

To,

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

Dear Sir/Madam,

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

1. RBI DIRECTIONS

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

Sr.	Particulars	Compliance Required	Followed by DCL (as per Un-audited	
No			Financial Statements as at 30 June	
			2023)	
1.	Capital	Current Net Owned Funds (NOF)	The DCL's level of NOF is Rs. 246.45	
	Requirement	at Rs. 5 Crore (Rs. 2 Crore in NE	Crore as on June 30, 2023.	
	(i) Existing NBFC	Region)		
		By March 31, 2025: ₹7 Crore (₹5 Crore in NE Region) By March 31, 2027: ₹10 crore		



2.	Microfinance Loans (ML)	NBFC-MFIs are required to maintain not less than 75 per cent of its Total assets as microfinance loans (ML). The definition of 'microfinance loans' of NBFC-MFIs is now being aligned with the definition	Total Qualifying Assets: 876.20 Crores (78.37%) Complied with
		of 'microfinance loans' (ML) as defined under Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022	
3.	Assessment of Household Income and conditional ties		In compliance with the RBI Master Direction No RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022, DCL has adopted a board approved Household Income Policy and assesses the household income of the borrowers by obtaining a filled Assessment Form of Household Income from the borrowers. Also, the total indebtedness of the borrowers is being checked from Credit Information Bureau. The information is also verified in their GRT meetings. Yes, they are presently the member of CRIF Highmark, TransUnion CIBIL, Equifax and Experian. The data is being updated on monthly basis.



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



		B. Operational Expense (Opex)	B. Operating Expense: 6.86%
		C. Loan Loss Reserve (LLR)	C. Loan Loss Reserves: 3.00%
		D. Margin (MAR)	D. Margin: 2.77%
		E. Demographic Risk Premium	E. Risk Premium: 0.00%
		(DRP)-Will be applicable only where operations are in high risk areas or difficult to operate areas or unbanked small areas (remote areas), where the cost of operations	Total of these Arrived 26.50% and company's ROI is as follows:
			Micro Finance Loans (JLG): 26.00% - 26.55%
		may be relatively high. The capping on this premium shall be maximum 2%	Individual Micro Loan (IML): 25.00% - 30%
		F. Processing Fees: Shall not be more than 1% plus GST	F. Processing fee is 1%+GST
		(The processing fee is not included in the margin cap	G. Insurance Charges as applicable
		or the interest cap) G. Insurance Charges	(Only actual cost of insurance charges as per IRDA guidelines are recovered from
		G. msurance charges	its borrowers)
7. Capital ad	lequacy,	=	The CRAR of the Company was 29.70%
Asset	3	adequacy ratio consisting of Tier I	as on June 30, 2023 above from the
classification provision in		and Tier II Capital which shall not be less than 15 per cent of its	minimum level of 15%.
Norms	-6	aggregate risk weighted assets. The	
		total of Tier II Capital at any point	
		of time, shall not exceed 100 per cent of Tier I Capital.	
		Provisioning Norms:	
		The aggregate loan provision to be	
		maintained by NBFC-MFIs at any	
		point of time shall not be less than the higher of:	
<u> </u>		Glastona Dvildina Candhi Nagar Cra	



		 1. 1% of the outstanding loan portfolio or 2. 50% of the aggregate loan installments, which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more. 	Already complied as per the given directions.
8.	Geographical Diversification	NBFC-MFI _S may approach their boards for fixing internal exposure limits to avoid any undesirable concentration in specific geographical locations.	Presently DCL is having branches in the following States/Union Territories of India: Rajasthan, Madhya Pradesh, Haryana, Uttarakhand, Himachal Pradesh, Uttar Pradesh, Jammu & Kashmir, Punjab and Bihar.
9.	Customer Protection Initiatives	All elements of the fair practices code issued by the RBI vide DNBS.PD.CC.No.286/03.10.042/2 012-13 Dated July 2, 2012 & RBI Master Direction No RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022 and amendments thereafter, if any, will need to be adhered to by the MFIs. NBFC-MFIs must also ensure that greater resources are devoted to professional inputs in the formation of SHG/ JLG and appropriate training and skill development activities for capacity building and empowerment after formation of the groups.	DCL complied the same. Also, they are initiating the trainings to JLG etc. for their money and right protection.



