

DOCUMENT RETENTION AND DESTRUCTION POLICY

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V.1	21-08-2018
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I. Purpose

This policy has been framed in compliance with the requirement of maintenance and preservation of various records under the Companies Act, 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, Central Goods and Services Act, 2017, Prevention of Money Laundering Act, 2002, and Rules thereunder.

The policy covers systematic review, retention, and disposal of documents received or created by Sonata Finance Pvt. Ltd. in connection with the transaction of the company's business. This policy covers all records and documents, regardless of its form – physical or digital, contains guidelines for how long certain documents should be kept and how records should be destroyed. The policy is designed to ensure compliance with RBI and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate the company's operations by promoting efficiency and freeing up valuable storage space.

II. Document Retention

As per Section 2 (36) of the Companies Act, 2013, 'Document' shall include summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of this Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form.

Documents may also include those which although not required to be preserved statutorily have been, are, or shall be created, maintained and preserved by a company from time to time, due to its business activities. Specifically, such documents shall include those relating to dealings with the customers, suppliers, service providers, employees and other appointees of the company.

Sonata shall follow the document retention procedures outlined below. Documents that are not listed, but are substantially similar to those listed in the schedule, will be retained for the appropriate length of time.

III. Period of Retention of documents

S.no	Type of document	Minimum Retention Period of
1.	Register of members	Permanently
2.	Annual Reports, Balance Sheet, Profit & Loss	Permanently
3.	Memorandum and Articles of Association	Permanently
4.	Audit Reports	Permanently
5.	Board Meeting and Board Committee Minutes	Permanently
6.	Board Policies/Resolutions	Permanently
7.	By-laws	Permanently
8.	Share Holders' Agreements or Share Subscription Agreements or any other agreements pertaining to issue or subscription of share capital of the company	Permanently
9.	Depreciation Schedules	Permanently
10.	Financial Statements	Permanently
11.	Fixed Asset Records	Permanently
12.	General Ledgers	Permanently
13.	Insurance Policies, Records, Current Accident Reports, Reports, Claims	Permanently
14.	Minute Books and Charter	Permanently
15.	Patents and Related Papers	Permanently
16.	Payroll Registers	Permanently
17.	Press Releases	Permanently
18.	Retirement and Pension Plan Documents	Permanently
19.	RBI inspection reports	Permanently
20.	State Tax Exemption Letter	Permanently
21.	State Tax Returns and Worksheets	Permanently
22.	Stock and Bond Records	Permanently
23.	Trademark Registrations	Permanently
24.	Lease/rent agreement of office premises	Permanently
25.	Bank's Loan Sanction advice & Related Loan Document	10 years
26.	Client Records including loan application/loan document	10 years
27.	Correspondence (legal and important matters)	10 Years
28.	Filings with the Registrar	10 years
29.	Stationery register	10 years
30.	Loan/ NCD/ Securitisation /Subordinated Debt related paper/ Documents	10 years after expiration
31.	Annual Returns prepared u/s 92 of Companies Act, 2013 and annexures	8 years from the date of filing
32.	Books of accounts	8 years from the close of Financial year
33.	Litigation documents	8 years from the conclusion of litigation
34.	Register of Debentureholders	8 years after redemption
35.	Postage register	8 years
36.	Accident Reports and Workers Compensation	7 years

S.no	Type of document	Minimum Retention Period of
37.	Accounts Payable Ledgers and Schedules	7 years
38.	Bank Deposit Slips	7 years
39.	Bank Statements and Reconciliation	7 years
40.	Earnings Records	7 years
41.	Electronic Fund Transfer Documents	7 years
42.	Employment Applications	7 years
43.	Expense related documents	7 years
44.	Inventories of products, materials, and supplies	7 years
45.	Invoices (to customers, from vendors)	7 years
46.	Payroll Records and Summaries	7 years
47.	Payroll Tax Returns	7 years
48.	Personnel Files (including terminated employees)	7 years
49.	Withholding Tax Statements	7 years
50.	Contracts & Agreements	7 years after expiration
51.	Mortgages	7 years after expiration
52.	Notes	7 years after expiration
53.	Records Relating to Promotion, Demotion, or Discharge	7 years after termination
54.	GST records u/s 35 of CGST Act 2017	6 years from the due date of furnishing the annual return for the year pertaining to such accounts and records
55.	Internal audit reports	5 years
56.	Salary/Bonus Records	5 years
57.	TA Bills	5 years
58.	Records maintained under PMLA , 2002 and PML (Maintenance of Records) Rules 2005	5 years from the date of transaction or 5 years after the business relationship with the client has ended, whichever is Later
59.	Cash Receipts	3 years
60.	Correspondence (general)	3 years
61.	Petty Cash Vouchers/registers	3 years
62.	Correspondence (with customers and vendors)	2 years
63.	Duplicate Deposit Slips	2 years

