

**SONATA FINANCE PVT. LTD.**

II Floor CP-1, PG Towers, Kursi Road, Vikas Nagar,
Lucknow - 226026, Uttar Pradesh, India
Email : info@sonataindia.com, Website : www.sonataindia.com
Ph.: +91-522-2334900, Tol Free : 1800-2100-102
C.I. No.: U65921UP1995PTC035286
NBFC MFI Regn. No.: B-12.00445

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting (AGM) of the members of Sonata Finance Private Limited will be held on **Wednesday the 6th day of September, 2023 at 03:00 p.m. (IST)** via Video Conferencing (VC) / Other Audio-Visual means ('OAVM'), to transact the following business:

ORDINARY BUSINESS:**Item No. 1**

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2023 together with the Reports of the Board of Directors and the Auditors thereon.

Item No. 2

To appoint M/s B R Maheswari & Co LLP, Chartered Accountants (FRN 001035N/N500050) as the Statutory Auditors of the Company for the Financial Year 2023-24.

To consider and if thought fit to pass either with or without modification, the following resolution, as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 139, 141 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, including any statutory enactment or modification thereof and the guidelines issued by Reserve Bank of India (RBI) vide circular bearing no. DoS. CO. ARG/ SEC. 01/ 08.91.001/ 2021- 22 dated April 27, 2021, M/s B R Maheswari & Co LLP, Chartered Accountants (FRN 001035N/N500050) be and are hereby appointed as Statutory Auditors of the Company for the Financial Year 2023-24, commencing from the conclusion of this Annual General Meeting until the conclusion of the 29th Annual General Meeting of the Company to be held for the F.Y. 2023-24 subject to the satisfaction of eligibility norms as prescribed by RBI, at such remuneration as may be negotiated by the Managing Director of the company which shall not exceed Rs. 60,00,000/- (Rupees Sixty Lakhs only), inclusive of certification fees but excluding the out-of-pocket expenses and applicable taxes."

Date: 10/08/2023

Place: Lucknow

**By order of the Board of Directors
For and on behalf of Sonata Finance Pvt. Ltd.**



Anjali
**Anjali Manwani Siddiqui
(Company Secretary)
Membership No.-F12612**



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NOTES:

1. Pursuant to the General Circulars bearing number 10/2022 dated December 28, 2022; 2/2022 dated May 5, 2022; 21/2021 dated December 14, 2021; 02/2021 dated January 13, 2021; 20/2020 dated May 5, 2020; 17/2020 dated April 13, 2020 and 14/2020 dated April 8, 2020 issued by the Ministry of Corporate Affairs (MCA) (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM"), without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/OAVM. The deemed venue for holding AGM will be the Registered Office of the Company.
2. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 (the Act), setting out material facts relating to business under Item Number 2 to be transacted at the AGM, is annexed hereto and forms part of this Notice.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting.
4. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. Since the AGM is being held through VC, physical attendance of the members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for this AGM and hence the Proxy Form, Attendance Slip and Route map of AGM are not annexed to this Notice.
6. Corporate Member intending to authorise its representatives pursuant to Sections 112 and 113 of the Companies Act, 2013, to attend the Meeting through VC/OAVM 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, not later than 48 hours before the scheduled time of the commencement of the Meeting.
7. In line with SEBI Circular SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 Notice of the AGM along with the Integrated Annual Report 2022-23 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company, unless any member has requested for a physical copy of the same. The Notice of AGM and Annual Report 2022-23 can also be accessed through Company's website viz. www.sonataindia.com
8. All documents referred to in the Notice 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 the same will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. September 06, 2023. Members seeking to inspect such documents can send an email to cs@sonataindia.com
9. At least one Independent Director and the Auditors or his representative shall attend the meeting through VC/ OAVM.



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10. Instructions for Members for attending the AGM through VC/OAVM:

Members holding shares in physical form or in electronic form can attend the AGM through VC/OAVM by using the link sent to the members at their registered email id. The Link of the meeting shall be shared through email by the Company Secretary of the Company.

Date: 10/08/2023

Place: Lucknow

**By order of the Board of Directors
For and on behalf of Sonata Finance Pvt. Ltd.**



**Anjali Manwani Siddiqui
(Company Secretary)
Membership No.-F12612**

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EXPLANATORY STATEMENTS*(Pursuant to Sec. 102 of the Companies Act, 2013)***ITEM NO. 2**

M/s B R Maheswari & Co LLP, Chartered Accountants (FRN 001035N/N500050) were appointed as the Statutory Auditors in the Extraordinary General Meeting (EGM) of the Company held on July 07, 2023, to fill the casual vacancy caused due to resignation of the previous statutory auditor's M/s BSR & Co. LLP (Firm registration No. 101248W/W-100022) commencing from the audit of first quarter of the Financial Year 2023-24 till the conclusion of this Annual General Meeting ("AGM") as per the requirements of section 139(8) of the Companies Act, 2013. Hence it is proposed to re-appoint M/s B R Maheswari & Co LLP, Chartered Accountants (FRN 001035N/N500050), as the Statutory Auditors of the Company for the Financial Year 2023-24, commencing from the conclusion of this Annual General Meeting till the conclusion of 29th Annual General Meeting of the Company to be held for the F.Y. 2023-24, subject to the satisfaction of eligibility norm as prescribed by RBI.

M/s B R Maheswari & Co LLP, have conveyed their consent for being appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013 and shall satisfy the criteria as provided under section 141 of the Companies Act, 2013 and shall also be eligible under the eligibility norms prescribed by RBI regarding appointment of statutory auditors.

M/s B R Maheswari & Co LLP, Chartered Accountants shall be paid maximum aggregate audit fees of Rs. 60,00,000/- (Rupees Sixty Lakhs only) for FY 2023-24 with a power to the Board of Directors to alter and vary the remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors on the basis of the scope of work for the audit firm. The Board may further delegate authority to the management for determining exact scope of work of the Statutory Auditors and also finalizing the audit fees.

Your Board recommends passing of the Ordinary Resolution as set out in Item No. 2 of the accompanying Notice.

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

Date: 10/08/2023**Place: Lucknow****By order of the Board of Directors
For and on behalf of Sonata Finance Pvt. Ltd.**



**Anjali Manwani Siddiqui
(Company Secretary)
Membership No.-F12612**



ANNUAL REPORT

FY2022-23

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Forward-looking statement

Statements in this report of the Company's objective, projections, estimates, exceptions, and predictions are forward looking statements subject to the applicable laws and regulations. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. Company's operations are affected by many external and internal factors which are beyond the control of the management. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Thus, the actual situation may differ from those expressed or implied. Readers should bear this in mind. The Company assumes no responsibility in respect of forward-looking statements that may be amended or modified in future on the basis of subsequent developments, information or events.



VISION

To help in building a society that contains an opportunity to develop the minimal socio-economic conditions needed to live a life of dignity.

MISSION

To identify and motivate poor women in a cost-effective way and deliver them micro finance services in an honest, timely and efficient manner, with the commitment to continue to be professionally managed, operationally sustainable and financially profitable venture.

Our Stories of Women Empowerment



“Before taking a loan from Sonata, we had a very small income. My husband worked in a factory earning of Rs. 10,000/- which could barely sustain our family. I applied for a loan of Rs. 30,000 from Sonata and started a nursery to support my family. The business started doing well and I availed further loans to expand my business. The loans helped us improve our financial condition substantially. We were able to provide a good education to our two children, both are now working and settled. We also purchased a plot where we plan to construct our house. I recently got a license for my nursery as well. I have been associated with Sonata for ten years now and hope to remain a part of the Sonata family.”

Munni Bai

Garhapurwa, Jabalpur

“Small Loans..... Big Impact”



“I along with my husband was looking for some financial support to sustain our business of selling crockery and chinaware but in the absence of any collateral to offer, we were not in a position to approach a bank for loan. When I came to know of collateral-free loan being offered by Sonata, I instantly applied for the loan. Sonata has been providing us financial assistance since the last five years. My first loan from Sonata was of Rs. 47,000 and then for Rs. 99,000. We also availed an individual loan from Sonata. With the help of these loans we have made good progress in our business. We are financially secure now and plan to further strengthen our business. I am thankful to Sonata for giving us a chance to work towards a better life.”

Usha Devi

Berhaghat

LETTER TO STAKEHOLDERS

Dear Stakeholders,

I am delighted to connect with you again through the Annual Report for the Financial Year 2022-23.

The financial year 2022-23 has been another extraordinary year of opportunities and learnings for the Indian financial sector, amidst ensuing challenges arising from the pandemic. Amidst the challenging global macro-environment, we continue to move



forward, trying to build an innovative and impactful business that would encourage our women borrowers to be powerful agents of change, not only for themselves and their families but also for the society at large. The year has brought a rebound for the microfinance sector and our company, as we successfully navigated these challenges to strengthen the fundamentals of the business.

As the impact of the global pandemic gradually becomes milder, the industry, with the support of the Regulators and the Government, scales its efforts on sustainable and inclusive growth in India. SONATA, as a leading financial inclusion player, has proactively reimaged and upgraded its operational processes, aided by efficient use of technology, in response to the evolving new normal. Your Company continues to remain focused on growth, turning challenges into opportunities, as always.

The year has been outstanding for our company. We made clear progress in terms of growth and asset quality, as we were able to reach and exceed the pre-covid numbers on our loan book. We grew our loan book by 35 per cent from 2021-22 to 2022-23. Also, there has been a significant improvement in the overall asset quality due to lower incremental NPAs and higher resolutions of old cases while the liquidity position remained strong.

Our loan disbursements during FY 2022-23 improved to INR 2,23,874.47 Lakhs as compared to last financial year INR 1,53,047.80 Lakhs. 5.78 Lakh loans were disbursed during FY 2022-23 as against 3.91 Lakh in FY 2021-22. The Company's Assets under Management (AUM) stood at Rs. 2,36,607.73 lakhs and the number of borrowers increased from 7.67 lakhs as on March 31, 2022 to 9.86 lakhs as on March 31, 2023. The total revenue from operations increased from Rs. 29,753.68 lakhs in FY 2021-22 to Rs. 39,882.18 lakhs in FY 2022-23. The company recorded a PAT of Rs. 4,156.26 lakhs from a PAT of Rs. 1,362.16 lakhs in FY 2021-22.

I would like to take this opportunity to apprise our stakeholders that during the year under review the company entered into Share Purchase Agreements with the Kotak Mahindra Bank Limited ("Bank") on February 10, 2023, pursuant to which the Bank will acquire 100% of the issued and paid-up capital of the Company, subject to the regulatory approvals ("Transaction"). The

consummation of the transaction is underway and upon the closing of the transaction, the company will become a wholly-owned subsidiary of the Bank.

To keep this momentum of growth going, it is important to address the key challenges faced by the company. In 2023 we will focus on accelerating growth by improving asset quality supported by increasing retail demand and liquidity. Going forward, we will increasingly adopt digitization and automation to build efficiency in all aspects of our operations. Looking forward to this year and beyond, we can take confidence from the strong progress of the last year as we returned to profitability and continued our approach to deliver a better product and experience for our customers.

We are stronger and more resilient today, and better positioned in almost all operationally critical parameters. Against a challenging backdrop, it is as important as ever that we remain focused on our purpose of helping people, families and businesses to thrive.

In doing so, we are able to create deeper and more meaningful relationships with our customers, giving them the support they need at every stage of their lives – whether that is setting up and growing their own livelihood, buying a house, or more importantly, helping them navigate the times ahead. In the coming years, we will focus on finding new ways to deepen our customer relationships which will enable us to deliver sustainable growth and returns in the years to come.

As the company enters a new chapter of growth, I look forward to continued support from all our stakeholders in this journey of taking our organization to new heights of success.

To conclude, I would say that this has been a fantastic year for the company considering the setbacks this industry faced in the last two financial years due to the pandemic. I am very much grateful to all our loyal customers and our resilient, and brave employees, who stood by us through the thick and thin. I extend my wholehearted gratitude to all our Board of Directors, management, investors, bankers, stakeholders and partners for their relentless support in this long journey of financial inclusion drive.

I continue to count on your support as I wish the team of SONATA the very best in their journey of empowering the socio-economic foundation of the country in the years ahead.

