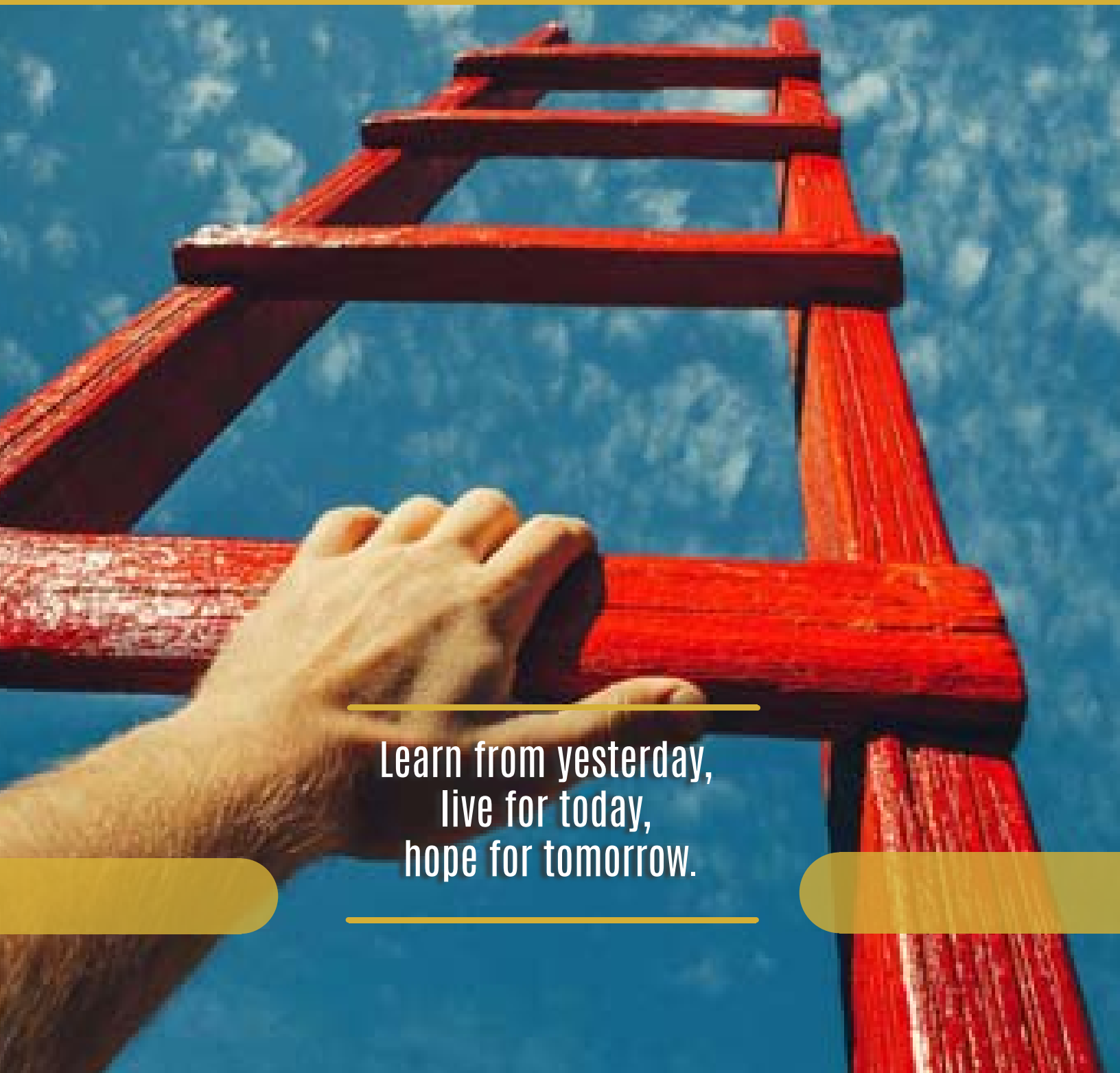


25th ANNUAL REPORT



Learn from yesterday,
live for today,
hope for tomorrow.

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.

”



www.digamberfinance.com



1800 1806 365



info@digamberfinance.com



J54/55, "Anand Moti" Gopalpura, Himmat Nagar, Tonk Road, Jaipur. (Raj) 302018

Corporate Information



CIN

U67120RJ1995PLC009862



Website

<https://www.digamberfinance.com/>



E-Mail

info@digamberfinance.com



Statutory Auditors

AK CHORDIA & CO

Chartered Accountants

2nd Floor, S.No 335, Johri Bazar, Jaipur-03



Registrar & Share Transfer Agent

CDSL VENTURES LTD

I-202 Deck Level , Tower No4 , 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 (East), Mumbai - 400098



Registered & Corporate Office

DIGAMBER CAPFIN LTD

J-54-55, IInd Floor, Anand Moti,

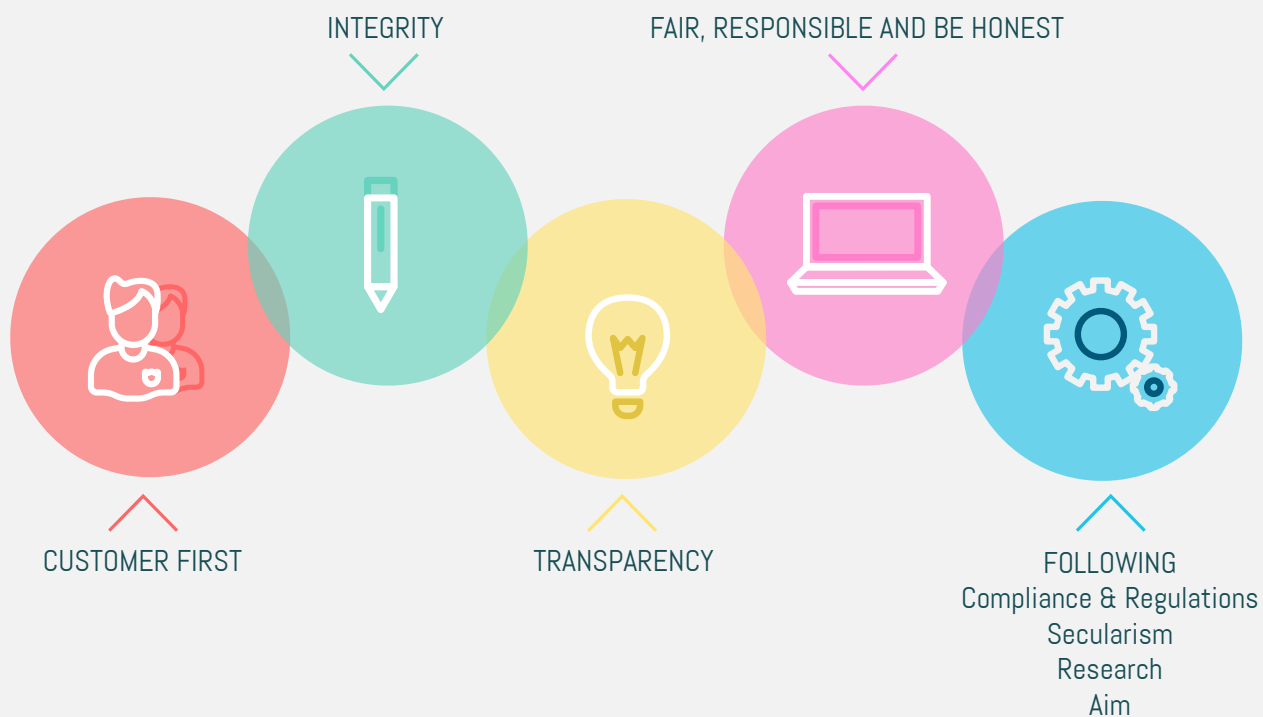
Himmat Nagar, Gopalpura, Tonk Road, Jaipur-302018



We take pride in our strong foundation.
Our values reflect a culture of trust, which is
built on the following pillars:



Core Values



Magic of Microfinance



**MICROFINANCE IS AN INCREDIBLY POWERFUL TOOL
BUT WE MUST MOVE BEYOND MICRO-HOPES
AND MICRO-AMBITIONS FOR WOMEN.**

 www.digamberfinance.com

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[/DigamberfinanceJaipur](https://www.instagram.com/digamberfinance)

By,

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Notice of AGM and Route Map (p82-p85)

Digamber Finance a synonym for Transparency and Trust

Digamber Finance a synonym for Transparency and trust.
Our System and procedures are transparent.
Our employees and customers have trust on us.
Our Investors and Lenders are satisfied with our corporate governance.
Our Purpose is to provide financial services to the vast number of working poor who are financially excluded.

DCL adopt high standards of corporate and social governance, which effectively paves the way for the trust of all the stakeholders including, but not limited to its customers, employees, shareholders, the regulators and the community at large.

The only key is
"TRANSPARENCY"

FY 19-20 HIGHLIGHTS

Total Income

₹ 144 Cr

▲ 73%

5 YR CAGR : 80%

Profit After Tax

₹ 27 Cr

▲ 76%

5 YR CAGR : 164%

Gross Loan Assets

₹ 727 Cr

▲ 75%

5 YR CAGR: 73%

Basic Earning per Share

₹ 29.86

▲ 62%

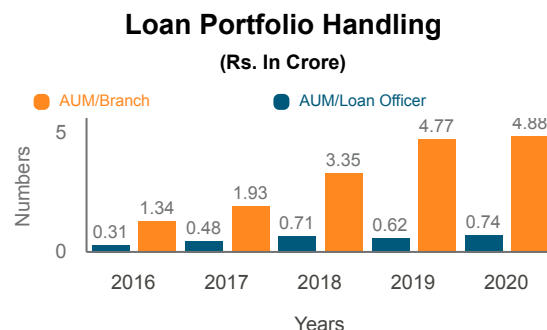
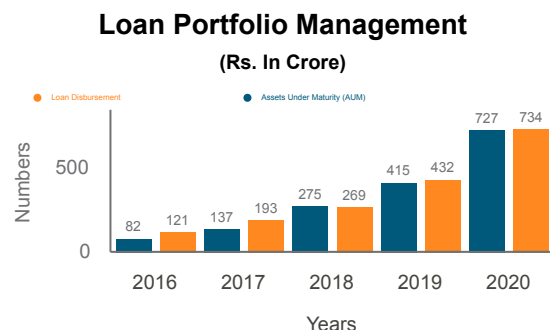
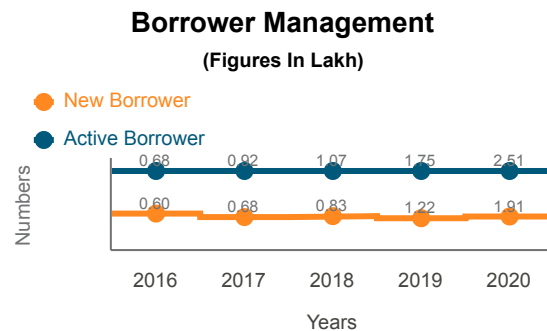
Business Metrics



In the following sections, we've highlighted the Business related Core Values which directly impacts earning and growth.

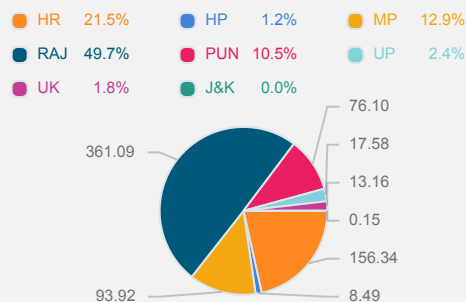


Duration: March'16 - March'20



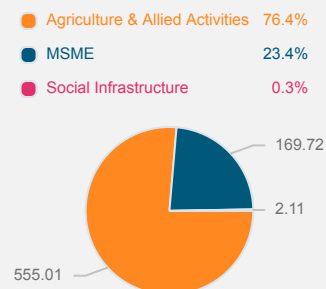
Geographically Portfolio Distribution

(Rs. In Crore)



Activity wise Portfolio Distribution

(Rs. In Crore)



A year of positive achievements

Key performance indicators



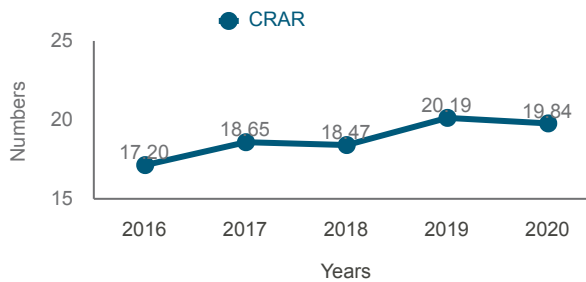
In the following sections, we've highlighted the Business related Core Values which directly impacts earning and growth.



Duration: March'16 - March'20

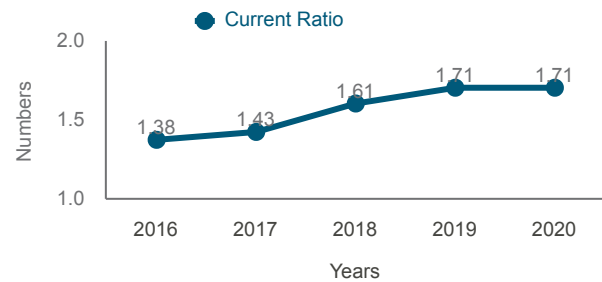
Capital Adequacy Ratio

(In percentage %)



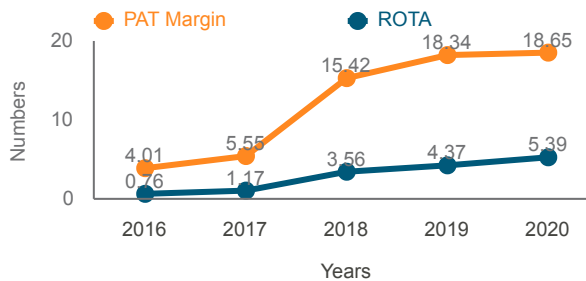
Current Ratio

(In Times)



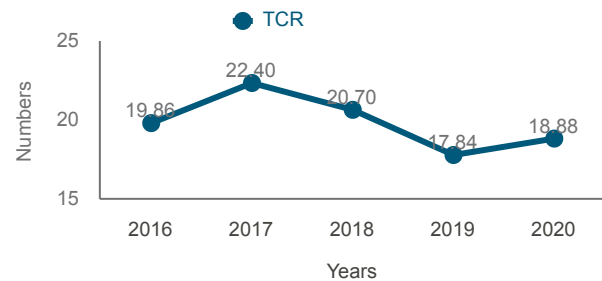
Profitability Ratio

(In percentage %)



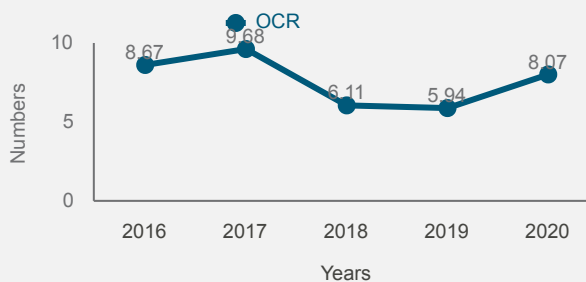
Total Cost Ratio

(In percentage %)



Operational Cost Ratio

(In percentage %)



Operational Self Sufficiency

(In percentage %)



A year of positive achievements

Key performance indicators



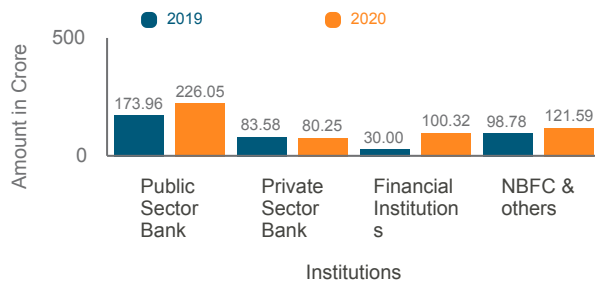
In the following sections, we've highlighted the Business related Core Values which directly impacts earning and growth.



