



## **SONATA Finance Private Limited**

II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar,  
Lucknow – 226026, Uttar Pradesh  
Email-info@sonataindia.com, Website-www.sonataindia.com  
Ph:91-522-2334900, Toll Free 18002100102  
CIN: U65921UP1995PTC035286  
NBFC MFI Regn No: B-12.00445

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### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 24<sup>th</sup> Annual General Meeting of the Members of Sonata Finance Private Limited will be held on **Monday**, the **30<sup>th</sup>** day of **September, 2019** at the **Registered Office** of the Company at II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow - 226026 at **10:30 A.M.** to transact the following business:

#### **ORDINARY BUSINESS:**

##### **Item No. 1**

To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2019 and report of the Board of Directors and of the Auditors' thereon and in this regard, to pass, either with or without modification, the following resolution as **Ordinary Resolution:**

**"RESOLVED THAT** the Audited Financial Statement of the Company for the financial year ended March 31, 2019 and of the Auditors' report thereon and the report of the Board of Directors, laid before this meeting, be and are hereby adopted"

##### **Item No. 2**

To confirm the payment of Dividend to the preference shareholder for the financial year ended March 31, 2019 and in this regard, to pass, either with or without modification, the following resolution as **Ordinary Resolution:**

**"RESOLVED THAT** dividend at the rate of 0.01% per preference share of Rs. 10/- (Rupees Ten), as per terms and condition of the issue, be and is hereby confirmed as full & final dividend for the financial year 2018-19."

#### **SPECIAL BUSINESS:**

##### **Item No. 3**

To appoint M/s S.R. Batliboi & Associates, LLP Chartered Accountants, as Statutory Auditor to fill casual vacancy and in this regard, to pass the following resolution, either or without modification, as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 139(8) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto for the time being in force), M/s S.R. Batliboi & Associates, LLP, Chartered Accountants, Kolkata having Firm Registration No. 101049W/E300004 be and is hereby appointed as Statutory Auditor of the Company to fill the casual vacancy caused by the resignation of S. R Batliboi & Co., LLP, Chartered Accountants, Kolkata, from the conclusion of the ensuing Annual General Meeting

**"RESOLVED FURTHER THAT** M/s. S. R. Batliboi & Associates, LLP, Chartered Accountants, Kolkata (Firm Registration No. 101049W/E300004) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the 28<sup>th</sup> Annual



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General Meeting i.e AGM for the FY 2022-23 of the company on a fee, as may be negotiated/fixed by the Managing Director of the Company, which shall not exceed Rs. 60,00,000 (Rupees Sixty Lakhs) per financial year inclusive of all audit expenses, excluding GST and such other tax(es), as may be applicable, from time to time.”

**Date:** 13<sup>th</sup> August 2019

**Place:** New Delhi

**By Order of the Board of Directors**

For Sonata Finance Private Limited

Paurvi Srivastava

Company Secretary

ICSI Membership No. A34110

2D/1/305, Madhwapur, Allahabad-211003

**NOTES:**

1. The explanatory statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Meeting is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that the proxy need not be a member of the company. The proxy form, if intended to be used, should reach the registered office of the Company duly completed, stamped and signed not less than 48 hours before the time fixed for the Meeting.
3. Proxy form and the route map of the venue of the Meeting are annexed hereto
4. Corporate Member intending to send its authorised representatives to attend the Meeting in terms of Section 113 of the Companies Act, 2013 is requested to send to the company a certified copy of the Board Resolution authorizing such representative to attend and vote on its behalf at the Meeting.
5. During the period beginning 24 hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the company. All documents referred to in the Notice and accompanying explanatory statement are open for inspection at the Registered Office of the company on all working days of the company between 11:00 a.m. and 1:00 p.m. upto the date of the Annual General Meeting and at the venue of the Meeting for the duration of the Meeting.
6. Any query relating to financial statements must be sent to the company's Registered Office at least seven days before the date of the Meeting.



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### **EXPLANATORY STATEMENTS**

**(Pursuant to Sec. 102 of the Companies Act, 2013)**

#### **ITEM NO. 3**

M/s S. R. Batliboi & Co., LLP, Chartered Accountants, Kolkata have tendered their resignation from the position of Statutory Auditor due to unavoidable circumstances effective from the conclusion of ensuing Annual General Meeting for the financial year 2018-19, resulting into casual vacancy in the office of the Statutory Auditors of the Company as envisaged by Section 139(8) of the Companies Act, 2013 ("Act"). It is proposed to appoint that M/s S.R. Batliboi & Associates, LLP, Chartered Accountants, Kolkata having Firm registration No. 101049W/E300004 as the Statutory Auditor of the Company to fill the casual vacancy caused by the resignation of M/s S.R. Batliboi & Co., LLP, Chartered Accountants, Kolkata to hold the office from the conclusion of the ensuing Annual General Meeting till the conclusion of the Annual General Meeting for the Financial Year 2022-23.

M/s S.R. Batliboi & Associates, LLP, Chartered Accountants, Kolkata have given their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits as prescribed under the Companies Act, 2013.

Accordingly, Ordinary Resolution is being proposed for the consideration and approval of Members.

None of the Directors and Key Managerial Person or their relatives, in any way, concerned or interested in the said resolution.

**Date:** 13<sup>th</sup> August, 2019

**Place:** New Delhi

**By Order of the Board of Directors**

For Sonata Finance Private Limited

Paurvi Srivastava  
Company Secretary  
ICSI Membership No. A34110  
2D/1/305, Madhwapur, Allahabad-211003

**Form No. MGT-11**

**Proxy Form**

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

CIN: U65921UP1995PTC035286

Name of the company: Sonata Finance Private Limited

Registered Office: II<sup>nd</sup> Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow-226026

Name of the Member:

Registered Address:

E-Mail Id:

Folio No./Client Id:

DP Id:

I/We being the member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

1.Name:

Address:

E-Mail Id:

Signature:.....or failing him

2.Name:

Address:

E-Mail Id:

Signature:.....or failing him

3.Name:

Address:

E-Mail Id:

Signature:.....

as my/our proxy to attend or vote (on a poll) for me/us and on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the Company, to be held on 30<sup>th</sup> Day of September 2019 at 10:30 a.m at the Registered office of the Company at II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow-226026 and at any adjournment thereof in respect of such resolution as are indicated below:

**Resolutions:**

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2019 and report of the Board of Directors and of the Auditors' thereon.
2. To confirm the payment of Dividend to the preference shareholder for the Financial year ended 31<sup>st</sup> March 2019.
3. To appoint M/s S.R. Batliboi & Associates, LLP Chartered Accountants, as Statutory Auditor to fill casual vacancy.

Signed this .....day of.....2019

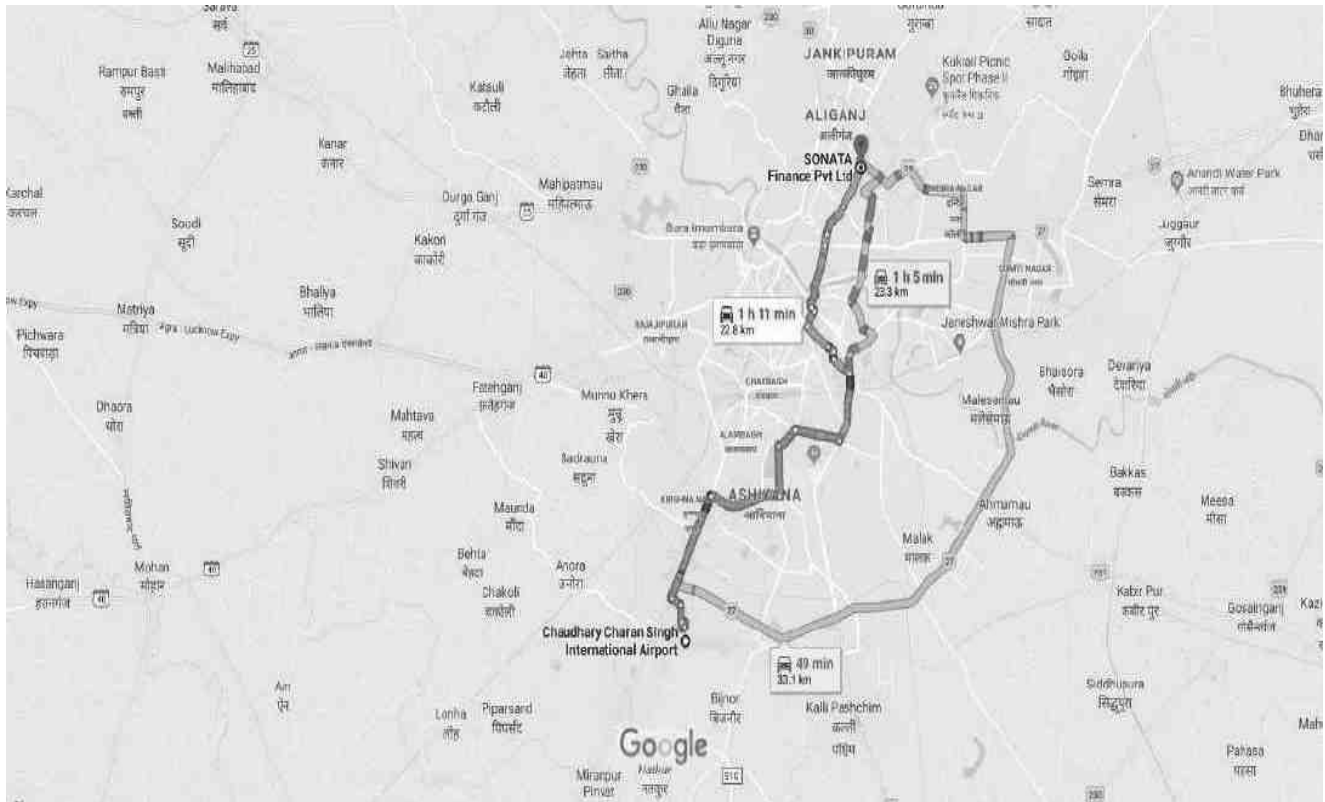
Signature of Shareholder

Affix  
Revenue  
Stamp

Signature of Proxy holder(s)

## Chaudhary Charan Singh International Airport to SONATA Finance Private Limited

### Route Map for the 24<sup>th</sup> Annual General Meeting





# Annual Report

Financial Year 2018-19

**SONATA FINANCE PRIVATE LIMITED**

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## INDEX

Managing Director Speech	2-2
Corporate Information	3-5
Board's Report	6-26
Annexure – I Form AOC-2 Disclosure of contracts/ arrangements entered by the Company with related parties	27-27
Annexure - II FORM MGT-9 Extract of Annual Return for financial year ended on March 31, 2019	28-36
Annexure - III Corporate Social Responsibility	37-39
Annexure - IV Secretarial Audit Report	40-44
Annexure - V Management Discussion & Analysis	45-46
Annexure - VI details in terms of Section 197(12)	47-52



## **MANAGING DIRECTORS' SPEECH**

**Dear Shareholders,**

It gives me great pleasure to share with you an update on the performance of your Company for the year 2018-19. It was a Profitable year for the Company. The Company grew its Assets under Management from INR 13,228.11 Mn. to 14,410.83 Mn. The Non-Performing assets reduced to 3.3% from 4.3% as against the previous financial year and Profit after tax was INR 187.67 Mn as against INR (333.97) Mn. In the previous corresponding period the Number of Loan Clients of the Company increased to 0.727 Mn. as against 0.698 Mn. during the year 2017-18.



During the financial year under review, the Company received approximately INR 749 Mn. from its existing foreign and Indian investor's i.e Creation Investments Social Ventures Fund II, LP. ("Creation"), SIDBI Trustee Company Limited A/c Samridhi Fund ("STCL"), Triodos SICAV II - Triodos Microfinance Fund, Triodos Custody B.V. in its capacity as custodian of Triodos Fair Share Fund ("Triodos Funds"), Societe de Promotion et de Participation Pour la Cooperation Economique ("Proparco") through issuance of Non-Cumulative, 0.01% Compulsorily Convertible Preference Shares (CCPS) on preferential allotment basis.

Your company is confident of maintaining its growth path by helping the poor women of rural, semi urban and urban communities to come out of poverty and get connected with formal financial institutions of micro finance lending. The profitability of the Company is expected to return to its normal growth in FY 19-20, by spreading its reach in various remote locations of India and reducing its non-performing assets through a set of specific action plans.

I gratefully acknowledge the contribution of all the stakeholders and the employees and look forward to an exciting year ahead where we will continue to work hard for our shareholders.

**Anup Kumar Singh**  
**Managing Director**

## Corporate Information

### Board of Directors



**Pradip Kumar Saha**  
Chairman of the Board -  
Independent Director  
w.e.f May 30, 2019



**Mona Kachhwaha**  
Chairperson of Board  
(upto May 30, 2019) -  
Nominee Director  
(Resigned w.e.f June 01,  
2019)



**Anup Kumar Singh**  
Managing Director



**Anal Kumar Jain**  
Independent Director



**Chandni Gupta Ohri**  
Independent Director



**Sethuraman Ganesh**  
Independent Director



**Aditya Mohan**  
Nominee Director  
(Appointed w.e.f.  
December 10, 2018)



**Benoit Monsaingeon**  
Nominee Director



**Charles Middleton**  
Nominee Director  
(Resigned w.e.f.  
December 10, 2018)



**Kenneth Dan Vander Weele**  
Nominee Director



**Prakash Kumar**  
Nominee Director  
(Resigned w.e.f May 30,  
2019)



**R.V. Dilip Kumar**  
Nominee Director



**Sanjay Goyal**  
Nominee Director  
(Appointed w.e.f May  
30, 2019)



**Saurabh Kumar Johri**  
Nominee Director  
(Appointed w.e.f June  
01, 2019)

### **Key Managerial Personnel**



**Akhilesh Kumar Singh**  
Chief Financial Officer



**Paurvi Srivastava**  
Company Secretary  
ICSI Membership No.  
ACS 34110

### **Auditors**

M/s. S.R. Batliboi & Co. LLP, Chartered Accountants  
Reg. No. 301003E  
Kolkata

## **Registrar**

### **Skyline Financial Services Private Limited (for Shares)**

D-153 A | 1st Floor | Okhla Industrial Area, Phase – I | New Delhi-110 020.

Tel.: +91 11 64732681 - 88 | Fax: +91 11 26812682 |

Web: [www.skylinerta.com](http://www.skylinerta.com)

### **NSDL Database Management Limited (for Debentures)**

+4<sup>th</sup> Floor, Trade World A Wing, Kamala Mills Compound,

Senapati Bapat Marg, Lower Parel, Mumbai – 400 013

Tel: 022 4914 2591 (D), 022 4914 2700 (B) , 9833515383(M)

Website: [www.nsdl.co.in](http://www.nsdl.co.in)

### **Debenture Trustees:**

Catalyst Trusteeship Limited

Axis Trustee Limited

Beacon Trusteeship Limited

### **Lenders - Banks & Financial Institutions**

SIDBI

Union Bank of India

DENA Bank

RBL Bank Ltd.

Standard Chartered Bank

United Bank of India

Bank of Baroda

Bandhan Bank

Utkarsh Small Finance Bank

Reliance Capital Limited

Caspian Impact Investments Pvt. Ltd.

IFMR Capital Finance Pvt. Ltd.

Shriam City Union Finance Ltd.

Mahindra Finance

Vivriti Capital Pvt. Ltd.

Samunnati Financial Intermediation  
and Services Private Limited

NABARD

Andhra Bank

YES Bank Ltd.

UCO Bank

Vijaya Bank

South Indian Bank

SBER Bank

IDFC First Bank Limited

DCB Bank Ltd.

Maanaveeya Development & Finance Pvt. Ltd

Ananya Finance for Inclusive Growth Pvt. Ltd

InCred Financial Services Limited

Manappuram Finance Ltd.

Hinduja Leyland Finance

Profectus Capital Private Limited

### **Rating and Grading**

During the year under review the credit rating of the Company was revised from ICRA BBB Negative to Stable from ICRA Limited on 26<sup>th</sup> October, 2018 and the MFI Grading of the Company is M2+.

## Board's Report

### To the Members

Your directors have pleasure in presenting the 24<sup>th</sup> (Twenty Fourth) annual report of the company for the year ended March 31, 2019.

### 1. FINANCIAL RESULTS

It is our immense pleasure to announce that your company, after facing two consecutive years of challenges in profitability, due to demonetisation and other issues, has finally come around and has posted a satisfactory net profit during the Financial Year 2018-19. Despite of all odds and challenges which continued through the substantial part of the financial year 2018-19, and resulting in considerable damage to the credit discipline and repayment behaviour of borrowers, the company posted a profit after tax of INR 187.67 Mn as against loss of INR (333.97) Mn in 2017-18. During the current year, the Company has put in its energies to achieve its growth targets by strengthening its recovery and collection strategies and its team.

Financial Results of your Company for the year under review are summarized as under:

Particulars	March 31, 2019	March 31, 2018
	Amt (In Mn.)	Amt (In Mn.)
Revenue from operations	2,715.31	2,164.59
Other Income	273.12	244.01
<b>(A) Total Income</b>	<b>2,988.43</b>	<b>2,408.60</b>
Employee benefit expenses	562.14	501.33
Finance Costs	1,373.48	1,370.74
Depreciation Expense	13.32	8.86
Other Expenses	755.74	1,028.81
<b>(B) Total Expenses</b>	<b>2,704.68</b>	<b>2909.74</b>
<b>Profit / (Loss) before Tax</b>	<b>283.75</b>	<b>(501.14)</b>
<b>(C) Total Tax Expenses</b>	<b>96.08</b>	<b>(167.16)</b>
<b>Profit / (Loss) for the Year</b>	<b>187.67</b>	<b>(333.98)</b>
Share Capital	240.42	189.86
Reserve and Surplus	2,508.54	1601.93
Long-term borrowings	3,904.09	6152.44
Other long- term liabilities	-	-
Long- term provisions	135.78	146.33
Short- term borrowings	1,033.78	975.00
Other current liabilities	5,163.95	4578.10
Short- term provisions	47.95	11.43
<b>Total Liabilities</b>	<b>13,034.51</b>	<b>13,655.09</b>
Fixed assets	21.39	22.93
Non-current investment	0.50	0.50
Deferred Tax Assets	145.62	241.70
Long term loans and advances	3,276.36	4,125.55
Other non-current assets	695.41	284.24
Current Investments	1.00	1.00
Cash and Bank Balances	2,185.23	1,350.78
Short- term loans and advances	6,596.34	7,499.11
Other current assets	112.66	129.28
<b>Total Assets</b>	<b>13,034.51</b>	<b>13,655.09</b>

*\*Previous year figures have been regrouped/reclassified, where necessary, to conform to this year's classification.*

## 2. REVIEW OF THE BUSINESS OPERATIONS

Particulars	March 31, 2019	March 31, 2018
Number of Branches	435	425
Number of Regular Employees	2,758	2,752
Number of Active Borrowers	7,27,515	6,98,188
Amount Disbursed (In Mn)	13,001.97	13,641.29
Gross Loan Portfolio (In Mn)	14,410.83	13,228.11

## 3. ENVIRONMENTAL AND SOCIAL ASPECTS

We at Sonata through sound and sustainable practices, have established a creative partnership between development and environment. Increase in green cover, conservation of scarce resources, control of pollution, promotion of economic progress are important guiding lights to follow for nurturing such relationship through continuous education of its employees and through them, their families and Company's clients. Your Company will always and consistently exclude itself from engaging into any activities which are detrimental to the environment.

Your Company also recognizes the importance of implementing sound social practices throughout its office-based activities and will continue to integrate such practices into its daily office based activities. We also make sure that working conditions in the organization meet international labor standards and in this regard the company ensures that there is no forced Labor, no gender inequality, acceptance of equal pay for equal work, no child Labor has been or shall be employed in any of the offices of the company, provide equal and adequate terms of employment to both genders, provision of adequate process for employees to voice complaints and many more.

## 4. DIVIDEND

In order to conserve the resources of the company, it is proposed not to declare any dividend on the equity shares of the company.

Further, a preference dividend equal to 0.01% on each Series B CCPS is proposed to be declared by your Company on Non-Cumulative, 0.01% Compulsorily Convertible Preference Shares (CCPS) to **Creation, STCL, Triodos Funds, and Proparco**, for Financial Year 2018-19.

## 5. TRANSFER TO RESERVES

During the period under review, the Company has transferred a sum of INR 37.53 Mn. to the reserves.

## 6. CAPITAL STRUCTURE / UPDATE ON CAPITAL

The capital structure of your company is given as under:

Authorized Share Capital	Issued, Subscribed and Paid-up Share Capital
3,00,00,000 Equity Shares of INR 10.00 each aggregating to INR 30,00,00,000.00 and 1,00,00,000 Preference Shares of INR 10.00 each aggregating to INR 10,00,00,000.00	2,10,96,119 Equity Shares of INR 10.00 each aggregating to INR 21,09,61,190.00 and 44,91,015 Non-Cumulative, 0.01% Compulsorily Convertible Preference Shares of INR 10.00 each aggregating to INR 44,910,150.00

Further during the year under review, the company issued **44,91,015 Non-Cumulative, 0.01% Compulsorily Convertible Preference Shares (CCPS)** to its existing investors viz. Creations, STCL, Triodos Funds, and Proparco on preferential allotment basis on September 26, 2018.

