of Companies Act, 2013 our company cannot appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive terms. Accordingly, M/s A K Chordia & Co., Chartered Accountants has completed their two terms as statutory auditor and therefore it was required to appoint new statutory auditor of the company as per the provisions of Section 139 of Companies Act, 2013.

On the recommendation of Audit Committee, your Board of Directors proposed to appoint M/s Kalani & Company, Chartered Accountant(s), (FRN:000722C), as Statutory Auditor of the company for a period of 3 years pursuant to RBI circular ref. no. DOS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, and if their appointment made, they hold the office as statutory auditor of the Company with effect from conclusion of ensuing Annual General Meeting till the conclusion of 29th Annual General Meeting of the company. The Company has received certificate from the appointing Statutory Auditor to the effect that they are not disqualified to continue as statutory auditor pursuant to RBI circular as stated above as well as section 141 of the Companies Act, 2013 and relevant rules prescribed there under.

Further in respect of Audit Report for the year ended 31.03.2021 there are no observations (including any qualification, reservation, adverse remark, fraud or disclaimer) of the auditors in their audit report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the auditor's report are self-explanatory.

**DETAILS OF FRAUDS REPORTED BY THE STATUTORY AUDITORS**

During the year no case of embezzlement by employees of the company is reported (Previous year no case of embezzlement by employees of the company). In the current year Rs. 1.25 Lakhs was recovered which pertains to earlier years. Same has been disclosed by auditor in their report and has already been discussed & reported in "Risk Management Committee of the company."

During the year 3 cases of Robbery (Previous year 4 cases) of money from the staff of the company are reported for which FIR was filed. The aggregate amount of robbery of Rs. 1.42 Lakhs (previous year Rs. 5.70 Lakhs) has been charged to profit & loss account of the company.

**ANNUAL RETURN**

In accordance with the provisions of section 134 (3) (a) of the Companies Act, 2013 the Annual Return referred under section 92 (3) of the Companies Act, 2013 is available on the website of the company at :

<https://www.digamberfinance.com/financial-information/>

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO****• CONSERVATION OF ENERGY:**

The company, being a Non-Banking Finance Company, does not have any manufacturing activity. Therefore, the company has nothing to report on Conservation of Energy.

**• TECHNOLOGY ABSORPTION:**

Company actively engages itself towards technology advancements to serve its customers better and to create technology friendly environment for its employees who, in turn, help them to manage the processes efficiently and economically.

**• FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Further, for the year ended March 31, 2020, there has been no foreign exchange earnings and outgo.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

After acknowledging net profit of more than Rs 5.00 Cr. in financial year ended 2018, company falls under preview of section 135 of Companies Act, 2013 along with rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013. The CSR policy has already been formulated by the Board based on the recommendation of the Corporate Social Responsibility Committee (CSR Committee). The report on CSR activities is annexed herewith as Annexure "A".

**BOARD OF DIRECTORS****A. Changes in Directors and Key Managerial Personnel**

- While selecting Directors the Company looks for an appropriate balance of skills, fit & proper criteria as per RBI guidelines, experience, independence and knowledge to enable them to discharge their responsibilities effectively. The Company has laid down a clear Policy on remuneration of Directors, KMP and other employees.
- Dr. Amita Gill (DIN: 09066022) has been appointed as an Additional Independent Director of the company with effect from 12th February, 2021. Further, your Board of Directors proposes the regularization of Dr. Amita Gill in the ensuing Annual General Meeting subject to the approval of shareholders.
- Mr. Rajiv Jain (DIN: 00416121) Whole-Time Director of the Company has been appointed as Chairman Cum Managing Director in the Board Meeting held on 19th March, 2021 for a term of five year with effect from 14th April, 2021 to 13th April, 2026 and subsequently approved by the shareholder in their Extra-Ordinary General Meeting held on 13th April, 2021.
- Mr. Amit Jain (DIN: 00416133) has been re-appointed as Whole-Time Director of the Company in the Board Meeting held on 19th March, 2021 for a term of five year with effect from 14th April, 2021 to 13th April, 2026 and subsequently approved by the shareholder in their Extra-Ordinary General Meeting held on 13th April, 2021.
- Mr. Jatin Chhabra (DIN: 08271333) Non-Executive Director of the Company is liable to retire by rotation and being eligible to offer himself for re-appointment. The Board of Directors recommend his re-appointment as Director of the Company and resolution for his re-appointment is being proposed for approval of the shareholders at the ensuing 26th Annual General Meeting of the company.
- Mr. Lalit Kumar Jain (DIN: 07517615) is being eligible for re-appointment as Independent Director of the company for a further term of 5 years with effect from conclusion of ensuing Annual general meeting till the conclusion of 31st Annual general meeting of the company subject to the approval of shareholders.

The Board is of the opinion that the independent director appointed during the year under review is person of integrity and possess the requisite expertise and experience required for the position and the independent director(s) will give the online proficiency self-assessment test applicable as per the Companies (Accounts) Rules, 2014, as amended from time to time.



**B. Declaration by an Independent Director(s) and re-appointment, if any**

The Company has received declarations from all Independent Directors of the Company as prescribed under Section 149(7) of the Companies Act, 2013 and rules made there under that they meet with the criteria of their independence as laid down in Section 149(6) of the Companies Act, 2013.

**C. Evaluation of Board Performance**

The performance of the Executive Committee, Audit Committee, Nomination & remuneration committee, Risk Management Committee, Credit Committee, Ombudsman committee, ALCO committee, Staff Appraisal Committee, IT Steering Committee, IT Strategy Committee, ESOP Support Committee, CSR committee, Incentive distribution committee, Investigation Committee, Project Advisory Committee and individual Directors were evaluated on the basis of criteria as approved by the Board.

**D. Policy on Directors Appointment & Remuneration**

The Board on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management personnel and their remuneration. The Policy contains, inter-alia, directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director, etc. The Nomination & Remuneration Policy is annexed herewith as Annexure "B".

**MEETINGS OF THE BOARD OF DIRECTORS**

During the Financial Year 2020-2021, the Company held 15 (Fifteen) Board Meetings of the Board of Directors as per Section 173 of the Companies Act, 2013 which is summarized below. The provisions of Companies Act, 2013 were adhered to while considering the time gap between two meetings.

S.No.	Date of Meeting	Board Strength	No. of Directors Present
1.	30.06.2020	6	6
2.	01.07.2020	6	3
3.	28.07.2020	6	3
4.	29.07.2020	6	3
5.	11.08.2020	6	3
6.	13.08.2020	6	3
7.	14.08.2020	6	3
8.	05.09.2020	6	6
9.	24.09.2020	6	5
10.	30.09.2020	6	6
11.	04.11.2020	6	6
12.	05.01.2021	6	6
13.	04.02.2021	6	6
14.	12.02.2021	6	5
15.	19.03.2021	7	7

**MEETINGS OF THE COMMITTEES**

There are various committees constituted as per provisions/guidelines of Companies Act, 2013 and Reserve Bank of India. Details of meeting of these committees are stated in the Corporate Governance Report.

**CORPORATE GOVERNANCE**

The Company has adopted best corporate practices and is committed to conducting its business in accordance with the applicable laws, rules and regulations. The Company follows the highest standards of business ethics. A report on Corporate Governance is provided separately in this Board Report (Annexure "C").

**SECRETARIAL AUDIT**

In compliance with the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 company has appointed M/s R. Chouhan & Associates, Practicing Company Secretaries, Jaipur as the secretarial auditor of the company for the financial year 2020-2021.

The Secretarial Audit Report in form MR-3 is annexed herewith which forms part of this report as Annexure- "D". There is no qualification, reservation or adverse remarks in their report however, it is stated that in respect of Secretarial Standards (SS-1) issued by ICSI company has duly complied with the same but there is scope to improve compliance in future.

**CHANGES IN SHARE CAPITAL**

Particulars for Year ended March 31	2021		2020	
Authorized Share Capital		1800.00		1800.00
Issued Capital		1137.69		1287.69
• Equity share capital	987.69		987.69	
• 9% optionally convertible preference shares	150.00		300.00	
Subscribed Capital		1137.69		1287.69
• Equity share capital	987.69		987.69	
• 9% optionally convertible preference shares	150.00		300.00	
Paid up Share capital		1137.69		1287.69
• Equity share capital	987.69		987.69	
• 9% optionally convertible preference shares	150.00		300.00	
Security Premium	2029.73	2029.73	2029.73	2029.73
<b>Total</b>		<b>3167.42</b>		<b>3317.42</b>

Further neither any bonus/ right issue nor any buy back has been conducted during the financial year ended March 31, 2021.

Although, during the year company has redeemed 50% of 9% Optionally Convertible Preference Shares i.e. 15,00,000 (Fifteen Lakh) of Rs. 10/- each aggregating to Rs. 150 Lakhs at par from profits of the company on February 05, 2021 out of total 30,00,000 (Thirty lakh) of Rs 10/- each 9% Optionally Convertible Preference Shares. Kindly note, Company had allotted 30,00,000 (Thirty Lakh) 9% Optionally Convertible Preference Shares of Rs. 10/- each aggregating to Rs. 300 Lakhs to Small Industries Development Bank of India (SIDBI) on February 25, 2015.

Further company has created Capital redemption reserve account as per provisions of section 55 of Companies Act, 2013 along with applicable rules of respective act. Sum equal to nominal amount of shares so redeemed i.e. 1, 50,00, 000/- (Rupees One Crore fifty lakh) has been transferred into "Capital redemption reserve account".



### NON-CONVERTIBLE DEBENTURES

Central Government has introduced TLTRO, Partial Guarantee Scheme (PCGs) and refinancing scheme to enhance the liquidity in the system post Covid-19 crisis. Accordingly, during the period, company has issued non-Convertible debentures through private placement to State Bank of India, Punjab & Sind Bank and UCO and Punjab National Bank for an amount of Rs. 25.00 Crore, 10.00 crore and 15.00 crore (UCO and Punjab National Bank) respectively. Same has been issued under TLTRO and Partial Guarantee Scheme (PCGs) of government.

Those, non-convertible debentures of the company are listed on the Wholesale Debt Segment Market at BSE Limited.

Although equity shares of the company are not listed on any stock exchange.

### DEMATERIALIZATION OF SHARES OF THE COMPANY

As per notification issued by Ministry of corporate affairs dated September 10, 2018 by inserting Rule 9A of Companies (Prospectus and allotment of Securities) Rules, 2014, effective since 2nd October, 2018, every Unlisted Public Company is required to issue securities only in dematerialized form and required to facilitate dematerialization of all its existing securities in accordance to provisions of depositories act, 1996 & regulations made there under.

Accordingly, company has obtained its ISIN **INE02QN01014** for equity shares from Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) dated 27th November, 2018 & October 01, 2020 respectively and ISIN **INE02QN03010** for Preference Shares dated 16th October, 2019 from Central Depository Services (India) Limited (CDSL) and same has been communicated to shareholders. Further CDSL Ventures Limited is providing its services as RTA agent.

As per requirement of MCA notification, shareholding of promoters has already converted in Demat form. As on 31st March, 2021, 9120311 (Ninety-One Lakh Twenty Thousand Three Hundred Eleven) equity shares out of 9876930 (Ninety-Eight Lakh Seventy-Six Thousand Nine Hundred thirty) paid up equity shares were in Demat form.

### PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provisions are not applicable on the company.

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company has entered into various Related Parties Transactions as defined under Section 188 of the Companies Act, 2013 with related parties as defined under Section 2 (76) of the said Act. Further, all the necessary details of transaction entered with the related parties are attached herewith in Form No. AOC-2 as Annexure: "E"

Further, as per RBI Master Circular no. RBI/2015-16/12 DNBR (PD) CC.NO.053/03.10.119/2015-2016 dated 1st July, 2015 regarding "Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015" policy of Related Party Transactions is attached herewith as Annexure: "F"

### RISK MANAGEMENT

The Company has formed a Risk Management Committee consisting of Two Executive Directors along with 2 other members as Senior Employees of the company. In the normal course, MFIs are exposed to various risks.

The managements of MFI have to base their business decisions on a dynamic and integrated risk management system and process, driven by corporate strategy. MFIs are exposed to several major risks in the course of their business –reputational risk, credit risk, interest rate risk, liquidity risk and operational risk. For this purpose, company has formed separate committee in the name & style of "Risk Management Committee".

### Main objective of the committee is as follows:

1. The total process of risk management which includes opening of new branches along with review of existing branches in different states and review of internal control system.
2. The Committee is constituted to assist the Board in the discharge of its duties and responsibilities in this regard.
3. The duties and responsibilities of the members of the Committee are in addition to those as a member of the Board of Directors.

However, in addition of the above following are the other major responsibilities covered under the terms of reference of this committee:

- Company will ensure that its audit machinery is staffed adequately with individuals who are well-versed in such policies and procedures. Concurrent/Internal Auditors will specifically check and verify the application of KYC procedures and comment on the lapses observed in this regard. The compliance in this regard will be put up before the Audit Committee of the Board at quarterly intervals.
- Company will have an ongoing employee training program so that members of the staff are adequately trained in KYC procedures. Training requirements will have different focuses for front line staff, compliance staff and staff dealing with new customers.
- Customer Education: The implementation of KYC procedures requires company to demand certain information from customers, which may be of personal nature, or which has hitherto never been called for. This can sometimes lead to a lot of questioning by the customer as to the motive and purpose of collecting such information. Company's front line staff will therefore personally discuss this with customers and if required, company will also prepare specific literature/pamphlets, etc. so as to educate the customer on the objectives of the KYC program.

Apart from above other details & information on risk management is provided in the Corporate Governance Report.

### DIRECTOR'S RESPONSIBILITY STATEMENT

The financial statements are prepared in accordance with the generally accepted accounting Principles (GAAP) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). There are no material departures from prescribed accounting standards in the adoption of these standards, the Board of Directors of the company hereby state and confirm:



- a) that in the preparation of the annual accounts for the financial year ended 31st March, 2021, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review;
- c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies' Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) that the Directors had prepared the annual accounts for the financial year ended 31st March, 2021 on a 'going concern' basis;
- e) that the directors had laid down internal financial controls, which are adequate and are operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Further, as per the Companies (Indian Accounting Standards) Rules, 2015, Companies whose debt are listed on any stock Exchange in India or outside India and having net worth of less than rupees five hundred crore shall comply with the Indian Accounting Standard (Ind AS). Further, Company has issued listed NCDs. Accordingly, as per Companies (Indian Accounting Standards) Rules, 2015, company shall adopt Ind AS from the financial year 2021-22.

#### PARTICULARS OF RBI COMPLIANCE'S

Being a Non-Banking Non-Deposit Taking Systematically Important Micro Finance Institution (NBFC-ND-SI-MFI) company continues to comply with the applicable regulations, directions and guidelines as prescribed by RBI and provisions as prescribed in "Master Direction - Non-Banking Finance Company- Systematically Important- Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016" as amended from time to time.

Further, company has complied with all the rules and procedures as prescribed in above mentioned master directions and any other circulars and notifications, time to time, issued by RBI.

#### MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report, highlighting the important aspects of the business, are attached as Annexure: "G" and forms part of this Report.

#### ANNUAL EVALUATION

The provisions of section 134(3)(p) relating to board evaluation is Not applicable on the Company as the paid-up share capital of the company is below Rupees Twenty-Five Crore.

#### VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Section 177 of the Companies Act, 2013 and the Rules made there under, the Company has established Whistle Blower Policy/Vigil Mechanism. Details of the same are stated in Corporate Governance report.

#### COST AUDIT

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014 are not applicable on the company.

#### POLICY ON PREVENTION OF SEXUAL HARASSMENT

The Company has put in place a policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal ) Act, 2013. All employees are covered under the policy. During the Financial Year 2020-2021, there was no case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The following is a summary of Sexual Harassment complaints received and disposed off during the year 2020-2021:

No. of complaints pending at the beginning of the year	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending at the end of the year
NIL	NIL	NIL	NIL

Further company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### PARTICULARS OF EMPLOYEES

In terms of provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended vide notification dated 30.06.2016, No employee of the Company has drawn salary in excess of Rs. 1,02,00,000/- per annum or Rs. 8,50,000/- per month (eight lakh and fifty thousand rupees per month)

#### COMPLIANCE OF SECRETARIAL STANDARD ISSUED BY ICSI

Company is regularly adhering secretarial standard issued by Council of the Institute of Company Secretaries of India and thereafter approved by the Central Government under section 118 (10) of Companies Act, 2013.

#### IMPACT OF COVID-19 PANDEMIC ON COMPANY

This COVID-19 pandemic has thrown up challenges like none other. The silver lining is that it has given a few lessons which will go a long way in making the microfinance sector more responsive and sensitive to the needs of the clients. Technology has been a redeeming factor in the face of this pandemic. From its many efficiency enhancing benefits, technology has now also become an operational necessity for MFIs. In order to fully leverage the potential of technology, there is a need to make investments to build financial and digital literacy of our clients, so that clients become confident of undertaking cashless transactions. We have started to prepare necessary blueprints so as to adopt technology in whichever operational areas possible in the coming years.

#### Collection Trends

Unlike 1st wave of Covid 19, when the businesses were completely shut and everything was all of a sudden, this time, during 2nd wave of Covid 19, the collections have not been very much affected as the routine works were not ceased.

To attain the objective of complete digitization of the process, DCL has moved a step forward towards digitized collection through an agreement with Pay-U payment private limited in early FY 2021 for availing payment gateway services. Although our customer base is such who is not technology handy, however, we have been able to collect the amount of around Rs. 6.94 Lakhs in Quarter 1 FY 2022. Since the contemporary world is geeky, we are on the path to have maximum and judicious utilization of technology and also motivate our clients and train them to use the same.



### **Moving Forward**

Trends indicate that the collections and Disbursements had started to come on track in the month of June 2021, compared to the month of May 2021. Similar trends were seen back in FY 2020-2021 as well.

The overall funding environment may seem to improve in the upcoming months as Finance Minister Smt. Nirmala Sitharaman has rolled out Rs 7,500-crore credit guarantee scheme to facilitate concessional loans to small borrowers through micro-finance institutions (MFIs).

The Scheme shall come into force from the date of issue of these guidelines by NCGTC (National Credit Guarantee Trustee Company) and shall cover funding provided by the MLIs (Micro Lending institutions) to MFIs/NBFC-MFIs till March 31st 2022 or till guarantees for an amount of Rs. 7500.00 Crore are issued, whichever is earlier.

The Scheme is a specific response to provide funding to the NBFC-MFI/MFI at competitive rates to enable them to extend need based financial assistance to their existing micro enterprises and to support new micro enterprises at reasonable rates. The funding provided by the Scheduled Commercial Banks (MLIs) under this scheme shall be eligible for credit guarantee coverage by government up to 75% of the of the amount of Default. We would do our best to have appropriate utilization of such scheme so as to help lower income group of the society who are often overlooked by Banks.

### **ACKNOWLEDGEMENTS**

Your directors take this opportunity to express their deep and sincere gratitude to the Members of the Company for their confidence and patronage, as well as to the Reserve Bank of India, the Government of India and Regulatory Authorities for their cooperation, support and guidance. Your directors would like to express a profound sense of appreciation for the commitment shown by the employees in supporting the Company in its endeavor of becoming one of the leading microfinance institutions of the country. Your directors would also like to express their gratitude to the Members, Bankers and other stakeholders for their trust and support.

**For & on behalf of the Board of Directors of  
Digamber Capfin Limited**

**Rajiv Jain**  
Managing Director  
DIN: 00416121

**Amit Jain**  
Whole-Time Director cum CFO  
DIN: 00416133

**Date: 4th September, 2021**  
**Place: Jaipur**



## ANNEXURE "A"

## ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

**1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:**

The Company has adopted CSR policy in compliance of section 135 of Companies Act, 2013 along with rules framed there under, approved by the board of directors in their meeting dated 15th day of March, 2019 and the same was reviewed on 24th August, 2021.

Further it is prescribed by board to undertake CSR activities in cohesion with those enunciated in the schedule VII of the Companies Act, 2013 for the benefits of the localities of nearby area of the company mainly or in any other part of India as may be deemed fit by the Board or CSR committee of the company.

Further projects and programs as proposed to be undertaken are as follows:

- (a) Eradicating hunger, poverty and malnutrition, "promoting health care including preventive health care" and sanitation including [contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water;
- (b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (c) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (d) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- (e) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- (f) Measures for the benefit of armed forces veterans, war widows and their dependents (Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows);
- (g) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- (h) Contribution to the prime minister's national relief fund or [or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- (i)
  - (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
  - (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).];
- (j) Rural Development Projects;
- (k) slum area development.  
Explanation: - For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.
- (l) Disaster management, including relief, rehabilitation and reconstruction activities;

The Company is committed to improve the lives of the society in which it operates. The Company believes in its efforts to improve the society and strives to create a positive impact on the communities it serves and on the environment.

The objective of our CSR policy is to actively contribute to the social, environmental and economic development of the society in which we operate.

**CSR KEY INITIATIVES FOR FINANCIAL YEAR 2020-2021**

During the year, company has undertaken its CSR responsibilities through company's own trust Dayitva Welfare Trust. A significant effort to repay the society at large that the said trust envisages helping the weaker sections of the society. It aims in making a difference among the underprivileged in the areas of education, health, upliftment and empowerment of women. The trust is also constituted for the purposes of promoting, establish, develop educational institution, eradicate Hunger, poverty, malnutrition, promoting health care, conservation natural resources, help widows, orphans and indigent persons, establishing dispensaries, hospitals, nursing homes, maternity homes, child welfare centers, medical centers, sanitariums, clinics, laboratories, mobile medical units, ambulances, research centers etc.

For the Financial year 2020-21, CSR amount approved by the Board was Rs. 45,97,812 (Rupees Forty-Five Lakh Ninety-Seven Thousand Eight Hundred and Twelve only) out of which a few amounts spent in a Primary School, Uttarakhand for basic infrastructure facilities and the remaining amount has transferred to Dayitva Welfare Trust, constituted by the Company for spending the amount in CSR activities.

**2. COMPOSITION OF CSR COMMITTEE**

The CSR Committee was constituted by board of directors of the company by way of circular resolution and same was approved on July 02, 2018. Further composition of committee was re-constituted with addition of Mr. Nayan Ambali (Independent Director) and Mr. Jatin Chhabra (Non-Executive Director) as approved in board meeting held on July 18, 2019.

**Committee Comprise of:**

Sl. No	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Rajiv Jain	Chairman cum Managing Director	2	2
2.	Mr. Amit Jain	Whole Time Director	2	2
3.	Mr. Lalit Jain	Independent Director	2	2
4.	Mr. NayanAmbali	Independent Director	2	2
5.	Mr. Jatin Chhabra	Non-Executive Director	2	2

**3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are hosted:**

<https://www.digamberfinance.com/csr/>  
<https://www.digamberfinance.com/corporate-governance/>

**4. Details of Impact Assessment of CSR Projects carried out in pursuance of sub rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014:**

This clause is not applicable to the company as company's average CSR obligation is not exceeding Rs. 10 Crore (Ten Crore Rupees) or more in the three immediately preceding financial years.

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be setoff for the financial year, if any (in Rs.)
N.A			

**6. Average net profit of the company as per section 135(5):**

Average net profit of the company is amounting to Rs. 22,98,90,553 (Rupees Twenty-Two Crore Ninety-Eight Lakh Ninety Thousand Five Hundred Fifty-Three)

**7. (a) Two percent of average net profit of the company as per section 135 (5):**

Rs. 45,97,812 (Rupees Forty-Five Lakh Ninety-Seven Thousand Eight Hundred and Twelve only)

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **NIL**

(c) Amount required to be set off for the financial year, if any: **NIL**

**(d) Total CSR obligation for the financial year (7a+7b-7c):**

Rs. 45,97,812 (Rupees Forty-Five Lakh Ninety-Seven Thousand Eight Hundred and Twelve only)

**8. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year.(In Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of Transfer
45,97,812	NIL	NIL	NIL	NIL	NIL

(b) Details of CSR amount spent against ongoing projects for the financial year: **NIL**

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of Project		Amount spent for the project (In Rs.)	Mode of implementation-Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR registration number
1.	Education	Promoting Education	Yes	Uttara-khand	Rudra-Prayag	1,48,730	Yes	NA	NA
2.	<ul style="list-style-type: none"> <li>• Health Care Activities</li> <li>• Educational Activities</li> <li>• National Heritage Protection</li> <li>• Contribution to relief and welfare funds and Public funded Universities</li> <li>• Rural and slum area development projects</li> <li>• Disaster management and others as per Schedule VII to the act.</li> </ul>	(i) to (xii)	Yes	PAN India	Multiple Districts	44,50,000	No	Dayitva Welfare Trust	-
<b>TOTAL</b>						<b>45,98,730</b>			

(d) Amount spent in Administrative Overheads: **NIL**

(e) Amount spent on Impact Assessment, if applicable: **NIL**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **Rs. 45,98,730**

(g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	45,97,812
(ii)	Total amount spent for the Financial Year	45,98,730
(iii)	Excess amount spent for the financial year [(ii)-(i)]	918
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	918

9. (a) Details of Unspent CSR amount for the preceding three financial years: **NIL**

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **NIL**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

(a) Date of creation or acquisition of the capital asset(s): **N.A.**

(b) Amount of CSR spent for creation or acquisition of capital asset: **NIL**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: **N.A.**

(d) Details of the capital asset(s) created or acquired (including complete address and location of the capital asset): **N.A.**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **N.A.**

**For & on behalf of the Board of Directors of Digamber Capfin Limited**

**Rajiv Jain**  
Managing Director & Chairman of CSR Committee  
DIN: 00416121

**Amit Jain**  
Whole-Time Director cum CFO  
DIN: 00416133

Date: 4th September, 2021  
Place: Jaipur



## Annexure "B"

**PHILOSOPHY****NOMINATION  
AND  
REMUNERATION  
POLICY**

Policy Version 1.2

As a philosophy, the Company believes that while appropriate remuneration and compensation should be paid to attract and retain the right quality of talent, yet compensation should not become the single most over-riding criteria of relationship between the staff and the company. Accordingly, the company shall strive at all times to create an atmosphere of trust, empowerment and performance-based reward which will draw and retain right talent in the organization. The company should be positioned as a great place to work in and the main motivation for staff, especially the senior management staff should be the adrenalin of high performance and aligned values and ethics-based work culture. However, the company does understand that financial compensations are also important and accordingly compensation should be structured such that it is reasonable compared to peers but may not be the highest compared to similar organizations.

