ApaarSeva Foundation

212, New Town, Diamond Harbour, South 24 Parganas, West Bengal – 743331, India

Valid from: December 23rd , 2025

Valid to: December 22nd , 2026

Grading Type	Grading Assigned
MFI Grading	**MFI 4**

IAR MFI Grading	Definition
MFI 1	**Highest** capacity of the MFI to manage its operations in a sustainable manner.
MFI 2	**High** capacity of the MFI to manage its operations in a sustainable manner.
MFI 3	**Good** capacity of the MFI to manage its operations in a sustainable manner.
MFI 4	**Above Average** capacity of the MFI to manage its operations in a sustainable manner.
MFI 5	**Average** capacity of the MFI to manage its operations in a sustainable manner.
MFI 6	**Below Average** capacity of the MFI to manage its operations in a sustainable manner.
MFI 7	**Weak** capacity of the MFI to manage its operations in a sustainable manner.
MFI 8	**Poor** capacity of the MFI to manage its operations in a sustainable manner.

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General Information

Sr. No.	Particulars	Details	
1.	Managing Director	Mr. Arindam Kayal	
2.	Year of Incorporation	2020	
3.	Commencement of MFI operations	2020	
4.	Legal Status	Section 8 Company	
5.	Registered Office/ Corporate Office	212, New Town, Diamond Harbour, South 24 Parganas, West Bengal – 743331, India	
6.	Lending Model	JLG Model	
7.	Geographical reach as on September 30, 2025	No. of States	1
		No. of Districts	1
		No. of Branches	2
		No. of Active Borrowers	744
		No. of Total Employees	15
		No. of Field/Credit Officers	6
8.	Auditors	M/s Nitin Gami & Associates	
9.	Outstanding Grading	NA	
10.	Outstanding Rating		
11.	No of Lenders	1	

GRADING RATIONALE

Brief Profile of the organization

- ApaarSeva Foundation herein referred to as Apaar was constituted as a section 8 company in the year of 2020. Since 2022, the company has started expanding its microfinance operations, empowering women, promoting financial inclusion, and building sustainable community development.
- Currently, Apaar Seva Foundation is engaged in microfinance activities under Joint Liability Group (JLG) model in only one state i.e., West Bengal.
- Experienced founder and reasonably experienced governing body members, which meets on quarterly basis.
- Apaar works in JLG model. The Board and Senior Management is reasonably experienced in banking and financial services.
- Currently, the day-to-day operations of the entity are managed by Mr. Arindam Kayal. He is extensively experienced in MFI and social development sectors.
- Apaar is now working with 2 branches spread over only one district in the state of West Bengal where they are providing services to almost 744 clients.
- As on September 30, 2025, Apaar is managing a total outstanding loan portfolio of Rs. 1.12 crore.

Mission & Vision of Apaar

Vision: To create a financially inclusive society where every individual has access to credit and insurance, enabling them to improve their quality of life and contribute to community development.

Mission: To empower and uplift marginalized sections of society, especially women and rural entrepreneurs, by providing access to affordable and accessible financial services, thereby contributing to social and economic development.

Profile of governing body members/directors of ApaarSeva Foundation

Name	Age / DOB	Designation In the board	Education Qualification	Brief Profile	Total Years of Experience	Experience in Micro finance
Mr. Arindam Kayal	22-07-1984	Managing Director	Graduate	Arindam Kayal is a graduate professional and currently serves as the Managing Director of ApaarSeva Foundation. He has valuable work experience as a sales executive and has accumulated over 7 years of collective experience in the microfinance sector.	8	5
Mr. Rahul Dev Barman	08-05-1986	GM	Graduate	Rahul Dev Barman is a graduate professional who began his career as a Credit Officer at a renowned NBFC-MFI. Over the years, through dedication and strong performance, he rose to the position of Senior Branch Manager before leaving the organization. He is currently serving as the General Manager of Apaar Seva Foundation, contributing his extensive experience and leadership to the growth of the institution.	19	14

Profile of Senior Management:

Name	Designation	Qualifications	Total Experience
Arindam Kayal	Managing Director	Graduate	8
Rahul Dev Barman	Manager	Graduate	19
Rima Ghosh	Admin	Graduate	7
Alapan Pal	Operation Finance	Graduate	6

TOSS FRAMEWORK

Transparency

Average

- ApaarSeva Foundation herein referred as Apaar was constituted as a section 8 company in the year of 2020. Since 2022, the company has started expanding its microfinance operations, empowering women, promoting financial inclusion, and building sustainable community development.
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- Apaar is now working with 2 branches spread over only one district in the state of West Bengal where they are providing services to almost 744 clients.
- As on September 30, 2025, Apaar is managing a total outstanding loan portfolio of Rs. 1.12 crore.
- The existence of monitoring committees like HR, audit, grievance redressals committee etc.
- Credit policies are well-established, documented and communicated.
- Transparency in the lending process and monitoring of end use of funds is adequate. The borrowers are aware of the lending policies of the company.
- The auditor has submitted an unqualified audit report and satisfactory feedback about the company.
- A separate internal audit team is in place with a 3-member audit team reporting directly to the board. Internal audit of branches is conducted on a Monthly basis and the report is directly submitted to the audit committee and the governing body.
- Information on operational and financial details are available in the public domain is high.
- Overall disclosures are moderate.