Details of fresh allotment of 44,91,015 Non-Cumulative, 0.01% CCPS during F.Y. 2018-19 is as under:

S. No.	Name of Allottees	No. of Series B CCPS allotted	Value per Share including Premium (FV INR 10/-)	Share application money received (INR)
1.	Creation Investments Social Ventures Fund II, LP.	11,97,604	167	19,99,99,868
2.	SIDBI Trustee Company Limited A/c Samridhi Fund	8,98,203	167	14,99,99,901
3.	Triodos SICAV II - Triodos Microfinance Fund	5,98,802	167	9,99,99,934
4.	Triodos Custody B.V. in its capacity as custodian of Triodos Fair Share Fund	5,98,802	167	9,99,99,934
5.	Societe de Promotion et de Participation Pour la Cooperation Economique	11,97,604	167	19,99,99,868
<b>Total</b>		<b>44,91,015</b>	<b>167</b>	<b>74,99,99,505</b>

Details of Transfer of Equity Shares during FY 2018-19 are as under:

Sr. No.	Transferor	Transferee	Total Number of shares	Date of Transfer	Total Consideration
1	Sonata Employee Welfare Trust	Anup Kumar Singh	2,50,000	18.12.2018	61,53,750
2	Sonata Employee Welfare Trust	Saif Khan	22,500	07.03.2019	11,45,500
3	Sonata Employee Welfare Trust	Vinay Pratap Singh	20,500	07.03.2019	10,11,500
4	Sonata Employee Welfare Trust	Ashok Kumar	22,000	07.03.2019	11,12,000
5	Sonata Employee Welfare Trust	Rakesh Chaudhari	10,500	07.03.2019	4,97,500
6	Sonata Employee Welfare Trust	Tarun Kumar Shrivastava	14,350	07.03.2019	10,83,100
	Sonata Employee Welfare Trust	Tarun Kumar Shrivastava	5,750	27.03.2019	

7	Sonata Employee Welfare Trust	Ashish Singh	20,100	27.03.2019	10,83,100
8	Sonata Employee Welfare Trust	Laxman Singh	11,800	27.03.2019	6,38,800
9	Sonata Employee Welfare Trust	Raj Kapoor Chaudhari	11,500	27.03.2019	5,64,500
10	Sonata Employee Welfare Trust	Sanjeev Shukla	15,000	27.03.2019	9,30,000
11	Sonata Employee Welfare Trust	Vishwanath Pratap Singh	7,200	27.03.2019	3,09,200
12	Sonata Employee Welfare Trust	Anil Kumar Gupta	19,000	27.03.2019	10,34,000
13	Sonata Employee Welfare Trust	Anshuman Tiwari	6,500	27.03.2019	3,93,500
14	Sonata Employee Welfare Trust	Manoj Kumar Singh	3,150	27.03.2019	7,70,200
	Sonata Employee Welfare Trust	Manoj Kumar Singh	11,050	30.03.2019	
15	Sonata Employee Welfare Trust	Sujeet Pathak	8,000	30.03.2019	4,99,000
16	Sonata Employee Welfare Trust	Jitendra Kumar Yadav	10,081	30.03.2019	3,99,979
17	Sonata Employee Welfare Trust	Mukesh Kumar Verma	5,700	30.03.2019	2,04,200
18	Sonata Employee Welfare Trust	Sanjay Kumar Singh	18,200	30.03.2019	10,13,200
19	Sonata Employee Welfare Trust	Vinod Singh	5,500	30.03.2019	2,07,400
20	Sonata Employee Welfare Trust	Anil Kumar Singh	14,800	30.03.2019	7,12,000
21	Sonata Employee Welfare Trust	Amit Kumar Singh	4,500	30.03.2019	2,85,500
22	Sonata Employee Welfare Trust	Dharmendra Kumar Singh	11,600	30.03.2019	6,61,600
23	Sonata Employee Welfare Trust	Poonam Soni	10,200	30.03.2019	4,77,400
24	Sonata Employee Welfare Trust	Vinod Singh (DH Gwalior)	369	30.03.2019	2,85,500
	Sonata Employee Welfare Trust	Vinod Singh (DH Gwalior)	4,131	30.03.2019	
25	Sonata Employee Welfare Trust	Umesh Dewedi	5,000	30.03.2019	2,93,000
26	Sonata Employee Welfare Trust	Satya Prakash Yadav	15,600	30.03.2019	7,65,600
<b>Total</b>			<b>5,64,581</b>		<b>2,25,31,029</b>

**a. Buy back of Securities**

The company has not bought back any of its securities during the year under review.

**b. Sweat Equity**

The company has not issued any sweat equity shares during the period under review



**c. Bonus Shares**

No issue of bonus shares was made during the year under review.

**d. Employee Stock Option Plans**

**i. Options Granted during the year: Nil.**

During the year under review, the Company has not granted any additional Stock Options.

**ii. Options Vested during the year:**

During the year under review, 2,74,333 Stock Options were vested under the Employees Stock Option Plan 2013. The terms and conditions of the vesting are regulated by the ESOP Scheme 2013, approved by the Shareholders of the Company on March 20, 2014.

**iii. The total number of shares arising as a result of exercise of Options:**

As on 31<sup>st</sup> March, 2019 total 11,09,731 stock options have been exercised by the employees and the Promoter of the Company.

**iv. Options lapsed:**

During the period under review, total 20,400 stock options have been lapsed.

**v. Options Exercised during the year**

During the year under review, total 5,64,581 share options have been exercised by the Employees and Promoter of the Company as per the aforesaid share transfer details.

**7. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The provisions of the Companies Act, 2013 (the Act), govern the composition of the Board of Directors. The Board of the company consists of 11 (Eleven) Directors of whom four (4) are Independent Directors (including a women Director), Six (6) Nominee Directors and one (1) Managing Director.

During the period under review:

- Ms. Chandni Gupta Ohri and Mr. Anal Kumar Jain were re-appointed as Independent Directors of the Company for a second term of 5 (five) consecutive years with effect from April 01, 2019 (upon expiry of their present term of office i.e. on March 31, 2019) till March 31, 2024.
- Mr. Anup Kumar Singh was re-appointed as the Managing Director of the Company for a term of 5 (five) consecutive years with effect from April 01, 2019 upto March 31, 2024.
- Mr. Aditya Mohan was appointed as Nominee Director on the Board of the Company in place of Mr. Charles James Middleton, representing M/s Triodos SICAV II- Triodos Micro

Finance Fund (TMF) & Triodos Custody BV in its capacity as custodian of Triodos Fair Share Fund (TFSF) w.e.f December 10, 2018.

- Further Mr. Sanjay Goyal and Mr. Saurabh Kumar Johri have been appointed on the Board of the company in place of Mr. Prakash Kumar and Ms. Mona Kachhwaha being nominee directors representing SIDBI and Caspian Funds, respectively. The appointment of Mr. Sanjay Goyal and Mr. Saurabh Kumar Johri was made wef. May 30, 2019 and June 01, 2019 respectively.

Pursuant to the provisions of Section 203 of the Act, Mr. Anup Kumar Singh, Managing Director, Mr. Akhilesh Kumar Singh, CFO and Ms. Paurvi Srivastava, Company Secretary, were the Key Managerial Personnel of the Company during the year under review.

### ***Performance Evaluation of Board, Committees and Directors***

The Board of Directors and Remuneration & Nomination Committee has put in place an evaluation framework for evaluation of the Board as a whole, its Committees and of individual directors, in compliance with the provisions of Companies Act, 2013. A questionnaire for the evaluation of the Board, its Committees and of individual directors covering various aspects was sent across to the Board of Directors through an innovative online board evaluation solution using “Survey Monkey” portal. The survey results were discussed and reviewed in the meeting of the Remuneration and Nomination Committee on February 21, 2019 and the Board of directors on February 22, 2019. Individual Directors being evaluated did not participate in the discussions pertaining to their evaluation.

Also, a separate evaluation exercise was carried out in the meeting of Independent Directors held on February 22, 2019, to evaluate the performance of Non-Independent Directors, Board as a whole, including the Chairperson of the Board, on several parameters such as activeness of participation in the Meetings, independence of behavior and judgment, adherence to disclosures to be made by Directors, Contribution towards growth of the Company etc.

The directors have expressed their appreciation and satisfaction on the evaluation process of the Chairperson, Managing Director, Independent, Non-Independent Directors, Committees and Board as a whole.

## **8. INDEPENDENT DIRECTORS’ DECLARATION**

The definition of ‘Independence’ of Directors is derived from Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms of Section 149(6) of the Companies Act, 2013:

- a) Mr. Anal Kumar Jain
- b) Ms. Chandni Gupta Ohri
- c) Mr. Pradip Kumar Saha
- d) Mr. Sethuraman Ganesh

In compliance with the provisions of Section 149(7) of the Companies Act, 2013, the Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013. Further, there has been no change in the circumstances which may affect their status as independent director during the year under review.

#### **9. DISCLOSURE OF REMUNERATION & NOMINATION CRITERIA**

The Board has, on the recommendations of the Remuneration & Nomination Committee and in compliance of the Companies Act, 2013, has framed a Remuneration and Nomination criteria for selection, evaluation, appointment of Directors, Key Managerial Personnel, other employees, fixing their remuneration including criteria for determining qualifications, positive attributes, independence of a director and related matters as provided under the said act. The Remuneration and Nomination Committee forms critical part of the Corporate Governance Policy of the Company and the aforesaid policy is available on the website of the Company.

Further composition of the Remuneration & Nomination Committee and other details are also provided in the Para pertaining to Corporate Governance, which forms part of this report.

#### **10. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

During the period under review, there is no materially significant related party transaction with the Company's promoters, directors, the management or their relatives, which may have potential conflict with the interest of the Company at large. The Company also has a policy on dealing with the Related Party Transactions (including for material related party transactions) and necessary approval of the Audit Committee and Board of Directors were taken, wherever required in accordance with the Policy. However, for the current FY 2019-20 the company has given mandate to Vivriti Capital Private Limited ("Vivriti"), wherein one of Board Member is also a Director, for availing its assistance/arranger services in Fund raising during the F.Y 2019-20.

In compliance with section 188(1) of the Companies Act, 2013, a Nil declaration in form AOC-2 is enclosed as **Annexure-I**. Further, details of Related Party Transactions, as required to be disclosed, as per Accounting Standards 18 "Related Party Disclosures" specified under section 133 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

#### **11. EXTRACT OF ANNUAL RETURN**

In terms of requirements under Section 92(3) and Section 134(3)(a) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, extract of annual return forms part of this Director's Report and is annexed as **Annexure-II**.

## **12. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time, the Company has established Corporate Social Responsibility (CSR) Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this Report as **Annexure-III**. Further details of composition of the CSR Committee and other details are also provided in the para pertaining to Corporate Governance, which forms part of this report.

During the period under review, the Company was not obligated to spend any amount towards CSR activities since the average net profit/(loss) for previous three financial years, amounted to a loss. However, as per the directions of the CSR Committee/Board of Directors, the Company had carried over the unspent amount of INR 22,49,824/- from the previous Financial Year (2017-18) to be used during successive years. Accordingly an amount of INR 18,50,064 was spent during the reporting period for maintenance and upkeep of the schools which have been adopted by the Company. Further the remaining amount of INR 3,99,760 is proposed to be carried over to Financial year 2019-20 as per the directions of the Board.

## **13. HUMAN RESOURCES DEVELOPMENT**

The Company has continuously adopted structures that help attract best external talent and promote internal talent to higher roles and responsibilities. The Company's people centric focus providing an open work environment, fostering continuous improvement and development helped several employees realize their career aspirations during the year.

During the year under review, the company had 2,758 regular employees' vis-à-vis 2,752 regular employees as on March 31, 2018. In order to augment more experienced staff, your Company has recruited officers across various verticals of the Company.

The disclosures required to be made under the provisions of section 197(12) of the Companies Act, 2013 read with Rule 5(1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have been annexed herewith as **Annexure – VI** to the Directors' Report.

## **14. PUBLIC DEPOSIT**

The company is a Systemically Important Non-Deposit Accepting Non-Banking Finance Company (NBFC-ND-SI). The Company has no public deposit and has neither accepted any public deposit during the reporting year nor would accept any public deposit during the financial year 2019-20.

## **15. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance for sexual harassment at workplace towards verbal, psychological conduct of a sexual nature by any employee or stakeholder that directly or indirectly harasses, disrupts, or interfaces with another's work performance or that creates an intimidating, offensive,

or hostile environment and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (referred to as Act) and the rules framed thereunder. Further, the company has constituted Core Internal Complaints Committee and Regional Internal Complaints Committees at respective regional offices as per the requirements of the Act and during the year under review, the Company has not received any complaints on sexual harassment.

## **16. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013 and based on the representations received from the management, the directors hereby confirm:

- i. That in the preparation of the annual accounts for the financial year 2018-19, the applicable accounting standards have been followed and there are no material departures;
- ii. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- iii. That the Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act and confirms that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the Directors have prepared the annual accounts on a going concern basis;
- v. That the Directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and
- vi. That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **17. CORPORATE GOVERNANCE**

Your Company is committed to achieve the good standards of Corporate Governance and adheres to the Corporate Governance requirements set by the Regulators/applicable laws. Accordingly, your Board functions as trustees of the shareholders for ensuring the long term economic value for its shareholders while balancing the interest of all the stakeholders.

### **(i) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company's philosophy on Corporate Governance envisages attainment of better transparency and accountability in all facets of operations and in all its interactions with its stakeholders including shareholders, employees, bankers and the auditors. The Company constantly endeavors to achieve standards of Corporate Governance in order to enhance

the long term stakeholders' value and maintain good Corporate Governance. The Company has well established, transparent and fair administrative set up to provide for professionalism and accountability.

**(ii) BOARD OF DIRECTORS**

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The notice of Board meeting is duly given to all the Directors. The Agenda for the Board and Committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

**a) Composition, Category of the Board of Directors**

As on March 31, 2019, the Board of the Company consisted of 11 (eleven) Directors, of which 4 were Independent Directors, (including a Woman Director); 6 (Six) Directors were Non-Executive while 1 (one) Executive Director, being the Managing Director.

The composition of the Board is in conformity with the Companies Act, 2013. The composition of the Board, other directorships of the Board members, number of Board Meetings held along with the attendance of the Directors thereat during the Financial Year 2018-19 along with the details of Committees of the Board, its membership and Terms of reference (ToR) are contained hereunder:

Sr. No.	Name of Director	Category	No. of Directorships in other Companies (as on date)
1.	Mr. Anup Kumar Singh	Managing Director	1
2.	Ms. Chandni Gupta Ohri	Independent Director	1
3.	Mr. Anal Kumar Jain	Independent Director	4
4.	Mr. Sethuraman Ganesh	Independent Director	1
5.	Mr. Pradip Kumar Saha	Independent Director	1
6.	Mr. Kenneth Dan Vander Weele	Nominee Director	11
7.	Ms. Mona Kachhwaha	Nominee Director	4
8.	Mr. Prakash Kumar	Nominee Director	1
9.	Mr. R.V Dilip Kumar	Nominee Director	6
10.	Mr. Aditya Mohan	Nominee Director	-
11.	Mr. Benoit Marie Luc Monsaingeon	Nominee Director	-

**b) Number of meetings and attendance of the Board of Directors**

The Board met five (5) times in financial year 2018-19. The maximum interval between any two meetings did not exceed 120 days.

Sr. No.	Date of Board Meeting	Place of Meeting	Members attended Board Meeting
1.	May 15, 2018	Hotel The Roseate House, New Delhi Aerocity	Ms. Chandni Gupta Ohri, Chairperson, Mr. Anup Kumar Singh, Mr. Anal Kumar Jain, Mr. Benoit Monsaingeon, Mr. Charles Middleton, Ms. Mona Kachhwaha, Mr. Prakash Kumar, Mr. Pradip Kumar Saha, Mr. R. V. Dilip Kumar, Mr. Sethuraman Ganesh.
2.	May 30, 2018	Hotel Taj Santacruz, Mumbai	Mr. Anal Kumar Jain, Chairman, Mr. Anup Kumar Singh, Ms. Chandni Gupta Ohri, (via Polycom) Mr. Charles Middleton, (via Polycom) Ms. Mona Kachhwaha, Mr. Pradip Kumar Saha, Mr. R. V. Dilip Kumar, Mr. Sethuraman Ganesh.
3.	August 21, 2018	Hotel The Roseate House, New Delhi Aerocity	Mr. Anal Kumar Jain, Chairman, Mr. Anup Kumar Singh, Mr. Benoit Monsaingeon, Ms. Chandni Gupta Ohri, (via Polycom) Mr. Charles Middleton, Mr. Kenneth Dan Vander Weele, Ms. Mona Kachhwaha, Mr. Pradip Kumar Saha, Mr. R. V. Dilip Kumar, Mr. Sethuraman Ganesh.
4.	November 14, 2018	Hotel Taj Vivanta, Gomti Nagar, Lucknow	Ms. Mona Kachhwaha, Chairperson, Mr. Anup Kumar Singh, Mr. Anal Kumar Jain, Mr. Benoit Monsaingeon, Ms. Chandni Gupta Ohri, (via Polycom) Mr. Charles Middleton, Mr. Prakash Kumar, Mr. Sethuraman Ganesh.
5.	February 22, 2019	Hotel Aloft, Aerocity, New Delhi	Ms. Mona Kachhwaha, Chairperson, Mr. Anup Kumar Singh, Mr. Anal Kumar Jain, Mr. Aditya Mohan, Mr. Benoit Monsaingeon, Ms. Chandni Gupta Ohri, (via Polycom) Mr. Kenneth Dan Vander Weele, Mr. Pradip Kumar Saha, Mr. Sethuraman Ganesh.

**Notes:**

- None of the Directors held directorship in more than 10 Public Limited Companies
- None of the Directors were related to any Director or were a member of an extended family.

**(iii) AUDIT COMMITTEE**

The Chairman of the Committee is an Independent Director. During the financial year 2018-19 the Committee has met five (5) times. The composition of the Audit Committee and the brief terms of reference are shown below:

Sr. No.	Date of Meeting	Place of Meeting	Members attended Meeting
1.	May 14, 2018	Hotel The Roseate House, New Delhi Aerocity	Mr. Pradip Kumar Saha, Chairman Mr. Anal Kumar Jain, Ms. Chandni Gupta Ohri, Ms. Mona Kachhwaha, Mr. R. V. Dilip Kumar.
2.	May 30, 2018	Hotel Taj Santacruz, Mumbai	Mr. Pradip Kumar Saha, Chairman Mr. Anal Kumar Jain, Ms. Chandni Gupta Ohri, (via Polycom) Ms. Mona Kachhwaha, Mr. R. V. Dilip Kumar.
3.	August 20, 2018	Hotel The Roseate House, New Delhi Aerocity	Mr. Pradip Kumar Saha, Chairman Mr. Anal Kumar Jain, Ms. Chandni Gupta Ohri, (via Polycom) Mr. R. V. Dilip Kumar.
4.	November 13, 2018	Hotel Taj Vivanta, Gomti Nagar, Lucknow	Mr. Pradip Kumar Saha, Chairman Mr. Anal Kumar Jain, Ms. Chandni Gupta Ohri, (via Polycom) Ms. Mona Kachhwaha.
5.	February 21, 2019	Hotel Aloft, Aerocity, New Delhi	Mr. Pradip Kumar Saha, Chairman Mr. Anal Kumar Jain,

**Brief Terms of Reference of Audit Committee:**

- a) To review the Financial Reporting & to ensure the correctness & suitability of Financial Statements.
- b) Recommendation of Internal and External Auditors, scope of their Audits and Audit reports to the Board.
- c) To review the functioning of the whistle-blower mechanism.
- d) To review the valuations of undertakings and assets of the Company, wherever necessary;
- e) Reviewing and scrutinizing with management the periodic financial statements/results before submission to the Board, focusing primarily on:
  - matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;
  - any changes in accounting policies and practices;
  - any related party transaction
  - the adequacy of internal audit function



- f) Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- g) To ensure that an Information System Audit of the internal systems and processes is conducted yearly to assess operational risks faced by the Company.
- h) To carry out any other function as is mentioned in the terms of reference of the Audit Committee.
- i) To consider the approval and subsequent modification of any transactions of the Company with related parties.

**(iv) REMUNERATION & NOMINATION COMMITTEE**

The Chairman of the Committee is an Independent Director. During the financial year 2018-19 the Committee has met four (4) times. The composition of the Remuneration and Nomination committee and the brief terms of reference are shown below:

Sr. No.	Date of Meeting	Place of Meeting	Members attended Meeting
1.	May 14, 2018	Hotel The Roseate House, New Delhi Aerocity	Mr. Anal Kumar Jain, Chairman Mr. Anup Kumar Singh, Ms. Chandni Gupta Ohri, Mr. Pradip Kumar Saha.
2.	August 20, 2018	Hotel The Roseate House, New Delhi Aerocity	Mr. Anal Kumar Jain, Chairman Mr. Anup Kumar Singh, Ms. Chandni Gupta Ohri, (via Polycom) Mr. Kenneth Dan Vander Weele, Mr. Pradip Kumar Saha.
3.	November 13, 2018	Hotel Taj Vivanta, Gomti Nagar, Lucknow	Mr. Anal Kumar Jain, Chairman Mr. Anup Kumar Singh, Ms. Chandni Gupta Ohri, (via Polycom) Mr. Kenneth Dan Vander Weele, Mr. Pradip Kumar Saha.
4.	February 21, 2019	Hotel Aloft, Aerocity, New Delhi	Mr. Anal Kumar Jain, Chairman Mr. Anup Kumar Singh, Ms. Chandni Gupta Ohri, (via Polycom) Mr. Pradip Kumar Saha.

**Brief Terms of reference of Remuneration and Nomination Committee:**

- a) To identify the persons who are qualified to become the directors or appointed as Senior Management Personnel and to ensure fit and proper credentials of proposed/ existing Directors.
- b) To evaluate the Board of Directors, the committees constituted by the Board and the Board as a whole in accordance with the section 178 (2) of the Companies Act, 2013 and requirements of Rule 8(4) of the Companies (Accounts) Rules, 2014.
- c) To recommend the sitting fee payable to the Independent directors and to decide the remuneration for the Whole Time Director / Managing Director.

- d) To review the administration of ESOP Schemes of the Company, determining the eligibility criteria, vesting conditions, grant of options, performance evaluation and recommending the same to the board.

**(v) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Board of Directors, in compliance of the Companies Act, 2013 and rules made thereunder, constituted Corporate Social Responsibility (CSR) Committee at their meeting held on November 15, 2013.

During the financial year 2018-19, the Committee has met two (2) times. The composition of the Corporate Social Responsibility committee and the brief terms of reference are shown below:

Sr. No.	Date of Meeting	Place of Meeting	Members attended Meeting
1.	August 20, 2018	Hotel The Roseate House, New Delhi Aerocity	Mr. Sethuraman Ganesh, Chairman, Ms. Chandni Gupta Ohri,
2.	February 21, 2019	Hotel Aloft, Aerocity, New Delhi	Mr. Sethuraman Ganesh, Chairman, Mr. Anup Kumar Singh, Ms. Chandni Gupta Ohri,

**Brief Terms of reference of Corporate Social Responsibility Committee:**

- Formulation and recommendation to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the company in areas or subject, as specified in Schedule VII of the Companies Act 2013.
- Recommendation of the amount of expenditure to be incurred on the CSR activities and monitoring the same.
- Monitoring the Corporate Social Responsibility Policy of the company from time to time.

**(vi) RISK MANAGEMENT COMMITTEE**

During the financial year 2018-19 the Committee has met two (2) times. The composition of the Risk Management committee and the brief terms of reference are shown below:

Sr. No.	Date of Meeting	Place of Meeting	Members attended Meeting
1.	November 13, 2018	Hotel Taj Vivanta, Gomti Nagar, Lucknow	Ms. Mona Kachhwaha, Chairperson Mr. Anup Kumar Singh, Mr. Charles Middleton, Mr. Sethuraman Ganesh, Mr. Akhilesh Kumar Singh, Ms. Megha Goel.
2.	February 21, 2019	Hotel Aloft, Aerocity, New Delhi	Mr. Sethuraman Ganesh, Chairman Mr. Aditya Mohan, Mr. Anup Kumar Singh, Mr. Akhilesh Kumar Singh, Mr. Shrikant Bhargava.

**Brief Terms of reference of Risk Management Committee:**

- a) To assist in setting risk strategy policies in liaison with management.
- b) To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed.
- c) To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level.
- d) To provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risks.
- e) To review the risk bearing capacity of the Company in light of its reserves, insurance coverage, guarantee funds or other such financial structures.

**(vii) IT STRATEGY COMMITTEE**

The Board of Directors, in compliance with the RBI directions constituted IT strategy Committee in their meeting held on August 22, 2017. During the financial year 2018-19 the Committee has met two (2) times. The composition of the IT Strategy Committee and the brief terms of reference are shown below:

Sr. No.	Date of Meeting	Place of Meeting	Members attended Meeting
1.	May 14, 2018	Hotel The Roseate House, New Delhi Aerocity	Mr. Anal Kumar Jain, Chairperson Mr. Anup Kumar Singh, Mr. Akhilesh Kumar Singh, Ms. Megha Goel, Mr. Shyam Kanhaiya Yadav.
2.	November 12, 2018	Hotel Taj Vivanta, Gomti Nagar, Lucknow	Mr. Anal Kumar Jain, Chairperson Mr. Anup Kumar Singh, Mr. Akhilesh Kumar Singh, Ms. Megha Goel, Mr. Shyam Kanhaiya Yadav.