Anup Kumar Singh
Managing Director

CORPORATE OVERVIEW

Board of Directors

(as at March 31, 2023)



Pradip Kumar Saha
Chairman &
Independent Director

Saurabh Kumar Johri
Nominee Director



Anal Kumar Jain
Independent Director

Shreekanta Das
Nominee Director



Sethuraman Ganesh
Independent Director

RV Dilip Kumar
Nominee Director



Anup Kumar Singh
Managing Director

Remika Agarwal
Nominee Director



KEY MANAGERIAL PERSONNEL

(as at March 31, 2023)



Akhilesh Kumar Singh
Chief Financial Officer



Paurvi Srivastava
Company Secretary

BOARD COMMITTEES

Audit Committee

Mr. Pradip Kumar Saha, Independent Director (Chairman)
Mr. Sethuraman Ganesh, Independent Director
Mr. Anal Kumar Jain, Independent Director
Mr. Saurabh Kumar Johri, Nominee Director
Mr. R V Dilip Kumar, Nominee Director

Remuneration & Nomination Committee

Mr. Anal Kumar Jain, Independent Director (Chairman)
Mr. Pradip Kumar Saha, Independent Director
Mr. Anup Kumar Singh, Managing Director
Mr. Saurabh Kumar Johri, Nominee Director

IT Strategy Committee

Mr. Anal Kumar Jain, Independent Director (Chairman)
Mr. Anup Kumar Singh, Managing Director
Mr. Akhilesh Kumar Singh, Chief Financial Officer
Mr. Ashutosh Chaturvedi, Chief Information Officer
Mr. Shyam Kanhaiya Yadav, Head-IT

CSR Committee

Mr. Sethuraman Ganesh, Independent Director (Chairman)
Mr. Shreekanta Das, Nominee Director
Mr. Pradip Kumar Saha, Independent Director
Mr. Anup Kumar Singh, Managing Director

Risk Management Committee

Mr. Sethuraman Ganesh, Independent Director (Chairman)
Mr. Pradip Kumar Saha, Independent Director
Mr. Saurabh Kumar Johri, Nominee Director
Ms. Remika Agarwal, Nominee Director
Mr. Akhilesh Kumar Singh, Chief Financial Officer
Mr. Shrikant Bhargava, Chief Financial Advisor
Mr. Snehdeep Agnihotri, Chief Risk Advisor

Financial Advisory & Asset and Liability Management Committee

Mr. Anup Kumar Singh, Managing Director (Chairman)
Mr. Shrikant Bhargava, Chief Financial Advisor
Mr. Akhilesh Kumar Singh, Chief Financial Officer
Mr. Snehdeep Agnihotri, Chief Risk Advisor
Mr. Manish Raj, Chief Accounts Controller
Mr. Ashutosh Chaturvedi, Chief Information Officer (Invitee)

STATUTORY AUDITORS*

BSR & Co., LLP
Chartered Accountants,
Mumbai
(FRN: 101248W/W-100022)

SECRETARIAL AUDITORS

M/s Amit Gupta & Associates,
Practising Company Secretaries
Lucknow
(Membership No. F5478
CP No. 4682)

* as at March 31, 2023

REGISTRAR & TRANSFER AGENTS

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
Website: www.skylinertta.com

NSDL Database Management Limited (for Debentures)
+4th 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

DEBENTURE TRUSTEES

Catalyst Trusteeship Ltd. (Erstwhile GDA Trusteeship Limited)
GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Kothrud, Pune-411 038
Tel No.: (020) 66807200/ 223/ 224
E-mail: dt@ctltrustee.com

LENDERS- Banks & Financial institutions

Axis Bank Limited	Maanaveeya Development and Finance Private Limited
Bandhan Bank	MicroVest Short Duration Fund, LP
Canara Bank	Micro Units Development & Refinance Agency Limited (MUDRA Ltd)
Caspian Impact Investments Private Limited	NABARD
DCB Bank Limited	NABSAMRUDDHI Finance Limited
DWM Income Funds SCA SICA SIF	Northern Arc (Formerly IFMR Capital Finance Private Limited)
Federal Bank	Punjab National Bank
GLS Alternative Investments-Mikrofinanzfonds-Hansainvest Finance I GmbH & Co.	Small Industries Development Bank of India (SIDBI)
Hongkong and Shanghai Banking Corporation Limited (HSBC)	

InCred Capital Financial Services Private Limited (Formerly known as Proud Securities and Credits Private Limited)	State Bank of India
IDBI Bank	Standard Chartered Bank
Jana Small Finance Bank	State Bank of Mauritius
Kissandhan Agri Financial Services Private Limited	Union Bank of India
Kotak Mahindra Bank Limited	Utkarsh Small Finance Bank
Hinduja Leyland Finance	Vivriti Capital Private Limited
UCO Bank	Indian Overseas Bank
Profectus Capital Private Limited	Tata Capital Financial Services Limited
Mahindra & Mahindra Financial Services Limited	Sundaram Finance Limited
Manappuram Financial Limited	IndusInd Bank
Shriram Finance Limited	JM Financial Credit Solutions Limited
	JM Financial Products Limited

CIN: U65921UP1995PTC035286

RBI Reg No: B-12.00445

REGISTERED OFFICE

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Uttar Pradesh
India

Contact: 0522-4005729

Email: info@sonataindia.com

Website: www.sonataindia.com

BOARD REPORT

Dear Members,

It is our immense pleasure to present the 28th Annual Report of Sonata Finance Private Limited (*"the Company" or "your Company"*) together with the Standalone Audited Financial Statements for the Financial Year ended March 31, 2023.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The Company closed the year with the following key financial and operational results:

- The aggregate gross loan portfolio (GLP) of the Company stood at Rs. 2,36,607.73 lakhs as on March 31, 2023. This represents a year on year (YoY) growth of 35% as compared to March 31, 2022;
- Loan amount of INR 2,23,874.47 lakhs was disbursed in 2022-23, representing an increase of 46% as compared to 2021-22.
- the total income is INR 40,676.84 lakhs compared to Rs. 30,566.82 lakhs in 2021-22 reflecting an increase of 33.08%
- The Company has earned net profit of INR 4,156.26 lakhs during the Financial Year 2022-23 as against the net profit of INR. 1,362.16 lakhs during the previous financial year.
- The Company has operations spread across 10 states.
- The major focus was on collection and recovery thus the PAR>30 has improved in comparison with previous year

The financial performance of the Company is summarized below:

Particulars	(INR in lakhs)	
	FY 2022-23	FY 2021-22
Revenue from operations	39,882.18	29,753.68
Dividend	0	3.50
Other Income	794.66	809.64
Total Income	40,676.84	30,566.82
Employee benefit expenses	7,799.31	7,056.43
Finance Costs	18,506.38	14,623.70
Impairment on financial instruments	4,753.59	4,209.52
Depreciation, amortisation and impairment	165.82	165.52
Other Expenses	3,906.67	2458.43
Total Expenses	35,131.77	28,513.60
Profit / (Loss) before Tax	5,545.07	2,053.22
Total Tax Expenses	1,388.81	691.07
Profit / (Loss) for the Year	4,156.26	1,362.15
Financial Assets:	2,37,126.27	1,68,127.84
Cash and cash equivalents	35,996.23	32,085.43
Bank balances	12,307.33	9,701.06
Derivative Financial Instruments	366.26	263.74
Trade Receivables	394.64	399.12
Loans	1,85,972.29	1,24,096.10
Investments	5.65	9.00
Other Financial Assets	2,083.87	1,573.39

Particulars	FY 2022-23	FY 2021-22
Non-Financial Assets:	3,380.79	3,663.43
Current Tax Assets (net)	873.95	1,177.27
Deferred Tax Assets (net)	1,903.58	2,033.13
Property, Plant and Equipment	204.60	163.06
Right to use Asset	183.16	109.63
Intangible Assets	12.17	19.86
Other Non-Financial Assets	203.33	160.48
Total Assets	2,40,507.06	1,71,791.27
Financial Liabilities:	2,05,454.85	1,40,979.62
Derivative Financial Instruments	136.02	211.29
Trade Payables	320.06	243.69
Debt Securities	36,837.30	41,773.36
Borrowings (other than debt securities)	1,64,397.13	92,518.00
Subordinated Liabilities	1,996.19	4,402.14
Lease Liabilities	195.51	125.33
Other Financial Liabilities	1572.64	1705.81
Non-Financial Liabilities:	894.00	931.31
Provisions	518.58	632.86
Other Non- Financial Liabilities	375.42	298.45
Total Liabilities	2,06,348.85	1,41,910.93
Equity Share Capital	2,616.77	2,596.25
Other Equity	31,541.44	27,284.09
Total Equity	34,158.21	29,880.34
Total Liabilities and Equity	2,40,507.06	1,71,791.27

Due to rounding off, numbers presented in above table may not add up precisely to the totals provided; The corresponding figures presented in the results have been restated/reclassified.

The operational highlights of the Company are summarized below:

Particulars	March 31, 2023	March 31, 2022
Number of Branches	521	451
Number of Regular Employees	3,068	2,828
Number of Active Borrowers	9,86,102	7,66,812
Amount Disbursed (In Rs. Lakhs)	2,23,874.47	1,53,047.80
Gross Loan Portfolio (In Rs. Lakhs)	2,36,607.73	1,76,195.53

TRANSFER TO RESERVE FUND

In accordance with Section 45-IC of Reserve Bank of India Act, 1934, the Company has transferred a sum of INR 831.25 lakhs to the statutory reserve fund being 20 % of its standalone net profit, for the FY 2022-23.

DIVIDEND

In order to conserve the resources, your directors do not recommend any dividend for the year under review.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

There is no dividend which remained unclaimed / unpaid pertaining to previous years and year under review and hence, there is no requirement of transferring the same to the Investors Education and Protection Fund as per the provisions of Section 125 of the Companies Act, 2013.

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there was no change in the nature of the business of the Company.

SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATES

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

PUBLIC DEPOSITS

The company, being a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI), has not accepted any public deposit as defined under section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 and it continues to be a non-deposit taking NBFC-MFI in conformity with the guidelines of the RBI.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to Section 186(11)(a) of the Act read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules 2014, the loan made, guarantee given or security provided in the ordinary course of business by a Non- Banking Financial Company (NBFC) registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act. The details of the Investments of the Company forms part of the Standalone Financial Statements for the year ended March 31, 2023.

CAPITAL STRUCTURE

The capital structure of your company as on March 31, 2023 is as under:

Particulars	Amount (in Rs.)
Authorized Share Capital:	
4,00,00,000 Equity Shares of Rs. 10.00/- each	40,00,00,000
1,00,00,000 Preference Shares of Rs. 10.00/- each	10,00,00,000
TOTAL AUTHORIZED CAPITAL	50,00,00,000
Issued, Subscribed and Paid-up Share Capital:	
2,64,53,256 Equity Shares of Rs. 10.00/- each	26,45,32,560
TOTAL ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	26,45,32,560

There was no capital infusion during the period under review. However, the equity shares were transferred from Sonata Employee Welfare Trust to the employees who have exercised their ESOP entitlement under the Employee Stock Options Schemes.

The shareholding as on March 31, 2023 is appended below:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Paid-up Value (in ₹)	% Shareholding
Resident Shareholding				
1	Anup Kumar Singh	18,94,212	7.16%	7.16%
2	Caspian Advisors Private Limited, Trustee of Bellwether Microfinance Trust	6,72,292	2.54%	2.54%
3	Caspian Impact Investments Private Limited	4,66,850	1.76%	1.76%
4	Swaminathan Shankar Aiyar	4,71,375	1.78%	1.78%
5	Sonata Employee Welfare Trust	2,85,630	1.08%	1.08%
6	SIDBI Trustee Company Limited [A/c Samridhi Fund]	32,74,653	12.38%	12.38%
7	Shares held by Employees via ESOP	9,34,370	3.53%	3.53%
8	Small Industries Development Bank of India (SIDBI)	7,07,214	2.67%	2.67%
Total Resident Equity Shareholding (A)		87,06,596	87,065,960	32.91%
Non-Resident Shareholding				
9	India Financial Inclusion Fund, LLC	14,80,634	1,48,06,340	5.60%
10	Michael & Susan Dell Foundation	9,18,945	91,89,450	3.47%
11	Creation Investments Social Ventures Fund I	14,91,121	1,49,11,210	5.64%
12	Creation Investments Social Ventures Fund II, LP.	59,01,934	5,90,19,340	22.31%
13	Societe De Promotion Et De Participation Pour La Cooperation Economique	39,77,013	3,97,70,130	15.03%
14	Triodos Custody B.V. As A Custodian of Triodos Fair Share Fund	19,88,507	1,98,85,070	7.52%
15	Triodos SICAV II- Triodos Microfinance Fund	19,88,506	1,98,85,060	7.52%
Total Non-Resident Equity Shareholding (B)		1,77,46,660	17,74,66,600	67.09%
Total Equity Shareholding (A) + (B)		2,64,53,256	26,45,32,560	100.00%

Details of Transfer of Equity Shares during FY 2022-23 are as under:

Sl. No	Transferor	Transferee	Number of Shares transferred	Date of Transfer	Consideration (in Rs.)
1.	Sonata Employee Welfare Trust	Bramhanand	30,129	27-05-2022	19,26,019
2.	Sonata Employee Welfare Trust	Raj Kapoor Chaudhary	2,000	27-05-2022	1,34,000
3.	Sonata Employee Welfare Trust	Anil Kumar Singh	3,000	27-05-2022	2,01,000
4.	Sonata Employee Welfare Trust	Hansika Thapliyal	12,000	27-05-2022	8,04,000
5.	Sonata Employee Welfare Trust	Hari Mohan	1,000	27-05-2022	54,000
6.	Sonata Employee Welfare Trust	Umesh Chandra Dwivedi	2,200	27-05-2022	1,47,400