Operational Setup

Adequate

- Adequate experience of management in the area of banking & financial services and MFI sector.
- Supported by a two-member board with experience in microfinance, banking & financial services.
- Apaar has a well-defined organization structure with a 4-tier reporting hierarchy and the existence of separate departments with clearly defined roles.
- The company provides loan on JLG based approach to women individuals only and programs too
- Well established and documented HR policies
- Senior management provides training to employees moreover; it Organizes training of employees with a separate trainer. Senior management also participates in external training program.
- Adequate loan appraisal & monitoring systems
- The company uses customized software to ensure smooth flow of operational data between Head Office and branches. It is very user-friendly software which enables proper tracking and maintenance of MIS and preparation of reports within a minute.
- Adequate risk management system for tracking over-dues and collection of delinquent loans are in place

- The amount collected by the branches from the borrowers is deposited into the bank account of the HO on a regular basis (daily or on next day).
- Loan disbursements are made by the HO through respective borrower bank account only. No cash disbursements allowed.

Scale of Operations

▨		Modest

- Operates in 1 district of 1 states through a network of only 2 branches as on September 31, 2025.
- Apaar is a small sized MFI player with a loan portfolio stood at Rs. 1.12 crore as on September 31, 2025 (Rs. 0.85 crore as on March 31, 2025).
- Moderate borrower base, covering 744 active borrowers as on October 31, 2025.
- Apaar has 3 loan products.

Sustainability

▨		Average

- Adeuqate second line of leadership; the majority of senior management have adequate experience to manage the growing scale of operations.
- Moderate operating risk profile where OSS stood at 102.52% in FY2025.
- The asset quality stood at comfortable levels during the period under study.
- PAR> 30 days and PAR> 90 days stood at 0.10% and 0.00% respectively as on 31st October, 2025.

Industry outlook: Post AP crisis and regulatory intervention by RBI, the microfinance sector has seen growth in loan portfolio on account of improving funding profile, control in operating expenses, improving margins and moderate leverage levels. The current focus of the microfinance sector is mainly on micro-credit with other products still evolving. Going forward, MFIs are likely to expand their client base and reach out to more underserved areas of the country. The outbreak of COVID-19 had significantly impacted on the operations of Micro Finance Institutions (MFIs) in FY2021. However, the sector started to recover from FY2023 and continued its upward trend in FY2024 as well.

The Microfinance Industry has been witnessing a significant slowdown characterized by decelerating growth, acute liquidity crunch, operational challenges, decline in disbursement and delinquency levels in FY 2025. Total AUM of the sector has declined to Rs. 3.81 lakh Crore as on Q4-FY2025.

Operational outreach

For the period ended / As on,	FY23	FY24	FY25	Q2-FY26
Number of states	1	1	1	1
Number of districts	1	1	1	1
Branches	2	2	2	2
Number of active JLG members	256	434	635	744
Loan Portfolio				
No. of loan disbursed during the year	406	753	826	753
Amount of loan disbursed during the year (Rs. Cr.)	0.51	0.92	1.11	1.18
Average Loan size disbursed during the year (Rs.)	12,450	16,012	13,451	15,727
Overdue at the beginning of the year (Rs. crore)	0	0	0	0.0009
Principal due during the year (Rs. crore)	0	0	0.0023	0.0011
Principal recovered during the year (Rs. crore)	0	0	0.0014	0.0009
Overdue at the end of the year (Rs. crore)	0	0	0.0009	-
Recovery rate (%)	100.00	100.00	99.71	99.90
Total outstanding loan portfolio (Rs. crore)	0.30	0.67	0.85	1.12
Portfolio at risk (PAR) >30 days (%)	0.00	0.00	0.29	0.10
Portfolio at risk (PAR) >90 days (%)	0.00	0.00	0.00	0.00

Details on human resources

	FY23	FY24	FY25	Q2-FY26
Credit officers	3	4	5	6
Total employees	3	3	5	7
No. of Branch	2	2	2	2
Employee productivity				
Number of loans per credit officer	120	153	151	164
Number of members per credit officer	85	117	127	124
Number of borrowers per credit officer	82	108	106	114
Amount of loan outstanding per credit officer (Rs. crore)	0.10	0.17	0.17	0.19
Branch productivity				
Number of members per branch	128	306	379	491
Number of borrowers per branch	NA	NA	NA	31
Amount of loan outstanding per branch (Rs. crore)	0.15	0.34	0.43	0.56

Financial Sustainability

(Rs. crore)

