ANNUAL REPORT

FY 2025 - 2026

















Sa-Dhan

Fostering Inclusive Impact Finance

ANNUAL REPORT

2025-26

"Strengthening Inclusive Finance:
Building Resilience, Innovation, and Impact."

TABLE OF CONTENTS

1 Reflections from the Chairman

2 Executive Director's & CEO Statement

3 Board of Directors & SRO Committee Members

4 Role of Sa-Dhan as an SRO

5 Policy Advocacy

6 Sector Building

7 Conferences

8 Social & Financial Impact

9 New Members

10 AGM

11 Other Activities in the Sector

12 Communications & Media

13 Audit Report



MESSAGE FROM THE CHAIRMAN

Dear All,

It is an honour to address you as the Chairman of Sa-Dhan, as we reflect on last year's performance and discuss plans for the year ahead. The year marks a pivotal chapter in our mission to drive financial inclusion and resilience among India's underserved communities, while we celebrate 11 years as a Self-Regulatory Organisation. During the year, we reaffirmed our focus on compliance, integrity, and consumer protection. As always, our central commitment remains unchanged: to ensure that financial inclusion reaches underserved communities. The collaboration of like-minded institutions, partners, regulators, and individuals united behind this cause has been the true driving force, especially through the most challenging of times.

Over the past two years, the microfinance ecosystem faced rising stress driven by overleveraging and borrower over-indebtedness. It was in this context that Sa-Dhan introduced the Sankalp Guidelines, establishing prudent guardrails on borrower exposure and the number of lenders. We formally unveiled Sankalp 3.0 on April 10, 2026 in Mumbai. Sankalp 3.0 continues the existing guardrails under Sankalp 1.0 and 2.0 to ensure stable and sustained recovery, while placing sharper emphasis on data-led decision-making, early risk identification, stronger governance, and customer-centric practices. The guardrails address critical dimensions including caps on the number of lenders, household exposure limits, transparent pricing with processing fees capped at 1.5%, mandatory credit bureau checks, end-use verification, and employee background checks. A Task Force has been constituted to review and monitor their implementation regularly.

Recognising that institutional strength begins with people, Sa-Dhan has introduced comprehensive HR Standards to harmonise the MFI ecosystem through compliant practices, improved employee well-being, and stronger human capital, rooted in the conviction that delivering

customer satisfaction begins with satisfied employees.

India's microfinance landscape today reflects the impact of these efforts. As of February 2026, the sector portfolio stood at ₹3.29 lakh crore, down 13% year on year, with asset quality improving significantly across categories. Collection efficiency has improved and lenders are increasingly embracing a quality over - quantity approach, with 20% of new loans going to New-to-Credit borrowers. Regionally, Bihar leads as the largest market, while Telangana, Punjab, and the North-East are emerging growth pockets. The ecosystem is in a resilient reset phase, and early signs of recovery give us reason for cautious optimism.

The sector is witnessing a recovery, with opportunities galore. The MSME segment contributes 31% to India's GDP, yet a $130 billion credit gap continues to hold back small businesses. By leveraging Government Credit Guarantee Schemes, there is an opportunity to bridge this gap and support MSMEs in scaling sustainably.

The Pradhan Mantri Jan Dhan Yojana continues to be a cornerstone of the Government's mission for financial inclusion. With 67% of accounts in rural and semi-urban areas and 55% belonging to women, the programme is delivering results. The average balance in Jan Dhan accounts rose by 6.77% in 2025, and with 13.02% of accounts still inactive, there is an opportunity for us to transform these into active, credit-linked accounts while also focusing on new account openings.

Our agricultural sector continues to face pressure from global conflicts affecting fertiliser imports, alongside climate challenges such as heatwaves and El Niño. It is our collective responsibility to sustain the livelihoods of our farmers, and we need to design product and service strategies for their recovery. Also, we need to explore newer opportunities as the economy evolves.

The growing gig economy is an opportunity, and we need to understand the challenges and needs of gig workers and ensure they are not left behind in the financial safety net. Looking ahead, our focus will be on strengthening SRO responsibilities, promoting data-driven digitisation, supporting regional dialogues, and building deeper state-level networks. The synergy between NBFCs and microfinance will be vital, and we must continue to innovate while remaining grounded in our core values of borrower protection and responsible growth.

I thank all our member institutions, partners, donors, regulators, and supporters for your continued trust in Sa-Dhan. Your unwavering commitment powers our mission and strengthens our resolve. As we step into a new year, let us remain grounded in our values and united in purpose, and rise together to meet new challenges.

Warm regards,
Dr. K. Paul Thomas
Chairman, Sa-Dhan



MESSAGE FROM THE ED AND CEO

My Dear Members,

I am happy to present the 27th Annual Report of Sa-Dhan. The organisation, which was formed as an association of the development finance institutions in 1999 by the likes of veterans, Late Ms Ela Bhatt, Late Ms Vijayalakshmi, S/Shri Aloysius Fernandez, Shri Deep Joshi, Shri Vijay Mahajan and many other leaders of that time, has now completed 27 years and has grown to one of the most reputed institutions in the country.

While we remember our founder members, we also commit to upholding their vision to serve the poor in the country. Microfinance has been on a roller coaster ride ever since it came into being. Often, challenges from both external and internal factors disrupted the smooth functioning of microfinance in the country. But the sector's resilience has been immense. The latest one, which occurred after the COVID outbreak, was more about internal issues. The flow of credit to poor borrowers, once the COVID-19 impact had eased, became excessive, and repayment was affected due to a lack of commensurate income generation.

Thankfully, the Sankalp guidelines (guardrails) of Sa-Dhan helped navigate the situation and restore more discipline in lending. The same is seen in the asset quality of the recent origination, post-Sankalp guidelines. The latest data show that the PAR 90+ has fallen to 1.35%, down from more than 7% at one point. But the sharp decline in portfolio size indicates that all is not well, especially regarding the flow of credit from lending institutions to MFIs and the on-lending. It is expected that the Credit Guarantee Scheme for Microfinance Institutions, or CGSMFI 2.0, will bring more cheer to the sector.

The last year has been quite eventful. Much energy was spent dousing the fire due to State regulations in Karnataka, Tamil Nadu, and Bihar that restrict the operations of microfinance institutions. At the same time, close watch was kept on other states, especially those holding state elections, to avoid any state-level embargoes or restrictions that affected microfinance operations. A lot of effort went into meeting with various stakeholders and raising awareness of microfinance. Above all, the efforts to get the credit tap opened

were another effort. On the whole, we have been successful to some extent, but a lot of work remains to be done. The future is not that easy, as the sector is currently experiencing a convergence of external risks (including geopolitical instability, the El Niño effect, and domestic economic pressures). These challenges will affect everyone, but low income households and underprivileged communities, which constitute the microfinance sector's borrower base, will be disproportionately affected. So, it is still a long way to go before we achieve normalcy in the sector.

Climate change is a reality, and its impact is felt everywhere. Unnatural events, such as heavy precipitation, floods, heat waves, and landslides, pose a threat to humanity as a whole, especially to the weaker sections that microfinance serves. A lot of caution and care are needed when planning business expansion.

The year gone by was challenging for Sa-Dhan, but also satisfying. We played the role of a mature association and responsible SRO to the best of our ability, and achieved some successes. I thank all the members for their support and cooperation, which helped us carry on with our role as a facilitator and member/sector-building body, as well as a Self-Regulatory Body. Sometimes, the roles are a bit contradictory. But the members' support is what made us perform well. We also undertook various development projects supporting microfinance borrowers, including capacity building in financial and digital literacy, as well as enterprise development. We also initiated a project to build institutions through the Microfinance Accelerator Programme with support from NABARD. We hope to see the smaller MFIs benefit from this programme in strengthening their systems and processes.

I would like to thank the Board of Governance of Sa-Dhan for their full support and guidance. Our special thanks to the Board Committees and the Board functionaries, such as the Chairperson, Co-chairs, and Treasurer, for their support and mentoring. A special word of thanks to Dr Paul Thomas, Chair, for finding time to guide Sa-Dhan in its activities.

I am also thankful to all my team, who worked tirelessly to fulfil multiple tasks assigned to them and achieve the overall performance for Sa-Dhan. The senior management, supporting staff, and field staff deserve special mention for their contributions during the year.

I also thank our stakeholders, including various ministries of the Government of India, particularly DFS and MORD, RBI, NABARD, SIDBI, and many institutions that supported the sector, and Sa-Dhan in particular. I also place on record our sincere gratitude to the donors of Sa-Dhan, which included RBI, NABARD, SIDBI, Gates Foundation, HSBC, GIZ, Tata Trust, and Swiss Re Foundation Last year was a journey we travelled together, supporting each other. We hope to have a similar journey in the next year, too.

Wishing you all the very best!

Thank you
Jiji Mammen
ED & CEO, Sa-Dhan

OFFICE BEARERS

Dr K Paul Thomas (Chair) MD & CEO, ESAF SFB

Mr Sadaf Sayeed (Co-Chair) CEO, Muthoot Microfin Ltd

Mr Mukul Jaiswal (Co-Chair) MD, Cashpor Micro Credit

Mr V N Salimath (Treasurer) Chairman, IDF Financial Services Pvt. Ltd

BOARD OF DIRECTORS

Mr Ganesh Chandra Modak MD, Grameen Shakti Microfinance Services Pvt Ltd

Mr G Kiran Kumar CEO, Svamaan Financial Services Pvt Ltd

Mr Rahul Gupta CEO, Avanti Finance Pvt Ltd

Mr Jagadish Ramadugu MD & CEO, Pragati Finserv Pvt Ltd

Mr A Ramesh Kumar Chairman & Managing Trustee, LaRaksha Social Impact Trust.

Mr Pravin Thigle Co-Founder & Director, Fingel Management Services Pvt Ltd

INDEPENDENT MEMBERS

Ms Shefali Agarwal Chief General Manager, Department of Micro Finance & Financial Inclusion (DMFI), NABARD

Mr Ajay Kumar Kapur Former DMD -SIDBI

Ms Surekha Marandi Former ED – RBI

Ms Rupali Kalita Former MD & CEO -North East SFB



SRO GRIEVANCE REDRESSAL COMMITTEE

Mr U S Paliwal Former ED, RBI

Mr Suresh K Krishna Co-Founder, Managing Director, & CEO, Navaka Social Business Fund and Sector Expert

Mr Mukul Jaiswal MD, Cashpor Micro Credit

Ms Purvi Bhavsar MD, Pahal Financial Services, Pvt. Ltd.

SRO ENFORCEMENT COMMITTEE

Mr Nanaiah Kalengada Former MD, Equifax India

Mr N Srinivasan Former CGM, NABARD and International Consultant, Sector Expert

Mr Animesh Chauhan Former CMD, Oriental Bank of Commerce

Mr P R Ravi Mohan Former Chairman, ESAF Small Finance Bank

Mr Ravi Kishan Takkar Former CMD, UCO Bank

SECTORAL PERFORMANCE OF SA-DHAN DURING 2025-26

The financial year 2025–26 marked a phase of cautious stabilisation for the Indian microfinance sector following a period of elevated stress. Early indicators in the first quarter itself suggested a gradual improvement in asset quality, with delinquency levels declining across most buckets, although stress in long-term overdue accounts (180+ dpd) persisted. This trend continued throughout the year. But there has been a sharp decline in the portfolio. The sector's gross loan portfolio (GLP) continued to contract, standing at ₹3.59 lakh crore in the first quarter of FY'26 and declining further in subsequent quarters, accompanied by a reduction in the number of active borrowers, reaching 6.75 crore at the end of March 2026. Despite these challenges, sectoral outlook remains optimistic, with projections indicating a potential 15% CAGR in GLP and the possibility of the sector surpassing ₹10 lakh crore over the next five to six years.

A key structural response to emerging risks was the implementation of the Sankalp Guidelines in July 2024. Developed through sectoral leaders' consultation, these guidelines have helped moderate multiple lending and reduce borrower over-indebtedness. However, the tightening of credit norms has also led to higher loan rejection rates at origination, driven by FOIR caps, credit bureau triggers, and lender exposure limits. This raises concerns about potential financial exclusion, as some borrowers may revert to informal and high-cost sources of credit. Recognising this dual challenge of managing risk while preserving inclusion, Sa-Dhan has initiated efforts to reassess these guardrails through stakeholder consultations and a formal study of the Sankalp guidelines (guardrails) by a professional body such as Grant Thornton Bharat.

Over the course of the year, sector performance showed incremental improvement. PAR 30–179 dpd declined from 6.08% in June 2025 to 2.34% in March 2026. Further improvements are also observed in the subsequent period, indicating better repayment discipline and gradual normalisation of field operations. Disbursement trends, though subdued compared with the previous year, began to stabilise, reflecting improving lender confidence. By the last quarter, disbursements showed a strong sequential rebound, and early-stage delinquency levels dropped significantly, suggesting the sector may have passed its peak stress phase. Nonetheless, elevated levels of legacy stress and liquidity constraints continue to pose risks to sustained recovery.

Against this backdrop, Sa-Dhan, as the Self-Regulatory Organisation (SRO), played a pivotal role in guiding the sector through supervisory oversight, policy advocacy, and capacity-building initiatives. The organisation strengthened its engagement with member institutions through the Sampark initiative, facilitating structured dialogue with senior management to identify operational, financial, and governance challenges. Key concerns emerging from these interactions included liquidity constraints for smaller

MFIs, data quality issues in credit bureaus, regional disruptions stemming from political interference and loan-waiver campaigns, and gaps in HR standardisation.

Client protection and financial literacy remained central to Sa-Dhan's agenda. The organisation conducted multiple awareness workshops across states, reaching borrowers, field staff, and local stakeholders with key messages on responsible borrowing, digital payments, and grievance redressal. In parallel, grievance-handling mechanisms were strengthened to ensure the timely resolution of borrower and staff complaints, thereby reinforcing trust in formal financial systems.

During the year, Sa-Dhan strengthened its institutional base and governance framework. The organisation marked 27 years of operations and over a decade as an RBI-recognised SRO, with membership expanding to 209 institutions across diverse categories. Governance was further reinforced through board-level appointments and continued engagement with stakeholders.

Despite signs of recovery, the sector continues to face structural challenges, including funding constraints, regional imbalances, misinformation affecting borrower behaviour, and the overhang of legacy delinquency. The operating environment remains cautious, with lenders balancing growth aspirations against the need for prudent risk management.

In conclusion, FY 2025–26 represents a transitional phase for the microfinance sector, characterised by gradual recovery alongside persistent vulnerabilities. Sa-Dhan's proactive and multi-dimensional approach spanning regulation, advocacy, capacity building, and development partnerships has been instrumental in stabilising the sector. Sustained recovery, however, will depend on coordinated stakeholder action, improved access to funding, and a continued commitment to responsible and inclusive finance.



