S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Sonata Finance Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sonata Finance Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 45 to the financial statements which describes the extent to which the COVID - 19 pandemic may impact the Company's operations and its financial metrics which are dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
(a) **Impairment of loan receivables as at balance sheet date (including provision for expected credit losses)** *(as described in note 8, 43.2 and 45 of the financial statements)*	
Ind AS 109 requires the Company to provide for impairment of its loan receivables using the expected credit loss (ECL) approach. In the process, a significant degree of judgement has been applied by the management including but not limited to the following matters: 1. Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'. 2. Grouping of loan portfolio under homogenous pools to determine probability of default on a collective basis. 3. Determining effect of less frequent past events on future probability of default. **Additional considerations on account of COVID-19:** The impact of Novel Coronovirus (COVID-19) pandemic, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations and collection efficiency. The Company uses the principles of prudence wherever applicable to assess the impact of pandemic on the financial statements specifically while assessing management overlays. The Company has recorded a total provision (including management overlay) of Rs. 6,685.85 lakhs as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronovirus	Our audit procedures included the following: • Read and assessed the Company's accounting policy for impairment of loan receivables and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India ('RBI') guidelines issued on March 13, 2020. • Tested the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the probability of default and loss given default rates. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 (i.e. the default in repayment is within the range of 31 to 90 days) or stage 3 (i.e. the default in repayment is more than 90 days). • Tested the input data used for determining the probability of default and loss given default rates and agreed the data with the underlying books of accounts and records. • Performed inquiries with the Company's management and its risk management function to assess the

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Key audit matters	How our audit addressed the key audit matter
(COVID-19) pandemic. Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the Company's responses thereto, the actual credit loss can be different than that being estimated. Given the high degree of management's judgement involved in estimation of ECL, accentuated by the considerations for COVID-19 related developments, it is a key audit matter.	impact of lockdown on the business activities of the Company. • Assessed the Company's policy with respect to moratorium pursuant to the RBI circular and Microfinance Institutions Network (MFIN) advisory and tested the implementation of such policy on a sample basis. • Assessed the additional considerations applied by the management for staging of loans as SICR / default in view of Company's policy on moratorium by testing on a sample basis. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic) in accordance with the governance framework approved by the Board of Directors pursuant to RBI guidelines issued on March 13, 2020. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • Assessed the adequacy of disclosures included in the financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109. We also evaluated the adequacy of COVID-19 specific disclosure in the financial statements and verified the data included in the disclosures.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

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(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) The provisions of Section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 48 to the financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. BATLIBOI & ASSOCIATES LLP

per Amit Kabra
Partner
Membership Number: 094533
UDIN: 21094533AAAAGK5203
Place of Signature: Gurugram
Date: June 29, 2021

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF SONATA FINANCE PRIVATE LIMITED AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) Majority of the property, plant and equipment have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company. Accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company and hence not commented upon.

(ii) The Company's business does not involve inventories and accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company and hence not commented upon.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been

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regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, service tax, goods and service tax and cess on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	12.82	A.Y. 2017-18	Commissioner of Income-tax-(Appeal)

(d) In respect of sub clauses (vii) (a) to (vii) (c) above, the Company did not have any dues towards sales tax, service tax, custom duty, service tax, excise duty and value added tax during the year.

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

(ix) According to the information and explanations given by the management and audit procedures performed by us, the Company has not raised any money by way of initial public offer or further public offer. Money raised by the Company by way of term loans / debt instruments were applied for the purpose for which those were raised, though idle/ surplus funds were gainfully invested in fixed deposits/ liquid assets, pending deployment for the purpose for they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud by the Company or by its employees or officers has been noticed or reported during the year except for instances of cash embezzlements by certain employees of the Company aggregating to an amount of Rs. 6.66 lakhs and out of which Rs 0.27 lakhs has since been recovered.

(xi) The Company being a private Company, the provisions of Section 197 read with Schedule V of the Act are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. BATLIBOI & ASSOCIATES LLP

per Amit Kabra
Partner
Membership Number: 094533
UDIN: 21094533AAAAGK5203
Place of Signature: Gurugram
Date: June 29, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SONATA FINANCE PRIVATE LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Sonata Finance Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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Meaning of Internal Financial Controls with reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra
Partner
Membership Number: 094533
UDIN: 21094533AAAAGK5203
Place of Signature: Gurugram
Date: June 29, 2021

Sonata Finance Private Limited
Balance Sheet as at March 31, 2021

(In Rs. Lakhs)

	Particulars	Notes	As at March 31, 2021	As at March 31, 2020
I	ASSETS			
	1 Financial assets			
	a) Cash and cash equivalents	4	21,512.64	7,306.47
	b) Bank balances other than cash and cash equivalents	5	12,699.73	11,518.99
	c) Derivative financial instruments	6A	171.27	130.00
	d) Trade receivables	7	285.85	205.09
	e) Loans	8	1,07,109.31	1,29,098.72
	f) Investments	9	8.40	19.00
	g) Other financial assets	10	6,596.54	3,514.66
			1,48,383.74	**1,51,792.93**
	2 Non-financial assets			
	a) Current tax assets (net)	11A	490.65	32.12
	b) Deferred tax assets (net)	11B	2,438.46	2,896.04
	c) Property, plant and equipment	12	195.78	215.83
	d) Intangible assets	13	20.98	31.54
	e) Other non-financial assets	14	235.14	255.88
			3,381.01	**3,431.41**
	Total assets		1,51,764.75	1,55,224.34
II	LIABILITIES AND EQUITY			
	Liabilities			
	1 Financial liabilities			
	a) Derivative financial instruments	6B	189.09	66.31
	b) Trade payables			
	- total outstanding dues of micro enterprises and small enterprises		-	-
	- total outstanding dues of creditors other than micro enterprises and small enterprises		8.25	150.80
	c) Debt securities	15	28,460.45	26,314.96
	d) Borrowings (other than debt securities)	16	80,704.77	86,986.09
	e) Subordinated liabilities	17	8,939.28	8,986.23
	f) Other financial liabilities	18	3,467.10	3,748.64
			1,21,768.94	**1,26,253.03**
	2 Non-financial liabilities			
	a) Provisions	19	1,893.82	1,459.74
	b) Other non-financial liabilities	20	187.98	242.74
			2,081.80	**1,702.48**
	Total liabilities		1,23,850.74	1,27,955.51
	Equity			
	a) Equity share capital	21	2,522.82	2,496.50
	b) Other equity	22	25,391.19	24,772.33
	Total Equity		27,914.01	27,268.83
	Total liabilities and equity		1,51,764.75	1,55,224.34

