



KALANI & COMPANY

CHARTERED ACCOUNTANTS

To,

**The Board of Directors,
Digamber Capfin Limited
J 54-55, Anand Moti,
Himmat Nagar, Gopalpura,
Tonk Road, Jaipur-302018 (Raj.)**

Dear Sir/Madam,

This is to certify that we have examined and verified the un-audited books of accounts, various documents and other related details in respect of Digamber Capfin Limited having CIN: U67120RJ1995PLC009862 ("NBFC-MFI") (hereinafter referred to as "DCL" or "the Company") & its registered office situated at J 54-55, Anand Moti, Himmat Nagar, Gopalpura, Tonk Road, Jaipur-302018 Rajasthan have been verified as on **September 30, 2023** and as per the verification of above documents and information and explanation given to us the following details have been certified:

1. RBI DIRECTIONS

The Company is engaged in the business of micro-finance lending under Non-Banking Financial Activities and requires to hold a certificate of registration issued by Reserve Bank of India under Section 45-IA of Reserve Bank of India Act, 1934. Accordingly, the company is holding Certificate of Registration issued by RBI vide Registration no "B-10.00099" and following the Master Directions Non-Banking Financial Company – Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 and amendments thereafter, if any.

Sr. No	Particulars	Compliance Required	Followed by DCL (as per Unaudited Financial Statements as at 30 September 2023)
1.	Capital Requirement (i) Existing NBFC	Current Net Owned Funds(NOF) at Rs. 5 Crore (Rs. 2 Crore in NE Region) By March 31, 2025: ₹7 Crore (₹5 Crore in NE Region) By March 31, 2027: ₹10 crore	The DCL's level of NOF is Rs. 250.95 Crore as on September 30, 2023 .



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2.	Microfinance Loans (ML)	<p>NBFC-MFIs are required to maintain not less than 75 per cent of its Total assets as microfinance loans(ML).</p> <p>The definition of 'microfinance loans' of NBFC-MFIs is now being aligned with the definition of 'microfinance loans' (ML) as defined under Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022</p>	<p><u>Total Qualifying Assets :</u> 939.25 Crores (79.51%)</p> <p>Complied with</p>
3.	Assessment of Household Income and conditional ties	<p>1.Lending MFIs will have to ensure compliance with relating to as a collateral-free loan given to a household having annual household income up to ₹3,00,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children.</p> <p>(As per RBI Master Direction No RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022)</p> <p>Membership of Credit Information Companies will facilitate ensuring compliance with many of these conditional ties. Accordingly, it is reiterated that every NBFC-MFI has to be a member of all four Credit Information Company (CIC) established under the CIC Regulation Act, 2005.</p>	<p>In compliance with the RBI Master Direction No RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022, DCL has adopted a board approved Household Income Policy and assesses the household income of the borrowers by obtaining a filled Assessment Form of Household Income from the borrowers.</p> <p>Also, the total indebtedness of the borrowers is being checked from Credit Information Bureau. The information is also verified in their GRT meetings.</p> <p>Yes, they are presently the member of CRIF Highmark, TransUnion CIBIL, Equifax and Experian.</p> <p>The data is being updated on monthly basis.</p>



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4.	Limit on Loan Repayment Obligations of a Household	<p>Each MFI shall have a board-approved policy regarding the limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income.</p> <p>(As per RBI Master Direction No RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022)</p>	Yes, DCL has adopted Loan Repayment Policy in compliance the RBI Master Direction No RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022.
5.	Multiple Lending and Indebtedness	It is clarified that a borrower can be the member of only one SHG or one JLG or borrows as an individual. He can thus borrow from NBFC-MFIs as a member of a SHG or a member of JLG or borrow in his individual capacity. However, a SHG or JLG or individual cannot borrow from more than 2 MFIs. Lending NBFC-MFIs will have to ensure that the above conditions are strictly complied with.	DCL obtains a declaration from its borrowers for the same condition. They also checked with the Credit Information Bureau.
6.	Pricing of Credit	<p>As per the recent RBI Master Direction No RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022, RBI has relaxed the pricing norms for NBFC-MFIs and provides each MFI should place a board-approved policy regarding pricing of microfinance loans.</p> <p>Pricing applicable as per DCL Interest Rate Policy 2.0:</p> <p>These are the Pricing Components:</p> <p style="padding-left: 40px;">A. The Average Cost of Funds (Finance Cost) of company</p>	<p>Complied as DCL has adopted Interest Rate Policy 2.0 in compliance with the said RBI Master Direction.</p> <p style="padding-left: 40px;">A. Cost of Fund: 13.87%</p>