**1. The Nomination & Remuneration Committee**

Subject to approval by the board, the Nomination & Remuneration Committee ("Committee") is responsible for formulating and making the necessary amendments to the Nomination & Remuneration Policy for the Directors, Key Managerial Persons (KMP) and Senior Executives of the Company from time to time.

**2. Remuneration for Non-Executive Directors**

The remuneration / profit linked commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee.

Pursuant to the provisions of the Companies Act 2013, Managerial Personnel (Excluding Independent Directors), KMP, Senior Management and an employee shall be entitled to any Employee Stock Options (ESOPs) of the Company.

Non-Executive Directors including Independent Directors are reimbursed travel (excluding foreign travel) and other out of pocket expenses incurred by them for participation in the Boards/Shareholders and committee meetings of the Company, if any.

**3. Remuneration to Managerial personal, KMPs**

The Remuneration / Compensation / Profit linked Incentive etc. to Managerial Personnel (Managing Director, Whole time director including other executive director), KMPs will be determined by the Committee & recommended to the Board for approval. The Remuneration / Compensation / Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company.

The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

Managerial Personnel, KMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company will pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013.

Where if any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and Senior Management for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

The Managing Director and Whole Time Director may also be offered options under the Company's Employee Stock Option Schemes as may be in force from time to time (if any occurred in future) subject to provisions by various statutory authorities as applicable to the company with their modifications, if any, including but not limited to regulations prescribed by companies act, 2013 with its rules, and guidelines provided by Reserve Bank of India for this purpose. Only such employees of the Company and its subsidiaries as approved by the Nomination and Remuneration Committee will be granted ESOPs.



**4. Remuneration for Senior Management Group**

“Senior Management Group” shall mean those executives reporting directly to Executive Directors. The Company’s principal focus continues to be the attraction and retention of high-caliber executives, aligning them to the mission and value system of the organization and engage with them to develop and implement the Company’s strategy so as to enhance long-term value. A consistent approach is used in determining the remuneration of key operational and functional heads within the Company (the ‘Senior Management Group’). Compensation including fixed component and variable component for the Senior Management Group are therefore set by reference to local market practice in India and are in alignment with the Company’s strategy.

Senior Management Group would also be entitled to employee stock options which would be individually determined based on criticality of the function, capabilities of the individual concerned and the overall compensation of such persons in similar peer organizations.

**5. Remuneration for other Employees**

Remuneration of middle and lower-level employees of the Company consists of both fixed and variable pay which is reviewed on an annual basis by Management of the company.

A formal annual performance evaluation process is applicable to all employees, including Key Executives. Increase in the remuneration of employees is affected based on an annual review taking into account performance of the employee and the performance of the Company also. Further all the eligible employees shall be participating in the Employee Stock Option Scheme.

**6. Alignment of Remunerations**

The Committee strives to ensure that the remunerations of the Directors, Senior Executives, Middle and lower-level employees of the company are reasonably aligned and the difference between the highest and lowest paid employees in the company are kept at reasonable multiples. Such reasonable multiples would be determined from time to time based on industry trends and developments around the world on fair compensation practices.

**7. Term of Appointment**

Term of Managing Director/ Whole Time Director is generally for a period of 5 years and renewed for similar periods from time to time. However, the Board reserves the right to increase/decrease the period as it may deem fit. Whereas, term of the other employees, generally is up to the age of superannuation.

**8. Familiarization program for independent directors**

The Company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the company, etc., through various programs.

**9. Post-Retirement Benefits**

All the employees are entitled for retirement benefits such as provident fund and gratuity.

**MONITORING, EVALUATION AND REMOVAL**

The Committee shall carry out evaluation of performance of every Managerial Personnel, Director, KMP and Senior Management on yearly basis.

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

Proceedings of all meetings must be entered in the minutes book and signed by the chairperson of the said meeting or the chairperson of the next succeeding meeting.

Minutes of the Committee meeting will be placed/circulated at the Quarterly basis before board meeting for noting.

**REVIEW**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

**CONTENT ON THE WEBSITE**

Appropriate disclosure regarding this Policy shall be made on the Company website at <https://www.digamberfinance.com/corporate-governance/>

The information published in the website should be updated whenever there is a change in the policy.

**AMENDMENT**

In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities not being consistent with the provisions laid down in this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions herein and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

**POLICY REPEALABLE**

This policy constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this policy being held to be a violation of any applicable law, statute or regulation, the same shall be repealable from the rest of this policy and shall be of no force and effect, and this Criteria shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy.

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# CORPORATE GOVERNANCE

AUNNAL  
**RE** 20  
**PORT** 21

A good compliance culture can benefit any organization in many ways — lower organizational risk, increased confidence among employees and better relationships with regulators and investors

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company is categorized as a Micro Finance Institution registered with Reserve Bank of India. The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. Corporate Governance for the Company is the 'way of the life' in the Company and there exists evidence enough through the policies, and procedures laid down by the Company, about its commitment to the same.

The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board or the committees of the members of the Board.

## COMMITTEES OF THE BOARD

The Board has constituted committees to delegate particular matters that require greater and more focused attention in the affairs of the Company. All decisions pertaining to the constitution of committees, appointment of members and fixing of terms of reference for committee members is taken by the Board. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

### COMPOSITION OF COMMITTEES

#### AUDIT COMMITTEE

Mr. Lalit Kumar Jain (Independent Director)  
Mr. Nayan Ambali (Independent Director)  
Mr. Jatin Chhabra (Non-Executive Director)

#### NOMINATION AND REMUNERATION COMMITTEE

Mr. Lalit Kumar Jain (Independent Director)  
Mr. Nayan Ambali (Independent Director)  
Mr. Jatin Chhabra (Non-Executive Director)  
Mr. Rajiv Jain (Managing Director)

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Rajiv Jain (Managing Director)  
Mr. Amit Jain (Whole time director cum CFO)  
Mr. Lalit Kumar Jain (Independent Director)  
Mr. Nayan Ambali (Independent Director)  
Mr. Jatin Chhabra (Non-Executive Director)

#### EXECUTIVE COMMITTEE

Mr. Rajiv Jain (Managing director)  
Mr. Amit Jain (Whole time director cum CFO)  
Mr. Jatin Chhabra (Non-Executive Director)

#### RISK MANAGEMENT COMMITTEE

Mr. Rajiv Jain (Managing Director)  
Mr. Amit Jain (Whole time Director cum CFO)  
Mr. Virendra Kumar Bhargaw (Vice President)  
Mr. Dharmendra Kumar Jangid (Vice President)

#### OMBUDSMAN COMMITTEE

Mr. Virendra Kumar Bhargaw (Vice President)  
Mr. Dharmendra Kumar Jangid (Vice President)  
Mr. Jugal Kishor Jangid (Assistant Accounts Manager)

#### IT STRATEGY COMMITTEE

Mr. Nayan Ambali (Independent Director & Chairman)  
Mr. Rajiv Jain (Chief Information Officer)  
Mr. Amit Jain (Chief Technology Officer)  
Mr. Virendra Kumar Bhargaw (Member)  
Mr. Dharmendra Kumar Jangid (Member)

#### CREDIT COMMITTEE (MICROFINANCE)

Mr. Virendra Kumar Bhargaw (Vice President)  
Mr. Dharmendra Kumar Jangid (Vice President)  
Mrs. Preeti Verma (Chief Operation Head)  
Mr. Subhash Kumawat (GRT Head)

#### INCENTIVE DISTRIBUTION COMMITTEE

Mr. Rajiv Jain (Managing director)  
Mr. Amit Jain (Whole time director cum CFO)  
Mr. Virendra Kumar Bhargaw (Vice President)  
Mr. Dharmendra Kumar Jangid (Vice President)

#### STAFF APPRAISAL COMMITTEE

Mr. Rajiv Jain (Managing Director)  
Mr. Amit Jain (Whole time director cum CFO)  
Mr. Virendra Kumar Bhargaw (Vice President)  
Mr. Dharmendra Kumar Jangid (Vice President)

#### IT STEERING COMMITTEE

Mr. Rajiv Jain (Managing Director)  
Mr. Amit Jain (Whole time director cum CFO)  
Mr. Virendra Kumar Bhargaw (Vice President)  
Mr. Dharmendra Kumar Jangid (Vice President)

#### ESOP SUPPORT COMMITTEE

Mr. Virendra Kumar Bhargaw (Vice President)  
Mr. Dharmendra Kumar Jangid (Vice President)  
Mrs. Neha Agarwal (Sr. Compliance Head)  
Ms. Shivani Sharma (Ass. Compliance Head)

#### INVESTIGATION COMMITTEE

Mr. Virendra Kumar Bhargaw (Vice President)  
Mrs. Neha Agarwal (Company Secretary)  
Mr. Om Prakash Dhuwariya (Legal Executive)

#### ASSET-LIABILITIES MANAGEMENT COMMITTEE (ALCO)

Mr. Rajiv Jain (Managing Director)  
Mr. Amit Jain (Whole time director cum CFO)  
Mr. Jatin Chhabra (Non-Executive Director)  
Mr. Virendra Kumar Bhargaw (Vice President)  
Mr. Dharmendra Kumar Jangid (Vice President)  
Mrs. Preeti Varma (Chief Operations Head)  
Mrs. Bharti Sukhyani (HR Manager)  
Ms. Kamini Sharma (Senior Manager)  
Mrs. Neha Agarwal (Sr. Compliance Head)  
Mr. Shashank Y. Kumar (Senior Manager)  
Mr. Naman Mehta (Assistant Accounts Head)



## AUDIT COMMITTEE

### Composition

Mr. Lalit Kumar Jain (Independent Director)  
Mr. Nayan Ambali (Independent Director)  
Mr. Jatin Chhabra (Non-Executive Director)

***“Qualified and Independent Audit Committee provides direction to the audit function and monitors the quality of internal and statutory audit”***

The audit committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the Company. The terms of reference of the audit committee covers all matters specified in Section 177 of the Companies Act 2013. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the Company. The audit committee reviews the compliance with legal and statutory requirements, the quarterly, and half yearly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of internal auditor and statutory auditor.

### TERMS OF REFERENCE: -

- I. The recommendation for appointment, remuneration and terms of appointment of auditors of the company
- II. Review and monitor the auditor's independence and performance, and the effectiveness of the audit process
- III. Examination of the financial statement and the auditor's report thereon
- IV. Approval or any subsequent modification of transactions of the company with related parties
- V. Scrutiny of inter-corporate loans and investments, if any.
- VI. Valuation of undertakings or assets of the company, wherever it is necessary.
- VII. Evaluation of internal financial controls and risk management systems.
- VIII. Overseeing the vigil mechanism (Compliance of whistle blower policy) of the company and ensuring its effective implementation & functioning.
- IX. The Board reviews the functions of the Audit Committee every year and gives its suggestions for effective and efficient functioning
- X. Monitoring the end use of funds rose for allotment of shares and related matters.

S. No.	Date of Meeting	Committee Strength	Members Present
1	30.06.2020	3	3
2	05.09.2020	3	2
3	04.11.2020	3	3
4	05.01.2021	3	3
5	27.03.2021	3	2

## NOMINATION AND REMUNERATION COMMITTEE

### Composition

Mr. Lalit Kumar Jain (Independent Director)  
Mr. Nayan Ambali (Independent Director)  
Mr. Jatin Chhabra (Non-Executive Director)  
Mr. Rajiv Jain (Managing Director)

This committee covers all matters specified in section 178 of the Companies Act regarding formation of criteria for determining qualifications, positive attributes and independence of a Director to ensure 'fit and proper' status of proposed/existing Directors & Senior Management. Committee ensures evaluations of Director's performance and recommends to the Board appointment/removal based on his/her performance and other matters related to remuneration for Directors, Key Managerial Personnel and Senior Management and Executive Directors etc.

## TERMS OF REFERENCE

- I. To formulate a criterion for determining qualifications, positive attributes and independence of a director.
- II. To ensure 'fit and proper' status of proposed/existing Directors.
- III. To recommend to the Board the appointment and removal of Senior Management.
- IV. To carry out evaluations of Director's performance and recommend to the Board appointment/removal based on his/her performance.
- V. To make recommendations to the Board on policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and Executive Directors' remuneration and incentive.
- VI. To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the company subject to the provision of the law and their service contract.
- VII. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- VIII. To devise a policy on Board diversity.
- IX. To develop a succession plan for the Board and to regularly review the plan.

**NOTE:** - Senior management means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

S. No.	Date of Meeting	Committee Strength	Members Present
1	30.06.2020	4	4
2	12.02.2021	4	3
3	19.03.2021	4	4

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### Composition

Mr. Rajiv Jain (Managing Director)  
Mr. Amit Jain (Whole time director cum CFO)  
Mr. Lalit Kumar Jain (Independent Director)  
Mr. Nayan Ambali (Independent Director)  
Mr. Jatin Chhabra (Non-Executive Director)

The Corporate social responsibility committee "CSR committee" has been constituted as per Section 135 of Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 (including any amendment thereto or re-enactment thereof). Committee has been constituted to formulate and recommend to the Board of Directors, a corporate social responsibility policy which shall indicate the activities to be undertaken by the company, recommend the amount of expenditure to be incurred on such activities and monitor the corporate social responsibility policy of the company from time to time.

### TERMS OF REFERENCE

1. Review and recommend the amount of expenditure to be incurred on CSR activities.
2. Formulate and recommend to Board of Directors CSR policy which shall indicate the activities to be undertaken by the company as per Companies Act, 2013 and rules made thereunder.
3. Monitor CSR policy of the company from time to time.
4. The bifurcation on the recommended amount for the activities to be undertaken for local areas including branch offices and rest of the areas in India.
5. Determine the beneficiaries of the activities.
6. Mode of serving the beneficiaries as per CSR policy.
7. Derive the method of verifying whether the amount allotted is spend for the beneficiaries.
8. Audit and assess the activities implemented.



9. Report to the Board and aids in disclosing in the Directors' Report of the Board under section 134 of the Act, 2013 as well as uploading in the official web site of the Company.
10. Formulate and Recommend to the Board of Directors an annual action plan in pursuance of CSR Policy.
11. Review CSR activities at least once a year.

S. No.	Date of Meeting	Committee Strength	Members Present
1	05.09.2020	5	5
2	05.01.2021	5	5

## EXECUTIVE COMMITTEE

### Composition

Mr. Rajiv Jain (Managing director)  
Mr. Amit Jain (Whole time director cum CFO)  
Mr. Jatin Chhabra (Non-Executive Director)

The Executive committee has been constituted as per clause 94 of article of association of the company and with reference to section 179(3) of Companies Act, 2013 and rules provided for this purpose to assist the board for the matters specified in clauses (d) to (f) of sub section (3) of section 179 of Companies Act, 2013 and other matters for smooth working of day-to-day affairs of the company. The terms of reference broadly include borrowing power under the authority provided by Board/ shareholders; invest funds of the company subject to guidelines provided by RBI for this purpose, account opening both in terms of borrowings & for operational functioning of the company, any authorization for regular business affairs, approval/ review of policies of the company necessary for conducting operations of the company.

### TERMS OF REFERENCE

- I. To approve borrowings from various persons including banks, financial institutions (FI's), corporate etc. on such terms and conditions as to repayment, interest rate, security or otherwise as it thinks fit upto such limits as approved by the Board / Shareholders from time to time, such limit to be exclusive of any money borrowed by or on behalf of the Company otherwise than by virtue of this resolution. Further borrowing includes approval of renewal of Cash credit limit as per terms and conditions provided by concerned Banks/ FI's/ Corporates.
- II. To approve and provide authority to approach in any banks/ FI's/ corporates for availing loan facility and provide authority to decide terms and conditions for availing loan facility including repayment terms, interest rate, security to be provided for this purpose and provide signing authority for data sharing and for signing/ endorsing any document in this connection.
- III. To approve sanction letter for availing loan facility (both in terms of tier I & tier II capital as per RBI guidelines provided for this purpose) received from any bank/ FI's / Corporate and provide signing authority to any director or any other senior person/ employee for the same.
- IV. To provide authority for affixation of common seal of the company in connection with the matters to be conducted by the "Executive committee" under its authority/ terms of reference.
- V. To approve & conduct all other matters regarding borrowings from any banks, financial institutions (FI's), corporates including opening of new bank account for availing loan facility or opening fixed deposit account for the purpose of providing security to concerned lender i.e., banks/ FI's, corporates.
- VI. To approve investment of funds of the company subject to guidelines provided by RBI for this purpose for NBFC MFIs.
- VII. To approve establishment of current and other accounts with various banks upon such terms and conditions as may be agreed upon with the said bank including reactivation of existing dormant bank account, if any, for the purpose of day-to-day business activities of the company.
- VIII. To approve changes in persons authorized to operate current and other accounts and their signing limits for operating such accounts.

- IX. To approve closure of current and other accounts of the Company held with various banks.
- X. To approve and provide any authorization for day to day business operations such as for gumastalicense for establishing any new branch, authorization for availing any new network facility for internet or communication facility i.e. mobile network, authorization to handle any judicial/ Criminal matter, if any, authorization for any matter regarding FIU IND/ Central KYC registry (CKYC)/ internet banking/ cash management services etc.
- XI. To approve or review any operational policy/ reporting guidelines/ work manual/ code of conduct for day to day business operations including policies regarding Human resource, Accounts & MIS, Operations both at Head office and branches, Operational audit of branches, increment/ bonus policies etc.
- XII. To review the operations of the Company in general and report in the board meeting.
- XIII. To delegate authority to the Company officials to represent the Company at various courts, government authorities.
- XIV. To seek information from any employee as considered necessary for better management of company's affairs
- XV. To obtain outside legal professional advice as considered necessary for safeguard from the legal non compliances and formalities under different law/statue applicable to the company.
- XVI. To approve investment of surplus funds as per the policy approved by the shareholder/board as case may be.
- XVII. Reviewing and determining governance duties, procedures, policies, code of conduct and by-laws and where necessary and as required by the Board.
- XVIII. To approve the annual budget and longer-term financial plans and approves any change in agreed expenditure/activity that would materially affect the financial forecast.
- XIX. The minutes of meetings, as signed by the Chairman, shall be circulated to all members of the Executive Committee and shall be presented before the board on quarterly basis.
- XX. To providing leadership and commitment within the business on safety, health and environmental matters.
- XXI. To investigate any activity which require investigation.
- XXII. To approach any Self-regulatory organization and conduct all matters, things, act necessary of this purpose, pre and post membership.
- XXIII. To approve matters related to securitization or direct assignment or to become business associate with any lender.
- XXIV. To approve establishment of current and other accounts including fixed deposit accounts with various banks upon such terms and conditions as may be agreed upon with the said bank for the purpose of day-to-day business transactions of the Company.
- XXV. To approve & take any type of facility including but not limited to Internet facility, ATM card & Debit Card or any other facility required for day-to-day business transactions of the Company.

S. No.	Date of Meeting	Committee Strength	Members Present
1.	19.05.2020	3	2
2.	15.06.2020	3	2
3.	24.06.2020	3	2
4.	25.06.2020	3	2
5.	07.07.2020	3	2
6.	23.07.2020	3	2
7.	24.07.2020	3	2
8.	25.07.2020	3	2
9.	04.08.2020	3	2
10.	17.09.2020	3	2
11.	08.10.2020	3	2
12.	20.10.2020	3	2
13.	23.10.2020	3	2
14.	15.12.2020	3	3



S. No.	Date of Meeting	Committee Strength	Members Present
15.	30.12.2020	3	2
16.	31.12.2020	3	2
17.	21.01.2021	3	2
18.	01.02.2021	3	2
19.	18.02.2021	3	2
20.	25.02.2021	3	2
21.	02.03.2021	3	2
22.	17.03.2021	3	2
23.	26.03.2021	3	2

## RISK MANAGEMENT COMMITTEE

### Composition

Mr. Rajiv Jain (Managing Director)  
 Mr. Amit Jain (Whole time Director cum CFO)  
 Mr. Virendra Kumar Bhargaw (Vice President)  
 Mr. Dharmendra Kumar Jangid (Vice President)

In the normal course, MFIs are exposed to many various risks. The managements of MFI have to base their business decisions on a dynamic and integrated risk management system and process, driven by corporate strategy. MFIs are exposed to several major risks in the course of their business –reputational risk, credit risk, interest rate risk, liquidity risk and operational risk. It is, therefore, important that MFIs introduce effective risk management systems that address the issues relating above risks.

### TERMS OF REFERENCE

- I. To assist the Board in setting risk strategy policies in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting;
- II. To decide total process of risk management which includes opening & closing of branches along with review of existing branches in different states and review of internal control system;
- III. To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed;
- IV. To review and assess the nature, role, responsibility and authority of the risk management function within the company and outline the scope of risk management work;
- V. To ensure that the company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the company's appetite or tolerance for risk;
- VI. To oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the company's objectives are attained;
- VII. To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;
- VIII. To monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts;
- IX. To provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by internal auditor to the Board on all categories of identified risks facing company;
- X. To take a note of Self-Regulatory Organization(SRO) district analysis based on credit bureau data undertaken by SA-DHAN.

- XI. The Committee shall in particular be charged with the following responsibilities in connection with the Nomination;
- Reviewing the risk acceptance criteria, reviewing loan loss provisioning;
  - Take care matters related to pricing of credit as per RBI guidelines.
  - To deal with the matters related to robbery/fraud etc. and take necessary legal action for the same.

S. No.	Date of Meeting	Committee Strength	Members Present
1.	11.05.2020	4	4
2.	06.07.2020	4	4
3.	31.07.2020	4	4
4.	07.10.2020	4	4
5.	15.10.2020	4	4
6.	29.10.2020	4	4
7.	05.01.2021	4	4
8.	04.02.2021	4	4
9.	31.03.2021	4	4

## ASSET-LIABILITIES MANAGEMENT COMMITTEE (ALCO)

### Composition

Mr. Rajiv Jain (Managing Director)  
 Mr. Amit Jain (Whole time director cum CFO)  
 Mr. Jatin Chhabra (Non-Executive Director)  
 Mr. Virendra Kumar Bhargaw (Vice President)  
 Mr. Dharmendra Kumar Jangid (Vice President)  
 Mrs. Preeti Varma (Chief Operations Head)  
 Mrs. Bharti Sukhyani (HR Manager)  
 Ms. Kamini Sharma (Senior Manager)  
 Mrs. Neha Agarwal (Sr. Compliance Head)  
 Mr. Shashank Y.Kumar (Senior Manager)  
 Mr. Naman Mehta (Assistant Accounts Head)

NBFCs are exposed to credit and market risks in view of the asset-liability transformation or transactions. Competition for business; involving both the assets and liabilities has brought pressure on the management to maintain a good balance among spreads, profitability and long-term viability. Imprudent liquidity management can put earnings and reputation at risk.

The managements have to base their business decisions on a dynamic and integrated risk management system and process, driven by corporate strategy. NBFCs are exposed to several major risks in the course of their business such as capital management, credit risk, liquidity risk and interest rate risk. Management of credit risk shall be covered by the credit policy of DCL, whereas capital management, liquidity and interest rate risk (ALM risks) shall be the domain of the ALCO, which has been addressed in the current policy. DCL needs to address these risks in a structured manner, adopting comprehensive ALM practices.

### TERMS OF REFERENCE

1. Responsible to review, update, and approve asset liability management policies and procedures;
2. Review major capital-based ratios along with ALM on quarterly basis;
3. Deciding the business strategy of the company (on assets and liabilities sides) in line with the company's budget;
4. Consider to include desired maturity profile, mix of the incremental assets and liabilities;
5. Responsible for determining the appropriate mix of available funding sources utilized to ensure company liquidity is managed prudently and appropriately;
6. Discussion on Pricing, profit planning and growth projections;
7. Consideration of factors relating to risks which affect the performance of the company and providing recommendations.



8. Addressing&overview concerns regarding asset liability mismatches.
9. Overview Liquidity Risk Management;
10. Overseeing the liquidity positions of all branches of the company.
11. To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.

S. No.	Date of Meeting	Committee Strength	Members Present
1	30.06.2020	10	8
2	05.09.2020	10	9
3	09.12.2020	10	7
4	06.03.2021	9	6

## OMBUDSMAN COMMITTEE

### Composition

Mr. Virendra Kumar Bhargaw (Vice President)  
Mr. Dharmendra Kumar Jangid (Vice President)  
Mr. Jugal Kishor Jangid (Assistant Accounts Manager)

Digamber Capfin Limited engaged in micro finance activity since 2009, having huge client base. So, it will be justifiable & desirable to have a dedicated team for timely redress various grievances of borrowers. So, to provide the highest quality of services to its borrowers and ensure day to day protection and address grievances of all its borrowers company has formed Ombudsman Committee with the approval of Board of directors. Objective of Committee is to ensure timely and efficiently address and review grievances received from the clients and to provide the highest quality of services to the clients for better compliance of "Client Grievance mechanism".

### TERMS OF REFERENCE

- I. Take notes on Client Grievance Mechanism;
- II. Develop, review and approve the principles guidelines Client Grievance Mechanism;
- III. A summary of all such complaints which are summarized, discussed and reviewed;
- IV. Appoint Ombudsman or/ authorize any member of committee or other person as mutually agreed by the committee to investigate the complaint, if required, at the option of members in the committee.

## CREDIT COMMITTEE (MICROFINANCE)

### Composition

Mr. Virendra Kumar Bhargaw (Vice President)  
Mr. Dharmendra Kumar Jangid (Vice President)  
Mrs. Preeti Verma (Chief Operation Head)  
Mr. Subhash Kumawat (GRT Head)

Digamber Capfin Limited has dedicated team for approving or disapproving request of clients for credit as per creditworthiness of clients. Board of Directors provides guidelines and procedure to approve loan to members as per RBI guidelines and as per requirement, time to time. Objective of Committee is regular compliance and review loan policies as recommended by the board and approving request of clients for credit as per creditworthiness of the clients as per policy of the company.

### TERMS OF REFERENCE

- I. Approve or disapprove all member requests for credit;
- II. Rule on each application solely on the basis of a member's creditworthiness;
- III. Grant sound loans as per overall financial stability of clients;
- IV. Regularly Compliance of loan policies and procedures;
- V. Recommend changes in policy, procedures and underwriting guidelines to the board of directors;
- VI. Review past credit committee minutes.

## STAFF APPRAISAL COMMITTEE

### Composition

Mr. Rajiv Jain (Managing Director)  
Mr. Amit Jain (Whole time director cum CFO)  
Mr. Virendra Kumar Bhargaw (Vice President)  
Mr. Dharmendra Kumar Jangid (Vice President)

Along with growth of operations of company, number of staff also increases simultaneously. Recruitment of staff for both corporate office and branches along with their appraisal has become process of day-to-day operations. Staff strength has crossed 1000 in numbers and same shall increase day by day with growth of business. Accordingly, company has framed staff appraisal committee. Although company was having nomination & remuneration committee governing all matters related to directors, key managerial personnel and senior management but for staff other than KMP it was required to have a separate committee.

