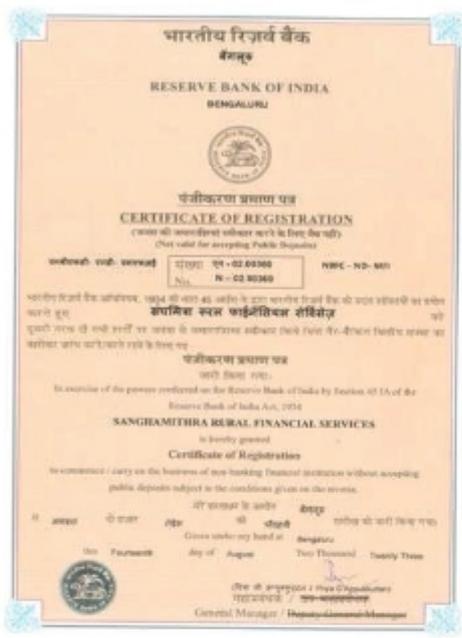




## Sanghamithra Rural Financial Services



Sanghamithra is a “Not-for-Profit” Company Regd. under Sec.25 of Cos. Act, 1956 (Now classified under Sec.8 of Cos. Act, 2013). on 15<sup>th</sup> February 1995 and is a Regulated Entity (RE) of RBI as **NBFC-ND-MFI** vide RBI Certificate of Registration dated 14<sup>th</sup> August 2023

## Award and Recognition during FY 2024-25



Sanghamithra Rural Financial Services - Water.org & Sa-Dhan Awards 2024 for excellence in Water and Sanitation Financing. Top Performing Microfinance Institution (AUM under ₹300 Cr.)



*Glorious  
30  
years*



Anniversary celebrations of Sanghamithra in 2000 Chief Guest Shri S.M. Krishna, Chief Minister, Mrs. Rohini Nilekani and Representative from CIDA on stage

Founder Chairperson Mr. Aloysius Prakash Fernandez with Her Highness the Queen of Netherlands and her family who visited SHGs & Watershed groups in Kolar Project



CEO Mr. Sunil Jadli and Chairperson with Associate Professors of Harvard Business School who are carrying out a pilot initiative in SRFS.

Founder Chairperson Mr. Aloysius Prakash Fernandez with former Hon'ble Chief Minister of Karnataka, Shri Nijalingappa in Chitradurga.



MFN Netherlands - Mid-term review visit and Interaction with tribal women at Ardhanaripura, Masiyabovidoddi and Sebinakobe villages, Mysuru Region with officials of SRFS, Mysuru Region

### Padmashree Award to our Chairperson in 2000



Founder Chairperson Mr. Aloysius Prakash Fernandez (*seated third from right*) with H.E. Hon'ble President of India, Shri K.R. Narayanan Ji ; and Hon'ble Prime Minister of India, Shri Atal Bihari Vajpayee Ji in 2000.

### Hon'ble Members of the Board of Sanghamithra along with CEO



Ms. Vidya Ramachandran; Shri RD Gadiyappanavar; Shri Arvind Risbud, I.A.S. (Retd.)  
Shri Doraiswami Ashok; Shri Vijaybhaskar, I.A.S. (Retd.); Shri Aloysius Prakash Fernandez;  
Shri Suresh K. Krishna; Shri Venkatesh Tagat and Shri Sunil Jadli, CEO.  
Not in pic. – Shri William D'Souza; and Shri BL Parthasarathy.



Mr. William D'Souza Director SRFS on his visit to Office of SIDBI with CEO



Mr. Venkatesh Tagat, Director SRFS with CEO Regional Managers and their teams at a training programme in Arepalyam in Tamil Nadu



Chairperson and CEO with Head Office Team



Heads of Departments of Head Office; Regional Managers and their Team



## *Message from Chairperson*

As I reflect on the completion of 30 years of Sanghamithra Rural Financial Services, it is a moment of immense pride and reflection on the journey we have undertaken together.

Our journey began in 1995 with the vision of MYRADA, which in the mid-1980s nurtured Self-Help Groups (SHGs) not just as microcredit institutions but as platforms for poor rural women to gain confidence and collectively solve their problems. Since MYRADA could build the capacity of SHGs but could not lend, SRFs emerged to fill this gap.

Sanghamithra has always sought to remain anchored in its principles. However, over the years, the microfinance ecosystem has witnessed significant disruptions. The Andhra crisis of 2010 led to the gradual weakening of SHGs. This gave rise to Joint Liability Groups (JLGs), while the entry of NBFCs and FinTechs—with their emphasis on speed, greed, and standardisation - changed the character of SHGs and, in turn, the entire microfinance sector in the country.

As the ecosystem evolved, Sanghamithra too had to innovate. In recent years, we piloted the JLG approach and direct lending models. However, when vertical JLG lending proved ineffective, it was abandoned. Instead, greater emphasis was once again placed on SHG lending, recognising the enduring strengths of the SHG framework. This learning has led us to design a SHG Hybrid Model - a blend of SHG institutional strengths with the efficiency of digital transactions. By retaining peer accountability of groups, this model aims to deliver sustainable and client-centric financial services.

A new strategy has emerged incorporating the proven strengths of the SHG model (which had provided excellent repayment performance) together with appropriate technology. The approach integrates the time-tested SHG method with direct disbursements to loanee members of SHGs and loan recovery from members through UPI, routed via the SHG's bank account, while giving priority to the interests of the client. Sanghamithra is sanguine that this proposed SHG Hybrid Loan Model, which brings together these features, will be sustainable over the long term.

We believe that risk in lending can never be fully removed, the lender's risk can be reduced by government regulations but the borrower is also at risk. Both the risk to the borrower and lender can be minimised not by top down directions but by involving the borrowers in the

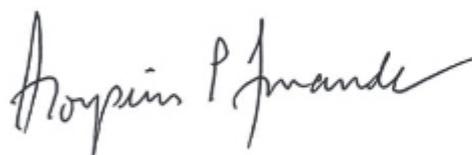
lending process as active partners not as beneficiaries. This ownership creates accountability, strengthens repayment discipline, and builds sustainability. Our priority, therefore, is not rapid expansion, but the reduction of NPAs to acceptable standards, ensuring a stable loan portfolio. Through our SHG hybrid lending model, we focus on borrower participation and community empowerment, laying the foundation for long-term stability and meaningful growth.

We are confident that this approach will help Sanghamithra move forward with stability and resilience. We remain committed to our founding values - fair lending, responsible finance, and partnership with communities - while embracing digital innovations that enhance access, efficiency, and impact.

On behalf of the Board, I extend my gratitude to our clients, partner NGOs and CMRCs banks, and funding institutions - both national and international - for their trust and support. I also place on record my appreciation for the dedication of our staff, who continue to serve in challenging environments with commitment and passion.

Together, we shall ensure that Sanghamithra continues to progress steadily - firm in its roots, yet adaptive to the future - upholding the spirit of microfinance as a tool for empowerment and inclusion and striving to retain its distinctive features as a MFI with a difference.

*Best Wishes,*



Aloysius Prakash Fernandez  
Chairperson

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## Our Lenders:

We are grateful to all the lenders who have been extending timely credit facilities to us at reasonable rates of interest.

### Commercial Banks

- ❖ State Bank of India, Specialised Agri Coml. Branch, Bengaluru.
- ❖ Indian Bank, Mid Corporate Branch, KG Road, Bengaluru.
- ❖ Canara Bank, Mid Corporate Branch, Bengaluru.
- ❖ Union Bank of India, Domlur Branch, Bengaluru.
- ❖ Bank of Baroda, Indiranagar Branch, Bengaluru.
- ❖ Bank of Maharashtra, Mid Corporate Branch, Bengaluru.
- ❖ Federal Bank Ltd., St. Mark's Road, Bengaluru.
- ❖ ESAF Small Finance Bank Ltd, Hulsoor, Bengaluru
- ❖ Bandhan Bank Ltd., Indiranagar, Bengaluru
- ❖ Karnataka Gramin Bank Ltd., Shamanur Branch, Davanagere
- ❖ Jana Small Finance Bank Ltd., Bengaluru.

### Financial Institutions

- ❖ SIDBI, Mumbai
- ❖ NABSAMRUDDHI Finance Ltd. Mumbai.
- ❖ NABKISAN Finance Ltd., Mumbai



Statutory Auditors  
**M/s. K.B. Nambiar & Associates**  
Chartered Accountants

Secretarial Auditor  
**Mr. Pramod S.**  
Company Secretary

## Board of Directors of Sanghamithra



**Mr. Aloysius Prakash Fernandez, M.A., L.Ph. B.Ph**

Founder Chairperson.

He worked in the World Bank and the Canadian International Development Agency and was the Executive Director of MYRADA, a premier NGO, for 28 years. He was Director of Corporation Bank, member of the Bangalore University Syndicate and of Dr. C. Rangarajan's Committee on Financial Inclusion. He was the first Chairperson of NABARD Financial Services Ltd (NABFINS).

He is popularly known as the "father of the SHG movement", which he pioneered in 1985, and took to scale with NABARD. He was conferred with the prestigious Padmashree by Govt. of India in 2000. He was honoured by Honourable Mr. Arun Jaitley, Finance Minister, Government of India, at a celebration to mark the Silver Jubilee of "SHG-Bank linkage Program" in the concept and implementation of which he and MYRADA played a major role.



**Mr. Vijaybhaskar, I.A.S. (Retd.) M.A.(Economics);**

MBA in Public Sector from University of Birmingham, UK

He joined IAS in 1983. He retired as Chief Secretary, Government of Karnataka on 31st December 2020 after 37 years of illustrious and unblemished service. In these 37 years, other than his distinguished tenure in district administration and coordination, he served for many years in various capacities in the administration of State Level Education and in Rural Development at National and State levels. Most of his professional experience has been in the fields of improvising basic needs like water supply, sanitation, school education, roads, agricultural development. After his retirement, Govt of Karnataka appointed him as the Chairperson of the Karnataka Administrative Reforms Commission 2 (KARC2) in January, 2021.

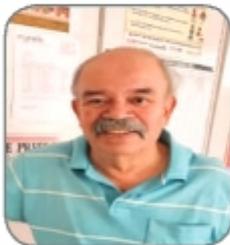


**Mr. Doraiswami Ashok**, B.Tech-IIT, Madras; and MBA-IIM, Bengaluru.

He is the CEO of Gossamer Consultants, Bengaluru (Strategy, Business Process improvement, Leadership development & Training) & a certified CEO / Executive Coach. He is also an Adjunct Faculty at IIM (Bangalore & Udaipur) and handles courses relating to Management Consulting, Service Strategy, Supply Chain management & MIS. He was the Office Managing Partner of PwC Bangalore, after having started the erstwhile Coopers & Lybrand's (C&L) Bangalore office and was a Partner in the Business Consulting Services of IBM Global Services, Bangalore.



**Dr. Venkatesh Tagat**, Ph.D in Soil and Water Management from Indian Agricultural Research Institute, New Delhi; DSE from Germany in Land Use Planning for Rural Development and Monitoring Evaluation in Development Projects); Post Graduate in Agronomy. He was Chief General Manager, NABARD, Bengaluru Regional Office. He was also Director on the Board of National Commodity & Derivatives Exchange Ltd, Mumbai and also a member on the Inter Ministerial Group on Agricultural Marketing, New Delhi. He retired as Chief General Manager, Business Initiatives Department of National Bank for Agriculture and Rural Development (NABARD), Head Office, Mumbai.



**Mr. Arvind G. Risbud, I.A.S. (Retd.)**, BE, MBA (University of Leeds).

A senior IAS Officer from the Government of Karnataka, he has served for over 35 years in various capacities in the Govt. of Karnataka as well as Govt. of India. He has worked as Deputy Secretary in Science & Technology, Ecology and Environment. He was the Chief Secretary, Zilla Panchayat, Kalaburagi. He was Secretary, Govt. of Karnataka in the Rural Development and Panchayat Raj. He took voluntary retirement to take on a challenging and satisfying task, as the Executive Director of MYRADA in 2009.



**Mr. Suresh K Krishna**, MA (Sociology); and an Alumnus of IIM-B.

He was Managing Director of Grameen Koota (currently Credit Access Grameen) since its inception till 2015 and Non-Executive Director till July 2017. He is the co-founder & CEO of Yunus Social Business Fund Bengaluru and co-founder & partner of Yunus Social Business India Initiatives and Grameen Shelters Pvt Ltd. He is co-founder and Chairperson of BUZZ India and the Managing Trustee of Navya Disha Trust, an NGO working to improve water, sanitation, financial literacy, supplementary education for school children.



**Ms. Vidya Ramachandran, M.A.**(Social work),  
M.Phil (Psychiatric social work).

She was vice - chair of Friends of Women's World Banking, and member of the Board of APMAS; she has been involved in the NGO sector for over three decades. As Program Officer in MYRADA and she led programs; policies related to gender and institution building. She was the Program Officer of the South Asian Partnership program supported by CIDA and initially housed in MYRADA. She is a governing body member in several institutions promoted by MYRADA.



**Mr. William D' Souza, B.Com,** Mysuru University.

He was Program Manager of MYRADA for many years and Executive Director of MYKAPS (Mysuru Kaveri Pradeshika Samsthe), Mysuru, covering a period of over 40 years. He has worked as MYRADA Project officer in Talawadi, Hosur / Dharmapuri and H.D. Kote and has promoted SHGs, Watershed Management Associations, School Better Committees and Farmer Collectives and in various programs related to agriculture, education, skills development and livelihoods. He managed major education programs in Hosur and Kote involving over twenty thousand children.



**Mr. B L Parthasarathy, M.A.** (Agri Economics); and a Management Graduate from IIM-B.

He has over 33 years of work in the development sector, specializing in financial inclusion, micro-banking and rural financial services. He was part of the team involved in establishing BASIX India in 1996, which was the pioneer in microfinance. He has held senior positions within BASIX group, including being the MD & CEO of KBS Local Area Bank, Hyderabad, India and MD & CEO of BASIX Consulting, MD & CEO of Alliance Microfinance in Myanmar. As part of consulting work, he has led consulting assignments in India, Bhutan, Nepal, Lao PDR, Cambodia, Timor Leste, Vietnam, Papua New Guinea as well as in Ethiopia, Kenya, Rwanda and Cameroon in Africa.



**Mr. Rudrappa Doddaholiappa Gadiyappanavar, M.Sc. (Agri) UAS, Bengaluru and CAIB.**

He has 35 years of experience in State Bank of India in various capacities from Technical Officer to Senior Executive Grade. He was Head of the prestigious Bangalore Main Branch of SBI as well as of Hubli. He was on the Board of Krishna Grameena Bank. After retirement he served as CEO of Sanghamithra from April 2007 to Nov.2022.

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## Chief Executive Officer



**Mr. Sunil Jadli. M.Sc. (Entomology), Acharya N G Agriculture University, Hyderabad.** Prior to joining Sanghamithra, Sunil worked with Jana Small Finance Bank, Axis Bank & BASIX group of companies (Bharatiya Samruddhi Finance Ltd, Indian Grameen Services, BASIX Krishi Samruddhi Ltd, Bhartiya Samruddhi Investments and Consulting Services Ltd) in various roles and capacities. He worked as a long-term advisor and set up an Agri finance unit for Nirdhan Utthan Bank Limited, Kathmandu, a project supported by the World Bank.

He also served as a technical consultant for the Small Farmers Agribusiness Consortium (SFAC) & Maharashtra Agricultural Competitiveness Project (MACP) projects in Maharashtra supported by Govt of India & World Bank respectively.

He received a Junior Research Fellowship from the Indian Council of Agricultural Research (ICAR) in 2001-02. Sunil has over 22 years of national and international experience with a blend of business operations & process re-engineering in Small Finance Banks and Micro Finance Institutions.



## About Sanghamithra

Sanghamithra Rural Financial Services (*hereinafter referred to as Sanghamithra or as SRFS*), is a Micro Finance Institution (MFI) registered as a company under Sec.25 of Companies Act, 1956 on 15<sup>th</sup> February 1995 (*Now classified under Sec.8 of Companies Act, 2013*).

Sanghamithra is a “Not-for-Profit” company and is limited by guarantee; it was promoted by Mysore Resettlement and Development Agency (MYRADA), an NGO registered under the Mysore Societies Registration Act, 1960 in the year 1968.

Though, Sanghamithra was formed in the year 1995, the lending operations commenced only in February 2000 after obtaining exemption under Sec.12A and Sec. 80G of Income Tax Act, 1961 and a grant of Rs.3 crores from CIDA. The above exemptions have been renewed periodically once in every five years by Income Tax Department. The current exemption under Sec.12A and Sec. 80G are valid till AY 2026-27.

Sanghamithra has since secured the “Certificate of Registration” from Reserve Bank of India (RBI) as a Non-Banking Finance Corporation - Non Deposit - Micro Finance Institution (NBFC-ND-MFI) vide RBI’s letter dated 14<sup>th</sup> August, 2023. Sanghamithra is a founder member of Sa-Dhan, a Self-Regulatory Organisation (SRO).

The Registered Office as well as Corporate Office of Sanghamithra is situated in Bengaluru. Presently, your company is operating in 4351 villages, 211 talukas and 34 districts in 5 States of Karnataka, Maharashtra, Tamil Nadu, Andhra Pradesh and Kerala through 134 Branches managed by 8 Regional Offices. Majority of the Branches are situated in rural areas; many of these Branches are located in socially and economically backward areas. The 8 Regional offices are situated in Bengaluru, Mysuru, Davanagere, Kalaburagi and Hubli in Karnataka, Latur in Maharashtra; and Erode and Dharmapuri in Tamil Nadu. The branches in Andhra Pradesh are linked to Kolar Region and Wayanad to Mysuru Region.

Sanghamithra strongly believes in lending for livelihood activities in partnership with people’s institutions like NGOs / Community Managed Resource Centres (CMRCs). Sanghamithra avails loans from various Banks / financial institutions and also receive grants / donations from national and international agencies. Sanghamithra has been assisting SHG members for undertaking construction of toilets and potable water to improve their health and hygiene since 2009-10 before Swachh Bharat Mission was launched by Government of India.

During the FY 2024-25, Sanghamithra secured Award from Sa-Dhan and Water.Org as “Top Performing MFI” for excellence in Water & Sanitation financing.

## Milestones

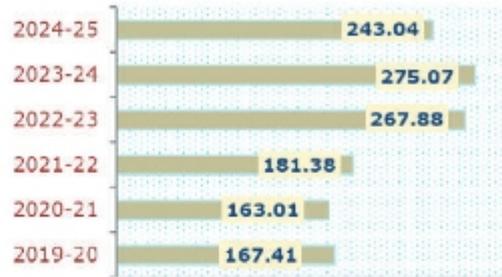
- 1995 : Sanghamithra was incorporated as “Not-for-Profit” company in 1995, probably the first “Not-for-Profit” MFI in the country.
- 
- 2000 : Commenced SHG Lending Operations
- : Founder Chairperson of Sanghamithra was awarded with the prestigious “Padmashree” Award
- 
- 2008 : Microfinance Excellence Award instituted by Royal Bank of Scotland (RBS) and Plan-Net Finance, presented by His Highness, Deputy High Commissioner, Netherlands
- 
- 2011 : Microfinance India Award under Small and Medium Category by Access Development Services and HSBC India
- 
- 2013 : India Microfinance Award - Microfinance Organisation of the Year (Medium) issued by Access Development Services and HSBC India
- 
- 2023 : Secured “Certification of Registration” as NBFC-ND-MFI from Reserve Bank of India on 14<sup>th</sup> August 2023.
- 
- 2024 : Secured the award as “Microfinance Organisation of the Year” from Access Development Services in collaboration with HSBC and Ministry of Finance
- : Sanghamithra was recognised as the **“Microfinance Organisation of the Year”** under medium category at the event organised by ACCESS Development Services, in partnership with HSBC India. The award was given by Dr. Vivek Joshi, Secretary, Govt. of India, Department of Financial Services, Ministry of Finance on 12<sup>th</sup> December 2023 during Inclusive Finance India Award 2023 at New Delhi.
- 
- 2024 : Digital Transformation : Introduced app-based loan recovery and implemented mobile applications and web systems
- 
- 2025 : Migrated to On-Line Loan Management System.
- : Secured Award from Sa-Dhan and Water.Org as “Top Performing MFI” for excellence in Water & Sanitation financing.
- : Sanghamithra acquired its existing Head Office building.
-

## Business Trends

**Loan Portfolio Growth (Rs. in crore)**



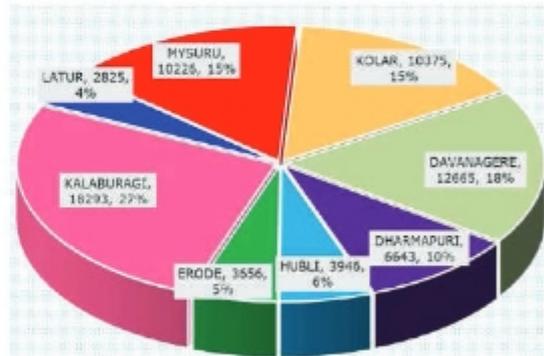
**Loan Disbursement (Rs. in crore)**



**Net Surplus (Rs. in crore)**



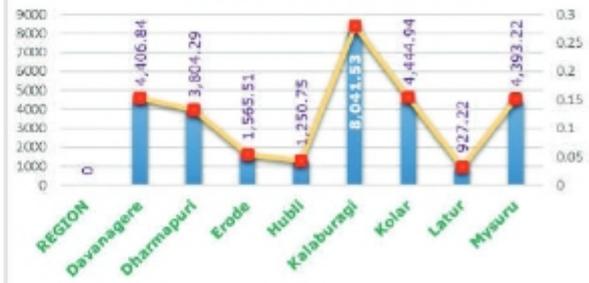
**No. of Members as on 31st Mar'25**



**Overdue and NPA (Rs. in crore)**



**Region-wise Share of Loan Portfolio as on 31st March 2025 - (Rs. in Lacs)**



## Senior Heads of Departments at Head Office



Mrs. Yashoda  
Head - HR



Mr. Rohan Mallick  
Head Learning & Devt.