A-SELF-REGULATORY ORGANISATION (SRO)

Sa-Dhan has played a vital role in shaping a responsible, client-centric microfinance ecosystem. As an SRO, Sa-Dhan has been actively developing and implementing regulatory frameworks, tools, and performance standards to strengthen the sector and protect client interests. It has consistently monitored MFI compliance with applicable laws and the Code of Conduct, ensuring ethical and professional practices across the board. Over the past year, Sa-Dhan undertook several key initiatives, including the introduction of Sampark, a unique way to engage with senior management of the Member institutions and understand the institutional level and field level issues, field assessment through structured visits, the issuance of advisories, capacity-building workshops, regular sectoral updates to the RBI, the sharing of analytical reports with members, and extended hands-on support. Sa-Dhan is pleased to share insights from these initiatives with its members and stakeholders, reaffirming its commitment to a robust and inclusive microfinance sector.

A1-Engaging with the RBI for Conducive Sectoral Policy:

Sa-Dhan maintained active, continuous engagement with the Reserve Bank of India (RBI) to support the development of a robust, responsive regulatory framework for the microfinance sector. Regular interactions were held with key departments, including the Department of Regulation (DoR) and the Department of Supervision (DoS), as well as with senior leadership at the Deputy Governor (DG) and Executive Director (ED) levels. The new Governor convened meetings of the SROs twice during the reported period, in which the ED & CEO raised sectoral issues, and a couple of them were resolved after these meetings. The engagements with other senior-level officials of RBI provided an important platform for presenting sectoral perspectives, sharing data-driven insights, and submitting recommendations on proposed changes to existing regulations. The discussions focused on enhancing responsible lending practices, strengthening credit discipline, addressing emerging risks, and ensuring balanced growth of the sector. In addition to central-level interactions, Sa-Dhan also engaged with RBI's Regional Offices to address location-specific issues and implementation challenges faced by member institutions. These interactions facilitated better alignment between regulatory expectations and ground-level realities, while also enabling the timely resolution of operational concerns. Overall, sustained engagement with the RBI fostered constructive dialogue between the regulator and the sector, supported informed policymaking, and reinforced Sa-Dhan's role as an effective Self-Regulatory Organisation (SRO).

A2-SANKALP 3.0: Strengthening Sectoral Guardrails (For Profit Organisations):

Sa-Dhan convened SANKALP 2025, a conference of CEOs from for-profit institutions, including NBFC-MFIs and other sector stakeholders, in New Delhi to deliberate on the evolving state of the microfinance sector. The SANKALP 3.0 was convened in Mumbai in April 2026, where the Sankalp guardrails were reviewed once again. The discussions reflected a broad consensus that the sector has largely navigated the challenges witnessed in recent months and is on a path towards stabilisation.

However, recognising the need to sustain this progress and mitigate the risk of stress recurrence, participants agreed to introduce additional guardrails under SANKALP 2.0 and continue with the same in SANKALP 3.0. These measures aim to reinforce responsible lending practices and ensure long-term sectoral resilience.

Sa-Dhan has emphasised three critical areas that require continuous attention to ensure the long-term stability and integrity of the microfinance sector, namely, transparent pricing, prevention of over-indebtedness, and adherence to discipline through responsible lending practices. Transparent and fair pricing enables operational efficiencies to be passed on to borrowers, while prudent lending safeguards clients against excessive debt and potential default. Equally, strict adherence to the Code of Conduct reinforces institutional discipline and strengthens borrower trust and fair, transparent recovery practices. Sa-Dhan remains confident that the implementation of these guidelines will support the healthy and sustainable growth of the microfinance sector.



A3-SANKALP 2.0: Strengthening Sectoral Guardrails (Not-for-Profit Organisations):

Sa-Dhan organised the Sankalp Baithak for the not-for-profit institutions to discuss the challenges. The event took place in Bengaluru in June 2025. The additional guardrails were discussed with the members, and it was decided to follow the same guardrails. Also, there were discussions about the scarcity of low-cost funds, the need to have a differential rating system, the inability to access CIC data, the attrition rate, etc.

A4 -Impact of Sankalp 2.0 on the Microfinance Sector:

Sa-Dhan, as an RBI-recognised Self-Regulatory Organisation (SRO), introduced the Sankalp 2.0 Guardrails in April 2025 to strengthen responsible lending and borrower protection. An independent impact assessment, conducted with Grant Thornton Bharat, covered over 1,200 borrowers across 6 states and consultations with 16 microfinance institutions (MFIs).

The study finds that Sankalp 2.0 has significantly improved credit discipline and borrower outcomes. There has been a notable reduction in multiple lending and borrower over-leverage, with most households now operating within defined exposure and repayment thresholds. Borrowers have reported improved financial stability, and lenders have observed better portfolio quality, reduced non-performing assets, and improved collection efficiency. Pricing governance has also strengthened, with widespread adherence to board-approved pricing policies and processing fee caps. However, gaps remain in borrower awareness and understanding of loan terms, indicating the need for stronger last-mile communication and financial literacy efforts.

A5 - SAMPARK - Engagement with individual member institutions:

The Sampark initiative has been designed to provide more focused and institution-specific engagement. During the period covered, Sa-Dhan interacted with 55 Micro Lending Institutions. Under this initiative, Sa-Dhan engages directly with the top management of member institutions to gain a deeper understanding of their operational status, emerging challenges, key concerns, and expectations from Sa-Dhan. These structured one-to-one interactions conducted virtually with MDs, CEOs, and other senior leadership, such as COOs, CFOs, CTOs, and functional heads, enable more nuanced dialogue and facilitate the timely identification of sectoral and institutional issues. The insights gathered through Sampark have strengthened Sa-Dhan's member engagement, policy advocacy, advisory support, and capacity-building efforts, thereby contributing to a more responsive and resilient microfinance ecosystem.

A6-The Core Group Formation Initiative:

Sa-Dhan has constituted Core Groups in strategically important states to enable focused strategising and coordinated interventions in response to evolving sectoral dynamics. These groups comprise key stakeholders, including representatives from member MFIs and Sa-Dhan, who collaboratively assess district- and state-level issues, emerging risks, operational challenges, and courses of action.

Through regular discussions and close monitoring of state-level developments, the Core Groups identify priority areas for action and design targeted interventions to address a range of issues with an overarching goal of creating a conducive environment. This structured approach facilitates timely decision-making, enhances coordination among stakeholders, and ensures more effective implementation of corrective and preventive measures at the state and district level.

A7-Managing Challenging Situations in Different States:

Sa-Dhan engaged in crisis management in various parts of the country. The crisis management strategy includes offering support and relief to affected members, as well as policy advocacy and capacity building. Sa-Dhan's proactive response to developments arising from state-specific legislation, such as the Karnataka State Act, Tamil Nadu State Act, and Bihar State Act, as well as external disruptions, including loan-waiver announcements and "Karja Mukti" campaigns, was applauded by the sector. Furthermore, Sa-Dhan undertook prompt crisis management efforts in states such as Gujarat, Odisha, Rajasthan, Maharashtra, and West Bengal to address challenges stemming from loan-waiver campaigns, political interference, repayment disruptions, and fraudulent activities. Through continuous engagement with member institutions, regulators, district administrations, and law enforcement agencies, Sa-Dhan helped mitigate risks, resolve operational issues, strengthen borrower awareness, and promote responsible lending practices. These efforts helped maintain sectoral stability and enhance institutional resilience in a challenging operating environment.

A8-State and District-Level Analysis of Potential Risk – An Analysis:

To promote best practices and strengthen client protection, the SRO team conducts regular, data-driven analyses across multiple sources to identify and monitor emerging risks in the microfinance sector. Recognising that risk profiles are dynamic and may shift across quarters, these geographies are subject to continuous monitoring for early warning and timely intervention.

The assessment leverages Credit Information Bureau data along with Sa-Dhan's proprietary analytical tool to shortlist the top 100 higher-risk districts. This evaluation is

based on a comprehensive set of nine parameters, including: (i) proportion of borrowers with outstanding loans above ₹2 lakh (indebtedness), (ii) incidence of multiple lending (borrowers with more than three micro-lenders), (iii) PAR 30-179 DPD, (iv) MPI score, (v) year-on-year portfolio growth, (vi) average loan outstanding per borrower, (vii) NPA levels, (viii) quarter-on-quarter changes in PAR 30-179 DPD, and (ix) the number of micro-lenders operating in each district. Together, these indicators provide a holistic view of credit concentration, repayment stress, and market saturation, enabling more informed decision-making and risk mitigation strategies.

Also, based on the top 50 potential risk districts, Sa-Dhan regularly sends cautionary advisories to its member MLIs with a high portfolio exposure (more than 25%) in these districts to help them reduce concentration there. These advisories have served as early warning indicators and assisted them in their risk management strategy.

A9-Granular District-Level Analysis of States:

In addition to the overall sectoral assessment, a detailed, focused analysis was conducted for select high-priority states, including Bihar, Karnataka, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh, and West Bengal, to gain deeper insights into localised trends and emerging risks. This granular, district-level evaluation aimed to understand variations in market dynamics, such as credit saturation, borrower stress, and operational concentration, within each state.

Each district within these states was systematically assessed using key risk and outreach indicators, including levels of borrower indebtedness, degree of microfinance penetration, incidence of multiple lending, and portfolio quality (PAR). By disaggregating the data to the district level, the analysis enabled the identification of pockets of over-indebtedness, high lender concentration, and rising delinquency trends that may not be visible at the aggregate level.

These insights support targeted monitoring, informed decision-making, and proactive interventions by stakeholders to promote responsible lending practices and maintain sector stability. These district-level insights are supporting the member MLIs by enabling them to identify specific areas of indebtedness and high lender concentration within the 10 priority states, allowing for targeted portfolio adjustments before risks materialise. Members can make informed decisions on market entry/exit at the district level, avoiding saturated areas while focusing outreach on underserved areas with lower borrower stress. The insights also support responsible lending compliance by flagging districts where the ₹2 lakh indebtedness cap and 3-lender guardrails need stricter enforcement. Ultimately, these data-driven insights help maintain sector stability while enabling members to grow their portfolios sustainably with improved asset quality.



A10-Engagement with the Compliance Officers:

Sa-Dhan conducted regular engagement sessions with Compliance Officers from member MFIs to better understand the prevailing/existing regulatory landscape and the practical challenges of compliance. These structured interactions provided a focused platform to deliberate on key issues, including the interpretation of regulatory guidelines, reporting requirements, internal control frameworks, and adherence to SRO standards. This engagement started in November 2025, and to date, we have conducted a focus group discussion and more than 10 individual discussions.

Through continuous dialogue, Sa-Dhan captured valuable ground-level insights into compliance bottlenecks and operational constraints. This sustained engagement has strengthened compliance awareness across member institutions and improved governance standards and risk management frameworks within the sector.

A11-Interaction with the Risk & Audit Officers:

Sa-Dhan organised two virtual interactions with Risk Officers of member MLIs, commencing in Q3 of FY 2025-26 on a quarterly basis, to deliberate on emerging risk patterns and evolving sectoral trends. These sessions served as a platform for sharing real-time insights on portfolio performance, early warning signals, geographic concentration risks, borrower over-indebtedness, and delinquency trends. Through these discussions, member institutions exchanged best practices and explored practical mitigation strategies, including strengthening underwriting standards, enhancing monitoring frameworks, and adopting proactive risk-containment measures. The interactions also

enabled Sa-Dhan to gather field-level intelligence, provide timely guidance, and support institutions in aligning their risk management practices with sectoral developments. Overall, this continuous engagement has contributed to improved risk awareness, informed decision-making, and greater resilience across the microfinance ecosystem.

A12-Deeper Engagement with State Administration and Regulators:

Sa-Dhan has strengthened its engagement with State Administration and Regulatory Authorities through regular and structured interactions with the key officials. During the year, Sa-Dhan had engagements with State Government functionaries in the key states of Bihar, West Bengal, Tamil Nadu, Karnataka, Madhya Pradesh, Jharkhand, Uttar Pradesh, Gujarat and others. Sa-Dhan also interacted with officials from SEBI, PFRDA, and IRDAI on various important matters. These engagements serve as a platform for sharing sectoral developments, discussing emerging issues, and providing evidence-based input on microfinance-related matters.

A13-Regulatory Coordination and Support on Section 8 Companies:

Sa-Dhan extended continuous support to facilitate regulatory coordination for Section 8 Companies within the microfinance ecosystem. Multiple submissions were made to the Reserve Bank of India (RBI), providing comprehensive information and clarifications on the operational and structural aspects of these entities.

As part of this process, Sa-Dhan undertook the collection and compilation of the requisite documents and supporting information from relevant institutions. These submissions were accompanied by detailed justifications to enable and strengthen the framework for data exchange between Section 8 Companies and Credit Information Companies (CICs), thereby contributing to improved credit discipline and transparency in the sector. Sa-Dhan also submitted a request to enable Section 8 Companies to access CIC data for their lending.

A14-Grievance Redressal Mechanism (GRM):

Sa-Dhan has a system in place to capture grievances directly from MFI clients. Sa-Dhan's grievance redressal initiatives extend beyond client-related concerns to also address issues faced by staff of Microfinance Institutions (MFIs). The resolution process involved direct communication with both the concerned staff and the respective MFIs, followed by formal correspondence to ensure timely action. The cases were subsequently tracked until confirmation of full resolution was received.

Additionally, Sa-Dhan launched a toll-free number and subsequently integrated AI-powered voice bots and Natural Language Processing (NLP) to enable 24/7 multilingual AI voice agents. This initiative enhanced accessibility for rural and underbanked clients, strengthened the Grievance Redressal Mechanism (GRM) escalation process, and improved overall efficiency in addressing stakeholder concerns. This toll-free helpline (1800 88 99 270) and escalation frameworks, to address client complaints efficiently. Furthermore, Sa-Dhan conducts random-sample interactions with clients and staff to assess satisfaction with resolutions, thereby strengthening client protection and staff welfare, and enhancing overall grievance redressal effectiveness. During FY 2025-26, addressed around 1000+ MFIs' clients' grievances, 15 staff-related grievances.

A15- Client Grievance Redressal Mechanism (CGRM) Manual:

Sa-Dhan developed the Client Grievance Redressal Mechanism (CGRM) Manual to serve as a comprehensive guide for microfinance institutions to design, implement, and strengthen effective grievance redressal systems aligned with client protection principles and regulatory expectations. The manual aims to standardise grievance handling practices across Sa-Dhan member institutions by ensuring a transparent, accessible, and time-bound mechanism for addressing client complaints. It reinforces fair treatment, accountability, and responsiveness within the microfinance sector.

The CGRM Manual establishes a clear multi-tier framework that enables systematic escalation from the institutional level to the SRO and regulator, supported by well-defined SOPs, timelines, and an escalation matrix to ensure timely and effective handling of grievances. Overall, the CGRM Manual plays a crucial role in strengthening institutional accountability, building client trust, ensuring regulatory compliance, and fostering a more responsible and client-centric microfinance ecosystem.

A16-CGRM Data Management and Process Enhancement:

This mechanism strengthened the collection, management, and analysis of CGRM (Customer Grievance Redressal Mechanism) data every quarter, ensuring improved data quality, consistency, and reporting rigour. Conducted in-depth analysis of grievance trends, resolution timelines, and recurring issues to generate actionable insights, which informed the development and dissemination of advisory and guidance notes aimed at enhancing the effectiveness and responsiveness of CGRM processes across member MFIs. In parallel, actively engaged with MFIs for improvement in participation.