Duration: March'16 - March'20

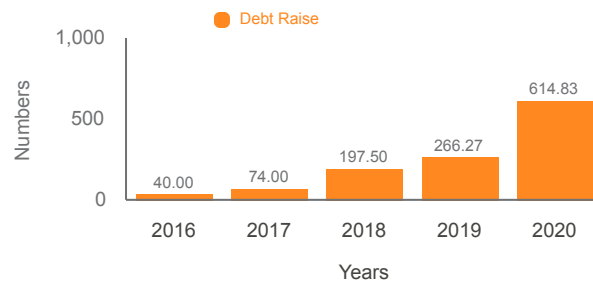
Debt Profile Mix

(In percentage %)

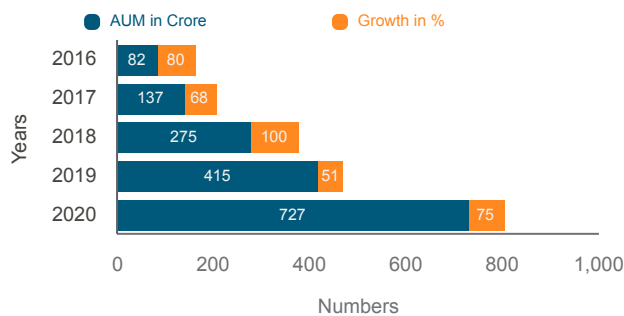


Debt Raise (On & Off B/S)

(In Crore)

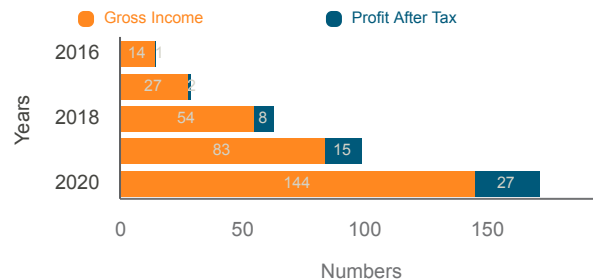


Growth in AUM



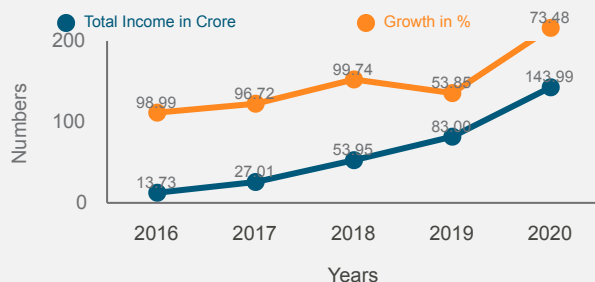
Gross Income V/s PAT

(In Crore)



Total Income & Growth in TI

(In percentage %)



Interest Coverage Ratio

(In Times)



GROSS LOAN PORTFOLIO (GLP)



₹ 727 CR

₹ 415 CR

NET LOAN DISBURSEMENT (NLD)



₹ 734 CR

₹ 432 CR

ACTIVE BORROWERS



2.51 LAKH

1.75 LAKH

ON ROLE EMPLOYEES



1394

905

BRANCHES



149

87

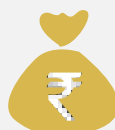
AUM PER BRANCH



₹ 4.88 CR

₹ 4.77 CR

AVG. LOAN DISBURSEMENT PER BORROWER



₹ 38,000

₹ 35,000

AVG. LOAN OUTSTANDING PER BORROWER



₹ 29,000

₹ 24,000

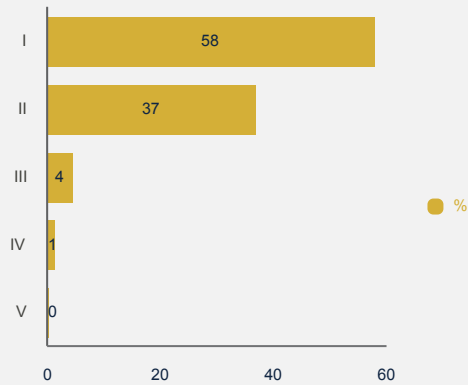
INFOGRAPHICS 2020



Duration: April'19 - March'20

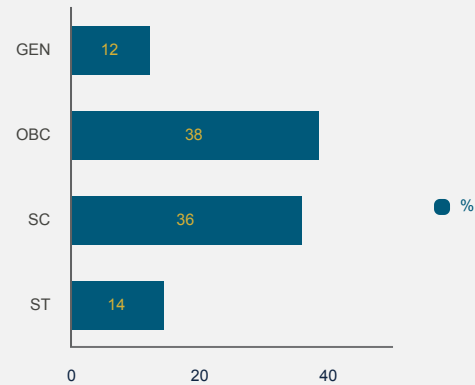
Loan Cycle wise Portfolio

Figures in %



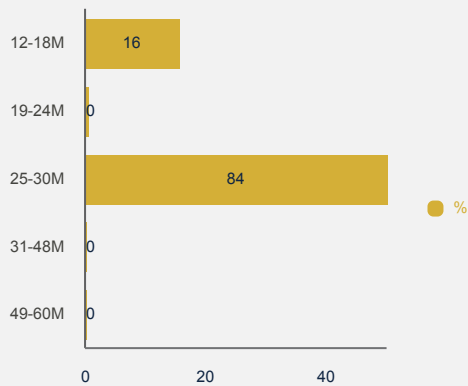
Cast Wise Portfolio

Figures in %



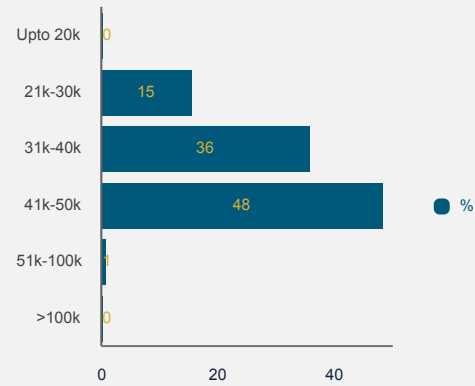
Tenure Wise Portfolio

Figures in %



Loan Amount Wise Portfolio

Figures in %



PORTFOLIO PERFORMANCE

Portfolio Risk levels(%)	% of DCL
On Time	99.86%
1 to 30 Days in Arrears	0.00%
31 to 60 Days in Arrears	0.01%
61 to 90 Days in Arrears	0.01%
91 to 180 Days in Arrears	0.02%
> 180 Days in Arrears	0.10%

10-YEAR PERFORMANCE REVIEW

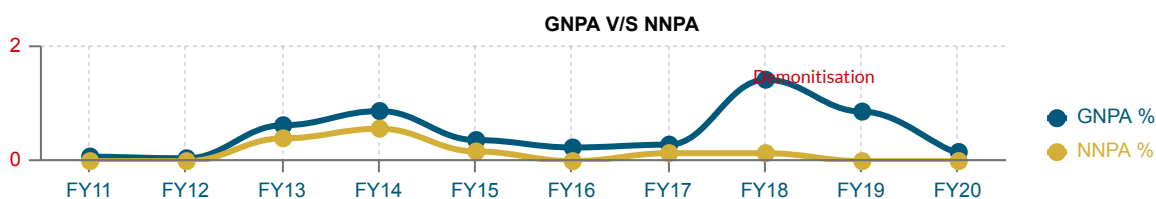
>> In the following sections, we've highlighted the performance for last 10 years



Duration: March'11 - March'20

₹ in Crore, unless specified otherwise

PARTICULARS	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
TOTAL REVENUE	1.57	2.62	4.15	5.28	6.90	13.73	27.01	53.95	83.00	143.99
PBT	0.09	0.16	0.39	0.34	0.51	1.08	2.49	11.32	21.46	36.19
PROVISION FOR TAX	0.05	0.07	0.12	0.19	0.23	0.53	0.87	3.00	6.24	9.34
PAT	0.05	0.10	0.27	0.16	0.28	0.55	1.50	8.32	15.22	26.86
EQ-SHARE CAPITAL	2.00	3.01	3.90	4.15	4.56	5.23	7.50	8.08	8.68	9.88
TIER-II SHARE CAPITAL	0.00	0.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00	3.00
RESERVE & SURPLUS	0.43	0.53	2.14	2.91	4.18	5.24	9.96	22.51	39.80	72.35
NETWORTH	2.43	3.53	6.12	7.38	12.29	14.49	27.02	52.14	70.49	103.25
LOAN ASSETS	7.97	14.13	22.06	25.27	45.45	81.82	137.06	274.78	415.04	726.83
GROSS NPA %	0.08	0.05	0.63	0.88	0.37	0.24	0.29	1.43	0.87	0.16
NET NPA %	0.00	0.00	0.40	0.57	0.17	0.00	0.14	0.14	0.00	0.00



Major events in last 10 Years,
but we are growing.....



OUR LEADERSHIP

Experience that drives us forward



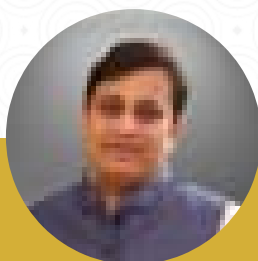
Rajiv Jain

Whole Time Director



[More](#)

www.digamberfinance.com/board-of-director/



Amit Jain

Whole Time Director



[More](#)

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Lalit Jain

Independent Director



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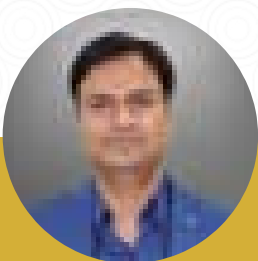
Nayan Ambali

Independent Director



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Jatin Chhabra

Non-Executive Director



[More](#)

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Dharmendra Sexana

Nominee Director-SIDBI



[More](#)

www.digamberfinance.com/board-of-director/

RBI support during COVID-19

LOAN MORATORIUM

Reserve Bank of India (RBI) in its COVID-19 package has allowed all commercial banks, cooperative banks and NBFCs to provide a three months' moratorium on all kinds of term loans till May 31, 2020. However, with the further expansion of the virus trajectory, RBI announced an extension of the moratorium EMIs by further three months, till August 31, 2020. This has provided a much-needed six months' moratorium on loan EMIs to individual and institutional consumers to tide over COVID-19 disruptions. In case of the moratorium, the 90-day non-performing assets (NPA) norm will exclude the moratorium extension period.

TLTRO 2.0 & PCGS 2.0

RBI is offering liquidity support to banks on condition that they would support NBFCs through funds in investment grade corporate bonds, commercial paper and NCDs of these entities.

The Reserve Bank of India (RBI) on March 27 introduced the Targeted Long Term Repo Operations (TLTROs) as a tool to enhance liquidity in the system, particularly the corporate bond market, in the wake of the COVID-19 crisis.

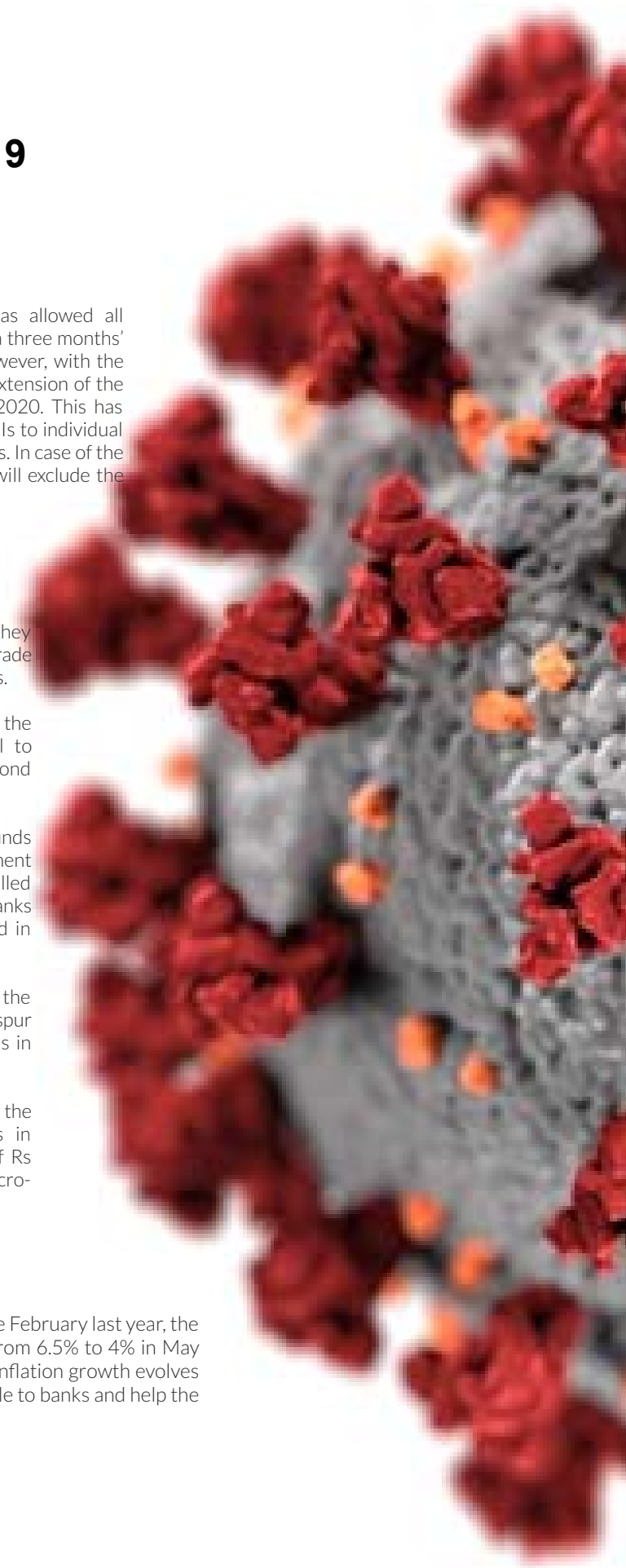
TLTRO is a tool that lets banks borrow one to three-year funds from the central bank at the repo rate, by providing government securities with similar or higher tenure as collateral. It is called 'Targeted' LTRO as in this case, the central bank wants banks opting for funds under this option to be specifically invested in investment-grade corporate debt.

TLTROs provide banks with access to cheaper capital from the RBI. This, in turn, encourages them to lend more and spur economic activity. They can also invest these long-term funds in assets that yield better returns to improve profitability.

Also, as banks provide government securities as collateral, the demand for such government bonds increases and helps in lowering yield. Under this, RBI has announced TLTRO 2.0 of Rs 50,000 Crores to ensure liquidity flow to NBFCs and micro-finance institutions (MFIs).

REPO RATE

On the repo rate front, RBI took up a two-way measure. Since February last year, the RBI reduced the policy repo rate by a cumulative 250 bps, from 6.5% to 4% in May 2020. And there could be further scope for a rate cut if the inflation growth evolves as expected. This was intended at making loans easily available to banks and help the economy fight the COVID-19 pandemic.





Dear Shareholders,

Its all about the Journey of 25 years!!

We complete 25 years of our existence and what a memorable journey it has been! Our story began when an economically liberalised India had just started to assert its influence on the world order. When Indian private banks burst onto the scene to reshape the industry landscape forever then a first-generation entrepreneur in Rajasthan had an idea of launching a finance company which thereafter turned into a Micro finance company.

I must say it was an eventful journey that we cherish every moment. Learning and growing and imbibing those lessons in our way of life. I, Rajiv Jain, chairman of Digamber Capfin Limited, welcome you all to the 25th Annual general meeting of the company. I feel privileged to put forth my views in front of you all.

I sincerely hope that you and your loved ones are keeping safe & healthy.

The greatest mind of the 20th century- Albert Einstein- Once said that life is like riding a bike. To keep you balanced, you must keep moving.

This statement was more than half a century ago, and yet it seems even more apt today, as the world grapples with the pandemic, Covid-19.

I am glad to share that your company did just that. It is with a great sense of satisfaction that we present to you our Annual Report for FY 2019-20. Despite a challenging external environment, further triggered by the COVID-19 pandemic, the company has achieved new milestones of being systemically important non-deposit taking Company. Company has acknowledged a balance sheet size of INR 606440 Mn.

The year in review witnessed a sharp slowdown in India's GDP growth. Decline in investment and consumption growth combined with weak rural income growth and poor job prospects remain key issues impacting economic performance. The year gone by has been full of events including many ups and downs witnessed in the market. I am feeling immense pleasure in intimating that even in such a liquidity crunch; your company was able to raise INR 6148.30 Mn during the year.

With completion of the fiscal 2020, Company has witnessed book loan portfolio of INR 4872.98 Mn against total AUM of INR 7268.34 Mn.

Further, efforts have been made in geographical expansion also. Your company has explored 2 new states i.e. Uttar Pradesh and Jammu & Kashmir along with existing Rajasthan, Madhya Pradesh, Haryana, Himachal Pradesh, Punjab and Uttarakhand. Company has rolled out 62 new branches in 43 districts spread in 8 states in fiscal 2020 with an aggregate of 149 branches. Expansion is still in process.

The employee base increased from 905 to 1394 with growth of approx. 54% in FY20 over previous year. To ensure the right skill set of employees, the training capacity along with suitable infrastructure was strengthened during the year.

The Reserve Bank of India (RBI) has announced several measures to provide relief to borrowers to tide over the immediate and near-term liquidity pressure. The RBI has introduced a six months' moratorium, extending till August 31, 2020, on loan repayments for distressed bank and NBFC borrowers. Loans under the moratorium need not be classified as non-performing. In this line, your company has also extended an open moratorium to its customers, although the company has managed not to avail the same from maximum of its lenders.

With completion of 25 years of journey and after entering into a new phase of being systemically important non-deposit taking Company, more regulatory environment shall bring 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 the pandemic of COVID- 19, the Central Bank took the decision to inject Rs 3.74 Trillion into the financial system to improve liquidity in the markets. This includes a cut in cash reserve ratio (CRR) to allow banks to lend more funds and easier borrowing requirements under the marginal standing facility (MSF) window. The Central Bank has also announced a massive cut in the reverse repo rate to allow banks to use their liquidity surplus in the economy. Support of the Govt in favor of industry will definitely add benefits in favor 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 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.

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

On this occasion of Company's 25th 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.

WEAR MASK, MAINTAIN DISTANCE & STAY SAFE.

Thank you,

Rajiv Jain,
Chairman of the board & WTD



DIRECTOR'S REPORT

To,
The Members,

Your Directors have pleasure in presenting the 25th Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your Company for the financial year ended March 31, 2020.