Financial Performance	**FY23**	**FY24**	**FY25**
Interest income from Loan Portfolio	0.12	0.23	0.37
Processing fee on Loan Portfolio	0.01	0.01	0.01
Total Income	**0.13**	**0.24**	**0.38**
Financial cost	0.00	0.05	0.00
Net interest income	0.13	0.19	0.38
Total operating expenses (incl. depreciation)	**0.12**	**0.19**	**0.37**
PBT	**0.00**	**0.00**	**0.01**
Income Tax	0.00	0.00	0.00
Income Tax adjustment for earlier years	**0.00**	**0.00**	**0.01**
Deferred taxation	0.00	0.00	0.00
PAT (after deferred taxation)	**0.00**	**0.00**	**0.01**
Financial Position			
Net worth	**0.00**	**0.02**	**0.05**
Total Debt	0.29	0.65	0.84
Loan outstanding – own	0.67	0.85	1.12
Assets under management	0.67	0.85	1.12
Total Assets	**0.32**	**0.69**	**0.96**
Key ratios (%)			
Growth Ratios			
Total Assets(%)	-	114.88	39.11
Tangible Net Worth (%)	-	328.44	132.01
Total Capital Employed (%)	-	122.26	31.36
Total Income (%)	-	84.66	58.37
PAT (%)	-	(182.60)	(365.58)
Profitability & Operating Efficiency Ratios (%)			
ROCE	6.59	10.24	1.30
Interest / Avg. capital employed	2.83	10.77	0.10
Cost of capital	2.83	10.77	0.10
Return on total assets (PAT / Avg. Total Assets)	2.13	-0.56	0.91
Cost to Income ratio	95.45	101.38	94.90
Operational Self- Sufficiency	-	98.93	102.52
Operating expense/Total Operating Income	92.31	79.15	94.69
PAT (after deferred tax)/ Total Income	2.66	(1.19)	1.99
RONW	-	(23.15)	22.84
PAR > 30 days (%)	0.00	0.00	0.29
PAR > 90 days (%)	0.00	0.00	0.00

Earnings profile

- Total AUM of the entity has increased to Rs. 0.85 crore as on 31st March, 2025 as compared to Rs. 0.67 crore as recorded on 31st March, 2024. It has further increased to Rs. 1.12 crore as on 30th September, 2025.
- Total income and PAT of Apaar stood at Rs. 0.38 crore and 0.01 crore in FY2025.
- The operational self-sufficiency (OSS) of Apaar stood comfortable at 102.52% as on 31st March,2025.
- The company has not availed any external debt as on 31st March, 2025; however, it has interest-free debt from its directors.

Asset Quality (NPA Profile):

Particulars	FY23	FY24	FY25
Gross NPAs (Rs. Crores.)	0.00	0.00	0.00
Net NPAs (Rs. Crores.)	0.00	0.00	0.00
Gross NPA/ Gross Advances (%)	0.00	0.00	0.00
Net NPA / Net Advances (%)	0.00	0.00	0.00
Net NPA / Net worth (%)	0.00	0.00	0.00

Gross NPAs and net NPAs of the entity at NIL during the period under study. Going forward, maintaining this high quality loan book should continue being a focus area amidst business growth. Overall, the exceptional asset quality gives comfort regarding the MFI's credit evaluation, monitoring and control mechanisms to contain delinquency risk.

MANAGEMENT DISCUSSION & ANALYSIS

Management Personnel Met	**Mr. Arindam Kayal (Managing Director)**
Date of Meeting	12th December, 2025
Issues raised by INFOMERICS	**Management's Response**
Growth plans	The company has projected to raise its AUM to Rs. 1.5 crore by the end of current financial year. The company is planning to avail additional term debt from banks/financial institutes for its projected growth.
Current year performance	Total AUM of the company stood stable at Rs. 1.12 crore as on 30th September 2025.
Improvement in margin	The company is in the process of availing itself of term debt from PSU Banks where the cost of borrowing is lower than the NBFCs.

TRANSPARENCY

Governance	• Apaar is a section 8 company. • Apaar is headed by a 2-member board having experience across microfinance, banking, financial, audit, risk, and social developmental activities. • Currently, the operations of the company are managed by Mr. Arindam Kayal and Mr. Rahul Dev Barman, MD and GM of the company respectively. He has extensive experience in MFI and social development sector. • The board meets at least on quarterly basis to monitor the progress and discuss financial & operational performance. • Apaar has formed various monitoring committees like HR, audit, grievance redressals committee etc. • The monitoring committee meets on a quarterly basis to monitor the progress and discuss the financial and operational performance of the organization.
Transparency in lending process	• Credit policies are well-established, documented and communicated. • The lending policies (including interest rate, processing fees and other charges) are clearly communicated to the borrowers at group meetings through training programs & orientations. • Borrowers need to sign a loan agreement clearly stating the terms & conditions and the covenants, thereof. Most borrowers are aware of the credit policies. The set of rules and regulations in relation to the lending policies are also displayed at the branches of the company on boards. • Following points are also communicated through written documents: • Interest rate • Processing fees • Loan tenure and payment schedule
Audit Quality	• The auditor has given an unqualified report and satisfactory feedback.
Internal Controls	**Internal Audit** • Apaar internal audit covers operations processes both in the field and back office. The audit of field operations includes pre-inspection checks of all the forms with respect to KYC details provided by the members, ratings (high mark check) done by the Credit Officer (CO) /Branch Manager (BM), random utilization check post disbursement, tele verification of pre and post-disbursement, cross checking of area surveys, credit initiation process such as group homogeneity, CGT, GRT, loan disbursement, etc. Daily/ weekly demand projection is generated by customised software that is shared with the accounts department and the operations team. Collection entries are updated in the software once the collection is done. The MIS monitors the daily collection reports and ensures that