### TERMS OF REFERENCE

- I. To formulate & review criteria for determining qualifications, attributes of staff based on their designation requirement.
  - II. To review all appointments made for corporate office and branch offices.
  - III. To carry out evaluations of staff performance and determine their appointment/promotion based on his/her performance.
  - IV. To approve yearly appraisal/ promotion/ increment, whenever occurred, of all staff based on their performance during the period.
- Note: - This committee meant for all employees of company except as governed by Nomination & remuneration committee.

## INCENTIVE DISTRIBUTION COMMITTEE

### Composition

Mr. Rajiv Jain (Managing director)  
Mr. Amit Jain (Whole time director cum CFO)  
Mr. Virendra Kumar Bhargaw (Vice President)  
Mr. Dharmendra Kumar Jangid (Vice President)

Company is continuously striving to achieve its set targets. The employees of the company play a huge role in this regard. With the vision to align goal of employees with goal of company it was decided to distribute certain percentage of net profit among employees. To execute this vision, initiative was taken to create a separate committee in the name of "Incentive distribution committee". Rational behind this was to provide benefit to corporate office employees based on their performance during the year.

### TERMS OF REFERENCE

- I. To evaluate the performance of the corporate office staff for distribution of incentive.
- II. Rewarding the employees based on their performance.
- III. Distribution of 1% of the net profit of a Financial Year among the employees of corporate office as decided by the members of the committee.

## INVESTIGATION COMMITTEE

### Composition

Mr. Virendra Kumar Bhargaw (Vice President)  
Mrs. Neha Agarwal (Company Secretary)  
Mr. Om Prakash Dhuwariya (Legal Executive)

Digamber Capfin Limited, engaged in micro finance activity since 2009, having huge client base. It is continuously striving to achieve its set targets. Company's capital structure comprises Equity Shareholders, Preference Shareholder. In this regard to entertain the complaints of the Shareholders of the company the Board of Directors approved the constitution of Investigation Committee.

### TERMS OF REFERENCE

- I. To investigate and redressal of any complaints received by the company related to Shareholders of the company.



## IT STEERING COMMITTEE

### Composition

Mr. Rajiv Jain (Managing Director)  
 Mr. Amit Jain (Whole time director cum CFO)  
 Mr. Virendra Kumar Bhargaw (Vice President)  
 Mr. Dharmendra Kumar Jangid (Vice President)

Digamber Capfin Limited, engaged in micro finance activity since 2009, having huge client base and is continuously striving to achieve its set targets. Company has crossed threshold of Assets Size of Rs. 500 crore and is categorized as NBFC-ND-SI. Reserve Bank of India has issued guidelines for Information Technology Framework for the NBFC sector ("Guidelines") as per circular RBI/DNBS/2016-17/53 (Master Direction DNBS.PPD.No.04/66.15.001/2016-17) dated June 8, 2017 and according to these guidelines NBFC-ND-SI are required to constitute IT Steering Committee. These Guidelines aims to enhance safety, security, efficiency in processes leading to benefits for NBFCs and their customers. Company has formulated the IT Steering Committee on January 05, 2021. Objective of the committee is to provide oversight and monitoring of the progress of IT project, operate at an executive level and any other matter related to IT Governance of the company.

### TERMS OF REFERENCE

- I. Focusing on priority setting, resource allocation and project tracking;
- II. To provide oversight and monitoring of the progress of the project, including deliverable to be realized at each phase of the project and milestones to be reached according to the project timetable;
- III. Any other responsibility as may be entrusted to it by the Board of the company from time to time;
- IV. Undertake any other responsibility as laid down by Reserve Bank of India ("RBI") from time to Time.

## IT STRATEGY COMMITTEE

### Composition

Mr. NayanAmbali (Independent Director & Chairman)  
 Mr. Rajiv Jain (Chief Information Officer)  
 Mr. Amit Jain (Chief Technology Officer)  
 Mr. Virendra Kumar Bhargaw (Member)  
 Mr. Dharmendra Kumar Jangid (Member)

Digamber Capfin Limited, engaged in micro finance activity since 2009, having huge client base and is continuously striving to achieve its set targets. Company has crossed threshold of Assets Size of Rs. 500 crore and is categorized as NBFC-ND-SI. Reserve Bank of India has issued guidelines for Information Technology Framework for the NBFC sector ("Guidelines") as per circular RBI/DNBS/2016-17/53 (Master Direction DNBS.PPD.No.04/66.15.001/2016-17) dated June 8, 2017 and according to these guidelines NBFC-ND-SI are required to constitute IT Strategy Committee. These Guidelines aims to enhance safety, security, efficiency in processes leading to benefits for NBFCs and their customers. Company has formulated the IT Steering Committee on January 05, 2021. Objective of the committee is to carry out review and amend the IT strategies in line with the corporate strategies, Policy reviews, cyber security arrangements and any other matter related to IT Governance of the company.

### Terms of Reference: -

- I. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- II. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- III. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

IV. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources and oversee IT Governance;

V. Ensuring proper balance of IT investments for sustaining company's growth and becoming aware about exposure towards IT risks and controls;

VI. Instituting an appropriate governance mechanism for outsourced processes, comprising of risk-based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end-to-end manner;

VII. Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;

VIII. Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;

IX. Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;

X. Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;

XI. Periodically reviewing the effectiveness of policies and procedures;

XII. Communicating significant risks in outsourcing to the NBFC's Board on a periodic basis;

XIII. Ensuring an independent review and audit in accordance with approved policies and procedures

XIV. Ensuring that contingency plans have been developed and tested adequately

XV. Committee should ensure that their business continuity preparedness is not adversely compromised on account of outsourcing and ensuring to adopt sound business continuity management practices as issued by RBI and seek proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis

XVI. Any other responsibility as may be entrusted to it by Board of the company from time to time

XVII. Undertake any other responsibility as laid down by Reserve Bank of India ("RBI") from time to Time

XVIII. To carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.

## ESOP SUPPORT COMMITTEE

### Composition

Mr. Virendra Kumar Bhargaw (Vice President)  
 Mr. Dharmendra Kumar Jangid (Vice President)  
 Mrs. Neha Agarwal (Sr. Compliance Head)  
 Ms. Shivani Sharma (Ass. Compliance Head)

ESOP is basically a tool used by a company to retain its employee and get them awarded for being associated with the company. As a part of an employee's benefit ESOP creates a sense of ownership in mind of employees and their interest in the organization remains intact. ESOP plays a vital role to attract employees at the growing stage of the Company.

Company has constituted this committee with an intention to attract and retain the personnel for positions of substantial responsibility and to provide additional incentive to employees. The ESOP Plan is implemented to enable the employees to share the wealth that they help to create for the company over a certain period of time.

This Committee shall work for effective and efficient implementation of ESOP Scheme.

### TERMS OF REFERENCE

- I. To evaluate and explore the following terms as per market trends and the final scheme shall be drafted with the approval of nomination and remuneration committee & Board of Directors and shareholders respectively: -





- (a)opt direct route or trust route
- (b)The appraisal process for determining the eligibility of employees to ESOP Scheme
- (c)The total number of stock options to be granted along with maximum number of options to be granted per employee and in aggregate
- (d)The requirement of vesting and period of vesting & maximum period within which the option shall be vested
- (e)The exercise price, exercise period and process of exercise
- (f)Lock in Details, if any
- (g) Valuation of shares
- (h)conditions under which option vested in employees may lapse
- (i)specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee
- (j) Exit method for employees
- (k) all other terms and conditions as required for this purpose.

II. The Committee shall make sure that no person apart from below mentioned shall be entitled to exercise this option:

- a permanent employee of the company
- Director of the Company, whether a whole-time director or not but excluding Independent Director
- Employee who is not promoter or person belonging to promoter group
- A director who either himself or through his relative or through any body-corporate, directly or indirectly holds more than ten percent of the outstanding equity shares of the Company.

III. The Committee shall pay attention to all complaints raised by employees if any and will provide opportunity to employees to inspect the plan documents etc.

IV. To ensure that all compliances of ESOP as per Companies act, 2013 and other regulatory authorities are complied with.

V. Report to the Board and aids in disclosing in the director report all the details of ESOP Scheme.

VI. Recommendation to create provision, if any, as per requirement

VII. Review and oversee the operations of ESOP Scheme digitally or physically as may be required from time to time.

VIII. Maintain all registers, documents as per requirement of applicable law.

## INTERNAL COMPLAINT COMMITTEE

### Composition

**Ms. Kamini Sharma (Presiding Officer )**  
**Mrs. Bharti Sukhayni (Internal Member)**  
**Mr. Virendra Kumar Bhargaw (Internal Member)**  
**Mr. Srikant Bohara (Internal Member)**  
**Mrs. Charu Gupta (External Member)**

Digamber Capfin Limited, has constituted an Internal Complaint Committee as per the provisions laid down in the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (hereinafter referred to as "Act") as well as the terms of employment.

The purpose of this policy is to provide protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith. Sexual harassment results in violation of the fundamental rights of a woman to equality under articles 14 and 15 of the Constitution of India and her right to life and to live with dignity under article 21 of the Constitution and right to practice any profession or to carry on any occupation, trade or business with includes a right to a safe environment free from sexual harassment.

## TERMS OF REFERENCE

- I. Implementing the policy relating to prevention of sexual harassment at workplace;
- II. Investigating every formal written complaint of sexual harassment;

- III. Taking appropriate remedial measures to respond to any substantiated allegations of sexual harassment;
- IV. Discouraging and preventing employment-related sexual harassment;
- V. Provide an opportunity of conciliation, if requested and wherever possible;
- VI. Conduct the inquiry following the principal of Natural Justice keeping with the time frame laid down by the Act;
- VII. Recommend Interim Relief;
- VIII. Recommend Police aid wherever necessary;
- IX. Redress the complaints in judicious manner;
- X. Maintain confidentiality in regard to the proceedings taking place before the Committee;
- XI. Submit the final settlement/conciliation report to the Employer along with recommendations after settlement;

## SKILLS / EXPERTISE / COMPETENCE OF BOARD OF DIRECTORS

*"Ladder of enthusiastic perceptions who can visualize the world of well-defined problems"*

### • POLICY ON DIRECTOR'S APPOINTMENT & REMUNERATION

DCL has got a pool of very dynamic and effective Board members who not only have apt qualifications but also have in store a good experience in the sphere of microfinance, banking, technology, finance and social performance management. Each member of the board has the expertise in a different field.

As per provisions of the Act and under the powers confirmed under article of association of the company, the Board of DCL will have at all times a minimum of 3 (three) Directors and maximum director shall not be exceed at any time as permissible in Companies Act, 2013.

The current Board of DCL comprises 7 (seven) Directors, including 1 (one) Managing Director, 1 (one) Whole Time Director cum CFO, 3 (three) Independent Directors, 1 (one) Nominee of financial institution i.e. SIDBI, and 1 (one) Non-Executive Director.

The Chairman of the Company is a Managing Director and shall be rotated as may be decided by the Board.

The Board of DCL ensures that no Director of the company shall be:

- a) in the list of willful defaulters as published by the Credit Information Bureau (India) Limited pursuant to the directions of the Reserve Bank of India from time to time; and
- b) Disqualified to discharge his duties as a director with respect of any Applicable Law.

In the event if any Director appears on the list of willful defaulters, the Company shall take necessary corrective action, including, if necessary, replacement of such Director, within 30 (thirty) Days of receipt of such notice.

Further for independence of directors, Independent Directors have submitted the declaration of Independence as required pursuant to Section 149(7) of the Act, stating that they meet the criteria of Independence as provided in section 149(6) of the Companies Act, 2013 and are not disqualified from continuing as Independent Directors. They are duly registered in the Independent Director Databank.

Company has separate policy named "Nomination & Remuneration Policy" recommended by nomination & remuneration committee and thereafter approved by the board dated the 15th day of July, 2017. The policy covers all matters as specified in sub section (3) & (4) of section 178 of Companies Act, 2013. Further, the policies were reviewed by board dated 24th August, 2021. Further this policy is available on website of company at <https://www.digamberfinance.com/corporate-governance/> in compliance of 178 (4) (c) of the companies act, 2013.





#### • REMUNERATION OF DIRECTORS

There are two executive directors in the company. Company is paying remuneration to both directors subject to compliance of Section 196, 197, 203 of Companies Act, 2013 read with schedule V of the said act and rules prescribed for this purpose and same is revised subject to the approval of shareholders in its meeting & as per recommendation of Nomination & Remuneration committee in compliance of Companies Act, 2013 along with its rules and guidelines provided by Reserve bank of India for this purpose.

Initiative during the year: -To align goals of company with goals of super management, it was approved to distribute certain percentage of profit to executive directors of company. Initiative will definitely inculcate new enthusiasm in environment.

#### MEETING OF INDEPENDENT DIRECTORS

Pursuant to section 149 (8) read with schedule IV of the Companies Act, 2013 a meeting of Independent Directors of the Company is required to held at least once in a year without the attendance of non-independent directors and members of management to review the performance of non- Independent Directors and the Board as a whole along with performance of Chairperson of the Company and to access quality, quantity and timeliness of flow of information between the company management and the Board.

The independent directors of the company had met on 19th March, 2021. Discussion was held mainly in the matters of strategy adopted by the board for strategic directions, performance of management, statutory compliance's and governance adopted by the company and performance of all board & management as a whole. Further, Independent directors assessed quality, quantity and timeliness of flow of information between the Company management and the board that is necessary for the board to effectively and reasonably perform their duties.

#### VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Section 177 of the Companies Act, 2013 and the Rules there under Company has established Whistle Blower policy / Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct. The Company has adopted a Code of Conduct named "DCL Code of Conduct" for Directors and Senior Management Executives & employees, which lays down the principles and standards that should govern the actions of the Company and its employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. Such a vigil mechanism shall provide for adequate safeguards against victimization of directors and employees who avail of such mechanism and also make provisions for direct access to the Chairperson of Audit Committee in appropriate or exceptional cases. This policy was approved by board of directors in their meeting held on Monday, 3rd day of October, 2016 and reviewed on 24th August, 2021. Further this policy is available on website of company at <https://www.digamberfinance.com/corporate-governance/> in compliance of 177 (10) of the Companies Act, 2013.

#### ADOPTION OF FAIR PRACTICE CODE

With the approval of board, DCL has adopted guidelines provided by Reserve bank of India regarding FAIR PRACTICE CODE for NBFCs which provides operating guidelines for effective dissemination and implementation of responsible business practices and to constantly review the functioning of working staff of the company for day-to-day business activities. Based on the guidelines provided by RBI, DCL has framed an internal policy on Fair practice code, duly approved by board. In addition to general principles provided by RBI for NBFCs some are the guidelines especially for NBFC MFIs. Same is communicated & implemented to provide transparency in day-to-day business activities.

#### FORMATION OF INVESTIGATION COMMITTEE

DCL has been in existence for over a period of 25 years engaged in microfinance business with huge client base. Company's capital structure comprises both Equity and Preference Shareholders.

With a view to entertain the concerns and grievances of the shareholders of the company, Board has approved to constitute a separate committee for this purpose during the year in the name and style of "Investigation Committee". Details of committee has already mentioned in committee section of this report.

#### FORMATION OF ESOP SUPPORT COMMITTEE

Acknowledging significance of employees in the growth of the company and to align their interest with that of the company, separate committee for this purpose was formed during the year in the name and style of "ESOP Support Committee".

ESOP is basically a tool which is used by the company to retain its employees and get them awarded for being associated with the company. Initiative was taken majorly with an intention to attract and retain the personnel for positions of substantial responsibility and to provide additional incentive to employees. Details of committee has already mentioned in committee section of this report.

#### FORMATION OF IT STRATEGY AND IT STEERING COMMITTEE

NBFC sector has grown in size and complexity over the years. As the industry matures and archives scales its Information Technology/ Information Security framework must be bench marked to best practices. Accordingly, Reserve Bank of India has issued guidelines for Information Technology Framework for the NBFC sector ("Guidelines") as per circular RBI/DNBS/2016-17/53 (Master Direction DNBS.PPD. No.04/66.15.001/2016-17) dated June 8, 2017 and as per guidelines NBFC-ND-SI are required to constitute IT Strategy and IT Steering Committee. These Guidelines aims to enhance safety, security, efficiency in processes leading to benefits for NBFCs and their customers. DCL has crossed threshold of asset size of Rs. 500 crore and categorized as NBFC-ND-SI. As per the aforesaid guidelines, separate committees were formed during the year in the name and style of "IT Strategy Committee" and "IT Steering Committee" respectively. Details of committee has already mentioned in committee section of this report.

#### FORMATION OF PROJECT ADVISORY COMMITTEE

Company is primarily engaged in providing microfinance to low-income households in India. These individuals are predominantly located in rural areas which have no or very limited access to loans from financial institutions. Company extends loans to them mainly for use in small businesses or for other income generating activities. For this purpose of on-lending, the company is availing financial assistance from various banks and Financial Institutions. One such Lender is SIDBI from which company is availing financial assistance under PRAYAAS SCHEME and as per the guidelines of SIDBI's PRAYAAS SCHEME the company have to constitute committee in the name and style of "Project Advisory Committee" to review the operations and progress of arrangement availed under the scheme. One of the member from SIDBI is part of this committee to guide the committee for implementation of PRAYAAS SCHEME. Objective of the committee is to review the operations and progress of arrangement availed under the SIDBI PRAYAAS SCHEME.

#### TERMS OF REFERENCE

- I. To review the operations and progress of arrangement availed under the SIDBI PRAYAAS Scheme;
- II. PAC to act as a tool for monitoring mechanism & monitor the progress regarding
  - (1) deployment of limit,
  - (2) End-use utilization,
  - (3) Monitoring & follow-up of the limit,
  - (4) Repayment, recovery and legal action related status in case of defaulted customers,
  - (5) FLDG position status
  - (6) grievances/complaints received/resolution status, if any, etc.
- III. PAC shall oversee compliance status of terms & conditions of limit sanctioned by SIDBI
- IV. PAC shall review the progress of the livelihood of the borrower(s) after the assistance under the PRAYAAS Scheme.
- V. PAC Shall review any other relevant matter under the arrangement as may be emanating from time to time



- VI. Any other responsibility as may be entrusted to it by Board of the company from time to time;
- VII. Act as a tool to monitor the progress and other operational related matters under the arrangement.

#### **CLIENT GRIEVANCE REDRESSAL MECHANISM**

DCL is dedicated to provide the highest quality of services to its clients. To accomplish this, DCL have started a dedicated client Grievance Cell to timely and efficiently address their grievances. Company had developed the mechanism to solve the client grievances on the priority basis. Company gives toll free no "18001806365" to its customers for fastest solution.

Grievances Redressal Officer manages and maintains a control sheet where he notes down the all the grievances call and action taken subsequent to the grievance.

A copy of the control sheet duly updated by the grievance Redressal officer goes to the top Management as scheduled. The look at each and every complaint and appraise the Grievance Redressal Officer time to time. A summary of all such complaints is summarized and presented before Ombudsman Committee so that they can appraise and guide the management on best practice. Grievances Redressal Mechanism helps DCL to be a customer centric organization

**For & on behalf of the Board of Directors of  
Digamber Capfin Limited**

**Rajiv Jain**  
Managing Director  
DIN: 00416121

**Amit Jain**  
Whole-Time Director cum CFO  
DIN: 00416133

Date: 4th September, 2021  
Place: Jaipur

**ANNEXURE-D****Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2021**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
M/s Digamber Capfin  
Anand Moti, IInd Floor, J-54, 55 Near Toyota Showroom,  
Tonk Road, Jaipur-302015, Rajasthan

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s DIGAMBER CAPFIN LTD** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2021**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **DIGAMBER CAPFIN LTD** ("the Company") for the financial year ended on **31st March, 2021**, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas

Direct Investment and External Commercial Borrowings (**not applicable**);

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company: -
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; [**not applicable**]
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009: [not applicable during audit period];
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014) [**not applicable during audit period**];
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [**applicable during audit period**];
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [**not applicable during audit period**];
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [**not applicable during audit period**]
- (vi) The following other laws as applicable to the Company:
  - a) "Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007" and modification thereafter;
  - b) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
  - c) RBI Act, 1934 and modifications thereof;
  - d) Income Tax Act, 1961.

I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The Listing Agreements entered into by the Company with BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015;



During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. In respect of Secretarial Standards (SS-1) issued by ICSI, the Company has followed the same; however, there is scope to improve compliances in future.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including woman director and nominee director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- The Company has maintained statutory registers as required under the Companies Act, 2013.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent with proper time gap in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded (wherever applicable) as part of the minutes.
- The Company has obtained all necessary approvals under the various provisions of the Act, where required and applicable; and
- As informed by the management, there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- The Directors **have complied** with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.
- The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding **(Not applicable)**.
- I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
- The company has complied with the listing agreement entered into with BSE Limited and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report during the audit period the company has undertaken specific actions regarding:

- Dr. Amita Gill (DIN: 09066022) has been appointed as an Additional Independent Director of the company with effect from 12/02/2021.
- Mr. Rajiv Jain (DIN: 00416121) Whole-Time Director of the Company has been appointed as Chairman Cum Managing Director in the Board Meeting held on 19.03.2021 for a term of five year with effect from 14.04.2021 to 13.04.2026 and subsequently approved by the shareholder in the extra-ordinary General Meeting held on 13.04.2021.
- Mr. Amit Jain (DIN: 00416133) has been re-appointed as Whole-Time Director of the Company in the Board Meeting held on 19.03.2021 for a term of five year with effect from 14.04.2021 to 13.04.2026 and subsequently approved by the shareholder in the extra-ordinary General Meeting held on 13.04.2021.

I further report that during the audit period, there were instances of:

- a) Company has issued 500 listed non-Convertible debentures having a face value of Rs. 10,00,000/- each aggregating to an amount of Rs. 50,00,00,000/-
- b) Company has redeemed 50% of outstanding OCPS amount to Rs. 1,50,00,000/- at Par out of the profits of the Company.
- c) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013. **(No such instance during the year)**
- d) Merger / amalgamation / reconstruction, etc. **(not applicable)**
- e) Foreign technical collaborations. **(not applicable)**

\* NOTE: Due to COVID 19 pandemic, if any, compliances have been deferred / extended as permitted and complied in the financial year 2021-22, such compliances will be considered in our report for the financial year 2021-22.

Place: JAIPUR  
Date: 23.08.2021  
UDIN: F005118C00816775

For R. CHOUHAN & ASSOCIATES  
(ICSI Unique Code: S2001RJ036300)

Sd/-  
RAJENDRA CHOUHAN - PROPRIETOR  
COMPANY SECRETARY IN PRACTICE  
FCS No. 5118  
C P No.: 3726

Note: "This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report."





To,  
The Members,  
M/s Digamber Capfin Ltd  
Anand Moti, IInd Floor, J-54, 55 Near Toyota Showroom,  
Tonk Road, Jaipur-302015, Rajasthan

My report of even date is to be read along with this letter: -

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place:JAIPUR

Date:23.08.2021  
UDIN: F005118C00816775

For R. CHOUHAN & ASSOCIATES  
(ICSI Unique Code: S2001RJ036300)

Sd/-

RAJENDRA CHOUHAN - PROPRIETOR  
COMPANY SECRETARY IN PRACTICE  
FCS No. 5118  
C P No.: 3726



## ANNEXURE: "E"

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)  
Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

## 1. Details of contracts or arrangements or transactions not at arm's length basis: NA

- (a) Name(s) of the related party and nature of relationship  
(b) Nature of contracts/arrangements/transactions  
(c) Duration of the contracts/arrangements/transactions  
(d) Salient terms of the contracts or arrangements or transactions including the value, if any  
(e) Justification for entering into such contracts or arrangements or transactions  
(f) Date(s) of approval by the Board  
(g) Amount paid as advances, if any  
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

## 2. Details of material contracts or arrangement or transactions at arm's length basis

- (a) Name(s) of the related party and nature of relationship:  
i. Mr. Amit Jain and Mr. Rajiv Jain (Key Management Personnel)  
ii. Mrs. Shilpa Ajmera and Mrs. Shweta Jain (Relative of Key Management Personnel)  
iii. Ms. Neha Agarwal (Company Secretary - KMP)  
(b) Nature of contracts/arrangements/transactions:

(Amount in Lakhs)

Sr.No.	EXPENSES	KEY MANAGEMENT PERSONNEL						RELATIVE OF KEY MANAGEMENT PERSONNEL			
		Mr. Rajiv Jain (Managing Director)		Mr. Amit Jain (Whole-Time Director)		Ms. Neha Agarwal (Company Secretary)		Mrs. Shilpa Ajmera		Mrs. Shweta Jain	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
I	Director Remuneration										
	Salary	120.00	60.00	120.00	60.00	-	-	-	-	-	-
	Commission	60.00	70.00	60.00	70.00						
II	Salary to Staff	-	-	-	-	3.29	4.22	24.00	24.00	24.00	24.00

(c) Duration of the contracts/arrangements/transactions: As per Agreement/Resolution

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: As per Agreement / Resolution

(e) Date(s) of approval by the Board/Shareholder, if any: **By Board/ Shareholders**

Director Remuneration	Mr. Rajiv Jain	:	AGM 28.09.2019
	Mr. Amit Jain	:	AGM 28.09.2019
Salary to Staff	Mrs. Shilpa Ajmera	:	EGM 04.10.2018
	Mrs. Shweta Jain	:	EGM 04.10.2018

(f) Amount paid as advances, if any: NIL

FOR AND ON BEHALF OF BOARD OF DIRECTORS OF  
DIGAMBER CAPFIN LIMITED

Place : Jaipur

Date : 04th September,2021

Rajiv Jain  
Managing Director  
DIN:00416121Amit Jain  
WTD cum CFO  
DIN:00416133



# Annexure "F" RELATED PARTY TRANSACTION POLICY

Policy Version 1.0

## INTRODUCTION

The Companies Act, 2013 ("the Act") read with the Companies (Meeting of Board and its Power) Rules, 2014 ("Rules") introduced specific provisions relating to Related Party Transaction and defined the term related parties, related party transaction, relatives, key management personnel. The Act and the rules have also laid down the financial limits and the approval process of such transaction.

Accordingly, the Board of director (the "Board") of Digamber Capfin Limited ("The Company") has adopted a policy to regulate transaction between the Company and Related Parties.