Summary of significant accounting policies 1

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

As per our report of even date

For S.R.Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Amit Kabra
Partner
Membership No.: 094533

S.R. BATLIBOI & ASSOCIATES LLP

SONATA FINANCE PVT. LTD. LUCKNOW

Place: Gurugram
Date: June 29, 2021

For and 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

Akhilesh Kumar Singh
Chief Financial Officer

Paurvi Srivastava
Company Secretary
Membership No.: 34110

Place: Lucknow
Date: June 29, 2021

Sonata Finance Private Limited

Statement of profit and loss for the year ended March 31, 2021

(In Rs. Lakhs)

		Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
I		**Revenue from operations**			
	i)	Interest income	23	24,258.02	29,572.30
	ii)	Fees and commission income	24	1,873.25	1,895.45
	iii)	Net gain on derecognition of financial instruments under amortised cost category		305.87	1,487.15
		Other operating income			
	iv)	Bad loan recovery		525.86	1,428.59
		Total revenue from operations		26,963.00	34,383.49
II		Net gain on derecognition of property, plant and equipment		-	2.34
III		Other income	25	255.98	502.53
IV		**Total income (I + II+III)**		27,218.98	34,888.36
		Expenses			
	i)	Finance costs	26	15,195.90	15,589.74
	ii)	Impairment of financial instruments	27	3,127.18	8,368.16
	iii)	Employee benefits expenses	28	5,968.20	6,423.06
	iv)	Depreciation and amortization expenses	29	173.16	161.90
	v)	Other expenses	30	2,046.11	2,351.58
V		**Total expenses**		26,510.55	32,894.44
VI		**Profit before tax (III-IV)**		708.43	1,993.92
VII		**Tax expense:**			
		Current tax		524.63	1,843.51
		Deferred tax charge / (credit)		215.52	(1,258.75)
		Reversal of Income tax for previous year		(532.90)	-
		MAT credit utilised		62.29	-
		Income tax expense		269.54	584.76
VIII		**Profit for the year (VI-VII)**		438.89	1,409.16
IX		**Other comprehensive income (OCI)**			
		i) Items that will not be reclassified subsequently to profit or loss			
		- Re-measurement gains on defined benefit plans		43.05	15.45
		(ii) Income tax relating to the above items		12.54	-
		Other Comprehensive Income (i- ii)		30.51	15.45
X		**Total Comprehensive Income for the year (VII+VIII)**		469.40	1,424.61
XI		**Earnings per equity share (face value of Rs.10/-)**	31		
		Basic (in Rs.)		1.66	5.75
		Diluted (in Rs.)		1.59	5.42

Summary of significant accounting policies 1

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

As per our report of even date

For S.R.Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Amit Kabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 29, 2021

For and 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

Akhilesh Kumar Singh
Chief Financial Officer

Paurvi Srivastava
Company Secretary
Membership No.: 34110

Place: Lucknow
Date: June 29, 2021

Sonata Finance Private Limited
Statement of changes in equity for the year ended March 31, 2021

Equity Share Capital
Equity shares of Rs. 10 each issued, subscribed and fully paid.

Particulars	In Nos.	In Rs. Lakhs
As at April 1, 2019 #	1,95,50,850	1,955.09
Changes in equity share capital during the year	54,14,087	541.41
As at March 31, 2020 #	2,49,64,937	2,496.50
Changes in equity share capital during the year	2,63,190	26.32
As at March 31, 2021 #	2,52,28,127	2,522.82
# Net of equity shares issued to the Sonata Employee Welfare Trust.		

Other Equity

(In Rs. Lakhs)

Particulars	Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Capital reserve	Securities premium	Stock option outstanding	Retained earnings	Total
As at April 1, 2019	1,738.57	22.68	13,004.86	123.68	1,340.16	16,229.96
Profit for the year	-	-	-	-	1,409.16	1,409.16
Remeasurement of net defined benefit obligation	-	-	-	-	15.45	15.45
Premium on equity shares issued during the year	-	-	7,022.28	-	-	7,022.28
Transferred to statutory reserve	281.83	-	-	-	(281.83)	-
Transferred to securities premium	-	-	13.01	(13.01)	-	0.00
Employee stock option compensation for the year	-	-	-	104.50	-	104.50
Securities issue expenditure	-	-	(9.02)	-	-	(9.02)
As at March 31, 2020	2,020.41	22.68	20,031.13	215.17	2,482.94	24,772.33
Profit for the year	-	-	-	-	438.89	438.89
Remeasurement of net defined benefit obligation	-	-	-	-	30.51	30.51
Premium on exercise of Stock options	-	-	143.86	-	-	143.86
Transferred to statutory reserve	87.78	-	-	-	(87.78)	-
Transferred to securities premium	-	-	135.81	(135.81)	-	-
Transferred to retained earnings upon forfeiture of employee stock options	-	-	-	(30.44)	30.44	-
Employee stock option compensation for the year	-	-	-	25.47	-	25.47
Securities issue expenditure	-	-	(19.88)	-	-	(19.88)
As at March 31, 2021	2,108.19	22.68	20,290.92	74.39	2,895.00	25,391.19