	daily collection matches the entry in the projection report. The accounts team ensures that the amount deposited in the bank matches with that of the collection amount in the daily collection report. Apaar has also adopted fair practices code issued by RBI for client protection. • Audit of branches are conducted on quarterly basis. • Once the audit is completed, the report is prepared in a predefined format and a copy of it is report is submitted directly to the audit committee and board of directors.
Policies	• Credit policies are clearly defined and documented (embedded in the operation manual) • Credit policies are strictly adhered to for formation of groups, field verification and credit appraisal. • Credit policy communication is done verbally through group meetings and training sessions to the group members. • HR policies are clearly defined and documented. • HR policies encompass recruitment and selection, induction and training, performance management and compensation management.
Transparency in utilization of funds	• Submits information/ book debt statements as per the requirement of the lender. • Report is submitted to banks and financial institutions on a quarterly basis as per the stipulation of the lender. • Reporting to lenders on collection and delinquency is also provided on regular basis.
Grievance redressals mechanism	• Apaar has a grievance redressals mechanism in place with a helpline number, email id printed in the loan card/passbook and there is one designated redressal officer. • The helpline will remain opened during the office hours only in all working days from 9AM to 6 PM.

OPERATIONAL SETUP

Management	• Apaar has two governing body members with strong academic and managerial expertise in finance, microfinance, banking and social developmental services. • The board members have extensive experience in Banking, Microfinance, and Social Development sectors. • Currently, the operations of the company are managed by Mr. Arindam Kayal and Mr. Rahul Dev Barman MD and GM of the company respectively. He has extensive experience in MFI and social development sector.
Organizational Structure	• Apaar has a well-defined organization structure with a 4-tier reporting hierarchy whereby it has, Flied/Credit officers (FO/CO), Branch Managers (BM), Regional Manager (RM), Divisional Manager, Chief Executive Officer (CEO), Various Departmental Heads, and the Board Members. The company has been able to

	engage professionals in different departments, all having considerable experience in their area of expertise. • It has created separate departments with clearly demarcated roles and responsibilities for handling different functions. The detail organization structure is presented in **Annexures 2.**
Level of decentralization of branches	• At Branch Level the Branch Manager and Credit Officer should look after the Branch administration and decorum. • Branch Manager will visit and interact with staff to find out their awareness level on the organization and product for recommendation and cross verification. After the recommendation, the loan committee will approve the loan amount then the loan will be transferred to the borrower account.
Second line of leadership	• Senior members have strong and diversified experience in fields of microfinance, banking, financial, audit, risk and social developmental activities. • Majority of the senior members understand the issues involved in day-to-day functioning and are involved in strategic decision making of the organization. Thus, at present Apaar has a reasonable second line of leadership. Brief profile of the senior management is provided above.
Human resources management	• Recruitment is conducted through employee referrals, a company website, advertisement etc. followed by a series of interviews with senior management. • The HR team visits respective branches and arranges interviews of local candidates. • Compulsory induction training is given to all new recruits on joining for about 1 day at respectively Branches, followed by on-the-job training. • Training is given to fresh employees by the senior management members and an experienced trainer. Apart from this, periodic training programs are also conducted for staffs on a regular basis. The senior management members participate in external training programs, workshops, and conferences. • The compensation structure of the employees contains the following components: • Fixed Pay: The fixed pay includes Basic and a fixed amount as allowance. • Other Expenses: The employees are provided with reimbursement for their travel expenses as per the organization's policy. • All the statutory employee benefits such as PF, gratuity, ESI, etc. are being provided to all the employees. • Performance appraisal is conducted once each year.

- The recruitment process is centralized at Head Office (HO) and is mainly handled by the HR manager under the guidance of the senior management.
- Total staff strength of 15 employees of which 6 are Field/Credit officers as on September 30, 2025.

Particulars	**No. of employees**
Senior Management	4
Credit Officer (CO)	6
Branch Manager (BM)	2
Regional Manager (RM)	1
Divisional Manager (DM)	0
Others (HO & Branch staff)	2
Total	**15**

- There is a well-defined promotion policy for the employees. Promotion of the employees depends upon the performance, skills, and written exam. The exam for the same is conducted on a half yearly basis.
- Encourages active participation in workshops and external training programs conducted by banks, financial institutions, etc.

Operational methodology

Apaar provides loans to the individual members of groups for undertaking various income generating activities.

JLG Lending

- A dedicated team along with people from operations selects potential areas based on demographic and socio-economic profile.
- The CO visits the local areas & villages, interacts with potential customers regarding Apaar'S retail lending activity and their financial requirement.
- Apaar follows a model of joint liability of the group as well as self-help group model wherein the group members undertake the responsibility of forming a group undertaking joint liability to ensure timely repayment of loans. JLG should have 5-10 members (between the age of 18-58 years).
- After identification of target groups, Compulsory Group Training (CGT) of 1 day duration is arranged by FO in which intending loanee members are invited to participate. In this training programmed, participants are imparted a thorough idea about the loan procedures, interest rate, processing fees and other charges, repayment schedule, insurance benefits and other loan related information etc.
- Compulsory Group Training (commonly known as CGT) is a 3-level training programmed to make the clients aware of the products, rules and procedures. By the end of the 3-level training,

clients must be well versed in all the terms of the product, rules and procedures related to their social and economic development, the loan application and repayment. Through CGT regular meetings have become a habit of the clients. Timeliness and disciplines are systematically taught to clients through CGT which needs to be maintained through the entire programmed.