Sl. No	Transferor	Transferee	Number of Shares transferred	Date of Transfer	Consideration (in Rs.)
7.	Sonata Employee Welfare Trust	Sunil Kumar Gupta	6,000	10-08-2022	4,02,000
8.	Sonata Employee Welfare Trust	Abdul Kadir Ansari	2,000	10-08-2022	1,34,000
9.	Sonata Employee Welfare Trust	Chhote Lal	2,000	10-08-2022	1,34,000
10.	Sonata Employee Welfare Trust	Vinod Kumar Singh	1,500	10-08-2022	1,00,500
11.	Sonata Employee Welfare Trust	Narendra Patel	5,125	10-08-2022	3,34,375
12.	Sonata Employee Welfare Trust	Suresh Kumar Singh	8,500	10-08-2022	5,44,500
13.	Sonata Employee Welfare Trust	Jeetendra Kumar Yadav	5,500	10-08-2022	3,56,500
14.	Sonata Employee Welfare Trust	Sandeep Kumar Singh	1,400	10-08-2022	93,800
15.	Sonata Employee Welfare Trust	Laxmi Narayan Patel	8,000	10-08-2022	4,94,000
16.	Sonata Employee Welfare Trust	Vishwanath Pratap Singh	4,000	10-08-2022	2,68,000
17.	Sonata Employee Welfare Trust	Vinod Singh	1,700	10-08-2022	96,800
18.	Micro Units Development & Refinance Agency Limited (MUDRA)	Small Industries Development Bank of India (SIDBI)	7,07,214	10-08-2022	Demat Transfer
19.	Sonata Employee Welfare Trust	Umesh Chandra Dwivedi	800	12-11-2022	53,600
20.	Sonata Employee Welfare Trust	Poonam Soni	1,800	12-11-2022	1,20,600
21.	Sonata Employee Welfare Trust	Rajnath Yadav	3,500	12-11-2022	2,22,500
22.	Sonata Employee Welfare Trust	Ravindra Pratap Singh	5,500	12-11-2022	3,56,500
23.	Sonata Employee Welfare Trust	Bramhanand	2,500	12-11-2022	1,67,500
24.	Sonata Employee Welfare Trust	Anup Kumar Singh	16,602	12-11-2022	11,12,334
25.	Sonata Employee Welfare Trust	Bramhanand	11,949	16-12-2022	8,00,583
26.	Sonata Employee Welfare Trust	Umesh Chandra Dwivedi	2,000	16-12-2022	1,34,000
27.	Sonata Employee Welfare Trust	Deepak Kumar Jagati	5,500	16-12-2022	3,56,500
28.	Sonata Employee Welfare Trust	Vinod Singh	10,000	16-12-2022	6,54,000

Sl. No	Transferor	Transferee	Number of Shares transferred	Date of Transfer	Consideration (in Rs.)
29.	Sonata Employee Welfare Trust	Rakesh Kumar Burman	8,000	16-12-2022	4,94,000
30.	Sonata Employee Welfare Trust	Reema Dass	10,000	16-12-2022	6,28,000
31.	Sonata Employee Welfare Trust	Ajay Kumar Singh	6,000	16-12-2022	3,86,000
32.	Sonata Employee Welfare Trust	Mukesh Kumar Verma	12,000	16-12-2022	7,72,000
33.	Sonata Employee Welfare Trust	Kunvar Digvijay Singh	13,000	16-12-2022	8,21,000
		Total	9,12,419		

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 done during the year under review.

d. Employee Stock Option Plans

i) Options Granted during the year:

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

ii) Options Vested during the year:

During the year under review NO Stock Options were vested.

iii) Total number of shares arising as a result of exercise of Options:

As on March 31, 2023 total **24,34,370** stock options have been exercised by the employees and the Promoter of the Company.

iv) Total number of options lapsed or expired:

As on March 31, 2023, total **2,21,630** stock options have lapsed or expired.

v) Options Exercised during the year

During the year under review, total **2,05,205** share options have been exercised by the Promoter and Employees of the Company as per the aforesaid share transfer details.

RESOURCE MOBILIZATION

Your company is supported by a wide base of 37+ lending institutions who continued to fund our business activities. Besides having the continued support of its existing lenders, was also able to raise debt from various new lending institutions. During the financial year 2022-23, the company raised an amount of Rs. 1,57,334.43 Lakh in debt through term loans, private placement of Non-Convertible Debentures (NCDs) and External Commercial Borrowings (ECBs).

CREDIT RATINGS AND GRADING

Strong grading and rating enables the Company to borrow funds at competitive rates. The grading details of the Company as on March 31, 2023 are as follows:

The MFI Grading of the Company assigned by CARE Advisory Research and Training Limited ("CART") was "MFI 2+" the second highest MFI grading on eight-point scale implying outstanding performance in transparency, operational setup and sustainability.

The credit rating details for Bank facilities and debt instruments are as follows:

Instrument	Rating Agency	Rating Action	Rated Amount
Long Term Bank Facilities	CRISIL Ratings	CRISIL BBB+/Watch Positive	500 Cr.
	ICRA Limited	ICRA BBB (Stable)	500 Cr.
	Acuite Ratings and Research Limited	ACUITE BBB+ (Stable) ACUITE A- CE (Stable)	270 Cr.
	India Ratings and Research Pvt Ltd	IND BBB+ (Stable)	200 Cr.
Non-Convertible Debentures	ICRA Limited	ICRA BBB (Stable)	40 Cr.
	Acuite Ratings and Research Limited	ACUITE BBB+ (Stable)	170 Cr.
	India Ratings and Research Pvt Ltd	IND BBB+ (Stable)	315 Cr.
Market Linked Debentures	Acuite Ratings and Research Limited	ACUITE PP-MLD BBB+ (Stable)	25 Cr.

Further, the Credit ratings assigned to the respective debt instruments of the company are also available on the website of the Company.

CAPITAL ADEQUACY

As on March 31, 2023, your Company is in compliance with the regulatory requirement of net owned funds ('NOF') and Capital to Risk Assets Ratio ('CRAR'), as defined under section 45-IA of the RBI Act, 1934, to carry on the business of a non-banking financial institution ('NBFI').

Your Company's Capital Adequacy Ratio is as follows:

Capital Adequacy Ratio	FY 2022-23	FY 2021-22
i) CAR – Tier I Capital (%)	16.01%	20.11%
ii) CAR – Tier II Capital (%)	0.54%	1.58%
Capital Adequacy Ratio (CAR)	16.55 %	21.69%

Further, during the year under review, the Board also approved the policy on Internal Capital Adequacy Assessment in accordance with the requirements of RBI notification on "Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs" dated October 22, 2021. Pursuant to the said policy, a minimum CRAR of 16%, shall be maintained by the company.

EXECUTION OF SHARE PURCHASE AGREEMENT

The Company, along with the existing shareholders and the promoter, has entered into Share Purchase Agreements with Kotak Mahindra Bank Limited ("Bank") on February 10, 2023, for acquisition of 100% of the issued and paid-up capital of the company for an aggregate consideration of approximately Rs. 537 Crores. The transaction was approved by the Board of Directors in their meeting held on 10th February 2023 and subsequently an application was submitted to RBI seeking the requisite approvals for the transaction. Upon completion of the transaction (subsequent to receipt of regulatory and other approvals), Sonata will be a 100% subsidiary of the Bank.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

Apart from the information as per the previous para no material changes or commitments affecting the financial position of the company had either occurred or made from the end of the Financial Year till the date of this report.

STATUTORY AUDITORS AND AUDITORS' REPORT

In terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and in compliance with the provisions of RBI circular bearing no. DoS. CO. ARG/ SEC. 01/ 08.91.001/ 2021- 22 dated April 27, 2021 on the guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) by the Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) from the Financial Year 2021-22 onwards, the members of the Company at the 26th Annual General Meeting (AGM), held on September 30, 2021, appointed M/s BSR & Co., LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022), as the Statutory Auditors of the Company for a period of 3 years commencing from the audit for the quarter ended December 31, 2021; and subject to the satisfaction of eligibility norm on yearly basis, until the conclusion of the 29th Annual General Meeting of the Company to be held for the F.Y. 2023-24

The Audit Report given by M/s BSR & Co., LLP, Chartered Accountants on the standalone financial statements of the Company for the financial year 2022-23 is part of this Annual Report. The Auditors' Report read along with the Notes on the Financial Statements are self-explanatory and do not call for any further comments.

There has been no qualification, reservation or adverse remark or disclaimer in their Report.

Further, M/s BSR & Co. LLP (Firm registration No. 101248W/W-100022) resigned as the Statutory Auditors of the Company with effect from conclusion of the Board meeting held on May 30, 2023; wherein the audited financial statements for the financial year ended March 31, 2023 were approved.

The resignation has been tendered owing to the potential independence considerations, pursuant to the proposed change in the ownership of the company.

SECRETARIAL AUDITORS

Pursuant to the requirements of Section 204(1) of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s Amit Gupta & Associates, Practicing Company Secretaries, were appointed as Secretarial Auditor of the Company for the financial year 2022-23. The Secretarial Audit Report for the financial year ended March 31, 2023, is annexed to this report as **Annexure –III**.

There has been no qualification, reservation or adverse remark or disclaimer in their Report.

INTERNAL AUDITOR

Internal audit is an important function which identifies operational risk areas, checks compliance of company's operational policy and processes, reports deviations and areas of concern to the management and ensures corrective action. Over the years Company has evolved a robust, proper and adequate internal audit system in keeping with the size of the Company and its business model. The Company has its own internal audit team which conducts the audit of the branches of the company, on a regular basis. The Internal Audit team follows the Internal Audit plan and each branch is audited at least once in every quarter. The auditor reports directly to the Audit Committee of the company. The Audit Committee undertakes an evaluation of the adequacy and effectiveness of internal control systems. It also oversees the implementation of audit recommendations especially involving the risk management measures.

In addition to the above the company has also appointed M/s Amit Srivastava & Co., Chartered Accountants as the internal auditors of the company for conducting the audits in terms of Section 138 of the Act for the financial year 2023-24.

COST AUDITOR

The provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 relating to Cost Audit and maintaining of cost audit records does not apply to the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Affairs of your Company are being managed by a professional Board comprising members having experience and expertise suited to guide the Company in the right direction. The composition of the Board is as per the provisions of the Companies Act, 2013. At present, the Board of the company includes 8 Directors of whom 3 are Independent Directors, 4 Nominee Directors and a Managing Director.

During the period under review:

- Mr. Shreekanta Das (DIN 07306690) was appointed as the Nominee director to represent Small Industries Development Bank of India ("SIDBI") on the Board of the Company replacing Mr. Sanjay Goyal (DIN 07961517) w.e.f August 26, 2022
- Mr. Aditya Mohan (DIN 08299455), Nominee Director representing Triodos Custody B.V. As A Custodian of Triodos Fair Share Fund and Triodos SICAV II- Triodos Microfinance Fund resigned from the directorship of the company w.e.f September 21, 2022.

- Ms. Remika Agarwal (DIN 09438221) was appointed as the Nominee Director to represent Creations Investment Social Ventures Fund II on the Board of the Company replacing Mr. Kenneth Dan Vander Weele (DIN 02545813) w.e.f November 12, 2022.
- Ms. Paurvi Srivastava (ACS no 34110) resigned from the position of Company Secretary w.e.f. 31st May 2023 and Ms. Anjali Manwani Siddiqui (ACS no 36250) was appointed as the Company Secretary of the Company w.e.f. June 01, 2023.

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:

- Mr. Anal Kumar Jain
- Mr. Pradip Kumar Saha
- 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, the independent directors have adhered to the Code for Independent Directors prescribed under Schedule IV to the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as independent director during the year under review.

Further all the independent directors, have registered themselves with the Independent directors' databank in accordance with the provisions of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

During the year under review, the independent directors of the Company had no pecuniary relationship or transactions with the Company other than the sitting fees and reimbursement of expenses incurred for the purpose of attending the meetings of the Board or Committees of the Company.

PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

The Board of Directors and Remuneration & Nomination Committee has put in place a framework for the performance evaluation of the Board as a whole, its committees and individual directors including the Independent Directors, in compliance with the provisions of the Companies Act, 2013. The evaluation framework of the Board and its committees is based on parameters like composition, quality and effectiveness of deliberations, vision and strategy, monitoring etc. The individual directors are evaluated on criteria such as attendance, participation, understanding of business, domain knowledge, contribution to decision making, compliance with code of conduct, independence, etc.

The evaluation of the Board, its committees and individual directors for the reporting financial year was conducted through an online evaluation solution "Survey Monkey" portal and the results of the evaluation exercise were discussed in the Remuneration & Nomination Committee meeting held on May 30, 2023.

The Board of Directors in their meeting held on May 30, 2023 reviewed and took note of the Annual Performance Evaluation and expressed their satisfaction

Further, the Independent Directors evaluated the performance of the Chairman, non-independent directors and Board as a whole in their separate meeting held on May 30, 2023 and expressed their satisfaction.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 and based on the representations received from the management, the Board of Directors, to the best of its knowledge and ability, confirm that:

1. in the preparation of the annual accounts for the financial year 2022-23, the applicable Indian Accounting Standards have been followed and there were no material departures therefrom;
2. they 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 that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they had prepared the annual accounts on a going concern basis;
5. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and
6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE

"Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations, and society." – (Sir Adrian Cadbury, UK, Commission Report)

With the integration of the Indian economy with global markets, industries and corporations in the country are being increasingly asked to adopt better and transparent corporate practices. The degree to which corporations observe basic principles of good corporate governance is an increasingly important factor in taking key investment decisions.

If companies are to reap the full benefits of the global capital market, capture efficiency gains, benefit by economies of scale and attract long-term capital, the adoption of corporate governance standards must be credible, consistent, coherent and inspiring.

(i) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your company is committed towards adopting the best management practices, compliance of law in true letter and spirit and conducting its activities on the principles of fairness, transparency and accountability, to ensure that interests of all stakeholders are safeguarded.