Mr. Shankar  
Chief Financial Officer



Mr. Vidyasagar Bedida  
I.T. Strategy Advisor



Mr. Jayakumar  
Head - Internal Audit



Mrs. Savitha  
Accounts Incharge



Mr. Prasad  
Senior Internal Auditor



Mr. Prakash  
Senior Internal Auditor



Mr. Donald  
Head – Infotech



Mr. Mukunda  
Regional Manager  
TIREN &  
TATKAL vertical



Mrs. Vinutha  
Compliance Officer

## Regional Managers

### Davanagere

No: 91/5E, Vishwa Bandhu DCM Layout,  
Near P.B. Road,  
Davanagere 577004  
Mob: 9364009579  
Email: davanagererm@sanghamithra.org



Mr. Nagaraju

### Kolar

2114, Hanumegowda Complex, Near  
KSRTC Bus Stand, MB Road  
Kolar 563101  
Mob: 9364088523  
Email: kolarm@sanghamithra.org



Mr. Basavanna

### Kalaburagi

No. 1-1165/17F, Aiwan-E-Shahi,  
Near Govt. Poly Tech. College,  
Kalaburagi 585102  
Mob: 9364898015  
Email: Kalaburagim@sanghamithra.org



Mr. Ravi Kumar

### Latur

B/2/815, Ram Nagar, Behind Parijat  
Mangal Karyalaya, AUSA Road  
Latur 413531  
Mob: 9364897413  
Email: laturm@sanghamithra.org



Mr. Shivayogappa

### Mysuru

No.1130/1, Behind RTO, Dr. Ambedkar  
Road, Chamaraj Mohalla, Mysuru 570005  
Mob: 9865757820  
Email: mysorerem@sanghamithra.org



Mr. Mahadevaswamy

### Dharmapuri

No.18, Nedumaran Nagar, Near Ranga  
Dept Stores, Dharmapuri 636701  
Mob: 9865643800  
Email: dharmapurim@sanghamithra.org



Mr. Chellapandian

### Erode

No. 21, Veeramunivar Street. Teachers  
Colony, Dr. Radhakrishna Road, Near DC  
Office, Erode 638011  
Mob: 9364899759  
Email: eroderem@sanghamithra.org



Mr. Loganathan

### Hubli

No. 1/176, 4<sup>th</sup> Cross, Near  
Kariyammadevi Temple,  
Gandhinagar, Hubli 580030  
Mob: 9364009605  
Email: dharwadrm@sanghamithra.org



Mr. Manjappa

# Notice of the 30th Annual General Meeting

To  
All the Members  
Sanghamithra Rural Financial Services

Notice is hereby given that the 30th Annual General Meeting of the company will be held at the Registered Office of the company situated at No.612, 1C Main Road, Domlur Layout, Bengaluru 560071, Karnataka, India at 11 A.M on Wednesday, the 24<sup>th</sup> September, 2025 to transact the following business.

## Ordinary Business:

**[1]. To consider and adopt the audited standalone financial statements for the financial year ending 31.03.2025, together with the reports of the directors and auditors thereon.**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **“Ordinary Resolution”**.

**“RESOLVED THAT** the Audited Financial Statements of the company for the financial year ending 31.03.2025, together with the reports of the Board and Auditors thereon be and are hereby received, considered, and adopted”.

**“RESOLVED FURTHER THAT** any of the Directors of the company be and are hereby authorised to certify and file e-forms with Registrar of Companies and to do all such acts, deeds, and things as may be required to give effect to this resolution”.

## Special Business:

**[2]. Regularisation of Mr. Takkalapati Mahadeva Naidu Vijaybhaskar (DIN: 06688932) the Additional Director as Director of the Company.**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **“Ordinary Resolution”**.

**“RESOLVED THAT** pursuant to the provisions of section 149, 152, 160 and all other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Articles of Association of the Company and other applicable laws, Mr. Takkalapati Mahadeva Naidu Vijaybhaskar (DIN: 06688932) who was appointed as an Additional Director on December 04, 2024, by the Board of Directors pursuant to section 161 of the Act, who holds office only up to the date of ensuing Annual General Meeting of the Company in respect of whom the Company has received a notice in writing, proposing the candidature of Mr. Takkalapati Mahadeva Naidu Vijaybhaskar (DIN: 06688932) for the office of the Director, consent of the members be and is hereby accorded to appoint Mr. Takkalapati Mahadeva Naidu Vijaybhaskar (DIN: 06688932) as a Non-executive Director of the Company.”

**“RESOLVED FURTHER THAT** Form DIR-2 consenting to act as director and Form DIR-8 declaration for non-disqualification as provided by Mr. Takkalapati Mahadeva Naidu Vijaybhaskar (DIN: 06688932) be and is hereby approved and any of the Directors of the Company be and is hereby authorized to digitally sign form and submit with the Registrar of Companies and to update the Register of Director maintained by the Company under the relevant provision of the Companies Act, 2013 and do all other acts, deeds, matters and things to give effect to this resolution.”

**“RESOLVED FURTHER THAT** CS. Pramod. S, Company Secretary in Practice be and is hereby authorized to sign e forms to be filed with the Registrar of Companies.”

By Order of the Board of Directors  
For Sanghamithra Rural Financial Services

Sd.

Aloysius Prakash Fernandez  
Founder Chairperson and Director  
DIN: 00027034

No.612, 1C Main Road, Domlur Layout,  
Bengaluru 560071

Date: 25<sup>th</sup> June 2025

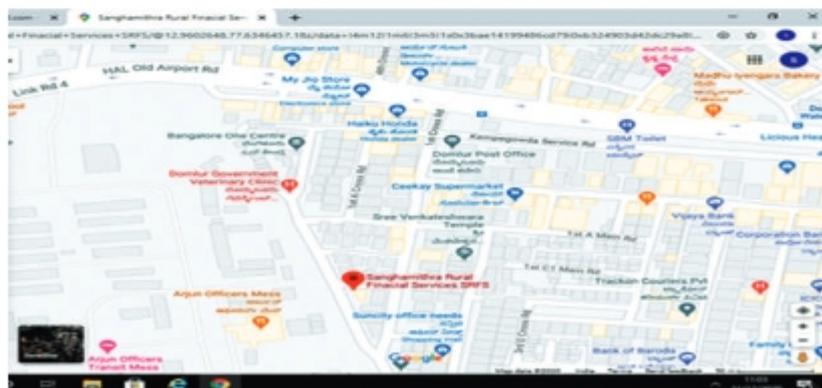
Place: Bengaluru

#### Notes:

1. Document relating to any of the items specified in the notice are open for inspection at the registered office of the company on any working day during business hours.
2. Members requested to notify to the company, immediately, of any change in their Postal Address, Email ID and Phone Number.
3. Members are requested to bring the attendance slips along with their copies of the Notice to the meeting.
4. Route map and prominent landmark for easy location of the venue of the Meeting.

Google Map Link: WEB: <https://goo.gl/maps/f5rMacPw4bphbjTw7>

ANDROID: <https://maps.app.goo.gl/JvFrn2sxqcmf9pqY6>



## Explanatory Statement

*(pursuant to Section 102(1) of the Companies Act, 2013)*

The following explanatory statement pursuant to Section 102 of the Companies Act, 2013 ("Act") sets out all material facts relating to the special business mentioned at item No.2 of the accompanying notice dated 25.06.2025.

### Special Business:

#### Item No. 02:

The Board of Directors had, in order to strengthen the Board, appointed Mr. Takkalapati Mahadeva Naidu Vijaybhaskar (DIN: 06688932) as Additional Director of the Company under the provisions the Companies Act, 2013 with effect from December 04, 2024 to hold office up to the conclusion of the ensuing Annual General meeting. Notice in writing from him has been received by the Company under Companies Act, 2013 signifying his intention to propose his candidature for appointment as Director of the Company. The Board recommends the passing of the Ordinary Resolution as set out in the Item no. 02 of the Notice for the appointment of Mr. Takkalapati Mahadeva Naidu Vijaybhaskar (DIN: 06688932) as a Non-Executive Director.

Except Mr. Takkalapati Mahadeva Naidu Vijaybhaskar (DIN: 06688932), none of the directors or their relatives are interested as contemplated in the provisions of Section 102 of the Companies Act, 2013 in any way, financially or otherwise, concerned or interested in the resolution.

By Order of the Board of Directors  
For Sanghamithra Rural Financial Services

Sd/-

Aloysius Prakash Fernandez  
Founder Chairperson and Director  
DIN: 00027034

Place: Bengaluru  
Date: 25<sup>th</sup> June 2025

## Attendance Slip

30<sup>th</sup> ANNUAL GENERAL MEETING dated 24<sup>th</sup> September 2025

Registered Folio No.:

Number of shares held: NA

I/We hereby record my/our presence at the 30<sup>th</sup> Annual General Meeting of the company at No.612, 1C, Main Road, Domlur Layout, Bengaluru - 560071, Karnataka, India, on Wednesday, the 24<sup>th</sup> September, 2025.

Name of the Member:

Signature:

Notes:

1. Only Member/Proxyholder can attend the Meeting.
2. Please complete the Folio No. and name of the Member, sign this Attendance Slip and hand it over, duly signed, at the entrance of the Meeting Hall.

# Directors' Report 2024-25

Dear Members,

Sanghamithra Rural Financial Services

Your Directors take pleasure in presenting the 30<sup>th</sup> Annual Report together with the audited financial statements of your company for the year ended March 31, 2025.

## 1.0 Financial Results and Operations

(Rs. in lakhs)

Particulars		As on 31-03-2025	As on 31-03-2024	Absolute growth	Growth in %
a.	Income from operations	6,552.33	5,240.23	1,312.10	25.04%
b.	Total Other income	484.07	364.02	120.05	32.97%
b.	Total income	7,036.40	5,604.25	1,432.15	25.55%
d.	Total Expenditure	5,269.07	4,374.92	894.15	20.44%
e.	Surplus	1,767.33	1,229.33	538.00	43.76%

### 1.1 Income:

The total income has increased to Rs.7036.40 lakhs for the year ended 31.03.2025 as against Rs.5604.25 lakhs as compared to corresponding period in the previous year ended 31.03.2024, thereby registering a growth of 25.55%. The interest income from operations has also increased to Rs.6552.33 lakhs (FY'25) from Rs.5240.23 lakhs (FY'24). This was possible due to increase in average loan portfolio during the entire year, despite reduction in level of portfolio to Rs.29032.64 lakhs as on 31.03.2025 as compared to Rs.30402.78 lakhs during the corresponding period in the previous year as on 31.03.2024.

### 1.2 Other Income:

The other income has improved to Rs.484.07 lakhs during FY'25 as against Rs.364.02 lakhs in the corresponding previous FY'24, with a growth of 32.97%. This was due to increase in processing fees (1% on loans disbursed) which led to improvement in income to Rs.216.06 lakhs (FY'25) as against Rs.153.65 lakhs (FY'24).

### 1.3 Expenditure:

Along with improvement in Income, the expenditure has also increased to Rs.5269.07 lakhs during the year ended 31.03.2025 from Rs.4374.92 lakhs during the corresponding previous year ended 31.03.2024. This increase in expenditure was mainly due to increase in cost of Bank borrowings to Rs.2779.84 lakhs during the FY 2024-25 from Rs.2296.39 lakhs in the corresponding previous FY 2023-24 which works out to an increase by 21.05% consequent to increase in REPO rate by RBI, increase in employee expenses by 25.68%, Other miscellaneous expenses have also increased by 35.06% due to payment of incentives of 1% to 2% to CMRCs and NGOs on the loan amount disbursed/ repaid and rentals for the office buildings taken on hire.

### 1.4 Surplus:

Excess of Income over Expenditure, i.e., a surplus of Rs.1767.33 lakhs has been registered for the FY'25 as against Rs.1229.33 lakhs registered in the corresponding period of previous FY'24, which is an increase of 43.76% in view of [i] increase in the average portfolio throughout the year; [ii] deposit of daily collection proceeds to Sanghamithra's Bank account thereby reducing interest cost on borrowings; and [iii] booking of direct business (i.e., without the involvement of partners, thereby saving of 1% to 2% of incentives payable).

## 2.0 Review of operations as on 31.03.2025

(Amount Rs.in lakhs)

Particulars	As on 31.03.2025	As on 31.03.2024	Absolute growth	Growth in % (YoY)
No. of Branches	134	114	20	17.54%
No of members	68629	72393	-3764	-5.20%
No. of active loan accounts	83827	95098	-11271	-11.85%
No. of unique borrowers disbursed	34775	40545	-5770	-14.23%
No of loan accounts disbursed	37816	51586	-13770	-26.69%
Loan disbursed (Rs.in Lakhs)	24304.75	27500.64	-3195.89	-11.64%
Total No. of staff	254	236	18	7.63%
No. of Loan Officers – (Credit Officers, Area Managers)	173	174	-1	-0.57%

Particulars	As on 31.03.2025	As on 31.03.2024	Absolute growth	Growth in % (YoY)
<b>Financial Parameters</b>				
Loan Portfolio (Rs. in Lakhs)	29032.64	30402.78	-1370.14	-4.50%
Surplus	1767.33	1229.33	538.00	43.76%
Yield (%)	22.04	20.42	-1.62	7.93%
Average Cost of Funds (%)	11.78	11.54	0.24	2.08%
NIM (%)	10.26	8.83	1.43	16.19%
<b>Efficiency Parameters</b>				
Operating Cost Ratio	6.98	7.29	-0.31	-4.25%
Collection Efficiency (%)	97.82	99.75	-1.93	-1.93%
<b>Asset Quality</b>				
Gross NPA (Rs. in lakhs)	152.00	135.00	17.00	12.59%
Gross NPA (%)	0.52	0.44	0.08	18.18%
Net NPA (Rs. in lakhs)	0	0	0	0
Net NPA (%)	0	0	0	0
Provision held (Rs. in lakhs)	645.87	386.51	259.36	67.10%
<b>Sustainability Ratio</b>				
Operational Self Sufficiency [%]	133.69	128.10	5.59	4.36%
<b>Other Ratios</b>				
CAR %	36.51	28.62	7.89	27.57%
ROA %	4.85	3.59	1.26	35.10%
RNW %	16.73	14.13	2.60	18.40%
Debt-Equity ratio	2.31	2.84	-0.53	-18.66%
Write-Off ratio %	0.41	0.52	0.11	21.15%

The collection efficiency has marginally reduced to 97.82% during the FY'25 from 99.75% during the previous FY'24. The above reduction was due to market related issues in microfinance industry, for e.g., public outcry on reported suicidal deaths in Karnataka in microfinance industry. The Govt. of Karnataka issued an Ordinance for rectifying irregular practices of coercion, etc., during recoveries. Also, due to problems of excessive debt of MFI clients, aggressive lending by NBFC-MFIs and MFIs, higher lending rates, irregular recovery practices. To mitigate these current challenges, the Self-Regulatory Organisations (SROs) of MFIs, viz., [a] Sa-Dhan; and [b] MFIN, came out with stricter guidelines by bringing in cap on extending loans not exceeding Rs.2 lakhs per client. Also, the SROs restricted the MFIs not to lend to those borrowers who have loan exposure to more than 3 lenders.

The gross NPA level stood at Rs.152.00 lakhs as on 31.03.2025 as against Rs.135.00 lakhs in the previous year ended 31.03.2024, which is a marginal increase. With this, the Gross NPA percentage level has marginally increased to 0.52% as on 31.03.2025 from 0.44% as at the previous year ended 31.03.2024. Notwithstanding, the above level of Gross NPA is possibly, one of the best Gross NPA levels recorded by the company *vis-à-vis* MFI industry due to Sanghamithra's partnership strategy with NGOs and hybrid model adopted resulted in consistent follow up and recovery by Sanghamithra.

## **2.01 Dividend**

Sanghamithra is a Sec.8 company and is limited by guarantee. Hence payment of dividend is not applicable.

## **2.02 Reserves**

The company has transferred the entire surplus after provision for reserve fund to augment increase in "Net Owned Funds (NOF)" which in turn is providing higher confidence to Banks / Financial Institutions for extending loans to Sanghamithra for on-lending to rural women members of SHGs under priority sector.

## **2.03 Any change in the nature of business**

During the year under review, there was no change in the nature of business of the company. The interest rate remains unchanged at 22% p.a.

## **2.04 Processing Fee**

Sanghamithra has been collecting Loan Processing Fee / charge at 1% + GST with effect from 01.10.2023.

## **2.05 Penal Interest**

Sanghamithra is not collecting penal interest on account of [i] delayed repayment; and/or [ii] pre-payment / bulk repayment of loan.

## **2.06 Deposits**

Your company is registered under Sec.25 of the Companies Act, 1956 (currently read as Sec.8 of Companies Act, 2013). Sanghamithra being a NBFC-ND-MFI, it is not permitted by RBI for accepting deposits. As such we are not accepting deposits either from the public or from our clients and hence the provisions of Sec.125(2) of the Companies Act, 2013 were not applicable to the company, during the Financial Year 2024-25.

## **2.07 Disbursements**

During the year under review, your company disbursed a sum of Rs.24304.75 lakhs largely to 37,816 members of Self-Help Groups.

## **2.08 Statutory Compliance**

### **2.08.1 Share Capital / Authorised Capital / Paid up capital / Dividend/ Earnings per Share**

Sanghamithra is a Sec.8 company and is limited by guarantee. Hence it is not applicable.

## **2.09 Companies Act, 2013**

### **2.09.1 Particulars of loans given by the Directors and/or their relatives to the company**

During the year the company has not received any loan from its Directors and/or their relatives.

### **2.09.2 Particulars of contracts or arrangements with related parties referred to in Sec. 188(1)**

There are no transactions with related parties in the ordinary course of the company's business that are required to be disclosed under Sec. 188 of the Companies Act, 2013, hence not applicable.

### 2.09.3 Conservation of energy through technology absorption, foreign exchange earnings and outgo

<i>Sl.</i>	<i>Issue</i>	<i>Remarks / Compliance</i>
[A]	Conservation of energy - Steps taken / impact on conservation of energy, with special reference to the following	Not applicable. company's operation does not consume significant amount of energy
	[i] Steps taken by the company for utilising alternate sources of energy including waste generated	
	[ii] Capital investment on energy conservation equipment	Not applicable. company's operation does not consume significant amount of energy
[B]	Technology absorption	
[i]	[i] Efforts, in brief, made towards technology absorption.	Not applicable.
[ii]	[ii] Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Not applicable.
[ii]	[a] In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished: [b] Details of technology imported. [c] Year of import. [d] Whether the technology been fully absorbed [e] If not fully absorbed, areas where absorption has not taken place, and the reasons therefore.	NIL
	[iii] Expenditure incurred on Research and Development	NIL
[C]	Foreign exchange earnings and Outgo: [i] Foreign exchange Earnings [ii] Foreign exchange Outgo	NIL NIL

### 2.10 Annual Return

Pursuant to Sec.134(3) (a) Companies Act, 2013 your company shall place the Annual Return as referred to in Sec.92(3) of the Cos. Act, 2013 in the web address of the company [www.sanghamithra.org](http://www.sanghamithra.org)

## 2.11 Corporate Social Responsibility (CSR)

As on March 31, 2025, the CSR Committee consists of the following members:

No.	Name of the Directors	Designation
1.	Mr. Ashok Doraiswami	Chairman of the Committee
2.	Mr. William D'Souza	Member of the Committee
3.	Ms. Vidya Ramachandran	Member of the Committee

Particulars of disclosures as required under Sec. 135(4) and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this report as “**Annexure-A**” vide Page No.41.

The Corporate Social Responsibility Policy of the company has been annexed as “**Annexure-B**” vide Page No.45. to this report and has also been placed on the website of the company under the following link: <https://sanghamithra.org>

## 2.12 Auditors

### 2.12.1 Inspection by Reserve Bank of India (RBI)

- Sanghamithra was a MFI till 13.08.2023.
- Sanghamithra secured “Certificate of Registration” as NBFC-ND-MFI from RBI on 14.08.2023.
- During the period from August 2023 to March 2025, Sanghamithra has not been subjected to RBI Inspection.