**Brief Terms of reference of IT Strategy Committee:**

- a) To approve the IT strategy and Policy documents and ensuring that an effective strategic planning process has been put in place.
- b) To ensure that such process and practices have been implemented so that the IT delivers value to the business.
- c) To review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, Cyber security arrangements, and any other matter related to IT Governance.
- d) To ensure that the IT investments represent a balance of risks and benefits and that the budgets are acceptable.
- e) To monitor and provide direction for sourcing and use of IT resources.
- f) To ensure a balance between IT investments and exposure towards IT risks and controls.
- g) To oversee the implementation of new software and to monitor the progress of the project and the milestones to be reached according to the project timetable.

- h) To ensure due compliance of RBI Master Direction DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 or any amendment thereof.

**(viii) GENERAL BODY MEETING**

**A. Date, Venue and Time for the last three Annual General Body Meetings:**

AGM for the FY	Date & time of AGM	Venue of the AGM
2017-18	September 28, 2018	II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow – 226026 (Register Office)
2016-17	September 27, 2017	II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow – 226026 (Register Office)
2015-16	September 27, 2016	II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow – 226026 (Register Office)

**B. Details of special resolutions passed in the previous three Annual General Meetings**

AGM Date	As per Companies Act, 2013	Particulars of Special Resolutions
September 28, 2018	<ul style="list-style-type: none"> <li>U/s 152(2), 196, 117(3) &amp; 203</li> <li>U/s 149 and 152 read with Schedule IV</li> </ul>	<ul style="list-style-type: none"> <li>Re-Appointment of Mr. Anup Kumar Singh as Managing Director of the Company, for a period of 5 (Five) consecutive years w.e.f from April 01, 2019 upto March 31, 2024.</li> <li>Re-Appointment of Mr. Anal Kumar Jain as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years, i.e. up to March 31, 2024.</li> <li>Re-Appointment of Ms. Chandni Gupta Ohri as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years, i.e. up to March 31, 2024.</li> </ul>
September 27, 2017	U/s 14	<ul style="list-style-type: none"> <li>Alteration &amp; Adoption of Articles of Association on conversion of Optionally Convertible Preference Shares held by SIDBI into Equity Shares of the Company.</li> </ul>
September 27, 2016	U/s 42	<ul style="list-style-type: none"> <li>Approval of the draft offer letter (PAS-4) to be issued to Triodos &amp; Proparco.</li> <li>To take consent for the amendment of the Article of Associations of the Company</li> </ul>

**(ix) CODE OF CONDUCT**

The board has laid down a “Code of Conduct” for all the board members and the senior management and other employees of the company and the Code of Conduct has been posted on [www.sonataindia.com](http://www.sonataindia.com), the website of the company.

**(x) DISCLOSURES**

- a. There has been no non-compliance by the Company nor any penalties imposed on the Company by any regulator.
- b. The Company has a Whistle Blower Policy duly approved by the Board, which has been circulated to all the employees of the Company and also placed on [www.sonataindia.com](http://www.sonataindia.com), the website of the Company. Further, it is affirmed that no personnel have accessed to the Audit Committee.
- c. During the year, no expenditure has been debited in the books of accounts which are not for the purposes of business of the company.
- d. During the year, no expenses, which are of personal nature, have been incurred for the Board of Directors and top management.

**(xi) MEANS OF COMMUNICATION**

The Annual Report and other statutory information are being sent to shareholders through electronic mode.

**(xii) TRAINING OF BOARD OF DIRECTORS**

The Company keeps the directors informed regarding the important developments in reference to the performance of the Company, industry scenario & regulatory changes. Apart from above, the Company is planning to organise workshops/seminars for an insight on emerging Information technologies and regulatory practices such as Ind-AS, in the MFI industry, for our Directors and Senior Officials, in the FY 2019-20.

**(xiii) GENERAL SHAREHOLDERS INFORMATION**

- a) As per the notice attached to this Annual Report, the Annual General Meeting of the Company will be held on September 30, 2019.
- b) The Financial Year of the Company is from April 01 to March 31.

**18. PARTICULARS OF GUARANTEES AND INVESTMENTS**

The Company is a Non-Banking Financial Company – Micro Finance Institution and is providing micro loans to marginal / financially weak clients and is therefore exempt from the provisions of section 186 of the Companies Act, 2013. Therefore, no disclosure of loans given, or any guarantee provided has been made in the Financial Statement, as required therein.

**19. INTERNAL CONTROL**

Your Company has laid down set of standards, processes and structure which enables it to implement internal financial control across the organization and ensure that the same are adequate and operating effectively. Further the company's financial system and procedures were duly audited

by M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Kolkata who have reported that the financial systems are as per the requirements.

## **19. RISK MANAGEMENT**

Your Company has Board approved Risk Management Policy wherein all material risks faced by the Company are identified and assessed. Further, the Risk Management is overseen by the Risk Management Committee/Audit Committee of the Company on a continuous basis.

The Company has an efficacious risk management structure. It works simultaneously to review policies and procedures, identify risk, understand existing risk mitigation/controlling strategies and identify gaps in the existing controlling strategies and to improve upon the same.

## **20. INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITOR PURSUANT TO SECTION 143 (12) OF THE COMPANIES ACT 2013**

During the year under review, the Statutory Auditors and the Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

## **21. VIGILANCE MECHANISM**

As per Section 177 (9) and (10), read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 of the Act the Company has established a vigilance mechanism for Directors and employees to report their genuine concerns. Your Company has established a mechanism called 'Vigilance Mechanism' for directors and employees to report to the appropriate authorities of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguards against victimization of employees who avail the mechanism. During the year under review, no employee was denied access to the Audit Committee.

Further, the Vigilance Mechanism Policy and other details are also available on the website of the Company.

## **22. SUBSIDIARIES/ JOINT VENTURE/ ASSOCIATE**

Your Company does not have any subsidiary/ joint venture/ associate company.

## **23. STATUTORY AUDITORS & AUDITORS' REPORT**

M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Kolkata were re-appointed as the statutory auditors of the company by the members at the 23<sup>rd</sup> Annual General Meeting of the Company held on September 28, 2018 for the period of 5 years until the conclusion of the Annual General Meeting to be held for the FY 2022-23.

There are no qualifications, adverse observations, or other remarks made by the Statutory Auditors in their report.

## 24. SECRETARIAL AUDIT REPORT

The Board of Directors of the Company had appointed M/s Amit Gupta & Associates, Practicing Company Secretary, Lucknow to conduct the Secretarial Audit of the Company for Financial Year 2018-19 and the same has been duly conducted and there are no major observations in the Secretarial Audit Report that requires clarification on behalf of the Board of Directors. The Secretarial Audit Report for the FY 2018-19 has been appended as **Annexure-IV**

## 25. MANAGEMENT DISCUSSION AND ANALYSIS

As required by the listing agreement, a report on Management Discussion and Analysis is appended as **Annexure-V** to this Report.

## 26. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The company being a Non-Banking Financial Company, the particulars of conservation of energy, technology absorption are not applicable on the company. The only use of energy is the consumption of electricity at the offices of the company.

Further there was no foreign exchange inflow during the year under review and the details of foreign exchange outflow is as under:

Foreign Exchange transaction	As at March 31, 2019 (In Mn.)	As at March 31, 2018 (In Mn.)
Travelling Expenses	-	0.97
<b>Total</b>	<b>-</b>	<b>0.97</b>

## 27. CLIENT GRIEVANCE

During the year under review, the status of client grievances is as follows:

No. of complaints*	March 31, 2019	March 31, 2018
Pending at the beginning of the year	97	21
Received during the year	354	666
Redressed during the year	381	590
Pending at the end of the year	70	97

*\* excluding general enquiry from customers on loans products and insurance related matters.*

Further, as at June 30, 2019, 58 complaints have been resolved out of the 70 complaints pending at the end of Financial Year 2018-19.

## **28. APPLICABILITY FOR MAINTENANCE OF COST RECORDS**

The company is engaged into the Micro Finance activities and therefore is not required to maintain Cost records under section 148 (1) of the Companies Act, 2013.

## **29. COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India.

## **30. DOCUMENTS PLACED ON THE WEBSITE**

The following documents have been placed on the website in compliance with the Act:

- Fair Practice Code in English and Hindi language
- Fit and Proper Criteria Policy
- Know Your Customer (KYC), Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT) Policy General Risk Management Policy
- Loan Policy
- Recovery Policy
- Investment Policy
- Fraud Prevention Policy
- Corporate Governance Policy
- Corporate Social Responsibility Policy as per section 135(4)(a)
- Information Technology (IT) Policy
- IS Audit Policy
- Business Continuity Planning Policy
- Change Management Policy
- Cyber Security Policy
- Information Security Policy
- Social Media Policy
- IT Services Outsourcing Policy
- Document Retention and Disposal Policy
- Procurement Policy
- Financial statements of the Company along with relevant documents as per third proviso to section 136(1).
- Details of vigil mechanism for directors and employees to report genuine concerns as per proviso to section 177(10).
- The terms and conditions of appointment of independent directors as per schedule IV to the Act.
- Related Party Transactions Policy as per guidelines issued by the Reserve Bank of India.
- Policy against Sexual Harassment
- Code of Conduct for Employees.
- Resource Planning Policy



## **ACKNOWLEDGEMENTS**

The Directors wish to convey their appreciation to business associates for their support and contribution during the year. The Directors would also like to thank the employees, shareholders, customers, suppliers, alliance partners and bankers for the continued support given by them to the Company and the confidence reposed in the management.

**On behalf of the Board of Directors  
Of Sonata Finance Private Limited**

Sd/-

**Anup Kumar Singh  
Managing Director  
DIN: 00173413**

Sd/-

**Pradip Kumar Saha  
Director  
DIN: 02947368**

**Place: New Delhi**

**Date: 13<sup>th</sup> August, 2019**

**Form No. AOC-2**

**(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

This form pertains to the disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**Details of contracts or arrangements or transactions not at arm's length basis**

There were no contracts or arrangements or transactions entered during the year ended March 31, 2019, which were not at arm's length basis.

**Detail of material contracts or arrangements or transactions at arm's length basis**

There were no material contracts or arrangements or transactions entered during the year ended March 31, 2019.

**On behalf of the Board of Directors  
Of Sonata Finance Private Limited**

**Sd/-  
Anup Kumar Singh  
Managing Director  
DIN: 00173413**

**Sd/-  
Pradip Kumar Saha  
Director  
DIN: 02947368**

**Place: New Delhi  
Date: 13<sup>th</sup> August, 2019**

## FORM MGT-9

Extract of Annual Return as on the financial year ended on March 31, 2019

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

## I. REGISTRATION AND OTHER DETAILS:

<u>Sl. No</u>	<u>Particulars</u>	<u>Details</u>
1.	CIN	U65921UP1995PTC035286
2.	Registration Date	06-04-1995
3.	Name of the Company	Sonata Finance Private Limited
4.	Category / Sub-Category of the Company	Company Limited by Shares / Indian Non-Government Company
5.	Address of the Registered office and contact details	II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow-226026 Email: cs@sonataindia.com Ph:91-522-2334900
6.	Whether listed company Yes / No	Yes (Debentures of the Company are listed in BSE)
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	<p><b>Skyline Financial Services Private Limited (For Shares)</b> D-153 A   1st Floor   Okhla Industrial Area, Phase - I   New Delhi-110 020. Tel.: +91 11 64732681 - 88   Fax: +91 11 26812682   Web:www.skylinerta.com</p> <p><b>NSDL Database Management Limited (For Debentures)</b> 4<sup>th</sup> Floor, Trade World, A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel.: 91-22-2499 4200 Fax: 91-22-2497 6351 Web: <a href="http://www.nsdl.co.in">www.nsdl.co.in</a></p>

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company are as stated hereunder: -

<u>Sl. No</u>	<u>Name and description of main products / services</u>	<u>NIC code of the product/ service</u>	<u>% to total turnover of the Company</u>
1.	Micro Finance Lending	64990	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No	Name and address of the company	CIN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable Section
1.					

### IV. SHAREHOLDING PATTERN (Equity share capital breakup as percentage of total equity)

#### i. Category-wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	6,59,112	2,16,350	8,75,462	4.15%	8,75,462	2,50,000	11,25,462	5.33%	1.18%
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other.	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL:(A) (1)</b>	<b>6,59,112</b>	<b>2,16,350</b>	<b>8,75,462</b>	<b>4.15%</b>	<b>8,75,462</b>	<b>2,50,000</b>	<b>11,25,462</b>	<b>5.33%</b>	<b>1.18%</b>

<b>(2)Foreign</b>									
a)NRIs- Individuals	-	-	-	-	-	-	-	-	-
b)Other Individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corporate	-	-	-	-	-	-	-	-	-
d)Banks/FI	-	-	-	-	-	-	-	-	-
e)Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL:(A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter  (A)= (A)(1)+(A)(2)</b>	<b>6,59,112</b>	<b>2,16,350</b>	<b>8,75,462</b>	<b>4.15%</b>	<b>8,75,462</b>	<b>2,50,000</b>	<b>11,25,462</b>	<b>5.33%</b>	<b>1.18%</b>
<b>B.PUBLIC SHAREHOLDIN G</b>									
(1)Institutions	-	-	-	-	-	-	-	-	-
a)Mutual Funds	-	-	-	-	-	-	-	-	-
b)Banks/FI	4,20,853	2,635,015	3,055,868	14.50%	1,327,856	1,927,801	3,255,657	15.43%	0.93%
c)Central Govt.	-	-	-	-	-	-	-	-	-
d)State Govt.	-	-	-	-	-	-	-	-	-
e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)Insurance Companies	-	-	-	-	-	-	-	-	-
g)FIIs (Private Equity)	3,890,700	-	3,890,700	18.44%	3,890,700	-	3,890,700	18.44%	-
h)Foreign Venture	-	-	-	-	-	-	-	-	-

Capital Funds									
i)Others (Partnership & Proprietorship Firm)	4,473,364	-	4,473,364	21.20%	4,473,364	-	4,473,364	21.20%	-
<b>SUB TOTAL (B) (1):</b>	<b>8,784,917</b>	<b>2,635,015</b>	<b>11,419,932</b>	<b>54.14%</b>	<b>9,691,920</b>	<b>1,927,801</b>	<b>11,619,721</b>	<b>55.07%</b>	<b>0.93%</b>
<b>(2)Non Institutions</b>									
a)Bodies Corporate									
i)Indian	15,38,721	2,203,226	37,41,947	17.74%	1,139,142	2,203,226	3,342,368	15.85%	(1.89% )
ii)Overseas	4,20,853	1,927,800	2,348,653	11.13%	6,20,643	1,927,800	2,548,443	12.09%	0.96%
b)Individuals									
i)Individual shareholders holding nominal share capital upto 1 Lakh	-	1,28,900	1,28,900	0.61%	-	4,43,481	4,43,481	2.10%	1.49%
ii) Individual shareholders holding nominal share capital in excess of ` 1 Lakh	4,71,375	-	4,71,375	2.23%	4,71,375	-	471,375	2.23%	-
c)Others	-	-	-	-	-	-	-	-	
Trust	-	2,109,850	2,109,850	10.00%	-	1,545,269	1,545,269	7.33%	(2.67% )
<b>SUB TOTAL (B) (2):</b>	<b>2,430,949</b>	<b>6,369,776</b>	<b>8,800,725</b>	<b>41.71%</b>	<b>2,231,160</b>	<b>6,119,776</b>	<b>8,350,936</b>	<b>39.60%</b>	<b>(2.11% )</b>
<b>Total Public Shareholding  (B)=(B)(1)+(B)(2 )</b>	<b>11,215,866</b>	<b>9,004,791</b>	<b>20,220,657</b>	<b>95.85%</b>	<b>11,923,080</b>	<b>8,047,577</b>	<b>19,970,657</b>	<b>94.67%</b>	<b>(1.18% )</b>

<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>11,874,978</b>	<b>9,221,141</b>	<b>21,096,119</b>	<b>100%</b>	<b>12,798,542</b>	<b>8,297,577</b>	<b>21,096,119</b>	<b>100%</b>	<b>-</b>

**ii. Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mr. Anup Kumar Singh	8,75,462	4.15%	-	11,25,462	5.33%	-	1.18%
	Total	8,75,462	4.15%	-	11,25,462	5.33%	-	1.18%

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	<b>ANUP KUMAR SINGH</b>				
	At the beginning of the year	8,75,462	4.15%	8,75,462	4.15%
	Transfer of shares from Sonata Employee Welfare Trust on December 18, 2018	2,50,000	1.18%	11,25,462	5.33%
	At the end of the year	-	-	11,25,462	5.33%

**iv. Shareholding Pattern of top ten Shareholders\*\* (other than Directors, Promoters and Holders of GDRs and ADRs):**

S No.	Name of Shareholders	Shareholding at the beginning of the year as on April 31, 2018		Change in shareholding during the year		Shareholding at the end of the year as on March 31, 2019	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Creation Investments Social Ventures Fund II, L.P.	4,473,364	21.20%	1,428,570	1.11%	5,901,934	22.31%
2.	Societe de Promotion et de Participation pour la Cooperation Economique	23,48,654	11.13%	1,628,359	3.9%	3,977,013	15.03%
3.	SIDBI Trustee Company Limited (A/c Samridhi Fund)	2,203,226	10.44%	1,071,427	1.94%	3,274,653	12.38%
4.	Triodos Custody B.V as a custodian of Triodos Fair Share Fund	11,74,327	5.57%	8,14,180	1.95%	1,988,507	7.52%
5.	Triodos SICAV II- Triodos Microfinance Fund	11,74,326	5.57%	8,14,180	1.95%	1,988,506	7.52%
6.	Sonata Employee Welfare Trust	21,09,850	10.00%	(5,64,581)	(4.16%)	1,545,269	5.84%
7.	Creation Investments Social Ventures Fund I	14,91,121	7.07%	-	(1.43%)	14,91,121	5.64%
8.	Indian Financial Inclusion Fund	14,80,634	7.02%	-	(1.42%)	14,80,634	5.60%
9.	Michael & Susan Dell Foundation	9,18,945	4.36%	-	(0.89%)	9,18,945	3.47%
10.	Small Industries Development Bank of India	7,07,214	3.35%	-	(0.68%)	7,07,214	2.67%



*\*\*The above shareholding is on the diluted basis taking into account the conversion of the Compulsorily Convertible Preference Shares (CCPS) into equity shares at a deemed conversion price of Rs.140/- per equity share as per II<sup>nd</sup> Supplemental Shareholders Agreement dated August 27, 2018.*

**v. Shareholding of Directors and Key Managerial Personnel:**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For Each of the Directors &amp; KMP*</b>				
	<b>ANUP KUMAR SINGH</b>				
	At the beginning of the year	8,75,462	4.15%	8,75,462	4.15%
	Transfer of shares from Sonata Employee Welfare Trust on December 18, 2018	2,50,000	1.18%	2,50,000	1.18%
	At the end of the year	-	-	11,25,462	5.33%

**V. Indebtedness**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

**(INR in Mn.)**

	Secured Loans excluding deposits (including NCDs)	Unsecured Loans (including NCDs)	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2018)</b>				
i) Principal Amount	9753.01	1621.11	-	11374.12
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	130.18	8.09	-	138.27
<b>TOTAL (i+ii+iii)</b>	<b>9883.19</b>	<b>1629.20</b>	<b>-</b>	<b>11512.39</b>
<b>Change in Indebtedness during the financial Year</b>				
Addition	3,927.32	135.13	-	4,062.45
(Reduction)	(5,380.69)	(439.41)	-	(5,820.10)
Exchange Difference	-	-	-	-
<b>Net Change</b>	<b>(1,453.37)</b>	<b>(304.28)</b>	<b>-</b>	<b>(1,757.65)</b>
<b>Indebtedness at the end of the financial year (31.03.2019)</b>				
i) Principal Amount	8,314.85	1,315.00	-	9,629.85
ii) Interest due but not paid	-	-	-	-

iii) Interest accrued but not due	114.97	9.93	-	124.90
<b>TOTAL (i+ii+iii)</b>	<b>8,429.82</b>	<b>1,324.93</b>	<b>-</b>	<b>9,754.75</b>

## VI. Remuneration of Directors and Key Managerial Personnel

### i. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Name of Managing Director : Mr. Anup Kumar Singh			
Sr. No	Particulars of Remuneration		INR in Mn.
<b>1.</b>	Gross Salary		
	1(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.53
	1(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	1(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
<b>2</b>		Stock Option	-
<b>3</b>		Sweat Equity	-
<b>4</b>		Commission	-
		-as a % of profit	-
		-others (Special Bonus)	-
<b>5</b>		Others (Travelling & Provident Fund)	2.32
		<b>Total</b>	<b>9.85</b>

### ii. Sitting Fee and Professional Fee paid to Directors:

				INR in Mn.
S No.	Name of the Directors	Fee for attending board/committee meetings	Others, please specify (Professional Fee)	Total
1.	Mr. Sethuraman Ganesh	0.42	-	0.42
2.	Ms. Chandni Gupta Ohri	0.50	-	0.50
3.	Mr. Anal Kumar Jain	0.50	-	0.50
4.	Mr. Pradip Kumar Saha	0.50	-	0.50

### iii. Remuneration to key managerial personnel other than MD/Manager/WTD

				INR In Mn.
Sr. No	Particulars of Remuneration		Key Managerial Personnel	Key Managerial Personnel
			Chief Financial Officer	Company Secretary
<b>1.</b>	Gross Salary			
	1(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4.48	0.66
	1(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	1(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-

2		Stock Option	-	-
3		Sweat Equity	-	-
4		Commission	-	-
		-as a % of profit	-	-
		-others	-	-
5		Others (Provident Fund)	0.02	0.02
		<b>Total</b>	<b>4.50</b>	<b>0.68</b>

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES UNDER COMPANIES ACT' 2013:**

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

**On behalf of the Board of Directors  
Of Sonata Finance Private Limited**

Sd/-  
**Anup Kumar Singh**  
**Managing Director**  
**DIN: 00173413**

Sd/-  
**Pradip Kumar Saha**  
**Director**  
**DIN: 02947368**

**Place: New Delhi**  
**Date: 13<sup>th</sup> August, 2019**

## CORPORATE SOCIAL RESPONSIBILITY

### CORPORATE SOCIAL RESPONSIBILITY POLICY - OVERVIEW

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website.

In line with the CSR policy and in accordance of Schedule VII of the Companies Act, 2013, the Company shall undertake the Corporate Social Responsibility activities as defined under the Schedule VII to the Act.

#### The main objectives of CSR Policy are:

- i. To directly or indirectly take up programs that benefit the communities in and around its workplace and results, over a period of time, in enhancing the quality of life and economic well-being of the local populace.
- ii. To generate through its CSR initiatives, a community goodwill for the company and help reinforce a positive & socially responsible image of Sonata Finance Private Limited as a corporate entity and as a good Corporate Citizen.
- iii. Ensure commitment at all levels in the organization, to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interest of all its stakeholders

#### The terms of reference of the CSR Committee is as under:

- i. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of Companies Act, 2013;
- ii. To recommend the amount of expenditure to be incurred on the activities referred to in clause (i) above;
- iii. To monitor the Corporate Social Responsibility Policy of the company from time to time.