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 st March, 2020	31 st March, 2019	Change (%)
Turnover and Other Income	₹ In lakh	14398.89	8300.31	73.47
Total Expenditure	₹ In lakh	10779.75	6154.67	75.15
Profit before tax	₹ In lakh	3619.14	2145.64	68.67
Tax Expenses	₹ In lakh	933.63	623.54	49.73
Profit after tax	₹ In lakh	2685.51	1522.10	76.43
Proposed Dividend on Preference Shares	₹ In lakh	27.00	27.00	-
Dividend Distribution Tax	₹ In lakh	0	5.55	(100)

OPERATIONAL HIGHLIGHTS

Particulars	Unit	31 st March, 2020	31 st March, 2019	Change (%)
Number of Branches	No's	149	87	71.26
No. of Customers/ borrowers	No's	250813	174923	43.38
No. of employees	No's	1394	905	54.03
Amount disbursed (₹ In lakh)	₹ In lakh	73255.15	43208.24	69.54
Gross loan portfolio (₹ In lakh)	₹ in lakh	48729.81	34533.68	41.11

DIVIDEND

Directors have Proposed Dividend of ₹ 27,00,000/- on 9% Optionally Convertible Preference Share during the year. Further, the Board of Directors has not recommended any dividend for the year under consideration on equity shares.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

There is no requirement of transferring any sum during the Financial Year 2019-20 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:

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 ₹ 5,38,00,000/- to statutory reserves in accordance with the provisions of section 45-IC of Reserve Bank of India Act, 1934.

OVERVIEW

The Company is Non-Banking Financial Company–Micro Finance Institution (NBFC-ND-SI-MFI) and is registered with RBI 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 2019-20 and did not have outstanding public deposits at the end of the year. There has been no change in the business of the Company during this period.

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 in March, 2020 show increment in the profitability by 76.43% from the last year. During the current year profit is ₹ 26,85,51,077.07/- whereas last year profit was ₹ 15,22,10,432.55/-.

b) INCOME (TURNOVER)

The financial statements for the year ended in March, 2020 show increment in the turnover by approx. 73.47% from the last year. During the current year turnover is ₹ 1,43,98,88,939.75/- where as in last year turnover was ₹ 83,00,30,806/-

c) MARKETING AND MARKET ENVIRONMENT

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

d) FUTURE PROSPECTS INCLUDING CONSTRAINTS AFFECTING DUE TO GOVERNMENT POLICIES

Depends on changes in RBI and government policies in future as there were some changes in Microfinance Operation Policy Manual 2020-21 as per RBI as well as prevailing market scenario. After review, the board approved the same and made it effective immediately.

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

No 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.

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 preapproved 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 the Board of Directors for review and necessary action.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ ASSOCIATE COMPANIES

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

FIXED 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 NBFC registered with RBI, and has confirmed that in future the company will not accept public deposits without prior approval of RBI.

Further Company has not received any unsecured loan from the Directors during the financial year 2019-20.

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, 2020 outstanding balance of all fixed deposits was ₹ 63,89,91,994.98/-.

AUDITORS AND REPORT THEREON

M/s A K Chordia & Co., Chartered Accountants, Jaipur (Firm Registration No.: 002606C) was appointed as Statutory Auditors in the Annual General Meeting held on 30th September 2016 for a term of five consecutive years from the conclusion of that AGM to until the conclusion of 26th AGM to be held in year 2021 subject to ratification of appointment in every consecutive Annual General Meeting.

Now as per provisions of section 139 of Companies Act, 2013 as amended on 07.05.2018 ratification of such appointment by members is not required till their appointment is valid. Therefore, your board of directors did not propose their ratification.

Further pursuant to section 141 of the Companies Act, 2013 and relevant rules prescribed there under, the Company has received certificate from the Auditors to the effect that they are not disqualified to continue as statutory auditors under the provision of applicable laws.

Further in respect of the audit report for the year ended 31.03.2020 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 eight employees committed embezzlement of ₹ 7,22,215/- of which ₹ 2,15,540 was recovered). Same has been disclosed by the auditor in their report and has already been discussed & reported in "Risk management committee."

During the year 4 case of Robbery (Previous year 3 cases) of money from the staff of the company are reported for which FIR was filed. The aggregate amount of robbery of ₹ 570121/- (previous year ₹ 236680/-) has been charged to the profit & loss account of the company.

WEB LINK OF ANNUAL RETURN

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is available on following web link of the Company: <https://www.digamberfinance.com/>
Further for your kind perusal and information extract of Form MGT-9 is annexed herewith. (Annexure: "A")

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows: -

- The provisions of Section 134 (3) (m) of the Companies Act, 2013 do not apply to our Company.
- There was no foreign exchange inflow or Outflow during the year under review.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

After acknowledging net profit more than ₹ 5.00 Cr. in Fiscal year ended 2018, company falls under provision 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 "B".

BOARD OF DIRECTORS

A. Changes in Directors and Key Managerial Personnel

- While selecting Directors, the Company looks for an appropriate balance of skills, 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.

- Jatin Chhabra appointed as additional director on 21.01.2019 was regularized as director in the Annual General Meeting held on 28.09.2019.
- In terms of section 152 & 161 of Companies Act, 2013 along with applicable rules prescribed for this purpose Mr. Dharmendra Saxena (Deputy General Manager, SIDBI) the representative of Small Industries Development Bank of India has been appointed as nominee director w.e.f. 27.01.2020 in the place of Mr. Sanjay Kumar Gupta.
- Mr. Rajiv Jain, Directors of the Company is liable to retire by rotation and being eligible, to offer himself for re-appointment. The Directors recommend his re-appointment as Director of the Company. Appropriate resolution for his re-appointment is being placed for approval of the shareholders at the ensuing Annual General Meeting.

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

The Company has received declarations from all Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 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 & CSR committee, Incentive distribution 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 Remuneration policy is stated in the Corporate Governance Report. The Policy contains, inter-alia, directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director, etc.

MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2019-20, the Company held 10 (Ten) 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.

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1.	08.05.2019	6	5
2.	01.07.2019	6	3
3.	18.07.2019	6	4
4.	24.08.2019	6	4
5.	28.09.2019	6	3
6.	20.12.2019	6	3
7.	18.01.2020	6	3
8.	25.01.2020	6	3
9.	24.02.2020	6	5
10.	31.03.2020	6	2

MEETINGS OF THE COMMITTEES

There are various committees constituted as per provisions/guidelines of Companies Act, 2013 and Reserve Bank of India. Details of the 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 Annual Report (**Annexure "C"**).

SECRETARIAL AUDIT

The Secretarial Audit is not applicable on the Company for the FY 2019-20 as it is not covered under the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

However, as per companies (appointment and remuneration of managerial personnel) amendment rules, 2020 dated 3rd January, 2020 Secretarial Audit shall be applicable on company for the FY 2020-21 onwards. Same shall be complied according.

CHANGES IN SHARE CAPITAL

(Amount in ₹)

Particulars for Year ended March 31	2020		2019	
Authorized Share Capital		180000000.00		130000000.00
Issued Capital		128769300.00		116849300.00
☐ Equity share capital	98769300.00		86849300.00	
☐ 9% optionally convertible preference shares	30000000.00		30000000.00	
Subscribed Capital		128769300.00		116849300.00
☐ Equity share capital	98769300.00		86849300.00	
☐ 9% optionally convertible preference shares	30000000.00		30000000.00	
Paid up Share capital		128769300.00		116849300.00
☐ Equity share capital	98769300.00		86849300.00	
☐ 9% optionally convertible preference shares	30000000.00		30000000.00	
Security Premium	202973250.00	202973250.00	143373250.00	143373250.00
Total		331742550.00		260222550.00

Further neither any bonus/ neither right issue nor any buy back has been conducted during the financial year ended March 31, 2020 although share capital has been raised during the year by way of private placement dated 25.01.2020 by subscribing 11,92,000 no. of equity shares with total amount of ₹ 71520000 (including security premium of ₹ 59600000)

Further Government has introduced TLTRO, Partial Guarantee Scheme (PCGs) and refinancing scheme to enhance the liquidity in the system post Covid-19 crisis. Accordingly, post 1st quarter of FY 2020-21, company has issued Non-Convertible debentures to State bank of India and Punjab & Sind bank for an amount of ₹ 25.00 Crore and ₹ 10.00 crore respectively. Same has been issued under TLTRO and Partial Guarantee Scheme (PCGs) of the government

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 no INE02QN01014 from Central Depository Services (India) Limited dated 27th November, 2018 for equity shares and INE02QN03010 for Preference Shares on 16th October, 2019 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. Further during the period from 1st April, 2019 to 31st March, 2020, Company has allotted 11,92,000 (Eleven lakh ninety-two thousand) new Equity Shares for ₹ 10/- each at a premium of ₹ 50/- in Demat mode only. As on 31st March, 2020, 81,99,154 (Eighty-one lakh ninety-nine thousand one hundred fifty-four) equity shares out of 98,76,930 (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.

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 the transaction entered with the related parties are attached herewith in Form No. **AOC-2** for your kind perusal and information (**Annexure: "D"**).

RISK MANAGEMENT

The Company has formed a Risk Management Team consisting of two directors as executive along with 2 other members as senior employees of the company. 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. For this purpose, the company has formed a 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 systems.
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 to 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 frontline staff, compliance staff and staff dealing with new customers
- Customer Education: The implementation of KYC procedures requires companies 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, the 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.

DIRECTORS 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, 2020, 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, 2020 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.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report, highlighting the important aspects of the business, are attached as "Annexure-E" 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 the 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 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 2019-20, there was no case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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 ₹ 1,02,00,000/- per annum or ₹ 8,50,000/- per month (eight lakhs and fifty thousand rupees per month Rule 5(2);

COMPLIANCE OF SECRETARIAL STANDARD

Company is regularly adhering to the 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

The last few months have been very crucial for not just India but the entire world to have gone through the COVID-19 virus, the resultant lockdown in various phases in different countries. But the impact has been equally difficult for all those who were affected with the virus. The world has been phasing out commendable with both the virus and the lockdown. COVID-19 has impacted economies all over the nations since the lockdown led to economic activities coming to a standstill. As of now, while the corona virus continues to exist in the health and finance system worldwide we have to restart the activities to suppress the aftermath of the virus that has affected the overall functioning of nations including the financial markets.

Business Overview Post COVID-19

On March 27, 2020, the RBI permitted all "lending institutions" including commercial banks, co-operative banks, All-India Financial Institutions, and NBFCs (including micro-finance institutions) to allow a moratorium of three months (from March 1, 2020 to May 31, 2020) on the payment of installments in respect of all term loans to their borrowers. With the extension of the lockdown and continuing disruptions on account of COVID-19, the RBI has further permitted the lending institutions to extend the moratorium on term loan installments by another three months, i.e., from June 1, 2020 to August 31, 2020. As a result of this, DCL extended a moratorium to their borrowers. It is expected that due to low collections, the liquidity buffers have contracted and DCL has to avail similar moratorium from existing lenders.

DCL adopted an 'Opt-In' policy, whereby the borrowers were given the option to avail moratorium by putting in a request to DCL. As expected; the median collection percentage for the 'Opt-In' option is higher compared to the 'Opt-out' option which provides moratorium to all borrowers by default.

Collection trends

For the month of April 2020, which was the second month of the initial moratorium, the drop in collections was expected across the board with varying degrees of collections based on borrower segments and asset classes.

DCL witnessed lower collections as ground level activities remained severely restricted during the month.

Liquidity cover

Given the drop in collections, DCL have approached existing lenders for moratorium on borrowings so as to provide liquidity relief. However, management of DCL keeping in view the long track record of repayment along with liquidity buffers have opted for repayment of interest to all existing lenders and opt for moratorium of principal repayment only and instead focus on fundraising, including through various schemes announced by the government viz., TLTRO, Partial Guarantee Scheme, Refinancing Scheme, etc.

The move is appreciated by almost all the existing lenders and they have agreed to provide relief by way of moratorium on principal repayment given the meager collections during moratorium, uncertainty in cash flows post lockdown and constrained access to fresh funding in the early stages of moratorium.

DCL, however, has better liquidity cover of over 3 months, but MFI loans are of relatively shorter tenure, resulting in shorter tenure of liabilities as well. As a result, any disruption in collections puts more pressure on DCL's liquidity prompting relief despite well-matched ALMs and adequate liquidity cover parameters.

Going forward:

April 2020 has witnessed the lowest collections given that it was effectively the first month of the moratorium and there was considerable uncertainty.

Trends indicate that the collections have gradually picked up during May and June 2020. Further, the extension of the moratorium period for further 3 months till August 2020 would mean that the collections may take time to come back to pre-Covid levels. However, this time around, DCL has not extended a blanket moratorium to all its borrowers which would mean some recovery in collection percentage going forward.

The overall funding environment for the sector seems to have improved somewhat given high level of liquidity in the banking system and the various fundraising channels put in place by the government, viz., TLTRO 2.0, Partial Guarantee Scheme (for on-balance sheet lending as well as for asset pool purchase), refinancing schemes. This, coupled with expectations of improving collections, should aid the overall liquidity position for DCL. However, the management is quite confident of achieving the projections with variations of not more than 10%.

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**

Date: September 5, 2020

Place: Jaipur

-sd-

Rajiv Jain
Whole-Time Director
DIN: 00416121

-sd-

Amit Jain
Whole-Time Director
DIN: 00416133

ANNEXURE-A (Extract of Annual Return)
Form No. MGT-9

As on the financial year ended on 31.03.2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	Corporate Identification Number	U 6 7 1 2 0 R J 1 9 9 5 P L C 0 0 9 8 6 2
ii)	Registration Date	17 th April, 1995
iii)	Name of the Company	DIGAMBER CAPFIN LIMITED
iv)	Category of the Company	Company Limited by shares
v)	Sub-Category of the Company	Indian Non-Government Company
vi)	Address of the Registered office and contact details	J-54,55 IInd Floor, Anand Moti, Near Toyota Showroom, Tonk Road Jaipur-302018, Rajasthan, India Tel:0141-2700233-234 E-mail:info@digamberfinance.com Website:www.digamberfinance.com
vii)	Whether listed company	No
viii)	Name, Address of Registrar & Transfer Agent(RTA), if any	CDSL VENTURES LTD, I-202 Deck Level , Tower No. 4 2nd Floor , Above Belapur Railway Station Belapur – Navi Mumbai-400614

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1.	Activities auxiliary to financial intermediation	997119	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -Nil
lo. of Companies for which information is being filled]

S.NO.	Name and address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	NIL				

IV. SHARE HOLDING PATTERN
(Equity Share Capital Breakup as percentage of Total Equity)
i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	5487447	0	5487447	63.18%	5501732	0	5501732	55.70%	-7.48%
b) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Banks/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
Total shareholding of Promoter (A)	5487447	0	5487447	63.18%	5501732	0	5501732	55.70%	-7.48%
B. Public Shareholding									
1. Institutions									

a) Mutual Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Banks/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Insurance Company	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FIs	0	0	0	0.00%	0	0	0	0.00%	0.00%
h) Foreign Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
i) Others (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total (B)(1):-	0	0	0	0.00%	0	0	0	0.00%	0.00%
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	0	71470	71470	0.82%	1167000	71470	1238470	12.54%	11.72%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	39000	32700	71700	0.83%	39000	32700	71700	0.73%	-0.10%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	229900	2824413	3054313	35.17%	1491422	1573606	3065028	31.03%	-4.14%
c) Others (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total (B)(2):-	268900	2928583	3197483	36.82%	2697422	1677776	4375198	44.30%	7.48%
Total Public Shareholding (B)=(B)(1)+ (B)(2)	268900	2928583	3197483	36.82%	2697422	1677776	4375198	44.30%	7.48%
C. Shares held by Custodian for GDRs & ADRs									
	0	0	0	0.00%	0	0	0	0.00%	0.00%
Grand Total (A+B+C)	5756347	2928583	8684930	100.00%	8199154	1677776	9876930	100.00%	0.00%

Note: Allotment made on 25.01.2020 for 1192000 equity shares (under public shareholding) were credited into DEMAT A/c of respective allottee after 25.01.2020. Same has been added under DEMAT category as no physical shares were issued for them

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Rajiv Jain	1691616	19.48%	0.00%	1705901	17.27%	0.00%	-2.21%
2	Amit Jain	1496955	17.24%	0.00%	1496955	15.16%	0.00%	-2.08%
3	Rajiv Jain HUF	312299	3.60%	0.00%	312299	3.16%	0.00%	-0.43%
4	Amit Jain HUF	312054	3.59%	0.00%	312054	3.16%	0.00%	-0.43%
5	Shweta Jain	920139	10.59%	0.00%	920139	9.32%	0.00%	-1.28%
6	Shilpa Ajmera	754384	8.69%	0.00%	754384	7.64%	0.00%	-1.05%
	Total	5487447	63.18%	0.00%	5501732	55.70%	0.00%	-7.48%

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares	No. of Shares	% of total shares
1	RAJIV JAIN				
	At the beginning of the year	1691616	19.48%	1691616	19.48%
	Increase/decrease during the year				
	06.03.2020 (Transfer)	14285	0.14%	1705901	17.27%
	No shares were allotted during the year except by way of transfer, however on account of issue of new shares by the Company on 25.01.2020, the shareholding % has decreased.				
	At the end of the year	1705901	17.27%	1705901	17.27%
2	AMIT JAIN				
	At the beginning of the year	1496955	17.24%	1496955	17.24%
	No Increase/decrease in no. of shares held during the year				
	No shares were allotted during the year, however on account of issue of new shares by the Company on 25.01.2020, the shareholding % has decreased.				
	At the end of the year	1496955	15.16%	1496955	15.16%
3	SHWETA JAIN				
	At the beginning of the year	920139	10.59%	920139	10.59%
	No Increase/decrease in no. of shares held during the year				
	No shares were allotted as on 25.01.2020, however on account of issue of new shares by the Company on 25.01.2020, the shareholding % has decreased.				
	At the end of the year	920139	9.32%	920139	9.32%
4	SHILPA AJMERA				
	At the beginning of the year	754384	8.69%	754384	8.69%
	No Increase/decrease in no. of shares held during the year				
	No shares were allotted as on 25.01.2020, however on account of issue of new shares by the Company on 25.01.2020, the shareholding % has decreased.				
	At the end of the year	754384	7.64%	754384	7.64%
5	RAJIV JAIN HUF				
	At the beginning of the year	312299	3.60%	312299	3.60%
	No Increase/decrease in no. of shares held during the year				
	No shares were allotted as on 25.01.2020, however on account of issue of new shares by the Company on 25.01.2020, the shareholding % has decreased.				
	At the end of the year	312299	3.16%	312299	3.16%
6	AMIT JAIN HUF				
	At the beginning of the year	312054	3.59%	312054	3.59%
	No Increase/decrease in no. of shares held during the year				
	No shares were allotted as on 25.01.2020, however on account of issue of new shares by the Company on 25.01.2020, the shareholding % has decreased.				
	At the end of the year	312054	3.16%	312054	3.16%

iv. Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	M/S UNIBLOOM MANCON PRIVATE LIMITED				
	At the beginning of the year	0	0.00%	0	0.00%
	25.01.2020 (Allotment)	1167000	11.82%	1167000	11.82%
	At the end of the year	1167000	11.82%	1167000	11.82%
2	USHA JAIN				
	At the beginning of the year	419876	4.83%	419876	4.83%