### 2.12.2 Statutory Auditor

The Board of Directors has appointed M/s. K.B. Nambiar and Associates, Chartered Accountants (Firm Registration No. 002313S), Bengaluru as statutory auditors of the company.

### 2.12.3 Secretarial Auditor

Pursuant to the provisions of Sec.204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed Company Secretary Mr. Pramod S. (ICSI Membership No: A36020 and COP 13335) Practicing Company Secretary, Bengaluru, to conduct Secretarial Audit of the company.

Further the company has received the Secretarial Audit report for the FY 2024-25 and annexed to this report as Annexure-C.

#### **2.12.4 Internal Audit**

Pursuant to Provisions of Sec.138(2) of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, your company has engaged the services of Mr. Jayakumar an experienced Banker (retired) on a full-time basis and he has been designated as Internal Auditor. The summary of periodical Branch Audit Reports received from various in-house internal auditors was placed before the Audit Committee in its meetings at quarterly intervals.

#### **2.12.5 Concurrent Audit**

For many years, Sanghamithra had been maintaining manual accounting (since migrated to online loan management system) and consolidation being made in "Tally" accounting. Thereby, while Concurrent Audit had been taking care of scrutiny of books / vouchers/ statements, etc., of Head Office and Regional Offices, the Internal Audit has been carrying out only Branch Audits. The Summary of the income leakages detected in Concurrent Audit are placed before Audit Committee along with Internal Audit Report.

### **2.13 Reporting of Fraud**

Details in respect of frauds are reported by the Auditors under Sub-Sec.(12) of Sec.143 other than those which are reportable to the Central Government.

During the year there were no instances of frauds reported by the auditors under Sub-Sec.(12) of Sec.143 other than those which are reportable to the Central Government.

### **2.14 Vigil Mechanism**

The Audit Committee has formulated a vigil mechanism which provides adequate safeguards against victimisation of employees and Directors and has instituted a proper risk management.

We have initiated several measures including termination of staff involved in frauds and filing of FIR with the jurisdictional police stations. Wherever FIRs are lodged or cases filed, we are regularly following up the cases.

### **2.15 Compliance of Secretarial Standards**

During the year under review, all necessary requirements as per Secretarial Standards have been complied with.

### 3.0 Corporate Governance

#### 3.1 Details of Directors / Key Managerial Personnel (KMP) appointed / resigned / change in designation; during the year:

During the year under review following are the changes in the composition of Board of Directors, i.e., Mr. T. M. Vijaybhaskar has been appointed as an additional Director of the company w.e.f. 4<sup>th</sup> December 2024.

The following are the Directors and/or Key Managerial Personnel (KMP) of the company as on 31<sup>st</sup> March, 2025:

No.	Name	DIN/PAN	Designation
1.	Mr. Aloysius Prakash Fernandez	00027034	Chairperson & Director
2.	Mr. T. M. Vijaybhaskar	06688932	Director
3.	Mr. Doraiswami Ashok	01966970	Director
4.	Mr. Risbud Gajanan Arvind	02992447	Director
5.	Ms. Vidya Ramachandran	00029690	Director
6.	Mr. Venkatesh Tagat	02728441	Director
7.	Mr. Suresh Kodihalli Krishna	01217401	Director
8.	Mr. William D'Souza	00029667	Director
9.	Mr. Rudrappa Doddaholiyappa Gadiyappanavar	08624146	Director
10.	Mr. Parthasarathy Lakshmaiah Bangalore	00408273	Director
	Mr. Sunil Jadli	AFMPJ6577Q	CEO

The provisions of Sec. 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 relates to the appointment of Key Managerial Personnel are NOT applicable to this company.

### 3.2 Meetings held

The Board of Directors duly met four (4) times during the FY 2024-25 in respect of which proper notices were given and the proceedings were properly recorded and signed in accordance with the provisions of the Companies Act, 2013 and rules made thereunder as follows:

Name of the Board Members	Total attendance (in %)	Board Meeting attendance record for FY 2024-25			
		12 <sup>th</sup> Jul 2024	27 <sup>th</sup> Sep. 2024	04 <sup>th</sup> Dec. 2024	05 <sup>th</sup> Mar. 2025
Mr. Aloysius Prakash Fernandez	100	✓	✓	✓	✓
Mr. T.M. Vijaybhaskar	100	NA	NA	NA	✓
Mr. Doraiswami Ashok	75	LOA	✓	✓	✓
Mr. Risbud Gajanan Arvind	100	✓	✓	✓	✓
Ms. Vidya Ramachandran	100	✓	✓	✓	✓
Mr. Venkatesh Tagat	75	✓	LOA	✓	✓
Mr. Suresh K Krishna	100	✓	✓	✓	✓
Mr. William D' Souza	50	LOA	✓	✓	LOA
Mr. R.D. Gadiyappanavar	100	✓	✓	✓	✓
Mr. Parthasarathy Lakshmaiah Bangalore	50	✓	✓	LOA	LOA

LOA = Leave of absence -- NA = Not Applicable

### 3.3 Committees of the Board

Following were the various Committees of the Board and their composition as at the financial year ended 31<sup>st</sup> March, 2025 together with the particulars on number of Committee Meeting(s) held during the year under review. The sub-committee members share the outcome of the deliberations with the Board and minutes of the meeting are circulated to all the Board Members.

#### 3.3.1 Audit Committee of the Board

The company has formulated an Audit Committee of the Board as required under Sub-Sec.(1) of Sec.177 of the Companies Act, 2013 read with Rule-6 of the Companies (Meetings of Board and its Powers) Rules, 2014.

During the financial year 2024-25, the Committee met 4 (four) times on 12.07.2024, 27.09.2024, 04.12.2024 and 04.03.2025. As on March 31, 2025 the Audit Committee consists of following members:

No.	Name of the Directors	Designation
1.	Mr. Venkatesh Tagat	Chairman of the Committee
2.	Ms. Vidya Ramachandran	Member of the Committee
3.	Mr. Parthasarathy Lakshmaiah Bangalore	Member of the Committee

During the year, there were no instances where the Board had not accepted any recommendation of the Audit Committee.

### 3.3.2 Risk Management Committee

Risk Management Committee has the following members. During the financial year 2024-25, the Committee met 4 (Four) times on 12.07.2024, 27.09.2024, 04.12.2024 and 04.03.2025.

No.	Name of the Directors	Designation
1.	Mr. Suresh K. Krishna	Chairman of the Committee
2.	Ms. Vidya Ramachandran	Member of the Committee
3.	Mr. Parthasarathy Lakshmaiah Bangalore	Member of the Committee

The Committee meets once in a quarter prior to the Board Meeting. The Sub-Committee members share the outcome of the deliberations with the Board and minutes of the meeting are circulated to all the Board Members. Four quarterly meetings were held during the year under review.

### 3.3.3 Asset Liability Management Committee (ALCO)

Asset Liability Management Committee; has the following members. During the financial year 2024-25, the Committee met 2 (Two) times on 04.12.2024 and 04.03.2025. Prior to December 2024, ALCO was part of Risk Management Committee.

No.	Name of the Directors	Designation
1.	Mr. Parthasarathy Lakshmaiah Bangalore	Chairman of the Committee
2.	Mr. Suresh K. Krishna	Member of the Committee
3.	Ms. Vidya Ramachandran	Member of the Committee

The Committee meets once in a quarter prior to the Board Meeting. The Sub-Committee members share the outcome of the deliberations with the Board and minutes of the meeting are circulated to all the Board Members. Four quarterly meetings were held during the year under review. Constant monitoring of Asset-Liability Management (ALM) is required to ensure that the required level of liquidity is maintained.

### 3.3.4 Corporate Social Responsibility (CSR) Committee

As per Sec. 135 of the Companies Act, 2013, the companies which are having net worth of Rs.500 crore, turnover of Rs.1000 crore or more or net profit of Rs.5 crore or more during any financial year shall be required to constitute a CSR Committee effective from 1<sup>st</sup> April, 2014.

CSR Committee has the following members:

No.	Name of the Directors	Designation
1.	Mr. Doraiswamy Ashok	Chairman of the Committee
2.	Ms. Vidya Ramachandran	Member of the Committee
3.	Mr. William D'Souza	Member of the Committee

The CSR Committee in pursuance of Sec. 135 of the Companies Act, 2013 is required to carry out the following activities:

Formulate and recommend to the Board a CSR policy which will indicate the activities to be undertaken by the company and recommend the amount of expenditure to be incurred and monitor the CSR policy of the company from time to time.

Accordingly, the sub-Committee identified the broad sectors keeping in view of the objectives of Sanghamithra:

- [i] Eradication of hunger.
- [ii] Preventive healthcare.
- [iii] Improvement of hygiene and sanitation.
- [iv] Provision for potable drinking water.
- [v] Promote rural development projects related to Water, Sanitation & Environmental issues.
- [vi] Education fees for children of SHG members.
- [vii] Assistance to educational institutions and skills development program.
- [viii] Training of Self-Help Groups.

### 3.3.5 Human Resources Management Committee

The following are the members of the Committee

No.	Name of the Directors	Designation
1.	Mr. Suresh K. Krishna	Chairman of the Committee
2.	Mr. Doraiswamy Ashok	Member of the Committee
3.	Ms. Vidya Ramachandran	Member of the Committee

The Committee met on three occasions and deliberated on salary revision, service rules and staff training. The dates of such meetings were on 10.08.2024 ; 25.09.2024; and 21.12.2024.

### 3.4 Re-appointment of an independent director after completion of 5-year term

Sanghamithra is a Sec.8 company and is exempted from the class of Companies stipulated in Sub-Sec. 4 of Sec.149 of the Companies Act, 2013 and rules made there under. Consequently, the company is NOT required to re-appoint any independent directors.

### 3.5 A statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year

There were no appointments of independent directors during the FY 2024-25. Therefore, statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year is not required.

### 3.6 Declaration by Independent Directors

Sanghamithra is a section 8 company, is not required to appoint Independent Directors under Section 149(4) and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014. Hence this is not applicable to our company.

### 3.7 Evaluation

**A statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors:**

Rule-8(4) of the Companies (Accounts) Rules, 2014 stipulates that every listed company and every other public company having a paid-up share capital of Rupees Twenty five crore or more calculated at the end of the preceding financial year shall include, in the report by its Board of Directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors.

The company is a Sec.8 company limited by guarantee and accordingly the aforesaid statement indicating the manner in which formal annual evaluation being made by the Board of its own performance and that of its Committees and individual Directors is not required.

### **3.8 Directors' Responsibility Statement**

Pursuant to the requirement under Sec.134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) 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 and loss of the company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis;
- (e) The directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively- The company being Sec.8, the said provision is not applicable.
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **3.9 Compliance under Sexual Harassment on Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

We have endeavored to ensure a safe, secure and congenial work environment at Sanghamithra where all employees can deliver their best without any fear or inhibition. In pursuance of this objective, we have evolved a "Sexual Harassment at the workplace prevention, prohibition and redressal) policy" and complied with the Sexual Harassment at the Workplace Act, 2013. We issued detailed guidelines regarding the redressal mechanism and constituted a redressal committee.

The members of the Committee are:

- [i] Ms. Savitha. Y - Senior Female Staff SRFS
- [ii] Mr. Nagaraju HM – Senior Male Staff SRFS
- [iii] Ms. Chandra Singh – External person (NGO)
- [iv] Ms. Stella Mary – Female Staff SRFS

Since the company has more than 10 employees, the Committee as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal Act, 2013) is in place. The company has not received any complaints pertaining to Sexual Harassment at the workplace during the financial year.

### **3.10 Disclosure, as to whether maintenance of cost records as specified by the central government under Sub-Sec. (1) of Sec.148 of the Companies Act, 2013, is required by the company and accordingly such accounts and records are made and maintained**

The company is not required to maintain cost records as specified by the Central Government under Sub-Sec.(1) of Sec.148 of the Companies Act, 2013.

### **3.11 Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made**

[i] By the auditor in his report;	No adverse remarks
[ii] By the company secretary in practice in his secretarial audit report;	The Report of the Secretarial Audit in Form MR.3 for the financial year ended March 31, 2025, is enclosed as <b>Annexure-C</b> to this Report.  There are no qualifications, reservations, adverse remarks or disclaimers given by the Secretarial Auditor in the Report

### **3.12 Issue of equity shares with differential rights**

Sanghamithra is a Sec.8 company, limited by guarantee. Hence, the situation of issue of shares shall not arise.

### **3.13 Issue of sweat equity shares**

Sanghamithra is Sec. 8 company and is limited by guarantee. Hence the situation of issue of Sweat equity shares shall not arise.

### **3.14 Employees Stock Option Scheme**

Sanghamithra is a Sec.8 company limited by guarantee. Hence it is not applicable.

### **3.15 Transfer of amounts to Investor Education and Protection Fund**

Your company did not have any funds lying unpaid or unclaimed. Therefore, there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

### **3.16 Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees**

Sanghamithra is a Sec. 8 company limited by guarantee. Hence the situation of making provision for money for purchase of its own shares shall not arise.

### **3.17 A statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any which in the opinion of the Board may threaten the existence of the company**

The company follows well established and detailed risk assessment and minimisation procedures, which are periodically reviewed by the Board. The company has in place a business risk management framework for identifying risks and opportunities that may have a bearing on the organisation's objectives; assess in terms of likelihood and magnitude of impact and determines a response strategy.

### **3.18 Details of commission / remuneration received by a managing Director/whole-time Director of the company from the company's holding or subsidiary company**

The company does not have any holding or subsidiary company during the year. Hence it is not applicable.

### **3.19 Material changes and commitments**

There has been no material changes and commitments affecting the financial position of the company which has occurred between the end of the financial statements of the company to which the financial statements relate and the date of report.

### **3.20 In case of a company covered under Sub-Sec.(1) of Sec.178, company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Sub-Sec.(3) of Sec.178**

Sanghamithra is a Sec.8 company, hence coming under the privilege of being exempted under the class of Companies stipulated in Sec. 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. Consequently, the company is not required to constitute "Nomination and Remuneration Committee of the Board" and hence is not required to furnish details of company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Sub-Sec.(3) of Sec.178.

### **3.21 Particulars of loans, guarantees or investments under Sec.186 during the financial year**

• Details of any loan given to any person or other body corporate;	NIL
• Details of any guarantee given or security provided in connection with a loan to any other body corporate or person; and	NIL
• Details of acquisition by way of subscription purchase or otherwise, the securities of any other body corporate.	NIL
• If prior approval accorded by shareholders by special resolution in general meeting date of the general meeting.	NIL

### **3.22 Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future**

During the year under review there have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

### **3.23 Particulars of Top Ten Employees in terms of remuneration drawn**

Pursuant to Rule 5(2) The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014).

A statement containing names of employees:

- (i) Employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than Rupees One crore; and Two lakhs. ===== NIL.
- (ii) Employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Rupees Eight lakhs and fifty thousand, per month: ===== NIL.
- (iii) Employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company. ===== NIL.

### **3.24 The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year.**

There was no application made and there are no proceedings pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

### **3.25 The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof**

Not Applicable.

### **3.26 Compliance on RBI guidelines**

Sanghamithra is a NBFC-ND-MFI registered with RBI in the year 2023. Accordingly, we are adhering to the applicable Master Guidelines laid down by the regulator, RBI.

### **3.27 Voluntary revision of Financial Statements or Board Report**

Pursuant to Sec.131 of the Companies Act, 2013 and the rules made thereunder during the year, the company has not revised its Financial Statements or Board's Report for three preceding financial years.

### **3.28 Details in respect of adequacy of internal financial controls with reference to the Financial Statements**

The company has, in all material respects, developed and maintained an adequate internal financial control system operating effectively throughout FY 2024-25. The said internal financial controls are developed and updated from time to time considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **3.29 Acknowledgements**

The guidance / suggestions and support of my colleagues on the Board have given me the strength to lead Sanghamithra and to make it one of the respected models of an alternative Financial Institution.

The lenders like NABARD, SIDBI, Bank of Maharashtra, Canara Bank, Indian Bank, State Bank of India, Union Bank of India, Bank of Baroda, Bandhan Bank, Federal Bank, Karnataka Gramin Bank, Jana SFB; ESAF SFB, NABKISAN Finance Ltd., NABSAMRUDDHI Finance Limited, also the donors Canadian International Development Agency, Hope International Development Agency, CARE India, Sir Dorabji Tata Trust and Ms. Rohini Nilekani, Microkrediet voor Moeders (MVM), Netherlands, M/s. Rotary Cantonment, Bengaluru, have all evinced concern about the development of the company, by not only giving financial assistance, but also by their timely suggestions and guidance. This has given us strength and courage to take the right decisions.

The role of partner NGOs, Self-Help Groups (SHGs), Community Managed Resource Centres (CMRCs) and people institutions in developing the loan portfolio, in identification of Self-Help Affinity Groups (SAGs) and assessment of credit needs and in follow up and recovery etc., is commendable and appreciated.

I place on record and acknowledge with gratitude the valuable services of the Directors.

I am placing before you the audited financial Statement of the company. I sincerely thank our Statutory Auditors, M/s. K.B. Nambiar & Associates, Bengaluru for their timely auditing of the books of accounts. During the year they have rendered assistance in consolidating the Balance Sheet of the company.

The company has proved that our microfinance model is viable and poor people are bankable. In this respect the support and guidance extended by MYRADA and its several projects is noteworthy.

My sincere thanks to all the above institutions and personalities for their generous support and continued assistance.

Last but not the least, I record my great appreciation for the splendid performances of the committed and dedicated staff of Sanghamithra led by Mr. Sunil Jadli, Chief Executive Officer.

By Order of the Board of Directors  
For Sanghamithra Rural Financial Services

Sd/-

Aloysius Prakash Fernandez  
Founder Chairperson and Director  
DIN: 00027034

Place: Bengaluru  
Date: 25<sup>th</sup> June 2025

## Annual report on CSR activities for the financial year ended March 31, 2025

**[01]. Brief outline on CSR Policy of the Company:**

The CSR activities of the Company are guided by CSR policy, which includes activities mentioned in Schedule VII of the Companies Act, 2013 with great focus on activities towards promotion of education, eradicating hunger and preventive health care and making available safe drinking water. The Company has developed and spent money on suitable projects or programs in order to implement and execute its CSR policy.

**[02]. The Composition of CSR Committee:**

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Doraiswamy Ashok	Chairman	1	1
2	Mr. William D'Souza	Member	1	1
3	Ms. Vidya Ramachandran	Member	1	1

**[3] Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company:**  
<https://sanghamithra.org>

**[4] Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:**

==== Not Applicable.

**[5] CSR obligation for FY 2024-25**

[a] Average net profit of the company as per sub-section (5) of Sec.135:

==== Rs.692.02 Lakhs

[b] Two percent of average net profit of the company as per Sub-Sec.(5) of Sec. 135:  
 ===== Rs.13.84 Lakhs.

[c] Surplus arising out of the CSR Projects or programmes or activities of the previous financial years:

===== NIL

[d] Amount required to be set-off for the financial year, if any: ===== NIL.

[e] Total CSR obligation for the financial year [(b)+(c)-(d)] ===== Rs.13.84 Lakhs

**[6] [a] Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): === Rs.13.00 Lakhs**

[b] Amount spent in Administrative Overheads === NIL.

[c] Amount spent on Impact Assessment, if applicable === NIL.

[d] Total amount spent for the Financial Year [(a)+(b)+(c)] === Rs.13.00 Lakhs

[e] CSR amount spent or unspent for the Financial Year:

Total amount spent for the financial year	Total amount transferred to unspent CSR account as per Sub-Sec. (6) of Sec.135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Sec.135		
	Amount (in Rs.)	Date of transfer	Name of the fund	Amount (in Rs.)	Date of transfer
Rs.13.00 Lakhs	NIL	NIL	NIL	NIL	NIL

[f] Excess amount for set-off, if any:

Sl. No.	Particulars	Amount
[i]	Two percent of average net profit of the company as per sub-section(5) of Sec.135	Rs.13.84 Lakhs
[ii]	Total CSR obligation for the FY	Rs.15.91 Lakhs
[iii]	Total amount spent for the FY	Rs.13.00 Lakhs
[iv]	Excess amount spent for the financial year [ii] – [i]	NIL
[v]	Surplus arising out of the CSR projects or programmes activities of the previous FYs if any	NIL
[vi]	Amount available for set-off in succeeding FYs [iii] – [iv]	NIL

**[07]. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

1	2	3	4	5	6		7	8
Sl. No.	Preceding FYs	Amount transferred to unspent CSR account under sub-section (6) of Sec.135 (in Rs.)	Balance Amount in unspent CSR account under sub-section (6) of Sec.135 (in Rs.)	Amount spent in the FYs (Rs.in Lakhs)	Amount transferred to a Fund as specified under Sch. VII as per Second proviso to sub-section (5) of Sec.135, if any		Amount remaining to be spent in succeeding FY (Rs. in Lakhs)	Deficiencies, if any
					Amount (in Rs.)	Date of Transfer		
1	2021-22	NIL	NIL	1.44	NIL	NIL	NIL	NIL
2	2022-23	NIL	NIL	25.26	NIL	NIL	NIL	NIL
3	2023-24	NIL	NIL	15.72	NIL	NIL	2.91	NIL

**[08]. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

Yes  No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

1	2	3	4	5	6		
Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity / Authority / beneficiary of the registered owner		
					CSR Registration No. if applicable	Name	Regd. Address
	NIL						

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries).