- Intending loanee members shall apply for loan, which shall contain purpose of the loan, loan amount. The CO shall ensure that the loan applications have been properly filled in along with KYC documents and confirm the loan policy of the organization.
- Group Recognition Test (GRT) is kind of final test for the center GRT can be carried out only by BM. They are to be carried out at the time and venue that is convenient for the prospective clients. The BM shall refer to the GRT Form which contains details of all activities. The GRT should be completed within 3 days after completion of CGT.

<u>Rationale of the GRT</u>

- ✓ To verify the customer profile (should fit into target segment)
- ✓ To determine whether the prospective clients meet the conditions of group formation, and that they know and trust each other well, by questioning them.
- ✓ To determine the prospective clients' knowledge and understanding of agreement with the objectives and important rules of the micro finance program, particularly the verbal contract, by testing them verbally (each member must pass before the Group can be passed).

The GRT can be used as a tool to get useful feedback from the prospective clients and their husbands about the attractiveness of the micro finance program and how it could be made more attractive.

- The BM ascertains if all the members know each other and whether they are aware of their family details, income levels and repayment capability in case a particular member avails themselves of a loan.
- Once the members answer the questions satisfactorily, and group solidarity is ascertained, the group is passed, and BM informs them of the tentative disbursement date & the EMI date. This is fixed based on the slot availability of the time and date of CO.
- The BM then briefs the group on the importance of Joint Liability in availing a loan and takes verbal confirmation from the client.
- **Very important**: If the members do not pass the GRT the BM shall in a polite manner convey his decision of not approving the

	loan. Further the BM shall communicate to members as to when the GRT shall be held. • For every group there is a group leader selected by the group to manage the operations of the group.
Appraisal process	**Appraisal Process**: • Loan application is collected by FO, who then makes a visit to the prospective member's household and/or business place and examines the credit history, business prospects and other aspects. • FO verifies borrower's repayment capacity through household visit and visit to the business entity or activity. • During appraisal, the documents that are collected from the borrower are photo, id proof, and address proof. The documentation is adequate. • Borrower's repayment capacity is further corroborated by group members. • Then FO submits the loan application to BM along with KYC documents. Branch Manager conducts the appraisal and frames his comments on the loan application. From Branch Manager, the next level of screening is done by the respective Area Manager. After his consent, the proposal goes to the HO credit committee, which includes Chief Operating Officer (Operations) and the Finance & Accounts Departmental Heads for final approval based on the recommendation of the Branch Manager and the past repayment history of the groups. • The operations are centralized with Head Office (HO) having the final authority for loan sanction & disbursement. However, the Branch Manager is responsible for loan collection and delinquency management. **Credit Risk:** To avoid credit risk, Apaar has adopted the following procedures: ▪ Stringent Know Your Customer (KYC) policy is manifested and maintained. ▪ The Audit Executive is responsible for the accuracy of all data entries, documentation, and audit compliance. ▪ Field investigations are done by Credit Officers and Branch Manager. ▪ The software automatically prepares enquiry format in the backend for each customer and sends to CIC (through partner's credentials) and obtains a credit bureau report (CBR). RBI guidelines on multiple lending and client over-indebtedness frame the base criteria for any loan approval. Stringent appraisal system to assess the genuine need of the customer. ▪ Centralized connect with each customer for ensuring righteous and timely credit.

	▪ Effective loan end use verification and loan monitoring mechanism for credit risk management. ▪ Constant contact with customer by field functionaries and end use verification. ▪ Adoption of UID for all loan disbursed to make the Credit Bureaus Information more reliable and reduce the systemic risk significantly. ▪ Credit and HR policies are clearly defined and documented. ▪ Credit policies are largely adhered to formation of groups, field verification and credit appraisal. ▪ Regular checks in System for better monitoring.
Disbursement process	• Sanctioning and disbursements of loans are made to the borrowers from Head Office through Bank Accounts of the borrowers after proper verification by the Head Office officials. Once the disbursement is made, a message is delivered to the borrower regarding the same. • Loans are disbursed only for viable projects, such as- agriculture, animal husbandry, small transport, small cottage, small business, small trading, service, and sanitation. • At the time of disbursement, loan agreements are executed from the borrowers. • All disbursements are made at the branch in the presence of FO and BM and one witness from the respective group/centre other than the center leader. The witnesses cannot be borrowers. If the disbursement is cancelled in full or part, the same has to be informed to the Area Manager, Finance and the Operations department immediately via email. Any cancellation of loan, at the time of disbursement, must be informed to Operations and Finance to avoid future reconciliation issues. • Borrowers sign their name on the Loan Disbursement Sheet acknowledging the receipt of the loan. • Loan books are provided to borrowers and loan register is maintained at group level. • One copy of loan agreement is provided to the customer as per their request.
Loan collection process	• All of the loans of Apaar are under monthly instalment method. Every credit officer has a collection register where he notes the daily demand details from the software before going to field for collections. • The collection of loan is done by mode cash and bank transfer. • The collections are made at the group meetings where the credit officer signs the loan card while collecting the amount and separate receipts are issued. The loan card also has the amount to be collected on that particular date.