	No increase/decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased				
	At the end of the year	419876	4.25%	419876	4.25%
3	TARAMANI JAIN				
	At the beginning of the year	302006	3.48%	302006	3.48%
	No increase/decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased				
	At the end of the year	302006	3.06%	302006	3.06%
4	SUNITA JAIN				
	At the beginning of the year	253993	2.92%	253993	2.92%
	No increase/decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased				
	At the end of the year	253993	2.57%	253993	2.57%
5	SANJAY JAIN				
	At the beginning of the year	216362	2.49%	216362	2.49%
	No increase/decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased				
	At the end of the year	216362	2.19%	216362	2.19%
6	ANITA JAIN				
	At the beginning of the year	181800	2.09%	181800	2.09%
	No increase/decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased				
	At the end of the year	181800	1.84%	181800	1.84%
7	VEER JAIN N/G AMIT JAIN				
	At the beginning of the year	131800	1.52%	131800	1.52%
	No increase/decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased				
	At the end of the year	131800	1.33%	131800	1.33%
8	RIDDHI BAKLIWAL N/G RAJEEV JAIN				
	At the beginning of the year	116149	1.34%	116149	1.34%
	No increase/decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased				
	At the end of the year	116149	1.18%	116149	1.18%
9	HARSHIT JAIN				
	At the beginning of the year	113365	1.31%	113365	1.31%
	No increase/decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased				
	At the end of the year	113365	1.15%	113365	1.15%
10	SHUBHAM JAIN				
	At the beginning of the year	112650	1.30%	112650	1.30%
	No increase/decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased.				
	At the end of the year	112650	1.14%	112650	1.14%
	Total	1848001	21.28%	3015001	30.53%

v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	RAJIV JAIN				
	At the beginning of the year	1691616	19.48%	1691616	19.48%
	06.03.2020 (Transfer)	14285	0.14%	1705901	17.27%

	At the end of the year	1705901	17.27%	1705901	17.27%
2	AMIT JAIN				
	At the beginning of the year	1496955	17.24%	1496955	17.24%
	No increase/decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased.				
	At the end of the year	1496955	15.16%	1496955	15.16%
3	NAYAN AMBALI				
	At the beginning of the year	0	0.00%	0	0.00%
	No increase/decrease in no. of shares held during the year				
	At the end of the year	0	0.00%	0	0.00%
4	LALIT KUMAR JAIN				
	At the beginning of the year	0	0.00%	0	0.00%
	No increase/decrease in no. of shares held during the year				
	At the end of the year	0	0.00%	0	0.00%
5	JATIN CHHABRA				
	At the beginning of the year	89000	1.02%	89000	1.02%
	No increase/decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased.				
	At the end of the year	89000	0.90%	89000	0.90%
6	DHARMENDRA SAXENA (appointed w.e.f. 27.01.2020)				
	At the beginning of the year	0	0.00%	0	0.00%
	Appointed as Nominee Director w.e.f. 27.01.2020 and no increase/decrease in no. of shares held during the year.				
	At the end of the year	0	0.00%	0	0.00%
	Total	3277571	37.74%	3291856	33.33%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans (Subordinate Debt)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3103313200.09	150000000.00	0	3253313200.09
ii) Interest due but not paid	0	0	0	0.00
iii) Interest accrued but not due	4481767.00	0	0	4481767.00
Total (i+ii+iii)	3107794967.09	150000000.00	0	3257794967.09
Change in Indebtedness during the financial year				
* Addition	2980000000.00	0.00	0	2980000000.00
* Reduction	1318693656.05	0	0	1318693656.05
Net Change	1661306343.95	0.00	0	1661306343.95
Indebtedness at the end of the financial year				
i) Principal Amount	4758877008.04	150000000.00	0	4908877008.04
ii) Interest due but not paid	0	0	0	0.00
iii) Interest accrued but not due	10224303.00	0	0	10224303.00
Total (i+ii+iii)	4769101311.04	150000000.00	0	4919101311.04

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

1) Remuneration to Managing Director, Whole-time Directors and/or Manager

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		RAJIV JAIN	AMIT JAIN	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	6000000.00	6000000.00	12000000.00
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- Tax Act, 1961	0	0	0
2	Stock Option	0	0	0

3	Sweat Equity	0	0	0
4	Commission - as % of profit - others, specify...	7000000	7000000	14000000
5	Others, please specify	0	0	0
	Total (A)	13000000.00	13000000.00	26000000.00
	Ceiling as per the Act			

2. Remuneration to other Directors

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	Lalit Kumar Jain	Nayan Ambali	----	
	Fee for attending board committee meetings	22220	33330		55550
	Commission	0	0		0
	Others, please specify	0	0		0
	Total (1)	22220	33330		55550
2	Other Non-Executive Directors	Jatin Chhabra	Dharmendra Saxena (Nominee Director)	Sanjay Kumar Gupta (Nominee Director)	
	Fee for attending board committee meetings	88880	5555	5000	99435
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	Total (2)	88880	5555	5000	99435
	Total (B)=(1+2)	111100	38885	5000	154985

3. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTd: -

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	422258	0	422258.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit				
	Others specify...	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	0	422258.00	0	422258.00

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty		NIL			
Punishment		NIL			
Compounding		NIL			
B. DIRECTORS					
Penalty		NIL			
Punishment		NIL			
Compounding		NIL			
C. OTHER OFFICERS IN DEFAULT					



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Penalty		NIL			
Punishment		NIL			
Compounding		NIL			

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

Date: September 5, 2020

Place: Jaipur

-sd-

Rajiv Jain
Whole-Time Director
DIN: 00416121

-sd-

Amit Jain
Whole-Time Director
DIN: 00416133

Annexure-B

ANNUAL REPORT ON CSR ACTIVITIES

Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014

1. BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN AND REFERENCE TO WEB LINK TO CSR POLICY AND PROJECTS OR PROGRAMS

Company has constituted CSR policy in compliance of section 135 of Companies Act, 2013 along with rules framed there under, approved by board dated 15th day of March, 2019 and the same was reviewed on 24th August, 2019. Further it is prescribed by board to undertake CSR activities in cohesion with those enunciated in the schedule VII of the 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 BOD or CSR committee.

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 Swatch 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) Promotion & 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;
- g) training to promote rural sports, nationally recognized sports, Para Olympic sports and Olympic sports

- h) Contribution to the prime minister's national relief fund or 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) Contributions or funds provided to technology incubators located within academic institutions which are approved by the central govt.
- j) rural development projects
- k) Slum area development.

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.

The Details of CSR policy of the Company are available on the website of the Company at <https://www.digamberfinance.com/corporate-governance/#codes>

CSR KEY INITIATIVES: FY 2019-20

During the year, company has undertaken its CSR responsibilities through external trust with a focus on philanthropist and humanitarian activities aiming towards promotion of welfare and development of Nathdwara, Rajasthan to promote tourism, recreation and socio-cultural activities in Nathdwara, Rajasthan. Trust decided to undertake a corporate social responsibility project of construction, development, operation and maintenance of a recreational park of international standards, consisting of handicraft shops, herbals gardens, amphitheater, planetarium, Yoga & Meditation Centre, contemporary and traditional sculptures etc. including but not limited to erection of world's largest "Lord Shiva" statue of 351 feet, erection of "Nandi" (a gate-guardian deity of Lord Shiva) and other similar constructions and establishments.

2. COMPOSITION OF CSR COMMITTEE

The CSR Committee was constituted by our Directors by way of circular resolution, approved on July 02, 2018. Further composition of committee was reconstituted with addition of Mr. Nayan Ambali (Independent director) & Mr. Jatin Chhabra (Non-executive director) as approved in 3rd board meeting held on 18.07.2019. As of now committee comprise of:

Name of the Director	Designation in the Committee	Nature of Director ship
Mr. Rajiv Jain	Chairman	Executive Director
Mr. Amit Jain	Member	Executive Director
Mr. Lalit Jain	Member	Independent Director
Mr. Nayan Ambali	Member	Independent Director
Mr. Jatin Chhabra	Member	Non-Executive Director

3. a) Amount of CSR Expenditure as per audited balance sheet to be spent for the Financial Year ended 31.03.2018 was ₹ 9,92,500.76/-. The amount working out as under: -

(Amount in ₹)			
Financial Year	FY2017- 18	FY 2016-17	FY2015-16
Profit Before Tax	113193613.90	24858641.34	10822859.04
Average Profit Before Tax	4,96,25,038.09		
2% of Average Profit as above	9,92,500.76		

Due to non-availability of sources the amount of CSR Expenditure was unspent.

CSR Project or Activity identified	Sector in which the project is cover	Projects or Programs	Amount outlay (Budget project or programs wise)	Amount spent on the projects or programs	Cumulative expenditure upto the reporting period	Amount spent directly or through implementin g agency
Development/ erection of 351 ft. Statue of Lord Shiva including development/ construction of recreational parks consisting of handicraft shops, herbals gardens, amphitheater, yoga center	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;	At Nathdwara, Rajasthan with objective of promoting and enhancing tourism, recreation and social culture development	33,50,000/-	33,50,000/-	33,50,000/-	Through trust named "TATPADAM UPAVAN"

- b) Amount of CSR Expenditure as per audited balance sheet to be spent for the Financial Year ended 31.03.2019 was ₹23,51,000/- approx. The amount working out as under:

(Amount in ₹)			
Financial year	FY2018-19	FY2017-18	FY2016-17
Profit before Tax	214564290.05	113193613.90	24858641.34
Average Profit before Tax	11,75,38,848.43		
2% of Average Profit as above	23,51,000 (approx.)		

4. Prescribed CSR expenditure (two percent of the amount as in item 3 (b)above): ₹ 23,51,000/- approx.
Unspent Amount of FY 2018-19: ₹ 9,92,500.76/-
Total Prescribed CSR Expenditure: ₹ 33,43,500.76/- against which the company has spent ₹ 33,50,000/- in a qualifying project.

5. Details of CSR spend for the financial year:
i. Total amount spent for the financial year ₹ 33, 50,000/-
ii. Amount unspent: NIL
iii. Manner in which the amount spent during the financial year:

ABOUT TRUST & PROJECT:

Tatpadam Upvan a non-profit company duly incorporated under section 25 of company's act, 1956 (similar to section 8 of company's act, 2013) is fully wholly owned subsidiary of Miraj Developers Limited (MDL), incorporated to carry out CSR project, having registered office at Nathdwara, Rajsamand. Tatpadam Upvan is company incorporated for charitable purposes. Mr. Madan Lal Paliwal and Mrs. Sushila Devi Paliwal are the promoter directors of Tatpadam Upvan.

Development of Statue of "Lord Shiva" and other contemporary and traditional sculptures will help in achieving protection and promotion of art and culture and will influencing people to inculcate habit of meditation in their life style, thereby promoting health.

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.

Being a micro finance company, we are always devoted for betterment of society especially among women & their family and endowers for their livelihood enhancement. Due to lacking of network to carry its CSR initiatives on its own, company was unable to conduct CSR activities in financial year 2019 and hence the Company primarily engaged external trust i.e. Tatpadam Upvan to execute the CSR programs for and on behalf of the Company.

Due to lack of quality project and with the restricted network, the company was unable to spend the budgeted CSR expenditure (CSR for the FY 2018-19 and the carried forwards). Accordingly, in FY 2019-20 we placed all efforts to cover the shortfall in the CSR spends of previous financial years along with current financial year. The Company managed to spend 100% of the CSR liability till FY 2019-2020.

7. CSR Committee of Board affirms that CSR activities has been implemented in accordance with CSR objectives of Companies Act, 2013 and CSR Policy of your Company.

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

Date: September 5, 2020

Place: Jaipur

**-sd-
Rajiv Jain
Whole-Time Director
DIN: 00416121**

**-sd-
Amit Jain
Whole-Time Director
DIN: 00416133**

ANNEXURE: "D"

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

- Name(s) of the related party and nature of relationship
- Nature of contracts/arrangements/transactions
- Duration of the contracts/arrangements/transactions
- Salient terms of the contracts or arrangements or transactions including the value, if any
- Justification for entering into such contracts or arrangements or transactions
- Date(s) of approval by the Board
- Amount paid as advances, if any
- 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:

- Mr. Amit Jain and Mr. Rajiv Jain (Key Management Personnel)
- Mrs. Shilpa Ajmera and Mrs. Shweta Jain (Relative of Key Management Personnel)
- Ms. Neha Agarwal (Company Secretary – KMP)

(b) Nature of contracts/arrangements/transactions:

S. No	Expenses	Key Management Personnel			Relatives of Key Management Personnel	
		Mr. Rajiv Jain (Whole-Time Director)	Mr. Amit Jain (Whole-Time Director)	Ms. Neha Agarwal (Company Secretary)	Mrs. Shilpa Ajmera	Mrs. Shweta Jain
I.	Director Remuneration	₹ 1,30,00,000/- (₹ 31,20,000/-)*	₹ 1,30,00,000/- (₹ 31,20,000/-)*	NIL	NIL	NIL
II.	Salary to Staff	NIL	NIL	₹ 4,22,258/- (₹ 4,38,000/-)*	₹ 24,00,000/- (₹ 12,00,000/-)*	₹ 24,00,000/- (₹ 12,00,000/-)*

* Item Shown in brackets are for previous year

- Duration of the contracts/arrangements/transactions: As per Agreement/Resolution
- Salient terms of the contracts or arrangements or transactions including the value, if any: As per Agreement / Resolution
- 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
By Nomination & Remuneration Committee			
Company secretary remuneration	Ms. Neha Agarwal		Committee meeting 24.10.2019

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

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
DIGAMBER CAPFIN LTD**

Place: Jaipur

Date: September 5, 2020

-sd-

Rajiv Jain
Whole-Time Director
DIN: 00416121

-sd-

Amit Jain
Whole-Time Director
DIN: 00416133

Annexure "C"

CORPORATE GOVERNANCE

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

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)	EXECUTIVE COMMITTEE Rajiv Jain (Whole time director) Amit Jain (Whole time director) 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 (Whole time Director)	RISK MANAGEMENT COMMITTEE Rajiv Jain (Whole time Director) Amit Jain (Whole time Director) Virendra Kumar Bhargaw (Business & operation head) Dharmendra Kumar Jangid (Treasury and Accounts Head)
CORPORATE SOCIAL RESPONSIBILITY COMMITTEE Mr. Rajiv Jain (Whole time Director) Mr. Amit Jain (Whole time director) Mr. Lalit Kumar Jain (Independent Director) Mr. Nayan Ambali (Independent Director) Mr. Jatin Chhabra (Non-Executive Director)	OMBUDSMAN COMMITTEE Virendra Kumar Bhargaw (Business & operation head) Dharmendra Kumar Jangid (Treasury & Accounts Head) Jugal Kishor Jangid (Assistant Accounts Manager)
ASSET-LIABILITIES MANAGEMENT COMMITTEE (ALCO) Mr. Rajiv Jain (Whole time Director) Mr. Amit Jain (Whole time director) Mr. Jatin Chhabra (Non-Executive Director) Mr. Virendra Kumar Bhargaw (Business & Operations Head) Mr. Dharmendra Jangid (Treasury & Accounts Head) Mrs. Preeti Varma (Chief Operations Head) Mrs. Bharti Sukhyani (HR Manager) Mrs. Neha Agarwal C.S (Sr. Compliance Head) Ms. Khushboo Jain C.A(Finance Manager) Mrs. Ritika Sogani C.S (Assistant Internal Audit Manager)	CREDIT COMMITTEE (MICROFINANCE) Virendra kumar Bhargaw (Business & operation head) Dharmendra kumar Jangid (Treasury & Accounts Head) Preeti Verma (Chief Operation Head) Subhash Kumawat (GRT Head)
	STAFF APPRAISAL COMMITTEE Mr. Rajiv jain (Whole time director) Mr. Amit jain (Whole time director) Mr. Virendra Kumar Bhargaw (Business & Operation Head) Mr. Dharmendra Kumar Jangid (Treasury & Accounts Head)

INCENTIVE DISTRIBUTION COMMITTEE

Mr. Rajiv Jain (Whole time director)
Mr. Amit Jain (Whole time director)
Mr. Virendra Kumar Bhargaw (Business & Operation Head)
Mr. Dharmendra Kumar Jangid (Treasury & Accounts Head)

Note: Mr. Jatin Chhabra was appointed as an Additional director (Non-executive director) w.e.f. 21st January, 2019 and was regularized as director in the Annual General Meeting held on 28th September, 2019.