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

As per our report of even date

For S.R.Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Amit Kabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 29, 2021

For and 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

Akhilesh Kumar Singh
Chief Financial Officer

Paurvi Srivastava
Company Secretary
Membership No.: 34110

Place: Lucknow
Date: June 29, 2021

Sonata Finance Private Limited

Cash Flow Statement for the year ended March 31, 2021

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities		
Profit before tax	708.43	1,993.92
Interest received	(24,258.02)	(29,572.30)
Interest paid	14,460.86	15,427.40
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	173.16	161.90
Impairment on financial instruments	2,860.00	8,322.91
Provision no longer required written back	(73.24)	-
Unrealised foreign exchange loss	188.68	276.16
Net gain on financial instrument recognised through FVTPL	-	(3.03)
Share based payments to employees	25.47	135.27
Net gain on derecognition of property, plant and equipment	-	(2.35)
Operational cash flows from Interest		
Cash inflow from interest	27,128.16	29,730.28
Cash outflow from interest	(14,866.51)	(15,445.31)
Cash flow from working capital changes		
Decrease/(increase) in Loans	19,970.36	(20,243.35)
Increase in bank balance other than cash and cash equivalents	(1,180.74)	(1,644.71)
Increase in trade receivables	(80.76)	(38.10)
Increase in other financial assets	(6,348.91)	(1,288.28)
Decrease/(increase) in other non-financial assets	7.89	(176.02)
Decrease in trade payables	(142.55)	(10.12)
(Decrease) /increase in other financial liabilities	(281.54)	712.62
(Increase) /(decrease) in provisions	62.65	(2.10)
Decrease in other non-financial liabilities	(54.77)	(1.71)
Cash generated from / (used in) operations	**18,298.62**	**(11,666.93)**
Income tax paid	(283.02)	(1,061.82)
Net cash flows from/(used in) operating activities	**18,015.60**	**(12,728.75)**
Purchase of property , plant and equipment	(83.41)	(151.88)
Purchase of intangible assets	(2.62)	(5.43)
Proceeds from disposal of property, plant and equipment	-	3.48
Sale of investment at amortised cost	10.60	-
Net cash flows used in investing activities	**(75.43)**	**(153.84)**
Cash flow from financing activities		
Debt securities issued	7,200.00	3,690.00
Debt securities repaid	(4,950.00)	(13,120.00)
Borrowings other than debt securities issued	52,922.76	77,684.57
Borrowings other than debt securities repaid	(59,057.04)	(66,891.85)
Proceeds from issuance of equity share capital including securities	170.16	32.93
Expenses incurred towards issuance of equity shares/debt instruments	(19.88)	(9.02)
Net cash flows (used in)/ from financing activities	**(3,734.00)**	**1,386.63**

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Sonata Finance Pvt. Ltd.

Sonata Finance Private Limited
Cash Flow Statement for the year ended March 31, 2021

Net increase/(decrease) in cash and cash equivalents	14,206.17	(11,495.97)
Cash and cash equivalents at the beginning of the year	7,306.47	18,802.44
Cash and cash equivalents at the end of the year	**21,512.64**	**7,306.47**
Components of cash and cash equivalents		
Cash on hand	339.87	253.96
Balances with banks		
In current accounts	20,772.77	7,052.51
In deposit accounts	400.00	-
Total cash and cash equivalents	**21,512.64**	**7,306.47**

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

For S.R.Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Amit Kabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 29, 2021

For and 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

Akhilesh Kumar Singh
Chief Financial Officer

Paurvi Srivastava
Company Secretary
Membership No.: 34110

Place: Lucknow
Date: June 29, 2021

1. Corporate information

Sonata Finance Private Limited ("the Company") is a private company incorporated in India having registered office at Lucknow, Uttar Pradesh, India. The Company was registered as a systematically important non-deposit accepting Non-Banking Financial Company ('NBFC-ND-SI') with the Reserve Bank of India ('RBI') and has got classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from December 3, 2013. The Company has raised Non-Convertible Debentures (NCDs) and out of these six NCDs are listed on Bombay Stock Exchange in India.

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

2. Basis of preparation

(a) The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under Section 133 of the Companies Act, 2013 (""the Act""). The financial statements have been prepared on a going concern basis.

The financial statements are prepared on a going concern basis, as the management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability and cash flows.

The financial statements have been prepared on a historical cost convention except for financial assets and liabilities designated at fair value through Profit or Loss (FVTPL) and fair value through other Comprehensive Income (FVOCI), all of which has been measured at fair value.

The financial statements are presented in Indian rupees (INR) and all values are rounded to nearest lacs upto 2 decimal places except when otherwise indicated.

(b) Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis of recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non – current) is presented in note no. 44 forming integral part of financial statements.

The Company generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognized amounts without being

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contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

The financial statement for the year ended March 31, 2021 were approved by Board of Directors on June 29, 2021.