**[09]: Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of Sec. 135.**

The CSR Committee has been looking for avenues to spend the amount set aside for the purpose of CSR activities. The committee had a detailed discussion with the number of NGO's partners to

actively support and channelize the activities/projects/programs to be undertaken by the Company in line with its CSR objectives.

However, even after such meetings with the NGO's partners, the Committee was not able to identify any suitable NGO partner for this purpose and required more time to meet other NGO partners in order to spend the unspent amount.

By order of the Board of Directors  
For Sanghamithra Rural Financial Services

Date: 25<sup>th</sup> June 2025  
Place: Bengaluru

Sd/-  
Aloysius Prakash Fernandez  
Director  
DIN: 00027034

Sd/-  
Doraiswami Ashok  
Chairman, CSR Committee  
DIN: 01966970

### Corporate Social Responsibility (CSR) Policy

#### Introduction

The Companies Act 2013 (hereinafter referred to as 'the Act'), has introduced the idea of CSR to the forefront and through its "Comply-or-Explain" mandate. It mandates qualifying Companies to constitute Corporate Social Responsibility Committee to effectively monitor CSR activities of the company. Further the Companies (Corporate Social Responsibility Policy) Rules, 2021 as amended from time to time (hereinafter referred to as "CSR Rules") lays down the framework and modalities of carrying out CSR activities which are specified in Schedule VII of the Act.

#### Objective & Scope.

The main objective of the CSR Policy is to lay down guidelines for SANGHAMITHRA (Sanghamithra) (hereinafter referred to as 'the company') to make CSR as one of the areas to adhere to a strategy that focuses on making a positive contribution to society through high impact, sustainable programs.

This Policy covers current as well as proposed CSR activities to be undertaken by the company and examining their alignment with Schedule VII of the Act as amended from time to time. It covers the CSR activities which are being carried out in India only and includes strategy that defines plans for future CSR activities.

The company will review the projects from time to time and make additions/ deletions/ clarifications to the above sectors.

The focus of CSR activities will be in the areas in which the company operates. However, the company may also undertake projects where societal needs are high or in special situations (such as in the case of natural disasters etc.)

#### The CSR Annual Action Plan shall include the following

- List of CSR projects that are approved to be undertaken which are specified in Schedule VII of the Act.
- The process for execution of such projects
- The verification process for utilisation of funds and implementation schedules for the projects.
- Monitoring and reporting mechanism for the projects and details of need and impact assessment, if any, for the projects undertaken by the company.

## **Disqualifying activities for CSR**

The CSR Rules prohibit the CSR projects and programs that are implemented by the company for the benefit of the employees of the company and their families. The CSR activities implemented outside India also fall outside the purview of the Rules and hence CSR expenditure on such activities will not be considered for inclusion in the CSR Report. Any amount directly or indirectly contributed towards any political party under Sec. 182 of the Act shall not be considered as CSR Spend. Activities that are undertaken by the company in pursuance of its normal course of business will not be considered as CSR activities.

## **Publication of CSR Policy & Programs.**

The company shall publish its Annual Report on CSR Activities in its Directors Report in the manner prescribed under the Companies Act, 2013 and the CSR Rules, particulars specified in Annexure I or Annexure II, as applicable. The company shall also place its CSR report on its website and shall mention such web link in its Directors Report.

## **Policy Review & Future Amendment**

This policy has been formulated and recommended by the CSR Committee and adopted by the Board of Directors at its meeting held on 07.12.2018. The Board may, upon recommendation of the CSR Committee, amend or modify this CSR Policy as and when necessary.

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31.03.2025**

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

To,  
The Members,  
Sanghamithra Rural Financial Services  
No. 612 M 1C Main Road, Domlur Layout, Bangalore,  
Karnataka, India, 560071.

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

Based on my verification of books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2025, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2025, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; *(Not Applicable to the Company during the Audit Period)*
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; *(Not Applicable to the Company during the Audit Period)*
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; *(Not Applicable to the Company during the Audit Period)*
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; *(Not Applicable to the Company during the Audit Period)*
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; *(Not Applicable to the Company during the Audit Period)*
  - (c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; *(Not Applicable to the Company during the Audit Period)*
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

Regulations, 2018; *(Not Applicable to the Company during the Audit Period)*

- (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; *(Not Applicable to the Company during the Audit Period)*
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; *(Not Applicable to the Company during the Audit Period)*
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; *(Not Applicable to the Company during the Audit Period)*
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; *(Not Applicable to the Company during the Audit Period)*
  - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; *(Not Applicable to the Company during the Audit Period)*
  - (j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; *(Not Applicable to the Company during the Audit Period)*
  - (k) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2021; *(Not Applicable to the Company during the Audit Period)*
- (vi) The management has identified and confirmed the following laws as specifically applicable to the Company:
- (a) Reserve Bank of India Act, 1934.
  - (b) Master Direction – Reserve Bank of India (Non – Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on May 05, 2025) issued by the Reserve Bank of India along with other Notifications, Guidelines, Circulars, Directions.
  - (c) The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

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

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India. *(Since the Company is registered under Section 8 (Section 25 of erstwhile Act) of Companies act 2013, the Secretarial Standards issued by The Institute of Company Secretaries of India is not applicable)*

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

**I further report that** the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals.

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and consent to shorter notice have been taken where ever required and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings, Committee Meetings are carried out with the requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be and views of dissenting members are captured and recorded as part of the minutes.

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

**I further report that** during the audit period the company has no events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Sd/-

\_\_\_\_\_  
Company Secretary in Practice

Name: Pramod S.  
Membership Number: A36020  
COP: 13335  
UDIN: A036020G000760205  
Peer Review Certificate no. 1491/2021

Place: Bengaluru  
Date: 11.07.2025

*Note: This report is to be read with "Annexure A" which forms an integral part of this report.*

**Annexure A**

To,  
The Members,  
Sanghamithra Rural Financial Services  
No. 612 M IC Main Road, Domlur Layout, Bangalore,  
Karnataka, India, 560071.

My Secretarial Audit Report of even date, for the Financial Year 2024-25 is to be read along with this letter.

**Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor's Responsibility**

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the company with respect to secretarial compliance based on my audit.
3. I believe that audit evidence and information obtained from the company's management is adequate and appropriate for me to provide a basis for my opinion.
4. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices I have followed provide a reasonable basis for my opinion.
5. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
6. I have relied on the Information and documents provided by the Company and the audit is carried out based on the same.

**Disclaimer**

7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
8. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

**Sd/-**

**Company Secretary in Practice**

**Name: Pramod S.**  
**Membership Number: A36020**  
**COP: 13335**  
**UDIN: A036020G000760205**  
**Peer Review Certificate no. 1491/2021**

**Place: Bengaluru**  
**Date: 11.07.2025**

## Overview of Report

### 4.1 Our status of Regulatory compliances as applicable to Non-Banking Finance Companies (NBFCs)

Sanghamithra is a Regulated Entity (RE) under Reserve Bank of India; and a Member of Sa-Dhan – a Self-Regulatory Organisation.

### 4.2 Reserve Bank of India

RBI is continuously aligning its regulatory frame work to facilitate financial inclusion. RBI vide its guidelines dated 14<sup>th</sup> March, 2022, has released “Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022”. Sanghamithra has been adhering to the above guidelines.

The salient features of the master direction of RBI are as under:

- RBI has removed the interest rate ceiling on loans offered by NBFC-MFIs while making a few other changes to put all microfinance lenders including Banks, SFBs, NBFCs and “Not-for-Profit” companies on a uniform regulatory platform.
- RBI also raised the annual household income to Rs.3.00 lakhs for a collateral free loan. With this change, unsecured loans by several other NBFCs will also be considered as micro loans. The revised norms were effective from 01.04.2022.
- With a view to protect the borrowers from falling into a debt trap, the regulator has capped the monthly loan repayment; it should not exceed half of the monthly household income. This rule is applied uniformly to all categories of borrowers. It will help to reduce the stress on the borrower, lower the delinquency and reduce credit costs for the industry.
- The RBI has also reduced minimum requirement of microfinance loans in the total loan assets from 85% to 75% (... Further reduced to 60% with effect from June'25).
- RBI has also removed certain exemptions applied to “Not-for-Profit” entities and directed those whose portfolio has crossed Rs.100 crore to register as NBFC-MFIs with RBI as to become a Regulated Entity (RE).
- Cost of loans from Banks will be much lower. MFIs can justify higher interest rates as micro loans are unsecured. Some are of the opinion that over the years, new products, process and digitalisation will evolve and interest rates will come down.
- Apart from formal financial institutions there are informal lenders who are also giving short term credit outside the formal system. The RBI has advised that care has to be taken by

all lenders to avoid multiple lending which will result in over indebtedness of borrowers. To avoid this situation, Sa-Dhan has taken initiatives to come out with a Code for Responsible Lending which brings all lenders under the same umbrella with a minimum common code.

The above-mentioned norms from the RBI have ensured a level playing field for Banks and MFIs, mainstreaming micro loans and intensifying competition.

#### **4.3 Sa-Dhan – a Self-Regulatory Organisation (SROs) of all MFIs; and Industry Code of Conduct brought out jointly by Sa-Dhan and MFIN (another SRO exclusively for NBFC-MFIs)**

The apex level SROs, viz., Sa-Dhan and MFIN has brought out a revised industry level code of conduct in consultation with various stake holders in October, 2022. The code of conduct is strictly followed by Sanghamithra. Our endeavour is to follow good industry practices in all areas under governance, grievances redressal, integrity and ethical behaviour.

We have a well laid out clients' grievances redressal system in place. All oral complaints received over telephone are recorded and resolved satisfactorily. Our approach has always been customer centric and customer friendly.

Sanghamithra is a member of Sa-Dhan since its inception as one of the founding members.

Sanghamithra is also a member of the Association of Karnataka Microfinance Institutions (AKMI).

Sa-Dhan – an SRO has developed publicity material which contains key elements of the code of conduct, recommendations of SRO and client protection principles in a handy format. The above publicity material has been widely circulated.

We have also displayed the above Guidelines of Sa-Dhan (SRO) and its Code of Conduct in all our offices in the local / vernacular languages; our staff members invite clients' attention to these guidelines to ensure that services are provided in a responsible manner.

#### **4.4 Code for Responsible Lending in Micro-credit (CRL)**

Over the last two decades, the micro-credit sector has successfully mainstreamed itself as a key delivery channel to provide credit to low-income households. Currently, a wide range of micro credit providers such as NBFC-MFIs, Banks, SFBs, NBFCs and Not-for-Profit / Sec. 8 companies which are MFIs, operate under different regulatory frameworks.

Despite comprehensive guidelines from RBI from time to time, micro credit sector is served by different entities with no uniform regulation. Essentially, protecting the interests of low-income-clients was a challenge. There were serious concerns about aggressive lending, leading to mounting indebtedness. To obviate this issue, Sa-Dhan (SRO), MFIN (SRO) and Finance Industry Development Council (FIDC) jointly drafted a uniform code, namely "Code for Responsible Lending (CRL)".

Sanghamithra as a member of Sa-Dhan has adopted the CRL. We have aligned our policies and processes with the norms of the CRL. As a signatory to CRL, Sanghamithra monitors the adherence of key aspects of CRL being implemented at the field level.

We are adhering to the above CRL guidelines. We are also sharing this information with all the staff members during our training programs and monthly review meetings, so that our field staff become familiar with CRL and have been urging them to ensure effective implementation of CRL on a continuous basis.

#### 4.5 Credit Bureau

As per RBI guidelines, your company is a member of all the four Credit Information Companies (CICs) which are all approved by RBI. We undertake verification of individual borrower's credit history before any loan is sanctioned to prevent multiple borrowings as per existing guidelines issued by RBI. This process has enabled us to eliminate members/ groups taking multiple loans from MFIs. One of the main reasons for rejection of large number of loan applications is due to multiple borrowings which are brought up by the CICs.

#### 4.6 New Initiatives to improve operational efficiencies

Sanghamithra has since initiated software driven Loan Operating System(LOS). Consequent upon increase in the loan portfolio of Sanghamithra year-on-year, we have initiated I.T. enabled App based loan processing and collection process on a pilot basis; which is used by our operating staff at the door-steps of our clients. The pilot has been successful and is fully operational from Oct'24.

#### 4.7 State-wise loan outstanding as on 31<sup>st</sup> March, 2025

State	No. of Loan Accounts	Outstanding Amount (Rs. in Crs. )	Concentration (%)
Karnataka	68500	226.34	77.96 %
Tamil Nadu	12503	54.61	18.81 %
Maharashtra	2800	9.27	3.19 %
Andhra Pradesh	15	0.08	0.03 %
Kerala	9	0.03	0.01 %
<b>Total</b>	<b>83827</b>	<b>290.33</b>	<b>100.00 %</b>

The company has significantly expanded its operations across 5 States and continues its efforts to increase its outreach to service the needy and disadvantageous sections of the society

## **5.0 DONORS DURING THE PREVIOUS YEARS**

### **5.1 Canadian International Development Agency (CIDA)**

CIDA provided grants of one million Canadian Dollars in 2000-01, which was equivalent to Rs.320 lakh approximately. Out of this, Rs.300 lakh has been capitalised for core activities.

### **5.2 Ms. Rohini Nilekani**

Ms. Rohini Nilekani gifted 2000 Infosys Equity Shares of Rs.5/- face value each; we realised a sum of Rs.94.57 lakh in the year 2001 by selling these shares in the open market. Another Rs.1.00 crore was given by means of cheque in the year 2004-05 for on-lending to SHGs. Further, she gave a grant of Rs.7 lakh for purchase of Hand-Held Billing Machines in the year 2007. She has given grant assistance of Rs.1.00 crore to start lending operations in Madhya Pradesh which enabled us to lend to SHGs at reduced rate of interest at 16% p.a. In all, she has supported Sanghamithra by way of grant to the tune of Rs.301.57 lakh till the year 2014.

### **5.3 Sir Dorabji Tata Trust (SDTT)**

SDTT granted a sum of Rs.87.50 lakh (spread over three financial years), commencing from August 2004. Out of this a sum Rs.60 lakh has been utilised towards on-lending to SAGs and Rs.27.50 lakh for Capacity Building of SAGs / staff of Sanghamithra. During the period 2006-07, SDTT released an amount of Rs.10.50 lakh towards Capacity Building, Impact Study, Research and Publications. The amount has been fully used during 2007-08.

### **5.4 Hope International Development Agency (HIDA)**

HIDA donated Canadian Dollars 1,28,000 equivalent to Rs.49.77 lakh up to the financial year 2007-08 for Gulbarga (Kalaburagi) Programme. A review of the functioning of Gulbarga (Kalaburagi) Programme was conducted by the Donors during their visit to Gulbarga (Kalaburagi) on 18th November 2008. The team also visited our Bengaluru Office on 20th November 2008. They were pleased to release an additional grant of Canadian Dollars 40,000/- equivalent to Rs.16.68 lakh during the year 2008-09. Thus, our Gulbarga (Kalaburagi) Programme has received a total grant of Rs.66.45 lakh which has been utilised for on-lending to SHGs to the extent of Rs.46.50 lakh and balance amount of Rs.19.95 lakh and for meeting administrative infrastructure expenses in the ratio of 70:30.

### **5.5 Care India Project**

Care India Project funded a project "Learning on Wheels" and Kiosk banking during the year 2003-04 for Rs.25.35 lakh.

## 5.6 Microkrediet voor Moeders (MVM), Netherlands

Microkrediet voor Moeders (MVM), Netherlands helps women in Asia to set up their own business through small loan. The women thus get a chance to enlarge their economic autonomy and independence and improve the quality of their lives as well as that of their families. With these objectives MVM has been extending funds in the past and to consider the entire fund as “grant”. MVM Netherlands has sanctioned a new grant amount of 25,000 Euros to expand the project to adjacent tribal community lives in MM Hills and BR Hills of Chamarajanagar district under our Mysuru region through incorporating entrepreneurship capacity building component. Under this fund, Sanghamithra has so far released loans to 221 members in 27 SHGs spread over 16 villages.

## 5.7 Cordaid

We had received Euro 10,000 by way of grant towards improving the quality of lending. The grant received of Rs.6.41 lakh was fully utilised towards re-assessment of the groups and also meeting expenses relating to development of software.

## 5.8 Water.org

Water.org is an US based non-profit organisation supported your company with grant assistance of Rs.419 lakh from the year 2011-12 till 2020-21 for 10 years for providing credit to SHG members for construction of toilet, potable water connectivity, etc. With this financial support, Sanghamithra was able to extend loans to 58000 families. Since 2021-22, Water.org has considered Sanghamithra as a “Graduated Partner” and continued to share innovations across the globe. Jointly with other partners, Water.Org recognised Sanghamithra, as resource institution to share its experience on introducing innovations and proposing to extend new phase of partnership for initiating climate resilience WASH products in the upcoming years. Through this partnership, Sanghamithra will be recognised as beginners in introducing innovations across nation.

## 5.9 National Bureau of Economic Research Inc (USA) – Harvard project.

The National Bureau of Economic Research (NBER), USA has brought together researchers from the Harvard Business School (Harvard) and they partner with Sanghamithra Rural Financial Services. Harvard is carrying out research and is executing a pilot project with its team, which will test, refine, and standardise new variations of microfinance loans into a personalised credit product that is designed to help businesses grow sustainably. The project identifies and carries out survey of high potential micro entrepreneurs to gauge their interest in personalised credit, learn about their investment plans and ambitions, and use this information to design and offer loans with personalised terms. An evidence-based, personalised microfinance product has the potential to be scaled by microfinance institutions to reach more micro entrepreneurs around the world. The initiative promotes [i] larger loans (as compared to smaller loans under MFI) of Rs.2 lakhs; and [ii] Short term loans (of 4 to 10 weeks) called as Tatkal loans of less than Rs.50,000.

The project was signed on 17<sup>th</sup> December 2021 and is implementing innovative loan products for micro entrepreneurs situated in the districts of Erode and Coimbatore, in the State of Tamil Nadu.

The features of this product are:

Product	Features	Average Size (Rs.)	Tenure	Moratorium	In Partnership with	Rate Of Interest (ROI)
Tatkal Loan	Tatkal loans support cash flow quickly to small entrepreneurs and agripreneurs	30,000	6-10 Weeks	30-60 days	Sanghamithra Support Team	26%
TIREN Loan	TIREN loans support larger businesses and purchase of equipment & machinery	2,50,000	2-3 Years	30-60 days	Sanghamithra (Specialised Vertical)	22%

With the experience, Sanghamithra evolved a parallel pilot project to provide short-term loans (2 to 4 weeks) to establish business. Both the research and pilot projects are continuing.

## 6.0 Business

### 6.1 Loans extended to Members of Self-Help Groups (SHGs)

Our core lending has evolved in partnership with SHGs, Community Managed Resource Centres (CMRCs) and NGOs since inception.

We have a loan portfolio outstanding of Rs.29032.64 lakhs as on 31.03.2025. The share of portfolio, State-wise was [i] Karnataka = Rs.22634 lakhs (77.96%); [ii] Tamil Nadu = Rs.5461 lakhs (18.81%); and [iii] Maharashtra = Rs.927 lakhs (3.19%) and the remaining are from the states of Andhra Pradesh and Kerala.

### 6.2 Loans Extended under Harvard Pilot Project at Erode / Coimbatore

Sanghamithra has commenced extending larger development loans as “graduation loan” as a separate product. This product is called as the TIREN – a business development loan to individual entrepreneurs at Erode under the pilot project of Harvard University (USA).

## Product features of Harvard Pilot Projects

Name of the product	TIREN loan	TATKAL loan
Target Customers	Direct to Individuals	Direct to Individuals
Loan Size (Rs)	Up to Maximum Rs. 3,00,000	Rs.10,000 to Rs.50,000
Interest Rate	22%	26%
Loan Duration	12 to 36 months with moratorium of 45 – 90 days	8 to 10 weeks
Repayment periodicity	Customer is given the following options based on their cash flow. Weekly/ fortnightly/ monthly/ bi-monthly/quarterly	Weekly or bullet.
Repayment amount	Customer is given options of either monthly interest or Monthly principal with interest or Quarterly Principal with Interest	Weekly interest and last month total principal with interest. Weekly EWI: Equal weekly instalments (Principal and Interest). Daily EDI: Equal daily instalments (Principal & interest)

### 6.3 TIREN Individual loans and larger loans with financial support for training in skills and management from CSR:

Sanghamithra also started a pilot vertical in Kolar district for extending larger loans called TIREN loans. Customers selected for the above loans are only from those families where one member who is a member of SHG; this member must have a good repayment track record; the TIREN client must be interested to upscale / move to larger enterprises.