There are certain roles & responsibilities delegated to the committees by the board referred in the name & style of “terms of reference”. Brief of all committees is as follows:

AUDIT COMMITTEE

“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	08.05.2019	3	2
2	24.08.2019	3	2
3	20.12.2019	3	2
4	16.03.2020	3	2

NOMINATION AND REMUNERATION COMMITTEE

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	08.05.2019	4	3
2	24.08.2019	4	3
3	24.10.2019	4	3

EXECUTIVE COMMITTEE

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 assists 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), 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 Bank/ FI/ Corporate.

- II. To approve and provide authority to approach in any bank/ FI/ corporate 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/ 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 bank, Financial institutions (FI), corporate 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. bank/ FI, corporate.
- 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 gumasta license 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 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. Acceptance and approval of any new circular/ guidelines issued by any regulatory authority including Reserve Bank of India, Ministry of corporate affairs etc. to the extent of its applicability on the company.
- XIII. To review the operations of the Company in general and report in the board meeting.
- XIV. To delegate authority to the Company officials to represent the Company at various courts, government authorities.
- XV. To seek information from any employee as considered necessary for better management of company's affairs
- XVI. 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.
- XVII. To approve investment of surplus funds as per the policy approved by the shareholder/board as case may be.
- XVIII. To approve donations to charitable trust, political party, and any other matter manner as per the policy approved by the Board.
- XIX. Reviewing and determining governance duties, procedures, policies, code of conduct and by-laws and where necessary and as required by the Board"
- XX. 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.
- XXI. The minutes of meetings, as approved by the Chair, shall be circulated to all members of the Executive Committee. The Chairman of "EXECUTIVE COMMITTEE" shall report formally to the board on the proceedings of the committee since the previous board meeting.
- XXII. To providing leadership and commitment within the business on safety, health and environmental matters
- XXIII. To investigate any activity which require investigation
- XXIV. To approach any Self-regulatory organization and conduct all matters, things, act necessary of this purpose, pre and post membership.
- XXV. To approve matters related to securitization or direct assignment or to become business associate with any lender.

XXVI. To approve establishment of current and other accounts including fixed deposit accounts with various banks upon such terms and conditions as mat be agreed upon with the said bank for the purpose of day to day business transactions of the Company.

XXVII. 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.	15.04.2019	3	2
2.	23.04.2019	3	2
3.	30.05.2019	3	2
4.	24.06.2019	3	2
5.	29.06.2019	3	2
6.	08.07.2019	3	2
7.	29.07.2019	3	2
8.	05.08.2019	3	2
9.	30.08.2019	3	2
10.	03.09.2019	3	2
11.	20.09.2019	3	2
12.	24.09.2019	3	2
13.	21.10.2019	3	2
14.	01.11.2019	3	2
15.	14.11.2019	3	2
16.	22.11.2019	3	2
17.	30.11.2019	3	2
18.	05.12.2019	3	2
19.	20.12.2019	3	3
20.	30.12.2019	3	2
21.	09.01.2020	3	2
22.	31.01.2020	3	2
23.	12.02.2020	3	2
24.	19.02.2020	3	2
25.	28.02.2020	3	2
26.	16.03.2020	3	2
27.	21.03.2020	3	2
28.	27.03.2020	3	2

RISK MANAGEMENT COMMITTEE

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 review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed;
 - III. To review and assess the nature, role, responsibility and authority of the risk management function within the DCL and outline the scope of risk management work;
 - IV. To ensure that the DCL 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 DCL's appetite or tolerance for risk;
 - V. 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 DCL's objectives are attained;
 - VI. 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;
 - VII. To monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts;
 - VIII. 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 DCLs.
 - IX. The Committee shall in particular be charged with the following responsibilities in connection with the Nomination:
 - X. Reviewing the risk acceptance criteria, reviewing loan loss provisioning.
 - XI. Take care matters related to pricing of credit as per RBI guidelines

S. No.	Date of Meeting	Committee Strength	Members Present
1.	1.04.2019	4	4
2.	2.04.2019	4	4
3.	11.04.2019	4	4
4.	15.04.2019	4	4
5.	17.04.2019	4	3
6.	24.04.2019	4	4
7.	25.04.2019	4	4
8.	29.04.2019	4	4
9.	04.05.2019	4	4
10.	13.05.2019	4	4
11.	25.05.2019	4	4
12.	10.06.2019	4	4
13.	01.07.2019	4	3
14.	05.07.2019	4	4

15.	23.07.2019	4	4
16.	13.08.2019	4	4
17.	26.08.2019	4	4
18.	07.10.2019	4	4
19.	30.12.2019	4	4
20.	07.01.2020	4	4
21.	19.02.2020	4	4
22.	22.02.2020	4	4
23.	02.03.2020	4	4

ALCO COMMITTEE

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 half yearly 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. 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 concerns regarding asset liability mismatches
9. Liquidity Risk Management.

10. 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	16.05.2019	10	9
2	18.07.2019	10	8
3	24.10.2019	10	8
4	25.01.2020	10	9

CSR COMMITTEE

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. Recommend the computed amount that shall be spend on CSR.
2. Formulate policy and recommend to board of directors & then monitor CSR policy.
3. The bifurcation on the recommended amount for the activities to be undertaken for nearby areas and for rest of country.
4. Determine the beneficiaries of the activities.
5. Mode of serving the beneficiaries i.e. directly or indirectly through an NGO.
6. Identify the NGO through which the beneficiaries shall be served.
7. Determine the mode of payment to the identified NGOs.
8. Derive the method of verifying whether the amount allotted is spend for the beneficiaries.
9. Derives and implement a snap check procedure.
10. Audit and assess the activities implemented.
11. 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.
12. Review CSR activities on half yearly basis.

S. No.	Date of Meeting	Committee Strength	Members Present
1	24.08.2019	5	4
2	28.01.2020	5	4

CREDIT COMMITTEE (MICROFINANCE)

Digamber Capfin Ltd 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

OMBUDSMAN COMMITTEE

Digamber Capfin Ltd, 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 grievances received from the clients and 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 are summarized and Discussed and reviewed.
- IV. Appoint Ombudsman or/ authorize any member of committee or to other person as mutually agreed by the committee to investigate the complaint, if required, at the option of members in the committee.

STAFF APPRAISAL COMMITTEE

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

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.

SKILLS / EXPERTISE / COMPETENCE OF BOARD OF DIRECTORS

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

➤ POLICY ON DIRECTORS 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 6 (six) Directors, including 2 (two) whole time director cum promoter, 2 (two) Independent Directors, 1 (one) nominees of financial institutions i.e. SIDBI, and 1 (one) director (non-executive director).

The Chairman of the Board is a whole time director cum promoter of the company 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.

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 CA, 2018. Further, the policies were reviewed by board dated 18th day of July, 2019. Further this policy is available on website of company at www.digamberfinance.com in compliance of section 58 (iii) of company's amendment act, 2017.

➤ REMUNERATION OF DIRECTORS:

There are two executive directors in the company. Company is paying remuneration to both director's

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:

The Independent Directors of the Company are required to meet during the year 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.

Due to the pandemic caused by COVID-19, Meeting of Independent Director's was not held physically. However, Ministry of Corporate Affairs through its General Circular no. 11/2020 dated 24th March, 2020 stated that for the financial year 2019-20, if the Independent Directors of a company have not been able to hold such a meeting, the same shall not be viewed as a violation. The Independent Directors, however, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary.

As per circular, referred above the same was held via telephone on 31.03.2020. Discussion was held mainly in the matters of strategy adopted by the board for strategic directions, performance of management, statutory compliances 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 or Ethics Policy. The Company has adopted a Code of Conduct named "DCL's 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 18th day of July, 2019.

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 INCENTIVE DISTRIBUTION COMMITTEE

Acknowledging significance of employees and to align their goals with goals of company, separate committee for this purpose was formed during the year in the name and style of "Incentive Distribution Committee". Employees play a huge role in growth of company and as a reward for their performance it was decided to distribute a part of net profit as incentive. Initiative was taken mainly to encourage employees to work more efficiently, effectively and diligently. Details of committee has already mentioned in committee section of this report.

CLIENT GRIEVANCE 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 are 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 AND ON BEHALF OF THE BOARD OF DIRECTORS
FOR DIGAMBER CAPFIN LTD**

Place: Jaipur

Date: September 5, 2020

-sd-

**Rajiv Jain
Whole Time Director
DIN: 00416121**

-sd-

**Amit Jain
Whole Time Director
DIN: 00416133**

Annexure- "E"

MANAGEMENT DISCUSSION & ANALYSIS

FY2019-20 has been a remarkable year in terms of growth of company as it **turns the company from non-systematically important non deposit taking company to systematically Important Non-Deposit taking Company**. We are pleased to inform you that now company has crossed its asset size over ₹ 500 Crore Notwithstanding inherent challenges of the industry and existing competition among peer companies, DCL has emerged triumphant in posting robust numbers year-on-year. Catering to the unserved and the underserved sections of the community we have been able to abide by the values that enable our growth. We are confident that as we progress we shall continue to perform profitably to the best of our capacities.

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 149 branches in 79 district and 1394 employees as on March 31, 2020. 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 **25 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

A. INDIVIDUAL MICRO LOAN (IML)

Beneficiary:

- Small-medium enterprises
- Shopkeepers

- Small business/ industry
- Dairy work

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.

B. INSTANT LOAN

DCL has designed a unique kind of product for lower income group "Instant loan". Customer will be able to avail loan in just few minutes upto ₹ 10000/- by aadhar based E-KYC verification. Credit worthiness can be assessed instantly through using credit bureau applications available on mobile phones

Product is meant for rural & semi urban areas, to meet emergency requirements of customers, repayable in various installments.

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 hold for JLG members attended by all the members regularly to discuss issues of mutual interests.

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.

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 product is ₹ 4.84 Crore as on March 31, 2020 increased from 0.22 Crore as on March 31, 2019. These products are offered with differentiation in product features designed based on need of customer. Further, 97.43% share of total AUM falls with ticket size more than ₹25000 but less than ₹50000 loan amounts.

C. JOINT LIABILITY GROUP LOAN

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.

Generally, all the members of the JLG are residing in the same village /

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 99.20% 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. Overdue position of this product is also negligible with less than 1%.

HUMAN RESOURCES

"Our empowerment mission begins with our empowered talent pool. Our people continue to be our biggest strength."

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.

The Company has made net addition of 489 employees in this financial year with total manpower strength at 1394 as on 31st March 2020, within 149 branches spread over 8 States along with head office. Out of this 976 staff constituting 70.01% of total staff is loan officers.

To retain the employees, various benefits are introduced in timely manner. Focus remains on retention of employees as well as maintenance of corporate behavior both at office & field areas.

• **Formation of “Incentive distribution committee”**

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 initiating this committee was to provide benefit to corporate office employees based on their performance during the year.

• **Loyalty incentive for field staff**

Scheme was initiated to provide benefit to field staff completed a specified time period with the company. This benefit will be an extra advantage for the field staff

along with their basic incentive gained on monthly basis. Further amount of this benefit will be on incremental basis based on their experience in the DCL.

Company is always committed, high vintage staff due to employee friendly work conditions, comparable monetary compensation and also the work challenges which have served as great motivators and these are pillars of strength on which the edifice of the company has been built.

PARTNERSHIP WITH TRUST FOR CSR

Company has undertaken its CSR responsibilities through external trust named “Tatpadam Upvan” with a focus on philanthropist and humanitarian activities aiming towards promotion of welfare and development of Nathdwara, Rajasthan to promote tourism, recreation and socio-cultural activities in Nathdwara, Rajasthan.

About trust & project

Tatpadam Upvan a non-profit company duly incorporated under section 25 of company’s act, 1956 (similar to section 8 of company’s act, 2013) is fully wholly owned subsidiary of Miraj Developers

Limited (MDL), incorporated to carry out CSR project, having registered office at Nathdwara, Rajsamand. Tatpadam Upvan is company incorporated for charitable purposes. Mr. Madan Lal Paliwal and Mrs. Sushila Devi Paliwal are the promoter directors of Tatpadam Upvan.

Trust decided to undertake a corporate social responsibility project of construction, development, operation and maintenance of a recreational park of international standards, consisting of handicraft shops, herbals gardens, amphitheater, planetarium, Yoga & Meditation Centre, contemporary and traditional sculptures etc. including but not limited to erection of world’s largest “Lord Shiva” statue of 351 feet, erection of “Nandi” (a gate-guardian deity of Lord Shiva) and other similar constructions and establishments.

Development of Statue of “Lord Shiva” and other contemporary and traditional sculptures will help in achieving protection and promotion of art and culture and will influencing people to inculcate habit of meditation in their life style, thereby promoting health.

OUR COMPETITIVE LANDSCAPE

UNIQUE DISBURSEMENT MODEL	UNIQUE COLLECTION MODEL	STRONG COMPLIANCE MODEL
100% cash less disbursement - Disbursement 24*7 through IMPS/ NEFT facility - Aadhaar based biometric identification (e-KYC) of clients	- Integrated cash management system - Real time reporting of collection at head office	Commencement of in house internal audit team for both field & Head offices

DIGITAL INITIATIVE DURING THE YEAR

• **Payment gateway services:**

Company has entered into agreement with Pay-U payment private limited for availing payment gateway services. Pay-U has developed a software application and hosting Pay-U Sites by way of which it provides a single payment gateway solution to such organizations and facilitates them in accepting online payments initiated by their customers on their website or mobile application directed to the Pay-U Site or through Pay-U's IVR System, using credit/debit cards, net banking and various other acceptable modes of Payment Mechanism options provided by Pay-U. Pay-U acts as an intermediary by creating a link between the Merchant Site and the respective Acquiring Banks by means of the Software Application and Pay-U Site, for enabling the Customers to make payment of Customer charge on the Merchant Site for transactions carried through the Payment Mechanisms using Acquiring Bank's Services.

• **Agreement with Infobip India private limited:**

Company has entered into an agreement with Infobip India private limited. Infobip operates one of the world's leading proprietary

messaging and communications platforms, de-signed to connect mobile network operators with enterprises. Strategic partnerships with major telco groups enable company to provide seamless integration and delivery.

Infobip WhatsApp Business Solution enables enterprise clients to submit messages to WhatsApp net-work users, as well to receive messages sent from WhatsApp network end-users back to enterprises.

Infobip will enable the company to communicate with their customers through mobile devices in a more efficient and cost-effective way. With Infobip we can gain a powerful business partner that can help to achieve that. Infobip services feature:

- Flexible solutions based on client's specific business needs
- Performance, security and reliability on global scale, with local presence
- Fast implementation, multiple support levels, innovation
- Comprehensive mobile communication platform and a one-stop-shop for all A2P mobile needs.

• **Finflux Software Conflux Tech. Pvt. Ltd**

DCL is techno strong institution. As you know that 5 years before we started our disbursement as online transfer to bank accounts. Which are

now robotic and today the disbursements are done through an automatic process without any manual intervention.

Now company is in partnership with Finflux technology. 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 has a long-standing partnership with Bangalore-based Technology Company "Conflux Technologies" for providing technology and infrastructure for the efficient management of DCL's portfolio.

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 disbursements 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.

Light up the horizon

Financial year 2019-20 has been an eventful year for company while it braved the challenges of the external environment as well. The company has witnessed an expansion of 75.12% y-o-y on the AUM to cross the landmark ₹ 726.83 Crore. With this growth, company crossed its balance sheet size over ₹ 500.00 Crore, now comes under systematically important non deposit taking company. The significant growth was made possible with the expansion of reach into new states & new district and scaling up our business from 87 branches in financial year 2018-19 to 149 branches as on March, 2020

FINANCIAL PERFORMANCE ALONG WITH OPERATIONAL PERFORMANCE

PROFITABILITY PERFORMANCE

A) COMPARISON OF FY2019-20 WITH FY2018-19

Particulars	2019		2020		Increase / Decrease %
	₹ in Crore	% to revenue	₹ in Crore	% to revenue	
Revenue from operation	81.35	98.00	140.60	97.65	72.84
Other Income	1.66	2.00	3.39	2.35	104.39
TOTAL REVENUE	83.00	100.00	143.99	100.00	73.47
Employee Benefit Expenses	15.54	18.73	34.24	23.78	120.29
Depreciation & Amortization expenses	0.48	0.58	0.92	0.64	91.39
Administrative expenses	4.45	5.36	10.93	7.59	145.65
Provision for loan portfolio	1.45	1.75	2.02	1.41	39.53
Write off	2.70	3.25	3.31	2.30	22.77
Finance cost	36.93	44.49	56.37	39.15	52.66
Profit before tax	21.46	25.85	36.19	25.13	68.67
Tax expense	6.24	7.51	9.34	6.48	49.73
Profit after tax	15.22	18.34	26.86	18.65	76.43
Earnings per share	Basic	18.41	29.86		-
	Diluted	17.64	28.99		

B) BRIEF ANALYSIS OF SHAREHOLDERS WEALTH

Particulars	Units	2017	2018	2019	2020
Total revenue	₹ in Crore	27.01	53.95	83.00	143.99
Increment over PY	%		99.74	53.85	73.47
PAT	₹ in Crore	1.50	8.32	15.22	26.86
Increment over PY	%		454.67	82.93	76.48
EPS (Basic)	₹ in Crore	2.01	11.15	18.41	29.86
Increment over PY	%		454.73	65.11	62.19
EPS (Diluted)	₹ in Crore	2.01	10.45	17.64	28.99
Increment over PY	%		419.90	68.80	64.34

C) ANALYSIS OF ABOVE

TOTAL REVENUE Income has increased by 73.47%, from ₹83 Crore in FY2018-19 to ₹143.99 Crore in FY2019-20. This growth is primarily due to an increase in AUM by 75.12% from ₹415.04 Crore in FY2018-19 to ₹726.83 Crore in FY2019-20.	PROFIT AFTER TAX In synchronization of growth of total AUM and revenue i.e. 75.12% & 73.47 respectively, PAT has been increased by 76.43%. Although in previous year company was able to reduce its costing significantly but due to expansion operational network, company has able to slightly reduce its costing. Same is depicted in OSS & TCR i.e. 133.57% & 18.88% respectively.
EMPLOYEE BENEFIT EXPENSES There is significant accretion in employee benefit expenses. Reason being that there is growth of 54.03% in no of employees over previous year from 905 in FY 2018-19 to 1394 in FY2019-20. Further according to growth in profit margin, hike in remuneration of employees has also recorded.	WRITE OFF Significant part of write off is related to period of demonetization. Although our field staff followed by audit team is still collecting some portion of overdue from write off accounts as well. In FY2019-20 we have acknowledged income of ₹19.90 lakhs against income of ₹3.03 lakhs from written off accounts over previous year.
ADMINISTRATIVE EXPENSES Company is continuously looking to enhance its operations day by day. During the year company has explored new states as well as new branches. Various recruitments have also undertaken. Further company always strives to find new path towards digitalization. These are the reason of slight increment in administrative expenses.	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. Company has created provision of ₹ 7.00 Crore against requirement of ₹ 4.87 Crore for being safe and sound. Along with that, requirement of RBI circular dated 17.04.2020 has also been complied with.
EARNINGS PER SHARE Dilution in EPS is due to Optionally convertible shares issued by 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 FY2016-17, FY2017-18, FY2018-19 & FY2019-20 is 5.55%, 15.42%, 18.34% & 18.65% respectively. Outcome of same can be seen in EPS ratio.	