(C) Use of estimates, assumptions and judgements

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

1. Effective Interest rate (refer note 3 a)
2. Impairment of financial assets (refer note 3p)
3. Useful lives of depreciable / amortizable assets (refer note 3 f and 3 g)
4. Provisions (refer note 3 i)
5. Contingent liabilities and assets (refer note 3 j)
6. Retirement and other employee benefits (refer note 3 k)
7. Income tax (refer note 3 l)
8. Business model assessment (refer note 3 o)
9. Fair value measurements (refer note 3 o)

3 Summary of significant accounting policies

(a) Revenue recognition

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

i) Interest Income:

a) Interest income for all financial instruments is measured either at amortized cost and is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses. The Company calculates interest income by applying the EIR to the gross carrying

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amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

b) Interest on financial assets at fair value through profit and loss (FVTPL) is recognized in accordance with the contractual terms of the instrument.

ii) Dividend Income:

Dividend income is recognized when the right to receive payment is established.

iii) Net gain/ (loss) on Fair Value Changes:

The Company recognizes gains on fair value change of financial assets measured at FVTPL and realized gains on de-recognition of financial asset measured at FVTPL on net basis.

iv) Fees and commission income:

Income from services rendered in connection with loans given on behalf of banks to joint liability groups organized / monitored by the Company are recognized on accrual basis as and when such services are rendered.

v) Other income and expenses:

All other income and expenses are recognized on an accrual basis.

(b) Finance cost

Borrowing cost on financial liabilities are recognized by applying the EIR.

(c) Cash and cash equivalents

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

(d) Property, plant equipment (PPE)

All PPE are stated at historical cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use), net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

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(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

(f) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on the written down value method as per the useful life prescribed under Schedule II to the Companies Act, 2013, which is the useful lives of the underlying assets as estimated by the management.
Property, plant and equipment assets costing upto Rs. 5,000 individually are fully depreciated over a period of one year.

Category of Asset	Useful Life (Years)
Furniture and fittings	10
Office equipment	05
Vehicles Car	08
Vehicles Motorcycle	10
Computers Hardware	03

(g) Amortization of intangible assets

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The management has determined its estimate of useful economic life as three years. The useful lives of intangible assets are reviewed at each financial year and adjusted.

(h) Impairment of non-financial assets

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

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

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(i) Provisions

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

(j) Contingent liabilities and assets

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

Contingent assets are not recognized. A contingent asset is disclosed as per Ind AS 37, where an inflow of economic benefits is probable

(k) Retirement and other employee benefits

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

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each year. Actuarial gains and losses through re-measurement of net benefit liabilities/ assets are recognized with corresponding charge / credit to the retained earnings through other comprehensive income in the period in which they occur.

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

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(I) Income taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside the statement profit or loss is recognized outside the statement profit or loss (either in other comprehensive income or in equity).

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statement profit or loss is recognized outside the statement profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Further, MAT credit entitlement adjustment has been clubbed with deferred tax assets as per guidance note on schedule III issued by Institute of Chartered Accountants of India.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. A deferred tax asset is recognized for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

(m) Earnings Per Share

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

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

(n) Share based payments

Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 36. The cost of equity-settled transactions is measured using the fair value method and recognized, together with a corresponding increase in the "Share based premium" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for the year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense.

(o) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets (not measured subsequently at fair value through profit or loss) are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

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For purposes of subsequent measurement, financial assets are classified as under: - Loans at amortized cost and investments in debt instruments or equity instruments at fair value through profit or loss (FVTPL)

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognized when the rights to receive cash flows from the financial asset have expired. The Company also de-recognizes the financial asset if it has transferred the financial asset and the transfer qualifies for de-recognition.

The Company has transferred the financial asset if, and only if:

have expired. The Company also de-recognizes the financial asset if it has transferred the financial *asset and the transfer qualifies for de-recognition.*

The Company has transferred the financial asset if, and only if:

- It has transferred its contractual rights to receive cash flows from the financial asset

- The Company has transferred substantially all the risks and rewards of the asset

On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognized in the statement of profit or loss account.

Loans at amortized cost

Loans are measured at the amortized cost if both the following conditions are met: (a) Such loan is held within a business model whose objective is to hold assets for collecting contractual cash flows, and (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit and loss.

Investment in debt instruments and equity instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as fair value through other comprehensive income ("FVTOCI"), is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Financial Liabilities

Initial recognition and measurement: Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments, which are measured at amortized cost.

Borrowings

After initial recognition, interest bearing loans and Borrowings are subsequently measured at amortized cost using EIR. The EIR amortization are included as finance cost in the statement of profit or loss.

(p) Impairment of financial assets (also refer note 43)

(i) The Company is recording the allowance for expected credit losses for all loans at amortized cost. Accordingly, the Company groups its loans into Stage 1, Stage 2. Stage 3, as described below:

Stage 1: When loans are first recognized, the Company recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the LTECLs.

Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECLs.

(ii) The calculation of ECL

The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

ECL consists of three key components: Probability of Default (PD), Exposure at Default (EAD) and Loss given default (LGD) (refer note 43 (2) for explanation). ECL is calculated by multiplying them. The maximum period for which the credit losses are determined is the expected life of a financial instrument.

The mechanics of the ECL method are summarized below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a

default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD.
Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.
Stage 3: For loans considered credit-impaired, the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

(q) Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement profit and loss account.

(r) Segment information

The Company operates in a single business segment i.e. lending to members, having similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in a single geographical segment i.e. domestic.

(s) Foreign currency

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

(t) Leases (where the company is the lessee)

Short term leases not covered under Ind AS 116 are classified as operating lease. Lease payments during the year are charged to statement of profit and loss.

The Company's lease asset classes primarily consist of leases for office premises and servers. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) The contract involves the use of an identified asset;
(ii) The Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
(iii) The Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

(u) Investments

Investments are initially recognized on trade date that is the date on which the company becomes the party to the contractual provision of the instrument. The classification of investment at initial recognition depends on the purpose and characteristics and the management intention while acquiring them.

All financial assets are recognized initially at fair value plus transaction cost that are attributable to the acquisition of the financial assets.
Investment in equity instrument and mutual funds are measured at fair value through profit and loss account (FVTPL).