A company, in the course of conduct of its business, enters into various transactions with different parties, including its related parties. Companies also carry on their activities through subsidiary and associate companies. Accordingly, related party relationships are a normal feature of business. Due to this relationship, related parties may enter into transactions that unrelated parties may not. For this the board of directors ("Board") of Digamber Capfin Limited ("The Company") has adopted the said Related Party Transactions Policy.

## SCOPE AND PURPOSE

This Policy is formulated in line with the provisions of the Companies Act, 2013 and Directions issued by Reserve Bank of India. It is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties.

## DEFINITIONS

1. "Act" means the Companies Act, 2013 or any previous enactment thereof and shall include all rules, regulations, made thereunder, amendments, modifications and re-enactments thereto.

2. "Arm's Length Transaction" as per explanation to sub-section (1) of Section 188 of the Act term 'arm's length transaction' as a transaction between two related parties that is conducted as if they were unrelated so that there is no conflict of interest.

In terms of Section 92F of the Income-tax Act, 1961, "arm's length price" means a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions.

3. "Articles" or "AOA" means the Articles of Association of the Company as may be amended from time to time as prescribed under the Transaction Documents.

4. "Audit Committee" means "Audit Committee" constituted by the Board of Directors of the Company under section 177 of the Act and in compliance with Articles, from time to time.

5. "Board of Directors" or "Board" means the Board of Directors of the Company, as constituted from time to time.

6. "Director" shall have the same meaning as prescribed to it under the act.

7. "Key Managerial Personnel (KMP)" means as per section 2(51) of the companies act 2013 in relation to a company, means—

- (i) The Chief Executive Officer or the managing director or the manager;
- (ii) The Company Secretary;
- (iii) The whole-time director;
- (iv) The Chief Financial Officer;
- (v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) Such other officer as may be prescribed

8. "Ordinary Course of Business" in relation to the Company means the ordinary course of business, as applicable, consistent with past practice and compliant with Applicable Laws in all material respects or to the extent required to taken in compliance with statutory obligations or contractual obligations existing as of the date hereof or entered in accordance with the terms of the Transaction Documents;

9. "Person(s)" shall mean an individual, corporation, partnership, limited liability partnership, association, trust or other entity or organisation, including a government or political subdivision or an agency or instrumentality thereof.

10. "Policy" means this policy in relation to Related Party Transactions of the Company.

11. "Related Party" means such party with reference to a company as defined in Section 2(76) of the Act.

12. "Related Party Transaction" means contracts or arrangements between a company and its related parties with respect to transactions covered in Section 188 of the Act. The expression 'contract or arrangement' has different connotations under the Act. While 'contract' envisages a written /formal binding document, 'arrangement' may be with or without a written document.



A “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Words and expression used in this policy but not defined herein shall have the meaning prescribed to them in the Companies Act, 2013 and the Rules framed thereunder as amended from time to time.

#### DEALING WITH RELATED PARTY TRANSACTIONS

All Related Party Transactions (other than transactions between the Company and its wholly owned subsidiaries) which are in the ordinary course of business and on arm’s length basis shall require approval of the Audit Committee of the Company in accordance with this Policy.

Apart from this, All Other related party transactions shall be dealt with in accordance of the prevailing provisions of Companies Act, 2013 and rules made thereunder.

#### IDENTIFICATION OF RELATED PARTY TRANSACTIONS

All Related Party Transactions shall be placed before the Audit Committee of the Company for its approval.

All Directors, Members of the Management and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest at their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year, immediately on occurrence (As per enclosed Annexure).

Further, Directors and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company.

#### REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

All Related Party Transactions must be reported to the Company Secretary who shall place the same before the Audit Committee in accordance with this Policy.

The Audit Committee may grant omnibus approval to Related Party Transactions that are:

- a. repetitive in nature; and
- b. entered in the ordinary course of business and on arm’s length basis.

Such omnibus approval may be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:

- a) The transaction in question is necessary to be executed as it is in the business interest of the Company;
- b) The requisite information is presented to the Audit Committee’s satisfaction to confirm that the transaction is entered in the ordinary course of business and on arm’s length basis;
- c) Such omnibus approval shall specify –
  - i. the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
  - ii. the indicative value and the formula for variation in the value, if any and
  - iii. such other conditions as the audit committee may deem fit;
- d) Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of the financial year.
- e) Any member of the Audit Committee, who has an interest in any Related Party Transaction, will recuse himself or herself and abstain from discussion or voting on the approval or ratification of such related party transaction;

f) All Related Party Transactions that are not in the ordinary course of business or not on arm’s length basis shall be referred to the Board of Directors for their approval. Any member of the Board who has an interest in such Related Party Transaction will recuse himself or herself and abstain from discussion or voting on the approval of such Related Party Transaction.

g) Any such Related Party Transactions shall also be placed for prior approval of shareholders if it exceeds the thresholds as prescribed under the Companies Act, 2013 and the Rules framed there under and the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 if applicable.

h) All entities falling under the definition of related parties shall not vote to approve the said resolution being placed before the shareholders.

#### RELATED PARTY TRANSACTIONS THAT SHALL NOT REQUIRE APPROVAL

Following Related Party Transactions shall not require any separate approval under this Policy:

- I. Any transaction pertaining to appointment and remuneration of Directors and KMPs that require approval of the Nomination and Remuneration Committee of the Company and the Board;
- II. Transactions that have been approved by the Board under the specific provisions of the Companies act, 2013 e.g., inter-corporate deposit, borrowings, investment etc. with or in wholly owned subsidiaries or other related parties;
- III. Payment of Dividend;
- IV. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the board and carried out in accordance with the specific provisions of the companies’ act, 2013;
- V. Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the CSR Committee.

#### RATIFICATION OF TRANSACTION WITH RELATED PARTY

Where a company enters into any related party transaction without prior approval of Audit Committee, the company may ratify such transaction within three months to avoid any penal consequences.

#### DISCLOSURE OF RELATED PERSON BY KMP/DIRECTORS OF THE COMPANY

Every KMP/Directors of the company shall provide the complete details of their relatives in terms of section 2(77) of the act and their concern or interest in any company/firm/LLP or any other entity in the format as annexed “ANNEXURE-1” at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change for the purpose of identification of related party transaction as per provisions of section 188 of the act.

#### AMENDMENTS TO THE POLICY

The Audit Committee of the Company shall review this Policy from time to time, and may recommend amendments to the same for approval of the Board.

In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities not being consistent with the provisions laid down in this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions herein and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.



## POLICY REPEALABLE

I. This Policy constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this Policy being held to be a violation of any Applicable Law, statute or regulation, the same shall be Repealable from the rest of this Policy and shall be of no force and effect, and this Policy shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy.

II. This Policy shall be placed on the website of the Company at <https://www.digamberfinance.com/corporate-governance/>

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### ANNEXURE-1

#### DISCLOSURE OF DETAILS OF RELATIVES AS PER SECTION 2(77) OF THE COMPANIES ACT, 2013

Name of Person:

Designation:

The details of my relatives are as under:

Sr. No.	Name of Relative	Relationship	PAN Number /Other Identification No.	Entities in which the relative is a self-proprietor/ partner or Member/ Director of a Private Company	Entities in which the director together with his relative(s) holds more than 2% of the paid-up share capital of a public limited company of which the director is also a director
1.					
2.					
3.					

Date:

Place:

(Signature)



# MANAGEMENT DISCUSSION AND ANALYSIS

## MACROECONOMIC REVIEW

FY 2021-22 began on a somber note as major global economies came to near standstill, with governments enforcing lock downs and social distancing becoming the new normal. With an estimated annual contraction of 8% in GDP, 2020-21 has been the worst year in terms of economic performance in India since 1950-51, the earliest period for which data is available.

While the Indian economy was losing growth momentum for several years before the pandemic, the exceptionally bad growth performance in 2020-21 is largely on account of the 68-day long hard lock down which was imposed on March 25 2020 to prevent the spread of Covid-19 infections in the country, and continuing restrictions on economic and recreational activities for the rest of the year.

To be sure, the economy has been recovering with the easing of restrictions. India's GDP re-entered growth territory in the quarter ending December 2020

### The pandemic's impact has been different on different sectors

The headline GDP number of 8% contraction does not capture the differential impact of the pandemic on different sectors of the economy, one reason why some experts say that the recovery isn't a V-shaped one, but K-shaped.

Agriculture was the least affected by the pandemic and is expected to grow at 3%. The biggest reason is lock down restrictions never prevented any on-farm activity.

However, with a share of just over 16% in total Gross Value Added (GVA), agriculture could do little to cushion the overall performance of the economy. Both services and industry are expected to have suffered a contraction of slightly more than 8%. To be sure, it is services which emerged the biggest drag on overall incomes, given its share of 54.6% in GVA.

The company provides small micro financial services to the marginalized sections in Society, particularly to poor rural and Urban Women. It provides prompt, convenient and affordable collateral free credit to people at the bottom of the pyramid through a strong credit assessment and centralized approval.

Even within services and industry, employment-intensive sectors such as trade, hotel and restaurants and construction, have suffered a bigger contraction in economic activity. And 2021-22, unfortunately, isn't beginning well, with at least some restrictions imminent on account of the ongoing second wave of infections.

### Labour markets still bear the scars of pandemic

We do not have comprehensive official employment statistics for the fiscal year 2020-21.

Numbers show that unemployment rates more than doubled to reach 20%-plus during the lockdown.

Private sources such the numbers collected by Centre for Monitoring Indian Economy (CMIE) and other high-frequency surveys such as Purchasing Managers' Index (PMI) and Nomura India Business Resumption Index (NIBRI) have highlighted a continuing weakness in labour markets despite an improvement in production levels.

### Will the pandemic impair India's tax-GDP ratio?

Among the biggest uncertainties regarding the pandemic's impact on the Indian economy is its impact on taxes.

The government slashed its Budget Estimates (BE) of 2020-21 Gross Tax Revenue collection by more than 21% in the Revised Estimates (RE) which were published in the 2021-22 Budget. Even the 2021-22 BE number for Gross Tax Revenue is less than the 2020-21 BE target.

This is despite the fact that the government has had a windfall gain in taxes via increased excise duties on petrol and diesel. The 2020-21 RE and 2021-22 BE amounts under Union excise duties is 35% and 25% more than the 2020-21 BE number.

Source: <https://www.hindustantimes.com/business/fiscal-year-2020-21-a-macroeconomic-review-101617136425394.html>

### **CUSTOMER SEGMENT**

DCL is a Rajasthan's first RBI regulated Non-Banking Finance Company – Microfinance Institution (NBFC-MFI). The Company is primarily engaged in providing microfinance to low income households in India. The Company focuses its operations in 8 states (excluding Andhra Pradesh and Telangana) in India, has 147 branches in 79 district and 1327 employees as on March 31, 2021. The core business of the Company is providing small value unsecured loans and certain other basic financial services to its Members (Individuals from low-income households who are clients of the Company are classified as "Members" and Members whose loans are outstanding are classified as "Borrowers"). These individuals often have no, or very limited, access to loans from institutional sources of financing. The Company believes that non-institutional sources typically charge very high rates of interest. The Company aims to bridge this gap by providing financial services at the doorstep of its members. The Members are predominantly located in rural areas in India, and the Company extends loans to them mainly for use in small businesses or for other income-generating activities and not for personal consumption. In its core business, the Company follows a village-centric, group-lending model to provide unsecured loans to its members. This model relies on a form of 'social collateral', and ensures credit discipline through peer support within the group. The Company believes this model makes its members prudent in conducting their financial affairs and prompt in repaying their loans. Failure by an individual borrower to make timely loan repayments will prevent other Members in the group from being able to borrow from the Company in future. Therefore, the group will use peer support to encourage the delinquent Borrower to make timely repayments or will often make a repayment on behalf of a defaulting Borrower, effectively providing an informal joint guarantee on the Borrower's loan.

The Self-Help Group (SHG) concept has been prevalent in India for a few decades now. Under the SHG concept, NGOs help form groups of (mostly) women who are then, linked to a bank. The bank provides loan to the SHG. The SHG in turn, either distributes this amount within its members as smaller loans, or in some cases, the SHG undertakes a common business for which the bank loan is used as capital.



The demand for loans from these segments of people is very large and is not effectively serviced by the Bank-SHG linkages. This has led to the growth of MFIs who also undertake similar services.

#### FINANCIAL INCLUSION VIA DIGAMBER FINANCE

Micro finance is one aspect of banking the unbanked segments of society. It is as important, as finance is pivotal for social as well as economic development of the poor populace.

The great tragedy lies in the fact that sometimes even though there are certain financial services, to meet the needs of these low-income group people, these people remain unaware about the due to illiteracy or other reasons. Thus, lack of awareness also leads to the financial exclusion.

DCL is an institution, established 26 YEARS ago and focusing only on microfinance business since 2009. Due to focus only on its core business i.e., microfinance, DCL has built its outreach in various rural & semi-rural areas. Keeping in the view above requirement, DCL has taken an initiative by way of designing products, specially based on requirement of lower income group. Details are as follows:

#### Our product spectrum

**Stronger connect with existing customers through introduction of new products, in terms of need and ever-changing trends**

<b>"INDIVIDUAL MICRO LOAN"</b>	
<ul style="list-style-type: none"> <li>• Beneficiary:</li> <li>• Small-medium enterprises</li> <li>• Shopkeepers</li> <li>• Small business/ industry</li> <li>• Dairy work</li> </ul>	<p>The company has commenced lending to borrowers under 'Individual micro loan (IML)' products which are not covered under the JLG model. We provide working capital loans to micro businesses for enabling of growth. By this we will be able to successfully solve the problem that was historically considered intractable in India.</p>
<b>"JOINT LIABILITY GROUP LOAN"</b>	
<p><b>FEATURES OF JLG</b> Maximum NBFC-MFIs in India follow the JLG Model of lending because there is lesser risk of default in this model. In JLG Model generally there are 4-5 ladies form a group and around 15 ladies form a center. If in case any member of the group become defaulter in payment of installment then the other members of the group need to pay the liability of that group member. All members are jointly required to execute loan document, making each one jointly and severally liable for repayment of all loans taken by all individuals belonging to the group. Members share liability and/or stand guarantor for each other. This ensures a greater effort on the part of members to ensure that everyone repays, thus ensuring resulting in better accountability and security for the MFI involved.</p> <p>Generally, all the members of the JLG are residing in the same village / compact area and not drawn from different / distant places and each group and center would have one leader resulting the leader fosters a sense of unity, oversees and maintains discipline, shares information and facilitates repayments. A regular meeting is held for JLG members attended by all the members regularly to discuss issues of mutual interests.</p> <p>Further Members who have defaulted to any other formal financial Institution, in the past, are debarred from the Group Membership. This is the reason that Net NPAs are very less in case of NBFC-MFIs.</p>	
<b>"PRAYAAS LOAN"</b>	
<p><b>FEATURES OF PRAYAAS LOAN</b> DCL has entered into partnership agreement with SIDBI under scheme of direct credit to clients named "PRAYAAS Scheme". Scheme has been launched in support of RBI fund with intention to support Micro Finance. Only 7 MFIs has been selected by SIDBI out of 110 MFIs over PAN India, Digamber Capfin Ltd is one of them.</p> <p>It is significant to understand that only Digamber is a company out of those 7 MFIs having asset size below Rs 500.00 Crores due to healthy portfolio created by its unique &amp; digitalized operational procedures. We have received our first sanction of Rs 25.00 Crores from SIDBI under this scheme wide sanction letter dated June 17, 2019.</p> <p><b>BENEFIT TO CUSTOMERS:</b> Against the loans extended by MFIs in between 22-26% ROI, customers will get funded @ 14.06% PA</p>	

#### PRODUCT-WISE PERFORMANCE

***"We welcome people from every walk of life to avail benefits of our financial products and solutions."***

DCL's flagship product, 'JLG Model' continues to hold a dominant share in the organization's portfolio, constituting 99.60% of the total AUM. The product is for economically active women residing in low-income areas, generally involved in trade and service. Based on their repayment behavior higher ticket size loans are offered in the second and subsequent cycles.

The other products cater to the male segment also of the market who normally conducts their business on a daily basis in the form of shops. The product was widely accepted in the market and made for a brisk business day by day. Total portfolio size of such types of products is 2.94 Crore as on March 31, 2021. These products are offered with differentiation in product features designed based on need of customer. Further, 97.21% share of total AUM falls with ticket size more than 30000 but upto Rs. 60000 loan amounts.

#### HUMAN RESOURCES

***"Making vision a reality starts with hiring character and training skill."***

Human Resources personnel in the Microfinance sector face a major challenge in acquiring resources with the right skills, aptitude and also on retention of the employee. Company has set up a scalable recruitment and human resource management process, which enables to attract and retain high performing employees. It is ensured the organization remains competitive in its human resources management policies and practices by actively seeking and developing best practices, methods and approaches.

Financial year 2020-2021 has begun with the initial days of the lock down due to pandemic caused by Covid-19. Guidelines and Advisories as issued by the Government were duly complied in letter and spirit. Appropriate measures were adopted to ensure the utmost protection of the employees at the workplace. Company have taken various steps to ensure the safety and wellness of the employees including enhanced sanitation of facilities, setting up screenings and implementing visitor guidelines. A clear "Do's and Don'ts" guidelines was also circulated among the employees.

Further, there has been no pay cuts or layoffs on account of COVID-19.

During the Financial Year 2020-2021, the total manpower stood at 1327 within 147 branches established in 8 states including head office. Out of this, 919 staff constituting 69.25% of total staff is loan officers.

***Initiatives were taken during the year to retain the employees and to maintain ethical approach in every perspective of company's employees both at Head office and Branch offices.***

#### • Formation of "ESOP Support Committee"

With the aim to align goal of employees with goal of company and to retain its employee's management has decided to formulate a separate committee in the name of "ESOP Support committee". Rationale behind initiating this committee was to attract and retain the personnel for positions of substantial responsibility and to provide additional incentive to employees. It is a tool which offers employees an ownership interest in the company thus resulting in increased efficiency and contribution in the growth of the company.

#### Training Incentive for field staff

Company provides training to its entire field staff for achievement of set targets. Initiative is taken by the company to provide incentive to the existing Field officer/Branch In charge for providing training to new personnel recruited on the post of Field Officer. Company has formulated "Training Incentive Policy" to determine the Eligibility, Criterion and incentive amount.



### ESTABLISHMENT OF COMPANY'S OWN TRUST FOR CSR ACTIVITIES

During the year under review, company has undertaken its CSR activities through establishment of company's own trust "DAYITVA WELFARE". A significant effort to repay the society at large the said trust envisages helping the weaker sections of the society. It aims in making a difference among the underprivileged in the areas of education, health, upliftment and empowerment of women. The CSR activities undertaken by the trust are in cohesion with those enunciated in schedule VII of the Companies Act, 2013.

#### About trust & project:

"Dayitva Welfare" is company's own trust established with main aim to improve the society and to create a positive as well as long lasting impact on the communities which it serves. The trust has been established on 14th December, 2020 duly registered in the office of Sub-Registrar I, Jaipur, and Government of Rajasthan. The trust is constituted for the purposes of promoting, establish, develop educational institution, eradicate hunger, poverty, malnutrition, promoting health care, conservation of natural resources, helping widows, orphans and indigent persons, establishing dispensaries, hospitals, nursing homes, maternity homes, child welfare centers, medical centers, sanitariums, clinics, laboratories, mobile medical units, ambulances, research centers etc.

OUR COMPETITIVE LANDSCAPE		
UNIQUE DISBURSEMENT MODEL	UNIQUE COLLECTION MODEL	STRONG COMPLIANCE MODEL
<ul style="list-style-type: none"> <li>▪ 100% cash less disbursement</li> <li>▪ Disbursement 24*7 through IMPS/ NEFT facility</li> <li>▪ Aadhaar based biometric identification (e-KYC) of clients</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated cash management system</li> <li>• Real time reporting of collection at head office</li> <li>• Collection through online mode like, Pay U, Razor Pay, Infobip etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Commencement of in-house internal audit team for both field &amp; Head office</li> </ul>

#### DIGITALIZATION

Technology has been a redeeming factor in the face of this pandemic. Technology has now become an operational necessity not only for MFIs but for all types of institutions. In order to fully leverage the potential of technology, there is a need to make investments to build financial and digital literacy of their clients, so that clients become confident of undertaking cashless transactions.

As DCL is conducting cashless disbursement since last 7-8 years, in the same way now company has introduced cash less collection as well. During this COVID pandemic we are using **Pay-U payment private limited for availing payment gateway services**; the clients have been able to make the payment of their installments online.

DCL is also using **Infobib Whatsapp business solution model**, which enables enterprise clients to submit messages to WhatsApp network users, as well to receive messages sent from WhatsApp network end-users back to enterprises. This has helped our company to communicate with our customers through mobile devices in a more efficient and cost-effective way. Our clients get messages with respect to their EMI Deductions and other related activities on WhatsApp.

This techno enabled environment helps us to maintain social distancing as well in this pandemic which is in benefit for our employees as well as customers.

Company had already partnered with Finflux Technology in the previous year. In sync with the 'Digital India' initiative, Conflux Technologies is enabling the usage of cashless economy. Its flagship product FINFLUX works seamlessly to help the customers to automate loan origination in a completely paperless fashion.

DCL uses "FINFLUX", a Core Banking system on a SaaS model that provides high scalability and security. Our data is hosted in a secure Amazon Web Services VPN environment featuring restricted access controls with all sensitive data being encrypted before storage. FINFLUX features intuitive workflows for data entry, robust process controls and integrations with credit bureaus like Highmark which enables Digamber to accurately model and track their operational processes within the system. FINFLUX dashboards and reports provide both operational and management insight into group/client on-boarding and disbursements and collections.

The FINFLUX Android App is being piloted at branches so that field officers are enabled with the latest technology and field-level collections and data capture is reflected at HO and branches in real time.

#### FINFLUX ships with the facility to avoid paper-based records at each of these processes and sub-processes. These include:

- Aadhaar enabled e-KYC
- Online Credit Checks with CIBIL, Equifax and Highmark etc
- Electronic KYC document management
- Electronic loan document vault for sharing documents between branches or agencies
- Workflow based loan origination to route loan application through different roles and teams and locations
- Rule based risk assessment, customer profiling and eligibility checks
- Cashless disbursements and repayments – with optional maker-checker facility
- SMS confirmation for sanctions and disbursements and Instant SMS receipts for repayments.

#### DCL plans to leverage the newer FINFLUX features this financial year to attain better operational efficiencies. These features include:

- Aadhaar-based on-boarding of customers for improved accuracy of data
- Aadhaar-based authentication for security
- Workflow-based Loan Origination to improve automated routing of loan applications
- SMS integration for disbursals and repayments for confirmation to clients and added security
- Rule based risk evaluation to reduce manual steps and aid decision making
- Other Credit Bureau integrations including Equifax and CIBIL
- Cashless disbursements via seamless interface with Banks and NPCI
- Cashless collections via ACH to reduce handling of cash
- Advanced accounting module featuring recurring journals, budgeting, asset management and depreciation

#### Why this digitalization become blessing for the company

- > Enabled instant credit bureau verification
- > Reduced turnaround time for loan disbursements
- > Improved data quality
- > Reducing the instance of fake clients
- > Enabled location-based field force task automation and geo-intelligence
- > Enabled GPS based platform to avoid negative areas

#### IN HOUSE INTERNAL AUDIT DEPARTMENT

The Company has separate internal audit team with well-designed systems, policies and procedures to maintain financial & operational discipline. The Company's internal audit is initiated according to nature of DCL's business, size and complexity of operations. Department has been established based on the guidelines received from the Reserve Bank of India for in house internal audit for better compliance at all levels.

This department is an independent function that ensures checks and evaluates operational risks, internal financial controls, and adherence to policies and procedures by conducting inspection of branches as well as head office. All operations are routinely tested & significant audit observations and follow-up actions thereon are firstly discussed in risk management committee and thereafter reported in Audit Committee.



**FINANCIAL PERFORMANCE ALONG WITH OPERATIONAL PERFORMANCE****PROFITABILITY PERFORMANCE****A) COMPARISON OF FINANCIAL YEAR 2020-2021 WITH FINANCIAL YEAR 2019-2020**

Particulars	2020		2021		Increase / Decrease %
	Rs in Crore	% to revenue	Rs in Crore	% to revenue	
Revenue from operation	140.60	97.65	159.30	97.54	13.30
Other Income	3.39	2.35	4.02	2.46	18.71
<b>TOTAL REVENUE</b>	<b>143.99</b>	<b>100.00</b>	<b>163.32</b>	<b>100.00</b>	<b>13.43</b>
Employee Benefit Expenses	34.24	23.78	34.92	21.38	1.99
Depreciation & Amortization expenses	0.92	0.64	0.80	0.49	(13.15)
Administrative expenses	10.93	7.59	9.43	5.77	(13.72)
Provision for loan portfolio	2.02	1.41	2.81	1.72	38.89
Write off	3.31	2.30	12.80	7.84	286.71
Finance cost	56.37	39.15	63.12	38.65	11.97
<b>Profit before tax</b>	<b>36.19</b>	<b>25.13</b>	<b>39.45</b>	<b>24.16</b>	<b>9.00</b>
Tax expense	9.34	6.48	10.07	6.17	7.86
<b>Profit after tax</b>	<b>26.86</b>	<b>18.65</b>	<b>29.39</b>	<b>18.00</b>	<b>9.44</b>
<b>Earnings per share</b>					
Basic		29.86		29.50	
Diluted		28.99		29.36	

**B) BRIEF ANALYSIS OF SHAREHOLDERS WEALTH**

Particulars	Units	2018	2019	2020	2021
Total revenue	Rs in Crore	53.95	83.00	143.99	163.32
<b>Increment over PY</b>	<b>%</b>		<b>53.85</b>	<b>73.47</b>	<b>13.43</b>
PAT	Rs in Crore	8.32	15.22	26.86	29.39
<b>Increment over PY</b>	<b>%</b>		<b>82.93</b>	<b>76.48</b>	<b>9.44</b>
EPS (Basic)	Rs in Crore	11.15	18.41	29.86	29.50
<b>Increment over PY</b>	<b>%</b>		<b>65.11</b>	<b>62.19</b>	<b>(1.21)</b>
EPS (Diluted)	Rs in Crore	10.45	17.64	28.99	29.36
<b>Increment over PY</b>	<b>%</b>		<b>68.80</b>	<b>64.34</b>	<b>1.28</b>

**C) ANALYSIS OF ABOVE****TOTAL REVENUE**

Income has increased by 13.43%, from Rs.143.99 Crore in Financial Year 2019-20 to Rs. 163.32 Crore in Financial Year 2020-21. This growth is primarily due to an increase in AUM by 2.74 % from Rs. 726.83 Crore in Financial Year 2019-20 to Rs. 746.78 Crore in Financial Year 2020-21. Income also covers off balance sheet benefits.