	• The credit officer also ensures the maintenance of group register where the attendance of all the group members for the meeting and the resolution passed during the meeting where noted. Resolutions passed also capture addition of new members to the group and minutes any other agenda points. • Daily Repayments are collected at the pre-decided place and time by the FO and handed over to the BM by 1.30-2:00PM.
Overdue management process	• Adequate risk management system for tracking over-dues and collection of delinquent loans is in place. • In the initial stages of over-due, FO does the follow up and if the overdue period is elongated then the BM steps in to make recovery. There is a well-defined process laid out for follow-up and collection of delinquent loans based on overdue bucket. In case of other cases, intervention of HO is done.
Management Information Systems	• The Company uses customized software to ensure smooth flow of operational data between Head Office and branches. • This is used for maintaining MIS which will help the company better to manage the customer loan lifecycle. • It is very user-friendly software which enables proper tracking and maintaining of MIS and preparation of reports within a minute • The company has also implemented a technology enabled inbound and outbound service and also to redress their grievances. • In addition, the company has commenced digitization of all documents and records for easy storage and retrieval. • All the branches are being computerized. The loan documentation process is maintained as individual basis. • The types of reports is being generated like – Branch Summary, Demand vs Collection, PAR Report, Disbursement and Repayment Report, Outstanding Report, Route Plan, Insurance Report, Performance Report etc.
Cash management systems	• Apaar has reasonable cash management systems in place at all branches. • Apaar has opened separate bank accounts for each of the branches. • Branches deposits cash in the branch bank account on the same day or next day of collection. Cash vaults/Almirah is present at every branch for safe keeping of cash. • Funds that need to be transferred from HO to branches are done through RTGS. Salaries of the employees and reimbursement of expenses are paid in respective bank account. • The details of transactions for the day are updated in the MIS daily.

Insurance	Apaar provides insurance services with IRDA approved insurance agency to its clients. The loan amount is covered in the case of client's death.

SCALE OF OPERATIONS

<table>
<tr><th>Key Factors</th><th>As on March 31, 2025</th></tr>
<tr><td>Client base (Number)</td><td>• Apaar extends loans to JLG Groups
• The JLG groups associated with Apaar have all women members.
• Number of borrowers stood at 744 active borrowers as on September 30, 2025.</td></tr>
<tr><td>Assets under management</td><td>• Loan disbursed during FY2025 was Rs. 1.11 crore.
• Total outstanding loan portfolio stood at Rs. 0.85 crore as on March 31, 2025.</td></tr>
<tr><td>Geographical diversification</td><td>• Presence in 1 district of 1 state with 2 branches as on March 31, 2025.</td></tr>
<tr><td>Total income</td><td>• Total income stood at Rs 0.38 crore with a PAT of Rs. 0.01 crore in FY2025.</td></tr>
<tr><td>Current year performance during Q2FY25</td><td><table>
<tr><th>Particulars</th><th>Rs in crore</th></tr>
<tr><td>Total Income</td><td>0.20</td></tr>
<tr><td>PAT</td><td>0.01</td></tr>
<tr><td>Tangible Net worth</td><td>0.05</td></tr>
<tr><td>Total loan portfolio outstanding</td><td>1.12</td></tr>
</table></td></tr>
</table>

Operational Sustainability

Operational Sustainability	
Second line of leadership	• Majority of the senior members understand the issues involved in day-to-day functioning. • Involved in strategic decisions as they have developed a good understanding of the microfinance sector. • Senior members are experienced in fields like microfinance, banking, financial, and social developmental activities.
Competition	• Apaar operates in only one state i.e. West Bengal. There is an ample presence of competitors in the mentioned state. • To mitigate any potential risk arising out of geographical concentration, Apaar has been diversifying its presence across states.
Industry Outlook	**<u>Industry Risk Analysis</u>** • Credit risk is the most common risk for MFI. The risk is of greater significance for MFIs as it must deal with many clients with limited literacy. Further, MFI provides unsecured loans, i.e., loans without any collateral. • Transaction risk is related to the individual borrower with which the MFI is transacting. A borrower may not be trustworthy and capable of repaying loans which will result in loss of loan. All loss of loan related to the delinquency of individual clients which can be because the client's migration, wilful defaulting, business failure, etc. • Portfolio risk is related to factors, which can result in a loss in a particular class or segment of the portfolio. For example, an MFI may lose a portfolio with a particular community, locality, or a particular trade due to some external reasons. These reasons could be political, communal, failure of an industry /trade, etc. • Delinquencies can also happen as an aftermath of a natural disaster such as floods, drought, earthquakes, or epidemic. **<u>Industry Outlook:</u>** • The outbreak of COVID-19 had significantly impacted the operations of Micro Finance Institutions (MFIs). The MFI sector which has registered the CAGR growth of over 35% in last five years, amidst this pandemic crisis, faces serious challenges on collections, asset quality and cash flow management. Due to the moratorium, the collection level has been severely impacted in turn affecting cash flow and ALM. • The industry started to gain momentum in Q2-FY2021 with the ease of nationwide lockdown. Broadly, the disbursement was back to pre-covid level as on December, 2020. Disbursements have