S.R. BATLIBOI & ASSOCIATES LLP

Sonata Finance Private Limited
Notes to financial statements as at March 31, 2021

4 Cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	339.87	253.96
Balances with banks in current accounts	20,772.77	7,052.51
Bank deposits with original maturity of less than 3 months	400.00	-
Total	21,512.64	7,306.47

Bank deposits earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

5 Bank balances other than cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed deposits with banks with remaining maturity for more than 3 months but less than 12 months*	1,888.46	1,127.07
Fixed deposits with banks with remaining maturity for more than 12 months*	10,811.27	10,391.92
Total	12,699.73	11,518.99

(*) Includes deposit certificates of Rs. 11,614.37 lakhs (March 31, 2020: Rs. 10,895.31 lakhs) marked as lien towards term loans availed from banks, towards cash collateral placed in connection with portfolio loan securitised and business correspondent activities entered with the banks.

6 Derivative financial instruments

(In Rs. Lakhs)

	Particulars	Hedging Partner	Type of Hedge	Currency Pair	As at March 31, 2021	As at March 31, 2020
A	Derivative financial assets					
	External commercial borrowings - DWM	IDFC Bank	Full currency swap	EUR/INR	159.55	-
	External commercial borrowings - Frankfurt	Federal Bank	Cross currency interest rate swap (CCIRS)	USD/INR	11.72	130.00
	Total derivative financial asset				171.27	130.00

	Particulars	Hedging Partner	Type of Hedge	Currency Pair	As at March 31, 2021	As at March 31, 2020
B	Derivative financial liabilities					
	External commercial borrowings - DWM	IDFC Bank	Full currency swap	EUR/INR	-	66.31
	External commercial borrowings - Hansainvest finance	Federal Bank	Cross currency interest rate swap (CCIRS)	EUR/INR	189.09	-
	Total derivative financial liability				189.09	66.31

7 Trade receivables

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Accrued commission on business correspondent activities (unsecured, secured good)	285.85	205.09
	285.85	205.09

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivable are non-interest bearing and are generally on terms of 30-90 days

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8 Loans

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
i) Term loans at amortised cost (including securitised pool)	1,13,795.16	1,35,159.36
Gross	**1,13,795.16**	**1,35,159.36**
Less: Impairment loss allowance	6,685.85	6,060.64
Net	**1,07,109.31**	**1,29,098.72**
i) Secured	-	-
i) Unsecured	1,13,795.16	1,35,159.36
Gross	**1,13,795.16**	**1,35,159.36**
Less : Impairment loss allowance	6,685.85	6,060.64
Net	**1,07,109.31**	**1,29,098.72**
Loans in India		
i) Public Sector	-	-
ii) Others	1,13,795.16	1,35,159.36
Total - Gross	**1,13,795.16**	**1,35,159.36**
Less: Impairment loss allowance	6,685.85	6,060.64
Total - Net	**1,07,109.31**	**1,29,098.72**
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total - Net	-	-
Total	**1,07,109.31**	**1,29,098.72**

8A Term loans

Gross carrying value of assets as at March 31, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	1,02,227.57	4,568.93	-	1,06,796.50
Non Performing	-	-	6,998.66	6,998.66
Total	**1,02,227.57**	**4,568.93**	**6,998.66**	**1,13,795.16**

Gross carrying value of assets as at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	1,33,127.18	702.32	-	1,33,829.50
Non Performing	-	-	1,329.86	1,329.86
Total	**1,33,127.18**	**702.32**	**1,329.86**	**1,35,159.36**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans :

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as on March 31, 2020	1,33,127.18	702.32	1,329.86	1,35,159.36
New assets originated or purchased during the year	58,148.03	-	-	58,148.03
Assets derecognised or repaid#	(77,492.48)	(250.78)	(257.95)	(78,001.21)
Assets written off during the year	(337.15)	(188.76)	(985.10)	(1,511.01)
Gross carrying value as on March 31, 2021	**1,13,445.57**	**262.78**	**86.82**	**1,13,795.16**
Movement between stages				
Transfer from Stage 1	(11,233.46)	4,584.38	6,649.08	-
Transfer from Stage 2	14.54	(279.99)	265.45	-
Transfer from Stage 3	0.93	1.76	(2.69)	-
Gross carrying value of assets as on March 31, 2021	**1,02,227.58**	**4,568.93**	**6,998.66**	**1,13,795.16**

Represents balancing figure.

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Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at March 31, 2020	5,006.42	145.42	908.80	6,060.64
Provision created during the year	1,178.04	41.65	916.55	2,136.24
Assets written off/ transferred	(337.15)	(188.76)	(985.10)	(1,511.01)
Movement between stages				
Transfer from Stage 1	(5,487.30)	1,353.80	4,133.51	-
Transfer from Stage 2	0.11	(164.61)	164.50	-
Trasnfer from Stage 3	0.01	0.50	(0.51)	-
ECL allowance as at March 31, 2021	**360.12**	**1,188.00**	**5,137.75**	**6,685.87**

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as on March 31, 2019	1,14,248.18	1,727.55	3,209.71	1,19,185.44
New assets originated or purchased during the year	1,26,904.76	-	-	1,26,904.76
Assets derecognised or repaid#	(1,05,405.73)	(910.82)	(502.83)	(1,06,819.39)
Assets written off / transferred during the year	(920.26)	(691.93)	(2,499.26)	(4,111.46)
Gross Carrying Value as on March 31, 2020	**1,34,826.95**	**124.79**	**207.61**	**1,35,159.36**
Movement between stages				
Transfer from Stage 1	(1,706.75)	681.52	1,025.23	-
Transfer from Stage 2	6.71	(104.23)	97.52	-
Transfer from Stage 3	0.27	0.23	(0.50)	-
Gross carrying value of assets as on March 31, 2020	**1,33,127.18**	**702.32**	**1,329.86**	**1,35,159.36**

Represents balancing figure.