#### Composition of CSR Committee

Members of the committee are:

- i. Ms. Chandni Gupta Ohri (Chairperson)
- ii. Mr. Anup Kumar Singh
- iii. Mr. Prakash Kumar \*\*
- iv. Mr. Sethuraman Ganesh

\*\* Mr. Prakash Kumar has been replaced by Mr. Sanjay Goyal wef. May 30, 2019.

**Average net profits and prescribed CSR expenditure:**

The average net profits and prescribed CSR expenditure for the period under consideration is as detailed below:

Particulars	INR in Mn
Average net profits/(Loss) for last three financial years	(20.31)
2% of 3 Yrs Avg. Net Profit/(Loss)	(0.41)
Prescribed CSR expenditure	Nil

With reference to the above computation, the Company was not obligated to spend any amount on CSR activities in the financial year 2018-19 as the average net profit/(loss) for previous three financial years, computed to a loss of INR 4,06,238. However, as per the direction of the CSR Committee/Board of Directors, the Company carried over the unspent amount of the previous Financial Year 2017-18 amounting to INR 22,49,824/- to the successive years. During the Financial Year 2018-19 the company had spent INR 18,50,064 for maintenance and upkeep of the schools which have been adopted by the Company. Further the remaining amount of INR 3,99,760 is proposed to be carried over to next Financial year as per the directions of the Board.

**Activities in which carried over amount has been spend during the FY 2018-19:**

S. No	CSR project or activity identified	Sector in which the Project is covered	Specify the state where project/ Programme was undertaken	Specify the district where project/ Programme was undertaken	Amount outlay (budget) project or Programme wise (in Rs.)	Amount spent on the project/ programme (in Rs.)	Cumulative expenditure upto to the reporting period (in Rs.)	Amount spent: Direct/ through implementing agency*
1	Provided learning infrastructure and teaching material: Ensured proper sitting arrangement, Almirah, Library set-up and ceiling fan	Promotion of education	Uttar Pradesh	Allahabad	1,31,500	1,31,500	1,31,500	Direct
				Lucknow	76,550	76,550	2,08,050	Direct
				Varanasi	4,64,500	4,64,500	6,72,550	Direct
				Sultanpur	8,800	8,800	6,81,350	Direct
				Pratapgarh	77,860	77,860	7,59,210	Direct
2	Supported institutions working for differently abled person by setting up of advance computer lab to help in learning and connect with outer world.	Promotion of education	Uttar Pradesh.	Rehabilitation Society of the Visually Impaired (RSVI), Lucknow,	1,04,400	1,04,400	8,63,610	Direct

3.	Provided for Beautification and cleanliness of the school	Promotion of education	Uttar Pradesh	Allahabad	2,700	2,700	8,66,310	Direct
				Lucknow	900	900	8,67,210	Direct
				Varanasi	900	900	8,68,110	Direct
				Pratapgarh	1,800	1,800	8,69,910	Direct
4.	Provided for games items to the schools	Promotion of education	Uttar Pradesh	Allahabad	82,000	82,000	9,51,910	Direct
				Lucknow	82,000	82,000	10,33,910	Direct
				Varanasi	82,000	82,000	11,15,910	Direct
				Pratapgarh	82,000	82,000	11,97,910	Direct
				Sultanpur	82,000	82,000	12,79,910	Direct
5.	Improved learning environment of the schools by renovating the schools with appropriate gaming facilities and sitting arrangements.	Promotion of education	Uttar Pradesh	Allahabad	3,51,352	3,51,352	16,31,262	Direct
				Lucknow	52,520	52,520	16,83,782	Direct
				Varanasi	99,456	99,456	17,83,238	Direct
				Pratapgarh	56,426	56,426	18,39,664	Direct
6.	Admin expenses	Promotion of education	Uttar Pradesh	Lucknow	10,400	10,400	18,50,064	Direct
<b>Total Expenditure</b>							<b>18,50,064</b>	

### **RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Companies Act, 2013 and Companies Rules (Corporate Social Responsibility Policy) Rules, 2014, Mr. Anup Kumar Singh, Managing Director and Ms. Chandni Gupta Ohri, Chairperson of CSR Committee, do confirm that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the Company.

**On behalf of the Board of Directors  
Of Sonata Finance Private Limited**

Sd/-  
**Anup Kumar Singh**  
**Managing Director**  
**DIN: 00173413**

Sd/-  
**Chandni Gupta Ohri**  
**Chairperson - CSR Committee**  
**DIN: 03613229**

**Place: New Delhi**  
**Date: 13<sup>th</sup> August, 2019**



**AMIT GUPTA & ASSOCIATES**  
**Practicing Company Secretaries**  
**B-12 Basement, Murli Bhawan, 10-A, Ashok Marg, Lucknow – 226 001**  
**Phone : 0522 – 4024033, Mobile : 94150 05108**  
**E-mail : amitguptacs@gmail.com**

**FORM NO. MR.3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**  
**[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies**  
**(Appointment and Remuneration Personnel) Rules, 2014]**

To,  
 The Members,  
 SONATA FINANCE PRIVATE LIMITED,  
 (CIN - U65921UP1995PTC035286)  
 II FLOOR, CP. 1, PG. TOWERS, KURSI ROAD,  
 VIKAS NAGAR LUCKNOW UP 226026 INDIA

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s SONATA FINANCE PRIVATE LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms, returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit,

We hereby report that in our opinion:

- i.* The Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also;
- ii.* That the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms, returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- i.* The Companies Act, 2013 (the Act) and the rules made there under;
- ii.* The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii.* The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv.* Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v.* The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):  
  - a.* The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not applicable as the Company has not made any public offer of securities during the period under review;**
  - b.* The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992- **Not applicable as the Company has not made any public offer of securities during the period under review;**

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- **Not applicable as the Company has not made any public offer of securities during the period under review;**
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014) - **Not applicable as the equity shares of the company are not listed;**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable as the Company has not delisted/propose to delist its equity shares from any stock exchange during the financial year under review;**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back/propose to buyback any of its securities during the financial year under review.**
- vi. The following other laws as may be applicable specifically to the Company:
- a. RBI Act, 1934 and Rules, Directions & Guidelines including MFI regulations made there under,
  - b. Master Circular –Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
- (ii) Listing Agreements entered into by the Company with BSE Limited for its debt instruments.

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

- (i) The Company has filed few forms/returns with delay with the Registrar of Companies, Ministry of Corporate Affairs, Kanpur under the provisions of the Companies Act, 2013 and RBI. The details are contained in *Appendix-I*.
- (ii) The Company has made compliances as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**We further report that:**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. However, in few cases we have noted delay in sharing of the Audited Financial Statements with the Audit Committee and the Board Members which in our view is essential to ensure meaningful participation by all the Directors.
- Majority decisions are carried through, while the dissenting members' views, if any, are captured and recorded as part of the minutes. However, during the period under review all the decisions were unanimously taken by the Board.

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



**We further report that** during the audit period the company has:

- Issued 11,97,604 Non-Cumulative 0.01% Compulsorily Convertible Preference Shares (CCPS) of Rs. 10/- each at a premium of Rs. 157 per share aggregating to Rs. 19.99 crores to M/s Creation Investments Social Ventures Fund II, LP.
- Issued 8,98,203 Non-Cumulative 0.01% Compulsorily Convertible Preference Shares (CCPS) of Rs. 10/- each at a premium of Rs. 157 per share aggregating to Rs. 14.99 crores to M/s SIDBI Trustee Company Limited A/c Samridhi Fund.
- Issued 5,98,802 Non-Cumulative 0.01% Compulsorily Convertible Preference Shares (CCPS) of Rs. 10/- each at a premium of Rs. 157 per share aggregating to Rs. 9.99 crores to M/s Triodos SICAV II- Triodos Micro Finance Fund.
- Issued 5,98,802 Non-Cumulative 0.01% Compulsorily Convertible Preference Shares (CCPS) of Rs. 10/- each at a premium of Rs. 157 per share aggregating to Rs. 9.99 crores to M/s Triodos Custody BV in its capacity as custodian of Triodos Fair Share Fund.
- Issued 11,97,604 Non-Cumulative 0.01% Compulsorily Convertible Preference Shares (CCPS) of Rs. 10/- each at a premium of Rs. 157 per share aggregating to Rs. 19.99 crores to M/s Societe de Promotion et de Participation Pour la Cooperation Economique.
- Mr. Charles James Middleton, Nominee Director representing Triodos Fund has been replaced by Mr. Aditya Mohan w.e.f 10<sup>th</sup> Dec 2018.
- Mr. Anal Kumar Jain (DIN: 01239653) Independent Director of the company was reappointed to hold office for a second term of 5 (five) consecutive years, i.e. up to March 31, 2024.
- Ms. Chandni Gupta Ohri (DIN: 03613229) Independent Director of the company was reappointed to hold office for a second term of 5 (five) consecutive years, i.e. up to March 31, 2024.
- Mr. Anup Kumar Singh (DIN 00173413) was re-appointed as Managing Director of the Company for a further period of 5 consecutive years w.e.f 01<sup>st</sup> April 2019 upto 31<sup>st</sup> March 2024 upon expiry of his present term of office i.e. 31<sup>st</sup> March, 2019.

**We further report that** the MIS reporting system and Information Technology setup in the Company requires further strengthening and improvements, to ensure timely reporting of the Financial Statements to the Audit Committee and Board of the Company to enable better monitoring and ensuring of timely compliance with applicable laws, rules, regulations and guidelines.

**We further report that** with regard to the issuance of Non-Cumulative 0.01% Compulsorily Convertible Preference Shares (CCPS) to the foreign investors the Company has complied with the provisions of the Foreign Exchange Management Act, 1999 and the rules and regulation made thereunder.

**For Amit Gupta & Associates  
Company Secretaries**

**Sd/-**

**Amit Gupta**

**Proprietor**

Membership No. F5478

C.P. No. 4682

Date: 18.07.2019

Place: Lucknow

Note: This report should be read with the letter of even date by the Secretarial Auditors.



**AMIT GUPTA & ASSOCIATES**  
**Practicing Company Secretaries**  
**B-12 Basement, Murli Bhawan, 10-A, Ashok Marg, Lucknow – 226 001**  
**Phone : 0522 – 4024033, Mobile : 94150 05108**  
**E-mail : amitguptacs@gmail.com**

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To,

The Members,  
SONATA FINANCE PRIVATE LIMITED,  
II FLOOR, CP. 1, PG. TOWERS, KURSI ROAD,  
VIKAS NAGAR LUCKNOW U.P. 226026 INDIA

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Amit Gupta & Associates**  
**Company Secretaries**

**Sd/-**

**Amit Gupta**  
**Proprietor**  
Membership No. F5478  
C.P. No. 4682  
Date: 18.07.2019  
Place: Lucknow

### ***Appendix-I***

- NBS7 for the Quarter ended June 2018 was filed on 24<sup>th</sup> July 2018 to the Reserve Bank of India while the due date of filing was 15<sup>th</sup> July 2018.
- NBFCs-ND-SI 500 CR. For the Quarter ended June 2018 was filed on 25<sup>th</sup> July 2018 to the Reserve Bank of India while the due date of filing was 15<sup>th</sup> July 2018.
- GNL-2 for filing private placement offer letter to the Ministry of Corporate Affairs was filed by delay of 83 days.
- MGT-14 for filing Special resolution passed in the Extra-Ordinary General meeting held on 15<sup>th</sup> May 2018 was filed by delay of 82 days.

## **Management Discussion & Analysis**

### **OVERVIEW**

Sonata Finance Private Limited ('Company') is private limited company duly registered with the Reserve Bank of India as Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI) vide Registration No. B-12.00445. The Company is primarily engaged in providing microfinance loans to low income households. The Company focuses its operations in 8 states in India, through 435 Branches and 2,758 regular employees, as on March 31, 2019. The core business of the Company is to provide small value loans and certain other basic financial services to its clients. These borrowers often have no, or very limited, access to loans from institutional sources of financing. The Company aims to provide financial services at the doorstep of its clients. The borrowers of the company are predominantly located in rural/ semi urban areas and the Company extends loans to them mainly for use in small businesses or for other income-generating activities.

The Company follows a village-centric, group-lending model to provide unsecured loans to its Members. This model relies on a form of 'social collateral' and ensures credit discipline through peer support within the group. The Company believes this model makes its Members prudent in conducting their financial affairs and prompt in repaying their loans. Failure by an individual Borrower to make timely loan repayments will prevent other Members in the group from being able to borrow from any MFI in future. Therefore, the group will use peer support to encourage the delinquent Borrower to make timely repayments or will often make a repayment on behalf of a defaulting Borrower, effectively providing an informal joint guarantee on the Borrower's loan.

In addition to its core business of providing micro-credit, the Company uses its distribution channel to provide certain other financial products and services that its Members may need. The Company offers loans for the purchase of products such as mobile phones, solar lamps, sewing machines and bicycles, etc. which help its borrowers to enhance their productivity.

For FY 2018-19, the Company's total revenue and profit/loss after tax is INR 2,988.43 Mn. and INR 187.67 Mn., respectively. As on March 2019, the Company had .727 Mn. active borrowers with a Gross Loan Portfolio of INR 14,410.83 Mn.

### **INDUSTRY SCENARIO**

The country's growth has led to a rise in financing needs. Non-Banking Finance Companies (NBFCs) are an integral part of the country's financial system because of their complementary as well as competitive role. They play an important role in nation building and financial inclusion by complementing the banking sector in reaching out credit to the unbanked segments of society, especially to the micro, small and medium enterprises (MSMEs), which form the cradle of entrepreneurship and innovation. What sets the NBFCs apart is the fact that they do not depend on grants or subsidies to provide unsecured loans to people with low incomes and with negligible access to the banking system. NBFCs have been playing a significant role in taking forward the financial inclusion vision of the Government of India. As on March 31, 2019, aggregated GLP of NBFC-MFIs stood at INR 68,207 Cr, growth of 47% in comparison to March 31, 2018. Off-balance sheet portfolio is INR 21,584 Cr, which is 32% of the aggregated GLP. This is an increase from 20% as on March 31, 18 and is mainly attributed to liquidity stress, which prompted MFIs to securitize their portfolios to manage this situation. Within the off-balance sheet portfolio, portfolio created under Business Correspondent (BC)

partnership has 38% share amounting to INR 7,358 Cr. Securitization contributes another 66% of total off balance sheet portfolio. PAR >30 has reduced considerably from 4% as on March 31, 2018 to **1.7%** as on March 31, 2019. In spite of strong competition faced by the NBFCs, the inner strength of NBFCs viz local knowledge, credit appraisal skill, well trained collection machinery, close monitoring of borrowers and personalized attention to each client, are catering to the needs of small and medium enterprises in the rural and semi urban area, enabling the Government and Regulators to further the mission of financial inclusion.

## **BUSINESS REVIEW**

Financial year under review was a Profitable year for the Company. The Company grew its Assets under Management from INR 13,228.11 Mn. to 14,410.83 Mn. The Non-Performing assets reduced to 3.3% from 4.3% and Profit after tax is INR 187.67 Mn. The disbursement and collection has improved but the growth path has been slow due to limited liquidity. In order to achieve its' growth target, the Company entered into new BC partnership with DCB Bank, improved its technology, enhanced cashless disbursement, focused on training of manpower and improved system and processes during the year.

Over years of operation, your Company has developed partnerships with over large number of public sector banks, private sector banks, foreign banks and other domestic and overseas financial institutions. During the year under review, the Company has availed various credit facilities from Banks, domestic and international lenders and from institutions for its microfinance operation, which is the main activity of the Company.

The rating agency, ICRA ratings assigned grading of M2+ (M two plus) to the Company. During the year under review the credit rating of the Company was revised from ICRA BBB Negative to Stable from ICRA Limited.

## **DISCUSSION ON FINANCIAL PERFORMANCE VIS A VIS OPERATIONAL PERFORMANCE**

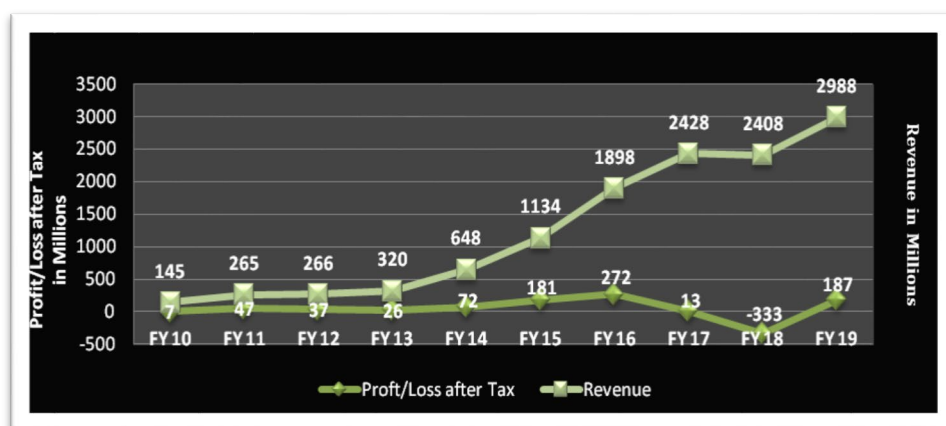
The company has shown a robust increase in the Gross Loan portfolio during the year under review as compared to the previous financial years. During the FY 2018-19, the Gross Loan Portfolio increased to INR 14,410.83 Mn. from INR 13,228.11 Mn. The number of active borrowers also increased to 0.727 Mn. in FY 2018-19 as compared to 0.698 Mn. in FY 2017-18. Further, as on March 2019, MFI industry have reported 31.7 Mn. clients and compared with FY 2017-18, there has been year on year growth of 32% in clients.

The year on year position of the Gross Loan Portfolio and number of active borrowers of the Company is as under:



## **FINANCIAL PERFORMANCE**

During the period under review the revenue of the company increased from INR 2,408.59 Mn. to INR 2988.43 Mn. in FY 2018-19. Further, during the FY 2018-19 the Company earned a net profit of INR 187.67 Mn. against a loss of INR (333.97) Mn. in the previous FY 2017-18.



## **OPPORTUNITIES**

Microfinance industry has already proved its viability as a business model, as well as, its ability to reach out to a significant section of the population, which needs mainstreaming. It will continue to remain a relevant and important conduit for providing financial services to a vast segment of the population, acting in complementarily to banks. Moreover, the banking system clearly constrained in terms of expanding their lending activities, the role of NBFCs becomes even more important now, especially when the government has a strong focus on promoting entrepreneurship so that India can emerge as a country of job creators instead of being one of job seekers. Innovation and diversification are the important contributors to achieve the desired objectives. Currently, Company can see lot of potential for growth in various regions, which are still untapped, and where there is substantial need, demand and opportunity for microfinance. We intend to expand our reach and operations in the states where we are currently present and new states by establishing new offices, both by increasing business transacted through existing branches, and by establishing new branches.

We will continue to evaluate opportunities for alliances, collaborations and partnerships, that meet our strategic and financial return criteria, and to strengthen our portfolio.

## **CHALLENGES**

There are several challenges for microfinance sector in India that are limiting the growth of MFIs in terms of reach and disbursement. NBFC-MFIs operate under certain regulatory constraints, which put them at a disadvantage vis-à-vis banks. While there has been a regulatory convergence between banks and NBFCs on the asset side, on the liability side, NBFCs still do not enjoy a level playing field. Further, the funds to the sector has dried up of late and resulting in higher cost of funds. This needs to be addressed to help NBFCs by realizing their full potential and thereby perform their duties with greater efficiency. The rapid growth of the microfinance industry is leading to a scenario of over-borrowing on the part of loan seekers, putting the sector at considerable risk. MFIs incur high operational costs, especially for searching and collecting information during loan origination and during monitoring and collections, which limits their ability to maximize the outreach. The small loan sizes and short tenure further intensify the challenge. Further, to compete with Banks, MFIs are facing challenge to raise capital and manage credit risks.

## **OUTLOOK**

The overall outlook for the Microfinance Industry has been improving, the market shares of non-bank finance companies (NBFCs) would continue to expand. The expansion would be supported by NBFCs' ability to customize products, price the risk and manage ultimate credit costs, especially related to small-ticket loans, viz., microfinance, light commercial vehicle (CV), used CV, small-ticket housing loans and loan against property.

NBFCs have generally maintained a matched asset-liability profile, which will help them in the current scenario of tightening liquidity and rising interest rates. However, there are few NBFCs that have been aggressive toward the funding side and have increased their reliance on short-term funding, creating an asset-liability tenor mismatch. With the hardening of interest rates and heightened competition limiting maneuverability on the lending side, we are expecting margins to come under pressure for NBFCs.

NBFCs' asset quality has been largely resilient to the twin disruption of demonetisation and goods and services tax implementation. The government's increased focus on the rural economy in the budget for 2019-20 could be a boost for NBFCs with a significant portion of their assets in rural areas.

## **RISK & CONCERNS**

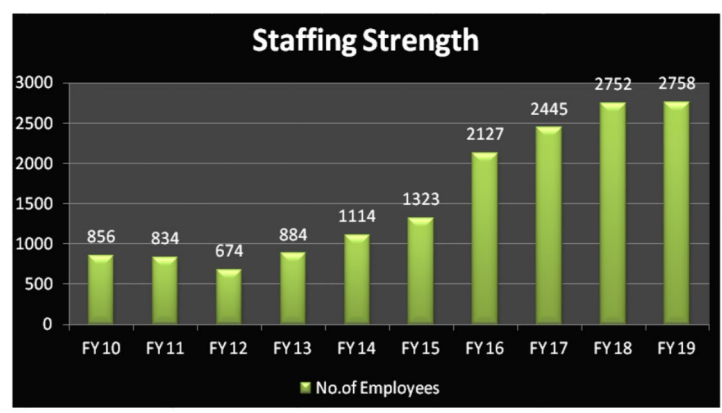
As an NBFC, your Company is exposed to credit, liquidity and interest rate risk. It has continued to invest in talent, processes and emerging technologies for building advanced risk and underwriting capabilities. Sustained efforts to strengthen the risk framework and portfolio quality have yielded consistently better outcomes for the Company. Furthermore, our Company is exposed to various types of risks relating to failure to comply with financial and other covenants under our loan agreements which may materially and adversely affect our financial condition, results of operations, cash flows and business prospects. Similarly, financial performance is exposed to interest rate risk, and an inability to manage our interest rate expenses may have a material adverse effect on our business prospects and result of operations.

Operations involve handling of cash through a dispersed network of branches which makes us susceptible to operational risks. The sector in which we operate is highly regulated. Regulations governing us may in future become more stringent and onerous and the changes introduced may adversely affect our business prospects and financial performance.

To prepare itself for these risks, Company maintains reserves and provisions in its financials for meeting expected or unexpected future contingencies. The Company follows a conservative financial approach by following prudent business and risk management practices. Further, Company has sufficient caution in the system/ process to mitigate the adverse effect of the risk.