A17-Customer Awareness Campaign in the Fields:

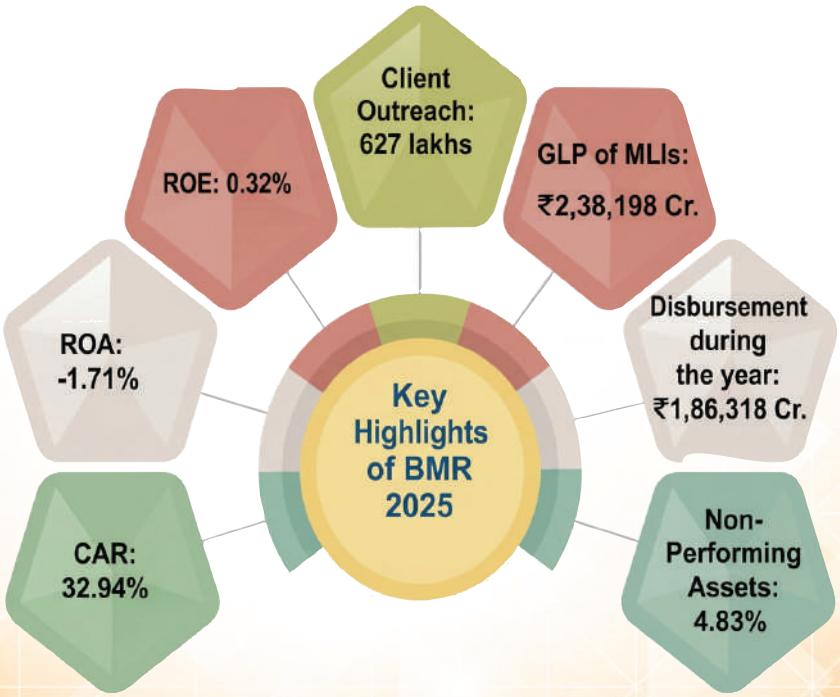
As part of its Self-Regulatory and client-protection mandate, Sa-Dhan conducted a series of Customer Awareness Workshops across multiple states in the last financial year. These workshops aimed to enhance borrowers' understanding of loan terms, interest rates, and grievance redressal mechanisms, while promoting responsible borrowing and digital repayment practices.

Sa-Dhan organised a series of Client Sensitisation sessions across key microfinance geographies, covering the districts of Cuddalore, Kanyakumari, and Dharmapuri in Tamil Nadu; Dungarpur and Banswara in Rajasthan; Indore in Madhya Pradesh; and Gorakhpur and Varanasi in Uttar Pradesh, reaching more than 1,000 microfinance clients. These initiatives were undertaken amid heightened sectoral sensitivity, particularly in Tamil Nadu, due to evolving microfinance-related legislation and the upcoming assembly elections, underscoring the need for enhanced client awareness on responsible financial practices. The sessions witnessed active participation from officials such as Lead District Managers (LDMs), NABARD representatives, and Financial Literacy Centre (FLC) counsellors, who provided insights on banking products and financial planning.

A18 RESEARCH STUDIES & REPORTS

A18-a The Bharat Microfinance Report 2025:

Sa-Dhan's Bharat Microfinance Report (BMR) is the flagship annual publication that provides a comprehensive overview of India's microfinance sector, capturing key trends,



performance indicators, and emerging developments. Drawing on extensive data from a wide network of Microfinance Lending Institutions (MLIs), including NBFC-MFIs, NBFCs, Small Finance Banks, and Banks, the report offers robust insights into portfolio quality, outreach, regional distribution, and client dynamics. Over the years, the BMR has evolved into a critical knowledge resource for policymakers, regulators, investors, and sector practitioners, supporting evidence-based decision-making and promoting transparency, responsible lending, and sustainable growth within the microfinance ecosystem.

Enhanced Coverage & Milestone Achievement: BMR 2025 marks a significant milestone in data coverage and sector representation. The report draws on inputs from 217 Micro-Lenders, including 9 Small Finance Banks (SFBs) and 5 Banks. Notably, this is the first edition to incorporate data from banks, substantially strengthening the depth, inclusivity, and overall representation of the microfinance ecosystem.

Extensive Dissemination & Outreach: The report achieved wide circulation, reaching over 3,000 stakeholders through both hard and soft copies. This extensive dissemination has significantly enhanced the visibility, adoption, and citation of the report's data and insights across the sector.

End-to-End E-book Development: Successfully conceptualised, developed, and published a comprehensive e-book, demonstrating strong capabilities in research, content development, and digital publishing.



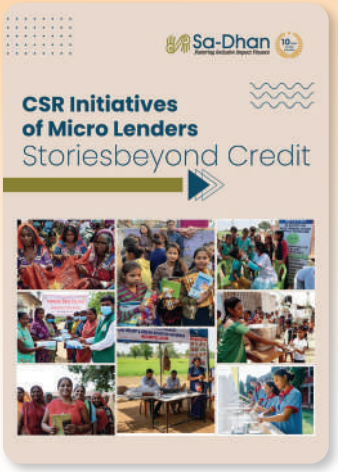
A18-b Quarterly Microfinance Reports:

Sa-Dhan's Quarterly Microfinance Report (QMR) is a key periodic publication that provides timely insights into the performance and trends of India's microfinance sector. The QMR captures critical indicators such as portfolio growth, asset quality, regional outreach, and operational dynamics. Designed to offer near real-time sector intelligence, the report has been progressively strengthened with enhanced analytics, trend comparisons, and improved data presentation. It serves as an important resource for policymakers, regulators, investors, and practitioners, enabling informed decision-making and supporting the sector's stability, transparency, and responsible growth.



A18-c The Corporate Social Responsibility (CSR) Report:

The CSR report was conceptualised and successfully launched at the Sa-Dhan National Conference as a first-of-its-kind initiative for the sector. The data was compiled from 70 Microfinance Lending Institutions (MLIs). The report was designed to go beyond traditional lending metrics to capture the sector's contributions in areas such as community development, financial literacy, social outreach, and livelihood support.





The report helped to showcase the broader developmental role of microfinance institutions. This initiative played a critical role in reinforcing a positive and responsible sector narrative, while also strengthening stakeholder confidence, including that of regulators, investors, and the public, during a particularly challenging period for the sector.

A18-d The SRO Reports:

Sa-Dhan regularly prepares and submits the comprehensive SRO Reports to the Reserve Bank of India (RBI). These reports serve as a critical mechanism for monitoring sectoral developments, ensuring regulatory compliance, and supporting evidence-based policymaking.

The report presents extensive quantitative analysis of key parameters, including portfolio performance, client outreach, funding patterns, and asset quality. Detailed explanatory footnotes and data validation have been incorporated to enhance the report's accuracy, clarity, and overall analytical quality.

Complementing this, Part I of the SRO Report provides qualitative insights, offering in-depth analysis of sectoral trends, institutional performance, and emerging risks and challenges. It highlights key developments in the operating environment, regulatory landscape, and market behaviour, thereby contextualising the quantitative findings presented in Part II. Together, these reports provide a holistic view of the microfinance sector and serve as valuable input for the RBI and other stakeholders.

A18-e Future of Microfinance; Propelling growth, fuelling prosperity – A White Paper

During the year under review, Sa-Dhan strengthened its role as a thought leader and knowledge partner by developing a range of high-quality publications and analytical outputs to support the microfinance sector. A White Paper was prepared in collaboration with PwC, providing in-depth analysis on key sectoral themes, emerging challenges, and strategic pathways for sustainable growth. In addition, a comprehensive Risk Note was developed to highlight evolving risk factors, early warning signals, and mitigation strategies, enabling stakeholders to make proactive, informed decisions.

Further, the Microfinance Outlook was prepared in collaboration with TransUnion CIBIL, presenting forward-looking perspectives on sector growth, credit trends, and risk outlook based on data-driven analysis. The knowledge products contributed to informed policymaking, strengthened stakeholder engagement, and reinforced Sa-Dhan's position as a credible and authoritative voice in the microfinance ecosystem.

A19-Supervision & Field Assessment Visits:

Sa-Dhan conducts regular field visits to understand clients' requirements and grievances and to recommend corrective measures when required. As an SRO, these visits help observe MFIs' operations in relation to the Code of Conduct and RBI regulations. It also looks into over-indebtedness, compliance with proper documentation procedures, product bundling, and related issues. During such visits, Sa-Dhan interacts with clients to assess their awareness of interest rates, MFIs' charges, and related topics. In the year 2025-26, Sa-Dhan visited 21 states, more than 50 districts, more than 1000 clients, and staff from the MFI sector.

Field assessments revealed operational irregularities, including gaps in disclosure practices, weaknesses in income assessment, staff attrition, and exposure to external risks, including fraud, political interference, and misinformation campaigns. In response, Sa-Dhan issued targeted advisories, strengthened capacity-building efforts, enhanced stakeholder coordination, and escalated critical issues to regulatory and enforcement authorities.



B -POLICY REFORM & STAKEHOLDER REPRESENTATION

B1 -Credit Support Initiatives for the Microfinance Sector:

The microfinance sector faced significant funding constraints in the post-COVID period, as lenders' responses were more aligned with market sentiment than with sectoral requirements. Recognising the emerging liquidity pressures, Sa-Dhan undertook sustained advocacy with key stakeholders. Several representations were submitted to the Ministry of Finance and the Reserve Bank of India, highlighting the need for targeted support, including a Credit Guarantee Facility for MFIs. This was supplemented by a series of engagements at senior levels, including meetings with officials at the Joint Secretary, Secretary, and the Department of Expenditure levels.

Sa-Dhan also supported policy formulation by providing DFS with detailed data inputs and analytics, covering parameters such as sectoral outreach, portfolio trends, funding patterns, institutional categories, and portfolio quality over a multi-year period. The introduction of the Credit Guarantee Scheme for Microfinance Institutions (CGSMFI 2.0) is a significant step towards strengthening liquidity in the sector and a success of our policy advocacy. Based on the initial assessment, further representations have been made to refine the scheme, enhance its effectiveness, and broaden its sectoral coverage.



B2-Policy Consultation with DFS on Strengthening Funding Access and Regulatory Framework for NBFC-MFIs:

Sa-Dhan participated in a stakeholder consultation convened by the Department of Financial Services (DFS), Ministry of Finance, chaired by the Joint Secretary (Banking), to deliberate on issues concerning NBFCs, including microfinance institutions. The meeting was attended by representatives from RBI, PFRDA, DoR, industry bodies, and NBFCs.

Key discussions included challenges related to cash flow and compliance (including provisions under the Income Tax Act), streamlining of KYC processes, and the need for a structured reform framework for NBFCs. Suggestions were also made to enhance operational efficiency through measures such as enabling Business Correspondent-led KYC updates and improving data-sharing mechanisms with Credit Information Companies (CICs).

Subsequently, Sa-Dhan submitted a detailed note to DFS highlighting sector-specific concerns. These included the exclusion of not-for-profit MFIs (such as Section 8 companies, trusts, and societies) from accessing and contributing to CIC data, leading to gaps in borrower-level credit assessment. Sa-Dhan recommended enabling such entities to participate in CIC frameworks to strengthen credit discipline.

Further, Sa-Dhan emphasised the need for a dedicated, low-cost financing facility for MFIs, particularly small and mid-sized institutions facing funding constraints. It proposed a structured refinancing mechanism, potentially routed through institutions such as NABARD, SIDBI, or MUDRA. The objective is to reduce the cost of funds, enhance credit flow to underserved geographies, and support sustainable sector growth.

Furthermore, the Sa-Dhan team interacted with the Finance Minister of Gujarat and briefed him on the developments in the sector, including in Gujarat. The team informed the Minister about Sa-Dhan's Enterprise project, in collaboration with SIDBI across four districts of Gujarat. Sa-Dhan requested low-cost funding support through the Gujarat Finance Corporation for MFIs in the state.

B3 -Funding Challenges Faced by Small and Mid-Size MFIs:

Small and mid-sized NBFC-MFIs, particularly those with portfolios below ₹500 crore, are facing acute funding constraints, which threaten the sustainability of their operations. Owing to weakened lender confidence and a cautious outlook on the sector, PSBs and other bulk lenders have slowed or deferred sanctioning of fresh limits, resulting in a significant liquidity squeeze for these institutions.

The funding constraint has had a twofold impact on smaller MFIs. On the one hand, treasury shortages have limited their ability to meet credit demand, even from long-standing, creditworthy borrowers; on the other hand, the inability to disburse has led to client attrition, portfolio contraction, and deterioration in overall portfolio quality despite historically strong repayment behaviour.

Sa-Dhan continues to engage with lenders and stakeholders to highlight the differentiated risk profile of small and mid-size MFIs and to advocate for calibrated funding support, which remains critical for preserving credit access for underserved borrower segments and maintaining sectoral stability.

B4 -Strategic Stakeholder Engagements to Strengthen the Microfinance Ecosystem:

Sa-Dhan continued to play a pivotal role in representing the interests of the microfinance sector through sustained engagement with policymakers, regulators, financial institutions, and development partners across the country. These interactions aimed to foster a conducive policy environment, address emerging challenges, promote responsible finance, and strengthen the sector's contribution to financial inclusion and livelihood generation.

B4 -a Interaction with the Government of India

At the National level, Sa-Dhan engaged with senior officials from various ministries, including the Ministry of Finance, the Department of Financial Services (DFS), the Ministry of Expenditure, the Ministry of Agriculture, the Ministry of Cooperation, the Ministry of Rural Development, and the Ministry of Housing and Urban Affairs. Some ministries sought Sa-Dhan's support and advice in their activities.

B4 -b Interaction with the State Governments

In Jharkhand, Chhattisgarh, Bihar, and Tamil Nadu, discussions with senior finance department officials focused on the sector's contribution to livelihood creation, women's empowerment, and rural economic development. State officials sought greater clarity on operational issues such as interest rates, recovery practices, and customer protection

mechanisms. Sa-Dhan explained the regulatory safeguards governing the sector and highlighted the importance of financial literacy, responsible lending, and credit-plus services in ensuring sustainable outcomes for borrowers. Several state governments acknowledged the sector's contribution and expressed willingness to work closely with Sa-Dhan and its member institutions.

B4 -c Interactions with State Regional Offices of RBI

Sa-Dhan maintained continuous engagement with the Reserve Bank of India through meetings with Regional Directors and senior officials across multiple states, including Karnataka, Jharkhand, West Bengal, Punjab, Chhattisgarh, Manipur and Tripura. These discussions provided an opportunity to share updates on portfolio quality, funding conditions, regulatory compliance, and sectoral developments. RBI officials appreciated Sa-Dhan's efforts in promoting industry discipline, monitoring emerging risks, and facilitating constructive dialogue among stakeholders. Particular emphasis was placed on addressing rising portfolio stress in certain regions, strengthening client protection mechanisms, expanding financial literacy initiatives, and improving communication between field-level authorities and regulated lenders.