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at March 31, 2019	584.67	304.84	2,148.72	3,038.23
Provision created during the year	6,002.03	517.66	614.18	7,133.87
Assets written off/ transferred	(920.26)	(691.93)	(2,499.27)	(4,111.46)
Movement between stages				
Transfer from Stage 1	(660.02)	89.14	570.88	-
Transfer from Stage 2	-	(74.29)	74.29	-
Trasnfer from Stage 3	-	-	-	-
ECL allowance as at March 31, 2020	**5,006.42**	**145.42**	**908.80**	**6,060.64**

9 Investments (fair value through profit and loss account)

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Investments		
i) Equity instruments	8.40	8.40
50,000 (March 31, 2020: 50,000) fully paid up equity shares of Alpha Micro Finance Consultants Private Limited at face value of Rs. 10 (March 31, 2020 : Rs. 10) per share		
ii) Mutual funds Nil units (March 31, 2020 : 1,00,000) of SBI Dual Advantage - Series XXII - Regular Growth	-	10.60
Total	**8.40**	**19.00**
Investments in India	8.40	19.00
Investments outside India	-	-
Total	**8.40**	**19.00**
Aggregate value of unquoted investments at cost	**5.00**	**15.00**

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10 Other financial assets

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits (unsecured, considered good)	22.26	20.32
Interest accrued on loans and advances, classified at amortized cost	4,538.39	1,551.08
Excess interest spread receivable on direct assignment (unsecured, considered good)	749.99	847.86
Less: Provisioning on direct assignment portfolio and moratorium interest accrued	(93.75)	(285.26)
Interest accrued on fixed deposits, classified at amortized cost	558.07	513.63
Insurance claim recoverable	29.01	105.62
Less: provision on insurance claim recoverable	(0.32)	(50.09)
Recoverable from BC customers	996.06	475.07
Less: provision on recoverable from BC customers	(996.06)	(475.07)
Margin money with non-banking financial companies and financial institutions	215.12	261.75
Staff advances (unsecured, considered good)	120.38	95.42
Others (unsecured, considered good)*	457.39	454.34
Total	6,596.54	3,514.66

* comprises of recoverable from staffs, banks, advance to vendors etc.

11 Income tax assets

(In Rs. Lakhs)

	Particulars	As at March 31, 2021	As at March 31, 2020
11A	Current tax assets (net of provision)	490.65	32.12
	Total	490.65	32.12
11B	Deferred tax		
	Deferred tax relating to origination and reversal of temporary differences (net of liabilities) (refer note 40B)	2,438.46	2,653.98
	MAT credit entitlement	-	242.06
	Total	2,438.46	2,896.04

12 Property, plant and equipment

(In Rs. Lakhs)

Particulars	Office equipments	Furniture and Fixtures	Vehicles	Computers	Total
Cost:					
At April 1, 2019	182.91	290.56	15.14	232.71	721.32
Additions	42.64	25.50	35.19	48.55	151.88
Disposals	-	-	14.84	-	14.84
At March 31, 2020	225.55	316.06	35.49	281.26	858.36
Additions	12.80	41.60	-	29.01	83.41
Disposals	-	-	-	-	-
At March 31, 2021	238.35	357.66	35.49	310.27	941.77
Accumulated depreciation:					
At April 1, 2019	138.71	217.06	13.68	182.73	552.18
Depreciation charge for the year	28.88	29.24	3.42	42.52	104.06
Disposals	-	-	13.71	-	13.71
At March 31, 2020	167.59	246.30	3.39	225.25	642.53
Depreciation charge for the year	28.88	30.58	9.89	34.12	103.47
Disposals	-	-	-	-	-
At March 31, 2021	196.47	276.88	13.28	259.37	746.00
Net book value:					
At March 31, 2020	57.96	69.75	32.10	56.01	215.83
At March 31, 2021	41.87	80.78	22.21	50.90	195.78

13 Intangible assets

(In Rs. Lakhs)

Particulars	Computer software
Deemed Cost:	
At April 1, 2019	65.61
Additions	5.43
Disposals	-
At March 31, 2020	71.04
Additions	2.62
Disposals	-
At March 31, 2021	73.66
Accumulated amortisation:	
At April 1, 2019	20.87
Disposals	-
Amortisation charge for the year	18.64
At March 31, 2020	39.51
Disposals	-
Amortisation charge for the year	13.17
At March 31, 2021	52.68
Net book value:	
At March 31, 2020	31.54
At March 31, 2021	20.98

14 Other non-financial assets

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses (unsecured, considered good)	113.28	82.80
Right of use asset (refer note 33)	94.00	150.51
Advance to parties (unsecured, considered doubtful)*	67.52	76.42
Less: Provision for doubtful advances	(67.52)	(76.42)
Others (unsecured, considered good)**	27.86	22.57
Total	235.14	255.88

* comprises of advances with various parties pending recovery

** comprises of GST receivable and advance given to employees for expenses

15 Debt securities at amortized cost

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Redeemable non-convertible debentures (secured)	28,460.45	26,314.96
Total	28,460.45	26,314.96
Debt securities in India	28,460.45	26,314.96
Debt securities outside India	-	-
Total	28,460.45	26,314.96

All the debentures have face value of Rs. 10 Lakhs each and are secured by way of exclusive charge on all receivables from underlying portfolio loans.