In recent years, the company has made consistent efforts at improving its governance by following more stringent and transparent norms for financial and non-financial disclosures as mandated by law; enforcing

codes of conduct and honest business practices; accepting higher and appropriate accounting standards and internal controls; improved quality of audit, enforcing better reporting practices, fulfilling its social obligations through its corporate social responsibility programs. Our aim is to constantly strive at building good corporate citizenship through ethical behavior, sound governance practices and environmental awareness.

(ii) BOARD OF DIRECTORS

a) Composition of the Board of Directors

The Board of Directors of your Company has an optimum combination of Executive and Non- Executive Directors in compliance with the requirements of Companies Act, 2013, Listing Regulations and RBI Directions.

As on March 31, 2023, the Board of the Company consisted of 8 Directors, of which 3 were Independent Directors and 4 Directors were non-Executive while 1 Executive Director, being the Managing Director. Your Company believes that the Independent Directors bring with them the rich experience, knowledge and practices resulting in imbibing the best practices followed in the industry.

The day-to-day affairs of the company are managed by Senior officials of the company including the Managing Director, Key Managerial Personnel and functional heads, who function under overall supervision and guidance of Board of Directors. The details of the Board of Directors of the company are as under:

Sr. No.	Name of Director	Category	No. of Directorships in other Organisations (as on date)
1.	Mr. Anup Kumar Singh	Managing Director	-
2.	Mr. Anal Kumar Jain	Independent Director	3
3.	Mr. Sethuraman Ganesh	Independent Director	1
4.	Mr. Pradip Kumar Saha	Independent Director	2
5.	Ms. Remika Agarwal	Nominee Director	4
6.	Mr. Saurabh Kumar Johri	Nominee Director	2
7.	Mr. Shreekanta Das	Nominee Director	-
8.	Mr. R.V Dilip Kumar	Nominee Director	9

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

During the Financial Year 2022-23, the Board of Directors met 6 times viz. on 27-05-2022, 10-08-2022, 12-11-2022, 16-12-2022, 07-02-2023 and 10-02-2023. In compliance with the provisions of the Companies Act, 2013 read with the circulars and notifications issued by the Ministry from time to time the Board met at least once in every calendar quarter. The requisite quorum was present for all the meetings. The composition and attendance of the Members in the Board meetings held during the FY 2022-23 are as follows:

Sr. No.	Date of Board Meeting	Place/ Mode of Meeting	Members attended Board Meeting
1.	May 27, 2022	Hotel Aloft, Aerocity, New Delhi	Mr. Pradip Kumar Saha, Chairman Mr. Aditya Mohan Mr. Anal Kumar Jain Mr. Anup Kumar Singh Mr. Sethuraman Ganesh
2.	August 10 2022	Hotel Taj Mahal, Gomti Nagar, Lucknow	Mr. Pradip Kumar Saha, Chairman Mr. Aditya Mohan Mr. Anal Kumar Jain Mr. Anup Kumar Singh Mr. Sethuraman Ganesh Mr. Saurabh Kumar Johri
3.	November 12, 2022	Hotel Aloft, Aerocity, New Delhi	Mr. Pradip Kumar Saha, Chairman Mr. Shreekanta Das Mr. Anal Kumar Jain Mr. Anup Kumar Singh Mr. Sethuraman Ganesh Mr. Saurabh Kumar Johri
4.	December 16, 2022	Via Video Conferencing	Mr. Pradip Kumar Saha, Chairman Mr. Anal Kumar Jain Mr. Anup Kumar Singh Mr. Sethuraman Ganesh Mr. Saurabh Kumar Johri Ms. Remika Agarwal Mr. Shreekanta Das
5.	February 07, 2023	Corporate Office of the Company, Gomti Nagar, Lucknow	Mr. Pradip Kumar Saha, Chairman Mr. Anal Kumar Jain Mr. Anup Kumar Singh Mr. R.V. Dilip Kumar Mr. Sethuraman Ganesh Mr. Saurabh Kumar Johri Ms. Remika Agarwal
6.	February 10, 2023	Via Video Conferencing	Mr. Pradip Kumar Saha, Chairman Mr. Anup Kumar Singh Mr. R.V. Dilip Kumar Mr. Sethuraman Ganesh Mr. Saurabh Kumar Johri Ms. Remika Agarwal

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.

c) Meeting of Independent Directors

Pursuant to Clause VII of the Schedule IV of the Companies Act, 2013 the Independent Directors of the company are required to hold at least one meeting in a year without the presence of non-independent directors and members of management.

In compliance to the stated clause, a separate meeting of the Independent Directors was held on May 30, 2023 to evaluate the performance of the Chairman, non-independent directors and the Board as a whole for F.Y 2022-23, which was attended by all the Independent Directors of the company

(iii) BOARD COMMITTEES AND TERMS OF REFERENCE

The Board has constituted various sub-committees with specific terms of reference and scope in compliance with the provisions of the Companies Act 2013 and RBI guidelines on Corporate Governance. The details of the Committees as constituted is covered herein below and is also available on the website of the company "www.sonataindia.com"



a. AUDIT COMMITTEE

The Board of Directors of the company in compliance with the requirements of Section 177 of the Companies Act 2013 and applicable guidelines of the Reserve Bank of India has constituted the Audit Committee with the basic objective of reviewing and monitoring the financial reporting process, system of internal financial reporting, accounting compliances, review of audit plans, quarterly, half yearly and annual financial statements prior to approval of the Board.

As on March 31, 2023, the Audit Committee of the Board consisted of five members out of which three are Non-Executive Independent Directors. The Chairman of the Committee is an Independent Director. All the Members of the Committee are financially literate and have accounting and financial management expertise. The Company Secretary of the Company acts as the Secretary to the Committee. The composition and attendance of the Members at the Audit Committee meetings held during the FY 2022-23 are as follows:

Sr. No.	Date of Meeting	Place/ Mode of Meeting	Members attended Meeting
1.	May 26, 2022	Hotel Aloft, Aerocity, New Delhi	Mr. Pradip Kumar Saha, Chairman Mr. Anal Kumar Jain Mr. Sethuraman Ganesh
2.	August 09, 2022	Hotel Taj Mahal, Gomti Nagar, Lucknow	Mr. Pradip Kumar Saha, Chairman Mr. Anal Kumar Jain Mr. Sethuraman Ganesh Mr. Saurabh Kumar Johri Mr. R. V. Dilip Kumar
3.	November 11, 2022	Hotel Aloft, Aerocity, New Delhi	Mr. Pradip Kumar Saha, Chairman Mr. Anal Kumar Jain Mr. Sethuraman Ganesh Mr. Saurabh Kumar Johri
4.	February 06, 2023	Corporate office of the Company, Gomti Nagar, Lucknow	Mr. Pradip Kumar Saha, Chairman Mr. Anal Kumar Jain Mr. Sethuraman Ganesh Mr. R. V. Dilip Kumar Mr. Saurabh Kumar Johri

Brief Terms of Reference of Audit Committee:

- a) To review the Financial Reporting & to ensure the correctness 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 consider the approval and subsequent modification of any transactions of the Company with related parties.
- i) To carry out any other function as may be delegated by the Board and /or specified under the SEBI Listing Regulations, the Companies Act, 2013, the RBI Master directions or other applicable law.

b. REMUNERATION & NOMINATION COMMITTEE

The Remuneration and Nomination Committee is setup by the Board in compliance with the Section 178(1) of the Companies Act, 2013 and in accordance with the RBI guidelines. The Chairman of the Committee is an Independent Director. The Company Secretary of the Company acts as the Secretary to the Committee. The composition and attendance of the Members at the meetings of the Remuneration and Nomination Committee held during the FY 2022-23 are as follows:

Sr. No.	Date of Meeting	Place/ Mode of Meeting	Members attended Meeting
1.	May 27, 2022	Hotel Aloft, Aerocity, New Delhi	Mr. Anal Kumar Jain, Chairman Mr. Anup Kumar Singh Mr. Pradip Kumar Saha
2.	November 12, 2022	Hotel Aloft, Aerocity, New Delhi	Mr. Anal Kumar Jain, Chairman Mr. Anup Kumar Singh Mr. Pradip Kumar Saha
3.	February 06, 2023	Via Video Conferencing	Mr. Anal Kumar Jain, Chairman Mr. Anup Kumar Singh Mr. Pradip Kumar Saha Saurabh Kumar Johri

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 formulate the criteria for effective evaluation of performance of the Board of Directors, the committees constituted by the Board and the individual directors 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.

c. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In line with the requirements of Section 135 of the Act, a Corporate Social Responsibility Committee was constituted to oversee the CSR activities of the Company. The Corporate Social Responsibility Committee is headed by an Independent Director.

The composition and attendance of the Members at the meetings of the Corporate Social Responsibility Committee held during the FY 2022-23 are as follows:

Sr. No.	Date of Meeting	Place/ Mode of Meeting	Members attended Meeting
1.	May 26, 2022	Hotel Aloft, Aerocity, New Delhi	Mr. Sethuraman Ganesh, Chairman Mr. Anup Kumar Singh Mr. Pradip Kumar Saha
2.	November 11, 2022	Hotel Aloft, Aerocity, New Delhi	Mr. Sethuraman Ganesh, Chairman Mr. Anup Kumar Singh Mr. Pradip Kumar Saha
3.	February 07, 2023	Corporate Office of the company, Gomti Nagar, Lucknow	Mr. Sethuraman Ganesh, Chairman Mr. Anup Kumar Singh Mr. Pradip Kumar Saha

Brief Terms of reference of Corporate Social Responsibility Committee:

- a) 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.
- b) Formulation and recommendation to the Board, an annual action plan or revisions thereof of the CSR expenditure to be made during the financial year.
- c) Recommendation to the Board for setting off any expenditure which has been made in excess of the annual budget.
- d) Recommendation to the Board for defining any project as "on going" project as per the definition as covered in the Companies (Corporate Social Responsibility Policy) Amendment Rules 2021.
- e) Recommendation of the amount of expenditure to be incurred on the CSR activities and monitoring the same and monitoring the Corporate Social Responsibility Policy of the company from time to time.
- f) To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.

d. RISK MANAGEMENT COMMITTEE

The Corporate Governance requirements as specified by the Reserve Bank of India requires the constitution of the Risk Management Committee to manage the integrated risks associated with the business. The Company has in place a Risk Management Committee in accordance with RBI guidelines.

The terms of reference of the Risk Management Committee includes periodical review of the risk management policy, implementing and monitoring the risk management plan, and mitigation of the key risks.

The composition and attendance of the members at the Risk Management Committee meetings held during the FY 2022-23 is given below:

Sr. No.	Date of Meeting	Place/ Mode of Meeting	Members attended the Meeting
1.	May 26, 2022	Hotel Aloft, Aerocity, New Delhi	Mr. Sethuraman Ganesh, Chairman Mr. Aditya Mohan Mr. Pradip Kumar Saha Mr. Akhilesh Kumar Singh Mr. Snehdeep Agnihotri
2.	August 10, 2022	Hotel Taj Mahal, Gomti Nagar, Lucknow	Mr. Sethuraman Ganesh, Chairman Mr. Aditya Mohan Mr. Pradip Kumar Saha Mr. Shrikant Bhargava Mr. Snehdeep Agnihotri Mr. Akhilesh Kumar Singh
3.	November 11, 2022	Hotel Aloft, Aerocity, New Delhi	Mr. Sethuraman Ganesh, Chairman Mr. Pradip Kumar Saha Mr. Akhilesh Kumar Singh Mr. Shrikant Bhargava Mr. Snehdeep Agnihotri
4.	February 06, 2023	Corporate Office of the company, Gomti Nagar, Lucknow	Mr. Sethuraman Ganesh, Chairman Mr. Pradip Kumar Saha Mr. Akhilesh Kumar Singh Mr. Shrikant Bhargava Mr. Snehdeep Agnihotri Mr. Saurabh Kumar Johri Ms. Remika Agarwal

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 monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts;
- e) To provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risks.
- f) To review the risk bearing capacity of the Company in light of its reserves, insurance coverage, guarantee funds or other such financial structures.
- g) To carry out any other function as may be specified from time to time as per the regulatory amendments/ requirements.

e. IT STRATEGY COMMITTEE

In compliance with the RBI Master Directions on Information Technology Framework for the NBFC Sector the company has constituted IT Strategy Committee. The objective of the committee is to carry out 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.

The Chairman of the Committee is an Independent Director. The composition and attendance of the members at the IT Strategy Committee meetings held during the FY 2022-23 are as follows:

Sr. No.	Date of Meeting	Place/ Mode of Meeting	Members attended the Meeting
1.	August 09, 2022	Hotel Taj Mahal, Lucknow	Mr. Anal Kumar Jain, Chairman Mr. Anup Kumar Singh Mr. Akhilesh Kumar Singh Mr. Ashutosh Chaturvedi Mr. Shyam Kanhaiya Yadav
3.	February 06, 2023	Corporate office of the Company, Gomti Nagar, Lucknow	Mr. Anal Kumar Jain, Chairman Mr. Anup Kumar Singh Mr. Akhilesh Kumar Singh Mr. Ashutosh Chaturvedi 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 any 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.
- i) To ensure that the company complies to Core Financial Services Solution (CFSS) requirements, as prescribed by the Reserve Bank of India.

f. Financial Advisory and Asset & Liability Management Committee

In compliance with the RBI requirements on Corporate Governance and the Companies Act, 2013, the company has constituted a "Financial Advisory and Asset & Liability Management Committee". The objective of the committee is to evaluate, monitor and approve the flow of funds through borrowings from various available sources and ensure the balance of capital structure to that of debt is maintained. The committee is headed by the Managing Director who is supported by team of senior officials of the company.