	partly picked up since many players are resorting to lending to existing borrowers so as to help them repay and tide over the stress. • In the context of the re-emergence of asset quality stress in the second wave of COVID 19, RBI's measures to provide better funding access to the sector came in a timely manner. RBI has announced in its latest relief package on May 5, 2021, that SFBs can tap a Rs 10,000 Cr special long term repo operations (SLTRO) funding programme which can provide funds at the repo rate of 4.0% for a tenor upto 3 years. • The sector started showing improvements right from the Q1 of FY 2023 as Y-O-Y growth was almost close to the pre-pandemic level and overall, on-time repayment rate surpassed than 95% backed by the revival of demand and improvement in overall business environment. Total AUM of the sector stood at Rs. 3,51,521 crores as on Q4 of FY2023. • The sector continued its upward trend further in FY2024, while total AUM of the sector had grown to Rs. 3,93,165 crores as of Q3-FY2024 registering a growth of ~12% over the Q4-FY2023. Asset quality indicators in all time brackets had improved in FY 2024 over the previous year. Overall PAR>30 days and PAR>90 days of the sector had improved to 2.24% and 1.04% respectively as on Q3-FY2024. • The Microfinance Industry has been witnessing a significant slowdown characterized by decelerating growth, acute liquidity crunch, operational challenges, decline in disbursement and delinquency levels in FY 2025. Total AUM of the sector has declined to Rs. 3.81 lakh Crore as on Q4-FY2025.
Loan Products	Apaar offers three loan products as on September 30, 2025. Details on the loan product are provided in Annexure **3.** The company provides loans to the JLG members based on their requirements.
Access to funds and ability to raise funds	Apaar has access to funds from bank and financial institution, on the back of its satisfactory operational and repayment track record.
Vision	In coming years, Apaar plans to expand its branch network in and around the above-mentioned state.
Efforts to increase outreach and coverage	Apaar is expecting significant increase in its income from micro financing activities with proposed scaling up of its operations in other districts of the existing state.

ANNEXURES

Annexure 1: Financials **(Rs. crore)**

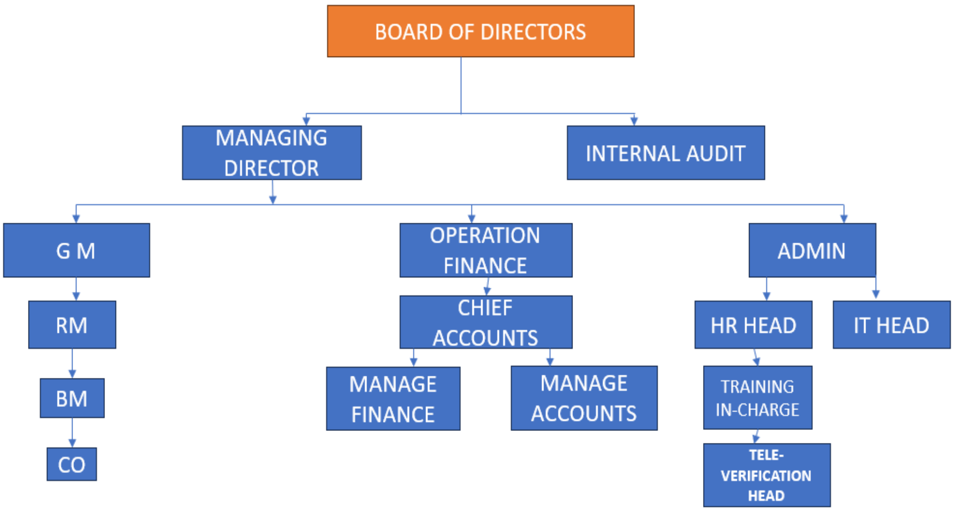
For the year ended	31/03/23	31/03/24	31/03/25
	Audited	Audited	Audited
Interest income from Loan Portfolio	0.12	0.23	0.37
Processing fee on Loan Portfolio	0.01	0.01	0.01
Total Income	**0.13**	**0.24**	**0.38**
Operating Expenses	0.04	0.06	0.21
Depreciation on owned assets	0.01	0.01	0.01
Provision for Std. Assets & NPA/ Write-off	0.00	0.00	0.01
Employee Benefit Expenses	0.07	0.12	0.14
Total Expenditure	**0.12**	**0.19**	**0.37**
PBIT	**0.01**	**0.05**	**0.01**
Interest	0.00	0.05	0.00
Total Operating profit	**0.01**	**0.00**	**0.01**
Other Income	0.00	0.00	0.00
PBT	**0.00**	**0.00**	**0.01**
Income Tax	0.00	0.00	0.00
PAT (before deferred taxation)	**0.00**	**0.00**	**0.01**
PAT (after deferred taxation)	**0.00**	**0.00**	**0.01**