After seeing the demand and evaluating the progress in Kolar, we expanded in Mysuru and Hosur area. These loans are being extended both for [i] non-farm; and [ii] on-farm livelihood activities. The loans thus extended may be both for [i] commencing new activities; and/or [ii] modernizing / upgrading the existing activities.

Sanghamithra has been providing post loan services like skill upgradation training, market linkage and technical supports together with larger size loans, wherever needed. We have been bearing 50% of the training cost.

### 6.3.1 Product Features of the TIREN Loan:

Target Customer	Direct to Individuals
Type of Loan	Utilised for development activities, like purchasing capital assets, equipment, tools, machinery, vehicles, working capital, livestock etc.
Loan Amount	Maximum Rs.3,00,000
Loan Tenure Range	12 months-36 months (Maximum)
Loan Repayment Frequency	The applicant can choose a repayment frequency suitable with their cash flow cycle like Weekly, monthly, bi-monthly or quarterly.
Loan repayment mode	Digital mode
Rate of Interest	22% P.A on reducing Balance
Loan Processing Fee	1% on loan sanction amount + 18% GST on LPF
Moratorium Period	Up to 60 days
Training	Support for skill training from CSR

### 6.4 Financing 'Soliga' Tribals of MM Hills and BR Hills, Karnataka

Sanghamithra has been extending loans to tribals who are members of SHGs at Male Mahadeshwara Hills (MM Hills) and Biligiri Ranga Hills (BR Hills) reserve forest area hamlets. These loans are being extended at interest rate of 9.00% from grant assistance from Microkrediet voor Moeders (MVM), Netherlands in MM Hills and BR Hills of Chamarajanagar district under our Mysuru region through incorporating entrepreneurship capacity building component. Under this fund, Sanghamithra has so far released loans to 221 members in 27 SHGs spread over 16 villages.

### 6.5 WASH Programme FY 2024-25

During the FY 2024-25, we provided loans for toilet construction, renovation of existing toilets, water connectivity, water filters, water storage tanks etc., as in the past. Since large number of customers are seeking retrofitting of the previously built structures, we have made it as a combo product for water & sanitation. Till now 3728 customers who were members of 689 Groups have availed WASH loans aggregating over Rs.8.75 crores. Regular monitoring and reviews were held in each region to ensure that physical and financial targets were achieved.

The overall observation of periodic visits by our field staff is that the clients have utilised the loan amount towards WASH related activities and have improved health and hygiene.

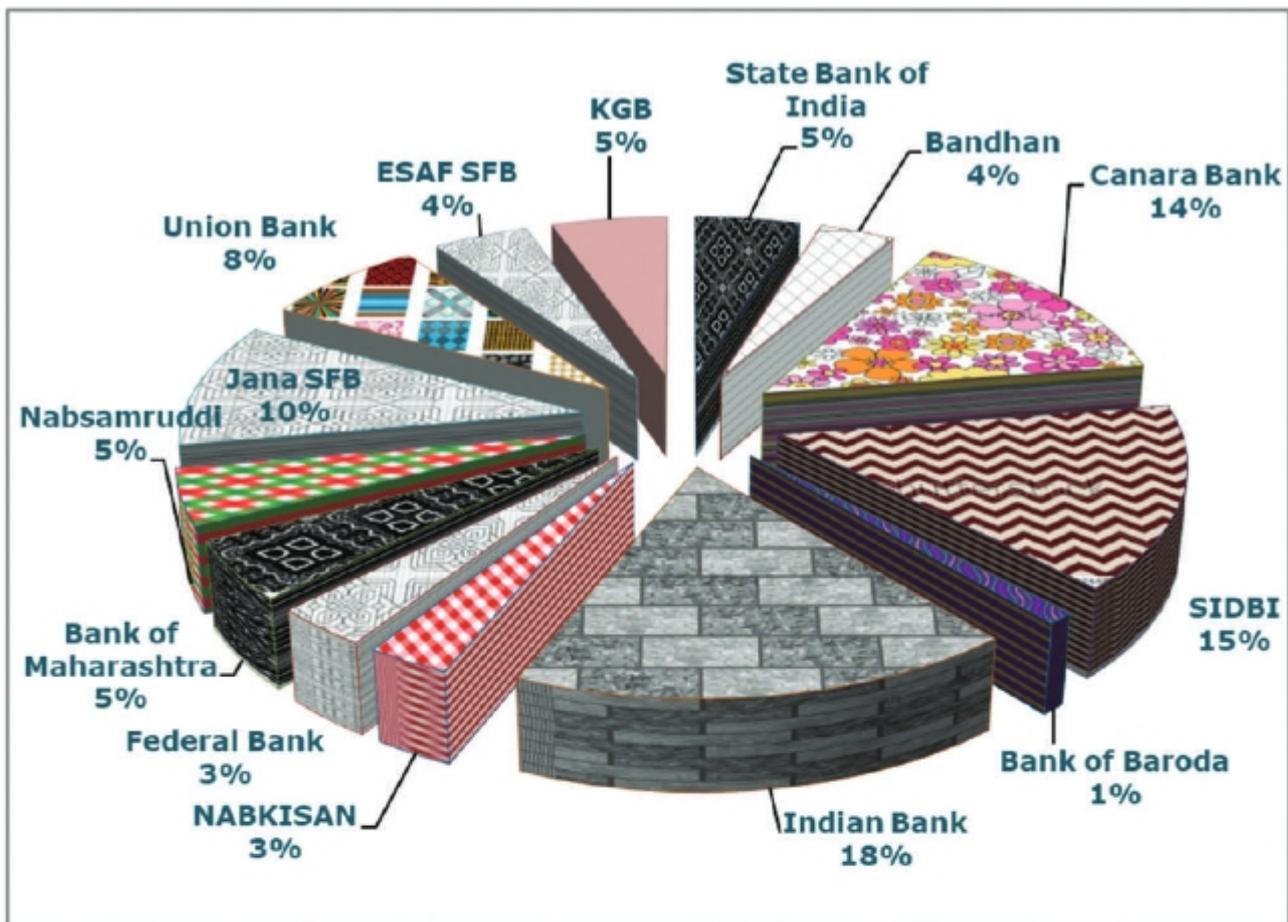
**6.6 Summary of Bank Borrowings as on 31.03.2025** (Amount Rs.in lakhs)

Name of the Bank	Nature of facility	31 <sup>st</sup> March 2025			31 <sup>st</sup> March 2024		
		Limit	O/s. Amt.	ROI	Limit	O/s. Amt.	ROI
Bandhan Bank Ltd	OD	500	485	12.00	500	500	12.00
	TL	1,000	371	12.00	1,000	813	12.00
Bank of Maharashtra	CGSMFI	-	-	-	3,000	459	9.30
	TL	2,000	1,219	10.95	2,000	1,958	10.95
Bank of Baroda	CC	500	238	11.45	500	500	10.60
	CGSMFI	-	-	-	600	81	9.35
Canara Bank	OD	3,500	3,479	11.95	3,500	3,456	11.00
	CGSMFI	-	-	-	1,000	167	9.35
ESAF Small Finance Bank	TL	1,000	308	13.00	1,000	870	13.00
	TL	1,000	781	13.00	-	-	-
Federal Bank	TL	500	68	10.50	500	131	10.50
	TL02	1,100	759	11.00	1,000	256	10.50
	OD	-	-	-	100	387	10.50
Indian Bank	OD	3,500	3,441	11.35	3,500	3,451	10.40
	TL	1,250	421	10.75	1,250	842	10.20
	TL	1,250	421	10.75	1,250	841	10.20
Jana Small Finance Bank	OD	500	483	12.50	-	-	-
	TL	2,500	2,082	12.50	-	-	-

Name of the Bank	Nature of facility	31 <sup>st</sup> March 2025			31 <sup>st</sup> March 2024		
		Limit	O/s. Amt.	ROI	Limit	O/s. Amt.	ROI
Karnataka Gramin Bank Ltd	TL	2,000	1,318	11.50	2,000	2,000	11.50
NABSAMRUDDHI FINANCE LTD	TL	1,000	773	12.00	1,000	433	11.20
	TL	500	187	12.00	500	353	12.00
	TL	500	187	12.00	500	353	12.00
NABKISAN Finance Ltd	TL	1,500	708	12.00	1,500	1,308	12.00
State Bank of India	TL	1,500	1,189	11.75	-	-	-
	CGSMFI	-	-	-	2,500	923	9.00
SIDBI	TL	2,500	1,935	11.25	2,500	2,500	11.25
	TL	1,000	35	12.00	1,000	418	12.75
	TL*	3,000	1,800	12.00	-	-	-
Union Bank of India	TL	1,200	735	11.75	1,200	1,162	11.50
	TL	-	-	-	2,000	518	10.50
	TL	1,100	1,100	11.75	-	-	-
<b>Total</b>		<b>35,900</b>	<b>24,523</b>	<b>-</b>	<b>35,400</b>	<b>24,680</b>	<b>-</b>

Note :

- SIDBI has released Rs.1800 lakhs out of the sanctioned limit of Rs 3000 lakhs.
- The Borrowings as on 31.03.2025 has marginally reduced to Rs.24523 lakhs as against Rs.24680 lakhs as on 31.3.2024.
- We have obtained sanction for Rs.12700 lakhs as against Rs.12300 lakhs sanctions received during the previous year.



## 6.7 New limits sanctioned during the year for on-lending

We are glad to have mobilised of Rs.127 crores from lenders as detailed under:

No.	Name of the Bank	Amount (Rs.in lakhs)	Date of sanction	Interest rate	Processing Fee	Collateral Security	Tenure (Months)
1	SBI	1500	15.05.2024	10.65%	0.15%	10%	36
2	Federal Bank	1100	04.07.2024	11%	1%	10%	24
3	ESAF Small Finance Bank	1000	11.07.2024	13%	0.50%	5%	24
4	NABSAMRUDDHI Finance Ltd	1000	25.09.2024	12.50%	1%	5%	24
5	Union Bank of India	1100	31.12.2024	11.95%	1.10%	10%	24
6	Jana Small Finance Bank	3000	14.10.2024	12.50%	1%	5%	TL-24
							OD-12

No.	Name of the Bank	Amount (Rs.in lakhs)	Date of sanction	Interest rate	Processing Fee	Collateral Security	Tenure (Months)
7	AU Small Finance Bank Ltd	1000	18.01.2025	13%	1%	0%	24
8	SIDBI	3000	25.03.2025	12%	0%	10%	36
	<b>Total</b>	<b>12700</b>					

- AU Small Finance Bank held up sanction of TL of Rs.1000 lakhs in view of the adverse market conditions. SIDBI has released Rs.1800 lakhs out of Rs.3000 lakhs sanctioned. With this the exposure of SIDBI is Rs.3771 lakhs as against the largest lender Indian Bank exposure of Rs. 4342 lakhs. SIDBI would release the balance of Rs. 12 lakhs in the 2<sup>nd</sup> tranche after Indian bank take additional exposure of Rs.1600 lakhs as SIDBI would not like to be the largest lender.

## 6.8 BC Limits sanctioned

Details are as under:

Sl. No	Name of the Lender	Limits sanctioned (Rs. in lakhs)	Loan amount to individuals	Tenor	Interest rate Sharing	Processing fees	O/s as on 31.03.25	Remarks
1	SIDBI under PRAYAAS	2500	Rs.50,000 to Rs.2 lakhs	Up to 36 months	18% out of which 8% is for Sanghamithra	Retention of 1% by SRFS	Rs.178 lakhs spread over 136 borrowers	FLDG up to 5% of the amount utilized
2	IDBI	1000	Up to Rs.1 lakh	Up to 36 months	21% out of which 9% is for Sanghamithra	Nil	Not utilized	FLDG 5%. Sanctioned in FY 2022-23. Again, renewed in FY 2023-24. We have submitted application for renewal
	<b>Total</b>	<b>3500</b>						

- We have availed BC facility from SIDBI from July 2024. We have BC portfolio of Rs.178 lakhs spread over 136 borrowers.

## 6.9 Risk Management

The major risks associated with microfinance are (a) Credit Risk; (b) Liquidity Risk; (c) Interest Rate Risk; (d) Operational Risk; and (e) External Risks such as Political Risk and Natural Calamities etc.

We have managed our liquidity effectively during the FY 2024-25; at no point of time, we were constrained for funds.

### 6.9.1 Credit Risk Management

Credit risk is the risk that the company will incur a loss because its customers fail to discharge their contractual obligations. The company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow up and legal recourse. It also has a partnership model which lays the structural basis for joint liability.

### 6.9.2 Liquidity Risk: Asset – Liability Management (ALM)

We have categorised our bank borrowings according to repayment and collection of receivables based on the terms of sanction. We have day-to-day monitoring of ALM to ensure that there is no mismatch between cash flows and our obligations to repay. Short-term loans are used for short-term on lending. Thanks to our bankers, Sanghamithra has enjoyed comfortable liquidity throughout the fiscal year.

### 6.9.3 Interest Rate Risk – Net Interest Margin (NIM)

Interest rate charged to borrowers is the lowest in the MFI sector. Sanghamithra keeps an average spread/ NIM of less than 10% to meet the establishment cost, overheads, surplus if any is retained as reserves for further borrowings and on lending. However, from out of interest earned, Sanghamithra also pays commission / incentive of approx. 2% to Community Managed Resource Centres (CMRCs) and NGOs who partner with Sanghamithra for loan sourcing and recovery.

### 6.9.4 Operational Risk Management

Digital Cash Receipts are generated in Hand Held Printers using android-based cell phones. Cash collections/recovery is remitted to Sanghamithra designated Bank accounts on the same day itself. More than 75% of the collection happens through "SBI Collect"; "V-Collect" of Indian Bank; "KGB Collect of Karnataka Gramin Bank; and remaining from other banks. Thus, we are able to manage cash efficiently and have minimised risk of keeping cash overnight by the field staff.

### 6.9.5 External Risk such as Political Risk

Political Risk - In all the group meetings of borrowers; and at the time of appraisal/ assessment, officials make it clear to the prospective borrowers that the loans extended for their livelihood activities are out of borrowed funds. Hence loans provided by Sanghamithra are not governed by loan waiver and must be repaid. However, Sanghamithra need to cope up with the fall out of the Ordinances passed by Govt. of Karnataka and Tamil Nadu, which make harassment punishable without defining what constitutes harassment.

### 6.10 Prudential Norms of RBI

Sanghamithra follows the prudential norms for Income Recognition and Asset Classification (IRAC) and provisioning as prescribed by the Reserve Bank of India as applicable to NBFC-ND-MFI.

#### 6.10.1 Asset Classification and Provisioning

##### [a] Asset classification norms:

- [i] Standard asset means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.
- [ii] Non-performing asset means an asset for which interest / principal payment has remained overdue for a period 90 days or more.

##### [b] Provision requirement for FY 2024-25:

In terms of RBI Master Direction RBI/DoR/2023-24/106:DoR.FIN.REC.No45/03.10119/2023-24 dated 19.10.2023 (updated as on Nov 10 2023) para 16.2.2 - Provisioning Norms are furnished below:

- [i] For NPA related to microfinance loans of NBFC-MFIs, provision norms shall be:  
  
The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of
  - (a) 1% of the outstanding portfolio or
  - (b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.
- [ii] NBFC-BL shall make provision for standard assets at 0.25% of the outstanding which shall not be reckoned for arriving at net NPAs.

## 6.10.2 Overdue and NPA position as on 31.3.2025 is furnished below:

### Portfolio At Risk (PAR)

(Amount in Rs. lakhs)

Age in days	As on 31.03.2025			As on 31.03.2024			% of Increase / decrease in respect of amount
	No. of Loans	Default amount (OD)	Portfolio O/s	No. of Loans	Default amount (OD)	Portfolio O/s	
SMA-0 1-30 days	869	15.00	153.00	809	6.00	171.00	-10.53
SMA-1 31-60 days	911	40.00	296.00	451	12.00	48.00	516.67
SMA-2 61-90 days	284	20.00	79.00	204	7.00	16.00	393.75
<b>TOTAL</b>	<b>2064</b>	<b>75.00</b>	<b>528.00</b>	<b>1464</b>	<b>25.00</b>	<b>235.00</b>	<b>124.68</b>
NPA > 90 days	523	56.00	152.00	2260	124.00	135.00	12.60
<b>GRAND TOTAL</b>	<b>2587</b>	<b>131.00</b>	<b>680.00</b>	<b>3724</b>	<b>149.00</b>	<b>370.00</b>	<b>83.78</b>

- The PAR below 90 days has gone up to Rs.75 lakhs from Rs. 25 lakhs and so also number of accounts has gone up to 2064 from 1464 due to the impact of Karnataka Govt. Ordinance 2025 on Microfinance wherein few borrowers in Tumkur and Kolar Districts are delaying repayments.
- The PAR above 90 days has marginally gone up Rs.152 lakhs from Rs.135 lakhs with an increase of 12.60% YoY due to the impact of Karnataka Government Ordinance.

## 6.11 Policy for write off of Loan Assets

The gross amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the company determines after several efforts to settle overdue loans, that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amount.

However, financial assets that are written off could still be subject to enforcement activities under the company's recovery procedures, taking legal advice where appropriate. Any recoveries made are recognised in the statement profit or loss.

## 6.12 Bad debts write off

The Board has approved write off of Rs.1.21 crore in respect of 1401 accounts in the Board Meeting held on 05.03.2025 as the chances of recovery from such groups was considered bleak, even after every effort was made. Accordingly, an amount of Rs.1.21 crore was written off and parked in the Written-off Accounts (which is named as Advances under Collection Account (AUCA) in Sanghamithra) for further follow-up and recovery.

During the year under review, we have recovered Rs.0.53 crore from written off accounts (as mentioned above, viz., AUCA).

## 6.13 Write-off

Particulars	Write off Earlier approved (Rs. Cr.)	Write off actually made (Rs. Cr.)	Remarks
SHG Loans	1.04	1.01	Reduction by Rs.0.03 crore in view of recovery.
Tiren and Tatkal loans	0.12	0.20	Increase by Rs.0.08 crore due to additional NPA
	<b>1.16</b>	<b>1.21</b>	Net increase is Rs.0.05 crore

## 6.14 Credit Rating

As per Basel-II norms, companies intending to avail loans above Rs.500 crores from banking institutions are required to get credit rating done by rating agencies approved by the Reserve Bank of India. Accordingly, Credit Rating for long term fund was entrusted to M/s. Informerics Valuation and Ratings (P) Ltd.

Your company's credit rating has been retained at "BBB+" (Outlook: Stable) on 14.01.2025 and the above rating is valid up to 13.01.2026.

Now, that we are increasingly lending directly to individuals and loan amounts are being credited to SHG members savings bank account, the risk of capture of loan amount by others is avoided and the tracking system has improved.

## 6.15 Comprehensive Grading

MFI Grading and Code of Conduct Assessment (COCA), was entrusted to Informerics Analytics and Research Pvt Ltd.

Your company's MFI Grading has been retained as "MF1" grade (Highest capacity of the MFI to manage its operations in a sustainable manner) on 31.12.2024 and the above Grading is valid up to 30.12.2025.

The above grading has been carried out in Capital Adequacy, Governance, Management Quality and Risk Management Systems.

### **6.16 Code of Conduct Assessment (COCA)**

Assessment on Code of Conduct (COCA) has been carried out on the indicators pertaining to Transparency, Client Protection, Governance, Recruitment, Client Education, Feedback & Grievance Redressal and Data Sharing. Some of these indicators have been categorised as higher order indicators consisting of indicators on Integrity and Ethical Behaviour and Sensitive Indicators.

Your company has secured COCA Grading of "C1" (highest capacity of the MFI to manage its operations in a sustainable manner and its adherence to the Industry Code of Conduct) on 31.12.2024 and the above Grading is valid up to 30.12.2025.

### **6.17 Recovery through Permanent Lok Adalat (PLA)**

All NPA / Written off accounts are being followed up by the field staff who have been given targets for recovery. One of the important strategies followed is filing of cases in PLA in the jurisdictional courts. This has given good results; in the past we were able to recover a significant amount.

### **6.18 Financial Digital Literacy and client protection**

This has assumed significant importance in the light of reported exploitation of illiterate and unaware clients by a few unscrupulous MFIs. It is imperative for us to provide financial literacy to our clients who are predominantly semi-illiterate. Therefore, we have been organising regular literacy programs with regard to importance of savings, repayment of loans, planning and budgeting; we also conduct training and exposure sessions in health and hygiene related issues besides their rights and responsibilities. Sanghamithra has since commenced providing Digital Literacy training classes to members of SHGs.

### **6.19 Social Performance Management (SPM) and the Sustainable Development Goals (SDG)**

Social performance is the effective translation of an institution's social goals into practice in line with accepted values and norms. There is growing evidence that social performance enhances overall performance. Even in a financial sector, it is well established that the customer needs to be at the center of all strategic and operational decisions.

Sanghamithra, has been registered under Sec. 8 (earlier Sec. 25) of the Companies Act, 2013 as a "Not-for-Profit" company, it endeavors to achieve its goals by balancing financial and social performance. We have tried to integrate social performance into microfinance strategy and management systems. In fact, we operate in remote and most backward, earthquake hit area like Latur and Osmanabad in Maharashtra, and in under developed / underbanked areas of Kalyana Karnataka Region in the State of Karnataka, wherein a large percentage of people are vulnerable and many live below the poverty line; we also work with Tribals in MM Hills and in HD Kote and in other areas.