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		<p>B. Operational Expense (Op-ex)</p> <p>C. Loan Loss Reserve (LLR)</p> <p>D. Margin (MAR)</p> <p>E. Demographic Risk Premium (DRP)-Will be applicable only where operations are in high risk areas or difficult to operate areas or unbanked small areas (remote areas), where the cost of operations may be relatively high. The capping on this premium shall be maximum 2%</p> <p>F. Processing Fees: Shall not be more than 1% plus GST (The processing fee is not included in the margin cap or the interest cap)</p> <p>G. Insurance Charges</p>	<p>B. Operating Expense: 6.86%</p> <p>C. Loan Loss Reserves: 3.00%</p> <p>D. Margin: 2.77%</p> <p>E. Risk Premium: 0.00%</p> <p>Total of these Arrived 26.50% and company's ROI is as follows:</p> <p>Micro Finance Loans (JLG): 26.00% - 26.55%</p> <p>Individual Micro Loan (IML): 25.00% - 30%</p> <p>F. Processing fee is 1%+GST</p> <p>G. Insurance Charges as applicable</p> <p>(Only actual cost of insurance charges as per IRDA guidelines are recovered from its borrowers)</p>
7.	Capital adequacy, Asset classification and provisioning Norms	<p>NBFC-MFIs shall maintain a capital adequacy ratio consisting of Tier I and Tier II Capital which shall not be less than 15 per cent of its aggregate risk weighted assets. The total of Tier II Capital at any point of time, shall not exceed 100 per cent of Tier I Capital.</p> <p>Provisioning Norms:</p> <p>The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of:</p> <ol style="list-style-type: none"> 1. 1% of the outstanding loan portfolio or 2. 50% of the aggregate loan installments, which are overdue for more than 90 days 	<p>The CRAR of the Company was 28.29% as on September 30, 2023 above from the minimum level of 15%.</p> <p>Already complied as per the given directions.</p>



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		and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.	
8.	Geographical Diversification	NBFC-MFIs may approach their boards for fixing internal exposure limits to avoid any undesirable concentration in specific geographical locations.	Presently DCL is having branches in the following States/Union Territories of India: Rajasthan, Madhya Pradesh, Haryana, Uttarakhand, Himachal Pradesh, Uttar Pradesh, Jammu & Kashmir, Punjab and Bihar.
9.	Customer Protection Initiatives	All elements of the fair practices code issued by the RBI vide DNBS.PD.CC.No.286/03.10.042/2012-13 Dated July 2, 2012 & RBI Master Direction No RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022 and amendments thereafter, if any, will need to be adhered to by the MFIs. NBFC-MFIs must also ensure that greater resources are devoted to professional inputs in the formation of SHG/ JLG and appropriate training and skill development activities for capacity building and empowerment after formation of the groups.	DCL complied the same. Also, they are initiating the trainings to JLG etc. for their money and right protection.
10.	Formation of SRO	All NBFC-MFIs are encouraged to become member of at least one Self-Regulatory Organization (SRO) which is recognized by the Reserve Bank and will also have to comply with the Code of Conduct prescribed by the SRO.	Yes, DCL is a member of SA-DHAN.



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11.	Monitoring of Compliance	The Responsibility for compliance to all regulations prescribed for MFIs lies primarily with the NBFC-MFIs themselves.	Yes, DCL has taken appropriate measures to comply with the regulations prescribed for MFIs. Further, based on the nature of the compliances, various departments are entrusted with the responsibility to ensure timely Compliances. The overall responsibility to oversee the compliances falls with the various Committees of Board of Directors of the company. Also, the report on the status compliances are tabled before the Audit Committee on quarterly basis.
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Note: Remaining assets not covered in Micro Finance Loans were also in accordance to the regulation specified in this behalf.

2. The loan funds availed will be lent to individuals and/ or groups of individuals in the form of JLGs/SHGs for non-farm and income generating activities.
3. DCL does not charge any penalty for delayed payment of dues from their customers.
4. DCL also does not take collateral security/deposit for their loans.
5. DCL also complies with all the guidelines issued by RBI vide RPCD.Co.Plan 66/04.09.04/2010-11 dated May 3, 2011 (Bank loans to MFIs – Priority Sector Status and as may have been updated and issued from time to time by RBI in connection with the above guidelines and Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022. Loan portfolio of DCL is eligible to be covered under priority sector status.