## **HUMAN RESOURCES**

The Company's relations with their employees are continued to be cordial. The Company has provided a wide range of benefits to its employees including health insurance for all employees and their dependents. The Company also provides stock option benefits to all employees by which the employees get opportunity to acquire shares in the company. The number of regular employees as at the end of the year was 2,758.



## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUENCY**

An internal control framework, including internal financial controls, encompassing clear delegation of authority and standard operating procedures, are available across all businesses and functions. Clear segregation of duties exists between various functions and controlled against any unauthorised use or disposition of assets, misappropriation of funds to ensure that all the transactions are authorised, recorded, reported and monitored correctly. Also has an effective system of accounting and administrative controls supported by an internal audit system with proper and adequate system of internal check and controls to ensure safety and proper recording of all assets of the Company and their proper and authorised utilization. As part of the effort to evaluate the effectiveness of the internal control systems, the Internal Auditors of the Company conduct audit of various departments covering key area of operations and reviews and evaluates the adequacy and effectiveness of internal controls, ensuring adherence to operating guidelines and systems and recommending improvements for strengthening them.

The Audit Committee of the Board of Directors, comprising of independent directors, periodically reviews the internal audit reports, covering findings, adequacy of internal controls, compliances applicable on the Company. The Audit Committee also meet the Company's Statutory Auditors to ascertain their views on the financial statements, including the financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of the internal control and systems followed by the Company. The Management acts upon the observations and suggestions of the Audit Committee. Further the company has got the financial system and procedures duly audited by M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Kolkata, who have reported that the financial systems are as per the requirements.

## **CAPITAL ADEQUACY**

At the end of the year, the Capital to Risk Adjusted Assets Ratio [CRAR] of the Company stood comfortably at 25.95% (Tier I: 22.51% and Tier: 3.44%) as against the RBI requirement of 15%.

**On behalf of the Board of Directors  
Of Sonata Finance Private Limited**

Sd/-  
**Anup Kumar Singh**  
**Managing Director**  
**DIN: 00173413**

Sd/-  
**Pradip Kumar Saha**  
**Director**  
**DIN: 02947368**

**Place: New Delhi**  
**Date: 13<sup>th</sup> August, 2019**

*Source of Industry data: MFIN Micrometer data as of March 31, 2019*



- ❖ **The ratio of the remuneration of each Director to the median employee's remuneration and such other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

S. No.	Requirements	Disclosure
i.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	Mr. Anup Kumar Singh (MD): 61.40 : 1
ii.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	Mr. Anup Kumar Singh (MD): 16% Mr. Akhilesh Kumar Singh (CFO): 29% Ms. Paurvi Srivastava (CS): 25%
iii.	The percentage increase in the median remuneration of employees in the financial year.	The percentage increase in the median remuneration of employees in the financial year is around 1%
iv.	The number of permanent employees on the rolls of the Company.	2,758
v.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase already made in the salaries of employees other than the managerial personnel: 8%  The average increase in the managerial remuneration: 23%

- ❖ **Statement in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5 (2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

**Names of the top ten employees in terms of remuneration drawn and the name of every employee, who-**

- If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lacs and fifty thousand rupees per month; - None
- If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company. - None
- If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; - None

**List of Top Ten Employees of the Company:**

S.No	Employee Name & Designation	Previous Organization	Qualification and Experience	Date of Joining	Age	Remuneration received (annually)	Percentage of equity shares held by the employee	Relative of any director of the company
1.	Akhilesh Kumar Singh (Chief Financial Officer)	Microsave & Casphor Micro Credit	Certified Expert in SME Finance, Frankfurt School of Finance and Management, Germany, 2016, Graduate In mathematics, Economics & Statistic and 21 years of experience	03-04-17	47	45,05,004	-	None
2.	Megha Goel (Planning and Monitoring Head)	Indusind Bank, Essel Finance Business Loan Ltd., Bajaj Finance Ltd. & HSBC	PGDM(IIM Lucknow), B Tech (NIT Allahabad) and 17 years of experience	01-06-17	40	36,51,024	-	None
3.	Bramhanand, (Finance Head)	Casphor Micro Credit	CA (Inter), M.com and 20 years of experience	26-12-05	41	24,44,400	0.0039%	None
4.	Davendra Singh, (Chief Compliance Officer)	Sahara India Medical Institute Ltd	Fellow Company Secretary and 33 years of experience	09-06-16	57	22,04,400	-	None
5.	Ashish Singh, (IL Head)	Casphor Micro Credit	Masters of Business Administration and 17 years of experience	19-08-06	37	20,24,400	0.0114%	None

6.	Vinay Pratap Singh, (Operations Head)	Casphor Micro Credit	Masters of Business Administration and 20 years of experience	31-08-09	44	20,24,400	0.0109%	None
7.	Tarun Kumar Srivastava, Permanent Employee (Audit Head)	Casphor Micro Credit	Bachelor of Laws and 17 years of experience	01-02-07	48	17,24,400	0.0114%	None
8.	Shyam Kanhaiya, (IT Head)	NA	Master of Computer Applications and experience of 13 years	04-08-06	38	17,24,400	0.0217%	None
9.	Richa Sharma, (Accounts Head)	Hindustan Glass Works Ltd	Chartered Accountant and experience of 10 years	15-05-13	36	17,24,400	-	None
10.	Tarandeep Singh, (Product Head)	HDFC, Citi Financial	Bachelor of Commerce and experience of 19 years	03-05-16	41	16,58,400	-	None

**On behalf of the Board of Directors  
Of Sonata Finance Private Limited**

**Sd/-  
Anup Kumar Singh  
Managing Director  
DIN: 00173413**

**Sd/-  
Pradip Kumar Saha  
Director  
DIN: 02947368**

**Place: New Delhi  
Date: 13<sup>th</sup> August, 2019**

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Sonata Finance Private Limited

### **Report on the Audit of the financial statements**

#### **Opinion**

We have audited the accompanying financial statements of Sonata Finance Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
<b><u>Credit risk and provisioning on loans and advances to customers</u> (as described in note 2 (r) and 21 of the financial statements)</b>	
For the year ended March 31, 2019 the Company's total loans and advances to	The audit procedures performed, among others, included:

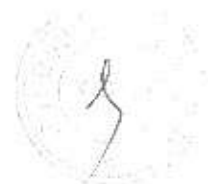
Key audit matters	How our audit addressed the key audit matter
<p>customers is Rs. 96,557.03 lacs against which a provision for non-performing assets of Rs. 637.26 lacs and provision against standard assets of Rs. 316.97 lacs have been recognized by the Company.</p> <p>Loans and advances form major portion of the Company's assets. Provision on portfolio loans under microfinance loans are made as per minimum provision required as per Non-Banking Financial Company Micro Finance Institutions' (Reserve Bank) Directions, 2011 issued by Reserve Bank of India as amended from time to time. The Company exercises significant judgment while determining the extent of provision required against Non-performing assets. In carrying out the above exercise for identification of credit risk, the Company takes into consideration the ageing of overdue receivables and also takes into account the external factors like political disruptions / actions, natural calamities etc.</p> <p>This has been considered as a key audit matter as significant judgement is involved in determining the provision amount for doubtful loans and advances.</p>	<p>Considered the Company's policies for NPA identification and provisioning and assessing compliance with the NBFC-MFI Directions.</p> <p>Performed tests of controls over the identification and provisioning of aged / delinquent loans and advances.</p> <p>Performed other procedures including substantive audit procedures covering the identification of NPAs by the Company. These procedures included:</p> <p>Tested exception reports on a sample basis generated by the Company.</p> <p>For customer-wise provisioning, tested selected samples of loans and advances to assess whether doubtful loans and advances have been identified timely and correctly.</p> <p>Tested whether the provision calculated is as per the RBI prudential norms. For provisioning in excess of the RBI norms, we tested whether there is compliance with the Company's provision policy.</p> <p>Performed inquiries with the credit departments to ascertain if there were indicators of stress or an occurrence of an event of default on a particular loan account.</p> <p>Assessed compliance with the disclosure requirements of the applicable accounting standards, Schedule III to the Companies Act and RBI guidelines.</p>

**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, Corporate Social Responsibility and Management Discussion & Analysis included in the Annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**Responsibilities of Management for the financial statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going





concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

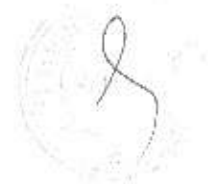
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

A handwritten signature in blue ink is written over a circular blue ink stamp. The stamp contains some illegible text, possibly a company or professional seal.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position in its financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

  
per **Sanjay Kumar Agarwal**

Partner

Membership Number: 060352

Place of Signature: Kolkata

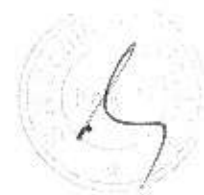
Date: May 30, 2019





**Annexure 1 Referred to In Paragraph 1 of the section on "Report on other legal and regulatory requirements" of our report of even date on the financial statements of Sonata Finance Private Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Majority of the fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given by the management, there are no immovable properties, included in the fixed assets of the Company and accordingly, the requirement under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and accordingly, the requirements under paragraph 3(ii) of the order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provision of clause 3(vi) of the Order are not applicable to the Company.



(vii)

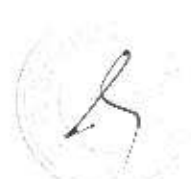
- (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, good and service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, good and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, goods and service tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer or further public offer / debt instruments, hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

Further, money raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus fund which were not required for immediate utilisation have been gainfully invested in fixed deposits/liquid assets.

- (x) Based on the audit procedure performed for the purpose of reporting the true and fair view of the financial statement and according to the information and explanation given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) The Company being a private Company, hence the provisions of section 197 read with Schedule V of the Act is not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of preference shares issued during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.



# **S.R. BATLIBOI & Co. LLP**

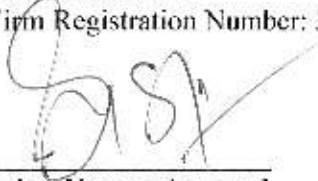
Chartered Accountants

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

  
per **Sanjay Kumar Agarwal**

Partner

Membership Number: 060352

Place of Signature: Kolkata

Date: May 30, 2019



**Annexure 2 to the Independent Auditor's Report of Even Date on the financial statements of Sonata Finance Private Limited****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Sonata Finance Private Limited ("the Company") as of March 31, 2019, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.



**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these financial statements**

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these financial statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

  
per **Sanjay Kumar Agarwal**

Partner

Membership Number: 060352

Place of Signature: Kolkata

Date: May 30, 2019



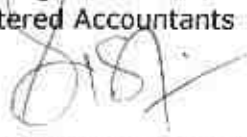
**Sonata Finance Private Limited**  
**Balance Sheet as at March 31, 2019**

	Notes	As at March 31, 2019 (Rs.)	As at March 31, 2018 (Rs.)
<b>I. Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	24,04,18,650	18,98,62,690
Reserves and surplus	4	2,50,85,40,226	1,60,19,32,852
		<b>2,74,89,58,876</b>	<b>1,79,17,95,542</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	3,90,40,85,132	6,15,24,42,014
Long term provisions	6	13,57,83,679	14,63,32,193
		<b>4,03,98,68,811</b>	<b>6,29,87,74,207</b>
<b>Current liabilities</b>			
Short-term borrowings	7	1,03,37,75,397	97,50,00,000
Other current liabilities	8	5,16,39,54,270	4,57,80,94,610
Short-term provisions	6	4,79,50,146	1,14,33,222
		<b>6,24,56,79,813</b>	<b>5,56,45,27,832</b>
<b>Total</b>		<b>13,03,45,07,500</b>	<b>13,65,50,97,581</b>
<b>II. Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
- Tangible Asset	9A	1,69,12,700	1,50,70,528
- Intangible Asset	9B	44,73,991	78,56,795
Non-current investments	10	5,00,000	5,00,000
Deferred tax assets	11	14,56,23,666	24,17,02,050
Long term loans and advances	12	3,27,63,62,505	4,12,55,53,511
Other non-current assets	13	69,54,09,455	28,42,41,917
		<b>4,13,92,82,317</b>	<b>4,67,49,24,801</b>
<b>Current assets</b>			
Current investments	10	10,00,000	10,00,000
Cash and bank balances	14	2,18,52,33,722	1,35,07,82,872
Short-term loans and advances	12	6,59,63,36,331	7,49,91,10,165
Other current assets	13	11,26,55,130	12,92,79,743
		<b>8,89,52,25,183</b>	<b>8,98,01,72,780</b>
<b>Total</b>		<b>13,03,45,07,500</b>	<b>13,65,50,97,581</b>

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.  
As per our report of even date


**For S.R.Batliboi & Co. LLP**  
Firm Registration No.301003E/E300005  
Chartered Accountants

  
**per Sanjay Kumar Agrawal**  
Partner  
Membership No.: 060352


**For and on behalf of the Board of Directors of  
Sonata Finance Private Limited**

  
**Managing Director**  
DIN: 00173413



  
**Director**  
DIN: 02947368

  
**Chief Financial Officer**

  
**Company Secretary**

Place: Kolkata  
Date: May 30, 2019

Place: Lucknow  
Date: May 30, 2019

**Sonata Finance Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2019**

	Notes	Year ended March 31, 2019 (Rs.)	Year ended March 31, 2018 (Rs.)
<b>I. Income</b>			
Revenue from operations	15	2,71,53,12,812	2,16,45,85,485
Other income	16	27,31,20,508	24,40,14,192
<b>Total income</b>		<b>2,98,84,33,320</b>	<b>2,40,85,99,677</b>
<b>II. Expenses</b>			
Employee benefit expenses	17	56,21,46,968	50,13,25,509
Finance costs	18	1,37,34,78,090	1,37,07,38,569
Depreciation and amortization expense	19	1,33,16,102	88,60,140
Other expenses	20	21,89,71,047	18,64,43,888
Provisions and write offs	21	53,67,73,468	84,23,71,152
<b>Total expenses</b>		<b>2,70,46,85,675</b>	<b>2,90,97,39,258</b>
<b>Profit / ( loss) before tax</b>		<b>28,37,47,645</b>	<b>(50,11,39,581)</b>
<b>Tax expense</b>			
- Current tax (Minimum alternate tax)		5,70,82,866	-
- Less : Minimum alternate tax transferred to MAT Credit entitlement account)		(5,70,82,866)	-
- Deferred tax credit		9,60,78,384	(16,71,61,251)
<b>Total tax expenses/ (credit)</b>		<b>9,60,78,384</b>	<b>(16,71,61,251)</b>
<b>Profit/ (loss) for the year</b>		<b>18,76,69,261</b>	<b>(33,39,78,330)</b>
<b>Earning per equity share (EPS)</b>	22		
Basic		8.90	-15.83
Diluted		8.83	-15.83
Nominal value of share		10	10

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S.R.Batliboi & Co. LLP**

Firm Registration No.301003E/E300005  
Chartered Accountants

**per Sanjay Kumar Agrawal**

Partner

Membership No.: 060352

**For and on behalf of the Board of Directors of  
Sonata Finance Private Limited**

**Managing Director**

DIN: 00173413

**Chief Financial Officer**



**Director**

DIN: 02947368

**Company Secretary**

Place: Kolkata

Date: May 30, 2019

Place: Lucknow

Date: May 30, 2019

**Sonata Finance Private Limited**  
**Cash Flow Statement for the year ended March 31, 2019**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	(Rs.)	(Rs.)
<b>A. Cash flow from operating activities :</b>		
Net profit before taxation	28,37,47,645	(50,11,39,581)
<b>Adjustments for :</b>		
Finance Cost	1,37,34,78,090	1,37,07,38,569
Interest income of fixed deposit	(5,68,34,235)	(5,94,38,698)
Net gain on sale of current investments	(2,34,93,578)	(10,32,57,530)
Depreciation and amortization	1,33,16,102	88,60,140
Provision for standard and non performing assets	(2,76,10,283)	1,42,23,355
Provision for portfolio loan securitised / managed portfolio	4,69,89,732	(3,39,35,938)
Portfolio loans written-off	49,77,77,939	68,05,82,920
Provision for interest on income tax	3,08,575	3,103
Provision for other receivables	45,27,373	20,11,063
<b>Operating profit before working capital changes</b>	<b>2,11,22,07,360</b>	<b>1,37,86,47,403</b>
<b>Movements in working capital:</b>		
(Increase)/Decrease in other current assets	50,76,430	4,22,19,850
(Increase)/Decrease in other non-current assets	-	90,88,430
(Increase)/Decrease in short term loans & advances	87,41,98,763	(1,13,76,51,648)
(Increase)/Decrease in long term loans & advances	40,90,31,136	(2,97,96,05,841)
Increase/(Decrease) in long term provisions	-	(28,860)
Increase/(Decrease) in short term provisions	65,88,960	(1,33,69,065)
Increase/(Decrease) in other current liabilities	15,35,91,657	7,84,61,620
<b>Cash generated/ (used) in operations</b>	<b>3,56,06,94,306</b>	<b>(2,62,22,38,111)</b>
Direct taxes paid	(5,66,18,069)	(2,11,58,996)
<b>Net cash flow generated/ (used) in operating activities (A)</b>	<b>3,50,40,76,237</b>	<b>(2,64,33,97,107)</b>
<b>B. Cash flow from investing activities :</b>		
Interest income on fixed deposits with banks and financial institutions	6,25,74,118	8,25,01,393
Net gain on sale of current investments	2,34,93,578	10,32,57,530
Purchase of fixed assets	(1,17,75,470)	(1,30,24,926)
(Increase)/Decrease in fixed deposits (net)	(33,72,33,927)	27,57,73,552
Sale of current investments (net)	-	(8,91,064)
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(26,29,41,701)</b>	<b>44,76,16,485</b>
<b>C. Cash flow from financing activities :</b>		
Payment of finance cost	(1,38,68,46,225)	(1,37,44,88,470)
Proceeds from issuance of share capital	77,25,30,534	-
Proceeds from issuance of debentures (net)	(41,00,00,000)	54,00,00,000
Payment of share/debenture issue expenses	(30,31,046)	(29,06,397)
Proceeds/(repayment) from long-term borrowings (net)	(1,39,30,29,318)	(51,86,03,390)
Proceeds/(repayment) from short-term borrowings (net)	5,87,75,397	56,00,00,000
Payment of dividend including dividend tax	(5,414)	(9,16,093)
<b>Net Cash flow from financing activities (C)</b>	<b>(2,36,16,06,072)</b>	<b>(79,69,14,350)</b>

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<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>87,95,28,464</b>	<b>(2,99,26,94,972)</b>
Cash and cash equivalents at the beginning of the year	96,33,00,369	3,95,59,95,341
<b>Cash and cash equivalents at the end of the year</b>	<b>1,84,28,28,833</b>	<b>96,33,00,369</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	2,64,63,168	1,54,53,014
With banks- on current account	1,81,63,65,665	94,78,47,355
- on deposit account	-	-
<b>Total cash and cash equivalents (Refer Note 14)</b>	<b>1,84,28,28,833</b>	<b>96,33,00,369</b>

Summary of significant accounting policies (refer note 2.1)

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S.R.Batilbol & Co. LLP**

Firm Registration No.301003E/E300005

Chartered Accountants

**per Sanjay Kumar Agrawal**

Partner

Membership No.: 060352

**For and on behalf of the Board of Directors of  
Sonata Finance Private Limited**

**Managing Director**

DIN: 00173413

**Director**

DIN: 02947368

**Chief Financial Officer**

**Company Secretary**

Place: Kolkata

Date: May 30, 2019

Place: Lucknow

Date: May 30, 2019



**1. Corporate information**

Sonata Finance Private Limited ("the Company") is a private company incorporated in India. The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and has got classified as a Non-Banking Financial Company - Micro Finance Institution ('NBFC-MFI') with effect from December 3, 2013.

The Company is engaged in providing financial services to women in the rural areas of India who are organized as Joint Liability Groups.

**2. Basis of preparation**

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read with the Companies (Accounts) Rules, 2014 and the provisions of the RBI as applicable to a NBFC-MFI and Systemically Important NBFC-ND.

The financial statements have been prepared under the historical cost convention on an accrual basis except interest on Non-Performing Loans which is accounted for on realisation basis. The accounting policies applied by the Company are consistent with those applied in the previous year.

**2.1 Summary of significant accounting policies**

**(a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**(b) Tangible fixed assets**

All tangible fixed assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

**(c) Depreciation on tangible fixed assets**

Depreciation on tangible fixed assets is calculated on the written down value method as per the useful life prescribed under Schedule II to the Companies Act, 2013, which is the useful lives of the underlying assets as estimated by the management.

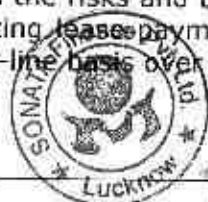
Fixed assets costing upto Rs. 5,000 individually are fully depreciated over a period of one year.

**(d) Amortization of intangible fixed assets**

Intangible assets are amortized on straight line basis over a period of five years.

**(e) Leases**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.



**(f) Borrowing Cost**

Borrowing costs includes interests which are recognised on time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings.

Processing fees and ancillary fees incurred for arrangement of borrowings from banks and financial institutions are charged off up-front to the statement of profit and loss

**(g) Impairment of fixed assets**

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**(h) Investments**

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statement at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of investment, the difference between the carrying amount and net disposal proceeds are charged or credited to the statement of profit and loss.

**(i) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i) Interest income on portfolio loans is recognized in the Statement of profit and loss on time proportion basis taking into account the amount outstanding and the rates applicable, except in the case of non-performing assets ("NPA's"), where it is recognized, upon realization, as per prudential norms of RBI. Any such income recognised before the assets become non-performing and remaining unrealised are reversed.
- ii) The profit / premium arising at the time of securitization of loan portfolio is recognised over the life of the underlying loan portfolio, in accordance with Guidelines on transfer of assets through securitization issued by Reserve Bank of India
- iii) Interest income on deposits with banks is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- iv) Processing fees are recognized as income upfront when it becomes due.
- v) Income from services rendered in connection with loans given on behalf of banks to joint liability groups organized / monitored by the Company are recognized on accrual basis as and when such services are rendered.



- vi) All other income is recognized on an accrual basis.

**(j) Foreign currency transactions**

All transactions in foreign currency are recognized at the exchange rate prevailing on the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year. Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**(k) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable under the scheme. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each year. Actuarial gains and losses for defined benefit plan are recognized in full in the year in which they occur in the statement of profit and loss.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Short term compensated absences are provided for based on estimates.

**(l) Income taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carried forward unabsorbed depreciation or tax losses, all deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax assets can be realised. At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes down the carrying amount of deferred tax assets to the extent that it is no longer reasonably certain of virtually certain, as the





case may be, that sufficient future taxable income will be available against which deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available.

**(m) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**(n) Provisions**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(o) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**(p) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(q) Classification of Portfolio loans**

Loans are classified as follows:

Asset Classification	Period
Standard Assets	Current Loan and overdue upto 90 days
Non-Performing Assets	Overdue from 91 days and more

"Overdue" refers to interest and / or installment remaining unpaid from the day it became receivable.

The above classification is in compliance with Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) Directions, December 02, 2011, as amended from time to time.



**(r) Provision for loan portfolio**

Provisions on portfolio loans under microfinance loans are made as per minimum provision required as per Non-Banking Financial Company Micro Finance Institutions (Reserve Bank) Directions, 2011 as amended from time to time. The Management treats a loan overdue as soon as a scheduled installment is failed.