B4 -d Interaction with the NABARD

Sa-Dhan also deepened its partnership with NABARD through a series of meetings across major states, including Uttar Pradesh, West Bengal, Madhya Pradesh, Gujarat, Bihar, Tamil Nadu, Jharkhand, Punjab, Chhattisgarh, and Kerala. Discussions focused on promoting livelihood finance, women's entrepreneurship, rural enterprise development, and financial literacy. NABARD expressed support for several collaborative initiatives, including state stakeholder conclaves, pilot projects for income-generating beneficiary clusters, rural MSME promotion workshops, and innovative livelihood-linked credit models. In Kerala, discussions with NABARD and State Rural Livelihood Mission representatives explored opportunities for joint capacity-building programmes and financial literacy interventions for women-led community institutions.

B4 -e Collaboration with the State Level Bankers' Committees

Collaboration with State Level Bankers' Committees (SLBCs) was another significant area of engagement. Meetings with SLBC Convenors in Chhattisgarh, Jharkhand, Haryana, and Manipur focused on strengthening coordination between banks and microfinance institutions. Discussions resulted in commitments to organise training programmes for Lead District Managers, include microfinance-related data in state-level financial reports, and provide Sa-Dhan with greater representation in SLBC forums. These initiatives are expected to raise awareness of the sector among banking stakeholders and strengthen institutional coordination at the state level.

B4 -f Support Extended to the North East Region

Special attention was given to the North Eastern region, where Sa-Dhan led stakeholder engagements in Manipur and Tripura. In Manipur, discussions with the Director of Institutional Finance, RBI officials, and banking stakeholders focused on restoring credit flow and supporting borrowers affected by prolonged social and economic disruptions. Sa-Dhan highlighted the urgent need for fresh capital to revive livelihoods and advocated for special funding support mechanisms for lenders operating in challenging geographies. In Tripura, Sa-Dhan organised a Member Meet and a dedicated training programme for senior administrative officials. These engagements provided a platform to address





concerns related to pricing, recovery practices, grievance redressal mechanisms, and the overall contribution of microfinance to economic development. RBI officials also emphasised the importance of continued sensitisation of government authorities to build a stronger understanding of the sector's role and impact.

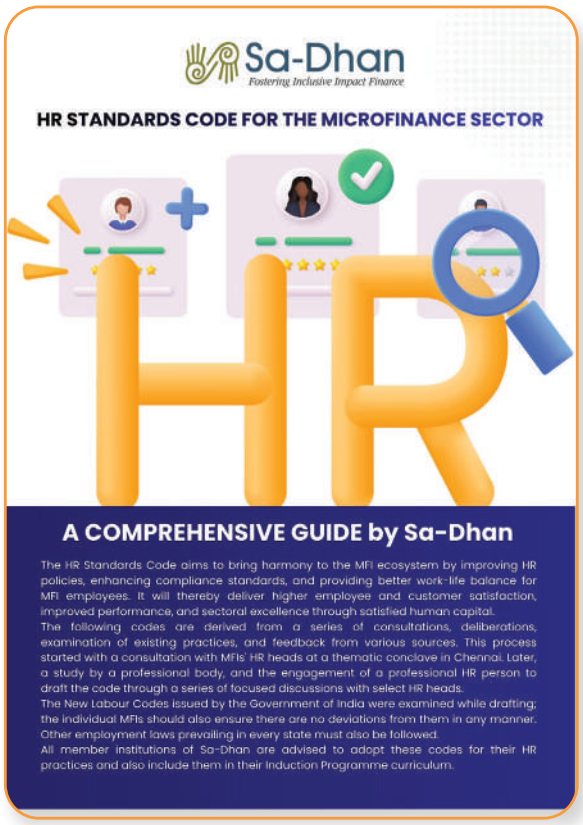
Sa-Dhan has worked to address policy concerns, strengthen institutional partnerships, improve stakeholder understanding, and promote responsible and sustainable growth. Through continuous dialogue, advocacy, and collaboration, these engagements are expected to significantly enhance the resilience, credibility, and outreach of the microfinance sector while advancing the broader agenda of financial inclusion and inclusive economic development across India.

C-BUILDING THE SECTOR

C1-Development and Adoption of HR Standards Code for Microfinance Institutions:

Sa-Dhan has developed a comprehensive set of HR Standards Code for Microfinance Institutions (MFIs) to strengthen people practices, enhance organisational integrity, and support sustainable sectoral growth. Recognising the critical role of MFIs in financial

inclusion, the framework aims to promote ethical conduct, employee well-being, and institutional credibility.



The standards have been formulated through a consultative process involving deliberations with HR heads of member MFIs, insights from a professional study, and structured discussions with HR experts. Relevant provisions of the New Labour Codes issued by the Government of India, along with applicable state-level employment laws, have been duly considered to ensure alignment with statutory requirements.

The standards outline 14 core HR focus areas, including: compliance culture, respect for the MFI ecosystem, fair hiring and appraisal practices, equal opportunity employment, compensation and benefits, leave and workplace policies, field staff welfare, use of technology in HR processes, attrition management, risk and fraud management, grievance redressal mechanisms, learning and development, and sector collaboration. The HR Standards Code has been circulated to all MFIs for adoption to improve HR management in microfinance institutions.

C2-State and Zonal Level Member Meets:

Sa-Dhan organised Member Meets in various states with CEOs/MDs, COOs, CFOs, and Compliance Officers of MFIs to share and discuss the exact field-level situation and specific local-level concerns of members in their areas of operations. This knowledge





sharing helps mitigate risks, plan for unforeseen circumstances, and formulate the necessary actions to increase client protection. During the year, Sa-Dhan organised a series of State and Zonal Level Member Meets across several states, including Bihar, Odisha, Gujarat, Maharashtra, Madhya Pradesh, Uttar Pradesh, Rajasthan, Karnataka, Jharkhand, West Bengal, and Tamil Nadu, as well as key districts such as Ratnagiri

and Kolhapur in Maharashtra. Discussions highlighted common challenges such as rising delinquencies, borrower over-leveraging, multiple lending, migration, political interference, misinformation campaigns, loan-waiver narratives, and organised fraud in certain regions. Members also reported difficulties arising from staff attrition, skill gaps, and increasing pressure on collection and recovery operations.

State-specific meetings in Karnataka, Rajasthan, Gujarat, Maharashtra, and West Bengal focused on local developments, including portfolio stress, funding constraints, political movements, flood-related disruptions, repayment challenges, and regulatory developments. Sa-Dhan shared portfolio trends, risk assessments, and updates on advocacy initiatives while encouraging coordinated stakeholder engagement and adherence to industry standards. In flood-affected regions of North Bengal, members discussed relief measures and borrower support initiatives, including flexible repayment arrangements and community assistance programmes.

A special Member Meet was also organised in Manipur, bringing together CEOs and MDs of local microfinance institutions for the first time since the prolonged unrest in the state. Participants discussed the severe impact of the crisis on lending operations, borrower livelihoods, and institutional sustainability. There was a strong consensus on the need for a dedicated support package and special funding mechanisms to help revive microfinance operations and restore access to credit for affected communities.

C3-Workshop on Emergency Health Products:

Medoplus is a health-promoting company that connects rural masses with health facilities, primarily benefiting microfinance recipients. Sa-Dhan and MedoPlus, through an MOU, aim to offer timely healthcare opportunities to rural villagers. One of the primary goals is to partner with various financial institutions to provide health loans to marginalised sections of society. After many deliberations, seven MFIs have been identified. Sa-Dhan, along with Medoplus Services Pvt. Ltd., supported by Swiss Re, organised a workshop in Varanasi on Emergency Health products. In rural India, 63%



of health expenses are paid out-of-pocket, pushing families into poverty. Senior representatives, including CEOs and COOs of the partner MFIs, attended the event and shared their reflections and input to strengthen the product. Discussions aimed to refine the product scope, identify which ailments to target, and include high-nutrition loans for TB and pregnant women.

The programme commenced with seven participating microfinance institutions. Sa-Dhan is happy to share that Health Loans are now being successfully delivered through an alternative assessment mechanism by member institutions. With Vedika taking the lead in implementation, 33 loans have been disbursed so far by leading MFIs in Uttar Pradesh.

C4-NSFDC Launches Pilot MFI Lending Scheme in Bihar, Jharkhand & Odisha:

The National Scheduled Castes Finance and Development Corporation (NSFDC), a Government of India undertaking under the Ministry of Social Justice and Empowerment, has introduced a special Pilot MFI Lending Policy for the states of Bihar, Jharkhand, and Odisha, effective from January 5, 2023.

This initiative aims to economically empower Scheduled Caste families with an annual income of up to ₹3 lakh by providing them access to affordable microfinance through Non-Banking Financial Company-Microfinance Institutions (NBFC-MFIs).

After understanding the limited outreach of its traditional partners in these states, NSFDC has partnered with five Sa-Dhan member MFIs (in the first quarter of 2025-26) to act as new channelising agencies. The target is to disburse ₹30 crore across these MFIs, potentially benefiting around 12,000 SC borrowers through small-ticket business loans.

The scheme mandates that participating MFIs should have a minimum portfolio of ₹100 crore, over five years of operational experience, Sa-Dhan membership, and prior experience in serving SC clients. NSFDC provides funding at an interest rate of 5%, while MFIs can lend to beneficiaries at rates up to 15%. The initiative also emphasises women's inclusion, with at least 40% of beneficiaries to be women, and requires quarterly repayments over a two-year tenure, along with strict compliance and monitoring norms.

C5-"Strategic Leadership in Microfinance" -Building Future-Ready Leadership in Microfinance:

The Joint CEO/C-Suite Executive Development Programme, hosted by Sa-Dhan in collaboration with the National Institute of Bank Management (NIBM), marked a significant milestone in strengthening leadership within the microfinance sector. Conducted over two days in Pune, the programme brought together senior leaders from leading institutions to reflect, learn, and prepare for the sector's evolving demands.

With participation from 28 leaders representing 14 institutions, the programme focused on navigating the complexities of today's VUCA (Volatile, Uncertain, Complex, Ambiguous) environment. Discussions centred around how leadership in microfinance must evolve beyond traditional approaches to become more adaptive, forward-looking, and resilient.

A key highlight was the emphasis on customer-centric strategies. As the sector deepens its outreach, understanding borrower needs, behaviour, and vulnerabilities becomes critical. Leaders explored how institutions can design more responsive products and services while maintaining responsible lending practices. The programme also introduced emerging themes, including the role of AI and machine learning in decision-making, risk management, and operational efficiency. As digital transformation accelerates, leaders are encouraged to embrace technology not just for scale but for smarter, more inclusive service delivery.

C6-Certification for the 'Basics of Microfinance Foundation Course' supported by Sa-Dhan:

In 2025-26, Sa-Dhan, in collaboration with the Indian Institute of Banking & Finance (IIBF), proudly acknowledged the remarkable achievements of participants in the Certification programme on 'Basics of Microfinance Foundation Course' supported by Sa-Dhan. During the year, 407 candidates applied, and 244 successfully cleared it, reflecting the hard work, dedication, and commitment of participants across the sector. As we celebrate these accomplishments, we also encourage aspiring candidates to prepare for the next certification cycle, scheduled for the 2nd and 4th weeks of each quarter.

C7- Sensitising Administrative Officers and Police Officers on the Microfinance Sector:

As part of its efforts to strengthen stakeholder understanding of the microfinance sector and promote informed policy and administrative decision-making, Sa-Dhan continued to engage with government training institutions and civil service officers across states.



Jharkhand:

Sa-Dhan conducted orientation sessions for newly recruited officers of the Jharkhand Public Service Commission (JPSC), with approximately 340 officers participating across batches.

Additionally 62 young officers, capacity-building sessions were conducted at the Government training institute at Ranchi, contributing to increased awareness among district-level officials and strengthening institutional understanding of the sector.

Tripura:

Sa-Dhan organised a training session for 25 officers at the Tripura Institute of Public Administration, Agartala.

Assam:

The session at the Assam Staff College was designed to provide 25 Administrative officers with a comprehensive understanding of the microfinance sector, covering its evolution, key operational models, and the broader regulatory framework governing the ecosystem.

Maharashtra:

The program, held at YASHADA in Pune, aimed to familiarise government officials with the nuances of financial inclusion, particularly in underserved and remote geographies.

Tamil Nadu:

A sensitisation programme on Microfinance for Civil Service Officers of Tamil Nadu. The officials were sensitised to the Regulatory framework for Microfinance, the Role of Microfinance in Financial Inclusion, the Microfinance status in Tamil Nadu, and the Challenges.

Madhya Pradesh:

62 civil services officers of Madhya Pradesh on 16th March 2026 at RCVP Noronha Public Administration, Ranchi.

Bihar:

Sa-Dhan organised a virtual sensitisation and capacity-building training for 365 state service officers of Bihar on financial inclusion and microfinance. These training sessions will help civil service officers and police service officers to make informed decisions.

C8-Training Programmes for Microfinance Staff:

BIRD Kolkata, in collaboration with Sa-Dhan, organised a three-day residential training programme for microfinance professionals in Ranchi in September. Participants from Kerala, Odisha, West Bengal, and Jharkhand took part in this residential training programme.

The programme provided a comprehensive overview of the microfinance sector—from its evolution to emerging trends and future directions. Sector experts conducted sessions on key themes, including business models, human resource development, credit underwriting, quality sourcing, regulatory frameworks, customer relationship management, and risk mitigation. Participants were also divided into groups for a one-day field visit to various MFIs, offering practical exposure and first-hand insights into ground-level operations.

C9-Engagement with Rating Agencies:

The rating agencies play a crucial role in assessing the financial health and creditworthiness of Micro-Lending Institutions (MLIs), directly influencing their access to funding and investor confidence.

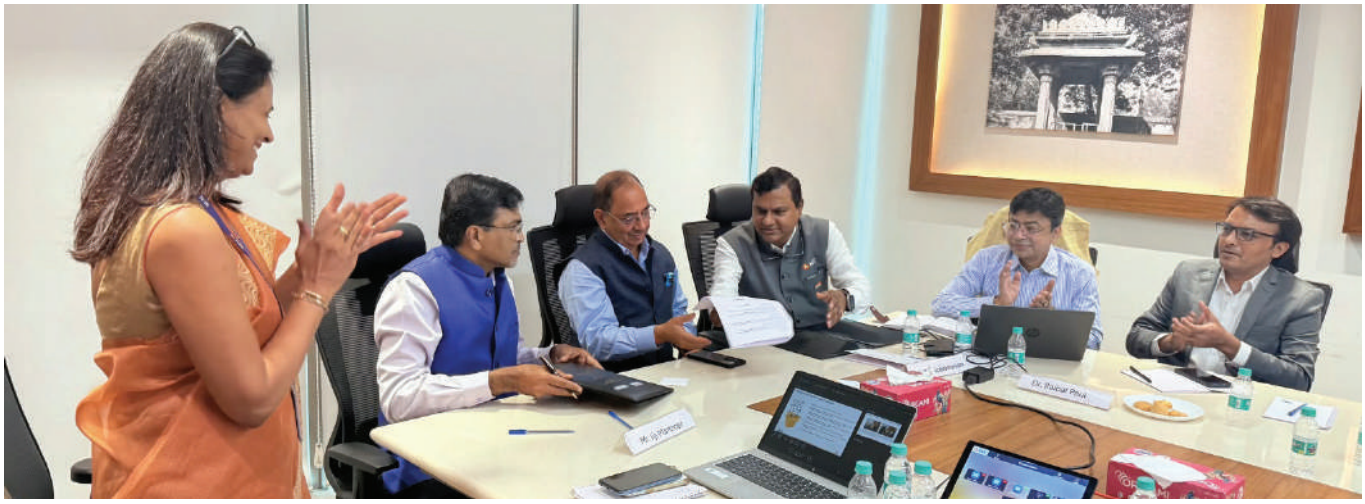
Sa-Dhan engaged with key rating agencies, including ICRA, Infomerics, and India Ratings, to discuss concerns related to the grading framework and its implications for MLI funding. Sa-Dhan emphasised the need for a more accommodating, context-sensitive approach to rating MLIs, particularly in the current funding environment, and requested that agencies refrain from unwarranted downgrades that could adversely affect institutional liquidity and investor sentiment.