IV. Details on key records

1. Board and Board Committee Materials. Meeting minutes should be retained in perpetuity in the company's minute book.
2. Contracts. Final, executed copies of all contracts entered into by the company should be retained. Sonata should retain copies of the final contracts for at least seven years beyond the life of the agreement, and longer in the case of publicly filed contracts.



3. Legal Documents & Agreements. All the legal agreements and documents shall be permanently retained by the company. However, the periodicity of retention of legal correspondence/ Files can be decided by the legal counsel not being less than 10 Years.
4. Personnel Records. State laws require the Company to keep certain recruitment, employment and personnel information. Sonata shall also keep personnel files that reflect performance reviews and any complaints brought against the company or individual employees under applicable state acts. The company should also keep all final memoranda and correspondence reflecting performance reviews and actions taken by or against personnel in the employee's personnel file. Personnel records should be retained for **seven** years.
5. Press Releases/Public Filings: Sonata should retain permanently, copies of all press releases and publicly filed documents. This is for the purpose of checking the accuracy of the published/released content.
6. Tax Records. Tax records include, but may not be limited to, documents concerning payroll, expenses, proof of deductions, business costs, accounting procedures, and other documents concerning the company's revenues. Tax records should be retained permanently. Payroll tax returns can be retained for only seven years.

V. Electronic Documents and Records

1. Where any law provides that documents, records or information shall be retained for any specific period, the, that requirement shall be deemed to have been satisfied if such documents, records or information are retained in the electronic form, if-
 - (a) the manner and format therein remains accessible so as to be usable for a subsequent reference;
 - (b) the electronic record is retained in the format in which it was originally generated, sent or received in a format which can be demonstrated to represent accurately the information originally generated, sent or received;
 - (c) the details which will facilitate the identification of the origin, destination, date and time of dispatch or receipt of such electronic record are available in the electronic record.
2. Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an "archive" computer file folder. Backup and recovery methods will be tested on a regular basis.

VI. Emergency Planning

Sonata's records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to Sonata for operating in an emergency will be duplicated or backed up at least every week and maintained off site.

VII. Document Destruction

Sonata's functional departments heads will monitor the retention period of the documents related to their respective departments. On expiry of the retention period the department heads will prepare a list of the documents which has crossed its retention periods and submit for approval of destruction to the Committee formed for this purpose. The destruction committee comprising Chief financial officer, Chief Compliance officer, Chief Technology Officer and Management Advisors – Chief Financial Advisor, and Chief Risk Advisor will approve the destruction. The Head of the Department whose record is to be destructed shall be an invitee to the destruction committee wherein the decision is to be taken. After approval from the committee the respective department heads will destroy the document following proper destruction process.

Document destruction process

Please follow following steps to destroy the documents:

1. Make sure destruction committee has approved the destruction;
2. Destruction of financial and personnel related documents should be accomplished by shredding and same will be converted into pulp;
3. Documents destruction will be suspended immediately upon an indication of any official investigation or when a lawsuit is filed or appears to be imminent. Destruction will be restarted upon conclusion of the investigation.

VIII. Compliance

Failure on the part of employees to follow this policy can result in possible civil and criminal action against the company and disciplinary action against responsible individuals. The Chief Financial Officer and finance committee chair will periodically review these procedures with legal counsel of the company to ensure that they are in compliance with new or revised regulations.

Note: While formulating this policy following Acts/notifications/Guidelines were followed:

1. Limitation Act
2. CBDT Guidelines
3. Companies Act, 2013
4. Government notification on prevention on money laundering
5. Banking Practices for retention of financial records
6. Information Technology Act, 2000