Brief Terms of reference of Financial Advisory and Asset & Liability Management Committee:

- a. To review and monitor Company's borrowings from existing or new lenders, including the External Commercial Borrowing Transactions
- b. To review and approve the Company's Business Correspondent, securitisation and assignment transactions.
- c. To explore the options available from banks & financial institutions for borrowing, compare the earnings, approve the borrowings after considering the market scenario and other terms and conditions of the borrowings.
- d. To continuously review the fund requirement of Company on monthly and quarterly basis in accordance with the ongoing business plan (projections etc).
- e. To review the cash management and optimum utilisation of the funds available to the company at frequent intervals.
- f. To review the interest rate charged by the company on quarterly basis in order to comply with the Reserve Bank of India Pricing of Credit Guidelines.
- g. To review the fund position of the company and to analyse the ALM returns before filing with the Regulatory Authorities.
- h. To consider and approve the opening of Bank account of the Company, delegation and alteration of the authorised signatories and closing of bank accounts.
- i. To report to the board of directors on a quarterly basis.

(iv) GENERAL MEETINGS

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

Financial Year	Date and Time of AGM	Venue/ Mode of the AGM
2021-22	September 30, 2022	Via Video Conferencing
2020-21	September 30, 2021	Via Video Conferencing
2019-20	September 30, 2020	Via Video Conferencing

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

Date of AGM	Applicable Section of Companies Act, 2013	Particulars of Special Resolution
September 30, 2022	N.A.	None
September 30, 2021	N.A.	None
September 30, 2020	N.A.	None

C. Details of Extra-Ordinary General Meetings held during the year:

Date of EGM	Applicable Section of Companies Act, 2013	Particulars of Special Resolution
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July 20, 2022 (Via Video Conferencing)	U/s 180(1)(c), 180(1)(a), 42 and 71	<ul style="list-style-type: none"> • Approval u/s 180 (1) (c) of Companies Act, 2013 to borrow any sum or sums of money from time to time exceeding the aggregate of its paid-up capital, free reserves & securities premium • Approval of creation of charge, mortgage or hypothecation on the assets of the Company under section 180 (1)(a) of the Companies Act, 2013 • Approval to issue Non-Convertible Debentures on private placement basis under sections 42 and 71 of the Companies Act, 2013 • Approval for the adoption of new set of Memorandum of Association ("MOA") as per the requirements of Companies Act, 2013
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(v) 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 the website of the company at <https://www.sonataindia.com/COC.aspx>.

(vi) OTHER DISCLOSURES

- During the period under review no prosecutions have been initiated against the Company neither any fines have been imposed for alleged offences under the Act.
- During the year, no expenditure has been debited in the books of accounts, which is not for the purposes of business of the company.
- During the year, no expenses, which are of personal nature, have been incurred for the Board of Directors and top management.
- During the year, no application involving the company was made nor is any proceeding pending against the company, under the Insolvency and Bankruptcy Code, 2016.

(vii) MEANS OF COMMUNICATION

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

(viii) FAMILIARISATION OF BOARD OF DIRECTORS

Familiarisation of the Board of Directors is an ongoing process wherein the directors are informed about their roles and responsibilities and are kept updated about the regulatory environment, significant developments in the industry, business overview, company performance and other important matters pertaining to the company. Further, the Company updates the members of Board on a continuous basis on any significant changes and provides them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

The policies and procedures of the company are reviewed by the Board on an annual basis, in keeping with the regulatory changes and business needs.

(ix) 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, 2023.
- b) The Financial Year of the Company is from April 01 to March 31.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company has put in place a "Related Party Transactions Policy" for identification of RPTs, necessary approvals by the Audit Committee/ Board /Shareholders, reporting and disclosure requirements in compliance with the Companies Act, 2013. Policy is available on the website of the Company at www.sonataindia.com.

There were no material related party transactions entered by the Company during Financial Year 2022-23 which may have potential conflict with the interest of the Company. The related party transactions constitute contracts or arrangements, made by the Company from time to time, with Companies in which Directors are interested. All contracts, arrangements and transactions executed by the Company during the financial year, with related parties, were on arm's length basis and in the ordinary course of business. All such related party transactions were entered into in accordance with the Related Party Transactions Policy of the Company. All related party transactions were placed before the Audit Committee for review and approval.

In compliance with section 188(1) of the Companies Act, 2013, the disclosure on related party transactions in Form AOC-2 is enclosed as **Annexure-I**. Further, details of Related Party Transactions, as required to be disclosed, as per Indian Accounting Standard (IND AS-24) "Related Party Disclosures" specified under section 133 of the Companies Act, 2013 are disclosed in the Notes to the Financial Statements of the Company for the Financial Year ended March 31, 2023.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Sustainability is no longer about doing less harm. It's about doing more good. Corporate Social Responsibility is an attempt to align enterprises to the goal of sustainable global development by providing them with a more comprehensive set of working objectives than just profit alone. For an organization to be sustainable, it must be financially secure, minimize (or ideally eliminate) its negative environmental impacts and act in conformity with societal expectations.

At Sonata, 'Education' and 'Health' are the two facets of our CSR programs. We have now been working for a long time to promote the well-being and development of underprivileged sections of the society by contributing towards their education and betterment of their health. In terms of education, the company has adopted more than 35 schools in areas of our operation where we have been able to bring about significant improvement in the infrastructure and quality of education resulting in increased enrolment and attendance and reducing the rate of absenteeism and dropout.

Witnessing the crippling effect of Covid-19 pandemic on the healthcare infrastructure, the company realized the need for investment in healthcare infrastructure. From FY 2021-22 onwards, the company has been allocating CSR funds for supporting healthcare institutions. The company provides ventilators, ECG machines and other high-cost medical equipment to selected hospitals and medical institutions. In the coming years, the company intends to further expand the outlay for CSR activities on healthcare.

The CSR initiatives of the company are guided and monitored by the Corporate Social Responsibility (CSR) Committee constituted under the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time. The details of composition of the CSR Committee and its scope are provided in the para pertaining to Corporate Governance.

During the FY 2022-23, the Company was obligated to spend Rs. 21,14,000/- (Rupees Twenty-One Lakh Fourteen Thousand Only) on CSR activities, after adjusting the set-off amounting to Rs. 10,82,626/- (Rupees Ten Lakh Eighty-Two Thousand, Six Hundred and Twenty-Six), being excess portion of CSR expenditure of the previous years 2020-21 and 2021-22. However, in view of the requirements of the beneficiary schools compiled by the company, the Committee in its meeting held on May 26, 2022 recommended to the Board a budget of Rs. 30,00,000/- (Rupees Thirty Lakhs Only) for CSR activities for the Financial Year 2022-23. The allocated budget was utilized for promotion of education and healthcare, as approved by the Committee in the Annual Action Plan for the reporting year and the company spent a net amount of Rs. 30,00,657/- (Rupees Thirty Lakhs Six Hundred and Fifty-Seven Only) on CSR activities during the year. The excess CSR expenditure of Rs. 8,86,657/- (Eight Lakhs Eighty-Six Thousand Six Hundred Fifty-Seven Only) during the FY 2022-23, is eligible for set-off for the period of immediately succeeding three Financial Years subject to approval of the Board.

The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Act. The CSR policy of the Company is available on the website of the Company at www.sonataindia.com. The details of CSR expenditure and statutory disclosures with respect to the CSR initiatives undertaken by the Company during the year are presented in the Annual Corporate Social Responsibility Report prepared as per the provisions of Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, which is enclosed as **Annexure II** to this Report.

ANNUAL RETURN

Pursuant to Section 92(3) and section 134(3)(a) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the copy of Annual Return as on March 31, 2023 is available on the Company's website on <https://www.sonataindia.com/AnnualReturns.aspx>.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the Financial Year 2022-23 is appended as **Annexure-IV** to the Board Report.

DISCLOSURE OF REMUNERATION AND 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 Criteria forms part of the Corporate Governance Policy of the Company and the aforesaid policy is available on the website of the Company at www.sonataindia.com.

Terms of reference of the Remuneration and Nomination Committee along with other relevant details are provided under the Corporate Governance section of this report.

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, keeping in view the size and nature of the business. These systems help to detect and prevent frauds & errors and ensure accuracy and completeness of the accounting records relevant to the preparation and presentation of financial statements. The Audit Committee ensures that all procedures are properly authorized, documented, described and monitored and it also reviews the internal audit reports, adequacy of internal controls and ensure compliances. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements, including the financial reporting system, compliance to accounting policies and procedures, adequacy and effectiveness of the internal controls and systems followed by the Company.

Information System Security controls enable the Company to keep a check on technology-related risks and also improve business efficiency and distribution capabilities. Your Company is committed to invest in IT systems, including back-up systems, to improve the operational efficiency, customer service and decision-making process.

Further the company's financial system and procedures were duly audited by M/s BSR & Co., LLP, Chartered Accountants, who have reported that the financial systems are as per the requirements.

HUMAN RESOURCE DEVELOPMENT

The Company focuses on effective management of employees such that they help their business gain a competitive advantage. It has continuously adopted structures that help attract best external talent and promote internal talent to higher roles and responsibilities.

During the past year our key HR focus areas have been capacity building of our employees through comprehensive learning and development programs conducted through training workshops and our e-learning portal; counselling and support for low-performers; improving the gender ratio and empowering our women employees by converting selected branches into full female branches; devising compensation plans to attract and retain the best employees and implementing performance management systems to identify employee strengths and weaknesses to create effective company succession planning strategies.

As on March 31, 2023, the Company had 3068 employees in its rolls at various level of organizational structure. The company believes in recognizing and appreciating employees for their valuable contribution and loyalty. Equal Opportunities are offered to all the employees irrespective of gender to learn and grow in the organization. Further, 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 – V** to the Board Report.

RISK MANAGEMENT

Risk Management is the key to the survival of an NBFC. Having witnessed multiple crisis in the past decade, NBFCs are now focusing on ways to re-engineer their risk management capabilities. We can no longer afford to sit back and wait for yet another disaster to strike but must proactively identify and mitigate both internal and external risks.

With this understanding, the company has been focussing on strengthening its risk management model to meet unforeseen situations. Key developments include adoption of risk-based audit, utilising more analytical and technology-based solutions and tools to analyse and mitigate risks, thrust on increasing cashless collections, and developing people competency to handle the nuances of operational risk management and sensitization of the line management through risk management workshops and training programs.

The risk management function is overseen by the Risk Management Committee which is responsible for setting the risk appetite, reviewing and assessing the quality, integrity and effectiveness of the risk management systems and ensuring that the risk policies and strategies are effectively managed. The Audit Committee has additional oversight in the area of financial risks and controls. The risk management department headed by the Chief Risk Officer conducts periodic risk assessment against the risk thresholds set by the risk management committee. Comprehensive risk management reports covering key risk indicators showing Environmental, market and geographical risk, Credit risk, Operational risk including systems, HR and Regulatory risk, Liquidity risk, ALM and interest rate risk, and other risks faced by the company, are prepared by the risk management department and reviewed by the risk management committee. The committee monitors the strategies devised and actions taken by the management to prevent and mitigate these risks.

The Company has a Board approved General Risk Management Policy which is placed on the website of the Company at www.sonataindia.com wherein all material risks faced by the Company are identified and assessed.

VIGIL MECHANISM

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In line with the Sonata Code of Conduct any actual or potential violation, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the Code of Conduct cannot be undermined.

Pursuant to Section 177(9) of the Act, a vigil mechanism & whistle Blower policy was established for directors and employees to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The said mechanism ensures that the whistle blowers are protected against victimization, any adverse action and/ or discrimination as a result of such a reporting and provides a direct access to the Chairman of the Audit Committee in exceptional cases.

The Company hereby affirms that during the FY 2022-23, no complaints were received under the Vigil mechanism and none of its personnel have been denied access to the Audit Committee. The Vigil Mechanism and whistle blower policy is available at website of the Company at www.sonataindia.com

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 POSH 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 to redress complaints received regarding sexual harassment

The details of Sexual Harassment cases reported during the year and other relevant details are as under:

No. of Cases in the beginning of the year	No. of Cases received during the year	No. of Cases disposed off during the year	No. of Cases pending at the end of year and its ageing	No. of workshops or awareness program carried out during the year	Nature of action taken by the Employer
Nil	Nil	Nil	Nil	3	N.A

Further the Company has also submitted the annual report for the previous calendar year with the District Officer, Lucknow as per the requirements of the POSH Act.

ENVIRONMENTAL AND SOCIAL ASPECTS

We ensure sound and sustainable business practices so as to establish 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 which in turn would lead to awareness of their families and lastly to 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 and continues to integrate such practices into its daily office-based activities. We also make sure that working conditions in the organization meet international labour standards and in this regard the company ensures that there is no forced labour, no gender in-equality, acceptance of equal pay for equal work, no child labour has been or shall be employed in any of the offices of the company. We provide equal and adequate terms of employment to both genders, provision of adequate process for employees to voice complaints and many more.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The company being a Non-Banking Financial Company and our operations are not energy-intensive. However, the Company has used information technology extensively in its operations to serve its customers. Significant measures are taken to reduce energy consumption by using energy-efficient computers and electrical equipment. Further, the Company believes in the optimum utilization of alternative resources available to reduce usage and conserve energy.