C10-Technology Adoption Workshop:

BIRD Kolkata, in association with Sa-Dhan and with the support of NABARD, organised a workshop on Technology Adoption in the Microfinance Sector in May 2025. The forum examined the current state of digital adoption, innovative technology solutions, operational challenges, and strategies for scaling technology adoption among MFIs. The workshop was inaugurated by senior officials from NABARD, NABFINs, SLBC West Bengal, and BIRD, who shared insights on leveraging technology to enhance efficiency and client service in microfinance. The sessions included presentations on global technology trends, digital tools adopted by MFIs worldwide, and the sector's gradual transition toward digital processes. Discussions centred on how technology can streamline operations, enhance customer engagement, and bolster risk management. BIRD and NABARD concluded the event by assuring continued collaboration and exploring future initiatives to promote digital transformation in the microfinance sector.

C11-NSE International Exchange (NSE IX) Orientation Cum Round Table Meeting:

Sa-Dhan, in collaboration with NSE International Exchange (NSE IX), organised an orientation cum round table meeting on sourcing of offshore resources on 12th August, 2025, at NSE IX, Gift City, Gandhinagar, Gujarat. The primary objective of the meeting



was to raise awareness about the possibility of raising funds from overseas sources through the NSE's international stock exchange. Senior officials from top-rated NBFC-MFIs, including the Chairman, Managing Director, CEO, CFO, and Head of Treasury, attended the event to understand the demand and supply ecosystem and to discuss the opportunity for External Commercial Borrowing (ECB) fund support through NSE IX from Gift City. The heads of five banks with international operations, including SBI, Standard Chartered, HSBC Bank, DBS Bank, and RBL Bank Ltd., attended a briefing on the process involved.

C12-Special Capacity-Building Programme for Lead District Managers on Microfinance:

Sa-Dhan has been undertaking targeted capacity-building initiatives for key stakeholders within the Financial Inclusion Architecture. These initiatives aim to enhance awareness, improve coordination, and foster a deeper understanding of the microfinance sector. Sa-Dhan undertook a special capacity-building initiative to strengthen the Financial Inclusion Architecture. Sa-Dhan conducted a virtual training programme for Lead District Managers (LDMs) of Gujarat on the microfinance sector and financial inclusion, with support from the State Level Bankers' Committee (SLBC) and Bank of Baroda. The programme was attended by officials from all 34 districts, as well as senior SLBC representatives, including the Deputy General Manager and Assistant General Manager. Participants appreciated the role and contribution of MFIs in advancing financial inclusion. The deliberations covered key areas, including RBI regulations governing MFIs, regulatory implementation, interest rate frameworks, the role of Self-Regulatory Organisations (SROs), Sa-Dhan's Sankalp Guidelines, and operational challenges faced by MFIs.

C13-SLBC (LDMs) Virtual Capacity Building Program on Microfinance, Madhya Pradesh:

Sa-Dhan took a special initiative to develop the capacity of the Financial Inclusion Architecture. With support from the State Level Bankers' Committee (SLBC), Central

Bank of India, Madhya Pradesh, Sa-Dhan conducted a virtual training program for Lead District Managers (LDMs) on microfinance and the sector. A total of 51 LDMs attended, and Mr Pramod Kumar Mishra, DGM, SLBC, joined the training session. Discussions covered MFI operations, including RBI Regulations, the Industry Code of Conduct, the Client Grievance Redressal Mechanism, Rates of Interest, the Role of Self-Regulatory Organisations, Sa-Dhan Sankalp Guidelines, the Fair Practices Code, etc. Participants asked a couple of questions about client grievances and the support mechanism, and Mr Saibal Paul and Mr Mahtab Alam explained the CGRM escalation process in detail. The SLBC team and participants appreciated the overall training session.

C14-Strengthening Cross-Border Microfinance Collaboration:

Sa-Dhan, on behalf of NOMNAR (a joint initiative of Sa-Dhan & APRACA), has signed a Memorandum of Understanding (MoU) with the five associations that include Nepal Microfinance Bankers' Association (NMFA), Sri Lanka Microfinance Practitioners Association (LMFPA), Microfinance Council of the Philippines, Inc. (MCPI), Laos Microfinance Association (LMA), and Myanmar Microfinance Association (MMFA). As the NOMNAR Secretariat, Sa-Dhan is committed to fostering a more inclusive, resilient, and collaborative financial ecosystem for MFIs across borders. This marks a key milestone in advancing regional cooperation in the Asia-Pacific microfinance landscape. Through this partnership, we aim to facilitate knowledge exchange, enable capacity building & training, encourage joint innovation, and serve low-income communities more effectively.

C15 -Webinars–a powerful tool for Knowledge Sharing:

During FY 2025–26, Sa-Dhan organised a series of thematic webinars to facilitate knowledge sharing, strengthen institutional capacity, and address emerging challenges in the microfinance sector. These sessions brought together sector experts, Credit Information Companies (CICs), technology partners, and member institutions to deliberate on key developments and practical solutions. Webinars conducted in collaboration with CICs, including TransUnion CIBIL, focused on integrating and using the Grameen Credit Score to enhance credit assessment for underserved segments through alternative, data-driven approaches. A dedicated session on Microfinance Institution Ratings and Sector Outlook enabled participants to examine recent rating trends, share institutional experiences, and identify strategies to improve performance and stakeholder confidence.

Sa-Dhan also conducted a focused webinar on the MFI Credit Registry (MCR) in collaboration with Recordent for Not-for-Profit MFIs, covering data submission processes, repository management, and secure information-sharing protocols aligned with DPDP

guidelines. Additional sessions addressed critical themes such as risk management, compliance, credit pricing, the Code of Conduct (CoC), data reporting, and regulatory developments in digital data protection. Capacity-building initiatives included webinars on reducing fraudulent loans through digital paperwork and strengthening digital compliance in microfinance. Sa-Dhan further partnered with the Terwilliger Centre and CII–Indian Green Building Council (IGBC) to organise a session on unlocking green finance, highlighting the role of MFIs in supporting climate-resilient and sustainable livelihoods. Collectively, these initiatives enhanced awareness, promoted best practices, and equipped member institutions to navigate evolving regulatory, technological, and market dynamics.

D -NATIONAL CONFERENCE ON INCLUSIVE FINANCE & OTHER CONCLAVES- PLATFORM FOR NETWORKING

D1 -National Conference on Inclusive Growth:

The 20th National Conference on Inclusive Growth, held in November 2025, marked a significant milestone for the microfinance sector, coinciding with Sa-Dhan's completion of 10 years as an RBI-recognised Self-Regulatory Organisation (SRO) and two decades of its flagship national conference. Anchored around the theme "Building Resilient Microfinance: Promoting Inclusive and Responsible Finance," the conference brought together 869 delegates, 78 speakers, and a wide spectrum of policymakers, regulators, financial institutions, DFIs, fintechs, and development partners.









Senior leaders from the Government of India, RBI, NABARD, and SIDBI emphasised responsible growth, cautioning against over-lending, regional concentration, and the dilution of group-lending discipline, while reaffirming strong policy support for inclusive finance.

A strong focus was placed on strengthening household financial resilience through social security products, including micro-insurance, pensions, WASH financing, and small-ticket housing loans. Technology, data analytics, and AI were repeatedly highlighted as enablers of improved risk management, cost efficiency, and customer experience when deployed responsibly.

The conference also featured the release of four influential sector reports, including a PwC–Sa-Dhan white paper on the future of microfinance. Multiple awards celebrating innovation, women-friendly finance, CSR initiatives, and WASH financing were a part of the Conference. Overall, the conference reaffirmed Sa-Dhan's commitment to advancing a resilient, inclusive, and responsible microfinance ecosystem that balances growth with borrower protection and sustainable development.

D2-North East Financial Inclusion Conclave, Assam

The 4th North-Eastern Financial Inclusion Conclave titled 'Microfinance: Enabling Viksit North–East and Viksit Bharat' was organised by Sa-Dhan, in collaboration with North Eastern Development Finance Corporation Ltd. (NEDFi) at NEDFI house, Guwahati, on 18 December 2025. The Conclave brought together representatives from notable organisations, development professionals, financial institutions, and dignitaries in the financial sector of the North–East Region to discuss key aspects of the status and potential sustainable growth of Microfinance and Microfinance Institutions (MFIs) in North-East. The Conclave addressed the importance of financial inclusion, especially in the North-Eastern Region, and how Microfinance Institutions could be the driving institutions in reaching last-mile, remote communities that the formal banking sector has not been able to serve.

D3-Multi-stakeholder Conclave in Mumbai:

In May 2025, Sa-Dhan organised a multi-stakeholder conclave in Mumbai to sensitise ecosystem players on the importance of financing for scaling up climate-smart technologies. The Conclave, "access to finance for scaling up climate-resilient technologies in agriculture", had a special note from Nabsamruddhi for supporting MFIs through co-lending arrangements for the initiative. Also, Rabo Foundation expressed interest in supporting MFIs, particularly small ones, that want to build or have a portfolio in Agri or Agri-allied, by providing a credit guarantee for such a portfolio. Additionally, DGM SBI shared his thoughts on providing support to FIs for the same technologies, such as the Biodigester, Borewell recharger, and Solar Dryer, that were presented. Participants included Financial Institutions, MFIs, Small Finance Banks, and Banks.

D4-Capacity Building Workshop of Micro Housing Finance, Mumbai:

Sa-Dhan, in collaboration with Habitat for Humanity International's Terwilliger Centre for Innovation in Shelter, successfully organised a Capacity Building Workshop on Micro Housing Finance to strengthen microfinance institutions' capacity to address the growing housing needs of low-income households.

The workshop brought together representatives from 12 NBFC-MFIs, providing them with a comprehensive understanding of the micro housing finance ecosystem and its potential to improve living conditions for underserved communities. Through expert-led sessions, interactive discussions, and knowledge-sharing exercises, participants gained valuable insights into the design and delivery of affordable, accessible, and client-tailored housing finance products.

D5-Conclave on Household Income Assessment:

Sa-Dhan, in association with ACCION, organised a Conclave on "Household Income Assessment: Account Aggregator as Enabler" on 25th November 2025 in Bengaluru. The Conclave deliberated on how Account Aggregators can be utilised effectively for the Income and Indebtedness Assessment of Borrowers. Dr Ashutosh Kumar, GM, NABARD, Mr B. Chakravarthy, GM & Convenor, SLBC, Mr Jayaraman Balakrishnan, CEO, Belstar Microfinance Limited, Mr V.N. Salimath, Chairman, IDF, Mr Debdoot Banerjee, Senior Director, ACCION, and Mr Abhisekh Varshney, Senior Lead, Sahamati, were the key speakers at the Conclave. MDs, CEOs, Business Heads, CTOs, CROs and Compliance Officers from various States attended the Conclave.

E -SOCIAL AND FINANCIAL IMPACT (SAFI)

Sa-Dhan undertakes a wide range of development interventions to promote an inclusive, equitable, and sustainable society.

E1 -Empowering Women Entrepreneurs through Formal Financing (NRLM – Gates Foundation Initiative):

Sa-Dhan is working with the MORD, GOI, to implement enterprise promotion for poor women in SHGs promoted under the National Rural Livelihoods Mission (NRLM). The programme supports the transition of women entrepreneurs from group-based lending systems to individual bank linkages, enabling access to appropriate, need-based, and higher-value credit through training and hand-holding support. The programme is part of the GoI's Lakhpati Didi programme.

The initiative focuses on strengthening the rural enterprise financing ecosystem through institutional capacity building, improved coordination with financial institutions, and the development of community-level support systems. The Sa-Dhan team helps train community volunteers, called Vitta Sakhis, and mentors to support women entrepreneurs. Trained Vitta Sakhis and enterprise mentors play a key role in supporting women entrepreneurs with loan applications, documentation, and engagement with banking institutions.

The programme is currently being implemented across Assam, Chhattisgarh, Jharkhand, and West Bengal in close collaboration with State Rural Livelihood Missions (SRLMs) and Banks. Continuous stakeholder engagement and structured coordination mechanisms help address operational challenges and improve the efficiency of credit delivery.

As part of its outreach, the programme has supported 1,34,888 women entrepreneurs in accessing formal credit, resulting in the mobilisation of approximately ₹1,628 crore in enterprise financing. This reflects a significant effort to enable women's access to formal financial systems and strengthen their economic participation.

The initiative also promotes the use of digital systems to enhance transparency, efficiency, and tracking of loan applications, thereby improving turnaround time and accountability in the credit process. Sa-Dhan has helped the NRLM develop an end-to-end solution to facilitate the sanctioning of loan applications for SHG members who have graduated to individual entrepreneurs. This new digital solution has been rolled out across the country since February 2026.

E2 -WE-LEAD – Women Entrepreneurship Livelihood Enhancement and Development:

With a view to helping women to be self-sustainable and economically empowered, Sa-Dhan commenced the Women Entrepreneurship Livelihood Enhancement and Development programme in 2023, with support from SIDBI.



The programme is operational across selected districts in Gujarat and Tamil Nadu, covering a mix of urban, semi-urban, and aspirational regions to ensure inclusive outreach. It

focuses on strengthening women-led nano and micro enterprises by addressing key challenges related to access to skills, finance, and markets.

The initiative includes training and hand-holding support from the Sa-Dhan team stationed in select districts of the two states, which helped women from lower strata with capacity building, financial inclusion, digital learning, and market linkage. Structured Entrepreneurship Development Programmes (EDPs) and skill-based training are provided to enhance entrepreneurial capabilities, financial literacy, and business management practices. Continuous handholding support is extended to ensure effective application of learning and sustained enterprise growth.

Facilitation of credit linkages with formal financial institutions forms a key component of the programme, enabling women entrepreneurs to access working capital and investment support. In addition, the programme promotes enterprise formalisation and supports market access through platforms such as buyer–seller meets, exhibitions, and community-based retail initiatives.

As part of its outreach, the programme has mobilised over 13,000 women entrepreneurs, of whom 8,364 have been supported in accessing formal credit, resulting in approximately ₹52 crore in enterprise financing. These efforts have significantly strengthened women's participation in economic activities and improved their access to institutional financial services.

The programme also included support for marketing women's products by opening two rural marts, one in Bhuj, Kutch district, and the other in Kanyakumari district. These



markets enable trained women to showcase and market their products. The markets are run by trained women.

The programme aligns with national priorities on financial inclusion, women's entrepreneurship, and MSME development, complementing ongoing Government initiatives aimed at inclusive economic growth. By strengthening women-led enterprises and enhancing their productivity, the initiative also contributes, in a modest but meaningful manner, to local economic development and overall GDP growth.