As per the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011, the aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

Provision for losses arising under securitized portfolio is on the basis of incurred losses (shortfall in collection), subject to the maximum guarantee given in respect of securitisation arrangements.

Provision for losses arising under managed portfolio is on the basis of provisioning policy on Company's own portfolio, subject to any payment made towards shortfall in collections, which are fully provided for.

Non-performing loans are written off when the prospect of recovery is considered remote as per the management estimates.

Provision on portfolio loans other than qualifying assets are provided as per the minimum provisioning norms applicable to all NBFCs specified in Master Direction - Non-Banking Financial Company - Systemically Important Non-deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

**(s) Corporate Social Responsibility (CSR) expenditure**

The provision made towards CSR expenses is charged to the Statement of Profit and Loss.



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**Sonata Finance Private Limited**  
**Notes to the Financial Statements as at and for the year ended March 31, 2019**

3	Share capital	As at March 31, 2019	As at March 31, 2018
		(Rs.)	(Rs.)
	<b>Authorized shares</b>		
	3,00,00,000 (March 31, 2018: 3,00,00,000) equity shares of Rs. 10/- each	30,00,00,000	30,00,00,000
	1,00,00,000 (March 31, 2018: 1,00,00,000) preference shares of Rs. 10/- each	10,00,00,000	10,00,00,000
		<b>40,00,00,000</b>	<b>40,00,00,000</b>
	<b>Issued, subscribed and fully paid-up shares</b>		
	2,10,96,119 (March 31, 2018: 2,10,96,119) equity shares of Rs. 10/- each	21,09,61,190	21,09,61,190
	Less: amount recoverable from Sonata Employee Welfare Trust #	1,54,52,690	2,10,98,500
	<b>Total issued, subscribed and fully paid-up share capital</b>	<b>19,55,08,500</b>	<b>18,98,62,690</b>
	44,91,015 (March 31, 2018: NIL) Non-Cumulative 0.01% Compulsorily convertible preference shares (CCPS) of Rs. 10/- each	4,49,10,150	-
	<b>Total issued, subscribed and fully paid-up share capital</b>	<b>24,04,18,650</b>	<b>18,98,62,690</b>

# Represents equity shares issued to the Sonata Employee Welfare Trust, which are yet to be exercised by the beneficiaries under the terms of ESOP plans administered through a trust.

**A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

Equity shares	As at March 31, 2019		As at March 31, 2018	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year #	1,89,86,269	18,98,62,690	1,89,86,269	18,98,62,690
Issued during the year	5,64,581	56,45,810	-	-
<b>Shares outstanding at the end of the year #</b>	<b>1,95,50,850</b>	<b>19,55,08,500</b>	<b>1,89,86,269</b>	<b>18,98,62,690</b>

# Net of equity shares issued to the Sonata Employee Welfare Trust.

Non-Cumulative 0.01% Compulsorily Convertible Preference Shares (CCPS)	As at March 31, 2019		As at March 31, 2018	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year	-	-	-	-
Issued during the year	44,91,015	4,49,10,150	-	-
Less: converted into equity shares during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>44,91,015</b>	<b>4,49,10,150</b>	<b>-</b>	<b>-</b>

**B. Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share for matters other than "Investor Reserved Matters".

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**C. Terms/rights attached to CCPS**



*[Signature]*

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*[Signature]*

(i) The Series B CCPS shall confer on the holder of Series B CCPS a right to receive, a preference dividend equal to 0.01% on face value of each Series B CCPS ("Series B Preference Dividend") per annum, if declared by the Company.

(ii) The Series B CCPS shall be compulsorily converted into Equity Shares on trigger of either of (A) or (B) mentioned as below:

(A) Upon the next issuance and allotment of Equity Shares by the Company provided that such issuance and allotment is for an aggregate amount of INR 100,00,00,000 (Rupees one hundred crore) or more, and is undertaken by the Company within the Conversion Period\*; or

(B) Upon the expiry of the Conversion period, if the Company fails to complete/undertake the Series B CCPS Conversion Round within such time period.

\*Conversion Period shall mean a period of twelve months from the date which is the earlier of (i) the date of the last CCPS Effective Date; and (ii) the Long Stop Date i.e., September 30, 2018



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**D. Details of shareholders holding more than 5% shares in the Company**

Name of shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of shares held	% of Holding in the class	No. of shares held	% of Holding in the class
<b>Equity Shares of Rs. 10/- each fully paid</b>				
Creation Investments Social Ventures Fund II LP	44,73,364	21.20%	44,73,364	21.20%
Societe De Promotion Et De Participation Pour La Cooperation Economique	25,48,443	12.08%	23,48,654	11.13%
SIDBI Trustee Company Limited [A/c Samridhi Fund]	22,03,226	10.44%	22,03,226	10.44%
Sonata Employee Welfare Trust (under various ESOP schemes - refer note 27)	15,45,269	7.32%	21,09,850	10.00%
Creation Investments Social Ventures Fund	14,91,121	7.07%	14,91,121	7.07%
India Financial Inclusion Fund, LLC	14,80,634	7.02%	14,80,634	7.02%
Triodos Custody B.V. As A Custodian of Triodos Fair Share Fund	12,74,222	6.04%	11,74,327	5.57%
Triodos SICAV II- Triodos Microfinance Fund	12,74,221	6.04%	11,74,326	5.57%
Anup Kumar Singh	11,25,462	5.33%	8,75,462	4.15%

**Compulsorily Convertible Preference Shares of Rs. 10/- each fully paid**

Societe De Promotion Et De Participation Pour La Cooperation Economique	11,97,604	26.67%	-	-
Creation Investments Social Venture Fund II, L.P.	11,97,604	26.67%	-	-
SIDBI Trustee Company Limited [A/c Samridhi Fund]	8,98,203	20.00%	-	-
Triodos Custody B.V. As A Custodian of Triodos Fair Share Fund	5,98,802	13.33%	-	-
Triodos SICAV II- Triodos Microfinance Fund	5,98,802	13.33%	-	-

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**E. Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, please refer note 27.

4	Reserves and surplus	As at March 31, 2019	As at March 31, 2018
		(Rs.)	(Rs.)
A.	<b>Securities premium account</b>		
	Balance as at the beginning of the year	1,28,38,36,817	1,28,67,43,214
	Add: Addition during the year	72,19,74,574	-
	Less: Share / debenture issue expenses incurred during the year (net of tax adjustment)	30,31,046	29,06,396
	<b>Balance as at the end of the year</b>	<b>2,00,27,80,345</b>	<b>1,28,38,36,818</b>
B.	<b>Statutory reserve</b>		
	Balance as at the beginning of the year	13,63,23,720	13,63,23,720
	Add: Amount transferred from surplus balance in the statement of profit and loss during the year	3,75,33,852	-
	<b>Balance as at the end of the year</b>	<b>17,38,57,572</b>	<b>13,63,23,720</b>
C.	<b>Capital reserve</b>	<b>22,68,400</b>	<b>22,68,400</b>
D.	<b>Surplus in the statement of profit and loss</b>		
	Balance as at the beginning of the year	17,95,03,914	51,34,82,244
	Profit / (loss) for the year	18,76,69,261	(33,39,78,330)
	Less: Appropriations		
	Transferred to statutory reserve	3,75,33,852	-
	Preference dividend (including corporate dividend tax)	5,414	-
	<b>Total appropriations</b>	<b>3,75,39,266</b>	<b>-</b>
	<b>Net surplus in the statement of profit and loss</b>	<b>32,96,33,909</b>	<b>17,95,03,914</b>
	<b>Total</b>	<b>2,50,85,40,226</b>	<b>1,60,19,32,852</b>



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5	Long Term Borrowings	Non Current Portion		Current Maturities	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
A.	<b>Debentures</b>				
	<b>Secured</b>				
	Redeemable non-convertible debentures	1,53,00,00,000	3,01,20,00,000	1,98,20,00,000	91,00,00,000
	<b>Unsecured*</b>				
	Redeemable non-convertible debentures	15,00,00,000	15,00,00,000	-	-
B.	<b>Term loans</b>				
	<b>Secured</b>				
	- from banks	69,19,19,817	71,42,32,278	1,26,93,03,612	1,44,45,03,834
	- from financial institutions	3,75,00,000	12,50,00,000	8,75,00,000	57,66,66,674
	- from non banking finance companies	62,87,98,336	98,67,15,819	1,05,40,73,315	1,00,88,90,752
	<b>Unsecured*</b>				
	- from banks	40,00,00,000	-	-	-
	- from financial institutions	24,00,00,000	24,00,00,000	-	-
	- from non banking finance companies	22,58,66,979	92,44,93,917	29,91,32,472	30,66,20,575
	<b>Total</b>	<b>3,90,40,85,132</b>	<b>6,15,24,42,014</b>	<b>4,69,20,09,399</b>	<b>4,24,66,81,835</b>
	<b>The above amount includes</b>				
	Secured borrowings	2,88,82,18,153	4,83,79,48,097	4,39,28,76,927	3,94,00,61,260
	Unsecured borrowings	1,01,58,66,979	1,31,44,93,917	29,91,32,472	30,66,20,575
	Amount disclosed under the head "other current liabilities" (Refer Note 8)	-	-	(4,69,20,09,399)	(4,24,66,81,835)
	<b>Total</b>	<b>3,90,40,85,132</b>	<b>6,15,24,42,014</b>	<b>-</b>	<b>-</b>

\* Includes subordinated debt of Rs. 89,00,00,000 (March 31, 2018 : Rs. 89,00,00,000)

6	Provisions	Non - Current Portion		Current Portion	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
A.	<b>Provision for employee benefits</b>				
	Provision for gratuity	-	-	35,36,024	16,56,961
	Provision for leave	-	-	1,28,36,797	81,26,900
		-	-	<b>1,63,72,821</b>	<b>97,83,861</b>
B.	<b>Provision for portfolio loans</b>				
	On standard assets	1,20,158	10,66,513	3,15,77,325	16,49,361
	On non performing assets	6,37,26,277	12,03,18,168	-	-
		<b>6,38,46,435</b>	<b>12,13,84,681</b>	<b>3,15,77,325</b>	<b>16,49,361</b>
C.	<b>Others</b>				
	Provision for dividend distribution tax	-	-	-	-
	Provision for securitised/managed portfolio loans	7,19,37,244	2,49,47,512	-	-
		<b>7,19,37,244</b>	<b>2,49,47,512</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>13,57,83,679</b>	<b>14,63,32,193</b>	<b>4,79,50,146</b>	<b>1,14,33,222</b>

7	Short-term borrowings	As at March 31, 2019	As at March 31, 2018
		(Rs.)	(Rs.)
	<b>Secured</b>		
	Short Term loan from a bank	1,03,37,50,000	97,50,00,000
	Bank Overdraft	25,397	-
	<b>Total</b>	<b>1,03,37,75,397</b>	<b>97,50,00,000</b>

Short term loans were secured by hypothecation of underlying portfolio loans and margin money deposits, where applicable, in accordance with the respective loan agreements. The loans carry an interest rate ranging from 10.25% to 11.50% per annum.

8	Other current liabilities	As at March 31, 2019	As at March 31, 2018
		(Rs.)	(Rs.)
	Current maturities of long-term borrowings (Refer Note 5)	4,69,20,09,399	4,24,66,81,835
	Interest accrued but not due on borrowings	12,49,02,523	13,82,70,660
	Payable for portfolio loans securitised	22,73,93,325	4,72,41,457
	Payable to bank against direct sale agreement (DSA)	10,33,737	4,40,78,007
	Statutory dues payable	1,99,71,870	1,63,53,792
	Temporary bank overdraft	-	4,51,795
	Other payables	9,86,43,416	8,50,17,064
	<b>Total</b>	<b>5,16,39,54,270</b>	<b>4,57,80,94,610</b>



**5A Long-term borrowings**  
**Terms of repayment of long term borrowings as on 31 March 2019**

Original Maturity of Loan	Due within 1 Year		Due between 1 and 2 Year		Due between 2 and 3 Year		Due between 3 and 5 Year		Above 5 Year		Interest Rate (%)	Total (INR)
	No. of Instalments	Amount (in Rupees)	No. of Instalments	Amount (in Rupees)	No. of Instalments	Amount (in Rupees)	No. of Instalments	Amount (in Rupees)	No. of Instalments	Amount (in Rupees)		
<b>Debentures</b>												
Secured												
1-3 Years	1	50,00,00,000									0.12165	50,00,00,000
3-5 Years	1	67,00,00,000	3	1,28,00,00,000							12.77%-14.70%	1,95,00,00,000
Above 5 Years	3	1,01,20,00,000	1	15,00,00,000				10,00,00,000			14%-14.75%	1,26,20,00,000
<b>Sub total (a)</b>	<b>5</b>	<b>1,93,20,00,000</b>	<b>4</b>	<b>1,43,00,00,000</b>			<b>1</b>	<b>10,00,00,000</b>				<b>3,61,20,00,000</b>
<b>Unsecured</b>												
Above 5 Years												
Sub total (b)							<b>1</b>	<b>15,00,00,000</b>			<b>16.25%</b>	<b>15,00,00,000</b>
<b>Total (A)</b>	<b>5</b>	<b>1,93,20,00,000</b>	<b>4</b>	<b>1,43,00,00,000</b>			<b>2</b>	<b>25,00,00,000</b>				<b>3,66,20,00,000</b>
<b>Term Loans</b>												
Secured												
Monthly Repayment Schedule												
From Banks												
1-3 Years	47	75,50,90,908	13	37,39,63,638							<b>11.60%-13.50%</b>	<b>1,13,29,54,546</b>
3-5 Years	12	2,28,00,000	6	1,14,19,056							<b>12.50%</b>	<b>3,42,79,056</b>
<b>From Financial Institutions</b>												
1-3 Years												
From NBFC												
1-3 Years	195	93,99,50,034	77	45,94,25,626							<b>10.68%-14.00%</b>	<b>1,42,03,71,650</b>
3-5 Years	22	5,16,13,280	24	6,52,66,780	24	7,54,48,551	2	76,71,330			<b>13.75%-14.22%</b>	<b>20,00,00,000</b>
<b>Total (B)</b>	<b>276</b>	<b>1,77,35,24,223</b>	<b>120</b>	<b>90,89,78,119</b>	<b>28</b>	<b>9,74,34,881</b>	<b>2</b>	<b>76,71,330</b>				<b>2,78,76,06,263</b>
<b>Quarterly Repayment Schedule</b>												
From Banks												
1-3 Years	13	25,30,41,369	7	13,78,97,727	4	12,72,72,727					<b>11.35%-13.65%</b>	<b>51,80,11,824</b>
3-5 Years	4	3,33,33,332	4	3,33,33,332	1	93,11,339					<b>13.25%</b>	<b>7,59,78,003</b>
<b>From NBFC</b>												
1-3 Years	4	5,25,00,000									<b>13.50%</b>	<b>6,25,00,000</b>
<b>Total (C)</b>	<b>21</b>	<b>34,88,74,701</b>	<b>11</b>	<b>17,10,31,059</b>	<b>5</b>	<b>13,66,84,066</b>						<b>65,84,89,827</b>
<b>Half yearly Repayment Schedule</b>												
From NBFC												
1-3 Years												
From Financial Institutions												
1-3 Years												
3-5 Years	2	8,75,00,000	2	2,50,00,000	1	1,25,00,000					<b>11.50%</b>	<b>12,50,00,000</b>
<b>Total (D)</b>	<b>2</b>	<b>8,75,00,000</b>	<b>2</b>	<b>2,50,00,000</b>	<b>1</b>	<b>1,25,00,000</b>						<b>12,50,00,000</b>



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**Sonata Finance Private Limited**  
**Notes to the Financial Statements as at and for the year ended March 31, 2019**

**5B Long-term borrowings**

**Terms of repayment of long term borrowings as on 31 March 2018**

Original maturity of loan	No. of instalments	Due within 1 year Amount (in Rupees)	Due between 1 and 2 years No. of instalment Amount (in Rupees)	Due between 2 and 3 years No. of instalment Amount (in Rupees)	Due between 3 and 5 years No. of instalment Amount (in Rupees)	Above 5 years No. of instalment Amount (in Rupees)	Interest Rate	Total
<b>Debentures</b>								
<b>Secured</b>								
1-3 Years	-	-	1	-	-	-	-	-
3-5 Years	3	91,00,00,000	-	-	-	-	12.17%	30,00,00,000
Above 5 Years	-	-	-	-	-	-	12.77% - 14.75%	2,36,00,00,000
<b>Unsecured</b>								
1-3 Years	3	91,00,00,000	2	1	2	-	14.00% - 14.91%	1,26,20,00,000
Above 5 Years	-	-	3	1	4	-	-	3,92,20,00,000
<b>Term Loans</b>								
<b>Secured</b>								
1-3 Years	-	-	-	-	1	-	15.25%	15,00,00,000
<b>Monthly repayment schedule</b>								
<b>From Banks:</b>								
1-3 Years	67	61,88,60,986	24	-	-	-	11.00% - 13.00%	93,57,60,886
3-5 Years	12	2,28,60,000	12	6	1,14,19,056	-	12.50%	5,71,39,056
<b>From Financial Institutions:</b>								
1-3 Years	12	15,00,00,006	-	-	-	-	12.50%	15,00,00,006
<b>From NBFCs:</b>								
1-3 Years	108	74,83,89,124	77	34	33,48,20,489	-	10.98% - 13.90%	1,67,24,26,089
<b>Total (a)</b>	<b>199</b>	<b>1,54,99,10,016</b>	<b>113</b>	<b>40</b>	<b>34,62,39,545</b>	-	-	<b>2,74,53,26,037</b>
<b>Quarterly repayment schedule</b>								
<b>From Banks:</b>								
1-3 Years	32	77,78,04,095	10	3	1,04,25,000	-	13.70% - 13.65%	94,58,36,170
3-5 Years	3	2,49,99,999	4	4	3,33,33,332	1	13.25%	10,00,00,000
<b>From NBFCs:</b>								
1-3 Years	17	24,40,13,814	4	-	-	-	13.50% - 14.50%	30,65,13,814
<b>Total (b)</b>	<b>52</b>	<b>1,04,66,17,908</b>	<b>18</b>	<b>7</b>	<b>4,37,58,332</b>	<b>1</b>	-	<b>1,35,23,49,984</b>
<b>Half-yearly repayment schedule</b>								
<b>From NBFCs:</b>								
1-3 Years	2	1,66,66,668	-	-	-	-	14.75%	1,66,66,668
<b>From Financial Institutions:</b>								
1-3 Years	2	26,66,66,668	-	-	-	-	11.50%	26,66,66,668
3-5 Years	2	15,00,00,000	2	2	2,50,00,000	1	11.50%	27,50,00,000
<b>Total (c)</b>	<b>6</b>	<b>43,33,33,336</b>	<b>2</b>	<b>2</b>	<b>2,50,00,000</b>	<b>1</b>	-	<b>55,83,33,336</b>
<b>One-time repayment schedule</b>								
<b>From Banks:</b>								
1-3 Years	-	-	1	-	-	-	11.75%	20,00,00,000
<b>From NBFCs:</b>								
Above 5 Years	-	-	-	-	-	-	-	-
<b>Total (d)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	<b>20,00,00,000</b>



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**Sonata Finance Private Limited**  
Notes to the Financial Statements as at and for the year ended March 31, 2019

Original maturity of loan	Due within 1 year		Due between 1 to 2 years		Due between 2 to 3 years		Due between 3 to 5 years		Above 5 years		Interest Rate	Total
	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	No. of Installment	Amount (in Rupees)		
<b>Unsecured</b>												
From NBFCs:												
1-3 Years	60	30,66,20,575	52	30,14,61,453	25	12,30,32,464	-	-	-	-		
Total (e)	60	30,66,20,575	52	30,14,61,453	25	12,30,32,464	-	-	-	-	13.70% - 13.95%	73,11,14,492
<b>One-time repayment schedule</b>												
From NBFCs:												
Above 5 Years,	-	-	-	-	-	-	2	30,00,00,000	1	20,00,00,000	14.25% - 17.00%	50,00,00,000
<b>From Financial Institutions:</b>												
Above 5 Years,	-	-	-	-	-	-	-	-	-	-		
Total (f)	-	-	-	-	2	5,00,00,000	5	19,00,00,000	-	-	15.50% - 15.70%	24,00,00,000
<b>Grand Total</b>	<b>320</b>	<b>4,24,66,81,835</b>	<b>189</b>	<b>2,32,35,78,336</b>	<b>77</b>	<b>73,80,30,341</b>	<b>14</b>	<b>2,99,08,33,357</b>	<b>1</b>	<b>20,00,00,000</b>		<b>74,00,00,000</b>
									<b>1</b>	<b>20,00,00,000</b>		<b>10,39,91,23,849</b>

**Note:**

**A. Debentures**

- The debentures are secured by way of exclusive charge on all receivable from underlying portfolio loans.
- Debentures amounting to Rs. 30,00,00,000 (2016-2017: Rs 30,00,00,000) has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (June 30, 2015)\*.
- Debentures amounting to Rs. 15,00,00,000 (2016-2017: Rs 15,00,00,000) has a call / put option available with the Company / Debenture holder at the end of 24 months from the date of allotment (July 17, 2015).
- Debentures amounting to Rs. 58,00,00,000 (2016-2017: Rs 58,00,00,000) has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (June 22, 2016).
- Debentures amounting to Rs. 67,00,00,000 (2016-2017: Rs Nil) has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (October 26, 2016).
- Debentures amounting to Rs. 78,00,00,000 (2016-2017: Rs Nil) has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (July 31, 2017).

\* considered within one year as the holder have the right to exercise the redemption option within next one year.

**B. Term Loans**

- The term loans are secured by hypothecation of portfolio loans covered by hypothecation loan agreement and margin money deposits.