10.	Formation of SRO	All NBFC-MFIs are encouraged to	Yes, DCL is a member of SA-DHAN.
		become member of at least one Self-	
		Regulatory Organization (SRO)	
		which is recognized by the Reserve	
		Bank and will also have to comply	
		with the Code of Conduct prescribed	
		by the SRO.	
11.	Monitoring of	The Responsibility for compliance	Yes, DCL has taken appropriate measures
	Compliance	to all regulations prescribed for	to comply with the regulations prescribed
		MFIs lies primarily with the NBFC-	for MFIs. Further, based on the nature of
		MFIs themselves.	the compliances, various departments are
			entrusted with the responsibility to ensure
			timely Compliances.
			The overall responsibility to oversee the
			compliances falls with the various
			Committees of Board of Directors of the
			company.
			Also, the report on the status compliances
			are tabled before the Audit Committee on
			quarterly basis.

Note: Remaining assets not covered in Micro Finance Loans were also in accordance to the regulation specified in this behalf.

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

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

Priority Sector Lending (PSL) – Targets and Classification (RBI/FIDD/2020-21/72 dated September 4th 2020).

- 6. DCL complies with the RBI Guidelines on Fair Practice Code for Non-Banking Financial Companies vide DNBS.PD.CC.No.286/03.10.042/2012-13 Dated July 2, 2012 & Master Direction Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 vide No RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022, as amended from time to time.
- 7. DCL complies with KYC/AML norms as stipulated by the RBI vide Master Circular dated July 01, 2015 on KYC guidelines AML standards- Prevention of Money Laundering Act, 2002- Obligation of NBFC in terms of rules notified there under and updation to these guidelines as may be issued from time to time.
- 8. DCL complies with RBI/FED/2018-19/67 FED Master Direction No.5/2018-19 (Master Direction External Commercial Borrowings, Trade Credits and Structured Obligations) and Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 and Foreign Contribution (Regulations) Act, 2010 including guidelines regarding FDI/ FEMA/ ECB and is in compliance with the said Act and regulation there under by Central and State laws.
- 9. The status of the Company's Paid-up Share Capital as on **June 30, 2023** is **Rs. 9,87,69,300**/- divided into Equity Shares of Rs. **10**/- **each**.
- 10. DCL complies with the RBI Guidelines on Corporate Governance vide notification dated December 02, 2011 and RBI Master Circular on "Non-Banking Financial Companies Corporate Governance (Reserve Bank) Directions, 2015" vide dated July 01, 2015 & amendments thereafter, if any.
- 11. There is no interlocking/ diversion of its funds in its associates/ subsidiaries: Not applicable as DCL does not have any associates/ subsidiary company.

12. Ageing Analysis:

Stages	Classification as per SMA and NPA	Category	Amount (in Crores)
STAGE-I	SMA-0	Standard	836.49
STAGE-II	SMA-1		6.44
	SMA-2		4.00
STAGE-III	NPA	Sub- standard	12.17
		Doubtful	17.56
TOTAL			876.66

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

- 13. Adjusted Debt Equity Ratio and Adjusted Leverage Ratio of the Company was 1.30 and 3.37 times respectively for June 30, 2023.
- 14. Gross NPA & Net NPA of the Company was 3.39% & 1.22% respectively for June 30, 2023.
- 15. DCL complies with Non-Banking Financial Company-Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 norms as stipulated by the RBI vide Master Circular ref: RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016 and amendments thereafter upto the extent as applicable to NBFC MFIs.
- 16. The Company is regular in depositing all statutory dues including Provident Fund, Employee State Insurance dues, Income Tax, cess, Goods and Service Tax, Municipal /Revenue Dues and all other material statutory dues as applicable with appropriate authority and there are no statutory dues/liabilities pending or payable by the company.
- 17. The Company is running its business under multiple banking arrangements and as on date all accounts are running regular and conduct of accounts is satisfactory & falls under standard account.
- 18. The company's account is not an NPA in any of the banks/institutions.
- 19. DCL also complies with the Scale Based Regulation (SBR): A revised Regulatory Framework for NBFCs vide RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 and other relevant circulars issued thereunder to the extant applicable to it.

Further, In compliance with Circular no. Ref.No.DoS.CO.PPG./SEC.01/11.01.005/2022-23 issued by Reserve Bank of India dated 11th April 2022, DCL has appointed Chief Compliance Officer w.e.f. 21st June 2023.

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

This certificate supersedes our earlier certificate dated 28-07-2023 issued vide UDIN 23412724BGWGQU7003



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

For Kalani & Company Chartered Accountants

FRN: 000722C

(GAURAV RAWAT)

Partner

M. No. 412724 Place: Jaipur

Date: 05.10.2023

UDIN: 23412724BGWGVG2229