Further, there were no foreign currency earnings during FY 2022-23. However, the company has incurred foreign currency expenditure equivalent to Rs. 397.86 Lakhs during the year under review.

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.

CLIENT GRIEVANCE

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

No. of complaints*	March 31, 2023	March 31, 2022
Pending at the beginning of the year	12	8
Received during the year	647	959
Redressed during the year	636	955
Pending at the end of the year	23	12

* Excluding general enquiry from customers on loans products.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has in place proper systems to ensure compliance with the provisions of secretarial standards issued by The Institute of Company Secretaries of India and such systems are adequate and operating effectively.

DOCUMENTS PLACED ON THE WEBSITE

In compliance with the requirements of Companies Act 2013, SEBI (LODR) Regulations 2015, and RBI Master Directions, 2016, following documents have been placed on the website of the Company (www.sonataindia.com):

- Annual Reports of the Company
- SONATA Code of Conduct
- Financial statements of the Company along with relevant documents as per third proviso to section 136(1).
- Credit Loss Estimation Policy
- Fair Practice Code in English and Hindi language
- Ombudsman Scheme in English and Hindi language
- Equal Opportunity Policy
- Policy on Co-Lending with Banks
- Resource Planning Policy
- Corporate Environmental & Social Policy
- Procurement Policy
- Document Retention & Destruction Policy
- Cyber Security Policy
- Information Security Policy & Procedures
- Fraud Prevention Policy
- Loan and Interest Rate Policy
- Recovery Policy
- Related Party Transactions Policy
- Know Your Customer (KYC), Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT) Policy
- Vigil Mechanism/ Whistle Blower Policy
- General Risk Management Policy
- Corporate Social Responsibility Policy

- Fit and Proper Criteria Policy
- Corporate Governance Policy
- Policy against Sexual Harassment in English and Hindi Language
- Investment Policy
- Business Model Policy
- Employee Background Verification Policy
- Code of Practices and Procedures for fair Disclosure of Unpublished Price Sensitive Information
- Policy on Internal Capital Adequacy assessment
- Policy on loans to Directors and Senior Management
- Resolution framework for Covid-19
- Intimations/ Documents filed with the Stock Exchange
- Details of Credit Ratings
- Policy on appointment of Statutory Auditors
- Human Resource Policy
- The terms and conditions of appointment of independent directors as per schedule IV to the Act.

ANNEXURES

The list of annexures forming part of the Board Report is as follows:

Name of the Annexure	Annexure No.
Related Party Transactions (AOC-2)	I
Annual Corporate Social Responsibility Report	II
Secretarial Audit Report	III
Management Discussion and Analysis Report (MDAR)	IV
Ratio of the remuneration of each director to the median employee remuneration	V

ACKNOWLEDGEMENTS

Your directors express their sincere appreciation and extend their gratitude for the co-operation and assistance received from customers, Reserve Bank of India, MFIN, Sa-Dhan, Shareholders, Bankers, Stock Exchange, Banks, Financial Institutions and other stakeholders during the year under review.

The Board also wish to place on record their deep sense of appreciation for the dedicated services and contributions made by its staff for the overall performance of the Company.

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


Anup Kumar Singh
Managing Director
DIN: 00173413


Pradip Kumar Saha
Director
DIN: 02947368

Place: New Delhi
Date: May 30, 2023

ANNEXURE-I TO THE BOARD REPORT

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, 2023, which were not at arm's length basis.

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

Name of the Related Party & Nature of Relationship	Nature of contracts/ arrangements / transactions	Duration of the contracts / arrangement s/transaction s	Salient terms of the contracts/ arrangements/ transactions including the value	Date(s) of approval by the Board/ Audit Committee	Amount paid as advances
Vivriti Capital Private Limited <i>(Mr. Kenneth Dan Vander Weele, being common director on the board of Vivriti Capital Private Limited and Sonata Finance Private Limited)</i>	In the Ordinary Course of Business	24 months	Term Loan Facility of Rs. 20,00,00,000 /-(Rupees Twenty Crores Only) to be availed in 4 tranches of Rs. 5,00,00,000/- (Rupees Five Crores) each Interest rate: 13.30% p.a Processing Fees: 0.50% Primary Security: Exclusive charge by way of hypothecation on the Borrower's certain identified book debts/receivables from assets created by the Borrower from the Facility availed from the Lender with an asset cover of 1.10x. Cash Collateral: In the form of fixed deposit for an amount equivalent to (i) 5% (five percent) of the aggregate loan amount	Passed through circular resolution dated September 21, 2022 and noted in the Audit Committee meeting held on November 11, 2022	Nil

Name of the Related Party & Nature of Relationship	Nature of contracts/ arrangements / transactions	Duration of the contracts / arrangement s	Salient terms of the contracts/ arrangements/ transactions including the value	Date(s) of approval by the Board/ Audit Committee	Amount paid as advances
			<p>outstanding at the time of occurrence of the Rating Downgrade Event, in case of occurrence of the First Rating Downgrade Event; and</p> <p>(ii) 10% (ten percent) of the aggregate loan amount outstanding at the time of occurrence of the Rating Downgrade Event, in case of occurrence of the Second Rating Downgrade Event with a scheduled commercial bank as acceptable to the lender</p>		
Kissandhan Agri Financial Services Private Limited (Ms. Remika Agarwal, being common director on the board of Kissandhan Agri Financial Services Private Limited and Sonata Finance Private Limited)	In the Ordinary Course Business	24 months (Subject to annual review)	<p>Term Loan Facility of Rs. 10,00,00,000 /- (Rupees Ten Crores Only)</p> <p>Interest rate: 13.50% p.a</p> <p>Processing Fees: 0.50%</p> <p>Primary Security: Exclusive hypothecation of current assets created out of loan proceeds availed from M/s Kissandhan Agri Financial Services Private Limited to the extent of 110% of the loan component to be maintained at all times during the currency of the loan.</p> <p>Cash Collateral: In the form of fixed deposit for an amount equivalent to 5% (five percent) of the aggregate loan amount outstanding to be created in favour of Kissandhan Agri Financial Services Private Limited</p>	Passed through circular resolution dated December 28, 2022 and taken note in the Audit Committee Meeting held on February 06, 2023	Nil

Name of the Related Party & Nature of Relationship	Nature of contracts/ arrangements / transactions	Duration of the contracts / arrangement s/transaction s	Salient terms of the contracts/ arrangements/ transactions including the value	Date(s) of approval by the Board/ Audit Committee	Amount paid as advances
Caspian Investments Limited (Mr. Ranganathan Varadarajan Dillip Kumar being common director on the board of Caspian Impact Investments Private Limited and Sonata Finance Private Limited)	In the Ordinary Course of Business	24 months	Term Loan Facility of Rs. 12,00,00,000 /- (Rupees Twelve Crores Only) Floating Interest rate: 13.50 % per annum (which is the sum of SBI 2 Year+ 4.90 %) Processing Fees: 0.10% plus applicable taxes Primary Security: The Borrower shall hypothecate by way of senior, secured, exclusive, floating charge over book debts of the Borrower ("Hypothecated Property"), so as to provide a security cover of at least 1.1(One Point One Zero) times on the outstanding Credit Facility (including incremental drawdown/ excluding incremental drawdown)	Passed through circular resolution dated March 04, 2023 and taken note in the Audit Committee Meeting held on May 29, 2023	Nil

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


Anup Kumar Singh
Managing Director
DIN: 00173413


Pradip Kumar Saha
Director
DIN: 02947368

Place: New Delhi
Date: May 30, 2023

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2022-23

1. A brief outline of the Company's CSR policy:

The Board of Directors of the Company approved the CSR policy October 30, 2015 and review it annually in every first meeting of the Financial Year. CSR policy defines the company's relationship with the common stakeholders and the community for the social and the environmental good. It aims to work towards the elimination of all barriers for the social inclusion of disadvantaged groups – such as the poor, socially backward and financially excluded group of persons. In compliance to the CSR Policy, the company gives special preference to the local areas and areas where it operates for spending the amount that is earmarked by the CSR Committee. The policy serves as a guiding document and helps the Company to identify, monitor and execute the CSR projects and keep the activities within the spirit of the policy. CSR policy of the Company lays down the guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Sethuraman Ganesh	Independent Director (Committee Chairman)	3	3
2.	Mr. Anup Kumar Singh	Managing Director (Member)	3	3
3.	Mr. Pradip Kumar Saha	Independent Director (Member)	3	3
4.	Mr. Sanjay Goyal (member till 26.08.2022)	Nominee Director (Member)	3	-
5.	Mr. Shreekanta Das (member w.e.f 12.11.2022)	Nominee Director (Member)	3	-

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

Web-link for the abovementioned details is <https://www.sonataindia.com/CSR.aspx>

4. Executive summary along with the web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, if applicable: Not Applicable

5. (a) Average net profit of the company as per section 135(5): Rs. 15,98,31,095.70

(b) Two percent of average net profit of the company as per section 135(5): Rs. 31,96,621.91

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(d) Amount required to be set off for the financial year, if any: Rs. 10,82,626*

(e) Total CSR obligation for the financial year (5a+ 5b- 5c): Rs. 21,13,995.915 (rounded off to Rs. 21,14,000)

* The Board, in its meeting held on June 29, 2021, approved the set-off of the excess amount of Rs. 27,43,949/- spent during the previous Financial Year 2020-21, to be carried over for the period of immediately succeeding three Financial Years as follows:

Set Off during the FY 2021-22: Rs. 11,50,000

Set Off during the FY 2022-23: Rs. 7,96,975

Set Off during the FY 2023-24: Rs. 7,96,974

Rs. 27,43,949

Further, the excess expenditure of Rs. 2,85,651/- during the FY 2021-22 was approved for set-off in entirety, during the FY 2022-23, in addition to the earlier approved set-off of Rs. 7,96,975/- aggregating the total set off for the FY 2022-23 to Rs. 10,82,626/-.

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): Rs. 29,25,388

(b) Amount spent in Administrative Overheads: Rs. 75,269

(c) Amount spent on Impact Assessment, if applicable: N.A.

(d) Total amount spent for the Financial Year [(6a) +(6b) +(6c): Rs. 30,00,657

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
30,00,657	NIL	NIL	NIL	NIL	NIL

(f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (In Rs.)
i.	Two percent of average net profit of the company as per Section 135(5)	31,96,621.91
ii.	Amount to be set-off for the Financial Year	10,82,626
iii.	CSR obligation of the company	21,13,995.91 (rounded off to Rs. 21,14,000)
iv.	Total amount spent for the Financial Year	30,00,657
v.	Excess amount spent for the financial year [(iv)-(iii)]	8,86,657
vi.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
vii.	Amount available for set off in succeeding financial years [(v)-(vi)]	8,86,657

7. (a) Details of Unspent CSR amount for the preceding three financial years: NIL

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in Financial Year (Yes/No): NO

If Yes, enter the number of Capital assets created/acquired: N.A

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): N.A

RESPONSIBILITY STATEMENT

Pursuant to the provisions of Companies Act, 2013 and Companies Rules (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time, Mr. Anup Kumar Singh, Managing Director and Mr. Sethuraman Ganesh, Chairman 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**


Anup Kumar Singh
Managing Director
DIN: 00173413


Sethuraman Ganesh
Chairman - CSR Committee
DIN: 07152185

**Place: New Delhi
Date: May 30, 2023**

ANNEXURE-III TO THE BOARD REPORT



AMIT GUPTA & ASSOCIATES
Practicing Company Secretaries

FORM NO. MR.3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023
[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 **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 31st March, 2023 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 31st March, 2023 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

C-17, Vinday Nagar, Krishna Nagar, Lucknow - 226 023
Mobile : 94150 05106, 79057 96954, E-mail : amitgupta@agmail.com

- 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, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- 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 (Share Based Employee Benefits) Regulations 2021 – Not applicable;
 - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - 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 ~ Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - Not applicable as the Company has not made any delisting during the year under report;
 - 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, however we have noted instance of delay in sharing of draft minutes to the Board members for their comments. Further 2 charges are pending for approval by the Registrar of Companies in view of technical difficulties at MCA portal.

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, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. However, we have noted delays in sharing of the Audited Financial Statements with the Audit Committee and the Board Members.
- Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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 during the following material event having bearing on the affairs of the Company took place:

- The members of the company at Extra ordinary General Meeting held on July 20, 2022 had accorded authorisation to the Board u/s 180 (1) (c) of Companies Act, 2013 to borrow any sum or sums of money from time to time exceeding the aggregate of its paid-up capital & free reserve provided that the total amount upto which monies may be borrowed by the Board of Directors or the Committee authorized by Board shall not exceed Rs. 2455 Crores (Rupees Two Thousand Four Hundred Fifty Five Crores Only) at any time.
- The members of the Company at Extra ordinary General Meeting held on July 20, 2022 had accorded approval to the Board for the creation of charge, mortgage or hypothecation on the assets of the Company under section 180 (1)(a) of the Companies Act, 2013 provided that maximum amount of the indebtedness secured by the properties of the Company shall not exceed Rs. 2700 Crores (Rupees Two Thousand Seven Hundred Crores Only) at any time.
- The members of the Company at Extra ordinary General Meeting held on July 20, 2022 has empowered the Board to issue Non-Convertible Debentures on Private Placement basis under section 42 read with section 71 of the Companies Act, 2013 provided that the aggregate amount of non-convertible debentures offered/proposed to be offered shall not exceed Rs. 600 crores (Rupees Six hundred crore only), which shall be within the overall borrowing limit of Rs. Rs. 2455 Crores (Rupees Two Thousand Four Hundred Fifty Five Crores Only) provided for the Company pursuant to the shareholder's resolution passed under Section 180(1) (c) of the Companies Act, 2013.