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Notes to financial statements as at March 31, 2021

15 A Debentures (secured) (at amortised cost)

Types of debentures	Number of debentures		Face Value	Amount in lakhs	
	Mar-21	Mar-20		Mar-21	Mar-20
14.70 % Blue Orchard Micro Finance Fund 2020 secured redeemable non convertible debentures amounting to Rs. 30,00,00,000/- has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (June 30, 2015). Redeemable on maturity if option not excercised or communication for roll-over received from lender	-	300	10,00,000	-	3,000
14.75 % IFMR FIMPACT Investment secured redeemable non convertible debentures amounting to Rs. 15,00,00,000/- has a call / put option available with the Company / Debenture holder at the end of 24 months from the date of allotment (July 17, 2015).Redeemable on maturity if option not excercised or communication for roll-over received from lender	150	150	10,00,000	1,500	1,500
13.50 % Blue Orchard Micro FIN Fund 2020 secured redeemable non convertible debentures amounting to Rs. 67,00,00,000/- (2017-2018: Rs 67,00,00,000/-) has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (October 26, 2016)*. Redeemable on maturity if option not excercised or communication for roll-over received from lender	670	670	10,00,000	6,700	6,700

15 A Debentures (secured) (at amortised cost)

Types of debentures	Number of debentures		Face Value	Amount in lakhs	
	Mar-21	Mar-20		Mar-21	Mar-20
12.77 % Blue Orchard SFPL 2022 secured redeemable non convertible debentures amounting to Rs. 78,00,00,000/- has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (July 31, 2017). Redeemable on maturity if option not excercised or communication for roll-over received from lender*	585	780	10,00,000	5,850	7,800
14.20 % IFMR FIMPACT Medium Term Opportunities Fund 2020 secured redeemable non convertible debentures amounting to Rs. 20,00,00,000/- has a call / put option available with the Company / Debenture holder at the end of 22 months from the date of allotment (September 30, 2020). Redeemable on maturity if option not excercised or communication for roll-over received from lender	200	200	10,00,000	2,000	2,000
14.00 % IFMR FIMPACT TIER 2 NCD secured redeemable non convertible debentures amounting to Rs. 10,00,00,000/- has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (March 3, 2016). Redeemable on maturity if option not excercised or communication for roll-over received from lender	100	100	10,00,000	1,000	1,000

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Notes to financial statements as at March 31, 2021

15 A Debentures (secured) (at amortised cost)

Types of debentures	Number of debentures		Face Value	Amount in lakhs	
	Mar-21	Mar-20		Mar-21	Mar-20
13.50 % ACTIAM Fund-DWM secured redeemable non convertible debentures amounting to Rs. 21,00,00,000/-. Redeemable on maturity if option not excercised or communication for roll-over received from lender*	210	210	10,00,000	2,100	2,100
10.07% Water Credit Investment Fund secured redeemable non convertible debentures amounting to Rs. 15,90,00,000/- . Redeemable on maturity if option not excercised or communication for roll-over received from lender*	159	159	10,00,000	1,590	1,590
10.75 % Punjab National Bank secured redeemable non convertible debentures amounting to Rs. 10,00,00,000/- with date of allotment on November 19, 2020. Redeemable on maturity if option not exercised or communication for roll-over received from lender	100	-	10,00,000	1,000	-
10.75 % State Bank of India secured redeemable non convertible debentures amounting to Rs. 10,00,00,000/- with date of allotment on September 28, 2020. Redeemable on maturity if option not exercised or communication for roll-over received from lender	100	-	10,00,000	1,000	-

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15 A Debentures (secured) (at amortised cost)

Types of debentures	Number of debentures		Face Value	Amount in lakhs	
	Mar-21	Mar-20		Mar-21	Mar-20
11.6284% Blue Orchard (Japan Asean Women Empowerment) Fund secured redeemable non convertible debentures amounting to Rs. 22,00,00,000 has a call / put option available with the Company / Debenture holder at the end of 24 (twenty four)months and/or36 (thirty six) months from the Deemed Date of Allotment.	220	-	10,00,000	2,200	-
11.6284% Blue Orchard (Microfinance Initiative for Asia) Fund secured redeemable non convertible debentures amounting to Rs. 30,00,00,000/- has a call / put option available with the Company / Debenture holder at the end of 24 (twenty four)months and/or 36 (thirty six) months from the Deemed Date of Allotment.	300	-	10,00,000	3,000	-
Sub total				27,940.00	25,690.00
Add : Interest accrued on borrowings but not due				520.45	624.96
Grand total				28,460.45	26,314.96

(*) Refer Note 16(A)(c) for note on breach of debt covenants.

Sonata Finance Private Limited
Notes to financial statements as at March 31, 2021

16 Borrowings other than debt securities

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Term Loan (Secured)		
Banks	29,634.58	34,535.75
Financial institutions	15,478.33	11,922.69
Non-banking financial companies	17,136.70	17,194.19
External commercial borrowings	16,177.77	11,640.80
Term Loan (Unsecured)		
Non banking financial companies	49.14	1,270.43
Other borrowings		
Borrowings under securitisation arrangement **	2,228.25	10,422.23
Total	**80,704.77**	**86,986.09**
Borrowings in India	64,527.00	75,345.29
Borrowings outside India	16,177.77	11,640.80
Total*	**80,704.77**	**86,986.09**

* Refer note 16 A for terms of repayment of long term borrowings

**** Borrowings under securitisation arrangement:**

Represents securities issued by the Special Purpose Vehicles (SPVs) to the investors pursuant to the securitisation arrangement. Since such arrangements do not fulfil the derecognition criteria under Ind AS 109, the Company has recognised the associated liabilities.