Balance Sheet **(Rs. Crore)**

Particulars	31/03/23	31/03/24	31/03/25
	Audited	Audited	Audited
Equity and liabilities			
Shareholders' funds			
Equity Share capital	0.00	0.01	0.03
Reserves & Surplus	0.00	0.01	0.02
Total capital	**0.00**	**0.02**	**0.05**
Non-current liabilities			
Loan from Directors	0.29	0.65	0.84
Total non-current liabilities	**0.29**	**0.65**	**0.84**
Current Liabilities			
Short-term Loan	0.01	0.00	0.00
Provision for standard assets	0.00	0.00	0.01
Other provisions	0.02	0.02	0.01
Other-Current liabilities	0.00	0.00	0.06
Total Current liabilities	**0.02**	**0.02**	**0.08**
TOTAL LIABILITIES	**0.32**	**0.69**	**0.96**
Assets			
Non-current assets			
Fixed Assets	0.01	0.01	0.01
Intangibles	0.00	0.00	0.00
Loan Portfolio	0.30	0.66	0.85
Other Loans & Advances	0.01	0.02	0.00
Total non-current assets	**0.31**	**0.68**	**0.85**
Current assets			
Short term deposit	0.00	0.00	0.00
Current investment	0.00	0.00	0.00
Other receivables	0.00	0.00	0.00
Total current assets	0.00	0.00	0.00
Cash and bank balances	0.00	0.00	0.10
Total current assets	**0.00**	**0.00**	**0.10**
TOTAL ASSETS	**0.32**	**0.69**	**0.96**

ANNEXURE 2: Organisational Structure

- Sanghamithra Rural financial services has a well-defined organisation structure, with clear departmental demarcation. All major departments are controlled from head office.



ANNEXURE 3: Loan Products

S No.	**Loan Product Name**	**Type of Product**	**Age Limit**	**Tenure (Months)**	**Collection Frequency**	**Min & Max Loan Ticket Size**	**PF (%)**	**ROI (%)**
1	JLG Loan	Income Generating Loan	60 years	12-24	Weekly/ Fortnightly/ Monthly	5,000 – 28,445	1.00	25.00
2	Somorth	Individual Loan	60 years	12		10,000 – 50,000	1.50	25.00
3	Wash Loan	Individual Loan	60 years	12-24		15,350 – 19,180	1.50	25.00

Annexure 4: Asset Profile (Rs. Crore)

	March 31, 2023		**March 31, 2024**		**March 31, 2025**	
Particulars	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Loan portfolio Actual	0.3020	93.18	0.6737	96.98	0.8529	88.31
Investments	0.0001	0.03	0.0000	0.00	0.0000	0.00
Fixed Assets	0.0123	3.80	0.0099	1.43	0.0142	1.47
Deferred Tax Assets	0.0015	0.46	0.0009	0.13	0.0018	0.19
Other non-current assets	0.0022	0.68	0.0024	0.35	0.0026	0.27
Cash & Bank Balances	0.0001	0.03	0.0019	0.27	0.0905	9.37
Other current assets	0.0059	1.82	0.0059	0.85	0.0038	0.39
Total Assets	**0.32**	**100.00**	**0.69**	**100.00**	**0.97**	**100.00**

Annexure 5: Diversified resource profile

Particulars	**FY23**	**FY24**	**FY25**
Net worth	0.0047	0.0173	0.0469
Term Loans banks and financial institutions	0.00	0.00	0.00
Bank borrowing (CC)	0.00	0.00	0.00
Unsecured Loans	0.3020	0.8414	0.1468
NCD	0.00	0.00	0.00
Preference share capital	0.00	0.00	0.00

Annexure 6: Portfolio Details

6.1 State-wise portfolio concentration

(Rs. crore)

State	FY24		FY25		Q2-FY26	
	Rs.	%	Rs.	%	Rs.	%
West Bengal	0.67	100.00	0.85	100.00	1.12	100.00
Total	**0.67**	**100.00**	**0.85**	**100.00**	**1.12**	**100.00**

6.2 Loan amount wise loan outstanding

(Rs crore)

Amount	FY23	FY24	FY25	Q2-FY26
	Amount	Amount	Amount	Amount
0-10000	0.16	0.10	0.10	0.10
10001-20000	0.11	0.54	0.67	0.77
20001-30000	0.03	0.04	0.08	0.24
30001-40000	0.00	0.00	0.00	0.00
40001-50000	0.00	0.00	0.00	0.01
50001-60000	0.00	0.00	0.00	0.00
60001-70000	0.00	0.00	0.00	0.00
70001-80000	0.00	0.00	0.00	0.00
80001-90000	0.00	0.00	0.00	0.00
90001-100000	0.00	0.00	0.00	0.00
100000 above	0.00	0.00	0.00	0.00
Total	**0.30**	**0.67**	**0.85**	**1.12**

6.3 Loan cycle wise loan outstanding

(Rs. crore)

Amount	FY22	FY23	FY24	Q2-FY25
	Amount	Amount	Amount	Amount
1st Cycle	0.16	0.30	0.37	0.51
2nd Cycle	0.11	0.22	0.25	0.34
3rd Cycle	0.04	0.10	0.14	0.19
4th Cycle	0.00	0.05	0.10	0.07
Total:	**0.30**	**0.67**	**0.85**	**1.12**

6.5 Bifurcation of AUM: (Rs. crore)

Period ended	Mar 31, 2024	Mar 31, 2025	Sept 30, 2025
Managed portfolio (BC etc.)	0.00	0.00	0.00
Own loan portfolio	0.67	0.85	1.12
AUM (Rs.cr.)	**0.67**	**0.85**	**1.12**