- The members of the Company at Extra ordinary General Meeting held on July 20, 2022 had approved the alteration in Memorandum of Association of the Company to adopt the amended set of Memorandum of Association, for aligning the same with Table A of Schedule I of the Companies Act, 2013.
- Nomination of Mr. Shreekanta Das vice Mr. Sanjay Goyal as a Nominee Director by Small Industries Development Bank of India (SIDBI) with effect from August 26, 2022.
- Nomination of Mr. Aditya Mohan as a Nominee Director withdrawn by Triodos Custody B.V. As A Custodian of Triodos Fair Share Fund & Triodos SICAV II- Triodos Microfinance Fund with effect from September 21, 2022.
- Nomination of Mr. Remika Agarwal vice Mr. Kenneth Dan Vander Weele as a Nominee Director by Creation Investments Social Ventures Fund I and Creation Investments Social Ventures Fund II, LP. with effect from November 12, 2022.
- Mr. Pradip Kumar Saha (DIN – 02947368) re-appointed as Independent Director of the Company for a second term of 5 (five) consecutive years with effect from May 26, 2022 (upon expiry of their present term of office i.e. on May 25, 2022) till May 25, 2027.
- The Company at its board meeting held on February 10, 2023 has accorded an approval and authorization for execution of Share Purchase Agreement and any other Ancillary documents with Kotak Mahindra Bank Limited (“Purchaser”) for acquisition of 100% of the equity capital of the Company from its existing shareholders.

For Amit Gupta & Associates
Company Secretaries

**AMIT
GUPTA**

Amit Gupta
Practising Company Secretary
Membership No. : F5478
C.P. No. 4682

UDIN - F005478E000544489
Date: July 04, 2023
Place: Lucknow

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

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

**AMIT
GUPTA**



Amit Gupta
Practising Company Secretary
Membership No. : F5478
C.P. No. 4682

UDIN - F005478E000544489
Date: July 04, 2023
Place: Lucknow

Management Discussion & Analysis Report

MACROECONOMIC OVERVIEW

The global economy at present is navigating through incredibly rough waters attributed mainly to global uncertainties, unfolding of conflict in Europe, the reaction of financial and commodity markets to the changing scenarios, tight monetary policy and more. However, the World Bank in its India development update said that despite these hurdles, India showed resilience to global shocks and better than expected quarterly growth numbers.

For India, 2022 was special. It marked the 75th year of India's Independence. India became the world's fifth largest economy, measured in current dollars. Although significant challenges remain in the global environment, India was one of the fastest growing economies in the world in FY 2022-23. The overall growth remained robust and is estimated to be 6.9 percent for the full year with real GDP growing 7.7 percent year-on-year during the first three quarters of fiscal year 2022-23. There were some signs of moderation in the second half of FY 22-23. Growth was underpinned by strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners. Inflation remained high, averaging around 6.7 percent in FY22-23 but the current-account deficit narrowed in Q3 on the back of strong growth in service exports and easing global commodity prices.

The Reserve Bank of India's has withdrawn accommodative measures to rein in inflation by hiking the policy interest rate. India's financial sector also remains strong, buoyed by improvements in asset quality and robust private-sector credit growth. In 2023, NBFCs will play a larger role in supporting the socioeconomic construct of the Indian economy. The opportunity for credit penetration still remains very high in India. The NBFCs can set a new benchmark by tying up with fintechs and introducing new business models with personalised offerings.

INDUSTRY INSIGHTS

Generally considered an alternative to the mainstream banking system, non-banking financial companies (NBFCs) play an important role in an economy like India, with the growing financial needs of the urban middle class, and a predominantly rural population. NBFCs are at the forefront of financial inclusion in India, facilitating credit to key and niche sectors of the Indian economy ranging from infrastructure to unbanked sections of the society. They play an integral role in the diversification of the Indian financial sector by mobilizing resources and providing loans at payable costs.

Most customers seek NBFCs on account of their quick decision-making, minimal requirements for documents, and prompt services. Additionally, government schemes like 'Make in India' gave a boost to the country's manufacturing sector fostering credit demand from heavy industries. The credit-hungry micro, small and medium enterprises (MSME) sector also increasingly seeking NBFC funding.

CRISIL has reported that riding on macroeconomic tailwinds, NBFCs are expected to see their AUM grow 11-12% — a four-year high — to Rs 13 lakh crore by the end of this fiscal. Also, it is heartening to see that the RBI and policymakers recognise the contribution of NBFCs in supporting real economic activity and meeting the credit

demand, especially reaching the unbanked. The recent RBI Scale based norms is another welcome step for the industry that will elevate the status of NBFCs in line with several other public sector NBFCs. Under these revised norms, we expect to attain more operational flexibility to meet the increasing credit demand and aid India's economic growth.

*As at March 31, 2023 MFIs have an extensive presence across 27 states and 5 Union Territories with a total Asset Under Management (AUM) of Rs 1,31,163 Cr, including owned portfolio Rs 1,07,232 Cr and managed portfolio (off BS) of Rs 23,931 Cr. The owned portfolio of MFIN members is about 77.5% of the NBFC-MFI universe portfolio of Rs 1,38,310 Cr.

*Further the loan amount of Rs 1,30,563 Cr was disbursed in FY 22-23 through 3.1 Cr accounts, including disbursement of Owned as well as Managed portfolio. This is 59.3% higher than the amount disbursed in FY 21-22 and the Portfolio at Risk (PAR)>30 days as on 31 March 2023 has reduced to 4.0% as compared to 9.7% as on 31 March 2022.

*During FY 2022-23, NBFC MFIs received a total of Rs. 74,787Cr in debt funding (from Banks and other Financial Institutions) which is an increase of 59.2% as compared to FY 21-22.

**Industry data updated from MFIN Micrometer*

BUSINESS REVIEW

Sonata Finance Private Limited ("SONATA"/ "the Company") is a leading microfinance institution (registered with Reserve Bank of India as Non-Banking Finance Company (Non-Deposit taking) ("NBFC –MFI").

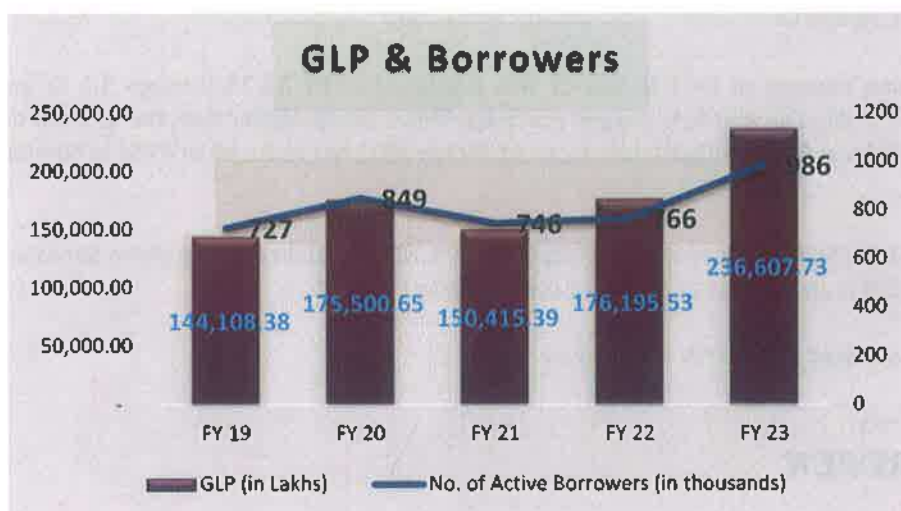
The company is primarily engaged in providing microfinance loans to low-income households thereby leading towards financial inclusion and economic empowerment of women and underprivileged sections of the society. The core business of the Company is to provide small value loans and certain other basic financial services to its clients who either do not have any access to loans from institutional sources of financing or the same is very limited. 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 operates through a network of 521 branches across 149 districts in rural and semi-urban areas of 10 states, viz., Uttar Pradesh, Madhya Pradesh, Jharkhand, Maharashtra, Uttarakhand, Punjab, Haryana, Bihar, Rajasthan and Chhattisgarh. Besides providing income generation loans to joint liability groups of women, the company offers a diversified basket of products such as housing loans, sanitation loans, utility loans, two-wheeler loans, individual loans and MSME loans.

AUM snapshot

As on March 31, 2023, the company had 9.86 lakh borrowers with total assets under management being Rs. 2,36,607.73 lakhs as compared to 7.67 lakh active borrowers and AUM of Rs. 1,76,195.53 lakhs as on March 31, 2022.

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



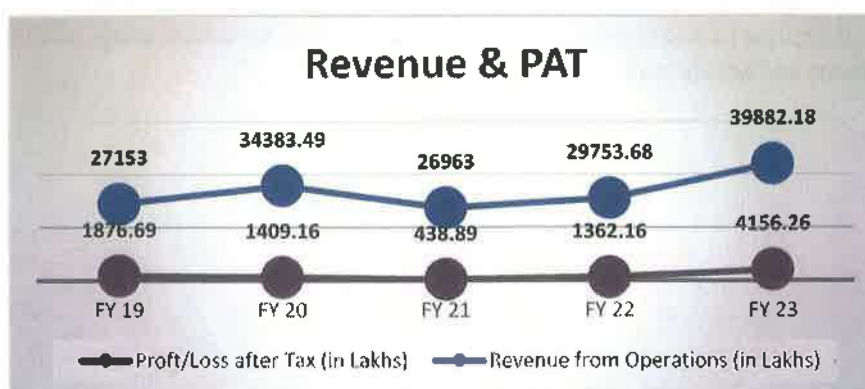
Disbursements

During the year, the company disbursed loans of Rs. 2,23,874.47 lakhs, which is an increase of 46% over the previous year.

Financial Position

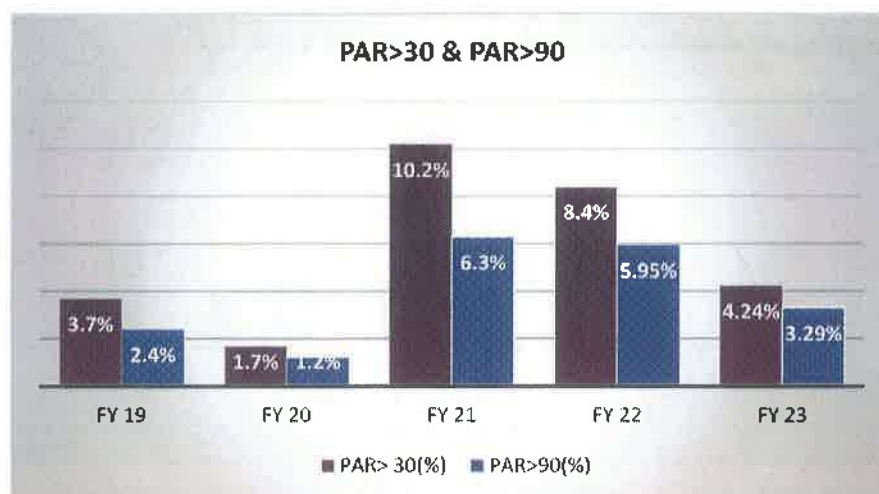
The total revenue from operation for the FY 2022-23 was Rs. 39,882.18 lakhs as against Rs. 29,753.68 lakhs for the FY 2021-22. The company recorded a PAT of Rs. 4,156.26 lakhs during the financial year ended March 31, 2023, which is an increase of 205.12% over the previous year.

The year-on-year PAT and total revenue of the Company is as under:



Portfolio Quality

PAR > 30 stood at 4.24% as on March 31, 2023 as compared to 8.77% on March 31, 2022, whereas PAR > 90 was 3.29% as on March 31, 2023 as compared to 5.95% on March 31, 2022.



Debt Funding

The liquidity position of the company has been fairly sound during the year, as the company continues to be supported by its partner lending institutions. During the year, the company received new debt funds of Rs. 1,57,334.43 lakhs from banks and financial institutions. An amount of Rs. 1,10,384.89 lakh was repaid during the year, and the total debt outstanding as on March 31, 2023 was Rs. 2,03,230.62 lakhs.

HUMAN CAPITAL

We believe that successful companies of the future will be those that integrate business and employees' personal values. The best people want to do work that contributes to society with a company whose values they share, where their actions count and their views matter.

Human resource development ensures the effectiveness and advancement of individual employees, collective departments, and the organization itself. As an organisation, our focus is to devise strategies to improve culture and build a work environment conducive to up-skilling and self-development of the employees.

The Company focuses on widening organisational skills and improving organisational effectiveness by having a competent and engaged workforce. A passionate and competent team, trained to put customers first, has helped the Company to thrive over the years. We are a people-oriented organisation that ensures for its employees work satisfaction, ample growth opportunities, fair compensation, recognition of achievements through fast-tracked promotions and direct interaction with senior management so that all concerns are heard and acted upon.

The unrelenting dedication of our people to the organisation enables us to grow and succeed. We provide our people a positive work environment that prioritises their well-being, and furthers their overall development through self-learning opportunities and an equitable, transparent and collaborative work culture.