E3 -Depositor Education and Awareness Fund (DEA Fund–RBI):

To strengthen and promote financial literacy among marginalised populations, Sa-Dhan, with the support of the RBI, undertook a project titled "The Depositor Education and Awareness Fund (DEA Fund Scheme)". The project has three broad goals: (i) awareness building, (ii) financial literacy, and (iii) grievance redressal processes.



Phase I (2023–24):

2,250 workshops conducted, reaching 1,41,492 beneficiaries across 19 states and 82 districts.

Phase II (2024–25):

1,500 workshops conducted, reaching 1,20,110 beneficiaries across 22 states and 101 districts.

Cumulative Impact:

A total of 3,750 workshops were conducted, covering 2,61,602 beneficiaries across 183 districts.

These workshops were conducted by various member institutions across the country in close collaboration with Sa-Dhan. Apart from administering the programme through member institutions, it monitored progress through visits to the workshops, had the

expenditure audited, and submitted regular reports to the RBI. The programme was implemented through structured financial literacy workshops conducted across rural, semi-urban, and urban areas, leveraging Sa-Dhan's member network to ensure last-mile outreach. The sessions are delivered in local languages with a focus on practical understanding and behavioural change towards responsible financial practices. The programme has a strong focus on underserved geographies, with a majority of workshops conducted in rural and semi-urban areas, thereby addressing gaps in financial awareness at the grassroots level.

The RBI-DEA Fund initiative reflects Sa-Dhan's commitment to community development and financial inclusion, contributing to improved financial resilience and empowerment of underserved communities.

E4 -Water and Sanitation (WASH) Financing Programme:

Sa-Dhan has partnered with multiple partner organisations to enhance access to safe water and sanitation (WASH) facilities for underserved and low-income communities through microfinance-led solutions. These programmes continue to be actively implemented, reflecting a sustained commitment to improving quality of life and public health outcomes.

In collaboration with around 40 Microfinance Institutions (MFIs), the initiative has facilitated disbursements of more than ₹850 crore, benefiting 10 lakh last-mile individuals across nine states. Through targeted interventions such as capacity-building programmes, community sensitisation campaigns, and the dissemination of IEC materials, Sa-Dhan has enabled partner institutions to effectively integrate WASH financing into their portfolios and expand outreach to marginalised communities.



As part of its impact, the programme has unlocked approximately ₹357 crore in credit potential, of which ₹79.27 crore has already been disbursed to create household-level water and sanitation infrastructure. This has directly benefited over 20,000 individuals, with an overall outreach of around 4.97 lakh people, including indirect beneficiaries.

Sa-Dhan is currently implementing three key initiatives in partnership with Water.org, working closely with MFIs and financial institutions to strengthen their capacity to design and deliver dedicated WASH loan products. These efforts span multiple geographies, including the East and North-East (West Bengal and Assam), as well as Tamil Nadu, Karnataka, Punjab, Delhi, Uttar Pradesh, and Gujarat. In addition, Sa-Dhan is actively engaging with financial institutions to establish dedicated credit lines for its MFI partners, including Nabkisan, to further enhance liquidity for water and sanitation financing. This collaborative and multi-pronged approach continues to drive meaningful change by enabling vulnerable communities to access essential WASH infrastructure, ultimately fostering healthier, safer, and more resilient communities.

E5 -Enabling Digital Solutions to Overcome Digital Inclusion Barriers:

With the expanding digital footprints in financial transactions, digital fraud has also increased. In keeping with the GOI's Digital India policy, Sa-Dhan commenced the programme "Enabling Digital Solutions to Overcome Digital Inclusion Barriers" in 2017, with support from HSBC India. The objective of the programme is to promote digital and financial inclusion among underserved and economically weaker sections of society. The programme is implemented by imparting digital literacy, including measures to protect against digital fraud, to which the poor are vulnerable.

The initiative focuses on enhancing digital literacy, strengthening financial awareness, and enabling safe and independent use of digital financial services, particularly among women, low-income households, and first-time users of formal financial systems.

The programme is implemented across multiple geographies, covering 7 states, 8 core districts, and 37 additional districts, leveraging the outreach network of partner Microfinance Institutions (MFIs) to ensure last-mile delivery. All interventions are provided free of cost to ensure equitable access for beneficiaries.

The key programme activities include structured digital and financial literacy training on the usage of digital payment platforms, banking services, and savings practices, along with awareness on cybersecurity, fraud prevention, and safe digital behaviour. The programme also promotes behavioural change through community engagement, practical demonstrations, and the dissemination of multilingual digital learning materials.

As part of its outreach, the programme has reached over 57,000 direct beneficiaries and 1,50,000+ indirect beneficiaries, contributing to improved access to digital and formal financial services among marginalised communities.

E6 –Promoting Climate-Resilient Livelihoods through Access to Finance and Technology:

Sa-Dhan has partnered with GIZ and Tata Trusts to implement initiatives to promote climate-resilient agriculture and livelihoods for economically weaker communities, particularly small and marginal farmers. The programme aims to address the increasing vulnerability of rural households to climate risks, such as irregular rainfall, water scarcity, and declining agricultural productivity, by improving access to affordable, sustainable solutions.

The initiative is operational across multiple states, including Maharashtra, Gujarat, Uttar Pradesh, Odisha, Bihar, and Karnataka, ensuring outreach to diverse agro-climatic regions and vulnerable populations.

The programme focuses on enabling access to climate-resilient technologies through partnerships with Microfinance Institutions (MFIs), thereby strengthening last-mile delivery and financial inclusion. Key interventions include facilitating technologies such as drip irrigation systems and solar pumps, as well as raising awareness of climate risks and adaptive agricultural practices. Continuous handholding and capacity-building of field-level functionaries further support the effective adoption and sustained utilisation of these technologies.

As part of its outreach, the programme has supported over 500 women beneficiaries in accessing credit to adopt climate-resilient technologies, enabling them to improve agricultural productivity, optimise resource utilisation, and strengthen livelihood stability.

E7 –Microfinance Accelerator Programme (MAP)

The Microfinance Accelerator Programme (MAP) is a strategic initiative jointly implemented by Sa-Dhan and supported by NABARD to strengthen the institutional capacity, governance standards, operational efficiency, and long-term sustainability of small and medium-sized Microfinance Institutions (MFIs) across India.

Recognising the critical role of emerging MFIs in extending financial services to underserved communities, the programme aims to build resilient institutions that can respond effectively to evolving regulatory requirements, technological advancements, risk management challenges, and funding constraints.

As part of the first phase of implementation, 21 small and medium-sized MFIs from across the country have been onboarded under the programme. A comprehensive baseline assessment was conducted to evaluate each institution across key performance areas, including governance, financial management, portfolio quality, technology adoption, risk management, human resources, business operations, and institutional systems. The assessment has helped identify institution-specific strengths, gaps, and priority areas for improvement.

Based on the baseline findings, customised institutional development plans and capacity-building roadmaps have been developed for participating MFIs. Over the project period, participating institutions will undergo two structured leadership and institutional-strengthening training programmes, complemented by mentorship sessions, designed to address critical operational and strategic challenges and support the implementation of improvement plans. Through a combination of diagnostics, capacity building, peer learning, mentorship, and continuous performance monitoring, MAP seeks to create a stronger cohort of professionally managed and financially sustainable MFIs. The programme is expected to enhance governance practices, strengthen risk management frameworks, improve portfolio quality, accelerate technology adoption, diversify funding sources, and build leadership capabilities within participating institutions.

Ultimately, MAP aims to enable small and medium-sized MFIs to achieve sustainable growth, improve operational resilience, expand responsible financial services to underserved communities, and contribute more effectively to India's broader financial inclusion agenda.

F-NEW MEMBERS JOINED DURING FY 2025-26

SN	Name of the Organisation	Legal Form	State/UT	Activity being done
1	Dhosa Fincare Pvt Ltd	Company	West Bengal	BC
2	Community Collective Society for Integrated Development	Society	Puducherry	MFI
3	Aarthsiddhi Services Pvt. Ltd.	Company	Maharashtra	BC
4	Real Smart Microfinance Association	Sec. 8 Com	Uttar Pradesh	MFI
5	Indihood Pvt. Ltd.	Company	Karnataka	Fintech
6	Need Livelihood Microfinance Pvt. Ltd.	NBFC - MFI	Uttar Pradesh	MFI
7	Utkarsh Small Finance Bank Ltd.	Bank	Uttar Pradesh	Bank
8	DJT Microfinance Pvt. Ltd.	NBFC - MFI	Uttar Pradesh	MFI
9	South Indian Credit Ltd.	NBFC - MFI	Kerala	MFI
10	Dvara E-Registry Pvt. Ltd.	Company	Telangana	BC
11	Sundaram Finance Ltd.	NBFC	Tamil Nadu	Investor
12	Ahilya Gramin Livelihood Foundation	Sec. 8 Com	Bihar	MFI
13	Samvedna Microfinance Pvt. Ltd.	NBFC - MFI	Uttar Pradesh	BC
14	Vaasavi IVF Microfinance Pvt. Ltd.	NBFC - MFI	Tamil Nadu	MFI
15	Twinline Business Solutions Pvt. Ltd.	NBFC	Haryana	Fintech
16	Coverfox Insurance Broking Pvt. Ltd.	Company	Maharashtra	Fintech

G -ANNUAL GENERAL BODY MEETING:

Sa-Dhan completed 27 years in June 2025 and 10 years of being recognised as a Self-Regulatory Organisation (SRO) by the RBI in February 2025. Sa-Dhan held the 27th AGM on 19th June 2025 in Bengaluru. The AGM elected five members to the Governing Body of Sa-Dhan to fill the vacancies that arose during the year. The new members elected to the Board of Sa-Dhan are Dr K. Paul Thomas, Managing Director and CEO of ESAF Small Finance Bank; Mr G. Kiran Kumar of Svamaan Financial Services; Mr Rahul Gupta of Avanti Finance; Mr Jagadish Ramadugu of Pragati Finserv; and Mr Pravin Thigle of Fingel Management Services.

Board Meetings

SN	Date of the Meeting	Total Number Present	Not Present
1	12 June 2025	11	1
2	19 June 2025	11	1
3	27 October 2025	13	1
4	27 February 2026	12	2

After the AGM, the newly constituted Board met and elected the office bearers. Their valuable insights and experience significantly helped in the cause of microfinance and Financial Inclusion.

H -COMMUNICATION & MEDIA:

Media Monitor

As part of its ongoing communication efforts, Sa-Dhan shares curated, relevant news from the banking and financial sector with its members and the broader stakeholder ecosystem daily, enabling informed decision-making and timely awareness of sectoral developments.

Monthly News Bulletin

Sa-Dhan maintains a strong and transparent communication framework by regularly sharing updates on its activities with all member institutions. This includes the timely dissemination of key reports, policy advisories, circulars, and important announcements relevant to the microfinance and broader financial sector. By ensuring members receive accurate, up-to-date information, Sa-Dhan enables them to stay informed about regulatory developments, industry trends, and institutional initiatives.

Quarterly Newsletter Microfinance Impact

The Sa-Dhan Quarterly Newsletter serves as a comprehensive platform for capturing and communicating key developments, achievements, and insights from across

the microfinance sector. Published every quarter, the newsletter highlights Sa-Dhan's members' achievements, major activities in the sector, policy engagements, capacity-building initiatives, and sectoral updates, providing members and stakeholders with a consolidated view of ongoing efforts and progress. It also features important regulatory updates, thought leadership articles, success stories, and best practices from member institutions, fostering knowledge exchange and peer learning within the ecosystem.



Media & social media

During FY 2025–26, Sa-Dhan maintained a strong and credible media presence, reinforcing its role as a key voice for the microfinance sector through sustained policy advocacy, strategic partnerships, and sectoral leadership. The organisation actively engaged with the media to address critical challenges such as rising delinquencies, funding constraints, and evolving regulatory requirements, while consistently promoting the agenda of inclusive financial growth.

Sa-Dhan's pan-India financial literacy initiatives and the National Conference received significant media attention and appreciation, further strengthening its visibility. The noted institution, CNBC, was our partner at the conference. As the recognised sector representative, our ED and CEO is often requested to share his views on the activities of the sector.

Sa-Dhan's spokespersons were frequently sought for insights and commentary, reflecting the organisation's responsibility to articulate sectoral perspectives and advance the broader financial inclusion narrative. In addition, Sa-Dhan maintained an active digital presence, leveraging platforms such as Instagram and LinkedIn to share updates on sectoral developments, policy initiatives, and capacity-building efforts, thereby enhancing stakeholder engagement and outreach.

I - SA-DHAN MEMBERS LIST

ASSAM	
Grameen Development & Finance Pvt. Ltd.	Satra Development Finance P Limited
Nightingale Finvest Pvt. Ltd.	UNACCO Financial Services Pvt. Ltd.
BIHAR	
Adi Chitragupta Finance Limited	Sahyog Development Services
Ahilya Gramin Livelihood Foundation	Save Microfinance Pvt Limited
Centre For Development Orientation & Training	SEED Capital Private Limited
CHANDIGARH	
Aadhar India Finvest Limited	
CHHATTISGARH	
Aviral Finance Pvt Limited	
DELHI	
Ambition Services Pvt. Ltd.	Prayatna Microfinance Limited
Magenta Finance Services Private Limited	Sahulat Microfinance Society
Micro-Credit Ratings International Limited	Unnayan Bharat Finance Corporation Pvt Limited
MUTHOOT MICROFIN Limited	Zigaram Urban and Rural Enterprises Private Limited
National Scheduled Castes Finance and Development Corporation	Zylo Micro Care Foundation
GUJARAT	
Ceejay Microfin Limited	SEWA Bank
Friends of Women's World Banking India (FWWB)	Shroff Capital and Finance Pvt Limited
Pahal Financial Services Pvt Limited	The Saath Savings and Credit Cooperative Society Limited
HARYANA	
Care Health Insurance Company Limited	M-Swasth Solutions Private Limited
Dia Vikas Capital Private Limited	Prayas Financial Services Pvt. Ltd.