**PROFIT AFTER TAX**

In synchronization of growth of total revenue i.e.13.43%, PAT has been increased by 9.42%. Despite of decrease in administrative expenses by 13.72% & negligible increment in employee benefit expenses, rate of increment in PAT is low as compared to total revenue. Reason being increment in write off & provision in loan portfolio. Same is depicted in OSS & TCR i.e.,131.85% & 16.81% respectively.

**PROVISION FOR LOAN PORTFOLIO**

Company always strives to maintain better portfolio quality. Net NPA is constantly 0% since previous year. Aggregate provision created against loan portfolio is more than as required as per RBI guidelines. Further there are some loans falling as per resolution framework for COVID 19- related stress issued by RBI dated August 6, 2020. Company has made extra provisions of Rs 2.78 Crs in FY 2021 with aggregate of Rs 9.83 Crs.

**WRITE OFF**

Covid-19 affected and is continuously affecting the economy all over the world. Likewise, all MFIs were affected. As per Q4 report of Sa-dhan, delinquency for 90 days & above is 4.15% whereas for DCL it is 1.27% which is considered to be very good as compare to industry data. DCL had written off its Loan assets of Rs. 12.80 Crore as on FY 2021. Although our field staff is continuously working hard to recollect this fund. Further till end of July we have recovered approx. Rs 51.60 lakhs from that write off.

**ADMINISTRATIVE EXPENSES**

Decrease in the administrative expenses is because business operations were ceased in 1st 4 months of nationwide lock down, and when the business operations resumed, company had been controlling on its expenses.

**EMPLOYEE BENEFIT EXPENSES**

There is a negligible increase in Employee benefit expenses by 1.99% from Rs.34.24 Crore in Financial Year 2019-20 to Rs. 34.92 Crore in Financial Year 2020-2021. Reason being is due to the promotions & incentives given to employees. Incentive/ promotions are key to retain good employees.

**EARNINGS PER SHARE**

Dilution in EPS is due to Optionally convertible Preference shares issued to SIDBI. Company has acknowledged immense growth in EPS mainly due to increasing trend of PAT margin in spite of moderate infusion of capital. PAT margin for Financial Year 2019-20& 2020-21was 18.65% & 18.00% respectively. Outcome of same can be seen in EPS ratio.

**OPERATIONAL PERFORMANCE****A) COMPARISON OF FINANCIAL YEAR 2020-2021 WITH FINANCIAL YEAR 2019-2020**

Particulars	Units	2020	2021	Increase / Decrease %
State	No's	8	8	-
Branches	No's	149	147	(1.34)
Employees	No's	1394	1327	(4.81)
Loan officers	No's	976	919	(5.84)
Active borrowers	No's	250813	239037	(4.70)
New borrowers	No's	191102	88770	(53.55)

**B) ANALYSIS OF ABOVE**

Financial growth of company is more dependent on operational growth as well. Nationwide Lock down imposed by the Government in various parts of the country in the initial months of the financial year 2020-2021 has impacted adversely on the company's day to day affairs.

**GEOGRAPHICAL COVERAGE**

As depicted above, total number of branches in FY 2021 was 147, as against 149 branches as on FY 20, the reduction in the total number of branches had been only 1.34% In spite of the fact that FY 2020-2021 had been the year of pandemic.

Currently company is operating in Rajasthan, Madhya Pradesh, Haryana, Himachal Pradesh, Punjab, Uttar Pradesh, Uttarakhand and Jammu & Kashmir. Further, Company has planned to open more than 50 branches in prospering areas.

**HUMAN RESOURCES**

The number of employees as on March 2021 had been 1327, as against 1394 in FY 2020. The company did not retrench any existing employee under the shelter of pandemic, the company had been undertaking the recruitment of new personnel, but since there were restrictions imposed by the government with respect to staff capacity under 1 roof, their joining got stretched and hiring are also freezed in some months of FY 2020-21 due to Covid.

**ACTIVE BORROWERS**

The total number of active borrowers in FY 2021 had been 239037, as against 250813 in FY 2020. The total number of disbursements had been less as compared to previous year, and additionally, some of the accounts were getting closed, some of them were also written off, leading to reduction in the total active borrowers at the end of FY 2021.

**NEW BORROWERS**

The number of new borrowers in FY 2021 was 88770, as against 191104 in FY 2020. The reason for such a reduction was largely been due to pandemic, and nationwide lockdown, the movements and business came to a complete halt and there had been no disbursements from April 2020 to July 2020.

With securitization, the company ensures broad basing of the borrowing profile and reduced cost of funds as the underlying assets rank for classification under priority sector lending by the Banks. Due to these transactions, we are able to maintain our Operating self-sufficiency ratio from 131.85% in FY 2021. While operating cost ratio & total cost ratio was 6.13% & 16.81% in Financial Year 2020-2021 respectively.

**NETWORK EXPANSION**

The global outbreak of Corona virus proved to be detrimental on the lives and health of human beings as well as on the operations of every business irrespective of the fact whether they are large or small. Covid-19 has caused a significant deterioration in economic condition of many companies and an increase in economic uncertainty for others. To grapple with such censorious situation, Indian Government has imposed complete lockdown in the whole country which has resulted in hampering of day-to-day operations of the company.

DCL keeping in mind the guidelines as issued by the government and safety of its employees carried out its operations in a restricted manner. After the upliftment of partial lockdown in various parts of the country DCL has started its operations more consistently. Despite these unforeseeable circumstances DCL has opened 2 branches in the existing states of Uttarakhand and Uttar Pradesh. During the Financial Year 2020-2021, DCL has 147 branches in 79 districts spread in 8 states. In spite of Covid-19 geographical expansion is still in process.

Branches are equipped with mix of technology and people to give our customers best-in-class finance services. We believe, this will have a significant impact in the coming years on business growth as well as networking with a larger potential customer base. As on 31st March, 2021, we have funded more than 88,000/- customers belongs to various rural & semi-rural areas.

**SECURITIZATION/ ASSIGNMENT**

Company was already availing Rs 149.08 & Rs 89.53 Crore as outstanding balance of direct assignment & securitization respectively for the year end FY 2020. During the financial year FY 21 Company has availed Rs.24.14 Crore by way of securitization transaction and Rs 124.05 Crore by way of direct assignment transaction in Financial Year 2020-2021. With these new transactions, company is funded with Rs 172.22 Crs & Rs 30.07 Crore as outstanding balance of direct assignment & securitization respectively for the year end FY 2021. These transactions enable us to add name of Federal bank in our funders list.

**STRATEGY OF COMPANY TO RUN THE BUSINESS SAFER**

Effective risk management is of supreme importance for any business to thrive in a space mired in volatility, uncertainty, complexity and ambiguity. Company has achieved sustainable growth in such a challenging environment with its disciplined focus on operational excellence and risk management.

Our business strategy is framed to identify risks and possible challenges that may derail our journey to meet the goals. The Risk Management Committee at company strikes a balance between managing risk and capitalizing opportunities. Our response to identified risks includes acceptance, avoidance, transfer and mitigation.

**STRATEGY 1: SUSTAIN BUSINESS GROWTH****Where will the growth come from?**

- (1) New branches set up in existing states.
- (2) Creating existence in new states.
- (3) New states where we plan to enter in the coming years.

In the last two years, company set up 64 branches in existing markets and entered 5 new states. It plans to extend its footprint deeper into the underserved districts and villages in the states of its presence.

**How to fund this growth?**

The credibility earned as an ethical, trustworthy and transparent organization has drawn multiple lenders to fund its growth. The consistent rating upgrades have expanded company's financial partners to include various public and private sector banks/ NBFCs and financial institutions. The success is reflected in the fact that company mopped up Rs 1075.02 crore in the last two years when the sector was plagued with unprecedented volatility.

**How to manage this growth?**

A team of seasoned professionals, centralization of operations and robust IT-based processes helped disciplined management of growth. The Leadership Team has de-centralized regular business operations to a strong middle management team and replaced manual processes with IT solutions that provides it with a bird's eye view of the business on a real-time basis; it also allows the Leadership Team the flexibility to course correct immediately when required.

46.70%

CRAR OF DISBURSEMENT FOR 7 years

**STRATEGY 2: SUSTAIN QUALITY GROWTH****Service is critical to quality growth.**

Speed in disbursement is essential for attracting customers. The Company's IT-based on-boarding solution and cashless disbursement practice have enhanced the speed of service and significantly improved the asset quality. At present turnaround time for more than 75% loans is 1-2 weeks in the company

**Knowledge is essential for process adherence**

Rigorous training is fundamental to process adherence. Company provides training to its entire field staff for achievement of set targets. Initiative is taken by the company to provide incentive to the existing Field officer/ Branch in charge for providing training to new personnel recruited on the post of field officer. Company has formulated "Training Incentive Policy" to determine the eligibility, criterion and incentive amount.

**Adequate checks-&-balances is essential for plugging the gaps**

In this people-dominated business, timely checks-and-balances assist the person and the company to stay the course. Over the years, company has continued to strengthen its audit coverage to ensure that every material transaction and business initiative is thoroughly examined. The Company has separate internal audit team with well-designed systems, policies and procedures to maintain financial & operational discipline.

1.27% &amp; 0.00%

% GROSS NPA &amp; % NET NPA AS ON MARCH 31, 2021



**STRATEGY 3: IMPROVE PROFITABLE GROWTH****Controlling cost of funds**

Managing the coupon rate while securing funds is crucial. Continuous widening of the lender base and increasing diversification among the lender category enables company to procure funds at better costs. Prudent cash and debtor management improve liquidity.

**Optimizing operational costs**

Reduction in variable and fixed cost is critical for business profitability. Increasing focus on digitizing day-to-day business processes helped in optimizing operational costs. Growing business volumes provide economies of scale and facilitate better absorption of fixed costs.

**Checking provisioning & bad debt**

Superior collection efficiency reduces provisioning and bad debts. Focus on collections by the operational team, stringent monitoring of cash collection at the branch helps in minimizing the incidence of provisioning and bad debts.

17.99%  
PAT MARGIN AS ON MARCH 31, 2021

**STRATEGY 4: UPHOLD REPUTATION****Earn the trust of customers and employees**

Company finds its biggest endorsement in the satisfaction of its customers and the success of its people. Company has, over the years, built the reputation of an honest business house with transparent terms and processes. For employees, company is a place that always encourages every individual to pursue his professional as well as personal goals. It believes in development of its human capital so that a smarter workforce can create a smarter organization.

**Secure data to enhance the brand image**

As a proactive organization, company has invested in the requisite solutions for securing its systems, architecture and data from external threats. It has institutionalized adequate and appropriate mitigation strategies that prevent leakage of vital data. IT strategy committee and IT steering committee of company secures data at both management level and lower level.

**Take care of the community at large to earn respect**

Company believes in making a difference to people at large. It continues to invest mind, time and funds to uplift lives of fellow Indians through meaningful interventions in critical areas such as education, health and hygiene and livelihood. Company implements programme across the Indian landmass to provide hope to the underprivileged. These initiatives have earned company considerable respect among the rural masses as a mindful and helping organization.

GREAT PLACE TO WORK

**FUNDING STRUCTURE**

*Diversified borrowing structure & continue introduction of new lenders is a testimony of the faith of investors and lenders over the organization*

**DIVERSIFIED FUNDING**

In order to reduce dependence on a single lender, the Company has adopted multiple banking arrangements instead of depending on single lender. None of the lender has borrowing proportion more than 25% as on 31st March, 2021.

The Company meets the requirements of PSL guidelines and regularly accesses bank financing that qualifies as PSL. With the quarterly compliance on PSL reporting for banks, the seasonality in funding is reduced and ensures credit flow to the MFI sector on a regular basis through the year. During the previous year company has raised Rs 460.19 Crore from various lenders in the form of loan/ DA/ PTC/NCDs.

Further un-availed portion of Rs 70.97 Crore of cash credit limit including overdraft limit shows that company is well funded.

**DEBT FUNDING**

Growing organizations as DCL are in constant need of fund to expand their business, meet working capital needs, or make optimal use of business opportunities. Business loans, either from traditional sources like PSUs or from private banks or FIs/ NBFCs can provide an optimal solution to meet such financial requirements.

Where appearance of PSUs establishes comfort level for other lenders, private lenders in comparison are catering huge demand due to their simple and speedy loan disbursal process.

As on 31st March, 2021 company is having 25 lenders with mixture of public sector banks, private banks, financial institutions & NBFCs. Details are as follows:

BANKS	NBFCs/ FIS
<b>PUBLIC SECTOR UNDERTAKING</b> State Bank of India Punjab national bank UCO bank Bank of Baroda Indian bank Union Bank of India United Bank of India Punjab and Sind Bank	<b>NBFCs:</b> Hinduja Leyland Finance Moneywise financial services MAS Financial services Manaveeya Development & Finance Muthoot Capital Services MUDRA Incred Financial Services Limited NABSAMRUDDHI Finance Limited Hero FinCorp Limited NABFINS Limited NABKISAN Finance Limited
<b>PRIVATE SECTOR BANKS:</b> Capital Small Finance Bank Ltd IDFC First Bank Ltd Bandhan Bank Jana Small Finance Bank Kotak Mahindra Bank	<b>FINANCIAL INSTITUTIONS:</b> SIDBI

**CAPITAL FUNDING**

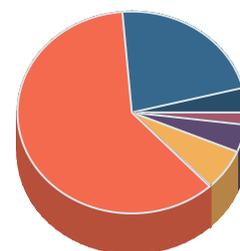
In order to make balance in Debt funding and owned fund, DCL has raised subordinate debt to the tune of Rs 15 Cr out of which Rs 8 Cr becomes part of tier II capital of company as per RBI guidelines.

Further company is enjoying OCPs facility from SIDBI for Rs.3 crores by subscribing to 9% Optionally Convertible Preference Shares in the Financial Year 2014-15 and out of which Rs. 1.5 crore 9% Optionally Convertible Preference Shares has been redeemed on February 5, 2021.

Additionally, internal accruals forming part of tier I capital is higher over previous year i.e., Rs 29.39 crores (PY 26.86 crores). EPS for the year was acknowledged 29.50 times in the current year against 29.86 times over previous year.

**RATING & GRADING****COMPREHENSIVE MFI GRADING/ RATING & COCA ASSESSMENT**

COCA Assessment	<b>M2C1</b> "M2" signifies high capacity of the organization to carry out its activities in a 'sustainable manner'. As per CARE grading rational company have sound management, good portfolio quality, standard operating processes, diversified operations and management information system.  <b>"C1" signifies excellent performance on COCA dimensions.</b>
Bank loan Rating	<b>BWR BBB+ "Stable"</b>  Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

**Borrowing Mix**

Sub-Debt	2%	CC-OD	4%	NCDs	7%	OCPs	0%
Term Loan	61%	DA	22%	PTC	4%	BC	0%



## STRENGTHS AND OPPORTUNITIES

### STRENGTHS

- Experienced & professional Management team: Company is promoted by two professionally qualified first generation entrepreneurs, Mr. Rajiv Jain and Mr. Amit Jain. Both are having finance industry experience of more than 26 years. Further BOD of company consists of mixture of executive, non-executive, independent and nominee directors, well qualified and efficient in their fields to provide leadership and strategic guidance, objective judgment, independent of management to the company and exercise control over the company.

- Internal accruals: Internal accruals forming part of tier I capital is higher as compared to peer companies i.e. Rs 29.14 Crore (Previous Year 26.59 Crore) because of constant decline in operational cost. EPS for the year was acknowledged 29.50 times in the current year against 29.86 times over previous year.

- The growth is mainly attributable to strategy of aggressive penetration in existing markets and expansion into newer regions and the ability of the company to infuse capital and funds from banks and FIs to fund the growth plans. As on March 31, 2021, DCL has 239037 active members managed through 147 branches (Individual & JLG) with total AUM of Rs. 746.78 crore as on 31.03.2021.

- Comfortable CAR well above statutory requirement of 15%: With improvement of Tier-I CAR and Tier-II CAR, DCL's overall CAR substantially up to 21.74% as on March 31, 2021, well above from statutory requirement of 15%.

- Diversified portfolio by product & geography: The loan portfolio of DCL is fully diversified with concentration in 8 states comprised of 147 branches with 79 districts as on March 31, 2021. The company has increased penetration by way of increased branch network in geographies like Rajasthan, Madhya Pradesh, Haryana, Uttarakhand, Punjab, Himachal Pradesh, Jammu and Kashmir & Uttar Pradesh and likely to increase going ahead.

- Strong assets quality with low delinquency: Majority of lending of DCL is to JLG segment wherein the loans are unsecured in nature. Despite unsecured nature of loans, DCL has been able to maintain good asset quality over the years by collecting repayments on time. As on March 31, 2021, Gross NPA% stood at 1.27% and Net NPA% stood zero.

- Increase in revenue and profitability: The Company has shown steady performance in Financial Year 2020-2021 with the income rising from Rs.143.99 Crore to 163.32 Crore. Similarly, the expenses grew from 107.80 crores to 123.87 crores. With the expansion of Digamber operational footprints, the Company's microfinance operations have grown. This has helped the Company in increasing its revenue by 14% in Financial Year 2020-2021. Further the profitability of the company has increased from 26.86 Crore to 29.39 Crore i.e., approx. 9.42% from Financial Year 2019-2020.

- Progress towards digitalization: - DCL is the among the few NBFC-MFI in INDIA which is operating on cash less disbursement module whereby it is disbursing loans to customer directly by NEFT/ IMPS to their bank account.

- To further work in alignment with Government of India vision for cash less transaction DCL has framed policies for collection also and has drafted two under-mentioned policies. The same will be implemented in systematic manner and phases for smooth transition.

- Customers are insisted for repayment through bank account and concept of ECS has been introduced. The products have been redesigned in such a way that the customer finds "money saves" in repayment through ECS.

- DCL is in talks with various nationalized banks (SBI, PNB and IDBI to name a few) and working out on the possibility of getting POS for collection of EMI. Considering the USP of DCL which states that NO CASH DISBURSAL, all the intended customer of DCL have bank account and this is one better way for EMI collection.

- Diversified and growing resource profile

### OPPORTUNITIES

- Regulatory environment

- 70% of the Indian population lives in rural area, so there is a huge opportunity for the Company to meet the demand of these unserved/ under served section

- Ability to recruit & retain skilled employees.

- Introducing new services

- Market linkages

- Availability of ample funds

- Huge population below Poverty line.

### CAPITAL ADEQUACY

The Capital Adequacy Ratio of the company was 21.75% as of March 31, 2021 as against the minimum capital adequacy requirements of 15% by RBI.

### RESOLUTION FRAMEWORK

Due to resurgence of COVID-19 pandemic, consequent containment measures impacted the recovery measures and created new uncertainties. Hence with the objective of alleviation of potential stress to individual borrowers and small business, this framework is formulated as per the RBI Circular "RBI/2021-22/31, DOR.STR.REC.11/21.04.048/2021-22 dated 05thMay, 2021, Resolution Framework – 2.0: Resolution of COVID-19 related stress of Individuals and Small Business".

This framework shall be in line with the contours of the Resolution framework – 1.0 (RBI Notification No. RBI/2020-21/16, DOR.No.BP.BC/3/21.04.048/2020-21 dated 06.08.2020) with suitable modifications.

The objective of this framework is to facilitate the borrowers with rescheduling of payments, conversion of interest accrued or to be accrued into another credit facility, granting of moratorium etc. on the basis of assessment of income streams of the borrower without affecting the asset classification.

Permitted features under this resolution plan:

1. **SCOPE:** -Resolution plan implemented under this framework shall include rescheduling of payments, conversion of interest accrued or to be accrued into another credit facility or granting of moratorium. Decision shall be taken based on assessment of income stream of the borrower. Further, compromise settlement shall not be allowed in this framework.

2. **MORATORIUM MAXIMUM TWO YEARS:** - The overall caps on moratorium and/or extension of residual tenor granted under Resolution Framework-1.0 and this framework shall be two years. Further if moratorium is granted, same shall come into force immediately upon implementation of resolution plan.

3. Initially, moratorium shall be provided for upto three months and further moratorium extension shall be provided as per the decision of credit committee on the basis of income stream assessment of the Borrower.

### Due Diligence Consideration and Resolution Framework Process: -

Company shall ensure that: -

- Borrower's income should have been impacted due to COVID-19 pandemic and accounts classification as Standard as on March 31st, 2021.
- Repayment Capability based on various factors including credit history.
- Verification of documents provided and their subsequent evaluation.

Further this framework is available on website of company at <https://www.digamberfinance.com/corporate-governance/in>.

### MEMBERSHIP OF SADHAN

#### OVERVIEW

The industry associations/ Self-regulatory organization (SRO) are expected to facilitate compliance by the Non-Banking Financial Companies that are engaged in microfinance with the regulations and code of conduct and function in the best interest of the customers of the NBFC-MFIs. The membership of NBFC-MFIs in the industry association/SRO will be seen by the trade, borrowers and lenders as a mark of confidence.

#### MEMBERSHIP OF DCL IN SADHAN

Although RBI has not mandated membership of SRO for NBFC MFIs but for more borrower protection and education, monitoring, DCL has taken membership of SADHAN w.e.f. 15.12.2017 wide membership no. 0350. Membership of SRO ensures better governance, monitoring and compliance with the regulatory framework put in the place by Reserve bank.





## ADOPTION OF CODE OF CONDUCT PRESCRIBED BY SA-DHAN IN ASSOCIATION WITH MFIN

During the year it is observed that it is important to have well defined core values and adopt fair practices to ensure that services provided by the company are in manner that benefits clients, and is ethical and dignified. For having better quality of services, transparency in the working and to ensure that all practices related to lending and recovery of loans are fair, there is a need to adopt well defined code of conduct policy.

Further Sa-dhan is association of community development finance institution, working for more than one and half decades in supporting and strengthening the agenda of financial inclusion and recently recognized by the RBI as Self-Regulatory Organization (SRO) for the Microfinance Sector. Sa-dhan has published its edition of code of conduct named "MFI Industry Code of Conduct – 2015" in association with MFIN especially for Micro finance industry. So, with the approval of Board of directors in its meeting dated Thursday, April 28, 2016 DCL has adopted code of conduct prescribed by the Sa-dhan in association with MFIN named "MFI Industry Code of Conduct – 2015"

### APPROACH

#### Social Approach

DCL believes that access to basic financial services can significantly augment economic opportunities for poor families and in turn help improve their lives. DCL is committed to creating a distribution network across underserved/ un-served sections of society in order to provide easy access to the full portfolio of microfinance products and services. It also looks at using this network to add value to the lives of its members by providing quality goods and services that our members need at less than market rates.

We at DCL believe that our members have a voice. Being committed to our members, we listen, understand and act on what they say. While our business manager meets our members and interacts with them frequently, DCL routinely checks and tracks its service quality through various initiatives focused on capturing the thoughts and needs of our members. Our member origination and servicing efforts strategically focus on building long-term relationships with them and address specific requirements in a particular region.

#### RISK MANAGEMENT

DCL has implemented a risk management framework commensurate to its size and quantum of operations to manage various risks including Credit, Market and Operational Risks. We have a robust Risk Management and Internal Controls system to identify, assess, monitor and manage all of these risks in accordance with well-defined policies and procedures. Committees of the Board of Directors have been constituted to oversee various risk management activities. The Risk Management Committee of DCL Board of Directors meets once every quarter and reviews risk management policies in relation to various risks including portfolio, liquidity, interest rate, and operational risks, investment policies and strategy, and regulatory and compliance issues in relation thereto.

Key risk events (both potential and actual) were identified for all departments with possible causes, frequency of occurrence, evidence of occurrence, existing control measures and effectiveness of the control measures for each of the risk events. Key Risk Indicators (KRIs) were finalized for each department for areas identified as high risk. Risk threshold breaches of the KRIs are discussed with the respective functional heads and corrective action plans documented for future review.

#### • Credit Risk

Risk of non-repayment of loans by customers is one of the primary risks faced by the Company. The joint liability framework provides the basic risk mitigation where the other members in the group take active role in credit screening and monitoring credit behavior of other customers apart from providing credit guarantee.

Non-payment may be triggered by either excessive borrowing by clients due to multiple MFIs offering loans as also borrowing from other sources, due to health-related issues and due to natural calamities, such as floods etc. MFIs without sound operational risk management process and not following prudent lending practices can cause problems.

DCL considers all other borrowings of clients, need for funds for productive purposes and the bonding with the rest of the group members, before extending loan which is further reinforced through group guarantees. In addition, with the full rollout of the credit bureau initiative, over-borrowing has been effectively curtailed.

Against the regulatory requirement of all NBFC-MFIs being required to provide their data base to the Credit Bureau's once a month. This helps to ensure that the data with the bureaus are of as late a vintage as possible, preventing multiple borrowings slipping through the gaps.

#### • Operational Risk

Due to inadequate or failed internal processes, people or systems could cause loss to DCL. Micro finance, given its small ticket size is transaction-intensive. These transactions are handled by large number of employees spread over 149 branches in 8 states.

Further the disbursement to borrowers were done through electronic fund transfer also the cash disbursement interested borrowers were encouraging to open bank accounts. But collections from borrowers are done by way of cash, increasing the operational risk. Under the circumstances it becomes critical to have sound risk management practices, but company has taken cash insurance from one of the reputed insurance company.

The DCL has put in multi-layered checks and controls over key client interface processes. While it would be impossible to prevent staff from committing frauds, the approach of the Company is to put in place robust controls to shorten the gap to the minimum between an employee's wrong action and its detection. Each field level process conducted by the staff is scrutinized through multiple levels of risk oversight. Further the Company also constantly upgrades its control processes based on analysis of failed processes. The Company's robust controls are well reflected in almost negligible instances of breach of control. The control parameters of the Company are generally held as benchmarks in the MFI sector globally and the Company continues to fine-tune the same based on experience.

#### • Market Risk

Liquidity Risk: Given the sensitive nature of the sector, the funding by banks is closely linked to the overall image of the sector as well as the regulatory environment. Any change in these factors could affect the overall liquidity position of the Company. Also, excess liquidity carry leads to negative carry on the surplus cash as the yield on short term investment is always lower than borrowing cost. The Company has internal guidelines on the quantum of excess liquidity which is a balance between the need for liquidity and reducing the cost of negative carry on excess liquidity.

#### CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectation may be 'forward looking' within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

For & on behalf of the Board of Directors of  
Digamber Capfin Limited

Rajiv Jain  
Managing Director  
DIN: 00416121

Amit Jain  
Whole-Time Director cum CFO  
DIN: 00416133

Date: 4th September, 2021

Place: Jaipur





# Independent Auditor's Report

A K Chordia & co Chartered  
Accountants 2ND Floor, Shop No 335, Johari Bazar,  
Jaipur-302003

To,  
The Members of  
DIGAMBER CAPFIN LIMITED

## Opinion

We have audited the accompanying financial statements of Digamber Capfin Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its Profit and its cash flows for the year ended on that date

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 14 3(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

## Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by the Non-Banking Finance Companies Auditors Report (Reserve Bank) Directions, 2016, we give in the Annexure B, statement on the matters specified in the order, to the extent applicable.

With respect to the adequacy of the Internal Control over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in Annexure C, and,



As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss and cash flow statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure C". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company does not have any pending litigation which would impact its financial position;
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For A K Chordia &  
Co Chartered Accountant  
FRN: 002606C**

**Place: Jaipur  
Tuesday, 29th June, 2021  
UDIN : 20071987AAAAFI4105**

**-sd-  
Ashok Kumar Chordia  
Partner  
M. No.: 071737**



## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

### For The Year Ended On 31st March 2021 (Referred To In Para 'Report On Other Legal And Regulatory Requirements' In Our Report Of Even Date)

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular program of physical verification of the fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed Assets were physically verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the company.
- c) According to the information and explanations are given to us and on the basis of our examination of the records of the company, the title deeds of the immovable properties are held in the name of the company.
- ii. The Company is a Micro Financing Non-Banking Finance Company. Accordingly, it does not hold any physical inventories. Thus Paragraph 3(ii) is not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence requirements of clause 3(a), 3(b) & 3(c) are not applicable.
- iv. The Company has not made loans, investments, guarantees and securities to directors etc.
- v. The company has not accepted deposits from the public.
- vi. The Central Govt. has not prescribed the maintenance of Cost records under section 148(1) of the Companies Act 2013 ('the Act').
- vii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amount deducted/ accrued in the books of account in respect of undisputed statutory dues, including provident fund, Employee State Insurance, Income Tax, Goods and Service Tax, and other material statutory dues with the appropriate authorities.
- viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not defaulted in repayments of the Loans or borrowings to financial institutions, Bank, Govt. or otherwise.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). However, Term loans were taken from the Banks and Financial Institutions was applied for the purpose for which the same were raised.
- x. According to the information and explanations given to us, during the year, no case of embezzlement by employees of the company is reported. (Previous year no case of embezzlement by employees of the company). In current year Rs 1,24,880 was recovered which pertains to earlier years. Recovery Proceedings for the unrecovered portion of embezzlement is pending.

During the year 3 cases of Robbery (previous year 4 cases) of Money from the staff of the company are reported for which FIR was filed. The aggregated amount of robbery of Rs 1,41,530/- (previous Year Rs 5,70,121/-) has been charged to profit & loss account of the company.

According to the information and explanations given to us, no fraud has been committed by the company, which has been noticed or reported during the course of the audit.
- xi. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the order is not applicable.



- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required in the accounting standards.
- xiv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has neither issued shares nor fully or partly convertible debentures. The Company has, however issued Non-Convertible debentures of Rs. 50 Crores to four Public Sector Banks and necessary compliance of Section 42 and other Rules & Regulations as provided for this purpose under companies Act 2013 for issue of these debentures, have been complied with. The amount so raised has been used for the purpose it has been raised.
- xv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not entered into non cash transactions with Directors or persons connected with them. Accordingly, the paragraph 3(xv) of the order is not applicable.
- xvi. The company is Registered under section 45 -IA of the Reserve Bank of India Act'1934 .

**For A K Chordia & Co**  
**Chartered Accountant**  
**FRN: 002606C**

**Place: Jaipur**  
**Tuesday, 29th June, 2021**  
**UDIN: 20071987AAAAFI4105**

**-sd-**  
**Ashok Kumar Chordia**  
**Partner**  
**M. No.: 071737**



## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

For The Year Ended On 31st March 2021

(Referred To In Para 'Report On Other Legal And Regulatory Requirements' In Our Report Of Even Date)

- a. That the Company is engaged in the business of non-banking financial institution as defined in section 45 -I (a) of the RBI act and meeting the principle business criteria (Financial asset/ income pattern) as laid down by RBI directions and it has obtained a Certificate of Registration (COR) from the Reserve Bank of India.
- b. That the company is entitled to continue to hold such COR in terms of its assets/income pattern as on March 31, 2021.
- c. That Company meets the requirement of a net owned fund as laid down in Master Direction - Non- Banking Financial Company, Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and amendments thereafter, where applicable.
- d. The Board of Directors of the Company has passed a resolution for non -acceptance of any public deposits.\
- e. The company has not accepted any deposits from public during the financial year 2020-21.
- f. The Company has complied with the prudential norms relating to the income recognition, accounting standards, assets classifications and provision for bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company -Systemically Important Non -Deposit taking Company (Reserve Bank) Directions, 2016 subject to applicable and amendments thereafter.
- g. The capital adequacy ratio as disclosed in the return submitted to the Bank (form DNBS03) in terms of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 has been correctly determined and such ratio is in compliance with the minimum CRAR prescribed therein
- h. The company has furnished to the bank the annual/quarterly statement of capital funds, risk assets/exposure and risk asset ratio (Form DNBS03) within the stipulated period.
- i. The Company is correctly classified under Non-Banking Financial Company as NBFC-Micro Finance Institutions (MFIs) as defined in the Non-Banking Financial Company -Systemically Important Non -Deposit taking Company (Reserve Bank) Directions, 2016 with reference to the business carried on by it during the financial year i.e. 2020-21.

For A K Chordia & Co  
Chartered Accountant  
FRN: 002606C

Place: Jaipur  
Tuesday, 29th June, 2021  
UDIN: 20071987AAAAFI4105

-sd-  
Ashok Kumar Chordia  
Partner  
M. No.: 071737



## ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

For The Year Ended On 31st March 2021

(Report On The Internal Financial Controls Under Clause (I) Of Sub Section 3 Of Section 143 Of The Companies Act' 2013)

We have audited the Internal Financial Controls Over Financial Reporting of Digamber Capfin Ltd. ('the Company') as of 31st March 2021 with our audit of Standalone Financial Statements of the Company for the year ended on that date.

### MANAGEMENT 'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial Reporting criteria established by the company, considering the essential components of Internal control stated in the Guidance Note on Audit of internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of business, including adherence to the company's policies, the safeguard of assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Companies Act' 2013.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's Internal Financial Controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Finance Controls over Financial Reporting ('the Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act' 2013, to the extent applicable to an audit of internal financial controls, both applicable to a n audit of Financial Controls and, both issued by ICAI. Those standards and Guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting were established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system over Financial Reporting and their operating effectiveness.

Our audit of the internal financial controls system over financial reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists along with testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risk material and misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion the company's internal financial controls system over financial reporting.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provides reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of the management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### INHERENT LIMITATION OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, includes the possibility of collusion or improper management leads to overriding of controls, material misstatements due to error or fraud may occur and not be detected.



Also, Projections of any evaluation of the internal financial control over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in controls, or that the degree of compliance with the policies or procedures may deteriorate.

#### **OPINION**

In our opinion, the company has, in all material aspects an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively from 31st March 2021, based on the internal control over financial reporting criteria established by the company considering the essential components of internal controls stated in the guidance Note on Audit of Internal Financial Controls Over Financial reporting issued by the ICAI.GOO

#### **OTHER MATTER**

Broadly, the Company is having most of the system in place as required for the compliance of Internal Financial Control on Financial Reporting. However, those systems or controls are having scope of further improvement. Also, Company has documented adequately the internal financial controls based on Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Based on our audit procedures, we are of the opinion that Company has rectified all material observations of our audit on internal financial controls over financial reporting to ensure that they do not significantly affect financial reporting on Internal Financial Control as on Balance Sheet date.

**For A K Chordia &Co  
Chartered Accountant  
FRN: 002606C**

**Place: Jaipur  
Tuesday, 29th June, 2021  
UDIN: 20071987AAAAFI4105**

**-sd-  
Ashok Kumar Chordia  
Partner  
M. No.: 071737**



# **FINANCIAL STATEMENTS**

**2020-2021**

<b>DIGAMBER CAPFIN LIMITED</b>			
<b>BALANCE SHEET AS AT 31st March 2021</b>			
<b>All amount in lakh, except per share data and as started otherwise</b>			
<b>Particulars</b>	<b>Note</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
		(Rs in Lakh)	(Rs in Lakh)
<b>I EQUITY AND LIABILITIES</b>			
Share Capital	<u>3.1</u>	1,137.69	1,287.69
Reserves and Surplus	<u>3.2</u>	10,148.44	7,234.85
		<b>11,286.13</b>	<b>8,522.54</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	<u>3.3</u>	26,835.98	28,407.27
Long Term Provisions	<u>3.4</u>	983.00	702.32
Other Non-Current Liabilities	<u>3.5</u>	264.30	-
		<b>28,083.28</b>	<b>29,109.59</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	<u>3.3</u>	5,923.23	3,321.25
Other Current Liabilities	<u>3.6</u>	28,254.92	19,690.61
Short-Term Provisions	<u>3.7</u>	382.05	-
		<b>34,560.20</b>	<b>23,011.87</b>
<b>TOTAL :</b>		<b>73,929.61</b>	<b>60,644.00</b>
<b>II ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	<u>4.0</u>	3,343.27	968.01
Deferred Tax Assets	<u>4.1</u>	46.47	30.78
Long Term Loans & Advances	<u>4.2</u>	24,047.38	15,675.85
<b>Total Non Current Assets</b>		<b>27,437.11</b>	<b>16,674.64</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	<u>4.3</u>	9,798.74	2,329.91
Bank Balance other than Cash & Cash Equivalents	<u>4.4</u>	5,378.94	6,289.92
Short-term Loans and Advances	<u>4.5</u>	30,393.23	33,062.89
Other Current Assets	<u>4.6</u>	921.58	2,286.64
		<b>46,492.49</b>	<b>43,969.36</b>
<b>TOTAL :</b>		<b>73,929.61</b>	<b>60,644.00</b>

Significant Accounting Policies and Notes to Financial Statements  
In terms of our attached report of even date

**For A K Chordia & Co**  
**Chartered Accountants**  
**FRN: 002606C**

**-sd-**  
**Ashok Kumar Chordia**  
**Partner**  
**M. No. 071737**  
UDIN:- 21071737AAAAAU3128  
PLACE : JAIPUR  
DATE : 29th June, 2021

**For and on behalf of the Board of**  
**Directors of**  
**Digamber Capfin Limited**

**-sd-**  
(Rajiv Jain)  
Managing Director  
DIN: 00416121

**-sd-**  
(Lalit Kumar Jain)  
Independent Director  
DIN : 07517615

**-sd-**  
(Amit Jain)  
Whole Time Director cum CFO  
DIN: 00416133

**-sd-**  
(Neha Agarwal)  
Company Secretary  
(M. No. A35576)

<b>STATEMENT OF PROFIT &amp; LOSS ACCOUNT AS AT MARCH 31, 2021</b>				
(All amounts in lakh, except per share data and as stated otherwise)				
<b>S.No</b>	<b>PARTICULARS</b>	<b>NOTES</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
			(Rs in Lakh)	(Rs in Lakh)
<b>I</b>	<b>INCOME</b>			
	Revenue from Operation	<u>5.0</u>	15,930.37	14,060.25
	Other Income	<u>5.1</u>	402.02	338.64
	<b>TOTAL INCOME :</b>		<b>16,332.39</b>	<b>14,398.89</b>
<b>II</b>	<b>EXPENDITURES</b>			
	Employee Benefit Expenses	<u>5.2</u>	3,492.33	3,423.96
	Finance Cost	<u>5.3</u>	6,312.05	5,637.39
	Depreciation and Amortization Expenses	<u>5.4</u>	79.54	92.11
	Administrative Expenses	<u>5.5</u>	942.71	1,092.99
	Provision & Write Off	<u>5.6</u>	1,560.43	533.30
	<b>TOTAL EXPENDITURES :</b>		<b>12,387.06</b>	<b>10,779.75</b>
<b>III</b>	<b>Profit Before Tax</b>		3,945.33	3,619.14
	<b>Less : Tax Expenses</b>	<u>5.7</u>	1,006.77	933.63
	Current Year Tax		1,022.46	912.48
	Deferred Tax		-15.69	21.15
	<b>Profit (Loss) for the Year from continuing operations</b>		<b>2,938.56</b>	<b>2,685.51</b>
	<b>Earning Per Equity Share</b>	<u>5.10</u>		
	Basic		29.50	29.87
	Diluted		29.36	28.99

Significant Accounting Policies and Notes to Financial Statements  
In terms of our attached report of even date

For A K Chordia & Co  
Chartered Accountants  
FRN: 002606C

For and on behalf of the Board of  
Directors of  
Digamber Capfin Limited

-sd-  
Ashok Kumar Chordia  
Partner  
M. No. 071737  
UDIN:- 21071737AAAAAU3128

PLACE : JAIPUR  
DATE : 29th June, 2021

-sd-  
( Rajiv Jain)  
Managing Director  
DIN: 00416121

-sd-  
(Lalit Kumar Jain)  
Independent  
Director  
DIN : 07517615

-sd-  
(Amit Jain)  
Whole Time Director cum CFO  
DIN: 00416133

-sd-  
(Neha Agarwal)  
Company Secretary  
(M. No. A35576)

<b>DIGAMBER CAPFIN LIMITED</b>			
<b>CASH FLOW STATEMENT FOR THE YEAR ENDED AS AT MARCH 31, 2021</b>			
S.No.	Particulars	March 31, 2021	March 31, 2020
		(Rs. in Lakh)	(Rs. in Lakh)
A	<b>CASH FLOW FROM OPERATING ACTIVITY</b>		
	Net Profit Before Tax	3,945.33	3,619.14
	Adjustments for:-		
	Depreciation and Amortization	79.54	92.11
	Provision	280.68	202.32
	<b>Operating Profit Before working Capital Changes</b>	<b>4,305.55</b>	<b>3,913.57</b>
	<b>Changes In Working Capital:-</b>		
	Increases/Decreases in Loans & Advances	-5,710.44	-14,858.28
	Increases/Decreases in Current Liabilities	-	-
	Increase/Decrease in other Current Liabilities	4,559.81	297.93
	Increases/Decreases in other current assets	1,404.89	-82.45
	<b>Cash used in operations</b>	<b>4,559.81</b>	<b>-10,729.23</b>
	Direct Taxes Paid	-1,006.77	-933.63
	<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>3,553.04</b>	<b>-11,662.86</b>
B	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchases of Fixed Assets including Capital Advances	-2,454.81	-1,650.25
	Increase/Decrease in Investments	-	-
	<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-2,454.81</b>	<b>-1,650.25</b>
C	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Increase in Equity Share Capital	-	119.20
	Increase in Share Premium	-	596.00
	Increase in Share Application Money	-	-
	Increase in Long Term Borrowings	5,484.59	9,297.31
	Increase in Short Term Borrowings	-	8,431.37
	Dividend Paid (including Tax on Dividend)	-24.97	-27.00
	<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>5,459.62</b>	<b>18,416.87</b>
	<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>6,557.85</b>	<b>5,103.77</b>
	CASH & CASH EQUIVALENTS : OPENING BALANCE	8,619.83	3,516.06
	CASH & CASH EQUIVALENTS : CLOSING BALANCE	15,177.68	8,619.83

In terms of our attached report of even date

For A K Chordia & Co  
Chartered Accountants  
FRN: 002606C

-sd-  
Ashok Kumar Chordia  
Partner  
M. No. 071737

For and on behalf of the Board of Directors of  
Digamber Capfin Limited

-sd-  
(Rajiv Jain)  
Managing Director  
DIN: 00416121

-sd-  
(Amit Jain)  
Whole Time Director cum  
CFO  
DIN: 00416133

-sd-  
(Lalit Kumar Jain)  
Independent Director  
DIN : 07517615

-sd-  
(Neha Agarwal)  
Company Secretary  
(M. No. A35576)

UDIN:- 21071737AAAAAU3128  
PLACE : JAIPUR  
DATE : 29th June, 2021

**DIGAMBER CAPFIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDING ON 31<sup>ST</sup> MARCH 2021**

**Note Particulars**

**1. CORPORATE INFORMATION**

Digamber Capfin Limited is a limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on 17 April 1995. The Company is promoted by Mr. Rajiv Jain & Mr. Amit Jain. The Company obtained permission from Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions. The Company is presently classified as Non Deposit taking NBFC-MFI (Microfinance Institution). Digamber Capfin Ltd is a Microfinance institution serving the economically active poor in urban, semi-urban and rural areas. Digamber Capfin Ltd holds a valid certificate of registration dated September 09, 1999 issued by the Reserve Bank of India. On application of the Company, RBI has changed its classification from NBFC -AFC to NBFC-MFI on dated September 06, 2013. Digamber Capfin Limited having its registered office at Jaipur along with 147 Branches in 8 states across India as on March 31, 2021.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Accounting Concept**

The financial statements are prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets, and have been prepared in accordance with the applicable Accounting Standards and relevant presentational requirements of the Companies Act, 2013. The Company follows prudential norms for income recognition, assets classification, and provisioning as prescribed by Reserve Bank of India vide Non-Banking Financial (Non Deposit Accepting or Holding) Companies prudential Norms (Reserve Bank) Directions 2007.

**2.2 Use of estimates**

The preparation of the financial statements requires the management of the company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to contingent liabilities. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results

and the estimates are recognized in the periods in which the results are known/materialize.

**2.3 Revenue Recognition**

- a) Revenues are recognized and expenses are accounted on an accrual basis with necessary provisions for all known liabilities and losses. Income from Non-Performing Assets is recognized only when it is realized. Income and expense under a bilateral assignment of receivables accrue over the life of the related receivables assigned. Interest Income & Expenses in the bilateral assignment of receivables are accounted on the gross basis.
- b) All income and expenditure items having a material bearing on the financial statements are recognized on accrual basis.

**2.4 Property, Plant and Equipment - Depreciation and Amortization**

Property, Plant and Equipment are stated at historical cost less accumulated depreciation. Cost comprises the acquisition price, inward freight, duties and other incidental costs of acquisition and installation which is directly attributable to the assets.

Depreciation on Property, Plant and Equipment has been provided on the Straight Line method on the basis of the useful life of assets as prescribed in part C of schedule II of the Companies Act, 2013.

**2.5 Employee benefits**

Company's contributions paid/payable during the year to the provident fund administered through Regional Provident Fund Commissioner, Superannuation Fund and Employees State Insurance Corporation are recognized in the statement of profit and loss.

The Company has a defined benefit gratuity plan. Every Employee who has completed five years or more of service is eligible for gratuity on departure and it is computed at 15 days' salary (last drawn salary) for each completed year of service. The scheme is funded with LIC in the form of qualifying Insurance policy duly approved by the Income Tax Department.

**2.6 Taxes on income**

The income tax liability is provided in accordance with the provisions of the Income Tax Act, 1961. Deferred tax liabilities / Assets are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and Provisions for Bad & Doubtful Debts are recognized only if there is a virtual certainty that

there will be sufficient future taxable income available to realize such assets.

## 2.7 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal/external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets or their value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized

impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

## 2.9 Classification and Provision of Loan portfolio

Loan receivables are written off/provided for, as per management estimates, subject to the minimum provision required as per Non-banking financial (Non Deposit Accepting or Holding) Companies prudential Norms (Reserve Bank) Directions, 2007

## 2.8 Borrowing Costs

Borrowing costs include interest and ancillary costs that the Company incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss.

### A. CLASSIFICATION OF LOANS

	Assets Classification	Period of Overdue
1.	<b>Standard Assets (Performing Assets)</b>	Not overdue or overdue for less than 90 days
2.	<b>Non-Performing Assets</b> Non-performing assets (NPA)	
2.1	Sub Standard Assets	Overdue for 91 days and more but less than 180 days
2.2	Doubtful Assets	Overdue for 181 days and more
2.3	Loss Assets	Assets which are identified as loss assets by the company or the internal auditor or the external auditor or by the RBI.

"Overdue" refers to interest and /or principal and / or installment remaining unpaid from the day it became receivable

### B. PROVISIONING NORMS FOR LOANS

S. No	Assets Classification	Provisioning as per RBI	Provisioning used by the Company
(a)	<b>Outstanding loan portfolio</b>	<b>1.00%</b>	<b>0.00%</b>
	Or		
(b)	Non-Performing Assets		
	Sub-Standard Assets		
	91-180 Days	50.00%	100.00%
	Doubtful Assets		
	180 Days and More	100.00%	100.00%
	Loss Assets		
	>180 Days	100.00%	100.00%

Note: The aggregate loan provision to be maintained at any point of time shall not be less than the higher of (a) or (b) as indicated above.

## 2.10 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## 2.11 Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting

date and adjusted to reflect the current best estimates.

**2.12 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**2.13 Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank and short-term investments with an original maturity of three months or less.

**2.14 Current / non-current classification of assets / liabilities**

The Company has classified all its assets/liabilities into current/non-current portion based on the time frame of 12 months from the date of the financial statements. Accordingly, assets/liabilities expected to be realized /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as noncurrent

**2.15 Segment information**

The Company operates in a single business segment i.e. financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

2.16 Previous year figures have been regrouped and rearranged wherever find necessary.

**NOTES ON ACCOUNTS FOR THE YEAR ENDING ON MARCH 31, 2021**  
(All amounts in lakh, except per share data and as stated otherwise)

<b>3.1 Share capital</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	(Rs in Lakh)	(Rs in Lakh)
<b>Authorized Equity Share Capital</b>		
15000000 Equity Shares of Rs.10/- each	1,500.00	1,500.00
3000000 Optionally Convertible Preference Share of Rs. 10/-each	300.00	300.00
	<b>1,800.00</b>	<b>1,800.00</b>
<b>Issued, Subscribed and Paid up Capital</b>		
<b>Equity Share Capital</b>		
9876930 (9876930 in previous year) Equity Shares of Rs.10/- par value	987.69	987.69
1500000 (PY 3000000) Optionally Convertible Preference Share of Rs. 10/- each (1500000 shares have been redeemed at the instance of holder of the shares )	150.00	300.00
	<b>1,137.69</b>	<b>1,287.69</b>
<b>PAID UP SHARE CAPITAL</b>		
9876930 (9876930 in previous year) Equity Shares of Rs.10/- par value	987.69	987.69
1500000 (PY 3000000) Optionally Convertible Preference Share of Rs. 10/- each (1500000 shares have been redeemed at the instance of holder of the shares )	150.00	300.00
	<b>1,137.69</b>	<b>1,287.69</b>

<b>a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year</b>				
<b>Equity Shares</b>	<b>March 31, 2021</b>		<b>March 31, 2020</b>	
	Number	(Rs in Lakh)	Number	(Rs in Lakh)
Outstanding at the beginning of the year	98.77	987.69	86.85	868.49
Add : Issued during the year	-	-	11.92	119.20
<b>Shares Outstanding at the end of year</b>	<b>98.77</b>	<b>987.69</b>	<b>98.77</b>	<b>987.69</b>
<b>9% Optionally Convertible Preference Shares</b>				
Outstanding at the beginning of the year	30.00	300.00	30.00	300.00
Add : Issued during the year	-	-	-	-
Less : Redeemed during the year	-15.00	-150.00		
<b>Shares Outstanding at the end of year</b>	<b>15.00</b>	<b>150.00</b>	<b>30.00</b>	<b>300.00</b>
<b>b) Terms/rights attached to equity shares</b>				
The Company has one class of equity shares having a par value of Rs 10/- per share. Each shareholder eligible for one vote per share held.				
<b>c) Terms of conversion/redemption of preference shares</b>				
The company has one class of preference shares i.e. 9% Optionally Convertible Cumulative Preference shares having face value of Rs 10/- each Which is optionally convertible into equity shares .During the year SIDBI has decided to redeem 50% of its holding in tune of mutual agreement between SIDBI & the company at the time of issue of shares.				
In case SIDBI decides not to convert remaining OCPS into Equity Shares then remaining OCPS shall be redeemed at the end of 7th year from the date of first disbursement The OCPS shareholder is entitled to receive dividend @ 9% per annum on preferential basis Dividend if not paid will be cumulative in nature.				
<b>d) No. of shares held by each shareholder holding more than 5% shares in the company are as follows:-</b>				
<b>Name of Share holders</b>	<b>March 31, 2021</b>		<b>March 31, 2020</b>	
	Numbers	% of Holding	Numbers	% of Holding
<b>Equity Shares of Rs. 10 each fully paid-up</b>				
- Mr. Rajiv Jain	1922263	19.46	1705901	17.27
- Mr. Amit Jain	1610320	16.30	1496955	15.16
- Mrs Shweta Jain	920139	9.32	920139	9.32
- Mrs Shilpa Ajmera	754384	7.64	754384	7.64
- M/s Unibloom Mancon Pvt Ltd	1167000	11.82	1167000	11.82
<b>Total</b>	<b>6374106</b>	<b>64.54</b>	<b>6044379</b>	<b>61.21</b>
Optionally Convertible Preference Shares of Rs.10 each fully paid SIDBI	1500000	100.00%	3000000	100.00%
<b>Total</b>	<b>1500000</b>	<b>100.00%</b>	<b>3000000</b>	<b>100.00%</b>

3.2 Reserve and Surplus	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)
<b>Special Reserve Fund</b>		
Balance b/f	1,074.93	536.93
Additions: amount transferred from statement of Profit and loss	588.00	538.00
Less: Deduction	-	-
	<b>1,662.93</b>	<b>1,074.93</b>
<b>Capital Redemption Reserve</b>		
Balance b/f	150.00	-
Additions: On account of redemption of 1500000 OPS		
<b>Less: Deduction</b>	<b>150.00</b>	-
<b>Security Premium</b>		
Balance b/f	2,029.73	1,433.73
Additions: On issue of shares during the year	-	596.00
Less: Deduction	-	-
	<b>2,029.73</b>	<b>2,029.73</b>
<b>Surplus</b>		
<b>Balance b/f</b>	4,130.19	2,009.68
Amount Transferred from Statement of P&L	2,938.56	2,685.51
Less: Transferred to Special Reserve Fund	588.00	538.00
Less: Transferred to Capital Redemption Reserve	150.00	
Proposed Dividend on Preference Shares	24.97	27.00
Dividend Distribution Tax	-	-
	<b>6,305.78</b>	<b>4,130.19</b>
<b>TOTAL</b>	<b>10,148.44</b>	<b>7,234.85</b>