Further declared that the loan availed from the bank being fully utilized for on-lending to borrowers for activities which qualify as priority sector lending as per extant RBI- FIDD direction on NBFC On lending (FIDD.CO.Plan.BC.No.5/04.09.01/2022-23 dated May 13th 2022) and / or Master Direction on MFI on Priority Sector Lending (PSL) – Targets and Classification(RBI/FIDD/2020-21/72 dated September 4th 2020).

6. DCL complies with the RBI Guidelines on Fair Practice Code for Non-Banking Financial Companies vide DNBS.PD.CC.No.286/03.10.042/2012-13 Dated July 2, 2012 & **Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022** vide No RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022, as amended from time to time.
7. DCL complies with KYC/AML norms as stipulated by the RBI vide Master Circular dated July 01, 2015 on KYC guidelines – AML standards- Prevention of Money Laundering Act, 2002- Obligation of NBFC in terms of rules notified thereunder and updation to these guidelines as may be issued from time to time.



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8. DCL complies with RBI/FED/2018-19/67 FED Master Direction No.5/2018-19 (Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations) and Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 and Foreign Contribution (Regulations) Act, 2010 including guidelines regarding FDI/ FEMA/ ECB and is in compliance with the said Act and regulation there under by Central and State laws.
9. The status of the Company's Paid-up Share Capital as on **September 30, 2023** is **Rs.9,87,69,300/-** divided into Equity Shares of Rs. **10/-each**.
10. DCL complies with the RBI Guidelines on Corporate Governance vide notification dated December 02, 2011 and RBI Master Circular on "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015" vide dated July 01, 2015 & amendments thereafter, if any.
11. There is no interlocking/ diversion of its funds in its associates/ subsidiaries: - **Not applicable as DCL does not have any associates/ subsidiary company.**
12. **Ageing Analysis:**

Stages	Classification as per SMA and NPA	Category	Amount (in Crores)
STAGE-I	SMA-0	Standard	895.69
STAGE-II	SMA-1		6.94
	SMA-2		5.29
STAGE-III	NPA	Sub- standard	12.21
		Doubtful	19.57
TOTAL			939.70

Note: Ageing Analysis relates to only Own Portfolio excluding off balance sheet portfolio related to DA transactions.

13. Adjusted Debt Equity Ratio and Adjusted Leverage Ratio of the Company was **1.60** and **3.60 times** respectively for **September 30, 2023**.
14. Gross NPA & Net NPA of the Company was 3.38% & 1.20% respectively for September 30, 2023.
15. DCL complies with Non-Banking Financial Company-Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 norms as stipulated by the RBI vide Master Circular ref: RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016 and amendments thereafter upto the extent as applicable to NBFC MFIs.
16. The Company is regular in depositing all statutory dues including Provident Fund, Employee State Insurance dues, Income Tax, cess, Goods and Service Tax, Municipal /Revenue Dues and all other material



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statutory dues as applicable with appropriate authority and there are no statutory dues/liabilities pending or payable by the company.

17. The Company is running its business under multiple banking arrangements and as on date all accounts are running regular and conduct of accounts is satisfactory & falls under standard account.
18. The company's account is not an NPA in any of the banks/ institutions.
19. DCL also complies with the Scale Based Regulation (SBR): A revised Regulatory Framework for NBFCs vide RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 and other relevant circulars issued thereunder to the extent applicable to it.

This certificate is being issued pursuant to circular No. RBI/2010-11/505 Ref. RPCD.Co.Plan.66/04.09.04/2010-11 dated May 3, 2011, Bank loans to Micro Finance Institutions (MFIs) – Priority Sector status issued by the Reserve Bank of India and amendments thereafter, if any and Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022. The terms used in this certificate have the same meanings as used and contained in the said guidelines.

This certificate has been issued on the basis of Quarterly Un-audited books of accounts.

For Kalani & Company
Chartered Accountants
FRN: 000722C

(GAURAV RAWAT)
Partner
M. No. 412724

Place: Jaipur
Date: 08.11.2023
UDIN: 23412724BGWGYA1644