The Sustainable Development Goals (SDGs) are adopted as core objectives of our company. Out of 17 SDGs of United Nation General Assembly, we are majorly focusing / promoting on two goals, viz., [i] Goal No.6 = Clean Water and Sanitation; and [ii] Goal No.8 = Decent work and economic growth for all. Accordingly, we are extending loans to poor and vulnerable people for undertaking income generating activities to reduce their hunger and to provide sanitation, potable drinking water, conservation of rainwater, alternate energy sources like solar lighting, etc.

## **6.20 The client protection measures and focus on social performance have been given greater thrust by your company in the following manner**

- Avoiding over lending and multiple lending.
- Providing financial literacy to enable the clients to take informed decisions.
- Establishing a feedback and grievances redressal mechanism
- Avoiding unhealthy competition through sharing of information among MFIs working in the same area. AKMI has created this forum ensuring monthly district level meetings.
- Respecting appropriate loan recovery practices and fostering empathetic staff behavior towards clients.
- Providing loans at an affordable rate of interest.
- Developing products and services that meet client needs.
- Reaching out to the unreached.
- Treating clients fairly and respecting privacy of clients.
- Following transparent pricing of products.

Your company has focused on choosing Directors who are committed to the social mission of the institution.

## 7.0 Credit Plus activities

### 7.1 Life insurance for SHG members:

**We are providing Life insurance cover for all the borrowers.**

We cover the client to the extent of loan amount for the tenure of the loan starting from the disbursement date.

Thus, in the event of unfortunate death of the borrower, the loan risk is fully covered from day one of the disbursement date.

### 7.2 Hospitalisation cash benefit cover for SHG members

This scheme provides income for SHG members during unforeseen circumstances like hospitalisation; it is called "Daily Hospital Cash Benefit (HOSPICASH)"

*Features of the Hospicash product are as follows*

- Rs.1,000 per day of hospitalisation; maximum up to 30 days in a year.
- Rs.2,000 per day in case of Intensive Care Unit (ICU) hospitalisation
- Accidental death benefit of Rs.1,00,000

### 7.3 Human Resources

During the year 2024-25 the attrition level of the employees was around 13%. There is decrease in attrition rate over the previous year which was at 24% The attrition level is high in respect of field staff particularly Credit Officers level. During the year we recruited 37 Credit Officers.

#### 7.3.1 Staff Training

We recognise the value of training and endeavor to impart training every year to all the members of the staff more particularly to the field staff who are the backbone of your company. The training and development initiatives are designed to improve the job performance of an individual employee or a group of employees. It is our endeavor that every member of the staff should undergo at least two trainings conducted either by internal or external agencies in a year. Now a separate wing of training and development has been formed. Regular training programs are being conducted. These programs typically involve advancing employee's knowledge and skill sets and instilling greater motivation to enhance job performance.

### **7.3.2 Training & Capacity Building Training Programme for SHGs**

Apart from organising the training programme for staff we have conducted programs for book writers for SHG members whose groups are linked with us. The capacity building training programs conducted with the help of sponsoring CMRCs/NGOs for SHG members have brought a significant improvement in administrative skills to manage the SHG.

### **7.3.3 Awards and Recognition**

Sanghamithra has improved its performance over the years. This is due to the active involvement and commitment of employees at various levels. The practice of recognising the employees at an annual event was introduced to raise the morale of the employees for the good work done, to improve the image of the organisation and to create a healthy competition among the staff.

### **7.3.4 Recognising the contribution of women staff**

As part of recognition of contribution of women in the growth of the company, we celebrated women's day events at Corporate Office and also across all Regional Offices.

## **SANGHAMITHRA RURAL FINANCIAL SERVICES**

(A Not-For-profit company incorporated under Section 25 of The Indian Companies act 1956 i.e., Section 8 of The Companies Act 2013 – A Company limited by guarantee)

### **ANNUAL ACCOUNTS 2024-25**

**Registered & Corporate Office:**  
No 612, 1<sup>st</sup> C Main Road, Domlur Layout, Bengaluru-560 071  
Karnataka



## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**SANGHAMITHRA RURAL FINANCIAL SERVICES**

### Report on the audit of the financial statements

#### Opinion

We have audited the standalone financial statements of **Sanghamithra Rural Financial Services** ("the Company"), which comprise the balance sheet as at March 31, 2025, and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of 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 ('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 March 31, 2025, its profit and cash flows for the year ended on that date.

#### Basis for opinion

We conducted our audit in accordance with the standards on auditing 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company and also the auditor is not required by any law or regulation to communicate key audit matters in the auditor's report.

#### Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Based on the work we have performed, that there is a no material misstatement of this other information.

#### **Management's responsibility for the financial statements**

The Company's board of directors are 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. 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 statement 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.

The board of directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's responsibilities 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 Companies Act, 2013, 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**

1. The Company is a Section 8 Company therefore reporting under the Companies (Auditor's Report) Order, 2020 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act is not applicable to the Company for the financial year ending as on March 31, 2025.
2. 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 the 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 March 31, 2025 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2025 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 A”. 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 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 has disclosed the impact of on its financial position in the Notes forming part of Balance Sheet. Refer point XI of Notes forming part of Balance Sheet;

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

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

3. Based on our examination, which included test checks, the Company has used accounting software “eFimo” developed by Jayam Software Solutions for recording (LOS and LMS) the disbursements, collections and interest income relating to loan which has a feature of recording audit trail (edit log) facility and the same was enabled and operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

The Company has used accounting software “Tally” for maintaining its books of account except for the type of transactions reported above, which has a feature of recording audit trail (edit log) facility wherein the accounting software did not have the audit trail feature enabled throughout the year.

**For K B NAMBIAR AND ASSOCIATES**

Chartered Accountants



**Kannan J**

Partner

M No. 206160

Firm Reg. 002313S

UDIN: 25206160BMAIC18550



Date: 25.06.2025

Place: Bengaluru

## **Annexure - A to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **SANGHAMITHRA RURAL FINANCIAL SERVICES** ("the company"), as of 31 March 2025 in conjunction with our audit of the 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 Controls 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 its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' 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 Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the 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 was established and maintained and if such controls operated effectively in all material respects.

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 internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material 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 on 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 purposes in accordance with generally accepted accounting principles. A company's internal financial control 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) provide 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 authorizations of 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 Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls 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 conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2025, 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 Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **For K B NAMBIAR AND ASSOCIATES**

Chartered Accountants

**Kannan J**

Partner

M No. 206160

Firm Reg. 002313S

UDIN: 25206160BMA18550



Date: 25.06.2025

Place: Bengaluru

**SANGHAMITHRA RURAL FINANCIAL SERVICES**  
**INCORPORATED UNDER SECTION 25 OF THE COMPANIES' ACT, 1956**  
**COMPANY LIMITED BY GUARANTEE**

(Rs. in Lakhs)

**CASH FLOW STATEMENT**

Particulars	Current Reporting Period 31-03-2025		Previous Reporting Period 31-03-2024	
	Rs	Rs	Rs	Rs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
PROFIT BEFORE INCOME TAX		1767.33		1229.33
<b>ADJUSTMENT</b>				
ADD: DEPRECIATION	27.19		16.26	
ADD: PROVISION FOR DOUBTFUL DEBTS AND INCOME TAX	259.35		190.00	
ADD: ADJUSTED PROFIT (PROV WRITTEN BACK)	128.92			
ADD: INTEREST EXPENSE	2642.72			
LESS: NET PROFIT OR LOSS ON SALE OF FIXED ASSETS			-03.60	
LESS: INTEREST INCOME	-178.18	2880.01	-111.64	91.02
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>4647.33</b>		<b>1320.35</b>
<b>MOVEMENT IN WORKING CAPITAL</b>				
INCREASE/DECREASE IN CURRENT ASSETS	-325.43		-268.56	
INCREASE/DECREASE IN CURRENT LIABILITIES	1243.24		375.53	106.97
NET PORTFOLIO COLLECTION	1378.30	2296.12		
<b>NET CASH GENERATED FROM OPERATIONS</b>		<b>6943.45</b>		<b>1427.32</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
PURCHASE OF FIXED ASSETS	-420.49		-29.68	
SALE OF FIXED ASSETS	05.49		03.60	
INTEREST ON FIXED DEPOSIT	178.18		111.64	
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>		<b>-236.83</b>		<b>85.56</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
REPAYMENT AND BORROWINGS FROM BANKS AND FINANCIAL INSTITUTIONS	-1068.56		4614.28	
GRANTS RECEIVED AND SPENT	-01.39		01.76	
LESS: INTEREST EXPENSES	-2642.72		-5086.33	
		<b>-3712.67</b>		<b>-470.29</b>
<b>NET INCREASE OR DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2993.95</b>		<b>1042.59</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>3368.40</b>		<b>2325.81</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<b>6362.35</b>		<b>3368.40</b>

**Notes:**

**1. Cash and Cash Equivalents**

Cash and cash equivalents consists of cash on hand and balances with scheduled bank. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amount

	As at 31.03.2025	As at 31.03.2024
	(Rs.)	(Rs.)
Cash on hand	0.43	0.31
Cash on hand and Balances with scheduled banks	1876.26	221.98
- Fixed Deposits	4485.66	3146.10
<b>Cash and cash equivalent as restated</b>	<b>6362.35</b>	<b>3368.40</b>

2. The above cash flow statement has been prepared by using the indirect method as per Accounting Standar-3 "Cash Flow Statement" Issued by the Companies (Accounting Standard) Rules, 2006.

For and On Behalf of the Board

  
 (Aloysius P. Fernandez)  
 Chairperson & Director  
 DIN:00027034



  
 (Sunil Joddi)  
 Chief Executive Officer



As per our report of even date  
 For K.B.Nambiar & Associates  
 Chartered Accountants  
 F.R No: 0023135

  
 Kannan . J  
 ( Partner )  
 Membership No.: 206160  
 UDIN: 25206160 BMIACI8530



Date : 25.06.2025  
 Place : Bengaluru

**SANGHAMITHRA RURAL FINANCIAL SERVICES**  
**INCORPORATED UNDER SECTION 25 OF THE COMPANIES' ACT, 1956**  
**COMPANY LIMITED BY GUARANTEE**

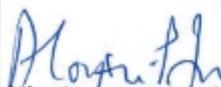
(Rs. in Lakhs)

**BALANCE SHEET AS AT 31ST MARCH 2025**

SI No.	Particulars	Note No.	Figures as at the end of	
			Current Reporting Period 31-03-2025	Reporting Period 31-03-2024
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' Funds</b>			
	(a) Share Capital	1	-	-
	(b) Reserves and Surplus	2	10594.63	8699.78
<b>2</b>	<b>Share application money pending allotment</b>			
<b>3</b>	<b>Non-Current Liabilities</b>			
	(a) Long-Term Borrowings	3	6794.44	7863.00
	(b) Other Long-Term Liabilities		-	-
	(c) Long-Term Provisions	4	645.87	386.51
<b>4</b>	<b>Current Liabilities</b>			
	(a) Short-Term Borrowings	5	17728.46	16816.76
	(b) Other Current Liabilities	6	289.22	219.99
	(c) Short-Term Provisions	7	536.21	273.89
	<b>Total</b>		<b>36588.83</b>	<b>34259.94</b>
<b>II.</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-Current Assets</b>			
	(a) Property Plant, Land & Building, Equipment and Intangible Assets			
	(i) Property Plant, Land & Building and Equipment	8	438.97	52.26
	(ii) Intangible Assets	8	1.96	0.86
	(iii) Capital Work-In-Progress		-	-
	(v) Intangible Assets under development		-	-
	(b) Non-current investments			
	(c) Deferred tax assets (net)			
	(d) Long-term loans and advances			
	(e) Other non-current assets	9	9702.67	10145.09
<b>2</b>	<b>Current Assets</b>			
	(a) Current Investments			
	(b) Inventories			
	(c) Short-Term Loans & Advances	10	19366.41	20302.29
	(d) Cash and Cash Equivalents	11	6362.35	3368.39
	(e) Other Current Assets	12	716.48	391.06
	<b>Total</b>		<b>36588.83</b>	<b>34259.94</b>

Notes 1 to 12 forming part of Balance Sheet

For and On behalf of the Board of Directors

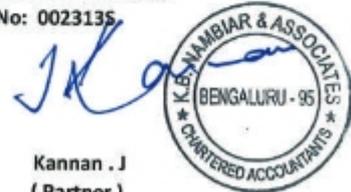
  
 (Aloysius P. Fernandez)  
 Founder Chairperson  
 DIN:00027034



  
 (Sunil Jadhli)  
 Chief Executive Officer



As per our report of even date  
 For K.B. Nambiar & Associates  
 Chartered Accountants  
 F R No: 0023135



Kannan . J  
 ( Partner )  
 Membership No.: 206160  
 UDIN: 25206160 BM/AC18550

Date: 25.06.2025  
 Place: Bengaluru

**SANGHAMITHRA RURAL FINANCIAL SERVICES**  
**INCORPORATED UNDER SECTION 25 OF THE COMPANIES' ACT, 1956**  
**COMPANY LIMITED BY GUARANTEE**

(Rs. in Lakhs)

**INCOME AND EXPENDITURE STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2025**

Sl.No.	Particulars	Note No	Figures as at the end of	
			Current Reporting Period 31-03-2025	Reporting Period 31-03-2024
I	Revenue from Operations	13	6552.33	5240.23
II	Other Income	14	484.07	364.02
III	<b>TOTAL INCOME (I + II)</b>		<b>7036.40</b>	<b>5604.25</b>
IV	<b>EXPENSES</b>			
	Cost of materials consumed		-	-
	Purchases of Stock-in-Trade		-	-
	Changes in inventories of Finished Goods, WIP and Stock-in-Trade		-	-
	Employee Benefits Expenses	15	1208.79	962.31
	Finance Costs	16	2779.84	2296.39
	Depreciation and Amortisation Expenses	8	27.19	16.26
	Other Expenses	17	1253.25	1099.96
	<b>TOTAL EXPENSES</b>		<b>5269.07</b>	<b>4374.92</b>
V	<b>Surplus before Exceptional and Extraordinary Items and Tax (III-IV)</b>		<b>1767.33</b>	<b>1229.33</b>
VI	<b>Surplus before Extraordinary Items and Tax</b>		<b>1767.33</b>	<b>1229.33</b>
VII	Exceptional / Extraordinary Items		-	-
VIII	<b>Surplus Before Tax</b>		<b>1767.33</b>	<b>1229.33</b>
IX	<b>Tax Expense</b>			
	Current Tax		-	-
	Deferred Tax		-	-
X	<b>Surplus for the period from Continuing Operations (IX-X)</b>		<b>1767.33</b>	<b>1229.33</b>
XI	Surplus from Discontinuing Operations		-	-
XII	Tax Expense of Discontinuing Operations		-	-
XIII	<b>Surplus from Discontinuing Operations (after tax) (XII-XIII)</b>		<b>-</b>	<b>-</b>
XIV	<b>Surplus for the Period (XI+XIV)</b>		<b>1767.33</b>	<b>1229.33</b>
XV	<b>Earnings per Equity Share</b>			
	-Basic		-	-
	-Diluted		-	-

Notes 13 to 17 are forming part of Income and Expenditure statement

For and On behalf of the Board of Directors

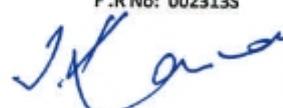
  
 (Aloysius P. Fernandez)  
 Founder Chairperson  
 DIN:00027034



  
 (Sunil Jagli)  
 Chief Executive Officer



As per our report of even date  
 For K.B. Nambiar & Associates  
 Chartered Accountants  
 F.R No: 0023135

  
 Kannan . J  
 (Partner)  
 Membership No.: 206160  
 UDIN: 25206160BMIAIC8550



Date: 25.06.2025

Place: Bengaluru

## SANGHAMITHRA RURAL FINANCIAL SERVICES

(Rs. in Lakhs)

## NOTES FORMING PART OF BALANCE SHEET

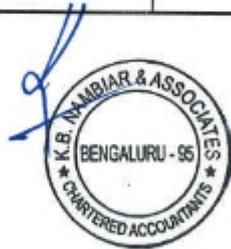
Note No.	Particulars	Figures as at the end of	
		Current Reporting Period 31-03-2025	Reporting Period 31-03-2024
1	Share Capital		
2	Reserves & Surplus		
	(a). Capital Reserve		
	Opening Balance	8662.51	7433.18
	<b>Total(a)</b>	<b>8662.51</b>	<b>7433.18</b>
	(b). Surplus		
	Excess of Income Over Expenditure for during the year	1767.33	1229.33
	<b>Add: Provisions Return Back</b>		
	(1) Provision for Income-Tax (AY 14-15)	25.00	-
	(2) Income Tax Payable	3.92	-
	(3) Provision for Income -Tax (AY 16-17)	100.00	-
	<b>General Reserve &amp; Surplus.</b>		
	<b>Transfer During the year</b>		
	(1) Micro Credit for Mothers	22.23	-
	(2) Water Grants	2.51	-
	(3) Water.ORG (FAAS)	0.30	-
	<b>Total (b)</b>	<b>1921.28</b>	<b>1229.33</b>
	<b>Total 2= Total(a)+Total(b)</b>	<b>10583.79</b>	<b>8,662.51</b>
	(b). Other Reserves		
	(1). Revolving Fund-SIDBI		
	Opening balance	12.23	11.97
	<b>Add: Recovered during the Year</b>	0.14	0.26
		12.37	12.23
	<b>Less: Utilised during the Year</b>	1.53	-
	<b>Total(2)</b>	<b>10.84</b>	<b>12.23</b>
	<b>Total A= (1)+(2)</b>	<b>10.84</b>	<b>12.23</b>
	<b>B.Water Org Grants</b>		
	Opening balance	2.51	2.51
	<b>Add: Received during the Year</b>	-	-
	<b>Less: Transfer During the year</b>	2.51	-
	<b>Total</b>	<b>-</b>	<b>2.51</b>
	<b>D. Technology Fund</b>		
	Opening balance	-	-
	<b>Add: Received during the Year</b>	-	-
	<b>Less: Transfer During the year</b>	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
	<b>C. WATER.ORG (FAAS)</b>		
	Opening balance	0.30	0.30
	<b>Add: Received during the Year</b>	-	-
	<b>Less: Transfer During the year</b>	0.30	-
	<b>Total</b>	<b>-</b>	<b>0.30</b>
	<b>D. NATIONAL BUREAU OF ECONOMIC RESEARCH (NBER)</b>		
	Opening balance	-	-
	<b>Add: Received during the Year</b>	41.48	20.73
	<b>Less: Utilised during the Year</b>	41.48	20.73
	<b>Total</b>	<b>-</b>	<b>-</b>



<b>E. MICRO CREDIT FOR MOTHERS</b>		
Opening balance	22.23	-
Add: Received during the Year	-	22.35
Less: Transfer During the year	22.23	0.12
<b>Total</b>	-	<b>22.23</b>
<b>Total(b)=Total A+Total B,C,D,E)</b>	<b>10.84</b>	<b>37.27</b>
<b>Grand Total-2</b>	<b>10594.63</b>	<b>0.09</b>
<b>3 Long-Term Borrowings (Secured against Book Debts)</b>		
(01) Union Bank Of India- TL 09	296.23	-
(02) Small Industries Development Bank of India-TL	-	18.53
(03) Indian Bank (MCB K G Road) TL-04	4.10	424.2
(04) Indian Bank (MCB K G Road) TL-05	4.19	424.56
(05) Nabsamruddhi Finance Limited (GL)	-	187.12
(06) Nabsamruddhi Finance Limited (Wash)	-	187.12
(07) Federal Bank TL 03	-	65.47
(08) Esaf Small Finance Bank	-	308.64
(09) Nabkisan Finance Limited	207.56	708.05
(10) Bank of Maharashtra -TL 05	492.18	1230.61
(11) Bandhan Bank TL-03	-	375.01
(12) Union Bank Of India - TL10	733.33	725.46
(13) Small Industries Development Bank of India -TL	967.75	1935.49
(14) Karnataka Gramin Bank-TL 01	590.75	1272.74
(15) Esaf Small Finance Bank-TL	207.63	-
(16) State Bank of India TL-03	637.00	-
(17) Federal Bank -TL	200.39	-
(18) Nabkisan Finance Limited	312.04	-
(25) Jana Small Finance Bank-CC	-	-
(19) Jana Small Finance Bank-TL	832.19	-
(20) Small Industries Development Bank of India - New TL	1309.09	-
<b>Total-A</b>	<b>6794.44</b>	<b>7,863.00</b>
<b>4 Long -Term provisions</b>		
<b>Others</b>		
Provision for doubtful loans as on 01-04-2024	386.51	330.11
Add: NPA Provision for the period ended	381.00	190.00
<b>Total</b>	<b>767.51</b>	<b>520.11</b>
Less: NPA Written off for the period ended	121.65	133.60
<b>Total</b>	<b>645.87</b>	<b>386.51</b>