OPERATIONAL PERFORMANCE

A) COMPARISON OF FY2019-20 WITH FY2018-19

Particulars	Units	2019	2020	Increase / Decrease %
State	No's	6	8	33.33
Branches	No's	87	149	71.26
Employees	No's	905	1394	54.03
Loan officers	No's	674	976	44.81
Active borrowers	No's	174923	250813	43.38
New borrowers	No's	122400	191102	56.13

B) ANALYSIS OF ABOVE

Financial growth of company is more dependent on operational growth as well. Both work parallel. As depicted above, during the year company has

explored two new states Jammu and Kashmir & Uttar Pradesh with opening of various new branches in existing and new states. Currently company is operated in Rajasthan,

MP, Haryana, Himachal Pradesh, Punjab, Uttar Pradesh, Uttarakhand & Jammu Kashmir. Simultaneously increment in number of borrowers and employees has taken place.

SECURITIZATION/ ASSIGNMENT

During 2018-19, the company started securitization & direct assignment of its assets worth ₹26.17 crore and ₹63.02 Crore against purchase consideration of ₹23.55 Crore & ₹56.71 Crore respectively. Tremendous growth has been witnessed in this aspect. Company has availed ₹140.31 Crore by way of securitization transaction and ₹176.52 Crore by way of direct assignment transaction in FY2019-20. These transactions enable us to add name of Kotak Mahindra Bank, Jana Small Finance Bank in our funders list. 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 134.86% (FY2018-19) to 133.57% (FY2019-20). While operating cost ratio & total cost ratio was 8.07% & 18.88% in FY2019-20 respectively. The outstanding off balance sheet portfolio stood at ₹239.54 crore as on March 31, 2020.

NETWORK EXPANSION

The Bank rolled out 62 branches in 43 districts spread in 8 states in FY2019-20. Company explored 2 new states i.e. Uttar Pradesh and Jammu Kashmir along with existing Rajasthan, Madhya Pradesh, Haryana, Himachal Pradesh, Punjab

& Uttarakhand. As on 31st march, 2020 our penetration was spread among 149 branches in 79 district spread in 8 states. 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, 2020, we have funded more than 190,000 customers belongs to various rural & semi-rural areas.

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, 2020.

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 ₹614.83Crore from various lenders in the form of loan/ DA/ PTC.

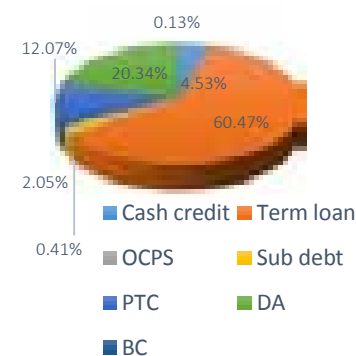
Further un-availed portion of ₹ 51.79 Crore of cash credit limit shows that company is well funded.

• 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, 2020 company is having 26 lenders with mixture of public sector banks, private banks, financial institutions & NBFCs. Details are as follows:



Apart from above, DCL has raised its share capital by subscribing ₹ 7, 15,20,000/- (including premium). Further company is enjoying OCPs facility from SIDBI for ₹3.0 crore by subscribing to 9% Optionally Convertible Preference Shares in the FY 2014-15. Additionally, internal accruals forming part of tier I capital is higher over previous year i.e. ₹26.86 Crore (PY ₹15.22 Crore). EPS for the year was acknowledged 29.86 times in the current year against 18.41 times over previous year.

RATING & GRADING

COMPREHENSIVE MFI GRADING/ RATING & COCA ASSESSMENT

COCA Assessment:
M2C1 “M2” signifies high capacity of the organization to carry out its activities in a ‘sustainable manner. <i>As per CARE grading rational company have sound management, good portfolio quality, standard operating processes, diversified operations and management information system.</i> “C1” signifies excellent performance on COCA dimensions
Bank loan Rating:
BWR BBB+ “Stable” <i>Upgraded from BWR BBB (Triple 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.</i>

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 25 years. Further BOD of company consist 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.

- Regular infusion of funds: Company has also infused ₹7, 15,20,000 (including premium) in the form of equity capital. In addition, SIDBI has invested ₹3.0 crore in the company by subscribing to 9% Optionally Convertible Preference Shares in the FY2014-15.
- Internal accruals: Internal accruals forming part of tier I capital is higher as compared to peer companies i.e. ₹26.59 Crore (PY ₹14.90 Crore) because of constant decline in operational cost. Immoderate improvement has witnessed in EPS i.e. ₹29.86 in FY2019-20 (PY ₹18.41).
- Well established portfolio management and Management Information System: DCL has registered a growth of 75.12% in its AUM, as on Mar'2020 over the period from FY2017-18. 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, 2020, DCL has 250813

active members managed through 149 branches (Individual & JLG) with total AUM of ₹726.83 crore as on 31.03.2020.

- 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 19.84% as on March 31, 2020, 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 149 branches with 79 districts as on March 31, 2019. 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, 2020, Gross NPA% stood at 0.16% and Net NPA% stood zero. Beauty of this asset quality is that number of delinquent members over one day is constantly in decreasing order i.e. 1292, 3446 and 6408 for FY2019-20, FY2018-19 and FY2017-18 respectively.
- Increase in revenue and profitability: The Company has shown steady performance in FY2019-20 with the income rising from ₹83.00 Crore to ₹143.99

Crore Similarly, the expenses grew from ₹61.55 Crore to ₹107.80 Crore. With the expansion of Digamber's operational footprints, the Company's microfinance operations have grown. This has helped the Company in increasing its revenue by 74% in FY2019-20. Further the profitability of the company has increased from ₹15.22 Crore to ₹26.86 Crore i.e. approx. 77% from FY2018-19.

- 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 GOI 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/ underserved 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 19.84% as of March 31, 2020 as against the minimum capital adequacy requirements of 15% by RBI.

MEMBERSHIP OF SADHAN

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.

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. MFI's 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

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**

Date: September 5, 2020

Place: Jaipur

-sd-

Rajiv Jain
Whole-Time Director
DIN: 00416121

-sd-

Amit Jain
Whole-Time Director
DIN: 00416133

Independent Auditor's Report

from

A K Chordia & co
Chartered Accountants
2ND Floor, Shop No 335,
Johari Bajar, 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, 2020, 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, 2020, 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 143(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 Financial 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 litigations 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.

Place: Jaipur
Date: June 30th, 2020
UDIN:
20071987AAAAFI4105

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

-sd-
[CA Rakesh Kumar Bakliwal]
Partner
Membership No.071987

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT**For the Year Ended on 31st March 2020**

(Referred to in Para 'Report on other Legal and Regulatory Requirements' in our report of even date)

- | | |
|--|--|
| <p>i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>b) The Company has a regular programme 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 programme, 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.</p> <p>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.</p> | <p>and other material statutory dues with the appropriate authorities.</p> <p>According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, Income Tax, Goods and Service Tax, and other material statutory dues were in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.</p> |
| <p>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.</p> | <p>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.</p> |
| <p>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.</p> | <p>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.</p> |
| <p>iv. The Company has not made loans, investments, guarantees and securities to directors etc.</p> | <p>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 Eight employee committed embezzlement of ₹ 722215/- of which ₹ 215540/-was recovered). Recovery Proceedings for the unrecovered portion of embezzlement is pending.</p> |
| <p>v. The company has not accepted deposits from the public.</p> | <p>During the year 4 case of Robbery (previous year 3 cases) of Money from the staff of the company are reported for which FIR was filed. The aggregated amount of robbery of ₹570121/- (previous Year ₹236680/-) has been charged to profit & loss account of the company.</p> |
| <p>vi. The Central Govt. has not prescribed the maintenance of Cost records under section 148(1) of the Companies Act'2013 ('the Act')</p> | <p>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.</p> |
| <p>vii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts 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,</p> | <p>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</p> |

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 made private placement of shares, in accordance with the compliance of the requirement of section 42 of the Act. 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 Accountants
FRN: 002606C

Place: Jaipur

Tuesday, 30th June, 2020

UDIN: 20071987AAAAFI4105

-sd-
Rakesh Kumar Bakliwal
Partner
M. No. 071987

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

For the Year Ended on 31st March 2020

(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, 2020.
- c) That Company has to meet 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 2019-20.
- 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 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. 2019-20.

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

Place: Jaipur

Tuesday, 30th June, 2020

UDIN: 20071987AAAAFI4105

**-sd-
Rakesh Kumar Bakliwal
Partner
M. No. 071987**

ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

For the Year Ended on 31st March 2020

(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 2020 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 Financial 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 an 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 as of 31st March 2019, 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.

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 Accountants
FRN: 002606C

Place: Jaipur

Tuesday, 30th June, 2020

UDIN: 20071987AAAAFI4105

-sd-
Rakesh Kumar Bakliwal
Partner
M. No. 071987

DIGAMBER CAPFIN LIMITED			
BALANCE SHEET AS AT 31st March 2020			
Particulars	Note	March 31, 2020	March 31, 2019
		(₹)	(₹)
I EQUITY AND LIABILITIES			
Share Capital	<u>3.1</u>	128769300.00	116849300.00
Reserves and Surplus	<u>3.2</u>	723484704.77	398033627.70
		852254004.77	514882927.70
Non-Current Liabilities			
Long Term Borrowings	<u>3.3</u>	2840727246.44	1910996429.22
Long Term Provisions	<u>3.4</u>	70232000.00	50000000.00
		2910959246.44	1960996429.22
Current Liabilities			
Short-Term Borrowings	<u>3.3</u>	332125418.05	110775246.57
Other Current Liabilities	<u>3.5</u>	1969061269.38	1316985849.56
Short-Term Provisions	<u>3.6</u>	0.00	1180000.00
		2301186687.43	1428941096.13
TOTAL :		6064399938.64	3904820453.05
II ASSETS			
Non-Current Assets			
Property, Plant & Equipment	<u>4.0</u>	96800502.15	83160295.90
Deferred Tax Assets	<u>4.1</u>	3077849.00	5192527.00
Long Term Loans & Advances	<u>4.2</u>	1567585491.67	1367687545.47
		1667463842.82	1456040368.37
Current Assets			
Cash and Cash Equivalents	<u>4.3</u>	861983037.49	351605776.35
Short-term Loans and Advances	<u>4.4</u>	3306288877.91	2055960913.46
Other Current Assets	<u>4.5</u>	228664180.42	41213394.87
		4396936095.82	2448780084.68
TOTAL :		6064399938.64	3904820453.05

The accompanying notes 1 to 17 are an integral part of the 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-
Rakesh Kumar Bakliwal
Partner
M. No. 071987
UDIN:20071987AAAAFI4105
PLACE : JAIPUR
DATED : 30.06.2020

-sd-
(Rajiv Jain)
Whole Time 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)

DIGAMBER CAPFIN LIMITED				
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2020				
S.No	PARTICULARS	NOTES	March 31, 2020	March 31, 2019
			(₹)	(₹)
I	INCOME			
	Revenue from Operation	<u>5.0</u>	1406024834.80	813462488.98
	Other Income	<u>5.1</u>	33864104.95	16568317.02
	TOTAL :		1439888939.75	830030806.00
II	EXPENDITURES			
	Employee Benefit Expenses	<u>5.2</u>	342395809.00	155427276.00
	Finance Cost	<u>5.3</u>	563738978.59	369273571.08
	Depreciation and Amortization Expenses	<u>5.4</u>	9211484.66	4812984.26
	Administrative Expenses	<u>5.5</u>	109298732.41	44493248.67
	Provision & Write Off	<u>5.6</u>	53330180.02	41459435.94
	TOTAL :		1077975184.68	615466515.95
III	Profit Before Tax		361913755.07	214564290.05
	Less : Tax Expenses	<u>5.7</u>	93362678.00	62353857.50
	Current Year Tax		91248000.00	63020087.50
	Deferred Tax		2114678.00	-666230.00
	Profit (Loss) for the Year from continuing operations		268551077.07	152210432.55
	Earning Per Equity Share	<u>5.10</u>		
	Basic		29.86	18.41
	Diluted		28.99	17.64

The accompanying notes 1 to 17 are an integral part of the 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-
Rakesh Kumar Bakliwal
Partner
M. No. 071987
UDIN:20071987AAAAFI4105
PLACE : JAIPUR
DATED : 30.06.2020

-sd-
(Rajiv Jain)
Whole Time 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)

DIGAMBER CAPFIN LIMITED			
CASH FLOW STATEMENT FOR THE YEAR ENDED AS AT MARCH 31, 2020			
S.No.	Particulars	March 31, 2020 (₹ in Lakh)	March 31, 2019 (₹ in Lakh)
A	<u>CASH FLOW FROM OPERATING ACTIVITY</u>		
	Net Profit Before Tax	3619.14	2145.60
	Adjustments for:-		
	Depreciation and Amortization	92.11	48.13
	Provision	202.32	145.00
	Operating Profit Before working Capital Changes	3913.57	2338.77
	Changes In Working Capital:-		
	Increases/Decreases in Loans & Advances	-14858.28	-6425.41
	Increases/Decreases in Current Liabilities	0.00	0.00
	Increase/Decrease in other Current Liabilities	297.93	29.59
	Increases/Decreases in other current assets	-82.45	-111.52
	Cash used in operations	-10729.23	-4169.00
	Direct Taxes Paid	-933.63	-623.54
	NET CASH USED IN OPERATING ACTIVITIES	-11662.86	-4792.11
B	<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
	Purchases of Fixed Assets including Capital Advances	-1650.25	-127.96
	Increase/Decrease in Investments	0.00	0.00
	NET CASH USED IN INVESTING ACTIVITIES	-1650.25	-127.96
C	<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
	Increase in Equity Share Capital	119.20	60.00
	Increase in Share Premium	596.00	240.00
	Increase in Share Application Money	0.00	0.00
	Increase in Long Term Borrowings	9297.31	5135.22
	Increase in Short Term Borrowings	8431.37	748.19
	Dividend Paid (including Tax on Dividend)	-27.00	-32.55
	NET CASH FROM FINANCING ACTIVITIES	18416.87	6150.86
	NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	5103.77	1230.79
	CASH & CASH EQUIVALENTS : OPENING BALANCE	3516.06	2285.27
	CASH & CASH EQUIVALENTS : CLOSING BALANCE	8619.83	3516.06

The accompanying notes 1 to 17 are an integral part of the 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-
Rakesh Kumar Bakliwal
Partner
M. No. 071987

-sd-
(Rajiv Jain)
Whole Time Director
DIN: 00416121

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

UDIN:20071987AAAAFI4105
PLACE: JAIPUR
DATED : 30.06.2020

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

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

DIGAMBER CAPFIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING ON 31ST MARCH 2020

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 149 Branches in 8 states across India as on March 31, 2020.

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

- 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.
- 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.

2.8 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.

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

A. CLASSIFICATION OF LOANS

	Assets Classification	Period of Overdue
1.	Standard Assets (Performing Assets)	Not overdue or overdue for less than 90 days
2.	Non-Performing Assets 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)	Outstanding loan portfolio	1.00%	1.44%
	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 Capital Contracts

During the year the company has bid for purchases a plot of land for construction of office building in Jaipur from the Jaipur Development Authority which was successful in favor of the company. Accordingly, in pursuance of the bid, a plot measuring 1657 square meter of land is purchased for a total sum of `22,51,07,230.84 of which `14,21,73,766.00 has already been paid. Remaining amount of `8,29,33,464.84 has since been paid in the year 2020-21.