Grey Swift Private Limited (Leegality)	Prime M2i Consulting Pvt Limited
KSR Capital Services Limited	Satin Creditcare Network Limited
Mitrata Inclusive Financial Services Limited	Twinline Business Solutions Private Limited
JHARKHAND	
Nav Bharat Jagriti Kendra (NBJK)	Vedika Credit Capital Ltd.
KARNATAKA	
ACCION Technical Advisors India	Opportunity Microfinance India Limited
Avanti Finance Private Limited	Rors Finance Private Limited
Craft Silicon Private Limited	Sanghamithra Rural Financial Services
IDF Financial Services Private Limited	Shree Marikamba Micro Finance Pvt.Limited
Indihood Private Limited	Shri Kshethra Dharmasthala Rural Development Project (SKDRDP) BC Trust
Jana Small Finance Bank	Sushravya Upliftment Foundation
NABFINS Limited	Ujjivan Small Finance Bank
Navachetana Livelihoods Private Limited	VRUTTI
KERALA	
Asirvad Microfinance Limited	Neyyattinkara Integral Development Society
Dora Trust	Sahrudaya Wesco Credit
ESAF Small Finance Bank	South Indian Credit Limited
Federal Bank Limited	Travancore Rural Development Producer Company Limited (TRAVANCO)
JMJ Microfin Private Limited	Vanchinad Finance Private Limited
Keshava Prabha Microfin Private Limited.	Welfare Services Ernakulam
Mahatma Gandhi Foundation for Rural Development	
MADHYA PRADESH	
Aparajita Mahila Sangh	Priyasakhi Mahila Sangh
Jigyasa Livelihood Promotions Micro Finance Foundation	Sharan Welfare Foundation
MAHARASHTRA	
Aarthsiddhi Services Private Limited (ASPL)	NABKISAN Finance Limited (NKFL)
Anik Financial Services Pvt Limited	RBL Bank Limited

Annapurna Mahila Co-op Credit Society Limited	Sampada Entrepreneurship & Livelihoods Foundation
Bajaj Finance Limited	Svamaan Financial Services Private Limited
Chaitanya	Svantantra Microfinance Pvt Limited
Coverfox Insurance Broking Private Limited	Svasti Microfinance Private Limited
Equifax Credit Information Services Pvt Limited	Swadhaar Finaccess
Fingel Management Services Pvt. Ltd.	TransUnion CIBIL Limited
Grameen Capital	TUVIS Foundation
Hindusthan Microfinance Pvt Ltd	Unity Small Finance Bank Limited
L&T Finance Limited	Unnati Microfin Pvt Limited
LOLC India Finance Private Limited	
MANIPUR	
Chanura Microfin Manipur (CMM)	The Leima Thrift & Credit Co-operative Society Limited
SEVA Manipur	YVU Financial Service
Socio Economic Action Trust (SEAT)	
ODISHA	
Annapurna Finance Private Limited	Sabrimala Fintech Private Limited
GU Financial Services (P) Limited	
PUDUCHERRY	
Community Collective Society for Integrated Development (CCFID)	
PUNJAB	
Midland Microfin Ltd	
RAJASTHAN	
Digamber Capfin Limited	Rajasthan Shram Sarathi Association
TAMIL NADU	
A John Moris & Co	PAFT Inclusive Financial Services Private Limited
Ajaaya Development Foundation	REPCO Microfinance Limited
Belstar Microfinance Limited	Sai Mithra Micro Care Foundation
Bharathi Women Development Centre	Sarvam Charitable Trust

Blaze Trust	Sarvodaya Nano Finance Limited
BWDA Finance Ltd.	South India Finvest Private Limited
Citta Plus Consultancy Pvt. Ltd.	Sree Annai Meenashi Arakattalai
Dvara Kshetriya Gramin Financial Services Pvt. Ltd.	Subiksham Grameen Society
Equitas Small Finance Bank	Subiksham Women's Welfare Foundation
Finsigma Inclusive Services Private Limited	Sundaram Finance Limited
Grameen Microfinance Trust	Swarnodhayam Credits Private Limited
Habitat For Humanity International Inc	Vaasavi IVF Microfinance Private Limited
Kaleidofin Private Limited	Valar Aditi Social Finance Pvt. Ltd.
Karur Vysya Bank	Velicham Finance Private Limited
LaRaksha Social Impact Trust	Virutcham Microfinance Limited (VML)
Magalir Micro Capital Private Limited	Visionfund India Private Limited
Magilchi Foundation	Vivardhana Microfinance Limited
Nanayasurabhi Development Financial Services	Water.org
New Opportunity Consultancy Private Limited	Wesghats Micro Finance Limited
Orange Retail Finance India Private Limited	WOMAN
PAFT FINANCE Limited	
TELANGANA	
Bharat Financial Inclusion Limited	Share Microfin Limited
Dvara E-Registry Pvt. Ltd.	Spandana Sphoorty Financial Limited
KBS Local Area Bank Limited	Srifin Credit Private Limited
Maanaveeya Holdings & Investments P Limited	Worth - Rich Micro Foundation
Pragati Finserv Private Limited	
UTTAR PRADESH	
Aasra Fincorp Private Limited	Real Smart Microfinance Association
ASD Micro Foundation	Samavesh Finserve Private Limited
BSS Sonata Microcredit Limited	Samvedna Microfinance Private Limited
Cashpor Micro Credit	Satya MicroCapital Limited
Disha India Micro Credit	Share India Fincap Private Limited

DJT Microfinance Pvt. Ltd.	Sindhuja Microcredit Private Limited
Godson Microfinance Federation	Sugmya Finance Private Limited
Need Livelihood Microfinance Private Limited	Surya Jyoti Leasing and Finance Limited
PRADAN	Utkarsh Small Finance Bank Limited
Pratyancha Financial Services Limited	
WEST BENGAL	
Barasat Sampark	Sarala Development & Microfinance Pvt Ltd
Bargach Finance Private Limited	Sarwadi Finance Private Limited
DESTINY FINCO Private Limited	Servitium Micro Finance Private Limited
Dhosa Fincare Pvt Limited	Uttrayan Financial Services Pvt. Ltd.
Grameen Shakti Microfinance Services Pvt. Ltd.	Vector Finance Private Limited
Jagaran Microfin Private Limited	VFS Capital Ltd
Palli Pragoti Financial Services Pvt Limited	Village Welfare Society (VWS)
Sahara Utsarga Welfare Society	Wegrow Financial Services Private Limited
Sampurna Financial Services Private Limited	



S. Ramanand Aiyar & Co.

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SA-DHAN ASSOCIATION

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2026

1. Opinion

We have audited the financial statements of **SA-DHAN ASSOCIATION** referred to as ("Society"), which comprise the Balance Sheet as at March 31, 2026 and the statement of Income and Expenditure Account 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 financial statements, read with other notes given thereto, give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Balance Sheet, of the state of affairs of the Society as at March 31, 2026; and

ii) in the case of the Income and Expenditure Account, of the surplus for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). 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 Society in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethic. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

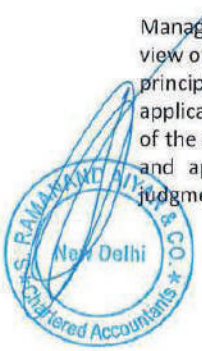
3. Emphasis of Matter

We draw attention to Note No. 2.5 to the financial statements regarding rejection of the Application filed in Form 10AB as prescribed in Rule 17A of the Income Tax Rules, 1962 for grant of registration, under section 12AB of the Income-Tax Act, 1961. As explained in the said note, the Society has filed an appeal/representation before the appropriate authority (HON'BLE INCOME TAX APPELATE TRIBUNAL DELHI BENCH, NEW DELHI) and the matter is presently pending adjudication. The ultimate outcome of the matter and its consequential impact, if any, on the financial statements cannot presently be determined.

Our opinion is not modified in respect of this matter.

4. Responsibilities of management for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance, of the Society in accordance with the accounting principles generally accepted in India, including the accounting standards issued by ICAI, to the extent applicable. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Society and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charge with governance are responsible for overseeing the Society's financial reporting process.

5. **Auditors' responsibility for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatement 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 scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- 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 Society'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 Society 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

S. RAMANAND AIYAR & CO. New Delhi Chartered Accountants

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

6. **Other matters**

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 purpose of our audit;

b) In our opinion proper books of account have been kept by the Society so far as appears from our examination of those books; and

c) The Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of accounts;

For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. 000990N

S. RAMANAND AIYAR & CO. New Delhi Chartered Accountants

R. Balasubramaniam
Partner
Membership No: 080432
UDIN: 26080432XAUXOD8398
Place: New Delhi
Date: June 17, 2026

Sa-Dhan
Fostering Inclusive Impact Finance

SA-DHAN ASSOCIATION
BALANCE SHEET AS AT MARCH 31, 2026

PARTICULARS	SCHD. NO.	MARCH 31, 2026	MARCH 31, 2025
SOURCES OF FUNDS			
Unrestricted Funds	1	15,58,20,395	14,46,26,794
Restricted Funds	2	7,02,35,145	4,89,02,230
Capital Asset Fund	3	15,000	13,66,847
Non-current liabilities			
Long-term provisions	4	1,19,41,815	82,92,172
Current liabilities			
Other current liabilities	5	53,14,008	46,92,445
Short-term provisions	4	9,10,051	
		24,42,36,414	**20,78,80,488**
APPLICATION OF FUNDS			
Non-current assets			
Property, plant and equipment Out of Grant	6	15,000	13,66,847
Property, plant and equipment Out of Own Fund	6	15,42,192	-
Non-current investments	7	17,184	17,184
Other non-current assets	8	4,41,04,850	2,86,83,825
Current assets			
Current investments	7	51,41,212	51,41,212
Receivables	2	45,03,522	50,32,555
Cash and bank balances	9	15,92,24,981	14,09,72,260
Short Term Loans and Advances	10	2,74,59,063	2,57,02,528
Other current assets	11	22,28,410	9,64,077
		24,42,36,414	**20,78,80,488**

The accompanying notes 1- 17 are an integral part of these financial statements

As per our report of even date
For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. 000990N

R. Balasubramanian
Membership No. 080432
Partner
Place: New Delhi
Date: June 17, 2026

S RAMANAND AIYAR & Co New Delhi Chartered Accountants

For and on behalf of Board
Sa-Dhan

VN Salimath
Treasurer

K Paul Thomas
Chairperson

Jiji Mammen
Executive Director & CEO

SA-DHAN Sa-Dhan D-28, G/F, South Extension-II, New Delhi-49

Sa-Dhan
Fostering Inclusive Impact Finance

SA-DHAN ASSOCIATION
INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2026

PARTICULARS	SCHD. NO.	MARCH 31, 2026		MARCH 31, 2025	
INCOME					
Grants and Contributions Received	12		7,33,21,767		9,88,86,689
Fees from Rendering of Services	13		5,55,52,299		4,73,53,972
Other Income	14		3,77,36,941		4,49,87,820
Total Income			**16,66,11,007**		**19,12,28,481**
EXPENDITURE					
Employee benefits expense	15		4,92,22,757		4,32,95,354
Other Expense	16		10,34,27,714		13,06,37,221
Total Expenses			**15,26,50,471**		**17,39,32,575**
Depreciation	6	7,46,477		(1,50,860)	
Less: Transfer from Capital Assets Fund		-	7,46,477	1,50,860	-
Transferred to Capital Assets Fund (Purchase of FA)			(18,37,484)		4,42,024
Transferred to Capital Expenditure (Prepaid Expenses)			-		
			(10,91,007)		**4,42,024**
Excess of Income over Expenditure for the year			**1,50,51,543**		**1,68,53,882**
Surplus Transferred to Building Fund			61,95,718		
Taken to Unrestricted Funds (Sch-3)			1,23,91,437		2,16,80,356
Taken to Restricted Funds (Sch-2)			26,60,105		(48,26,474)
			1,50,51,542		**1,68,53,882**

The accompanying notes 1- 17 are an integral part of these
As per our report of even date
For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. 000990N

R. Balasubramanian
Membership No. 080432
Partner
Place: New Delhi
Date: June 17, 2026

S. RAMANAND AIYAR & Co. New Delhi Chartered Accountants

For and on behalf of Board
Sa-Dhan

VN Salimath
Treasurer

K Paul Thomas
Chairperson

Jiji Mammen
Executive Director & CEO

SA-DHAN Sa-Dhan D-26, G/F, South Extension-II, New Delhi-49

Sa-Dhan
Fostering Inclusive Impact Finance

SA-DHAN ASSOCIATION

SCHEDULE TO BALANCE SHEET AS AT MARCH 31, 2026

PARTICULARS	MARCH 31, 2026	MARCH 31, 2025
SCHEDULE 1 : UNRESTRICTED FUND	**15,58,20,395**	**14,46,26,794**
SCHEDULE 1a : CORPUS FUND		
The Ford Foundation	2,29,52,160	2,29,52,160
Corpus from Omidyar Network	2,18,95,000	2,18,95,000
Corpus from Members	2,62,76,500	2,51,26,500
Sa-Dhan's Contribution to Corpus Fund	11,21,000	11,21,000
	7,22,44,660	**7,10,94,660**
SCHEDULE 1b : GENERAL FUND		
Opening Balance	7,35,32,134	5,18,51,778
Add: Funds received during the year	9,54,75,798	9,50,05,616
Less: Amount utilised during the year	(8,30,84,361)	(7,33,25,260)
Less: Last Year Interest earned on Gates Foundation Grant transferred to Restricted Fund	(23,47,836)	-
Less: Amount transferred to Building fund for last year	(80,00,000)	-
Less: Amount transferred to Building fund for year	(61,95,718)	-
	6,93,80,016	**7,35,32,134**
SCHEDULE 1c : BUILDING FUND		
Opening Balance	-	-
Add: Fund transferred pertains to the last year	80,00,000	-
Add: Fund transferred for the year	61,95,718	
	1,41,95,718	-
SCHEDULE 2 : RESTRICTED FUND		
Opening Balance	4,38,69,675	9,01,96,149
Add: Funds received during the year	9,47,84,924	8,99,42,796
Less: Amount utilised during the year	(7,52,70,812)	(13,62,69,270)
Closing balance (Refer schedule 17)	**6,33,83,787**	**4,38,69,675**
Add: Last Year Interest earned on Gates Foundation Grant transfred from Unrestricted Fund	23,47,836	-
Closing balance after Last Year Interest Adjustment	**6,57,31,623**	**4,38,69,675**
Unspent Balance	6,78,87,309	4,89,02,230
Add: Last Year Interest earned on Gates Foundation Grant transfred from Unrestricted Fund	23,47,836	-
Unspent Balance(a)	**7,02,35,145**	**4,89,02,230**
Receivable (b)	**45,03,522**	**50,32,555**
Total Restricted Fund (a-b)	**6,57,31,623**	**4,38,69,675**
SCHEDULE 3 : CAPITAL ASSETS FUND		
Opening Balance	13,66,847	10,75,683
Less : Plant, property and Equipment purchased out of Own fund	(18,37,484)	
Add : Depreciation on Plant, property and Equipment out of own fund	4,85,637	
Add: Addition to Fixed Assets	-	4,42,024
Add : Deletion of Assets at WDV	-	-
Less : Depreciation for the year	-	(1,50,860)
	15,000	**13,66,847**

As per our report of even date
For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. 000990N

R. Balasubramanian
Membership No. 080432
Partner
Place: New Delhi
Date: June 17, 2026

S. RAMANAND AIYAR & CO. Chartered Accountants New Delhi

For and on behalf of Board
Sa-Dhan

VN Salimath
Treasurer

K Paul Thomas
Chairperson

Jiji Mammen
Executive Director & CEO

SA-DHAN D28, GIF, South Extension-II, New Delhi-49 Sa-Dhan

Sa-Dhan
Fostering Inclusive Impact Finance

SA-DHAN ASSOCIATION
SCHEDULE TO BALANCE SHEET AS AT MARCH 31, 2026

PARTICULARS	MARCH 31, 2026	MARCH 31, 2025

SCHEDULE 4: Provisions

	Long term		Short term	
	MARCH 31, 2026	MARCH 31, 2025	MARCH 31, 2026	MARCH 31, 2025
Provision for employee benefits				
Provision for gratuity	87,16,212	68,17,640	3,33,271	-
Provision for leave Encashment	32,25,603	14,74,532	5,76,780	
	1,19,41,815	**82,92,172**	**9,10,051**	-