3.3 LONG TERM / SHORT TERM BORROWINGS	NON CURRENT PORTION		CURRENT PORTION	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)	(Rs in Lakh)	(Rs in Lakh)
<b>A. Unsecured</b>				
(a) Sub debt loan				
-Loan From Other Banks*	500.00	500.00	7.64	-
-Loan From FIs/ NBFCS	1,000.00	1,000.00	12.57	-
*Subordinated debt from IDFC First Bank (Erstwhile Capital first Limited) and MAS Financial Services shall be discounted appropriately for calculation of CRAR in terms of RBI guidelines.				
<b>TOTAL (A)</b>	<b>1,500.00</b>	<b>1,500.00</b>	<b>20.21</b>	-
<b>B. Secured</b>				
(a) <b>Cash Credit Limit</b>				
Secured by way of equitable mortgage of immovable assets of the Company and hypothecation of finance receivables and personally guaranteed by the directors of the Company and repayable on demand				
<b>From PSU Banks</b>	0.00	0.00	3,401.05	3,321.25
<b>From Other Banks</b>	0.00	0.00	1.97	0.00
<b>TOTAL (B)(a)</b>	<b>0.00</b>	<b>0.00</b>	<b>3,403.02</b>	<b>3,321.25</b>
<b>(b) Non-Convertible Debentures</b>				
500 debentures of Rs 10 lakhs each, Secured against hypothecation of book debts, receivables, created out of respective assistance and personal guarantee of Directors (To PSU Banks)	2,500.00	-	2,500.00	-
250 Debentures of Rs. 10 lakh each @ 11.50%				
100 Debentures of Rs. 10 lakh each @ 10.90%				
150 Debentures of Rs. 10 lakh each @ 10.60%				
<b>TOTAL (B)(b)</b>	<b>2,500.00</b>	-	<b>2,500.00</b>	-

(c) <b>Term Loan Limit</b> Secured against Hypothecation of Book Debts, receivables created out of respective assistance and personal Guarantee of Directors and margin in terms of deposits				
-Loan From PSU	10,612.32	9,324.56	6,701.30	4,780.34
-Loan From Other Banks	6,254.38	4,425.18	6,640.52	3,599.69
-Loan From FIs/ NBFCS	5,936.26	13,116.15	10,386.14	9,074.98
-Vehicle Loan	33.02	41.38	8.17	7.48
<b>TOTAL (B)(c)</b>	<b>22,835.98</b>	<b>26,907.27</b>	<b>23,736.13</b>	<b>17,462.49</b>
<b>TOTAL (A+B)</b>	<b>26,835.98</b>	<b>28,407.27</b>	<b>29,659.36</b>	<b>20,783.74</b>
Less-Current Maturity of Long term borrowings	-	-	23,736.13	17,462.49
<b>TOTAL</b>	<b>26,835.98</b>	<b>28,407.27</b>	<b>5,923.23</b>	<b>3,321.25</b>

<b>3.4 Long Term Provisions</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	(Rs in Lakh)	(Rs in Lakh)
Provision for Standard Assets	-	622.27
Provision for Non-Performing Assets	705.00	77.73
Provisions on restructured Micro Loans as per RBI Resolution Plan	278.00	-
Provision for default accounts treated standard in terms of RBI	-	2.32
<b>TOTAL</b>	<b>983.00</b>	<b>702.32</b>

<b>3.5 Other Non-Current Liabilities</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	(Rs in Lakh)	(Rs in Lakh)
Unrealized Income From DA/PTC	264.30	-
<b>TOTAL</b>	<b>264.30</b>	<b>-</b>

<b>3.6 Other Current Liabilities</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	(Rs in Lakh)	(Rs in Lakh)
<b>Statutory Dues</b>		
TDS Payable	1.32	50.31
Good & Service Tax Payable	-	2.90
ESI Payable	7.41	7.37
PF Payable	22.50	25.81
<b>Other Current Liabilities</b>		
Current Maturity of Long term borrowings refer Note 3.3	23,736.13	17,462.49
Payable towards securitization/assignment transactions	4,139.21	1,962.91
Proposed Dividend on 9% OCPS from SIDBI	24.97	27.00
Interest Payable on Non-Convertible Debentures	196.50	-
Outstanding Dues to MSME enterprises	-	-
Other Sundry Creditors	126.88	151.83
<b>TOTAL</b>	<b>28,254.92</b>	<b>19,690.61</b>

<b>3.7 Short Term Provisions</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	(Rs in Lakh)	(Rs in Lakh)
<b>Tax Provision</b>		
- Current Tax	382.05	-
<b>TOTAL</b>	<b>382.05</b>	<b>-</b>

<b>4.0 Property, Plant &amp; Equipments</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	(Rs in Lakh)	(Rs in Lakh)

See Below

DIGAMBER CAPFIN LTD											FY 2020-21	
Depreciation as per Company Act												
Particulars	Gross Block				Depreciation/ Amortization				Net block			
	As on 01.4.2020	Additions	Disposal	Total	Upto 01.04.20	During 20-21	Total Depreciation on disposal	Total	As on 31.03.2021	As on 31.03.2020		
Land at Mahapura	23.91	-	-	23.91	-	-	-	-	23.91	23.91		
Flat at Identity	17.62	-	-	17.62	1.99	0.28	-	2.27	15.36	15.63		
Flat No 401 Jagatpura	42.38	-	-	42.38	4.14	0.67	-	4.81	37.57	38.24		
Office 102 Serenity Pradhan Marg, Jaipur	55.57	-	-	55.57	3.54	0.88	-	4.42	51.15	52.03		
J 54-55 Anand Moti	502.91	-	-	502.91	24.63	7.96	-	32.59	470.32	478.28		
Office Building Temporary Structure	30.25	-	-	30.25	0.64	0.96	-	1.60	28.65	29.61		
Flat No 301 Jagatpura	16.59	-	-	16.59	0.42	0.26	-	0.68	15.90	16.16		
Land at A2 airport plaza extension	-	2,453.30	-	2,453.30	-	-	-	-	2,453.30	-		
Office equipment	78.15	2.08	2.44	77.79	39.60	10.33	1.65	48.29	29.50	38.54		
Visuals and projection	1.75	-	1.49	0.27	1.49	0.05	1.41	0.13	0.14	0.26		
Furniture & Fixtures	173.47	1.36	17.36	157.47	51.62	14.76	16.05	50.32	107.15	121.85		
Motor Vehicles	75.19	-	-	75.19	23.69	7.55	-	31.23	43.95	51.50		
Computer	226.34	0.74	1.62	225.46	142.02	32.52	1.12	173.42	52.03	84.32		
D.G Set	5.00	-	-	5.00	2.34	0.48	-	2.81	2.19	2.67		
<b>A Total</b>	<b>1,249.12</b>	<b>2,457.48</b>	<b>22.91</b>	<b>3,683.69</b>	<b>296.12</b>	<b>76.69</b>	<b>20.24</b>	<b>352.57</b>	<b>3,331.12</b>	<b>953.01</b>		
<b>B Intangible assets</b>	-	15.00	-	15.00	-	2.85	-	2.85	12.15	-		
<b>C. Software App WIP</b>	15.00	-15.00	-	-	-	-	-	-	-	15.00		
<b>Grand Total- (A+B+C)</b>	<b>1,264.12</b>	<b>2,457.48</b>	<b>22.91</b>	<b>3,698.69</b>	<b>296.12</b>	<b>79.54</b>	<b>20.24</b>	<b>355.42</b>	<b>3,343.27</b>	<b>968.01</b>		
<b>Previous Year Total - 2020</b>	<b>1,005.37</b>	<b>258.75</b>	-	<b>1,264.12</b>	<b>204.00</b>	<b>92.11</b>	-	<b>296.12</b>	<b>968.01</b>	<b>831.60</b>		

<b>4.1 Deferred Tax Asset</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	(Rs in Lakh)	(Rs in Lakh)
As per AS22, issued by the institute of Chartered Accountants of India, the provision for Deferred tax Assets as on 31st March, 2019 as under :-		
(a) Asset - due to provisions for bad & doubtful debts	98.65	81.35
(b) Liability -Tax effect of Difference in WDV (As Per Income Tax Act& Companies Act.)	-52.18	-50.57
Net Deferred tax asset (a-b)	46.47	30.78
Deferred tax Asset on previous year	30.78	51.93
<b>Net amount charged from P&amp;L A/c</b>	<b>15.69</b>	<b>21.15</b>

<b>4.2 Long Term loans and advances*</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	(Rs in Lakh)	(Rs in Lakh)
<b>Micro Finance Loan</b> - Unsecured considered good	24,047.38	15,675.85
<b>TOTAL</b>	<b>24,047.38</b>	<b>15,675.85</b>

\*The above include Micro Finance Loans subordinated as credit enhancement on assets derecognized amounting to ₹12,62,64,054 (P. Y. 23,27,34,598.42)

<b>4.3 Cash and Cash Equivalents</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	(Rs in Lakh)	(Rs in Lakh)
Cash in Hand	10.61	4.94
Balances With Banks in Current Account	3,378.89	2,224.97
Investments in Mutual Fund	5,515.50	100.00
Fixed Deposit with Banks (Remaining maturity less than 3 months)	893.74	-
<b>Total</b>	<b>9,798.74</b>	<b>2,329.91</b>

The above include deposit amounting to ₹ 8,88,62,366.00 (P. Y. - ₹ Nil) placed as credit enhancement (Cash collateral) towards assets derecognized.

4.4 Bank balance other than Cash & Cash Equivalents	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)
Fixed Deposit with Banks (Remaining maturity more than 3 months)	5,378.94	6,289.92
<b>TOTAL</b>	<b>5,378.94</b>	<b>6,289.92</b>

The above include deposit amounting to ₹ 4,24,99,471.00 (P. Y. - ₹ 14,63,15,820.00) placed as credit enhancement (Cash collateral) towards assets derecognized.

4.5 Short Term loans and Advances	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)
<b>Micro Finance Loan</b>		
-Unsecured considered good	29,698.79	32,976.25
-Unsecured Substandard Loans	411.42	10.38
-Unsecured Doubtful Loans	282.67	67.32
<b>Security Deposits</b>		
-Unsecured considered good	0.36	0.36
<b>Sundry Advances</b>		
-To others	-	8.57
<b>TOTAL</b>	<b>30,393.23</b>	<b>33,062.89</b>

4.6 Other Current Assets	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)
Prepaid Expenses	17.78	12.85
Interest accrued on PTC transactions	387.27	96.44
GST Receivable	15.52	-
Sundry advances and receivables	14.28	10.61
Advance for purchase of property	-	1421.74
Income tax refund receivable	82.59	82.59
Commission Receivable	0.07	-
Receivable towards securitization/assignment transactions	39.06	-
Accrued Interest	365.01	662.41
<b>TOTAL</b>	<b>921.58</b>	<b>2286.64</b>

5.0 Revenue from Operations	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)
Interest Earned on JLG Loans	13,138.57	10,712.64
Interest Earned on Others	99.67	37.46
Excess interest spread on securitization/income from assignment	2,206.82	2,571.25
Processing Fee	485.31	738.90
<b>TOTAL</b>	<b>15,930.37</b>	<b>14,060.25</b>

5.1 Other Income	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)
Misc. Receipts	8.60	19.87
Interest on Fixed Deposit	388.98	298.01
Income From Product Supply	0.00	0.86
Recovery from Written off Accounts	4.43	19.90
<b>TOTAL</b>	<b>402.02</b>	<b>338.64</b>

5.2 Employee Benefits Expenses	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)
Salary to Staff	2,543.98	2,547.13
Bonus to Staff	104.66	105.51
ESI Contribution	69.35	75.78
PF Contribution	130.85	133.78
Gratuity	49.22	63.33
Conveyance Allowance	221.52	187.90
Incentives to Staff	12.74	46.66
Director Remuneration	360.00	260.00
Staff Recognition Awards	-	3.87
<b>TOTAL</b>	<b>3,492.33</b>	<b>3,423.96</b>

5.3 Finance Costs	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)
Interest on Loans	5,644.54	5,119.74
Bank Charges	36.96	15.23
Other Finance Cost	176.47	400.18
Interest on NCDs	341.44	-
Interest Accrued but not due	112.64	102.24
<b>TOTAL</b>	<b>6,312.05</b>	<b>5,637.39</b>

5.4 Depreciation and amortization expenses	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)
Depreciation on Tangible Assets	79.54	92.11
<b>TOTAL</b>	<b>79.54</b>	<b>92.11</b>

5.5 Administrative Expenses	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)
<b>Administrative and General Expenses</b>		
Electricity & Water Expenses	29.03	28.89
Insurance Expenses	24.69	32.00
Legal & Professional Charges	364.73	471.67
Postage Expenses	2.09	5.13
Printing & Stationery	28.19	55.07
Periodicals & Newspapers Exp.	0.01	0.05
Rent ,Rates & Taxes	220.71	161.01
Repairs and Maintenance Expenses	10.40	24.05
Fixed Assets Written Off	2.68	-
Telephone Expenses	12.54	10.77
Travelling & Conveyance	74.83	100.14
Carriage and freight charges	0.82	2.08
Loss by Robbery	1.42	5.70
Payment to Auditors	8.07	7.72
Staff welfare expenses	5.24	9.86

CSR Expenses	45.99	33.50
Director sitting Fees	4.36	1.56
<b>Other Administrative &amp; General Expenses</b>		
Sundry Expenses	18.29	46.30
<b>Selling and Distribution Expenses</b>		
Advertisement	9.34	22.51
Web Site & Software Expenses	79.30	74.99
<b>TOTAL</b>	<b>942.71</b>	<b>1,092.99</b>

Payment to Auditors	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)
Audit Fees	3.27	2.73
Tax Audit	1.09	0.38
Tax Matters	-	0.65
Certification Fees	3.71	3.96
<b>TOTAL</b>	<b>8.07</b>	<b>7.72</b>

5.6 Provisions & Write Off	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)
Bad Debts written off	1,279.75	330.98
Provision for Non-Performing Assets	0.36	0.00
Provision for Standard Assets	2.32	200.00
Provisions on restructured Micro Loans as per RBI Resolution Plan	278.00	-
Provision for Default Accounts treated Standard in Terms of RBI	-	2.32
<b>TOTAL</b>	<b>1,560.43</b>	<b>533.30</b>

5.7 Tax Expenses & Provision	March 31, 2021	March 31, 2020
	(Rs in Lakh)	(Rs in Lakh)
Current Tax	1,022.46	912.48
Deferred Tax	-15.69	21.15

5.8 Disclosures relating to Securitization :		
During the year the company sold its portfolio loans through securitization arrangements. The information regarding the securitization activity as an originator are shown as under :		
Particulars	March 31, 2021	March 31, 2020
Total number of loans securitized	6,998.00	50,101.00
Book value of loans securitized during the year	2,759.02	15,727.99
Sale consideration received for loans securitized	2,414.14	14,030.81
MFI Loans Subordinated as Credit Enhancement on Assets Derecognized	344.88	1,697.18
Gain / (loss) on the securitization transaction recognized in P&L	-	-
Gain / (loss) on the securitization transactions deferred	-	-
Quantum of Credit Enhancement provided on the transactions in the form of deposits	165.54	1,148.08
Quantum of Credit Enhancement as at year end	165.54	1,148.08
Interest spread Recognized in the Statement of Profit and Loss during the Year (including amortization of Unamortized Income)	552.01	1,734.76

Particulars	March 31, 2021	March 31, 2020
1 No of SPVs sponsored by the NBFC MFI for securitization transactions	4	4
2 Total amount of securitized assets as per book of the SPVs sponsored by the NBFC as on the balance sheet date	5,537.61	11,280.19
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet		
a) Off -balance sheet exposures		
• First Loss	-	-
• Over Collateralization	-	-
b) On-balance sheet exposures		
• First Loss (In the form of Fixed Deposit)	1,313.62	1,463.16
• Others	2,042.06	2,327.35
4 Amount of exposures to securitization transactions other than MRR		
a) Off -balance sheet exposures		
i) Exposure to own securitization		
• First Loss	-	-
• Others	-	-
ii) Exposure to third party securitization		
• First Loss	-	-
• Others	-	-
b) On -balance sheet exposures		
i) Exposure to own securitization		
• First Loss	-	-
• Others	-	-
ii) Exposure to third party securitization		
• First Loss	-	-
• Others	-	-

5.9 Details of assignment transactions undertaken during the year:		
Particulars	March 31, 2021	March 31, 2020
Number of Accounts	37,470	63,569
Aggregate value (net of provision) of accounts sold	12,405.15	17,651.91
Aggregate consideration	12,405.15	17,651.91
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain or loss over net book value	-	-
Income recognized in the Statement of Profit and Loss during the Year	1,654.82	836.49

Particulars	March 31, 2021	March 31, 2020
1 No of SPVs sponsored by the NBFC MFI for securitization transactions	5	4
2 Total amount of securitized assets as per book of the SPVs sponsored by the NBFC (Direct Assignment) as on the balance sheet date	19,537.75	17,016.85
3 Total amount of exposures retained by the NBFC to comply with MRR as on the		

date of Balance sheet		
a) Off -balance sheet exposures		
• First Loss	-	-
• Others	-	-
b) On-balance sheet exposures	-	-
• First Loss (In the form of Fixed Deposit)	-	-
• Originator's Exposure	2,214.63	2,110.04 -
4 Amount of exposures to securitization transactions other than MRR		
a) Off -balance sheet exposures		
i) Exposure to own securitization		
• First Loss	-	-
• Others	-	-
ii) Exposure to third party securitization		
• First Loss	-	-
• Others	-	-
b) On -balance sheet exposures		
i) Exposure to own securitization		
• First Loss	-	-
• Others	-	-
ii) Exposure to third party securitization		
• First Loss	-	-
• Others	-	-

5.10 Earnings per equity shares	March 31, 2021	March 31, 2020
Profit after Tax	2,938.56	2,685.51
Dividend	24.97	27.00
Dividend Distribution Tax	-	-
Weighted average no of equity shares	98.77	89.00
Basic earnings per share	29.50	29.87
Diluted earnings per Share	29.36	28.99

**Note 6:** 360.00 Lakhs (Previous year – 260.00 Lakhs) were paid in the form of remuneration to directors of the company

**Note 7:** Expenditure in foreign Currency is Nil (previous year was NIL)

**Note 8: Disclosures under accounting standards and Regulation 53 (f) of SEBI (LODR) Regulations, 2015 (as company is debt listed)**

A.	Related Party Disclosure	
S No.	Name of party	Relation
1	Rajiv Jain	Key Management Personnel
2	Amit Jain	Key Management Personnel
3	Shilpa Ajmera	Relative of Key Management Personnel
4	Shweta Jain	Relative of Key Management Personnel

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Transactions incurred between Related Parties						(Amount in Lakhs)	
Particulars		As on 31.03.2021		As on 31.03.2020			
Expenses		Key Management Personnel	Relative of Key Management Personnel	Key Management Personnel	Relative of Key Management Personnel		
1	Director Remuneration	360.00	-	260.00	-		
	-Mr. Rajiv Jain	-	-	-	-		
	Salary	120.00	-	60.00	-		
	Commission	60.00	-	70.00	-		
	-Mr. Amit Jain	-	-	-	-		
	Salary	120.00	-	60.00	-		
	Commission	60.00	-	70.00	-		
2	Salary To Staff	-	48.00	-	48.00		
	-Mrs Shilpa Ajmera	-	24.00	-	24.00		
	-Mrs. Shweta Jain	-	24.00	-	24.00		

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Further in respect of Rule 16A of the Companies (Acceptance of Deposits) Rules 2014 with reference to the notification dated 29.06.2016, Company does not accept any amount as an unsecured loan from directors of the Company.

#### Note 9: Special Reserve U/S 45-IC of Reserve Bank of India Act, 1934.

During the year Company has transferred to special reserves Rs. 588.00 Lakhs (Previous Year Rs. 538.00 Lakhs) from the statement of profit and loss. The balance as on March 31, 2021 of special reserves is Rs. 1,662.93 Lakhs ((Previous Year Rs. 1,074.93.00 Lakhs). The reserve is created in accordance with the requirement of section 45-IC of Reserves Bank of India Act 1934.

#### Note 10: Assets Classification and Movement of Provision for Standard & Non-Performing Assets

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Classification of Assets		March 31, 2021	March 31, 2020
		(Rs in Lakhs)	(Rs in Lakhs)
A.	Standard Assets (up to 90 days)	53,746.16	48,652.09
B.	Sub Standard Assets (91 to 180 Days)	411.42	10.40
C.	Doubtful Assets (>180 Days)	282.67	67.32
	<b>TOTAL</b>	<b>54,440.25</b>	<b>48,729.81</b>

As per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, Company has created provisions for standard Assets as well as Non-Performing Assets as per table below:

Particulars		March 31, 2021	March 31, 2020
		(Rs in Lakhs)	(Rs in Lakhs)
<b>1.0</b>	<b>PROVISION FOR STANDARD ASSETS</b>		
<b>1.1</b>	<b>Standard Assets</b>	53,746.16	48,652.09
	Provisions at the beginning of the year	622.27	145.00
	Additional Provisions made during the year	-	200.00
	Standard asset provision transferred to NPA provision (Previous year Excess NPA provision transferred into standard asset Provision)	-622.27	277.27
	<b>Provision at close of the year (A)</b>	<b>0.00</b>	<b>622.27</b>
<b>2.0</b>	<b>PROVISION FOR NON PERFORMING ASSETS</b>		
2.1	Sub Standard Assets	411.42	10.40
2.2	Doubtful Assets	282.67	67.32
	Total Non-Performing Assets	694.09	77.73
	Provisions at beginning of the year	77.73	355.00
	Additional Provisions made during the year	0.36	-
	Provision transferred from standard assets (Previous year excess NPA provision transferred to standard asset provision)	626.91	-277.27
	<b>Provision at close of the year (B)</b>	<b>705.00</b>	<b>77.73</b>

<b>3.0</b>	<b>Provision for Default accounts treated Standard in terms of RBI Circular dated 17.4.2020</b>		
	Provisions at the beginning of the year	2.32	-
	Additional Provision made during the year	2.32	2.32
	Excess standard asset provision transferred to NPA provision	-4.64	
	<b>Provision at close of the year (C)</b>	-	2.32
<b>4.0</b>	<b>Provision for RBI's Resolution Plan in terms of RBI notification dated 06.08.2020</b>		
	Provisions at the beginning of the year	-	-
	Additional Provision made during the year	278.00	-
	<b>Provision at close of the year (D)</b>	278.00	-
	<b>Gross Provisions (A+B+C+D)</b>	<b>983.00</b>	<b>702</b>

**Note 11: Additional Disclosures required by RBI:****Capital to Risk Ratio (CRAR)**

Particulars	March 31, 2021	March 31, 2020
	(Rs in Lakhs)	(Rs in Lakhs)
Tier I Capital	11077.52	8,222.54
Tier II Capital	1,933.00	2,102.32
<b>TOTAL</b>	<b>13010.52</b>	<b>10,324.86</b>
<b>Total Risk Weighted Assets</b>	<b>59857.53</b>	<b>52,039.96</b>
<b>Capital Ratios</b>		
Tier I Capital as a percentage of Total Risk Weighted Assets (%)	18.51%	15.80%
Tier II Capital as a percentage of Total Risk Weighted Assets (%)	3.23%	4.04%
<b>Total Capital (%)</b>	<b>21.74%</b>	<b>19.84%</b>
Amount of subordinated debt raised as Tier-II capital	800.00	1,100.00
Amount raised by issue of Perpetual Debt Instruments	0.00	0.00

**Note 12: Derivatives**

- **Forward Rate Agreement/Interest Rate Swap:**  
The company has no transactions/exposure in forward rate agreement/interest rate swap during the year 2020-21 and 2019-20.
- **Exchange Traded Interest Rate (IR) Derivatives:**  
The company has no transactions/exposure in exchange traded interest rate (IR) derivatives during the year 2020-21 and 2019-20.
- **Currency derivatives and interest rate derivatives:**  
The Company has no transactions/exposure in currency or interest rate derivatives during the year 2020-21 and 2019-20.

**Note 13: Details of non-performing financial assets purchased / sold**

The company has neither purchased nor sold any non performing financial asset during 2020-21 and 2019-20.

**Note 14: Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (₹ in Crore)**

For the year 2020-21	Upto 30 /31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances*	29.24	24.68	24.47	67.68	157.86	212.61	-	17.25	<b>533.79</b>
Cash & cash Equivalents	33.90	50.19	1.93	8.37	14.97	31.54	10.68	0.20	<b>151.78</b>
Borrowings	27.18	19.67	21.91	59.57	106.95	206.70	23.68	0.06	<b>465.72</b>
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

For the year 2019-20	Upto 30 /31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	1.01	4.83	24.48	113.28	186.94	155.46	0.27	0.14	486.41
Cash & cash Equivalents	22.30	0.18	0.35	3.21	13.23	41.31	5.62	0.00	63.90
Borrowings	2.03	2.03	18.89	52.60	99.08	243.41	25.55	0.12	443.70
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

**Note 15: Exposures**

- Exposure to Real Estate Sector:**

The Company has no exposure to real estate sector as on March 31, 2021 and March 31, 2020.

- Exposure to Capital Market:**

The Company has no exposure to capital market as on March 31, 2021 and March 31, 2020.

- Advances against intangible security:**

No finance has been made against the collateral of intangible security such as rights, licenses, authorizations, etc. in respect of projects (including infrastructure projects) during the year 2020-21 and 2019-20.