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

3.1 Share capital	March 31, 2020	March 31, 2019
	(₹)	(₹)
Authorized Equity Share Capital		
15000000 Equity Shares of Rs.10/- each	150000000.00	100000000.00
30000000 Optionally Convertible Preference Share of Rs. 10/-each	300000000.00	300000000.00
	180000000.00	130000000.00
Issued, Subscribed and Paid up Capital		
Equity Share Capital		
9876930 (8684930)Equity Shares of Rs.10/- par value	98769300	86849300
30000000 Optionally Convertible Preference Share of Rs 10/- each	300000000	300000000
	128769300	116849300
PAID UP SHARE CAPITAL		
9876930 (8684930)Equity Shares of Rs.10/- par value	98769300	86849300
30000000 Optionally Convertible Preference Share of Rs 10/- each	300000000	300000000
	128769300	116849300

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year					
Equity Shares		March 31, 2020		March 31, 2019	
		Number	(₹)	Number	(₹)
Outstanding at the beginning of the year		8684930.00	86849300.00	8084930.00	80849300.00
Add : Issued during the year		1192000.00	11920000.00	600000.00	6000000.00
Shares Outstanding at the end of year		9876930.00	98769300.00	8684930.00	86849300.00
9% Optionally Convertible Preference Shares					
Outstanding at the beginning of the year		3000000.00	30000000.00	3000000.00	30000000.00
Add : Issued during the year		0	0.00	0	0.00
Shares Outstanding at the end of year		3000000.00	30000000.00	3000000.00	30000000.00
b) Terms/rights attached to equity shares					
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.					
c) Terms of conversion/redemption of preference shares					
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 .In case SIDBI decides not to convert OCPS into equity shares or converts only part of OCPS into equity, then OCPS would be redeemed in following manner:					
(i) 50% of outstanding OCPS at the end of 6th years from the date of disbursement					
(ii) Remaining outstanding at the end of 7th year.					
The OCPS share holder is entitled to receive dividend @ 9% per annum on preferential basis. Dividend if not paid will be cumulative in nature.					
d) No. of shares heldby each shareholder holding more than 5% shares in the company are as follows:-					
Name of Share holders		March 31, 2020		March 31, 2019	
		Numbers	% of Holding	Numbers	% of Holding
Equity Shares of Rs. 10 each fully paid-up					
- Mr. Rajiv Jain		1705901	17.27	1691616	19.48
- Mr. Amit Jain		1496955	15.16	1496955	17.24
- Mrs Shweta Jain		920139	9.32	920139	10.59
- Mrs Shilpa Ajmera		754384	7.64	754384	8.69
- M/s Unibloom Mancon Pvt Ltd		1167000	11.82	0.00	0.00
Total		6044379	61.20	4863094	56.00
Optionally Convertible Preference Shares of Rs.10 each fully paid SIDBI		3000000	100.00%	3000000	100.00%
Total		3000000	100.00%	3000000	100.00%

3.2 Reserve and Surplus	March 31, 2020	March 31, 2019
	(₹)	(₹)
Special Reserve Fund		
Balance b/f	53692500.00	23192500.00
Additions	53800000.00	30500000.00
Less:Deduction	-	-
	107492500.00	53692500.00
Security Premium		
Balance b/f	143373250.00	119373250.00
Additions	59600000.00	24000000.00
Less:Deduction	-	-
	202973250.00	143373250.00
Profit & Loss Account		
Balance b/f	200967877.70	82512445.15
Amount Transferred from Statement of P&L	268551077.07	152210432.55
Less: Transferred to Special Reserve Fund	53800000.00	30500000.00
Proposed Dividend on Preference Shares	2700000.00	2700000.00
Dividend Distribution Tax	0.00	555000.00
	413018954.77	200967877.70
TOTAL	723484704.77	398033627.70

3.3 BORROWINGS	NON CURRENT PORTION		CURRENT PORTION	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(₹)	(₹)	(₹)	(₹)
A.Unsecured Sub debt loan				
-Loan From Other Banks*	50000000.00	50000000.00	0.00	0.00
-Loan From FIs/ NBFCs	100000000.00	100000000.00	0.00	0.00
*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.				
TOTAL (A)	150000000.00	150000000.00	0.00	0.00
B. Secured				
(a) Cash Credit Limit				
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				
From PSU Banks	0.00	0.00	332125418.05	110775246.57
TOTAL (B) (a)	0.00	0.00	332125418.05	110775246.57
(b) Term Loan Limit				
Secured against Hypothecation of Book Debts, receivables created out of respective assistance and personal Guarantee of Directors and margin in terms of deposits (Short Term Liability is part of other Current Liability)				
-Loan From PSU	932456424.90	529602423.57	478033621.76	360013191.98
-Loan From Other Banks	442518249.35	527077879.47	359969036.98	308741039.50
-Loan From FIs/ NBFCs	1311614839.04	702901783.75	907497977.96	566938285.25
-Vehicle Loan	4137733.15	1414342.43	748009.85	330774.57
TOTAL (B) (b)	2690727246.44	1760996429.22	1746248646.55	1236023291.30
TOTAL (A+B)	2840727246.44	1910996429.22	2078374064.60	1346798537.87
Less-Current Maturity of Long term borrowings	0.00	0.00	1746248646.55	1236023291.30
TOTAL	2840727246.44	1910996429.22	332125418.05	110775246.57

3.4 Long Term Provisions	March 31, 2020	March 31, 2019
	(₹)	(₹)
Provision for Standard Assets	62227390.81	14500000.00
Provision for Non-Performing Assets	7772606.19	35500000.00
Provision for Default Accounts treated Standard in Terms of RBI Circular dated 17.04.2020	232000.00	0.00
TOTAL	70232000.00	50000000.00

3.5 Other Current Liabilities	March 31, 2020	March 31, 2019
	(₹)	(₹)
Statutory Dues		
TDS Payable	5030898.00	280990.00
Good & Service Tax Payable	290065.92	1556427.93
ESI Payable	736879.00	712304.00
PF Payable	2580786.00	1144456.00
Dividend Distribution Tax	0.00	555000.00
Other Current Liabilities		
Current Maturity of Long term borrowings refer Note 3.3	1746248646.55	1236023291.30
Payable towards securitisation/assignment transactions	196290571.91	70622793.74
Proposed Dividend on 9% OCPS from SIDBI	2700000.00	2700000.00
Other Sundry Creditors	15183422.00	3080086.59
TOTAL	1969061269.38	1316985849.56

3.6 Short Term Provisions	March 31, 2020	March 31, 2019
	(₹)	(₹)
Tax Provision		
- Current Tax	0.00	1180000.00
TOTAL	0.00	1180000.00

4.0 Property, Plant & Equipments	March 31, 2020	March 31, 2019
	(₹)	(₹)
See Below		

DIGAMBER CAPFIN LTD								Asst.Year : 2020-2021	
Depreciation as per Company Act									
Particulars	Gross Block			Depreciation/ Amortization				Net block	
	As on 01.4.2019	Additions/ (Disposal)	Total	Upto 01.04.19	During FY 19-20	Total Depreciation on disposal	Total	As on 31.03.20	As on 31.03.19
Land at Mahapura	2390800.00	0.00	2390800.00	0.00	0.00	0.00	0.00	2390800.00	2390800.00
Flat at Identity	1762079.00	0.00	1762079.00	170760.73	27899.58	0.00	198660.31	1563418.69	1591318.27
Flat No 401 Jagatpura	4237591.00	0.00	4237591.00	346703.34	67095.19	0.00	413798.53	3823792.47	3890887.66
Office 102 Serenity Pradhan Marg, Jaipur	5557170.00	0.00	5557170.00	265895.52	87988.53	0.00	353884.05	5203285.96	5291274.48
J 54-55 Anand Moti	50291000.00	0.00	50291000.00	1666721.79	796274.17	0.00	2462995.96	47828004.04	48624278.21
Office Building Temporary Structure	0.00	3024661.00	3024661.00	0.00	64028.90	0.00	64028.90	2960632.10	0.00
Flat No 301 Jagatpura	1658800.00	0.00	1658800.00	7987.24	34323.53	0.00	42310.77	1616489.23	1650812.76
Office equipment	4786773.17	3027858.12	7814631.29	2547230.60	1413132.03	0.00	3960362.63	3854268.66	2239542.57
Visuals and projection	175400.00		175400.00	142917.22	6511.01		149428.23	25971.77	32482.78
Furniture & Fixtures	11626625.86	5720635.44	17347261.30	3766722.79	1395438.99	0.00	5162161.77	12185099.53	7859903.07
Motor Vehicles	3641149.00	3877622.00	7518771.00	15,62,382.18	806407.62		2368789.80	5149981.20	2078766.82
Computer	13909643.06	8724209.13	22633852.19	9736992.10	4464847.12		14201839.22	8432012.97	4172650.96
D.G Set	500400.00	0.00	500400.00	186117.18	47538.00	0.00	233655.18	266744.82	314282.82
A Total	100537431.09	24374985.69	124912416.78	20400430.69	9211484.66	0.00	29611915.35	95300501.43	80137000.40
B Intangible assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. Software App in Process	0.00	1500000.00	1500000.00	0.00	0.00	0.00	0.00	1500000.00	0.00
D. Capital WIP									3023294.58
Grand Total- (A+B+C)	100537431.09	25874985.69	126412416.78	20400430.69	9211484.66	0.00	29611915.35	96800502.15	83160294.98
Previous Year Total - 2019	90647391.43	12913334.54	103560726	15699035.92	4812984.263	111590.12	20400430.06	83160295.91	74948355.51

4.1 Deferred Tax Asset	March 31, 2020	March 31, 2019
	(₹)	(₹)
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	8134917.00	9077299.00
(b) Liability -Tax effect of Difference in WDV	-5057068.00	-3884772.00
(As Per Income Tax Act& Companies Act.)		
Net Deferred tax asset (a-b)	3077849.00	5192527.00
Deferred tax Asset on previous year	5192527.00	4526297.00
Net amount charged from P&L A/c	2114678.00	666230.00

4.2 Long Term loans and advances	March 31, 2020	March 31, 2019
	(₹)	(₹)
Joint Liability Group Loan*		
- Unsecured considered good	1567585491.67	1367687545.47
TOTAL	1567585491.67	1367687545.47

*The above include Micro Finance Loans subordinated as credit enhancement on assets derecognized amounting to ₹232734598.40. (P. Y. ₹ 63016234.86)

4.3 Cash and Cash Equivalents	March 31, 2020	March 31, 2019
	(₹)	(₹)
Cash in Hand	494266.00	490983.00
Balances With Banks in Current Account	222496776.51	19325163.35
Fixed Deposit with Banks*	638991994.98	331789630.00
TOTAL	861983037.49	351605776.35

* The above include deposit amounting to ₹ 146315820.00 (P. Y. - ₹ 31508118.00) placed as credit enhancement (Cash collateral) towards assets derecognized.

4.4 Short Term loans and Advances	March 31, 2020	March 31, 2019
	(₹)	(₹)
Joint Liability Group Loan		
-Unsecured considered good	3297625464.93	2025210299.30
-Unsecured Substandard Loans	1037971.52	1280580.93
-Unsecured Doubtful Loans	6732239.46	28307031.23
Security Deposits		
-Unsecured considered good	36000.00	36000.00
Sundry Advances		
-To others	857202.00	1127002.00
TOTAL	330628877.91	2055960913.46

4.5 Other Current Assets	March 31, 2020	March 31, 2019
	(₹)	(₹)
Prepaid Expenses	1285285.00	992063.02
Interest accrued on PTC transactions	9644062.75	9338076.85
Sundry advances and receivables	1061037.00	0.00
Advance for purchase of property	142173766.00	0.00
Income tax refund receivable	8259348.14	0.00
Accrued Interest	66240681.53	30883255.00
TOTAL	228664180.42	41213394.87

5.0 Revenue from Operations	March 31, 2020	March 31, 2019
	(₹)	(₹)
Interest Earned on JLG Loans	1071263972.89	748086264.47
Interest Earned on Others	3745876	399265.29
Excess interest spread on securitization/income from assignment	257125375.41	21815019.22
Processing Fee	73889160.00	43161940.00
TOTAL	1406024834.80	813462488.98

5.1 Other Income	March 31, 2020	March 31, 2019
	(₹)	(₹)
Misc. Receipts	1987469.94	22148.21
Interest on Fixed Deposit	29800993.98	16003102.80
Income From Product Supply	85532.00	240009.00
Recovery from Written off Accounts	1990109.03	303057.01
TOTAL	33864104.95	16568317.02

5.2 Employee Benefits Expenses	March 31, 2020	March 31, 2019
	(₹)	(₹)
Salary to Staff	265263564.00	123398181.00
ESI Contribution	7578174.00	4427811.00
PF Contribution	13377538.00	2617436.00
Gratuity	6333473.00	1253067.00
Conveyance Allowance	1879044100	9784994.00
Incentives to Staff	4665686.00	7705787.00
Director Remuneration	26000000.00	6240000.00
Staff Recognition Awards	386933.00	0.00
TOTAL	342395809.00	155427276.00

5.3 Finance Costs	March 31, 2020	March 31, 2019
	(₹)	(₹)
Interest on Loans	511973843.66	343109881.79
Bank Charges	1522721.93	967111.01
Other Finance Cost	40018110.00	20714811.28
Interest Accrued but not due	10224303.00	4481767.00
TOTAL	563738978.59	369273571.08

5.4 Depreciation and amortization expenses	March 31, 2020	March 31, 2019
	(₹)	(₹)
Depreciation on Tangible Assets as per depreciation chart vide Schedule 4.0	9211484.66	4812984.26
TOTAL	9211484.66	4812984.26

5.5 Administrative Expenses	March 31, 2020	March 31, 2019
	(₹)	(₹)
Administrative and General Expenses		
Electricity & Water Expenses	2889068.74	1776864.26
Insurance Expenses	3199753.53	835270.02
Legal & Professional Charges	47167376.48	11510681.18
Postage Expenses	513233.38	317674.70
Printing & Stationery	5506695.91	2662201.85
Periodicals & Newspapers Exp.	4624.00	4558.00
Rent ,Rates & Taxes	16100708.00	8041127.00
Repairs and Maintenance Expenses	2404548.65	2600765.76
Telephone Expenses	1076773.18	838487.85
Travelling & Conveyance	10013948.42	5040254.48
Carriage and freight charges	208388.00	96339.00
Loss by Robbery	570121.00	236680.00
Payment to Auditors	771670.00	510000.00
Staff welfare expenses	986343.00	452670.00
CSR Expenses	3350000.00	0.00

Other Administrative & General Expenses		
Sundry Expenses	4785884.31	2866061.65
Selling and Distribution Expenses		
Advertisement	2250703.61	1851402.64
Web Site & Software Expenses	7498892.20	4852210.28
TOTAL	109298732.41	44493248.67

Payment to Auditors	March 31, 2020	March 31, 2019
	(₹)	(₹)
Audit Fees	272500.00	250000.00
Tax Audit	38150.00	35000.00
Tax Matters	65400.00	60000.00
Certification Fees	395620.00	165000.00
TOTAL	771670.00	510000.00

5.6 Provisions & Write Off	March 31, 2020	March 31, 2019
	(₹)	(₹)
Bad Debts written off	33098180.02	26959435.94
Provision for Non-Performing Assets	0.00	0.00
Provision for Standard Assets	20000000.00	14500000.00
Provision for Default Accounts treated Standard in Terms of RBI Circular dated 17.04.2020	232000.00	0.00
TOTAL	53330180.02	41459435.94

5.7 Tax Expenses & Provision	March 31, 2020	March 31, 2019
	(₹)	(₹)
Current Tax	91248000.00	63020087.50
Deferred Tax	2114678.00	-666230.00

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, 2020	March 31, 2019
Total number of loans securitized	50101	25064
Book value of loans securitized during the year	1572799406.89	630162348.56
Sale consideration received for loans securitized	1403081043.33	567146113.70
MFI Loans Subordinated as Credit Enhancement on Assets Derecognized	169718363.56	63016234.86
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	114807702.00	31508118.00
Quantum of Credit Enhancement as at year end	114807702.00	31579905.00
Interest spread Recognized in the Statement of Profit and Loss during the Year (including amortization of Unamortized Income)	173476164.80	9338076.85

As per RBI guidelines on securitization DNBR (PD) CC. No.002/03.10.001/2014-15 dated November 10, 2014 the details of securitization are given below:

Particulars	March 31, 2020	March 31, 2019
1 No of SPVs sponsored by the NBFC MFI for securitization transactions	4	1
2 Total amount of securitized assets as per book of the SPVs sponsored by the NBFC as on the balance sheet date	1128018959.28	591375429.78
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)	146315820.00	31508118.00
• Over Collateralization	232734598.40	63016234.86
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:		
Particulars	March 31, 2020	March 31, 2019
Number of Accounts	63569.00	10162.00
Aggregate value (net of provision) of accounts sold	1765191447.00	235525247.00
Aggregate consideration	1765191447.00	235525247.00
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	83649210.61	12476942.37

5.10 Earnings per equity shares	March 31, 2020	March 31, 2019
Profit after Tax	268551077.07	152210432.55
Dividend	2700000.00	2700000.00
Dividend Distribution Tax	0.00	555000.00
Weighted average no of equity shares	8903138.00	8091505.00
Basic earnings per share	29.86	18.41
Diluted earnings per Share	28.99	17.64

Note 6: ₹ 2, 60, 00, 000/- (P.Y. ₹. 62, 40,000/-) were paid in the form of remuneration to directors of the company.