- 5 Short - Term Borrowings (Secured against Book Debts)		
(01) Canara Bank JL Puram-10656(OD)	3478.56	3455.99
(02) State Bank of India Agri Commercial Branch St.Marks Road -CC	-	-
(03) State Bank of India St Marks Road TL 01	-	-
(02) Bank of Baroda - CC	238.38	500.00
(03) Indian Bank RT Nagar-OD	3440.76	3451.19
(04) Bank of Baroda -TL2	-	81.39
(05) Canara Bank TL 01	-	166.67
(06) Bank of Maharashtra TL 04	-	458.83
(07) Union Bank of India TL-09	436.36	517.98
(08) Small Industries Development Bank of India-TL	35.20	399.20
(09) State Bank of India - TL	-	922.92
(10) Nabsamruddhi Finance Ltd	-	433.20
(11) Indian Bank (MCB K G Road) TL-04	416.67	416.65
(12) Indian Bank (MCB K G Road) TL-05	416.67	416.67
(13). Federal Bank TL 02	-	487.40
(14) Nabsamruddhi Finance Ltd (GL)	187.12	165.83
(15) Nabsamruddhi Finance Ltd (Wash)	187.12	165.83
(16) Federal Bank TL 03	68.11	256.21
(17) Federal Bank -CC	-	65.25
(18) Esaf Small Finance Bank -TL	308.43	561.74
(19) Nabkisan Finance Limited	500.00	500.00
(20) Bank of Maharashtra -TL 05	727.32	727.27
(21) Bandhan Bank TL-03	371.18	500.00
(22) Union Bank Of India - TL10	366.67	436.36
(23) Bandhan Bank -CC	485.35	438.39
(24) Small Industries Development Bank of India -TL	967.74	564.52
(25) Karnataka Gramin Bank-TL 01	727.27	727.27
(26) Esaf Small Finance Bank -TL	573.64	-
(27) State Bank of India TL-03	552.00	-
(28) Federal Bank-TL	559.09	-
(29) Nabsamruddhi - TL4	460.66	-
(30) Jana Small Finance Bank-CC	483.25	-
(31) Jana Small Finance Bank-TL	1250.00	-
(32) Small Industries Development Bank of India NEW-TL	490.91	-
<b>TOTAL</b>	<b>17728.46</b>	<b>16816.76</b>



<b>6</b>	<b>Other Current Liabilities</b>		
	<b>Other Payables</b>		
	GST Payable	3.15	6.31
	Micro Insurance Premium Payable	15.64	21.09
	SHG/CMRC/NGO Incentive Payable	158.82	138.76
	Sundry Creditors	11.87	5.52
	Provision For Legal Fee	5.00	-
	Jayam Software Maintenance Payable	8.68	-
	Advance Collections	5.93	-
	Sundry Deposits	0.07	-
	Interest on Borrowings Payable	49.76	22.79
	Audit Fee Payable	5.20	-
	Professional Fee Payable	0.65	-
	Sa-Dhan RBI-Dea Workshop	0.09	-
	SIDBI Customer Payable Amount	0.06	-
	Reversal/ Return Acct	1.71	-
	Hospicash Insurance Premium Payable	4.75	-0.33
	Professional Tax Payable	0.15	0.13
	Provident Fund Payable	3.71	3.61
	Provision for office Rent	-	3.27
	Provision for Staff TADA	8.00	7.73
	TDS Payable	6.01	11.10
	<b>Total</b>	<b>289.22</b>	<b>219.99</b>
<b>7</b>	<b>Short - Term provisions</b>		
	<b>(a). Provision for employee benefit</b>		
	Salary Payable	124.55	59.98
	Earned Leave Encashment Payable	15.00	15.00
	Arrears Payable	70.00	-
	Incentive Payable	200.00	70.00
	Gratuity Payable	126.66	-
	<b>Total(a)</b>	<b>536.21</b>	<b>144.98</b>
	<b>(b). Others</b>		
	Provision for Income-Tax (AY 2014-15 )	-	25.00
	Income Tax Payable	-	3.92
	Provision for Income-Tax(AY 2016-17)	-	100.00
	<b>Total(b)</b>	<b>-</b>	<b>128.92</b>
	<b>Total 8=Total (a)+Total (b)</b>	<b>536.21</b>	<b>273.89</b>



**SANGHAMITHRA RURAL FINANCIAL SERVICES**  
INCORPORATED UNDER SECTION 25 OF THE COMPANIES ACT, 1956  
COMPANY LIMITED BY GUARANTEE

**FIXED ASSETS AS ON 31ST MARCH 2025**

(Rs. in Lakh)

Particulars	Gross Carrying Value					Depreciation (Refer Note)			Net Carrying Value		
	As at beginning of reporting period	Additions	Acquisitions through business combinations separately	Disposal	As at end of reporting	Up to last year	For the period	Withdrawals	Total	As at end of the reporting period	As at beginning of the reporting period
	01-04-2024				31-03-2025	01-04-2024			31-03-2025	31-03-2025	01-04-2024
& Property, Plant and Equipment											
Furniture & Fixtures	41.60	2.33		0.1	43.72	30.74	2.20		31.94	30.78	10.66
Office Equipments	50.47	2.16		-	52.63	38.61	6.11		44.52	7.71	11.66
Vehicles	30.02	11.94		5.48	36.48	15.14	5.43		20.57	13.91	10.89
Computer	49.42	20.60		-	70.07	41.72	8.22		40.90	20.11	7.68
Electrical Installation	0.05	-		-	0.9	0.9	-		0.09	-	-
UPS & Batteries	11.88	2.50		-	14.39	8.55	1.32		9.87	4.51	3.33
Plant & Machinery	13.01	-		-	13.01	8.98	0.50		9.48	9.54	4.04
Land & building	-	577.88			577.88	-	1.47		1.47	376.42	-
Sub Total	156.29	417.47	-	5.49	608.27	144.00	25.27	-	169.10	408.97	52.26
Intangible Assets											
Software	33.84	3.02		-	36.96	33.02	1.92		35.01	1.96	0.86
Sub Total	33.84	3.02		-	36.96	31.04	1.92		33.01	1.96	0.86
Others											
Total	250.23	420.49	-	5.49	645.23	177.12	27.19	-	204.31	440.92	58.22
Previous Year	201.92	21.68	-	1.88	230.23	168.85	16.26	-	177.12	53.11	41.07



SANGHAMITHRA RURAL FINANCIAL SERVICES			
(Rs. in Lakhs)			
NOTE FORMING PART OF BALANCE SHEET			
Note No.	Particulars	Figures as at the end of	
		Current Reporting Period 31-03-2025	Reporting Period 31-03-2024
9	<b>Other non - current assets</b>		
	<b>(a) Long Term Loans and Advances</b>		
	<b>Unsecured, Considered Good</b>		
	1) Financial assistance to Self Help Groups	9600.47	10045.14
	2) Joint Liability Groups (JLG)	8.05	26.16
	3) Tiren- Kolar	38.30	27.76
	4) Tiren - Erode	19.42	1.43
	<b>Total(a)</b>	<b>9666.23</b>	<b>10100.49</b>
	<b>(b) Others</b>		
	Advance to suppliers	-	4.33
	Staff Travel Advances	3.69	0.70
	Staff Personal Loans & Advances	32.75	39.57
	<b>Total(b)</b>	<b>36.44</b>	<b>44.60</b>
	<b>Total=Total(a)+Total(b)</b>	<b>9702.67</b>	<b>10145.09</b>
10	<b>Current Investments</b>		
	<b>Short Term Loans and Advances</b>		
	<b>Unsecured ,Considered Good</b>		
	1) Financial assistance to Self Help Groups	19200.94	20080.58
	2) Joint Liability Groups (JLG)	16.09	52.33
	3) Tiren- Kolar	76.59	55.51
	4) Tiren - Erode	38.84	2.85
	5) Tatkal Loan	33.94	111.02
	<b>Total</b>	<b>19366.41</b>	<b>20302.29</b>
11	<b>Cash &amp; Bank Balances</b>		
I	Cash & Cash equivalents		
	(a) Balance with banks	1876.26	221.98
	(b) Cheques, drafts on hand	-	-
	(C) Cash on hand	0.43	0.31
	(d) Others (specify)	-	-
	Bank deposits with less than & more then 12 months maturity	4485.66	3,146.10
II	Earmarked balances with banks	-	-
III	Balances with banks-held as margin money or security	-	-
	Deposit against borrowings, guarantee/other commitments	-	-
IV	Repatriation restrictions	-	-
	<b>Total</b>	<b>6362.35</b>	<b>3368.39</b>
12	<b>Other Current Assets</b>		
	Stamp Papers	0.56	0.60
	GST ITC Receivable	5.74	-
	Deposits for Premises & Facilities	15.34	16.99
	Advance Tax IT Paid- AY 2018-19	190.22	120.22
	Advance Tax IT Paid- AY 2016-17	170.00	100.00
	Advance Tax IT Paid- AY 2014-15	0.01	-
	Axis Bank Receivable	1.00	-
	Tax Deducted at Source-Receivable	58.83	69.92
	SIDBI- Customer Receivable	4.98	-
	LIC Group Gratuity Fund	126.66	-
	Prepaid Health-Insurance Account	51.12	43.00
	Accrued Interest on Loans & Advances	37.77	37.59
	Receivable from NBER	54.24	2.74
	<b>Total</b>	<b>716.48</b>	<b>391.06</b>



## SANGHAMITHRA RURAL FINANCIAL SERVICES

(Rs. in Lakhs)

## NOTE FORMING PART OF INCOME AND EXPENDITURE ACCOUNT

Note No.	Particulars	Figures as at the end of	
		Current Reporting Period 31-03-2025	Reporting Period 31-03-2024
13	<b>Revenue from Operations</b>		
	Interest on SHG & JLG Loans	6507.92	5208.24
	Interest on Tiren Loans	19.40	10.62
	Interest on Tiren and Tatkal Loans	25.02	21.37
	<b>TOTAL-A</b>	<b>6552.33</b>	<b>5240.23</b>
14	<b>Other Income</b>		
	Interest on Savings Banks	2.89	4.46
	Profit on sale of Fixed Asset	-	3.60
	Miscellaneous Income	0.31	0.184
	Interest on Fixed Deposits	175.29	111.644
	Interest on Staff Vehicle Loan	-	0.01
	Interest on Personal Loan	4.13	3.77
	SIDBI - Commission Received	4.98	-
	Collection from Written off Accounts	52.58	86.70
	Loan Processing Fee	216.06	153.65
	Write-off Bank Accounts	5.94	-
	Written off Loans- NBER Accounts	20.88	-
	Interest on Income Tax Refund	1.00	-
	<b>TOTAL-B</b>	<b>484.07</b>	<b>364.018</b>
	<b>TOTAL A+B</b>	<b>7036.40</b>	<b>5604.248</b>
15	<b>Employee Benefits Expenses</b>		
	Salaries and Wages	853.86	812.66
	Incentive for Staff	214.94	2.79
	Staff Medical Reimbursement	51.71	43.48
	Renewal - Gratuity Account	12.38	15.73
	Staff Welfare	10.18	9.46
	Leave Encashment	13.77	25.13
	Development Training Staff & Tiren	5.35	5.97
	Contribution to Provident fund	46.62	47.09
	<b>Total</b>	<b>1208.79</b>	<b>962.31</b>
16	<b>Finance Costs</b>		
	Bank Charges	140.00	196.83
	Interest Expenses	2639.84	2099.56
	<b>Total</b>	<b>2779.84</b>	<b>2296.39</b>



<b>17</b>	<b>Other Expenses</b>		
	Provision for Loan Losses	381.00	190.00
	<b>Repairs &amp; Maintenance</b>		
	Repairs Others	6.79	11.86
	Repairs- Vehicles & Equipments	1.76	2.28
	<b>Operational &amp; Administrative Expenses</b>		
	Advertisement Expenses	1.00	0.07
	Miscellaneous Expenses	0.14	0.04
	Board Meeting Expenses	0.82	0.50
	Capacity Building of SHG/CMRC	3.15	1.01
	Consultancy Fees	-	3.93
	CSR Activities	13.00	27.03
	Domain Charges	0.97	0.16
	Donation Paid	0.80	-
	Electricity Charges	4.57	4.15
	Credit Grading & Rating Expenses	36.24	21.46
	Incentive to NGO/CMRC/SHG	342.45	475.69
	Cash-In- Transit Insurance	0.23	0.23
	Internet Charges	2.01	2.09
	Lease Line Expenses	2.41	2.72
	Legal Fees	1.06	1.07
	Meeting & Guest Expenses	13.09	5.38
	Membership Fees	8.25	5.93
	Office Expenses	19.70	4.03
	Postage, Telephone & Courier Charges	14.33	12.04
	Printing & Stationery	14.18	14.18
	Professional Fees	112.99	60.66
	Rates & Taxes	1.39	1.19
	Office Rent	51.60	54.57
	Security Charges	7.18	8.17
	Software Maintenance	65.69	42.51
	Travelling Expenses	145.66	145.99
	Water Charges	0.78	1.02
	<b>Total</b>	<b>1253.25</b>	<b>1099.96</b>



12] Ratios		As at 31/03/2025	As at 31/03/2024	Variance %	Reason if Change is More than 25% as compared to Previous year.
Particulars	Numerator	Ratio	Ratio		
(i) Current ratio	Current assets	1.43	1.39	2.70	Not required to be provided since the change is less than 25%.
(ii) Debt-Equity ratio	Total debt	2.31	2.84	-18.41	Not required to be provided since the change is less than 25%.
(iii) Debt-service coverage ratio	Earnings available for debt service	0.15	0.11	36.45	Due to increase in net operational income
(iv) Return on equity ratio	Profit after Tax	0.18	0.15	20.47	Not required to be provided since the change is less than 25%.
(v) Inventory turnover ratio	Revenue from operations	0.00	0.00	0.00	Not Applicable - Company does not hold any Inventory
(vi) Trade receivable turnover ratio	Revenue from operations	0.22	0.19	17.64	Not required to be provided since the change is less than 25%.
(vii) Trade payable turnover ratio	Purchases and other expenses	0.11	0.10	10.09	Not required to be provided since the change is less than 25%.
(viii) Net Capital turnover ratio	Revenue from operations	0.66	0.64	3.10	Not required to be provided since the change is less than 25%.
(ix) Net profit ratio	Netprofit	0.25	0.22	14.50	Not required to be provided since the change is less than 25%.
(ix) Return on capital employed	EBITDA :	26.15	21.29	22.84	Not required to be provided since the change is less than 25%.
(x) Return on Investment	Profit after Tax	6.08	4.04	50.57	due to increase in net profit during current year



	2024-25	2023-24	2022-23
<b>I. Current Assets</b>			
Current assets, Current liability	2024-24	2023-23	2022-22
Current assets, Current liability	14457.22	14457.22	14457.22
Current liability	12113.06	12113.06	12113.06
	1.49	1.49	1.49
<b>II. Other Financial Assets</b>			
2024-25	2023-24	2022-23	
Total Total / Total Assets (Total of all assets and Expenses and Liabilities)	14457.22	14457.22	14457.22
Share holder equity	14457.22	14457.22	14457.22
	1.49	1.49	1.49
<b>III. Other Financial Liabilities</b>			
2024-25	2023-24	2022-23	
Net operating Income (Net profit)	14457.22	14457.22	14457.22
Net operating Income (Net profit)	14457.22	14457.22	14457.22
	1.49	1.49	1.49
<b>IV. Other Financial Assets</b>			
2024-25	2023-24	2022-23	
Net Income (Net profit)	14457.22	14457.22	14457.22
Net Income (Net profit)	14457.22	14457.22	14457.22
	1.49	1.49	1.49
<b>V. Other Financial Assets</b>			
2024-25	2023-24	2022-23	
Net Income (Net profit)	14457.22	14457.22	14457.22
Net Income (Net profit)	14457.22	14457.22	14457.22
	1.49	1.49	1.49
<b>VI. Other Financial Assets</b>			
2024-25	2023-24	2022-23	
Net Income (Net profit)	14457.22	14457.22	14457.22
Net Income (Net profit)	14457.22	14457.22	14457.22
	1.49	1.49	1.49
<b>VII. Other Financial Assets</b>			
2024-25	2023-24	2022-23	
Net Income (Net profit)	14457.22	14457.22	14457.22
Net Income (Net profit)	14457.22	14457.22	14457.22
	1.49	1.49	1.49
<b>VIII. Other Financial Assets</b>			
2024-25	2023-24	2022-23	
Net Income (Net profit)	14457.22	14457.22	14457.22
Net Income (Net profit)	14457.22	14457.22	14457.22
	1.49	1.49	1.49
<b>IX. Other Financial Assets</b>			
2024-25	2023-24	2022-23	
Net Income (Net profit)	14457.22	14457.22	14457.22
Net Income (Net profit)	14457.22	14457.22	14457.22
	1.49	1.49	1.49
<b>X. Other Financial Assets</b>			
2024-25	2023-24	2022-23	
Net Income (Net profit)	14457.22	14457.22	14457.22
Net Income (Net profit)	14457.22	14457.22	14457.22
	1.49	1.49	1.49
<b>XI. Other Financial Assets</b>			
2024-25	2023-24	2022-23	
Net Income (Net profit)	14457.22	14457.22	14457.22
Net Income (Net profit)	14457.22	14457.22	14457.22
	1.49	1.49	1.49



CSR Calculation											Rs. in Lakhs	
Year	Profit before tax	Amount Written off	Net profit	Average Net profit of last 3 years	To be spent (% of the profit calculated)	Unspent Amount C/d	Total Amount to be spent	Amount Spent During The Year	Unspent Amount C/f			
2011-12	256.02	149.24	106.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2012-13	479.53	100.10	379.43	0.00	0.00	0.00	0.00	0.00	2.19	-2.19	-2.19	
2013-14	570.69	110.00	460.69	0.00	0.00	0.00	0.00	0.00	2.19	-2.19	-2.19	
2014-15	666.45	56.30	610.15	315.63	6.31	0.00	6.31	6.31	3.68	2.64	2.64	
2015-16	851.24	74.20	777.04	483.42	9.67	2.64	12.30	12.30	1.82	10.48	10.48	
2016-17	717.88	128.69	589.19	615.96	12.32	10.48	22.80	22.80	1.99	20.81	20.81	
2017-18	749.49	201.00	548.49	658.79	13.18	20.81	33.98	33.98	1.77	32.21	32.21	
2018-19	809.52	91.00	718.52	638.24	12.76	32.21	44.97	44.97	1.02	43.95	43.95	
2019-20	719.78	179.00	540.78	618.73	12.37	43.95	56.32	56.32	1.88	54.44	54.44	
2020-21	1039.83	322.67	717.16	602.60	12.05	54.44	66.50	66.50	22.00	44.50	44.50	
2021-22	552.71	304.25	248.45	658.82	13.18	44.50	57.67	57.67	14.63	43.05	43.05	
2022-23	861.57	129.70	731.87	502.13	10.04	43.05	53.09	53.09	35.31	17.78	17.78	
2023-24	1229.37	133.60	1095.77	565.83	11.32	17.78	29.10	29.10	27.03	2.07	2.07	
2024-25	1773.18	121.65	1651.53	692.03	13.84	2.07	15.91	15.91	13.00	2.91	2.91	
		<b>2101.40</b>	<b>9175.86</b>	<b>6352.20</b>	<b>127.04</b>	<b>271.91</b>	<b>398.96</b>					



**Additional Regulatory Information for the year 2024-25**

**1) Title deeds of immovable property not held in the name of the entity**

Particulars	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether the title deed holder is a promoter/director or Relative of promoter/director or Employee of promoter/Director	Property held since which date	Reason for not being held in the name of the entity
(i) Property, Plant & Equipment	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investment Property	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Property, Plant & Equipment retired from active use and held for disposal	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Others	NIL	NIL	NIL	NIL	NIL	NIL

**2) Revaluation of Property, Plant & Equipment**

The Company has not undertaken any revaluation of its property, plant and equipment in the current year.

**3) Loans or advances in the nature of loans granted to Promoters, Directors, KMPs, and the related parties either severally or jointly with other person that are :**

(a) Repayable on demand

(c) Without specifying any terms or period of repayment

Type of Borrower	Amount of Loan or advance in the nature of loan outstanding	Percentage of total loans and advances in the nature of loans
Promoters	NIL	NIL
Directors	NIL	NIL
KMPs	NIL	NIL
Related parties	NIL	NIL

**4) Capital work in progress (CWIP)**

CWIP	Amount in CWIP for a period of				Total
	< 1 year	1-2 years	2-3 Years	More than 3 years	
(i) Projects in progress	NIL	NIL	NIL	NIL	NIL
(ii) Projects temporarily suspended	NIL	NIL	NIL	NIL	NIL

**5) Intangible assets under development**

Intangible assets under development	Amount in CWIP for a period of				Total
	< 1 year	1-2 years	2-3 Years	More than 3 years	
(i) Projects in progress	NIL	NIL	NIL	NIL	NIL
(ii) Projects temporarily suspended	NIL	NIL	NIL	NIL	NIL

**6) Details of Benami property held**

No proceedings in pending or initiated against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rules made there under.