**Note 16: Miscellaneous**

- The Company has not obtained registration from other financial sector regulators except Reserve Bank of India (RBI Registration No B-10.00099).
- No penalties were imposed by the regulator during the year during the financial year ended March 31, 2021. (March 31, 2020: Nil)

**Note 17: Ratings assigned by credit rating agencies and migration of ratings during the year**

The Company has been assigned following credit rating from all rating agencies during the financial year ended March 31, 2020: -

Particulars	Rating Assigned	Rating Agency	Date of Rating	Validity upto
Current Rating	BBB +Outlook: Stable	Brickwork Ratings India Pvt Ltd	November 06,2020	November 05,2021
Previous Rating	BBB Outlook: Stable	Brickwork Ratings India Pvt Ltd	February 04, 2020	February 03, 2021

Particulars	Grading Assigned	Rating Agency	Date of Rating	Validity upto
Current Grading Cum COCA	M2C1	CARE Rating Agency	May 05,2021	May 04,2022
Previous Grading Cum COCA	M2C1	CARE Rating Agency	January 21, 2020	January 20, 2021

**Note 18: Transaction with non-executive director**

Name of Non-Executive Director	Designation	Particulars	2020-21	2019-20
Jatin Chhabra	Non-Executive Director	Sitting Fees	1.28	0.89
Dharmendra Saxena	Non-Executive Director	Sitting Fees	0.44	0.06
Lalit Jain	Independent Director	Sitting Fees	1.33	0.22
NayanAmbali	Independent Director	Sitting Fees	0.89	0.33
Amita Gill	Additional Independent Director	Sitting Fees	0.06	-

**Note 19: Provisions and contingencies**

Particulars	2020-21	2019-20
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	1,560.43	533.30
Provisions for depreciation on Investment	-	-

Provision towards NPA	-	-
Provision made towards Income tax	-	-
Other Provision and Contingencies (with details)	-	-
Bad debts written off	1,279.75	330.98
Provision for Default Accounts treated Standard in Terms of RBI Circular dated 17.04.2020	2.32	2.32
Provision for Standard Assets	0.36	200.00
Provision for RBI Resolution Plan in terms of RBI notification dated 6.08.2021	278.00	-

**Note 20: Draw Down from Reserves:**

No reserves have been draw down during the financial year 2020-21 and 2019-20.

**Note 21: Concentration of Deposits, Advances, Exposures and NPAs**

Particulars	2020-21	2019-20
Concentration of Deposits	Being non-deposit taking NBFC, same is not applicable on the company	
Concentration of Advances	Refer note below	Refer note below
Concentration on of Exposures	Refer note below	Refer note below
Concentration of NPA	Refer note below	Refer note below

The Company operates in the business of microfinance providing collateral free loans for fixed amounts ranging from Rs.15000 to Rs.60000 to women engaged in various income generating activities. As at 31 March 2021, the Company has provided approx. 99.66% loans to women and hence, the disclosure relating to concentration to advances, exposures and NPA's are not applicable on company

**Note 22: Sector-wise NPAs**

Particulars	2020-21	2019-20
Agriculture & allied activities	0.80%	0.13%
Small Business	0.48%	0.03%
Services	0.00%	0.00%
Others	0.00%	0.00%
Total	1.28%	0.16%

**Note 23: Movement of NPAs**

(₹ in Crore, unless specified otherwise)

S. No	Particulars	2020-21	2019-20
(i)	Net NPAs to Net Advances (%)	0.00%	0.00%
(ii)	Movement of NPAs(Gross)		
	(a) Opening balance	0.78	2.96
	(b) Additions during the year	18.97	1.33
	(C) Reductions during the year	0.01	0.20
	(d) Write off	12.80	3.31
	(e) Closing balance	6.94	0.78
(iii)	Movement of Net NPAs		
	(a) Opening balance	-	0.37
	(b) Additions during the year	-	-
	(C) Reductions during the year	-	0.37
	(d) Closing balance	-	-
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	0.78	3.55
	(b) Additions during the year	0.00	0.00
	(C) Reductions during the year	6.27	2.77
	(d) Closing balance	7.05	0.78

**Note 24: Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)**

The company does not have any joint venture or subsidiary overseas during the year 2020-21& 2019-20.

**Note 25: Off-balance Sheet SPVs sponsored**

The company does not have any off balance sheet SPV sponsored either domestic or overseas during the year 2020-21 and 2019-20.

**Note 26: Disclosure of Complaints**• **Customer Complaints**

S. No	Particulars	2020-21	2019-20
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	1	2
(C)	No. of complaints redressed during the year	1	2
(d)	No. of complaints pending at the end of the year	Nil	Nil

**Note 27:** The balances of loans and advances and sundry creditors are subject to confirmation and taken on book balances.

**Note 28:** As per the information available with the company, none of its creditors comprise Small Scale Industrial Undertaking to which the company owes dues, which are outstanding for more than 30 days as at the Balance sheet date. Further none of the creditors fall under the category of micro, small and medium enterprises which comprise amount outstanding for more than 45 days as at the Balance Sheet date.

**Note 29:** Details of Interest on Interest during Moratorium Period

In accordance with the RBI notification dated April 7, 2021, the company is required to refund/ adjust 'interest on interest ' to borrowers. As required by RBI notification, the methodology for calculation of such interest on interest has been circulated by Indian Bank Association. The company has not charged interest on interest from borrowers hence the question of refund does not arise. The company has been regular in repayment of dues to its Lenders without availing moratorium.

**Note 30: Resolution plan implemented due to COVID-19 as per RBI circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 06.08.2020**

Type of Borrower	Number of accounts where resolution plan has been implemented (A)	Exposure to accounts mentioned at (A) before implementation of Plan (B)	Of (B), aggregate amount of debt that was converted into other securities (C)	Additional funding sanctioned, if any included between invocation of the plan and implementation (D)	Increase in provisions on accounts of the implementation of resolution plan
Personal Loan (Micro finance loans)	19797	4,425.19	-	-	278.00
Corporate Persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	19797	4,425.19	-	-	278.00

**Note31:** Segment wise Reporting: Company operates its activities in single segment i.e., Micro finance activities

**Note 32:** During the Year, no case of embezzlement by employees of the company is reported. (no case of embezzlement by employees of the company).In current year Rs 1,24,880 was recovered which pertains to earlier years. Recovery Proceeding for the unrecovered portion of embezzlement is pending.

During the year 3 cases of Robbery (Previous year 4 cases) of Money from Staff of the company are reported for which FIR was filed. The Aggregate amount of robbery of Rs 1,41,530/- (Previous year 5,70,121/- ) has been charged to Profit & Loss account of the Company.

No fraud has been committed by the company, which has been noticed or reported during the course of the audit.

**Note 33:** The Amount of CSR for the year 2020-21 was Rs. 45.99 Lakh and company has complied all the provisions related to section 135 and rules made thereunder of the Companies Act, 2013

**Note 34:** Disclosure, as required in terms of paragraph 13 of Non-Banking Financial (Non-deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions 2007, is as under

Sr. No	Particulars	Amount Outstanding (₹)	Amount Overdue (₹)
1	<b>Liabilities Side</b>		
	Loans And Advance Availed by Non-Banking Financial Company inclusive of interest accrued thereon but not paid		
	A. Debentures		
	Secured	5,000.00	
	Unsecured (other than falling within the meaning of Public Deposits)		
	B Deferred Credits		
	C Term Loan from Banks	46,572.10	0.00
D Inter Corporate Loans and Borrowings (Subordinate debt)	1,500.00	0.00	
E Commercial Papers			
F Other Loans	3,403.02	0.00	
2	<b>Assets Side</b>	<b>Amount Outstanding</b>	
	Breakup of Loans and Advances including Bills receivables (other than those including in 4 below)		
A	Secured	-	
B	Unsecured		54,440.61
3	<b>Breakup of Leased Assets and stock on hire and other Assets counting towards AFC activities (Stock on Hire and Microfinance)</b>		
	<b>Leased Assets including lease rentals under Sundry Debtors</b>		-
A	Financial Lease		-
B	Operating Lease		-
	<b>Stock On Hire including hire charges under Sundry Debtors</b>		
A	Assets on Hire		-
B	Repossessed Assets		-
	<b>Other Loans counting towards AFC Activities</b>		
A	Loans where assets have been repossessed		-
B	Loans Other than A above		-
4	<b>Breakup of an Investment</b>		
	Current Investment		
	<u>Quoted</u>		
A	Shares		-
a	Equity		-
b	Preference		-
B	Debentures and Bonds		-
C	United of Mutual Funds		-
D	Government Securities		-
E	Others		-
	<u>Unquoted</u>		
A	Shares		-
a	Equity		-
b	Preference		-
B	Debentures and Bonds		-
C	United of Mutual Funds		-
D	Government Securities		-
E	Others		-
	Long Term Investment		
	<u>Quoted</u>		
A	Shares		-
a	Equity		-
b	Preference		-
B	Debentures and Bonds		-
C	United of Mutual Funds		-
D	Government Securities		-

E	Others			-
	<i>Unquoted</i>			-
A	Shares			-
a	Equity			-
b	Preference			-
B	Debentures and Bonds			-
C	United of Mutual Funds			-
D	Government Securities			-
E	Others			-
<b>5</b>	<b>Borrower Group wise Classification of assets Finance as in 2 and 3 above</b>			
	<b>Category</b>	<b>Secured</b>		<b>Unsecured</b>
	Related parties (As per accounting Standard of ICAI)			
A	Subsidiaries	-		-
B	Companies in the same Group	-		-
C	Other Related parties	-		-
D	Other than Related parties	-		54,440.61
	<b>Total</b>	-		<b>54,440.61</b>
<b>6</b>	<b>Investor Group Wise Classification of all Investments (current and long term) in shares and securities (both quoted and unquoted)</b>			
	<b>Category</b>	<b>Market Value/ Breakup of fair value NAV</b>	<b>Book Value (Net of Provisions)</b>	
	Related parties (As per accounting Standard of ICAI)			
A	Subsidiaries	-		-
B	Companies in the same Group	-		-
C	Other Related parties	-		-
D	Other than Related parties	-		-
	<b>Total</b>	-		-
<b>7</b>	<b>Other Information</b>			<b>Amount in ₹</b>
	Gross nonperforming assets			
A	Related Parties			-
B	Other than related parties			695.59
	Net Non-performing assets			
A	Related Parties			-
B	Other than related parties			-
	Assets acquired in satisfaction Debts			-
Signed for Identification Schedule 1 to 30				
<b>For AK CHORDIA &amp; CO</b>		<b>For and on behalf of the Board of Directors of</b>		
<b>Chartered Accountants</b>		<b>Digamber Capfin Ltd</b>		
<b>FRN-002606C</b>				
<b>Ashok Kumar Chordia</b>	<b>-sd-</b>	<b>-sd-</b>		
<b>Partner</b>	<b>(Rajiv Jain)</b>	<b>(Amit Jain)</b>		
<b>M.No.071737</b>	<b>Managing Director</b>	<b>Whole Time Director cum CFO</b>		
Jaipur	<b>DIN: 00416121</b>	<b>DIN: 00416133</b>		
UDIN:20071987AAAAFI4105				
PLACE : JAIPUR	<b>-sd-</b>	<b>-sd-</b>		
DATE : 29th June, 2021	<b>(Lalit Kumar Jain)</b>	<b>(Neha Agarwal)</b>		
	<b>Independent Director</b>	<b>Company Secretary</b>		
	<b>DIN: 07517615</b>	<b>M. No. A35576</b>		

## NOTICE OF TWENTY SIXTH (26TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY SIXTH (26TH) ANNUAL GENERAL MEETING ("AGM") OF THE MEMBERS OF DIGAMBER CAPFIN LIMITED ("THE COMPANY") WILL BE HELD ON WEDNESDAY 29TH DAY OF SEPTEMBER, 2021, AT 11:30 A.M (IST) THROUGH VIDEO CONFERENCING ("VC") / OTHER AUDIO-VISUAL MEANS ("OAVM") TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended 31st March 2021, along with the report of Board of Directors and Auditors along with all annexure thereon:**

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Audited Financial Statements of the Company for the financial year ended 31st March, 2021 comprising of the Audited Balance Sheet as at 31st March, 2021, Statement of Profit & Loss and Cash flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon along with all annexure as laid before this Annual General Meeting be and are hereby approved and adopted."

2. **To approve the payment of proposed dividend of Rs. 24,96,575/- on 9% Optionally Convertible Preference Share for the year ended 31st March, 2021**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in terms of the recommendation of the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded for payment of dividend of Rs. 24,96,575/- (Rupees Twenty-Four Lakhs Ninety Six Thousand Five Hundred and Seventy Five only) on 9% Optionally Convertible Preference Shares for the year ended 31st March, 2021."

3. **To re-appoint Mr. Jatin Chhabra (DIN: 08271333), as director of the Company who is liable to retire by rotation and being eligible, offer himself for re-appointment.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of the Section 152(6) of the Companies Act, 2013 read with rules made there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force, Mr. Jatin Chhabra (DIN: 08271333) Director of the Company, who is liable to retire by rotation and being eligible offer himself for re-appointment, be and is hereby appointed as Director of the Company liable to retire by rotation."

4. **Appointment of M/s Kalani & Company (Firm registration no. 000722C) Chartered Accountants, as Statutory Auditors of the company.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 including any statutory enactment or modification(s) for the time being in force and Guidelines of Reserve Bank of India as per Circular No. Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27th, 2021 as amended from time to time, approval of members of the Company be and is hereby accorded to appoint M/s Kalani & Company, Chartered Accountants (FRN No. 000722C), as statutory auditors of the Company for the period of Three (3) years from the conclusion of 26th Annual general Meeting till the conclusion of the 29th Annual

General Meeting at such remuneration as may be mutually agreed between the board of directors and statutory auditors upon the recommendation of the audit committee, in addition to the actual out of pocket expenses incurred in relation with the audit of the accounts of the company."

"FURTHER RESOLVED THAT Mr. Rajiv Jain, Managing Director, Mr. Amit Jain Whole Time Director and Ms. Neha Agarwal Company Secretary of the company be and are hereby severally authorized to do such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution."

### SPECIAL BUSINESS:

5. **Regularization of Dr. Amita Gill (DIN: 09066022) as an Independent Director of the company for the period of five years.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, and articles of association of the company, Consent of members of the Company accorded that Dr. Amita Gill (DIN:09066022) who was appointed as an additional independent director on 12.02.2021 who ceases to hold office at the conclusion of this AGM and in respect of whom the Company has received a notice under section 160 in writing from Dr. Amita Gill proposing her candidature for the office of independent director, be and is hereby appointed as an Independent Director of the company, not liable to retire by rotation, to hold office for a term of five consecutive years with effect from 12th February, 2021 to 11th February, 2026."

"FURTHER RESOLVED THAT Dr. Amita Gill (DIN:09066022) has signified her consent in the Form DIR-2 to act as an Independent Director of the company and submit her Independency declaration & form DIR-8 for being eligible to be appointed and not disqualify in any criteria as per section 164 of the Companies Act, 2013 as an Independent Director of the company."

"FURTHER RESOLVED THAT Designation of Dr. Amita Gill (DIN:09066022) shall change from Additional Independent Director to Independent Director w.e.f this date of AGM and her tenure as independent director for the period of five years shall be taken with effect from 12th February, 2021 to 11th February, 2026."

"FURTHER RESOLVED THAT Mr. Rajiv Jain, Managing Director, Mr. Amit Jain, Whole Time Director and Ms. Neha Agarwal Company Secretary of the company be and are hereby severally authorised for and on behalf of the company to do or cause to do all acts, matters, deeds and things and to execute all documents and to take all steps and do all things and give such directions as may be required, necessary, expedient or desirable for giving effect to the above resolutions and make all such filings as are required under the Companies Act, 2013."

6. **Re-appointment of Mr. Lalit Kumar Jain (DIN:07517615) as an Independent Director of the company for second term for the period of five years**

To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and articles of association of the company, Consent of members of the Company accorded that Mr. Lalit Kumar Jain (DIN:07517615) independent director of the Company has completed his first term of five years & ceases to hold office on the conclusion of this meeting and in respect of whom Company has received a notice under section 160 in writing from Mr. Lalit Kumar Jain proposing his candidature for the office of independent director, be and is hereby appointed as an Independent Director of the Company for the second term of five consecutive years from the conclusion of 26th Annual General Meeting till the conclusion of 31st Annual General Meeting and he is not liable to retire by rotation."

"FURTHER RESOLVED THAT Mr. Lalit Kumar Jain (DIN: 07517615) has signified his consent in the Form DIR-2 to act as an Independent Director of the company and submit his Independency declaration & form DIR-8 for being eligible to be appointed and not disqualify in any criteria as per section 164 of the Companies Act, 2013 as an Independent Director of the company."

"FURTHER RESOLVED THAT Mr. Rajiv Jain, Managing Director, Mr. Amit Jain, Whole Time Director and Ms. Neha Agarwal Company Secretary of the company be and are hereby severally authorised for and on behalf of the company to do or cause to do all acts, matters, deeds and things and to execute all documents and to take all steps and do all things and give such directions as may be required, necessary, expedient or desirable for giving effect to the above resolutions and make all such filings as are required under the Companies Act, 2013."

For & on behalf of Board of Directors of  
**DIGAMBER CAPFIN LIMITED**

Date: 04.09.2021  
Place: Jaipur

**Rajiv Jain**  
Managing Director  
DIN: 00416121

#### NOTES:

1. In view of the continuing restrictions on the movement and gathering of people at several places in the country, due to outbreak of COVID-19, the Ministry of Corporate Affairs ("MCA") has issued its General Circular No. 20/2020 dated 5th May, 2020, read with General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020 and General Circular No.02/2021 dated 13th January, 2021 permitted the holding of general meeting through VC / OAVM. Accordingly, in compliance with the applicable provisions of the Act read with the said Circulars, the board of directors has decided to convene its ensuing 26th Annual General Meeting through VC / OAVM and shareholders can attend & participate in the ensuing AGM through VC / OAVM. Shareholders attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum as per section 103 according to the said circulars. The deemed venue for AGM shall be the Registered office of the company situated at J-54,55, IInd Floor, Anand Moti, Near Toyota Showroom, Tonk Road, Jaipur-302018, Rajasthan.
2. The explanatory statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at this AGM is annexed hereto.
3. A shareholder entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself/herself and such a proxy need not be a shareholder of the company. In accordance with the aforesaid relaxations for convening of the AGM through VC/OAVM, physical attendance of shareholders has been dispensed with. Accordingly, the facility for appointment of proxy by the shareholders is not available for this AGM and hence the proxy form is not annexed to this Notice.

4. No person shall be entitled to attend the AGM through VC / OAVM and/or vote as duly authorized representative of a body corporate, unless a certified true copy of the Board Resolution appointing him/her as a duly authorized representative, is provided to the company by post addressed to Digamber Capfin Limited Address J-54,55, IInd Floor, Anand Moti, Near Toyota Showroom, Tonk Road, Jaipur-302018, Rajasthan or sent to the Company Secretary by e-mail to neha.agarwal@digamberfinance.in with a cc marked to compliance@digamberfinance.in not less than five days before the date of the meeting i.e., of 23rd day of September 2021

5. A route map along with prominent landmark for easy location to reach the venue of AGM is annexed with the notice of AGM as per the requirement of secretarial Standard-2 (SS-2) issued by the Institute by the Company Secretaries of India (ICSI) for those members who are willing to attend meeting physically.

6. Members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communication.

7. In case of any queries related to change of address or shares, members may contact to company's RTA CDSL Ventures Limited having registered office address I-202 Deck Level, Tower No. 4 2nd Floor, above Belapur Railway Station, Belapur, Navi Mumbai-400614 by courier or e-mail at satsihc@cdslindia.com or milinds@cdslindia.com

8. PDF copy of the Annual Report is enclosed with the notice unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copy of the Annual Report is being sent in the permitted mode, if requested. In case you wish to get a physical copy of the Annual Report, you may send your request to neha.agarwal@digamberfinance.in with a cc marked to compliance@digamberfinance.in mentioning your folio/DP ID and Client ID. Annual Reports is also available in the financials information section on the website of the company at <https://www.digamberfinance.com/financial-information/>

9. Any query relating to financial statements must be sent to neha.agarwal@digamberfinance.in with a cc marked to compliance@digamberfinance.in at least seven days before the date of the Meeting.

10. Members who still hold share certificates in physical form are advised to dematerialise their shareholding to avail the benefits of dematerialization, which include easy liquidity, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.

11. Members who still hold share certificates in physical form can avail of the nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, with the company. Blank forms will be supplied on request.

12. In case of any queries/grievances connected with the AGM through VC / OAVM means, you may contact to: Ms. Neha Agarwal, Company Secretary of the company at the designated mail id: neha.agarwal@digamberfinance.in with cc marked to compliance@digamberfinance.in or at mobile no. +91 7610053021

13. Shareholders may join the AGM of the company through VC/OAVM facility, by following the procedure as mentioned in the Notice, which shall be kept open for them at least 15 minutes before the time scheduled to start the meeting and shall not be closed till the expiry of 15 minutes after such scheduled time.

14. Shareholders may also note that the Notice of the AGM is also being made available on the company's website <https://www.digamberfinance.com/corporate-governance/> and statutory registers are will be available for inspection by the member at the time of meeting. Any member seeking to inspect such registers can send their request to us at e-mail id neha.agarwal@digamberfinance.in with cc marked to compliance@digamberfinance.in

15. Procedure For Joining the AGM through VC / OAVM Members will be provided with a facility to attend the AGM through VC / OAVM. The link for VC / OAVM is <https://www.gotomeet.me/digamberfinance/26th-annual-general-meeting>

Please download and install the GoTo meeting application in your Laptop/computer with this link <https://global.gotomeeting.com/install/597133029> and after installation just paste the said link on the joining tab and join the AGM.

Please note that participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

**For & on behalf of Board of Directors of  
DIGAMBER CAPFIN LIMITED**

**Date: 04.09.2021**

**Place: Jaipur**

**Rajiv Jain  
Managing Director  
DIN: 00416121**

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

##### ITEM NO. 5

Dr. Amita Gill (DIN:09066022) was appointed as an additional independent director of the Company in the Board Meeting held on 12th February 2021 upto the date of ensuing AGM.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of performance evaluation of Independent Directors, has recommended to Board to regularise Dr. Amita Gill as an Independent Director of the Company for term of 5 (five) consecutive years with effect from 12th February, 2021 to 11th February, 2026. The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, considers that, given her background, experience and contributions made by Dr. Amita Gill during her tenure, the continued association of Dr. Amita Gill would be beneficial to the Company.

In the opinion of the Board, Dr. Amita Gill fulfils the conditions for regularisation as an Independent Director as specified in the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations, 2015), if applicable. The Company has also received a declaration of Independence from her in this regard. She is independent from the management. In terms of Section 149, Schedule IV and other applicable provisions of the Act, it is proposed to regularise Dr. Amita Gill as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years with effect from 12th February, 2021 to 11th February, 2026.

Designation of Dr. Amita Gill (DIN:09066022) shall change from Additional Independent Director to Independent Director w.e.f this date of AGM and her tenure as independent director for the period of five years shall be taken with effect from 12th February, 2021 to 11th February, 2026.

A copy of the draft Letter of Appointment of Dr. Amita Gill would be available for inspection to the Members at the Registered Office of the Company during normal business hours on any working day and also on the website of the Company till the date of the AGM.

Further she is eligible to receive sitting fee as decided by the board from time to time & reimbursement of travel and other incidental expenses incurred for attending the board or committee meetings of the company.

The Board of Directors of your Company recommends the Ordinary Resolution set out in item no. 5 for approval of the Members. The other details of Dr. Amita Gill as required to be given pursuant to the Secretarial Standard-2 in respect of Item No. 5 of the Notice are as under

Date of Birth	18/02/1957
Nationality	Indian
Date of Appointment on the Board	12/02/2021
Qualifications	M.sc, M.Phil., Ph.d in Higher Energy Physics from University of Rajasthan, Jaipur
No. of Shares held in the Company Shares	NIL
Number of Board Meeting attended during the year 2020-2021	1

Except Dr. Amita Gill, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

##### ITEM 6

Mr. Lalit Kumar Jain (DIN:07517615) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 (the Act) read with the Companies (Appointment and Qualification of Directors) Rules, 2014. Mr. Lalit Kumar Jain holds office as an Independent Director of the Company up to this ensuing Annual General Meeting.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of performance evaluation of Independent Directors, has recommended re-appointment of Mr. Lalit Kumar Jain as an Independent Director of the Company for a further period of 5 (Five) years with effect from ensuing 26th AGM. The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, considers that, given his background, experience and contributions made by Mr. Lalit Kumar Jain during his tenure, the continued association of Mr. Lalit Kumar Jain would be beneficial to the Company.

In the opinion of the Board, he fulfils the conditions for appointment as an Independent Director as specified in the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations, 2015), if applicable. The Company has also received a declaration of Independence from him in this regard. He is independent of the management. A copy of the draft Letter of Appointment of Mr. Lalit Kumar Jain would be available for inspection to the Members at the Registered Office of the Company during normal business hours on any working day and also on the website of the Company till the date of the AGM.

In terms of Section 149 and other applicable provisions of the Act, it is proposed to re-appoint Mr. Lalit Kumar Jain as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company from ensuing AGM till the conclusion of 31st Annual General Meeting.

He is eligible to receive sitting fee as decided by the board from time to time & reimbursement of travel and other incidental expenses incurred for attending the board or committee meetings of the company. The Board of Directors of your Company recommends the special resolution set out in item no. 6 for approval of the Members.

The other details of Mr. Lalit Kumar Jain as required to be given pursuant to the Secretarial Standard-2 in respect of Item No. 6 of the Notice are as under:

Date of Birth	06/08/1950
Nationality	Indian
Date of Appointment on the Board	30/09/2016
Qualifications	B.Com along with Engineering background, gold medalist in law from Rajasthan University
No. of Shares held in the Company Shares	NIL
Number of Board Meeting attended during the year 2020-2021	15
Directorship in other company	121 Finance Private Limited KVCO Services Private Limited 121 Venture Finance Private Limited Audit Committee (Chairman) Nomination & Remuneration Committee (Chairman) Corporate Social Responsibility Committee (Member)
Details of membership in the committee of Board of Directors	

Save and except Mr. Lalit Kumar Jain and his relatives, none of the other directors, key managerial personnel of the Company or their relatives are concerned or interested, in the proposed resolution.

**For & on behalf of Board of Directors of  
DIGAMBER CAPFIN LIMITED**

Date: 04.09.2021  
Place: Jaipur

**Rajiv Jain  
Managing Director  
DIN: 00416121**

**Route Map for 26th AGM held on dated 29th Sep,2021 Prominent Landmark: Opp. Big Bazaar, Tonk Road, Jaipur.**

Google Maps Digamber Capfin Limited



Map data ©2021 10 m

Please scan QR code to reach the location:



Please copy and paste the below link in your google map app to reach the location:  
<https://qrgo.page.link/XaiGw>



# DON'T QUIT

WHEN THINGS GO WRONG AS THEY SOMETIMES WILL  
WHEN THE ROAD YOU ARE TRUDGING SEEMS UP THE HILL  
WHEN THE FUNDS ARE LOW AND THE DEBTS ARE HIGH  
AND YOU WANT TO SMILE BUT YOU HAVE TO SIGH  
WHEN CARE IS PRESSING YOU DOWN A BIT

Rest, if you must - but don't quit.