SCHEDULE 5 : CURRENT LIABILITIES AND PROVISIONS

Expenses Payable	12,60,334		17,96,903	
PF Payable	3,50,541		3,48,884	
Consultancy Payable	4,76,657		14,58,046	
TDS Payable	16,15,511		10,88,612	
Output Tax RCM	75,600		-	
Amount Payable	5,05,365		-	
Advances	10,30,000		-	
		53,14,008		**46,92,445**

As per our report of even date
For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. 000990N

R. Balasubramanian
Membership No. 080432
Partner
Place: New Delhi
Date: June 17, 2026

S RAMANAND AIYAR & Co
New Delhi
Chartered Accountants

For and on behalf of Board
Sa-Dhan

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SA-DHAN
Sa-Dhan
D-26, GF, South Extension-II, New Delhi-49

Sa-Dhan
Fostering Inclusive Impact Finance

SA-DHAN ASSOCIATION
SCHEDULE TO BALANCE SHEET AS AT MARCH 31, 2026

SCHEDULE 6: PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As At 01.04.2025	more than 180 days	less than 180 days	Deletion	As At 31.03.2026	Rate of Dep.	As At 01.04.2025	For the year	Written back	As At 31.03.2026	As At 31.03.2026	As At 01.04.2025
FOREIGN FUNDS (Out of Grant Received)												
Professional Equipment	4,49,292	-	-	-	4,49,292	-	4,38,292	-	-	4,38,292	11,000	11,000
Office Equipment	34,200		-	-	34,200	-	32,200		-	32,200	2,000	2,000
Furniture & Fixture	21,940	-	-	-	21,940	-	19,940	-	-	19,940	2,000	2,000
Sub Total [A]	**5,05,432**	**-**	**-**	**-**	**5,05,432**	**-**	**4,90,432**	**-**	**-**	**4,90,432**	**15,000**	**15,000**
INDIAN FUNDS												
Professional Equipment	10,81,736	3,27,922	-		14,09,658	16.21%	2,31,633	2,17,993		4,49,626	9,60,032	8,50,103
Office Equipment	6,68,251	1,23,263			7,91,514	4.77%	2,45,696	37,308		2,83,004	5,08,510	4,22,555
Furniture & Fixture	87,497				87,497	6.33%	8,308	5,539		13,847	73,650	79,189
Sub Total [B]	**18,37,484**	**4,51,185**	**-**	**-**	**22,88,669**		**4,85,637**	**2,60,840**	**-**	**7,46,477**	**15,42,192**	**13,51,847**
TOTAL [A+B]	**23,42,916**	**4,51,185**	**-**	**-**	**27,94,101**		**9,76,069**	**2,60,840**	**-**	**12,36,909**	**15,57,192**	**13,66,847**

As per our report of even date
For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. 000990N

R. Balasubramanian
Membership No. 080432
Partner
Place: New Delhi
Date: June 17, 2026

S. RAMANAND AIYAR & Co. New Delhi Chartered Accountants

For and on behalf of Board
Sa-Dhan

VN Salimath
Treasurer

K Paul Thomas
Chairperson

Jijo Mammen
Executive Director & CEO

SA-DHAN Sa-Dhan D-30, Gff. South Extension-II, New Delhi-49

Sa-Dhan
Fostering Inclusive Impact Finance

SA-DHAN ASSOCIATION
SCHEDULE TO BALANCE SHEET AS AT MARCH 31, 2026

PARTICULARS	MARCH 31, 2026			MARCH 31, 2025	
Schedule 7- Investments - Non Current and Current (valued at historical cost unless stated otherwise)	As at 31 March 2026			As at 31 March 2025	
	Face Value	Shares	Book Value	Shares	Book Value
Other Investments					
Other non-current investments - Silver Bars			17,184		17,184
Total Investments			17,184		17,184
Current Investments	As at 31 March 2026			As at 31 March 2025	
Trade (valued at lower of cost or market value) - Quoted	Face Value	Shares	Book Value	Shares	Book Value
Investments in mutual funds					
Kotak Equity Saving Fund - Gr	20.98	47,675	10,00,000	47,675	10,00,000
ICICI Prudential Balanced Advantage Fund - Growth	61.68	32,423	20,00,000	32,423	20,00,000
ICICI Prudential Liquid Fund - Growth	338.77	185	62,619	185	62,619
HDFC Balances Advantage Fund - Growth	447.80	4,642	20,78,593	4,642	20,78,593
Net current investments			**51,41,212**		**51,41,212**
Aggregate value of quoted investments and market value thereof.			58,81,048		58,10,274

SCHEDULE 8 : Other non-current assets

	As at 31 March 2026		As at 31 March 2025
In Fixed Deposits with Banks (with more than 12 month Maturity)	4,41,04,850		2,86,83,825
	4,41,04,850		**2,86,83,825**

SCHEDULE 9 : Cash and Bank Balances	As at 31 March 2026		As at 31 March 2025
Cash and cash equivalents			
On current accounts/Saving Accounts	4,05,60,277		5,34,97,002
Fixed Deposits			
Deposits with original maturity of less than three months	4,47,20,239		1,99,56,060
Cheques, drafts on hand			
Cash on hand	6,052		4,696
Total	**8,52,86,568**		**7,34,67,758**
Other bank balances			
Deposits with original maturity for more than 3 months but less than 12 months from reporting date	7,39,38,413		6,75,04,502
Total other bank balances	7,39,38,413		6,75,04,502
Total Cash and bank balances	**15,92,24,981**		**14,09,72,260**

Schedule 10 : Short Term Loans and Advances	As at 31 March 2026		As at 31 March 2025
TDS Recoverable	1,71,70,964		1,55,82,998
GST & GST Input	82,303		3,61,020
Security Deposits (Office premises)	10,09,508		10,09,508
Amount Recoverable	-		34,241
Other Receivables	81,763		33,26,264
Advance to Vendors	11,91,712		3,34,904
Plan Assets against Gratuity liability	66,48,625		33,89,593
Prepaid Expenses	8,08,538		-
Loan to Staff	4,65,650		16,64,000
	2,74,59,063		**2,57,02,528**

Schedule 11 : Other current assets	As at 31 March 2026		As at 31 March 2025
Interest accrued but not due on deposits	13,05,726		9,64,077
Interest accrued and due on deposits	9,22,684		
Total	**22,28,410**		**9,64,077**

As per our report of even date
For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. 000990N

R. Balasubramanian
Membership No. 080432
Partner
Place: New Delhi
Date: June 17, 2026

S. RAMANAND AIYAR & CO. New Delhi Chartered Accountants

For and on behalf of Board
Sa-Dhan

VN Salimath
Treasurer

K Paul Thomas
Chairperson

Jiji Mammen
Executive Director & CEO

SA-DHAN Sa-Dhan D-36, GIF, South Extension-II, New Delhi-49

55

Sa-Dhan
Fostering Inclusive Impact Finance

SA-DHAN ASSOCIATION

SCHEDULE TO INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2026

PARTICULARS	MARCH 31, 2026	MARCH 31, 2025
SCHEDULE 12 : GRANTS AND CONTRIBUTIONS RECEIVED		
Foreign Contributions		
For Specific Projects	6,41,76,098	7,60,07,714
Domestic Contributions		
For Specific Projects	91,45,669	2,28,78,975
	7,33,21,767	**9,88,86,689**
SCHEDULE 13 : Fees from Rendering of Services		
Membership Fee	4,96,00,020	3,34,91,050
Voluntary Contributions	3,90,500	66,66,000
Fees from Activities	5,58,000	36,77,557
Participation and Training Fees	21,12,330	23,98,699
Support Services	28,91,449	11,20,666
	5,55,52,299	**4,73,53,972**
SCHEDULE 14 : Other income		
Interest Income	1,01,16,296	1,19,87,430
Contributions from partners	2,76,20,645	3,30,00,390
	3,77,36,941	**4,49,87,820**
Schedule 15 : Employee benefits expense		
(Including contract labour)		
Salaries, wages, bonus and other allowances	3,79,91,930	3,37,47,231
Contribution to provident and other funds	22,91,673	20,71,005
Gratuity expenses	37,71,058	54,28,047
Leave Encashment Expense	41,02,170	8,54,315
Staff welfare expenses	7,01,161	2,14,892
Staff Insurance	3,64,765	9,79,864
Total Employee benefits expense	**4,92,22,757**	**4,32,95,354**
Schedule 16 : Other Expenses		
Consultancy Charges	6,29,37,621	7,36,80,515
Travelling Expenses	1,13,72,220	1,32,04,733
Meeting Expenses	1,52,90,796	1,73,31,292
Printing & Stationery	30,88,773	39,34,199
Communication Expenses	11,26,632	7,00,707
Mementos	17,50,115	19,94,044
Programme Expenses	6,14,803	48,33,769
Office Maintenance	38,38,391	42,62,387
Repairs & Maintenance	3,27,845	3,35,286
Software Expenses	3,73,723	45,39,699
Miscellaneous Expenses	6,81,565	7,87,521
Media Advertising Expenses	10,20,183	42,39,988
Audit Fees	9,68,900	7,78,210
Bank Charges	36,146	14,871
	10,34,27,714	**13,06,37,221**

As per our report of even date
For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. 000990N

R. Balasubramanian
Membership No. 080432
Partner
Place: New Delhi
Date: June 17, 2026

S RAMANAND AIYAR & Co. New Delhi Chartered Accountants

For and on behalf of Board
Sa-Dhan

VN Salimath
Treasurer

K Paul Thomas
Chairperson

Jiji Mammen
Executive Director & CEO

SA-DHAN Sa-Dhan D-226, GIF, South Extension-II, New Delhi-49

Sa-Dhan
Fostering Inclusive Impact Finance

SCHEDULE 17

SA-DHAN ASSOCIATION
RECEIPT & PAYMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 2026

Funding Agency	Opening Balance	Receipts			Payments				Excess of receipts over payments/ (payments over receipts)	Closing Balance trf to Balance Sheet Schedule	
		Contribution	Interest & Other Income	Total Receipts	Revenue Expenditure	Capital Expenditure	Contribution from Sa-Dhan Own Fund	Total Payments		Fund Available	Overspent
(A) Corpus Fund											
a) Foreign Funds											
The Ford Foundation	2,29,52,160	-	-	-	-	-		-	-	2,29,52,160	-
Omidyar Networks	2,18,95,000	-	-	-	-	-		-	-	2,18,95,000	-
b) Indian Funds				-							
Corpus from Members	2,51,26,500	11,50,000	-	11,50,000	-	-		-	-	2,62,76,500	-
Sa-Dhan's Contribution to Corpus Fund	11,21,000	-	-	-	-	-		-	-	11,21,000	-
Total Corpus Funds	**7,10,94,660**	**11,50,000**	**-**	**11,50,000**	**-**	**-**	**-**	**-**	**-**	**7,22,44,660**	**-**
(B) Restricted Funds											
a) Indian Funds											
Foundation for Innovation and Social Enterpreneurship (TATA Trust)	-	4,40,000	-	4,40,000	4,40,000			4,40,000	-	-	-
Depositors Education Awareness (DEA) Fund Scheme	64,213	65,96,984	-	65,96,984	67,95,708			67,95,708	(1,98,724)		1,34,511
GIZ - Climate	(2,96,892)		5,60,333	5,60,333	7,49,406			7,49,406	(1,89,073)	-	4,85,965
SIDBI Microenterprises Gujarat	(26,89,859)	37,80,000	-	37,80,000	41,12,664		(14,08,000)	27,04,664	10,75,336	-	16,14,523
SIDBI Microenterprises Tamilnadu	(20,45,804)	23,32,000	-	23,32,000	37,98,462	-	(12,98,000)	25,00,462	(1,68,462)	-	22,14,266
Total Indian Restricted Funds(a)	**(49,68,342)**	**1,31,48,984**	**5,60,333**	**1,37,09,317**	**1,58,96,240**	**-**	**(27,06,000)**	**1,31,90,240**	**5,19,077**	**-**	**44,49,265**

Funding Agency	Opening Balance	Receipts			Payments				Excess of receipts over payments/ (payments over receipts)	Closing Balance trf to Balance Sheet Schedule	
		Contribution	Interest & Other Income	Total Receipts	Revenue Expenditure	Capital Expenditure		Total Payments		Fund Available	Overspent
b) Foreign Funds											
WCAD Eastern North Eastern	4,45,770	16,50,989		16,50,989	14,12,849	-		14,12,849	2,38,140	6,83,910	-
HSBC Phase 3 Enhancing digital repayments for micro finance institution borrowers	-	70,30,000	45,502	70,75,502	71,06,813	-	(31,311)	70,75,502	-	-	-
Water.org-WCAD - TN KA	38,61,054	-	-	-	6,32,317	-		6,32,317	(6,32,317)	32,28,737	-
Water.org- WCAD Pre-Graduate Program	1,55,743	-	-	-	2,10,000	-		2,10,000	(2,10,000)	-	54,257
BMGF -Women Led Enterprises	4,23,93,450	6,68,17,797	41,92,252	7,10,10,049	5,15,40,356	-		5,15,40,356	1,94,69,693	6,18,63,143	-
Swiss Re Foundation - Finance Healthcare	19,82,000	13,39,067	-	13,39,067	12,09,548	-		12,09,548	1,29,519	21,11,519	-
Total FCRA Restricted Funds (b)	**4,88,38,017**	**7,68,37,853**	**42,37,754**	**8,10,75,607**	**6,21,11,883**	**-**	**(31,311)**	**6,20,80,572**	**1,89,95,035**	**6,78,87,309**	**54,257**
Total Restricted Funds (a+b)	**4,38,69,675**	**8,99,86,837**	**47,98,087**	**9,47,84,924**	**7,80,08,123**	**-**	**(27,37,311)**	**7,52,70,812**	**1,95,14,112**	**6,78,87,309**	**45,03,522**
Total Previous Year	**22,36,701**	**20,78,09,379**	**12,08,333**	**20,90,17,712**	**12,10,58,264**		**12,10,58,264**	**12,10,58,264**	**9,01,96,149**	**9,35,55,287**	**33,59,138**
(C) Unrestricted Funds											
a) Indian Funds	7,09,25,751	8,57,03,251	60,13,081	9,17,16,332	7,81,15,480	(10,91,007)	27,06,000	7,97,30,473	1,19,85,859	8,29,11,610	-
b) Foreign funds[a]	26,06,384	-	37,59,466	37,59,466	33,22,577	-	31,311	33,53,888	4,05,578	30,11,962	-
Total Unrestricted Funds	**7,35,32,135**	**8,57,03,251**	**97,72,547**	**9,54,75,798**	**8,14,38,057**	**(10,91,007)**	**27,37,311**	**8,30,84,361**	**1,23,91,437**	**8,59,23,572**	**-**

[a] The Unrestricted Foreign Fund's opening balance includes ₹23,47,836 in interest from the Gates Foundation grant. This amount has been transferred to the restricted fund's unspent balance, and next year's opening balance should be taken after the adjustment.

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