Note 7: Expenditure in foreign currency is NIL (P.Y. was NIL)

Note 8: Disclosures under accounting standards

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

	Transactions incurred between Related Parties (Amount in ₹)				
	Particulars	As on 31.03.2020		As on 31.03.2019	
	Expenses	Key Management Personnel	Relative of Key Management Personnel	Key Management Personnel	Relative of Key Management Personnel
1	Director Remuneration	26000000.00	-	6240000.00	-
	-Mr. Rajiv Jain				
	Salary	6000000.00	-	3120000.00	-
	Commission	7000000.00	-	-	-
	-Mr. Amit Jain				
	Salary	6000000.00	-	3120000.00	-
	Commission	7000000.00	-	-	-
2	Salary To Staff	-	4800000.00	-	2400000.00
	-Mrs Shilpa Ajmera	-	2400000.00	-	1200000.00
	-Mrs. Shweta Jain	-	2400000.00	-	1200000.00

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 the company has transferred special reserve of ₹ 53800000 (P.Y. ₹30500000.00) from statement of profit and loss. The balance as on 31-03-2020 of special reserve is ₹107492500.00 (P.Y. ₹53692500.00). The reserve is created in accordance with the requirement of Section 45-IC of the Reserve Bank of India Act, 1934.

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

		March 31, 2020	March 31, 2019
	Classification of Assets	(₹)	(₹)
A.	Standard Assets (up to 90 days)	4865208561.39	3360764864.91
B.	Sub Standard Assets (91 to 180 Days)	1040367.25	1280580.93
C.	Doubtful Assets (>180 Days)	6732238.93	28307031.23
	TOTAL	4872981167.58	3390352477.07

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, 2020	March 31, 2019
		(₹)	(₹)
1.0	PROVISION FOR STANDARD ASSETS		
1.1	Standard Assets	4865208561.39	3360764864.91
	Provisions at the beginning of the year	14500000.00	0.00
	Additional Provisions made during the year	20000000.00	14500000.00
	Excess NPA provision transferred into standard asset Provision	27727393.81	
	Provision at close of the year (A)	62227393.81	50000000.00
2.0	PROVISION FOR NON PERFORMING ASSETS		
2.1	Sub Standard Assets	1040367.25	1280580.93
2.2	Doubtful Assets	6732238.93	28307031.23
	Total Non-Performing Assets	7772606.19	29587612.16
	Provisions at beginning of the year	35500000.00	35500000.00
	Additional Provisions made during the year	(27727393.81)	0.00
	(Excess NPA provision transferred to standard asset provision)		
	Provision at close of the year (B)	7772606.19	0.00
3.0	Provision for Default accounts treated Standard in terms of RBI Circular dated 17.4.2020	232000.00	0.00
	Provision at close of the year (C)	232000.00	0.00
	Gross Provisions (A+B+C)	70232000.00	50000000.00

Note 11: Additional Disclosures required by RBI:

Capital to Risk Ratio (CRR)

	March 31, 2020	March 31, 2019
Particulars	(₹)	(₹)
Tier I Capital	822254004.77	484882927.70
Tier II Capital	210232000.00	220000000.00
TOTAL	1032486004.77	704882927.70
Total Risk Weighted Assets	5203996278.60	3473512772.97
Capital Ratios		
Tier I Capital as a percentage of Total Risk Weighted Assets (%)	15.80%	13.96%
Tier II Capital as a percentage of Total Risk Weighted Assets (%)	4.04%	6.33%
Total Capital (%)	19.84%	20.29%
Amount of subordinated debt raised as Tier-II capital	110000000.00	140000000.00
Amount raised by issue of Perpetual Debt Instruments	0.00	0.00

Note 12: Investments

The Company has no investments in India or outside India in current and previous year.

Note 13: Derivatives

- Forward Rate Agreement/Interest Rate Swap:**

The company has no transactions/exposure in forward rate agreement/interest rate swap during the year 2019-20 and 2018-19.

- Exchange Traded Interest Rate (IR) Derivatives:**

The company has no transactions/exposure in exchange traded interest rate (IR) derivatives during the year 2019-20 and 2018-19.

- Currency derivatives and interest rate derivatives:**

The Company has no transactions/exposure in currency or interest rate derivatives during the year 2019-20 and 2018-19.

Note 14: Details of non-performing financial assets purchased / sold

The company has neither purchased nor sold any non performing financial asset during 2019-20 and 2018-19.

Note 15: Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (₹ in Crore)

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	-	-	-	-	-	-	-	-	-

For the year 2018-19	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	25.87	23.85	20.52	55.63	79.55	136.49	0.24	0.23	342.38
Cash & cash Equivalents	2.98	0.00	0.18	4.75	9.46	17.33	0.45	0.00	33.18
Borrowings	10.40	8.10	10.20	30.58	64.32	169.05	7.05	0.00	299.70
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

Note 16: Exposures

- Exposure to Real Estate Sector:**
The Company has no exposure to real estate sector as on March 31, 2020 and March 31, 2019.
- Exposure to Capital Market:**
The Company has no exposure to capital market as on March 31, 2020 and March 31, 2019.
- 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 2019-20 and 2018-19.

Note 17: Miscellaneous

- The Company has not obtained registration from other financial sector regulators except Reserve Bank of India.
- No penalties were imposed by the regulator during the year during the financial year ended March 31, 2020. (March 31, 2019: Nil)

Note 18: 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	February 04, 2020	February 03, 2021
Previous Rating	BBB Outlook: Stable	Brickwork Ratings India Pvt Ltd	January 28, 2019	January 27, 2020

Particulars	Grading Assigned	Rating Agency	Date of Rating	Validity upto
Current Grading Cum COCA	M2C1	CARE Rating Agency	January 21, 2020	January 20, 2021
Previous Grading Cum COCA	M2C1	CARE Rating Agency	October 01, 2018	September 30, 2019

Note 19: Transaction with non-executive director

Name of Non-Executive Director	Designation	Particulars	2019-20	2018-19
Jatin Chhabra	Non-Executive Director	Sitting Fees	₹ 88880.00	0.00
Dharmendra Saxena	Non-Executive Director	Sitting Fees	₹ 5555.00	0.00
Lalit Jain	Independent Director	Sitting Fees	₹ 22220.00	0.00
Nayan Ambali	Independent Director	Sitting Fees	₹ 33330.00	₹ 11110.00

Note 20: Provisions and contingencies

Particulars	2019-20	2018-19
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	₹ 53330180.02	₹ 78139435.94
Provisions for depreciation on Investment	0.00	0.00
Provision towards NPA	0.00	0.00
Provision made towards Income tax	0.00	₹ 1180000.00
Other Provision and Contingencies (with details)		0.00
Bad debts written off	₹ 33098180.02	₹ 26959435.94
Provision for Default Accounts treated Standard in Terms of RBI Circular dated 17.04.2020	₹ 232000.00	0.00
Provision for Standard Assets	₹ 20000000.00	₹ 50000000.00

Note 21: Draw Down from Reserves:

No reserves have been draw down during the financial year 2019-20 and 2018-19.

Note 22: Concentration of Deposits, Advances, Exposures and NPAs

Particulars	2019-20	2018-19
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.50000 to women engaged in various income generating activities. As at 31 March 2020, the Company has provided approx. 99.75% loans to women and hence, the disclosure relating to concentration to advances, exposures and NPA's are not applicable on company.

Note 23: Sector-wise NPAs

Particulars	2019-20	2018-19
Agriculture & allied activities	0.13%	0.40%
MSME	0.03%	0.10%
Services	0.00%	0.15%
Others	0.00%	0.21%
Total	0.16%	0.86%

Note 24: Movement of NPAs

(₹ in Crore, unless specified otherwise)

S. No	Particulars	2019-20	2018-19
(i)	Net NPAs to Net Advances (%)	0.00%	0.00%
(ii)	Movement of NPAs(Gross)		
	(a) Opening balance	2.96	3.92
	(b) Additions during the year	1.33	1.73
	(C) Reductions during the year	0.20	0.00
	(d) Write off	3.31	2.69
	(e) Closing balance	0.78	2.96
(iii)	Movement of Net NPAs		
	(a) Opening balance	0.00	0.37
	(b) Additions during the year	0.00	0.00
	(C) Reductions during the year	0.00	0.37
	(d) Closing balance	0.00	0.00
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		

(a)	Opening balance	3.55	3.55
(b)	Additions during the year	0.00	0.00
(C)	Reductions during the year	2.77	0.00
(d)	Closing balance	0.78	3.55

Note 25: Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

The company does not have any joint venture or subsidiary overseas during the year 2019-20 & 2018-19.

Note 26: Off-balance Sheet SPVs sponsored

The company does not have any off balance sheet SPV sponsored either domestic or overseas during the year 2019-20 and 2018-19.

Note 27: Disclosure of Complaints

- Customer Complaints**

S. No	Particulars	2019-20	2018-19
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	2	4
(C)	No. of complaints redressed during the year	2	4
(d)	No. of complaints pending at the end of the year	Nil	Nil

Note 28: The balances of loans and advances and sundry creditors are subject to confirmation and taken on book balances.

Note 29: 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 30: 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	Liabilities Side		
	Loans And Advance Availed by Non-Banking Financial Company inclusive of interest accrued thereon but not paid		
A.	Debentures		
	Secured		
	Unsecured (other than falling within the meaning of Public Deposits)		
B	Deferred Credits		
C	Term Loan from Banks	4436975892.99	0.00
D	Inter Corporate Loans and Borrowings (Subordinate debt)	150000000.00	0.00
E	Commercial Papers		
F	Other Loans	332125418.05	0.00
2	Assets Side	Amount Outstanding	
	Breakup of Loans and Advances including Bills receivables (other than those including in 4 below)		
A	Secured	-	
B	Unsecured		4872981167.58
3	Breakup of Leased Assets and stock on hire and other Assets counting towards AFC activities (Stock on Hire and Microfinance)		
	Leased Assets including lease rentals under Sundry Debtors		
A	Financial Lease		-
B	Operating Lease		-
	Stock On Hire including hire charges under Sundry Debtors		
A	Assets on Hire		-
B	Repossessed Assets		-
	Other Loans counting towards AFC Activities		
A	Loans where assets have been repossessed		-
B	Loans Other than A above		-
4	Breakup of an Investment		

	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		-
	<u>Unquoted</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		-
5	Borrower Group wise Classification of assets Finance as in 2 and 3 above		
	Category	Secured	Unsecured
	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	-	4872981167.58
	Total	-	4872981167.58
6	Investor Group Wise Classification of all Investments (current and long term) in shares and securities (both quoted and unquoted)		
	Category	Market Value/ Breakup of fair value NAV	Book Value (Net of Provisions)
	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	-	-
	Total	-	-
7	Other Information	Amount in ₹	
	Gross nonperforming assets		
A	Related Parties		-

B	Other than related parties	7770210.46
	Net Non-performing assets	
A	Related Parties	-
B	Other than related parties	-
	Assets acquired in satisfaction Debts	-
Signed for Identification Schedule 1 to 30 For AK CHORDIA & CO Chartered Accountants FRN-002606C -sd- (CA Rakesh Kumar Bakliwal) Partner M. No.071987 Jaipur UDIN:20071987AAAAFI4105 -sd- (Rajiv Jain) Whole Time Director DIN: 00416121 -sd- (Lalit Kumar Jain) Independent Director DIN: 07517615 For and on behalf of the Board of Directors of Digamber Capfin Ltd -sd- (Amit Jain) Whole Time Director cum CFO DIN: 00416133 -sd- (Neha Agarwal) Company Secretary M. No. A35576		



DIGAMBER CAPFIN LTD

CIN: U67120RJ1995PLC009862 | GSTN: 08AAACD4387Q1Z0

Regd. Office: J-54,55, "Anand Moti", Himmat Nagar, Gopalpura, Tonk Road, Jaipur-18

Tel No.+91 141 2700233-234 | E-Mail: info@digamberfinance.com | Website: www.digamberfinance.com

NOTICE OF 25TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 25TH ANNUAL GENERAL MEETING OF THE MEMBERS OF DIGAMBER CAPFIN LIMITED WILL BE HELD ON TUESDAY, 29TH SEPTEMBER, 2020, AT 11:00 A.M. AT ITS REGISTERED OFFICE SITUATED AT J-54, 55, IIND FLOOR, ANAND MOTI, NEAR TOYOTA SHOWROOM, TONK ROAD, JAIPUR-302018, RAJASTHAN TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited balance sheet as on 31st March, 2020, statement of profit and loss and cash flow statement for the year ended 31st March, 2020 and the reports of the Board of Directors and the Auditor's thereon.
2. To confirm the payment of proposed dividend of ₹27,00,000/- on 9% Optionally Convertible Preference Share for the year ended 31st March, 2020 in favor of Small Industries Development Bank of India.
3. To re-appoint Mr. Rajiv Jain (DIN: 00416121), as Director of the Company, who is liable to retire by rotation and being eligible offer himself for re-appointment.

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

Date: 5th September, 2020

Place: Jaipur

Sd/-
Rajiv Jain
Whole-Time Director
DIN: 00416121

Sd/-
Neha Agarwal
Company Secretary
M. No. A35576

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the company.
2. Members/ Proxies should bring the attendance slip at the time of meeting.
3. The instrument of proxy in order to be effective, should be deposited at the registered office of the company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
5. A route map along with prominent landmark for easy location to reach the venue of Annual General Meeting is annexed with the notice of Annual General Meeting as per the requirement of secretarial Standard-2 (SS-2) issued by the Institute by the Company Secretaries of India (ICSI).
6. 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 vide its General Circular No. 20/2020 dated 5th May, 2020, read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 together read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 (collectively referred to as "said Circulars") permitted the holding of the AGM through VC / OAVM, without the physical presence of the Members at a common venue. Accordingly, in compliance with the applicable provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing



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Tel No.+91 141 2700233-234 | E-Mail: info@digamberfinance.com | Website: www.digamberfinance.com

Regulations") read with the said Circulars, the Company has decided to convene its ensuing 25th AGM through VC / OAVM, and the Members can attend and participate in the ensuing AGM through VC /OAVM.

7. As per above mentioned Point No. 6, you may attend the meeting through Electronic Mode. In case you wish to participate through such mode, please send a confirmation in this regard to Ms. Neha Agarwal, Company Secretary, E-mail Id: neha.agarwal@digamberfinance.in within five days of issue of notice to enable making necessary arrangements. In the absence of your confirmation, it shall be presumed that you will be attending the Meeting physically and not through Electronic Mode.
8. Members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communication.

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM

1. Members will be provided with a facility to attend the AGM through VC / OAVM. The link for VC / OAVM will be available in email id of Members where the EVENT of Company will be displayed.
2. 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.
3. 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 the Board of Directors of
Digamber Capfin Limited**

Date: 5th September, 2020

Place: Jaipur

Sd/-
Rajiv Jain
Whole-Time Director
DIN: 00416121

Sd/-
Neha Agarwal
Company Secretary
M. No. A35576



DIGAMBER CAPFIN LTD

CIN: U67120RJ1995PLC009862 | GSTN: 08AAACD4387Q120

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Tel No.+91 141 2700233-234 | E-Mail: info@digamberfinance.com | Website: www.digamberfinance.com

FORM NO MGT-11 PROXY FORM

[Pursuant to section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):		Folio No./Client Id:	
Registered address:		DP Id	
E-mail Id:			

I/We, being the member(s) of.....shares of Digamber Capfin Limited, hereby appoint-

1. -----of -----having mail ID----- or failing him
2. -----of -----having mail ID----- or failing him
3. -----of -----having mail ID----- or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of members of the Company to be held on Tuesday, 29th September, 2020 at 11:00 A.M. at its registered office at J-54-55, IInd Floor, Anand Moti, Near Toyota Showroom, Tonk Road, Jaipur and at any adjournment thereof in respect of such resolutions as are indicated below:

I wish my above proxy to vote in the manner as indicated in the box below: **(This is optional)**

(Please put a (✓) in the appropriate column as indicated below. If you leave columns blank in any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

Resolution No.	Subject Matter	For	Against
1.	Adoption of Annual Accounts and Reports thereon for the year ended 31 st March, 2020		
2.	To confirm the payment of proposed dividend ON 9% OCPS		
3.	To re-appoint Mr. Rajiv Jain, as Director u/s 152 of Companies Act, 2013		

Signed this-----day of -----2020

Affix
₹1
Revenue
stamp

Signature of the shareholder
Across revenue stamp

Signature of First proxy holder	Signature of Second proxy holder	Signature of Third proxy holder
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Notes:

1. This form of Proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.
2. A Proxy need not be a member of the Company.

ROUTE MAP



E-Address of Digamber Capfin Ltd: **VQ7W+FP Jaipur, Rajasthan**

Tip. Copy the Code and paste in google maps app for AGM location



HELP PREVENT THE SPREAD OF THE **CORONA VIRUS: COVID-19**



Wash Your Hands Often
With Soap And Water



Avoid touching your eyes,
nose, and mouth.



Cover your cough or
sneeze with a tissue



Disinfect frequently touched
objects and surfaces.



Avoid close contact with
people who are sick.



Stay home if you are sick,
except to get medical care.



Head Office: "Anand Moti", J-54,55, Gopalpura, Tonk Road, Jaipur-18 (Rajasthan) Tel:+91 141-2700233

Digamber Capfin Ltd. is registered as a Non Banking Financial Company. The Company has a valid Certificate of Registration dated 09.09.1999 issued by the Reserve Bank of India (RBI) under section 45 IA of the Reserve Bank of India Act, 1934. We have also been classified as NBFC-MFI by RBI vide its approval in 06th September 2013 in line with its Circular DNBS.CC.PD.No.250/03.10.01/2011-12 dated 2nd December 2011. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial Soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayments of deposits /discharge of liabilities by the company.