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9 Property, Plant and Equipment (Rs.)					
A Tangible Assets					
Cost	Furniture & Fixtures	Computers	Office equipments	Vehicles	Total
At April 1, 2017	2,18,66,892	1,61,28,576	1,21,46,734	15,13,803	5,16,56,005
Additions	42,09,259	24,74,836	24,85,961	-	91,70,056
Disposals	-	-	-	-	-
At March 31, 2018	2,60,76,151	1,86,03,412	1,46,32,695	15,13,803	6,08,26,061
Additions	29,79,384	46,67,714	36,57,932	-	1,13,05,030
Disposals	-	-	-	-	-
At March 31, 2019	2,90,55,535	2,32,71,126	1,82,90,627	15,13,803	7,21,31,091
Accumulated depreciation					
At April 1, 2017	1,39,63,953	1,33,18,460	86,34,982	12,11,331	3,71,28,726
Charge for the year	39,29,118	22,10,581	23,94,035	93,073	86,26,807
Disposals	-	-	-	-	-
At March 31, 2018	1,78,93,071	1,55,29,041	1,10,29,017	13,04,404	4,57,55,532
Charge for the year	38,12,598	27,43,799	28,42,466	63,995	94,62,858
Disposals	-	-	-	-	-
At March 31, 2019	2,17,05,669	1,82,72,840	1,38,71,483	13,68,399	5,52,18,390
Net Block					
At March 31, 2018	81,83,080	30,74,371	36,03,678	2,09,399	1,50,70,528
At March 31, 2019	73,49,866	49,98,286	44,19,144	1,45,404	1,69,12,700

B Intangible Assets (Rs.)			
Cost	Licence Fees	Software	Total
At April 1, 2017	-	-	-
Additions	-	-	-
Disposals	-	-	-
At March 31, 2018	20,00,000	60,90,128	80,90,128
Additions	-	4,70,440	4,70,440
Disposals	-	-	-
At March 31, 2019	20,00,000	65,60,568	85,60,568
Amortization			
At April 1, 2017	-	-	-
Charge for the year	-	-	-
Disposals	-	-	-
At March 31, 2018	2,30,059	3,274	2,33,333
Charge for the year	17,69,941	20,83,303	38,53,244
Disposals	-	-	-
At March 31, 2019	20,00,000	20,86,577	40,86,577
Net Block			
At March 31, 2018	17,69,941	60,86,854	78,56,795
At March 31, 2019	-	44,73,991	44,73,991

10 Investments	Non-current investment		Current investment	
	As at March 31, 2019 (Rs.)	As at March 31, 2018 (Rs.)	As at March 31, 2019 (Rs.)	As at March 31, 2018 (Rs.)
<b>Trade investment</b>				
Investments in equity shares (unquoted) (valued at cost)	5,00,000	5,00,000	-	-
50,000 (March 31, 2018: 50,000) fully paid up shares of Alpha Micro Finance Consultants Private Limited at face value of Rs. 10 (March 31, 2018 : Rs. 10) per share				
<b>Non-trade investment (unquoted)</b>				
Unquoted Mutual Funds (valued at lower of cost or fair value)				
1,00,000 units (March 31, 2018 : 1,00,000 Units) of SBI Dual Advantage - Series XXII - Regular Growth			10,00,000	10,00,000
<b>Total</b>	<b>5,00,000</b>	<b>5,00,000</b>	<b>10,00,000</b>	<b>10,00,000</b>







**Sonata Finance Private Limited**  
**Notes to the Financial Statements as at and for the year ended March 31, 2019**

11	Deferred tax assets	As at March 31, 2019	As at March 31, 2018
		(Rs.)	(Rs.)
	<b>Deferred tax assets</b>		
	Impact of difference between tax depreciation and depreciation charged for the financial reporting	54,72,759	75,94,181
	Impact of provision on portfolio, managed loans and other receivables	6,16,45,766	4,65,67,351
	Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	44,85,690	33,85,999
	Impact of taxable losses carried forward	7,30,19,460	18,41,53,719
	<b>Net deferred tax assets</b>	<b>14,56,23,666</b>	<b>24,17,02,050</b>

12	Loans and advances (Unsecured, considered good unless stated otherwise)	Non Current Portion		Current Portion	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>A. Portfolio loans</b>					
	Considered good	2,83,97,37,368	3,57,41,17,969	6,49,31,49,114	7,37,50,43,920
	Considered doubtful	32,28,16,620	49,59,59,404	-	-
		<b>3,16,25,53,988</b>	<b>4,07,00,77,373</b>	<b>6,49,31,49,114</b>	<b>7,37,50,43,920</b>
<b>B. Security deposits</b>					
	Considered good	12,50,000	12,50,000	3,94,335	4,23,235
		<b>12,50,000</b>	<b>12,50,000</b>	<b>3,94,335</b>	<b>4,23,235</b>
<b>C. Advances recoverable in cash or kind</b>					
	Considered good	-	-	4,74,87,707	6,44,49,686
	Considered doubtful	90,52,016	45,24,643	-	-
	Less: Provision for doubtful advances	(90,52,016)	(45,24,643)	-	-
		-	-	<b>4,74,87,707</b>	<b>6,44,49,686</b>
<b>D. Others</b>					
	<b>Considered good</b>				
	Prepaid expenses	-	-	88,58,163	46,13,422
	Loan to staff	19,71,372	12,57,052	50,94,389	63,97,191
	Cenvat credit receivable	-	-	15,02,810	1,50,458
	EIS receivable	-	-	1,08,82,382	57,05,132
	MAT Credit Entitlement	5,70,82,866	-	-	-
	Advance income tax (net of provision for taxation)	4,85,04,279	4,89,69,076	-	-
	Other receivables (net of provision of NIL, March 31, 2018 : Rs. 1,60,48,655/-)*	-	-	2,39,66,931	1,42,79,381
	Margin money with non-banking financial companies and financial institutions	50,00,000	40,00,000	40,00,000	2,80,47,696
	(marked as lien towards term loan availed)	<b>11,25,58,517</b>	<b>5,42,26,138</b>	<b>5,53,05,175</b>	<b>5,91,93,327</b>
	<b>Total</b>	<b>3,27,63,62,505</b>	<b>4,12,55,53,511</b>	<b>6,59,63,36,331</b>	<b>7,49,91,10,165</b>

\*represents amount receivable in respect of dues of deceased borrowers / nominees of the borrowers.

13	Other assets (Unsecured, considered good unless stated otherwise)	Non-Current Portion		Current Portion	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
	Non current bank balances (Refer Note 11)	68,24,37,504	27,70,78,266	-	-
		<b>68,24,37,504</b>	<b>27,70,78,266</b>	-	-
	<b>Others</b>				
	Interest accrued on portfolio loans	-	-	8,11,89,494	8,22,48,172
	Interest accrued but not due on deposits placed with banks and financial institutions	1,29,71,951	71,63,651	1,47,66,431	2,63,14,614
	Service fees receivable (Refer Note 24B)	-	-	1,66,99,205	2,07,16,957
		<b>1,29,71,951</b>	<b>71,63,651</b>	<b>11,26,55,130</b>	<b>12,92,79,743</b>
	<b>Total</b>	<b>69,54,09,455</b>	<b>28,42,41,917</b>	<b>11,26,55,130</b>	<b>12,92,79,743</b>





14	Cash and bank balances	Non-Current Portion		Current Portion	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
	<b>Cash and cash equivalents</b>				
	Balances with banks	-	-	1,81,63,65,665	94,78,47,155
	-on current accounts	-	-	-	-
	-deposit with original maturity of less than three months	-	-	-	-
	Cash on hand	-	-	2,64,63,168	1,54,53,014
		-	-	<b>1,84,28,28,833</b>	<b>96,33,00,369</b>
	<b>Other bank balances :</b>				
	-deposit with original maturity of less than three months (*)	-	-	3,74,15,172	9,37,500.00
	Deposit with original maturity for more than 3 months but not more than 12 months (*)	1,85,88,056	-	1,11,52,891	14,18,88,674
	Deposit with original maturity of not less than 12 months (*)	66,38,49,448	27,70,78,266	29,38,36,826	24,46,56,329
		<b>68,24,37,504</b>	<b>27,70,78,266</b>	<b>34,24,04,889</b>	<b>38,74,82,503</b>
	Amount disclosed under non-current assets (Refer Note 13)	(68,24,37,504)	(27,70,78,266)	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,18,52,33,722</b>	<b>1,35,07,82,872</b>

(\*) Includes deposit certificates of Rs. 94,76,53,609/- (March 31, 2018: Rs. 66,45,60,770/-) marked as lien towards term loans availed from banks, towards cash collateral placed in connection with portfolio loan securitised and business correspondent activities entered with bank.

15	Revenue from operations	Year ended March 31, 2019	Year ended March 31, 2018
		(Rs.)	(Rs.)
	Interest income on portfolio loans	2,33,92,57,279	1,86,80,45,455
	Processing fee on portfolio loans	11,26,52,561	12,20,12,073
	Service fees (Refer Note 24B)	12,61,25,628	14,92,94,528
	Income from securitisation of portfolio loans	13,72,77,344	2,52,33,429
	<b>Total</b>	<b>2,71,53,12,812</b>	<b>2,16,45,85,485</b>

16	Other income	Year ended March 31, 2019	Year ended March 31, 2018
		(Rs.)	(Rs.)
	Interest income on fixed deposits with banks and financial institutions	5,68,34,235	5,94,38,698
	Net gain on sale of current investments	2,34,93,578	10,32,57,530
	Bad debt recovery	18,52,11,563	7,92,67,326
	Miscellaneous income	75,81,133	20,50,638
	<b>Total</b>	<b>27,31,20,508</b>	<b>24,40,14,192</b>

17	Employee benefit expenses	Year ended March 31, 2019	Year ended March 31, 2018
		(Rs.)	(Rs.)
	Salaries and bonus	52,38,47,790	45,63,47,420
	Contributions to provident fund	3,01,41,544	3,58,95,993
	Contribution to employees' state insurance	46,21,610	45,25,966
	Gratuity expenses (Refer Note 26)	35,36,024	45,56,130
	<b>Total</b>	<b>56,21,46,968</b>	<b>50,13,25,509</b>

18	Finance costs	Year ended March 31, 2019	Year ended March 31, 2018
		(Rs.)	(Rs.)
	Interest expense	1,34,83,22,509	1,34,84,61,844
	Other borrowing costs	2,51,55,581	2,22,76,725
	<b>Total</b>	<b>1,37,34,78,090</b>	<b>1,37,07,38,569</b>

19	Depreciation and amortization expense	Year ended March 31, 2019	Year ended March 31, 2018
		(Rs.)	(Rs.)
	Depreciation of fixed assets	94,62,858	86,26,807
	Amortization of intangible asset	38,53,244	2,33,333
	<b>Total</b>	<b>1,33,16,102</b>	<b>88,60,140</b>



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20	Other expenses	Year ended March 31, 2019	Year ended March 31, 2018
		(Rs.)	(Rs.)
	Rent	4,57,69,635	3,89,84,474
	Rates and taxes	12,31,557	15,26,653
	Repairs & maintenance		
	- Office maintenance	1,82,90,539	1,62,19,486
	- Others	16,99,781	15,67,787
	Travelling and conveyance	1,92,19,049	1,77,45,531
	Communication expenses	78,52,259	1,07,65,365
	Printing & stationery	1,11,40,937	1,06,77,154
	Legal and professional fees	4,84,78,216	2,21,71,447
	Payment to auditors (refer details below)	50,25,062	50,86,144
	IT support charges	1,38,65,510	1,13,39,251
	Bank charges	80,45,205	1,25,50,729
	Electricity charges	57,66,873	53,28,492
	Membership fees	49,29,954	41,57,205
	CSR expenditure	18,50,064	24,31,272
	Miscellaneous expenses	2,58,06,406	2,58,92,898
	<b>Total</b>	<b>21,89,71,047</b>	<b>18,64,43,888</b>

**Payment to auditors:**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	(Rs.)	(Rs.)
As auditors:		
Audit fee (excluding taxes)	35,00,000	31,50,000
Other services (certification, etc.)	6,00,000	6,00,000
Reimbursement of expenses	5,97,847	10,78,690
Goods and service tax	3,27,215	2,57,454
<b>Total</b>	<b>50,25,062</b>	<b>50,86,144</b>

21	Provisions and write offs	Year ended March 31, 2019	Year ended March 31, 2019	Year ended March 31, 2018
		(Rs.)	(Rs.)	(Rs.)
	Provision for standard and non performing assets		(2,76,10,283)	1,42,23,355
	Provision for portfolio loan securitised / managed portfolio		4,69,89,732	(3,39,35,938)
	Portfolio loans written off		49,77,77,939	68,05,82,920
	Other receivable written off	2,06,37,740		
	Less: Provision no longer required	(1,60,48,655)	45,89,085	-
	Loss on securitised/managed portfolio		1,04,99,622	17,94,89,752
	Provision for other receivables		45,27,373	20,11,063
	<b>Total</b>		<b>53,67,73,468</b>	<b>84,23,71,152</b>

22	Earnings per equity share ( EPS )	Year ended March 31, 2019	Year ended March 31, 2018
		(Rs.)	(Rs.)
	Profit/(loss) for the year	18,76,69,261	(33,39,78,330)
	Less:		
	Dividend on Non cumulative 0.01% compulsorily convertible preference shares	5,414	-
	Net profit/(loss) for calculation of basic EPS	<b>18,76,63,847</b>	<b>(33,39,78,330)</b>
	Net Profit/(loss) as above	18,76,63,847	(33,39,78,330)
	Add: Non cumulative 0.01% compulsorily convertible preference shares & tax thereon	5,414	-
	Net profit/(loss) for calculation of diluted EPS	<b>18,76,69,261</b>	<b>(33,39,78,330)</b>
	Weighted average number of equity shares in calculating basic EPS	2,10,96,119	2,10,96,119
	Effect of dilution:		
	Equity shares attributable to convertible preference shares	1,63,469	-
	Weighted average number of equity shares in calculating diluted EPS	2,12,59,588	2,10,96,119
	<b>Basic EPS</b>	<b>8.90</b>	<b>(15.83)</b>
	<b>Diluted EPS</b>	<b>8.83</b>	<b>(15.83)</b>



Sonata Finance Private Limited  
Notes to the Financial Statements as at and for the year ended March 31, 2019

23 Loan portfolio and provision for standard and non-performing assets as at March 31, 2019:

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets					Portfolio loans outstanding (Net)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018	Provision made during the year	Provision utilized for write-off	As at March 31, 2019	As at March 31, 2018		
Standard assets	9,33,28,86,482	10,94,91,61,889	27,15,874	2,89,81,608	-	9,30,11,89,000	10,94,64,46,015		
Non-Performing assets	32,28,16,620	49,59,59,404	12,03,18,168	-	5,65,91,891	25,90,90,343	37,56,41,236		
Total	9,65,57,03,102	11,44,51,21,293	12,30,34,042	2,89,81,608	5,65,91,891	9,56,02,79,343	11,32,20,87,251		

Loan portfolio and provision for standard and non-performing assets as at March 31, 2018:

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017	Provision made during the year	Provision utilized for write-off	As at March 31, 2018	As at March 31, 2017	
Standard assets	10,94,91,61,889	8,04,21,24,414	9,98,47,469	27,15,874	9,98,47,469	10,94,64,46,015	7,94,22,76,945	
Non-Performing assets	49,59,59,404	1,79,26,435	89,63,218	11,29,46,142	15,91,192	37,56,41,236	89,63,217	
Total	11,44,51,21,293	8,06,00,50,849	10,88,10,687	11,56,62,016	10,14,38,661	11,32,20,87,251	7,95,12,40,162	



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**24 A Details of Securitised and Assigned Portfolio and income arising out of the same :**

The information regarding the securitisation activity as an originator is shown below:

Particulars	As at March 31, 2019 (Rs.)	As at March 31, 2018 (Rs.)
Total book value of the loan asset securitised during the year	3,08,66,08,011	56,06,31,432
Sale consideration received for the loan asset securitised during the year	3,08,66,08,011	56,06,31,432
Portfolio loan securitised and outstanding as at the year end	2,33,13,75,230	45,13,47,338
Income from securitisation recognised in the statement of profit and loss	11,84,43,109	2,52,33,429
<b>Credit enhancements provided and outstanding:</b>		
Principal subordination	36,89,63,660	5,20,06,537
Cash collateral	29,01,75,708	4,33,39,166
The Company has transferred all the rights and obligations relating to above securitised loan assets to the buyers.		

The information regarding the direct assignment activity as an originator is shown below:

Particulars	As at March 31, 2019 (Rs.)	As at March 31, 2018 (Rs.)
Total book value of the loan asset assigned during the year	1,05,00,05,011	-
Sale consideration received for the loan asset assigned during the year	1,05,00,05,011	-
Portfolio loan assigned and outstanding as at the year end	92,30,41,851	-
Income from direct assignment recognised in the statement of profit and loss	1,88,34,235	-
<b>Credit enhancements provided and outstanding:</b>		
Principal subordination	14,29,91,765	-
Cash collateral	-	-
The Company has transferred all the rights and obligations relating to above assigned loan assets to the buyers.		

**24 B Details of Direct Sale Agreement (DSA) executed with banks:**

The Company has entered into DSAs with banks under the following terms:

- Amounts received from the bank are disbursed as loan to joint-liability groups organised / monitored by the Company and such joint-liability groups are considered as banks borrowers
- The Company provides services in connection with recovery and monitoring of such loans
- The Company has provided collaterals in the form of fixed deposits & corporate guarantee which would be adjusted by banks, to the extent of default made by borrowers.

Particulars	As at March 31, 2019 (Rs.)	As at March 31, 2018 (Rs.)
Total book value of the loan disbursed through DSA during the year	1,49,18,73,750	1,14,55,77,260
Outstanding Balance of Loan Disbursed through DSA as at year end	1,50,07,17,743	1,33,16,43,195
Amount disbursed on behalf of business correspondence partners and shown as receivable as at year end	2,32,88,828	2,47,02,084
Amount yet to be disbursed during the year	10,33,737	4,40,78,007
Service fee income recognised during the year	12,61,25,628	14,92,94,528
<b>Credit enhancements provided and outstanding:</b>		
Corporate guarantee	12,04,50,369	7,04,96,914
Cash collateral	9,64,74,443	8,36,99,285

**25 Segment reporting:**

The Company operates in a single reportable segment i.e. giving loans and other related activities, which have similar risks and returns for the purpose of Accounting Standard-17 on 'Segment Reporting'. The Company operates in a single geographical segment i.e. domestic. Hence, no additional disclosures are required under Accounting Standard-17.



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**26 (a) Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on departure and it is computed at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss, the funded status and amounts recognised in the balance sheet for the gratuity plans.

Particulars	As at March 31, 2019	As at March 31, 2018
<b>i) Assumptions:</b>		
Discount rate	7.70%	7.75%
Salary escalation	7.50%	7.50%
Withdrawal rate	18.00%	18.00%
Expected rate of return on assets	7.70%	7.75%
Expected average remaining working life of employees	29.73 years	30.05 years
<b>ii) Table Showing changes in present value of Defined Benefit obligation:</b>		
Present value of defined benefit obligations as at beginning of the year	4,02,58,988	3,50,17,765
Interest cost	30,18,151	26,31,196
Current service cost	95,41,721	1,03,94,801
Benefit paid	(21,24,456)	(21,33,685)
Actuarial loss/(gain) on obligations	(59,36,530)	(56,51,089)
Present value of defined benefit obligations as at end of the year	4,47,57,874	4,02,58,988
<b>iii) Table showing fair value of plan assets:</b>		
Fair value of plan assets at beginning of the year	3,86,02,027	1,89,00,826
Expected return on plan assets	29,72,356	14,64,814
Contributions	16,56,961	1,90,16,066
Benefits paid	(21,24,456)	(21,33,685)
Actuarial gain/ (loss) on plan assets	1,14,962	13,54,006
Fair value of plan assets at end of the year	4,12,21,850	3,86,02,027
<b>iv) Actuarial (gain)/loss recognised:</b>		
Actuarial (gain)/loss on obligations	(59,36,530)	(56,51,089)
Actuarial (gain)/ loss on plan assets	(1,14,962)	(13,54,006)
Actuarial (gain)/loss recognised in the year	(60,51,492)	(70,05,095)
<b>v) The amounts to be recognised in the balance sheet and statement of profit and loss:</b>		
Present value of obligations at the end of the year	4,47,57,874	4,02,58,988
Fair value of plan assets at the end of the year	4,12,21,850	3,86,02,027
Net liability recognised in balance sheet	(35,36,024)	(16,56,961)
<b>vi) Expenses Recognised in statement of profit and loss:</b>		
Current service cost	95,41,721	1,03,94,801
Interest cost	30,18,151	26,31,196
Expected return on plan assets	(29,72,356)	(14,64,814)
Net Actuarial (gain)/loss recognised in the year	(60,51,492)	(70,05,095)
Expenses recognised in statement of profit and loss	35,36,024	45,56,130
Actual return on plan assets	30,87,318	28,18,820

**vii) Amounts for the current and previous four years are as follows:**

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Defined benefit obligations	4,47,57,874	4,02,58,988	3,50,17,765	2,00,18,693	1,22,89,136
Plan assets	4,12,21,850	3,86,02,027	1,89,00,826	77,25,996	77,61,706
Surplus/(deficit)	(35,36,024)	(16,56,961)	(1,61,16,939)	(1,22,92,697)	(45,27,430)
Experience adjustments on plan liabilities [(gain)/loss]	(59,36,530)	(56,51,089)	38,07,592	6,13,207	17,81,125
Experience adjustments on plan assets [(gain)/loss]	(1,14,962)	(13,54,006)	1,60,907	23,086	(4,496)
Actuarial (gain)/ loss due to change on assumptions	(60,51,492)	(70,05,095)	39,68,499	6,36,293	16,629

**viii) The Major categories of Plan Assets as a percentage of the fair value of Total Plan Asset are as follows:**

	As at March 31, 2019	As at March 31, 2018
LIC Fund	100%	100%

- ix)** The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority and other relevant factors, such as supply and demand in the employment market.
- x)** The company expects to contribute Rs. 1,57,03,250/- [March 31, 2018: Rs.16,56,961 /-] to gratuity fund in 2019-20.
- xi)** The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.
- (b)** Amount Incurred as expense for defined contribution to Provident Fund is Rs. 3,014,1,544 /- (March 31, 2018: Rs.3,58,95,993 /-)



**Sonata Finance Private Limited**

**Notes to the Financial Statements as at and for the year ended March 31, 2019**

**27** The Company had issued 16,46,300 equity shares of INR 10 each to Sonata Employee Welfare Trust for the purpose of issuing shares under ESOPs to the employee of the company in the Financial Year 2009-10. Subsequently in the Financial Year 2012-13, 14,70,000 equity shares had been issued to the Sonata Employee Welfare Trust.

Out of the above mentioned shares issued to Sonata Employee Welfare Trust 3,96,300, 2,65,000, 2,16,250 and 2,50,000 Equity Shares were transferred to Mr Anup Kumar Singh (Managing Director) through the Trust route during the Financial Year 2009-10, 2012-13, 2015-16 and 2018-19 respectively.