**7) Borrowings from banks or financial institutions on the basis of security of current assets**

The Company has availed overdraft /Cash credit and Term Loan from many banks, financial institution and NBFC and the same has been secured against the book debts and fixed deposits of the company and the monthly and quarterly returns filed with the bank is matching with the books of accounts.

**8) Willful Defaulter**

The company has not been declared as a willful defaulter by any bank, financial institutions or other lenders during the year.

**9) Relationship with struck off Companies**

Name of the Struck off company	Nature of transaction with struck off company	Balance outstanding	Relationship with struck off company, if any, to be disclosed
NIL	NIL	NIL	NIL
NIL	NIL	NIL	NIL

**10) Registration of charges or satisfaction with registrar of Companies**

There are no charges or satisfaction yet to be registered with the Registrar of Companies beyond the statutory period.

**11) Compliance with number of layers of Companies**

The company is not a "Subsidiary company" or a "Subsidiary" as defined in section 2(87) of the Companies Act, 2013, thus the provisions of this clause shall not apply.

**12) Ratios**

Refer Annexure

**13) Compliance with approved scheme (s) of arrangements**

The company has not entered into any scheme of arrangement as specified under section 230 to 237 of the Companies Act, 2013.

**14) Utilisation of borrowed funds and share premium**

The Company has not loaned, advanced or invested funds (either out of borrowed funds or share premium or any other sources or kind of funds) to any persons or entities.



**Additional Regulatory Information- Profit and loss items for the year 2024-25****15) Undisclosed income**

During the year there were no assessments or scrutiny conducted under the provisions of Income Tax Act, 1961 on the company.

**16) Corporate Social Responsibility**

The provisions of section 135 of the Companies Act, 2013 is applicable to the Company.

**(Rs. in Lakhs)**

Sl. No	Particulars	Amount
1	Amount required to be spent during the year	14.73
2	Amount of expenditure incurred	13.00
3	Shortfall at the end of the year	-
4	Total of previous years shortfall	02.07
5	Reason for shortfall	Being a section 8 company, the activities of the company is for the benefit of the society, and the entire surplus of the income every year was utilised for the benefit of the society in the form of low interest loan to the underprivileged and water and sanitation programmes.
6	Nature of CSR activities	Assistance to social empowerment, assistance to educational institutions, hygiene and sanitation, safe drinking water programmes.
7	Details of related party transaction	NIL
8	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movement in the provision during the year should be shown separately	NO SUCH INSTANCES

**17) Crypto currency or virtual currency**

The Company has neither traded in nor invested in any Crypto or virtual currency during the financial year.



Long Term and Short term loans ageing schedule for the Year.

(Rs. in Lakhs)

Particulars	Outstanding for following periods from due dates of payment as on 31.03.2025					Total	Outstanding for following periods from due dates of payment as on 31.03.2024					
	< 6 Months	6 Months-1 year	1 -2 years	2-3 Years	More than 3 years		< 6 Months	6 Months-1 year	1 -2 years	2-3 Years	More than 3 years	Total
(i) Undisputed trade receivables considered good.	2460.47	7573.08	18996.95	-	-	29,033.30	28955.55	29.28	84.25	-	-	29069.07
(ii) Undisputed trade receivables considered doubtful.	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Disputed trade receivables considered good.	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Disputed trade receivables considered doubtful.	-	-	-	-	-	-	-	-	-	-	-	-



## SANGHAMITHRA RURAL FINANCIAL SERVICES

(A Not-For-profit company incorporated under section 25 of The Indian Companies act 1956 – A  
Company limited by guarantee)

### 18 SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2025.

#### 1. CORPORATE INFORMATION:

Sanghamithra Rural Financial Services (SRFS) is a company registered under section 25 of the Companies Act, 1956 (corresponding section 8 of the Companies Act, 2013). The Company is also registered under section 12A of the Act vide certificate issued by the Commissioner of Income Tax bearing Registration No.18/A-1/S-742/98-99/CIT-II dated 18.12.1999. The company has also been granted 80G vide order in F.No. DIT(E)/BLR/80G/200/ AACES0038H/ITO(E)-3/Vol.2010-11 dated 16.08.2010. These registrations and approvals were renewed by orders dated 24.09.2021 for the A.Y 2022-23 to 2026-27. SRFS has received RBI certification as NBFC-ND-MFI dated 14.08.2023.

#### 2. SIGNIFICANT ACCOUNTING POLICIES:

##### I. Basis of Accounting and preparation of Financial Statements

The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material aspects with Accounting Standards ('AS') issued by Institute of Chartered Accountants of India and referred to section 129 & 133 of the Companies Act, 2013, read with General Circular 8/2014 dated April 01, 2014 issued by the Ministry of Corporate Affairs. The accounting policies have been uniformly applied by the company and are consistent with those used in the previous year.

##### II. Use of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the date of Balance Sheet. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual amounts could differ from these estimates.

##### III. Property, Plant and Equipment (Tangible Fixed Asset):

Tangible Assets are stated at cost net of recoverable taxes, trade discounts and rebates less accumulated depreciation and impairment loss, if any. The cost of an item of Tangible asset comprises its purchase price, including all duties & taxes and any directly attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditures related to an item of Tangible Asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

- Assets which are not ready for their intended use are disclosed under Capital Work-in Progress and all the cost relating to such assets are shown under work-in-progress.



Gains or losses arising from derecognition of Property, plant and equipment's are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and loss when the asset is derecognized.

#### **IV. Property, Plant and Equipment (Intangible Fixed Asset):**

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities) and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred, unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

#### **V. Depreciation and Amortization:**

Depreciation and amortization is provided on Straight Line Value Method based on the life assigned to each asset in accordance with Schedule II of the Companies Act, 2013 for all assets. On additions during the year, depreciation has been charged on pro rata basis from the date of acquisition.

#### **VI. Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### **VII. Employee Benefits:**

##### **1) Short Term Employees Benefits:**

All employee benefits falling due wholly within 12 months of rendering the services are classified as short-term employee benefits. The benefits like salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia and performance incentives, are charged to statement of Profit and Loss for the year in which employee renders the related service.

##### **2) Post-employment benefits and other long term employee benefits:**

###### **2.1 Defined Contribution Plan**

These are plans in which the company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contribution to the employees' Provident fund and the like. The company's payment to the defined contribution plans are charged as an expense to the statement of profit and loss for the year when the employees renders the related service that the payment covers.

###### **2.2 Defined Benefit Plan**

2.2.1 Gratuity: Company provides for Retirement Benefits in the form of Gratuity. Company has taken Group Gratuity Policy of LIC of India and Premium paid is recognized as expenses when it is incurred and the Company has ascertained the liability towards the retirement benefits such as the Gratuity, on actuarial basis, as required under Accounting Standard 15. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized



immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

#### 2.2.2 Provident Fund:

Provident fund is accrued on monthly basis in accordance with the terms of contract with the employees and is deposited with the Statutory Provided Fund. The Company's contribution is charged to profit and loss account.

### VIII. Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and no significant uncertainty exists regarding realization of the consideration. Revenue from interest is recognised on accrual basis.

A) Interest: The rate of interest for lending to SHGs was different for different products and also different geographical areas, especially in respect of general-purpose loans. In order to bring about uniformity in the interest rate structure, the rationalization of interest rates task was taken up; Board approved the same as mentioned below in respect of General-Purpose Loans which constitutes around 96.63 % of total portfolio.

- General Purpose Loan – 22%
- Water & Sanitation WASH loan – 20%
- Farmer Producer Organisation (FPO) Loan – 16%
- Tatkal Loan – 26%
- TIREN Loan - 22%
- Loans to tribal communities - 9%

### IX. Current and Non-current:

#### Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realized within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

#### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or
- d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its



settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

#### **X. Provisions, contingent assets and contingent liabilities:**

Provisioning made against Financial Assistance portfolio: The company have adopted provisioning & income recognition norms as per RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale based Regulation) Directions, 2023 dated October 19, 2023. The Company has made provisions for the amount of Rs. 3,81,00,000/- against NPA for the current year and written of Rs. 1,21,64,621/-.

The Honourable Income Tax Appellate Tribunal, Bangalore passed an Order dated 03<sup>rd</sup> January, 2024 under section 254 of the Income Tax Act, 1961 thereby confirming the Order of the Honourable Commissioner of Income Tax (Appeals) resulting in an Income tax demand on assessed income of Rs 7,08,37,639/- pertaining to assessment year 2016-17 and 2018-19.

However, the entity has filed an Appeal under section 260A of the Act before the honourable High Court, Karnataka against the Order of the ITAT.

#### **XI. Accounting for Leases:**

**a. Operating leases:** Assets taken on lease basis, where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals on assets taken on operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the period of the lease.

**b. Finance leases:** Leases in which the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such lease is capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. The outstanding liability is included in other long-term borrowings and other current liabilities as appropriate.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### **XII. Other points**

1. To account for capital fund when funds are received from the donors with specific instructions to form such a fund.

2. The company registered under section 25 of the companies Act.1956 (now Section 8 of the companies act 2013). Share capital is not applicable to the company.

3. The Company has converted its status to Non-Banking Financial Company during the year according to the RBI guidelines.



4. Claim against the company not acknowledged as Debt Rs. Nil (Previous Year Nil)
5. The company has proper Internal Control procedures by way of Corporate Office audit & Verification Audit commensurate with the increased lending activities. However, the Company has formed an Internal audit committee within the organization and it has conducted the internal audit for the year.
6. The company during the financial year has adopted the CSR provisions as per sec.135 of the companies' act 2013.

Sl. No	Particulars	Amount in lakhs
1	Amount required to be spent during the year	13.84
2	Amount of expenditure incurred	13.00
3	Shortfall at the end of the year	0.84
4	Total of previous years shortfall	2.91
5	Reason for shortfall	Nil
6	Nature of CSR activities	Assistance to social empowerment, assistance to educational institutions, hygiene and sanitisation, safe drinking water programmes.
7	Details of related party transaction	NIL
8	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movement in the provision during the year should be shown separately	NO SUCH INSTANCES

#### 7. Previous Year Comparatives:

Previous year figures have been regrouped and rearranged wherever necessary for better comparison with the current year figures. The company has compiled the above accounts based on the Schedule III applicable for the accounting period 2024-2025. The disclosure requirements are made in the notes to accounts or by way of additional statements. The other disclosures as required by the Companies Act are made in the notes to accounts.

8. Related Party Disclosure in accordance with accounting standard – 18 issued by The Institute of Chartered Accountants of India.

#### Related Parties

Name	Relationship
ALOYSIUS P. FERNANDEZ	Chairperson and Director
TAKKALAPATI MAHADEVA NAIDU VIJAYBHASKAR. IAS (Rtd.,)	Director



ASHOK DORAISWAMI	Director
RISBUD GAJANAN ARVIND. IAS ( Rtd.,)	Director
VIDYA RAMACHANDRAN	Director
VENKATESH TAGAT	Director
SURESH K .KRISHNA	Director
WILLIAM D SOUZA	Director
RUDRAPPA DODDAHOLIYAPPA GADIYAPPANAVAR	Director
PARTHASARATHY LAKSHMAIAH	Director

Transaction with related parties - NIL

9. Key Managerial Persons in accordance with accounting standard – 18 issued by The Institute of Chartered Accountants of India.

#### Key Managerial Persons

Name	Relationship	Salary/Professional fees
Sunil Jadli	Chief Executive Officer	34,38,600

#### XIV. Notes to Accounts

##### 1. Realization of current assets, loans and advances:

In the opinion of the management, the value on realization of current assets, loans and advances in the ordinary course of business, would not be less than the amount at which they are stated in the Balance Sheet.

##### 2. Details of Auditors remuneration:

Particulars	31.03.2025	31.03.2024
Audit Fees	5,20,000	2,25,000
Other Compliance charges	65,000	75,000
<b>Total</b>	<b>5,85,000</b>	<b>3,00,000</b>

##### 3. Trade Receivables, Trade Payables and Other liabilities, Loans and Advances:

Trade Receivables, Trade Payables and Other liabilities, Loans and Advances forming part of financial statements regarding said balances disclosed in the financial statements are subject to party confirmation and reconciliation as at the end of the financial year.

##### 4. Claims against the Company:

Claims against companies not acknowledged as debts is Rs. Nil



## 5. Additional Information:

	Current Year	Previous Year
Value of Imports on CIF basis Components		
(A) Purchase for resale	Nil	Nil
(B) Expenditure in Foreign Currency Rs.	Nil	Nil
(C) Value of Imported Raw materials Rs.	Nil	Nil
(D) Amount remitted during the year in - Foreign currency on account of dividend	Nil	Nil
(E) Earnings in foreign exchange, - Export Sales during the year Rs.	Nil	Nil
(F) Number of employees drawing salary- More than Rs. 102 Lakhs P.A or Rs. 8.5 Lakh- P.M, if employed for part of the year	Nil	Nil

Contingent Liabilities not provided for:

(a) In respect of guarantees issued by Banks is NIL

6. Based on the information furnished the company does not owe to any small-scale industrial undertakings any sum, which is outstanding for a period more than 45 days as on 31.03.2025.

As per our Report of even date.

**For K B Nambiar and Associates**  
Chartered Accountants

  
**Kannan J**  
Partner

M No. 206160

F R No. 002313S

UDIN: 25206160BMIAC18550



  
**Aloysius P. Fernandez**  
Chairperson & Director

DIN: 00027034

For and on behalf of the board.

  
**Sunil Jadli**  
Chief Executive Officer

DIN: 07034282



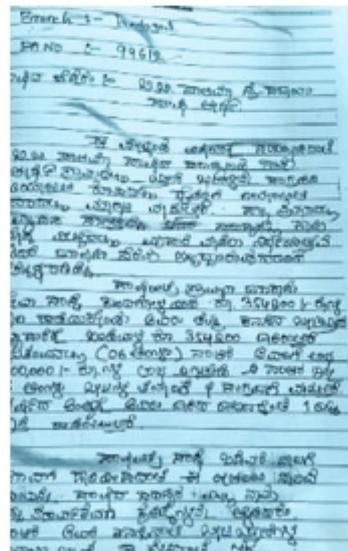
Date: 25.06.2025

Place: Bengaluru



# 1 Rural Roots to International Recognition

**Equator Initiative Award** often referred to as the *“Biodiversity Nobel”* conferred by the United Nations Development Programme (UNDP) **Bibi Fathima SHG – Mrs. Bibi Jaan**



Letter of Gratitude to Sanghamithra from Bibi Fathima SHG

Bibi Jaan a determined woman farmer from Teertha village, Kundagol taluk Dharwad District, has emerged as an inspiring role model in the field of sustainable farming. She is a proud member of the Self-Help Group (SHG) that recently won the prestigious “Equator Initiative Award”, often referred to as the *‘Biodiversity Nobel’*, conferred by the United Nations Development Programme (UNDP). This international honour recognized the group’s outstanding contribution to biodiversity conservation and sustainable livelihoods.

With limited resources, the women initially struggled to scale their work. Recognizing their potential, Sanghamithra Rural Financial Services (SRFS) extended crucial support by disbursing a loan of Rs.3,54,200 to the SHG. This financial assistance provided the much-needed operational capital, enabling them to establish a seed banking business, set up organic grain processing units, and diversify into organic food production.



Under Bibi Jaan's leadership, the SHG motivated farmers to adopt organic farming practices and initiated a seed bank to revive and preserve traditional varieties, ensuring sustainability for future generations. Today, all 14 women members of the SHG are engaged in eco-friendly farming, strengthened their livelihoods, and created a model that blends tradition with innovation.

Speaking about her achievement, Bibi Jaan expressed heartfelt gratitude to SRFS. She acknowledged that timely credit access played a pivotal role in their success and even wrote a personal letter of thanks to SRFS, recognizing its role in empowering rural women to dream big and achieve global visibility.

**2**

**Women Empowerment & Sustainable Agribusiness**

**Sadhana Atma Aahara Bhadrata Raita Women SHG – Ms. Nagaveni.**



Ms. Nagaveni K.S. from Somenahalli, Kolar Taluk, is a member of the Sadhana Atma Aahara Bhadrata Raita Women SHG. With support from SRFS and her SHG, she has built a self-employment unit.

Considering the growing demand for healthy foods, she started millet processing and marketing with Rs.2,00,000 a TIREN loan in 2023. Encouraged by success, she diversified into mushroom cultivation and food drying with a 2nd cycle loan of Rs.3,00,000 in 2024. Today, she is proud of providing hygienic, value-added food products in her vicinity.

**3**

**Dairy to Poultry – The Entrepreneurial Journey**

**Chaitanya Mahila Sangh - Ms. Radha**

Ms. Radha, hails from Boppanahalli village, H.D Kote, a founding member of Chaitanya Mahila Sangh formed in 1999, has been steadily building her entrepreneurial journey with the support of Sanghamithra. Over the years, she has availed six loans, each step marking her progress from small-scale farming to poultry entrepreneurship.





With her first two loans (Rs.20,000 and Rs.35,000), she supported her husband’s farming activities and purchased a cow, adding Rs.2,500 to the family’s monthly income. In 2017, with a loan of Rs.55,000, she started a home-based chili powder business, followed by another loan of Rs.85,000 in 2019 to expand it, generating profits of nearly Rs.25,000 per month. Looking to diversify, in 2021 she availed Rs.1,00,000 to build a poultry farm with a capacity of 3,000 birds. Most recently, in 2024 she availed Rs.1,20,000 to install essential equipment, including gas cylinders for heating and for feed for the chicks.

Through determination and effective use of microfinance, Radha has transformed her family’s livelihood from dairy farming to diversified agribusiness. She is showcasing how rural women can successfully manage and start different enterprises with vision and support.

## 4

### Creating Local Opportunities - Oil Mill

**Kalaimagal SHG - Ms. Yogita**



Ms. Yogita, from Chimmatahalli village, Talavadi taluk, Erode district, is a member of *Kalaimagal SHG*, affiliated with Kamadenu CMRC. She has been part of the SHG for two years and availed a loan of **Rs.50,000 from Sanghamithra** on 29/09/2023.

Already running a flour mill, Yogita expanded her enterprise by purchasing an oil extraction mill with support from SRFS and a small government grant. Her unit now employs three women earning Rs.200 per day and serves several nearby villages that earlier had to travel 30 km for oil mills. By sourcing coconuts and castor beans directly from farmers, she produces and sells oil locally, earning about Rs.15,000 profit per month. Encouraged by this success, Yogita now plans to further expand her mill in the village.

## 5

### Dairy Market Closer to Home

**Mariyamman SHG – Ms. Santha**

Mariyamman SHG was formed on 21.05.1992 at Pamandapatty village, Dharmapuri, with 20 members, promoted by Suruthi Valarchi Mayam (SVM-CMRC), Krishnapuram. As of July 2025, the group has accumulated savings of Rs.9,84,000.





7

## Worker to Entrepreneur – Small food unit brings her steady income

Sri Bhavani MSS - Ms. Padmavathi



Ms. Padmavathi, member of Sri Bhavani MSS, Sulepet Village, has transformed her life with the support of SRFS loans. She availed Rs.30,000 in 2020, Rs.70,770 in 2023, and Rs.1,00,000 in 2025.

Earlier, Padmavathi worked in another member's shop making vermicelli and chili powder. With the loans, she established her own vermicelli unit and later expanded to include chili powder production. Her products are sold at marriage functions, dhabas', and weekly markets, earning her a steady monthly income of Rs.15,000.

Through determination and wise reinvestment, Padmavathi has built a profitable enterprise, ensuring financial stability for her family.

8

## Roti by Roti - I built my independence

Shri Lakshmi Mahila MSS - Ms. Nirmala



Ms. Nirmala, a housewife from Jagalur town, Karnataka, wanted to support her family's income but had limited investment options. Seeing the need for ready-made rotis among working women, students, and employees, she decided to start a roti making unit.

Through her SHG, Shri Lakshmi Mahila MSS, Nirmala accessed loans from SRFS multiple times. Recently, she availed a loan of Rs.1,20,000, which helped her invest in a roti-making machine worth Rs.3,00,000.

Although people were initially sceptical about machine-made rotis, they soon appreciated the convenience and quality. Today, Nirmala prepares and sells around 500 rotis daily, generating a turnover of Rs.2,500–Rs.3,000 per day, with a net income of nearly Rs.1,500.

## Photo Gallery



General purpose Loan - Flowers



Vanadhevathai Irular Tribal SHG - Puthur ST colony, Krishnagiri Dist. TN



Devadasi SHG Literacy Class, Saundatti



SHG Hybrid Model Training, Mysuru



SHG Hybrid Model Training, Kalaburagi



SHG Hybrid Model Training, Kalaburagi

## Photo Gallery



Stall-fed Goat Rearing , Kolar



SHG Roti making Unit, Kalaburagi.



TIREN - Mini-flour mill  
Chamarajanagar



Tatkal Vertical -- Flower  
garlands



WASH - Drinking Water  
Connection



TIREN - Centering material hiring for building  
construction, Kolar



Tatkal Vertical-- Food cart, Kalaburagi