We place high value on our employees' well-being. We also provided additional paid COVID leaves as an employee welfare measure, as well as monetary compensation for the families of the deceased. The Company

also identifies and adopts best industry practices related to Health, Safety, Security and Environment which outlines the core of its business and ensures in developing a culture where its employees drive them.

We keep our employees engaged by implementing well designed employee engagement programmes that recognise their achievements and convey how much the organisation values their efforts.

The total number of regular employees as on March 31, 2023 was 3,068.



TECHNOLOGICAL DEVELOPMENT

Digitalization and Innovation are the driving forces behind the growth of the NBFC sector in India. As an organisation, we are changing the way we have been functioning internally and replacing the manual with digital, and integrating automation across all our business verticals. This digital-first approach will not only help us improve efficiencies, but completely transform the customer experience. We have introduced a series of mobile applications – from lead creation, loan repayment to, loan top-up, customer on boarding, customer engagement, collections and so on. In addition to this, we are moving towards real time customer alerts and systems integration for smoother KYC procedures. We are also leveraging the power of 'artificial intelligence' to strengthen our surveillance and security system. We will also continue to further strengthen our IT governance and information security system across the organisation.

OPPORTUNITIES AND CHALLENGES

Numerous challenges are ahead of our sector like lack of accessibility, unhealthy competition, seasonal migration, political unawareness, resource constraints, low level knowledge of microfinance institutions (MFIs) etc. On the other hand, existing in poverty in India, along with opportunities, is paving way for the growth of this sector and offering a huge market potential for microfinance. On this basis the sector presents a lot of opportunities such as: stimulating growth of economy, women empowerment, increasing volume, accessibility and outreach, economics of scope etc.

OPPORTUNITIES

i. Increasing demand for credit

The role of NBFCs in financial inclusion has been increasing over the last many years due to rising demand for credit from several sections of the society and the government's focus on financial inclusion. As per the RBI's data, the credit growth of banks has been sluggish over the past few years. This has resulted in a credit gap that NBFCs have been able to fill. NBFCs have been able to cater to the financial needs of small and medium-sized enterprises, which have been underserved by traditional banks. The role of NBFCs in financial inclusion has been increasing over the last many years due to rising demand for credit from several sections of the society and the government's focus on financial inclusion. So, one of the biggest opportunities for NBFCs is to create customers which means the people who have never borrowed in the past.

ii. Policy reforms

An important factor that has contributed to the growth of NBFCs is the government's initiatives to promote financial inclusion. The government has launched various schemes like Pradhan Mantri Jan Dhan Yojana (PMJDY), Mudra Yojana, and Stand-Up India to provide financial services to the unbanked and underbanked population. NBFCs have played a crucial role in implementing these schemes and providing credit to the beneficiaries. It is heartening to see that the RBI and policymakers recognise the contribution of NBFCs in supporting real economic activity and meeting the credit demand, especially reaching the unbanked. The regulatory framework for NBFCs has undergone significant changes over the past few years. The RBI Scale based norms introduced last year is another welcome step for the industry that will elevate the status of NBFCs in line with several other public sector NBFCs. The new regulations will promote better governance and structural strengthening of the sector, with a long-term goal of bridging the gap between banks and NBFCs. Under these revised norms, we expect to attain more operational flexibility to meet the increasing credit demand and aid India's economic growth.

iii. Digital Transformation

Digital transformation is one of the significant trends that has affected the financial services industry, including NBFCs in India. With the proliferation of smartphones and the internet, digital platforms have become a crucial medium for providing financial services. It is our constant endeavour to adopt digital technologies to enhance customer experience, streamline operations, and reduce costs.

They have developed online platforms for loan applications, disbursements, and repayments. They have also adopted artificial intelligence and machine learning algorithms for risk assessment and credit scoring. The digital transformation has resulted in a significant increase in operational efficiency, enabling MFIs to provide faster and more reliable services to their customers.

iv. Innovative Products

MFIs in India have been offering innovative products to cater to the evolving needs of their customers. They have also been offering loans against securities, education loans, and consumer durable loans. The innovation has helped MFIs to diversify their loan portfolio and reach new customer segments, resulting in a sustainable growth rate.

CHALLENGES

The NBFC sector has been facing challenges in recent years, with defaults by big NBFCs leading to a liquidity crisis and tighter regulations by the RBI. NBFCs have faced key challenges of funding, liquidity, asset quality and competition. However, NBFCs have successfully navigated their challenges by focusing on higher liquidity, provisioning buffers, and raising funds on time.

i. Reliance on Commercial Banks

Most NGO-MFIs in India rely on mainstream financial institutions like commercial banks to ensure stable funding. Their funds predominantly come from privately-owned banks having higher interest rates and shorter lending terms. Such practices substantially raise interest on loans for borrowers and result in bad debts. Proper infrastructure planning in the sector will ensure less vulnerability to credit risks and high monitoring costs.

ii. Deepening financial services awareness among the underserved

Microfinance institutions serve small ticket loans to the urban poor and under banked in distant hinterlands as a result of the model. There are logistical and field force costs associated with the outreach. As a result, margins are small, necessitating digitization and process automation. In a scenario of rising interest rates and intense competition from banks, we will further need to focus on our pricing to maintain profitability and also focus on higher-yield segments for growth. Needless to say, NBFCs with stronger business models, strong capital adequacy, strong underwriting capabilities and focus on digital strategy will continue to perform better and grow stronger in years to come.

iii. Over-indebtedness

Over-borrowing is one of the major challenges faced by the microfinance industry these days. The CRIF High Mark data vouches for the fact that the average microfinance loan size has increased quite significantly in the past years. Borrowers tend to borrow from more than one lender in tandem. Borrowings from multiple institutions without adequate cash flows to meet the repayment obligations creates a debt trap for borrowers and leads to delayed repayments and defaults. Lending institutions need to come up with innovative and effective ways to assess the cash flows and debt service burden of borrowers instead of relying on just self-reported income data, and to ensure that the borrowings are utilised for productive purposes.

iv. Leveraging technology

As the quantum of credit available to microfinance borrowers diversifies, using cutting-edge technologies, IT tools, and applications has become non-negotiable. MFIs need to look inwards and adopt technology so that they can improve their efficiency and reduce operational cost. However, with majority of customers based in rural and semi-urban areas, the job is easier said than done, as most borrowers find it difficult to understand and utilise technology efficiently. Lack of financial literacy and awareness on financial cybercrimes has resulted in general mistrust among rural population which leads to reduced digital penetration.

As more financial services move online, the focus on security gains greater relevance. With increased online offerings, cyber-attacks like phishing are likely to grow in volume and intensity. Amidst this, players in the industry will invest even more in security tools and services to secure the transactions and ensure privacy

to customer data. Furthermore, education to various stakeholders is critical, so it is recommended to adopt a gamified approach to deal with these challenges.

Despite the momentous achievements, a significant opportunity awaits the industry in the coming years, mainly driven by the emerging technology, changing cultural trends and a favourable regulatory landscape. A large number of our population remains largely unfamiliar with technology and face unique challenges in financial literacy. When it comes to serving the underbanked, we will leverage technology and innovation to drive financial inclusion. Thus, in 2023, we will have a better picture of what the new normal looks like and how fintech is shaping the financial services of tomorrow.

WAY AHEAD

Despite the challenges, the future of NBFCs in India looks promising. The sector is expected to grow at a CAGR of 18.5% between 2021 and 2026. The growth is expected to be driven by various factors like the increasing demand for credit, the government's initiatives to promote financial inclusion, and the rise of digitalization.

RISK MANAGEMENT

Our Company constantly invests in people, processes and technology as the Company acknowledges that these are vital elements for mitigating various risks posed by the environment. The Company has established detailed procedures and policies for underwriting across various product categories, based on the credit profile of the customers. While risk is an inherent aspect of any business, the Company, being a financial company is exposed to various numerous risks that are particular to its business and the environment within which it operates, including interest rate volatility, operational risk, economic cycle, credit risk and market risk. The most important among them are credit risk, market risk and operational risk. The Company has the overall responsibility of ensuring that an effective risk management framework is aligned to its objectives. The Risk management committee comprising of senior management personnel has created framework to assess, avoid, manage and mitigate risks across various segments on a continuous basis and reports to the Board, as a monitoring and decision support information base.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company has an adequate internal control system in place to safeguard assets and protect against losses from any unauthorised use or disposition. The system authorises, records and reports transactions and ensures that recorded data are reliable to prepare financial information and to maintain accountability of assets. The Company's internal controls are supplemented by an extensive programme of internal audits, reviews by the management, and documented policies, guidelines and procedures. The Company also has a team of internal auditors to conduct an internal audit which provides that all transactions are correctly authorised and reported.

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 the financial system and procedures duly audited by M/s BSR & Co. LLP, Chartered Accountants, Mumbai, who have reported that the financial systems are as per the requirements.

On behalf of the Board of Directors

Of Sonata Finance Private Limited



Anup Kumar Singh
Managing Director
DIN: 00173413



Pradip Kumar Saha
Director
DIN: 02947368

Place: New Delhi
Date: May 30, 2023

ANNEXURE-V TO THE BOARD REPORT

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): 119.77:1
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): 35.89% Mr. Akhilesh Kumar Singh (CFO): 0% Ms. Paurvi Srivastava (CS): 0%
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 1.99%
iv.	The number of permanent employees on the rolls of the Company.	3068
v.	Average percentile increases 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 increases already made in the salaries of employees other than the managerial personnel: 0.002% The average increase in the managerial remuneration: 11.96%

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-

- i. 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
- ii. 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

- iii. 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:
- Name and Designation of the employee: Anup Kumar Singh, Managing Director
 - Remuneration received: Rs. 220.15 Lakhs
 - Nature of employment, whether contractual or otherwise: Permanent
 - Qualifications and experience: Master's degree in Economics & Sociology, a Postgraduate Diploma in Rural Development and Management, and a MBA in Finance
 - Date of commencement of employment: September 06, 2006
 - Age: 51 years
 - The last employment held before joining the company: Cashpor Microcredit
 - The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above: 7.16%
 - Whether the employee is a relative of any director or manager of the company and if so, name of such director or manager: No

List of Top Ten Employees of the Company in terms of remuneration:

S. No	Employee Name & Designation	Previous Organization	Qualification and Experience	Date of Joining	Age	Remuneration received (annually) (in Rupees)	% of equity shares held by the employee	Relative of any director of the company
1.	Anup Kumar Singh (Managing Director)	Cashpor Microcredit	Master's degree in Economics & Sociology, a Postgraduate Diploma in Rural Development and Management, and a MBA in Finance. He has more than 25 years of experience in microfinance.	06-09-06	51	2,20,14,589	7.16%	None
2.	Akhilesh Kumar Singh (Chief Financial Officer)	Microsave & Casphor Micro Credit	Certified Expert in SME Finance from Frankfurt School of Finance and Management, Germany. Graduate in mathematics & holds advance diploma in Rural Technology Development and Management.	03-04-17	50	59,07,924	-	None

S. No	Employee Name & Designation	Previous Organization	Qualification and Experience	Date of Joining	Age	Remuneration received (annually) (in Rupees)	% of equity shares held by the employee	Relative of any director of the company
			He has 22 years of experience.					
3.	Manish Raj (Chief Account Controller)	Sahara India Financial Co. Ltd.	MBA (Finance) from FMS BHU. He has experience of more than 22 years in Finance.	07-07-18	49	46,30,908	-	None
4.	Bramhanand (Finance Head)	Casphor Micro Credit	CA (Inter), M.com and LLB. He has 21 years of experience in microfinance.	26-12-05	44	35,24,724	0.36%	None
5.	Ankur Agarwal (Chief Compliance Officer)	Dakshinanchal Vidyut Nigam Limited	A Law Graduate and a fellow member of the Institute of Company Secretaries of India 23 years of experience in the diversified business activities dealing in Legal, Compliance & Secretarial arena.	01-03-16	47	30,86,724	-	None
6.	Ashish Singh (Chief Operations-IL)	Casphor Micro Credit	MBA (Finance & Banking). Holds 18 years of experience in microfinance	19-08-06	41	27,44,724	0.18%	None
7.	Vinay Pratap Singh (Chief Operations-JLG)	Casphor Micro Credit	Masters of Business Administration and 21 years of experience in MFI sector.	31-08-09	47	27,44,724	0.18%	None
8.	Tarun Kumar Srivastava (Internal Audit Head)	Casphor Micro Credit	Masters in Social Welfare and Bachelor of Law.	01-02-07	52	27,44,724	0.18%	None

S. No	Employee Name & Designation	Previous Organization	Qualification and Experience	Date of Joining	Age	Remuneration received (annually) (in Rupees)	% of equity shares held by the employee	Relative of any director of the company
			Holds 23 years of experience in Microfinance.					
9.	Shyam Kanhaiya (IT Head)	NA	Master of Computer Applications and experience of 14 years	04-08-06	42	27,44,724	0.13%	None
10.	Saif Khan (Chief Ops Head- BC)	Casphor Micro Credit & Trust Microfin Network	Masters of Business Administration and 24 years of experience in MFI sector	26-AUG-2009	44	25,04,724	0.17%	None

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



Anup Kumar Singh
Managing Director
DIN: 00173413



Pradip Kumar Saha
Director
DIN: 02947368

Place: New Delhi
Date: May 30, 2023