Further, the company has provided Employee Stock Option Scheme to its employee under Plan 2 (b) (c) (d) & 3. Till FY 2018-19 few eligible employees had exercised their right and 4,43,481 equity shares had been transferred from Trust to the respective employees. The Plan wise detail of ESOP schemes are as given below:

Particulars	Plan 1 (c)(iii)	Plan 1 (c)(iii)	Plan 1 (d)	Plan 2(b)(i)	Plan 2(b)(ii)	Plan 2(b)(iii)	Plan 2 (c)(i)	Plan 2 (c)(ii)	Plan 2 (c)(iii)
Date of Grant	06-May-10	06-May-10	12-Jun-12	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10
Date of Board Approval	06-May-10	06-May-10	12-Jun-12	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10
Date of Shareholder's Approval	06-Feb-10	06-Feb-10	28-Aug-12	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10
Date of Modification of the scheme, if any	N.A.	12-Jun-12	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Number of Options granted	1,82,500	73,750	75,000	34,800	39,600	57,600	34,800	34,800	46,400
Number of Options vested	1,82,500	73,750	75,000	30,600	34,650	48,000	32,400	27,600	28,000
Exercise Price	Rs.18.56	Rs.18.56	Rs.18.56	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting Period	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-17
Exercise Period	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-22
Vesting Conditions	Linked to continued association with Company and performance milestones stipulated by Compensation committee	Linked to continued association with Company and performance milestones stipulated by Compensation committee	Linked to continued association with Company and performance milestones stipulated by Compensation committee	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal
Name of the Plan	ESOP Plan 2009	ESOP Plan 2009	ESOP Plan 2009	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011

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**SONATA Finance Pvt. Ltd.**  
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Particulars	Plan 2(d)(i)	Plan 2(d)(ii)	Plan 2(d)(iii)	Plan 3	Plan 3 (i)	Plan 3 (ii)	Plan 3 (iii)	Plan 4
Date of Grant	09-Jul-10	09-Jul-10	09-Jul-10	01-Oct-13	01-Oct-14	01-Oct-15	01-Oct-16	01-Oct-13
Date of Board Approval	09-Jul-10	09-Jul-10	09-Jul-10	06-Feb-14	06-Feb-14	06-Feb-14	06-Feb-14	06-Feb-14
Date of Shareholder's Approval	17-Sep-10	17-Sep-10	17-Sep-10	20-Mar-14	20-Mar-14	20-Mar-14	20-Mar-14	20-Mar-14
Date of Modification of the scheme, if any	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Number of Options granted	30,000	30,000	40,000	2,00,000	2,00,000	2,00,000	2,00,000	8,00,000
Number of Options vested	12,000	10,800	14,400	1,87,000	1,88,500	1,46,000	97,500	6,66,667
Exercise Price	Rs. 26	Rs. 26	Rs. 26	Rs. 54	Rs. 59	Rs. 67	Rs. 67	Rs. 67
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting Period	31-Mar-16	31-Mar-17	31-Mar-18	1/4 of total Grant to vest each year on 30th Sep over four years from the date of grant	1/4 of total Grant to vest each year on 30th Sep over four years from the date of grant	1/4 of total Grant to vest each year on 30th Sep over four years from the date of grant	1/4 of total Grant to vest each year on 30th Sep over four years from the date of grant	The Options will vest in equal amounts over 6 years from the date of grant
Exercise Period	31-Mar-21	31-Mar-22	31-Mar-23	Five years from the date of each vesting	Five years from the date of each vesting	Five years from the date of each vesting	Five years from the date of each vesting	Five years from the date of each vesting
Vesting Conditions	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Subject to the Terms of Share Holders' Agreement of the Company entered on September 05th 2012 and performance milestones as may be stipulated by Compensation committee or the Board and also linked to continued association with Company
Name of the Plan	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Scheme 2013	ESOP Scheme 2013	ESOP Scheme 2013	ESOP Scheme 2013	ESOP Scheme 2013



**Plan 1( c)(ii)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	70,000	18.56	70,000	18.56
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	70,000	18.56	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	70,000	18.56
Exercisable at the end of the year	-	-	70,000	18.56

**Plan 1( c)(iii)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	73,750	18.56	73,750	18.56
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	73,750	18.56	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	73,750	18.56
Exercisable at the end of the year	-	-	73,750	18.56

**Plan 1( d)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	75,000	18.56	75,000	18.56
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	75,000	18.56	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	75,000	18.56
Exercisable at the end of the year	-	-	75,000	18.56

**Plan 2(b)(i)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	15,000	26.00	15,000	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	2,100	26.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	12,900	26.00	15,000	26.00
Exercisable at the end of the year	12,900	26.00	12,000	26.00

**Plan 2(b)(ii)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	18,450	26.00	18,450	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	1,200.00	26.00	-	-
Expired during the year	4,200.00	26.00	-	-
Outstanding at the end of the year	13,050.00	26.00	18,450	26.00
Exercisable at the end of the year	13,050.00	26.00	18,450	26.00



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**Plan 2(b)(iii)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	55,200	26.00	55,200	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	29,600	26.00	-	-
Expired during the year	7,200	26.00	-	-
Outstanding at the end of the year	18,400	26.00	55,200	26.00
Exercisable at the end of the year	18,400	26.00	55,200	26.00

**Plan 2( c)(i)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	17,250	26.00	17,250	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	17,250	26.00	17,250	26.00
Exercisable at the end of the year	17,250	26.00	17,250	26.00

**Plan 2( c)(ii)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	27,600	26.00	27,600	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	15,000	26.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	12,600	26.00	27,600	26.00
Exercisable at the end of the year	12,600	26.00	27,600	26.00

**Plan 2( c)(iii)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	28,000	26.00	28,000	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	20,000	26.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	8,000	26.00	28,000	26.00
Exercisable at the end of the year	8,000	26.00	28,000	26.00



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**Plan 2(d)(i)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	12,000	26.00	12,000	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	4,800	26.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	7,200	26.00	12,000	26.00
Exercisable at the end of the year	7,200	26.00	12,000	26.00

**Plan 2(d)(ii)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	10,800	26.00	10,800	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	4,800	26.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	6,000	26.00	10,800	26.00
Exercisable at the end of the year	6,000	26.00	10,800	26.00

**Plan 2(d)(iii)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	14,400	26.00	40,000	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	6,400	26.00	-	-
Expired during the year	-	-	25,600	-
Outstanding at the end of the year	8,000	26.00	14,400	26.00
Exercisable at the end of the year	8,000	26.00	14,400	26.00

**Plan 3**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	1,39,250	54.00	1,44,750	54.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	52,300.00	54.00	-	-
Expired during the year	-	-	5,500	54.00
Outstanding at the end of the year	86,950.00	54.00	1,39,250	54.00
Exercisable at the end of the year	86,950.00	54.00	1,26,250	54.00



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**Plan 3 (i)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	1,69,000	59.00	1,72,500	59.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	72,481	59.00	-	-
Expired during the year	4,500	59.00	3,500	-
Outstanding at the end of the year	92,019	59.00	1,69,000	59.00
Exercisable at the end of the year	92,019	59.00	1,12,000	59.00

**Plan 3 (ii)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	2,00,000	67.00	2,00,000	67.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	65,000	67.00	-	-
Expired during the year	2,000	67.00	-	-
Outstanding at the end of the year	1,33,000	67.00	2,00,000	67.00
Exercisable at the end of the year	83,000	67.00	1,00,000	67.00

**Plan 3 (iii)**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	2,00,000	67.00	-	-
Granted during the year	-	-	2,00,000	67.00
Forfeited during the year	-	-	-	-
Exercised during the year	40,900	67.00	-	-
Expired during the year	2,500	67.00	-	-
Outstanding at the end of the year	1,56,600	67.00	2,00,000	67.00
Exercisable at the end of the year	56,600	67.00	50,000	67.00

**Plan 4**

Particulars	As on March 31, 2019		As on March 31, 2018	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	8,00,000	67.00	8,00,000	67.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	31,250	67.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	7,68,750	67.00	8,00,000	67.00
Exercisable at the end of the year	6,35,417	67.00	5,33,333	67.00



**Sonata Finance Private Limited**  
**Notes to the Financial Statements as at and for the year ended March 31, 2019**

**28 Related party disclosures**

**A. Names of related parties and related party relationship**

**Key Management Personnel (KMP)**

Name	Designation
Mr. Anup Kumar Singh	Managing Director
Ms. Paurvi Srivastava	Company Secretary
Mr. Akhilesh Kumar Singh	Chief Financial Officer

**B. Nature of transactions**

Particulars	March 31, 2019	March 31, 2018
	(Rs.)	(Rs.)
<b>Key Management Personnel</b>		
Salary, Bonus and other allowances**	1,47,77,853	1,28,42,802
Contribution to provident fund	1,78,056	1,76,802
Perquisites	75,000	75,000
Shares issued under ESOP	61,53,750	-

\*\*As the future liability for gratuity and leave has been provided for the Company as a whole, the amount pertaining to the Key Management Personnel are separately not ascertainable, and therefore not included above.

Shares issued under ESOP to KMP as on March 31, 2019 is 11,27,550 (P.Y.: 8,77,550). Refer note 27 for ESOP disclosure.

**29 Leases**

**Operating lease: Company as lessee**

Certain office premises are obtained on operating lease. The lease term is for one to three years and renewable for further periods either mutually or at the option of the Company. There are no restrictions imposed by lease agreements. There are no subleases and the leases are cancellable.

Description	March 31, 2019	March 31, 2018
	(Rs.)	(Rs.)
Operating lease payments recognised during the year	4,57,69,635	3,89,84,474

**30 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. For the year ended March 31, 2018 and March 31, 2017, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

**31 Corporate Social Responsibility**

A. Gross amount required to be spent by the Company during the year ended March 31, 2019 is Nil (Previous year ended March 31, 2018 : Rs. 46,81,096/-)

B. The following table sets forth, for the periods indicated, the amount spent by the Company on CSR related activities;

Particulars	(Rs.)					
	Year ended 31st March 2019			Year ended 31st March 2018		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
i Construction / acquisition of any new asset	18,50,064	3,99,760	22,49,824	24,31,272	22,49,824	46,81,096
ii On purpose other than (i) above	-	-	-	-	-	-



**Sonata Finance Private Limited**  
**Notes to the Financial Statements as at and for the year ended March 31, 2019**

**32 Additional disclosures required by the Reserve Bank of India**

**A. Capital to Risk-Assets ratio (CRAR)**

Particulars	March 31, 2019	March 31, 2018
CRAR (%)	25.95	17.41
CRAR - Tier I capital (%)	22.51	12.25
CRAR - Tier II capital (%)	3.44	5.14
Amount of subordinate debt raised as Tier II Capital (Rs.)	89,00,00,000	89,00,00,000
Amount raised by issue of Perpetual Debt Instrument (Rs.)	-	-

**B. Exposures:**

The Company has no exposures to Real Estate Sector, gold loan and capital market directly or indirectly in the current and previous year except for investment in 50,000 (March 31, 2018: 50,000) fully paid up equity shares of Alpha Micro Finance Consultants Private Limited at face value of Rs. 10 (March 31, 2018 : Rs. 10) per share, as disclosed in Note 10.

**C. Asset liability management**

Maturity pattern of certain assets and liabilities as on March 31, 2019:

**Amount (Rs. in Lacs)**

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Advances	6,102	6,615	5,983	18,752	27,479	30,505	1,121	-	96,557
Investments*	417	175	321	100	3,531	5,562	242	5	10,353
Borrowings	4,002	1,761	2,682	11,039	24,263	30,464	20,087	2,000	96,298

Maturity pattern of certain assets and liabilities as on March 31, 2018:

**Amount (Rs. in Lacs)**

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Advances	6,883	7,671	6,898	23,795	28,503	40,701	-	-	1,14,451
Investments*	160	167	32	442	3,364	2,761	50	5	6,981
Borrowings	2,972	2,045	3,797	17,093	23,308	33,118	29,408	2,000	1,13,741

The above asset liability management has been prepared on the basis of certain assumptions and estimates by the management and relied upon by the auditors.

\* Investments includes deposit certificate and cash collateral held with banks and financial institution and shown under cash and bank balances under note 14, other assets under note 13 and other loans and advances under note 12

**D. Investments**

Particulars	Amount Rs. (in crores)	
	March 31, 2019	March 31, 2018
1 Value of investments		
Gross Value of investments		
In India	0.15	0.15
Outside India	-	-
Provision for depreciation		
In India	-	-
Outside India	-	-
Net Value of investments		
In India	0.15	0.15
Outside India	-	-
2 Movement of provision held towards depreciation on investments		
Opening balance	-	-
Add: Provision made during the year	-	-
Less: Write off / write back of excess provision during the year	-	-
Closing balance	-	-

**E. Derivatives**

The Company has no transaction / exposure in derivatives in the current and previous year

The Company has no unhedged foreign currency exposure as at the current and previous year end.



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**Sonata Finance Private Limited**

**Notes to the Financial Statements as at and for the period ended March 31, 2019**

**F. Disclosures relating to securitisation**

Amount Rs.(in crores)

Particulars	March 31, 2019	March 31, 2018
1 No of SPVs sponsored by the NBFC for securitisation transactions during the year	10.00	2.00
2 Total amount of securitised assets as per books of the SPVs sponsored as on the date of balance sheet	233.14	45.13
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
a) Off-balance sheet exposures		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
First loss	65.91	9.53
Others	-	-
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitizations		
First loss	-	-
Others	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitizations		
First loss	-	-
Others	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-

**G. Details of financial assets sold to securitisation / reconstruction company for asset reconstruction**

The Company has not sold financial assets to securitisation / reconstruction company for asset reconstruction in the current and previous year.

**H. Details of non performing financial assets purchased / sold**

The Company has not purchased/sold non performing financial assets in the current and previous year.

**I. Details of financing of parent Company products**

The disclosure is not applicable as the Company does not have any parent company.

**J. Unsecured advances - Refer Note 12**

**K. Draw down from reserves**

There has been no draw down from reserves during the current and previous year end.

**L. Information on Net Interest Margin**

Particulars	March 31, 2019	March 31, 2018
Average Interest (a)*	21.39%	19.73%
Average effective cost of borrowing (b)	13.22%	12.91%
Net Interest Margin (a-b)	8.17%	6.82%

\* The average interest charged is computed on the monthly average of the on-book loan portfolio (including non performing assets)



**Sonata Finance Private Limited**

**Notes to the Financial Statements as at and for the period ended March 31, 2019**

**M. Customer Complaints \***

Particulars	March 31, 2019	March 31, 2018
1 No. of complaints pending at the beginning of the year	97	21
2 No. of complaints received during the year	354	666
3 No. of complaints redressed during the year	381	590
4 No. of complaints pending at the end of the year	70	97

\* excluding general enquiry from customers on loans products and insurance related matters.

The above information is as certified by the management and relied upon by the auditors,

**N. Provisions & contingencies**

**Amount Rs.(in crores)**

Particulars	March 31, 2019	March 31, 2018
<b>Break up of 'Provisions and Contingencies' shown under the head expenditure in profit and loss account:</b>		
Provision made towards income tax	5.71	-
Provision for gratuity	0.35	0.46
Provision for leave benefit	0.55	0.64
Provision for death claims/ other receivable	0.45	0.20
Provision for standard and non performing assets	(2.76)	1.42
Provision for portfolio loan securitised / managed	4.70	(3.39)

**O. Sector wise NPAs**

Sector	Percentage of NPA to Total Advances in that Sector as on 31 March 2019	Percentage of NPA to Total Advances in that Sector as on 31 March 2018
Agriculture & allied activities	3.63%	8.29%
MSME	2.81%	7.66%
Corporate borrowers	-	-
Services	3.69%	5.05%
Unsecured personal loans	2.12%	3.67%
Other personal loans	-	-

**P. Movement of NPA**

**Amount Rs.(in crores)**

Particulars	March 31, 2019	March 31, 2018
Net NPAs to net advances (%)	2.70%	3.32%
<b>Movement of NPAs (Gross)</b>		
Opening balance	49.60	1.79
Additions during the year	30.88	47.96
Reductions during the year	48.20	0.16
Closing balance	32.28	49.60
<b>Movement of Net NPAs</b>		
Opening balance	37.56	0.90
Additions during the year	30.88	36.67
Reductions during the year	42.54	-
Closing balance	25.91	37.56



**Sonata Finance Private Limited**  
**Notes to the Financial Statements as at and for the period ended March 31, 2019**

<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
Opening balance	12.03	0.90
Provisions made during the year	0.00	11.30
Write-off / write-back of excess provisions	5.66	0.16
Closing balance	6.37	12.03

**Q. Details of Registration with Financial Regulators**

<b>Regulator</b>	<b>Registration No.</b>
Ministry of Company Affairs	U65921UP1995PTC035286
Reserve Bank of India	B-12.00445

**R. Ratings assigned by Credit Rating Agencies**

<b>Particulars</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
<b>Long term bank facilities</b>	ICRA BBB (Stable)	ICRA BBB-
<b>Long term non convertible debentures</b>		
Triodos 2020	ICRA BBB (Stable)	ICRA BBB-
Microfinance enhancement facility	ICRA BBB (Stable)	ICRA BBB-
Microvest Short Duration Fund, L.P	ICRA BBB (Stable)	ICRA BBB-
Blue orchard micro finance fund	ICRA BBB (Stable)	ICRA BBB-
IFMR FIMPACT Investment	ICRA BBB (Stable)	ICRA BBB-
IFMR FIMPACT TIER II (Secured)	ICRA BBB (Stable)	ICRA BBB-
IFMR FIMPACT TIER II (Unsecured)	ICRA BBB (Stable)	ICRA BBB-
Responsibility	ICRA BBB (Stable)	ICRA BBB-
IFMR HLF	ICRA BBB (Stable)	ICRA BBB-
Blue orchard micro finance fund	ICRA BBB (Stable)	ICRA BBB-
<b>MFI grading</b>	ICRA M2+	ICRA M2+
<b>Securitisation :</b>		
<b>IFMR Capital Aruvi 2017</b>		
PTC Series A1	ICRA A(SO)	ICRA A (SO)
PTC Series A2	ICRA BBB(SO)	ICRA BBB(SO)
<b>Ellaria Northern Arc 2018</b>		
PTC Series A1	ICRA A+(SO)	[ICRA]A(SO)
PTC Series A2	ICRA BBB(SO)	[ICRA] BBB-(SO)
<b>Northern Arc 2018 MFI Pariyerum</b>		
PTC Series A1	ICRA A(SO)	-
PTC Series A2	ICRA BBB+(SO)	-
<b>Vivriti Delph 2018</b>		
Series A1 PTC	ICRA A-(SO)	-
<b>Vivriti Casemiro 2018</b>		
PTC Series A1	ICRA A-(SO)	-
PTC Series A2	ICRA BBB(SO)	-
<b>Northern Arc 2018 MFI Aryaman</b>		
Series A1 PTC	CARE A (SO)	-
Series A2 PTC	CARE BBB+ (SO)	-
<b>Northern Arc 2019 MFI Bedin</b>		
Series A1 PTC	ICRA A-(SO)	-
Series A2 PTC	ICRA BBB+(SO)	-





**Sonata Finance Private Limited**  
**Notes to the Financial Statements as at and for the period ended March 31, 2019**

<b>Northern Arc 2019 Mosec Elbrus</b>		
Series A1 PTC	ICRR A+(SO)	-
<b>Vivriti Cabsec 001 2019</b>		
Series A1 PTC	ICRA A-(SO)	-
Series A2 PTC	ICRA BBB-(SO)	-
<b>Vivriti Liam 03 2019</b>		
Series A1 PTC	CARE A (SO)	-
Series A2 PTC	CARE BBB+(SO)	-
<b>Vivriti Robben 01 2019</b>		
Series A1 PTC	ICRA A(SO)	-
Series A2 PTC	ICRA BBB+(SO)	-
<b>Vivriti Samwise 02 2019</b>		
Series A1 PTC	ICRA A-(SO)	-
Series A2 PTC	ICRA BBB(SO)	-
IFMR Mahindra PLI	ICRA A-(SO)	ICRA A-(SO)
IFMR HLF PLI	ICRA A-(SO)	ICRA A-(SO)

**S. Concentration of advances, exposures and NPA's**

**Amount Rs.(in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Concentration of advances</b>		
Total advances to twenty largest borrowers	0.44	0.34
(%) of advances to twenty largest borrowers to total advances	0.05%	0.03%
<b>Concentration of Exposures</b>		
Total exposures to twenty largest borrowers	0.44	0.34
(%) of exposure to twenty largest borrowers to total exposure	0.05%	0.03%
<b>Concentration of NPAs</b>		
Total Exposure to top four NPA accounts	0.04	0.08

**T. Disclosure of penalties imposed by RBI and other regulator:**

No penalties were imposed by RBI and other regulators during current and previous year.

33 Expenditure in foreign currency	Year ended March 31, 2019	Year ended March 31, 2018
	(Rs.)	(Rs.)
Description		
Travelling Expenses	-	9,68,602
<b>Total</b>	-	<b>9,68,602</b>

**34** During the year, the company had entered into one securitization deal " Vivriti Samwise 02 2019", wherein the company was required to maintain minimum retention ratio (MRR) of 5% as per securitization guidelines. Following this the company had transferred amount to the bank towards collateral of fixed deposit. However, after continuous follow up with the bank, the fixed deposit was created on April 05, 2019, effective from March 26, 2019, the date of transfer of funds to the bank. Thus the company had complied with the MRR guideline as per securitization norms.

**35** Income tax assessments of the company have been completed upto A.Y. 2016-17 and there is no outstanding demand on the company.



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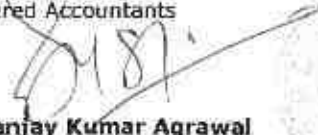
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**Sonata Finance Private Limited**  
**Notes to the Financial Statements as at and for the period ended March 31, 2019**

**36 Previous year figures**


Previous year figures have been regrouped / reclassified, where necessary, to confirm to this year's classification.

**For S.R.Batlboi & Co. LLP**  
Firm Registration No.301003E/E300005  
Chartered Accountants

  
**per Sanjay Kumar Agrawal**  
Partner  
Membership No. : 060352

Place: Kolkata  
Date: May 30, 2019

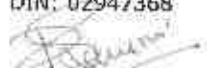
**For and on behalf of the Board of Directors of  
Sonata Finance Private Limited**

  
**Managing Director**  
DIN: 00173413

**Chief Financial Officer**

Place: Lucknow  
Date: May 30, 2019

  
**Director**  
DIN: 02947368

  
**Company Secretary**



**Sonata Finance Private Limited**  
**Schedule to the Balance Sheet of a NBFC**

(Rs. in lakhs)

	Particulars	Amount Outstanding	Amount Overdue
	<b>Liabilities Side :</b>		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	36117	-
	: Unsecured (other than falling within the meaning of public deposits*)	1501	-
	(b) Deferred Credits	-	-
	(c) Term Loans	34091	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits*	-	-
	(f) Other Loan (From NBFC and FI)	25838	-
2	Break-up of (1)(f) above (outstanding) public deposits inclusive of interest accrued thereon but not paid) :		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	-	-
	(c) Other public Deposits	-	-
	<b>Assets Side :</b>	<b>Amount Outstanding</b>	
3	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below] : Net of NPAs</b>		
	(a) Secured	-	-
	(b) Unsecured	97443	-
4	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
	(i) Lease assets including lease rentals under sundry debtors		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
5	<b>Break-up of Investments :</b>		
	Current Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	10	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-



**Long Term Investments :**

## 1. Quoted :

- (i) Shares : (a) Equity  
(b) Preference  
(ii) Debentures and Bonds  
(iii) Units of mutual funds  
(iv) Government Securities  
(v) Others (please specify)

-  
-  
-  
-  
-

## 2. Unquoted :

- (i) Shares : (a) Equity  
(b) Preference  
(ii) Debentures and Bonds  
(iii) Units of mutual funds  
(iv) Government Securities  
(v) Others (please specify)

5  
-  
-  
-  
-

**Total****97458**

-

**Borrower group-wise classification of assets financed as in (3) and (4) above :**

Category	Secured	Unsecured	Total
<b>(Amount net of provisions)</b>			
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	96715	96715
<b>Total</b>	-	<b>96715</b>	<b>96715</b>

**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	15.97	15
<b>Total</b>	<b>15.97</b>	<b>15</b>


**Other information**

Particulars	Amount
(i) <b>Gross Non-Performing Assets</b>	-
(a) Related parties	-
(b) Other than related parties	3319
(ii) <b>Net Non-Performing Assets</b>	-
(a) Related parties	-
(b) Other than related parties	2591
(iii) <b>Assets acquired in satisfaction of debt</b>	-

For and on behalf of the Board of Directors of Sonata Finance Private Limited

  
Managing Director  
DIN:-00173413

  
Chief Financial Officer

  
Company Secretary



Place: Lucknow  
Date: May 30, 2019