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Notes to financial statements as at March 31, 2021

16 A Long-term borrowings

Terms of repayment of long term borrowings other than debt securities as on March 31, 2021

	Original Maturity of Loan	Due within 1 Year		Due between 1 and 2 Year		Due between 2 and 3 Year		Due between 3 and 5 Year		Above 5 Year		Interest Rate (%)	Total (In Rs. Lakhs)
		No. of instalments	In Rs. Lakhs	No. of instalments	In Rs. Lakhs	No. of instalments	In Rs. Lakhs	No. of instalments	In Rs. Lakhs	No. of instalments	In Rs. Lakhs		
I	Borrowings other than debt securities												
	Term Loans												
i	Secured												
A	Monthly Repayment Schedule												
	From Banks												
	0-3 Years	105	10,295.04	70	5,939.93	9	833.33	-	-	-	-	10.45%-13.50%	17,068.31
	3-5 Years	4	333.33	4	333.33	-	-	-	-	-	-	11.85%-12.5%	666.67
	More than 5 Years	12	3.35	12	3.65	12	3.98	24	9.08	8	3.39	8.70%	23.46
	From Financial Institutions												
	0-3 Years	25	2,958.91	24	1,890.91	10	787.88	-	-	-	-	4.68%-6.97%	5,637.70
	From NBFC												
	0-3 Years	350	11,117.23	150	5,488.01	15	442.20	-	-	-	-	11.44%-15%	17,047.44
	Total (A)	496	24,707.86	260	13,655.84	46	2,067.39	24	9.08	8	3.39		40,443.57
B	Quarterly Repayment Schedule												
	From Banks												
	0-3 Years	8	2,148.57	4	881.52	-	-	-	-	-	-	10.85%-11.35%	3,030.09
	3-5 Years	1	85.19	-	-	-	-	-	-	-	-	13.25%	85.19
	Total (B)	9	2,233.76	4	881.52	-	-	-	-	-	-		3,115.28
C	Half yearly Repayment Schedule												
	From Financial Institutions												
	0-3 Years	2	1,250.00	1	625.00	-	-	-	-	-	-	7.40%	1,875.00
	3-5 Years	5	3,875.00	4	2,775.00	4	500.00	5	600.00	-	-	11.5%-11.60%	7,750.00
	Total (C)	7	5,125.00	5	3,400.00	4	500.00	5	600.00	-	-		9,625.00

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	Original Maturity of Loan	Due within 1 Year		Due between 1 and 2 Year		Due between 2 and 3		Due between 3 and 5		Above 5 Year		Interest Rate (%)	Total (In Rs. Lakhs)
		No. of instalments	In Rs. Lakhs	No. of instalments	In Rs. Lakhs	No. of instalments	In Rs. Lakhs	No. of instalments	In Rs. Lakhs	No. of instalments	In Rs. Lakhs		
D	**One time Repayment Schedule**												
	From Banks												
	Upto 1 Year	8	9,125.00	-	-	-	-	-	-	-	-	9.75%	9,125.00
	From NBFC												
	0-3 Years	-	-	2	8487.772	1	4304.95	-	-	-	-	11.10%-12.14%	12,792.72
	3-5 Years	-	-	1	2940.188	-	-	-	-	-	-	11.68%	2,940.19
	Total (D)	8	9,125.00	3	11,427.96	1	4,304.95	-	-	-	-		24,857.91
ii	**Unsecured**												
A	**Monthly Repayment Schedule**												
	From NBFC												
	0-3 Years	1	49.14	-	-	-	-	-	-	-	-	14.80%-15.00%	49.14
	Total (A)	1	49.14	-	-	-	-	-	-	-	-		49.14
II	**Subordinated liabilities**												
i	**Unsecured**												
A	**One time Repayment Schedule**												
	From Banks												
	More than 5 Years	1	2,000.00	-	-	-	-	1	2,000.00	-	-	14.25%-15.60%	4,000.00
	From NBFC												
	0-3 Years	1	1,000.00	1	1,500.00	-	-	-	-	-	-	16.25% -17.00%	2,500.00
	From Financial Institutions												
	More than 5 Years	1	1,500.00	1	900.00	-	-	-	-	-	-	15.50%-15.70%	2,400.00
	Total (A)	3	4,500.00	2	2,400.00	-	-	1	2,000.00	-	-		8,900.00
	Add : Interest accrued on borrowings but not due												839.88
	Less: Unamortized processing fees												(414.98)
	GRAND TOTAL	524	45,740.77	274	31,765.32	51	6,872.34	30	2,609.08	8	3.39		87,415.81

Note

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

b) The above figures are exclusive of interest accrued but not due cn borrowings

c) The Company is in the process of obtaining lender consents/waiver for certain loan covenant deviations noted as at March 31, 2021. The Company has performed a detailed assessment of its liquidity position, taking into account the impact of the loan covenant deviations, current liquid funds held, expected inflows from various sources of borrowings and stimulus packages announced by the Government of India. Based on the foregoing assessment, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future.

16 A Long-term borrowings

Terms of repayment of borrowings other than debt securities as on March 31, 2020

	Original Maturity of Loan	Due within 1 Year		Due between 1 and 2 Year		Due between 2 and 3 Year		Due between 3 and 5 Year		Above 5 Year		Interest Rate (%)	Total (In Rs. Lakhs)
		No. of instalments	In Rs. Lakhs	No. of instalments	In Rs. Lakhs	No. of instalments	In Rs. Lakhs	No. of instalments	In Rs. Lakhs	No. of instalments	In Rs. Lakhs		
I	Borrowings other than debt securities												
	Term Loans												
i	Secured												-
A	Monthly Repayment Schedule												-
	From Banks												-
	Upto 1 year	4	166.67	-	-	-	-	-	-	-	-	12.00%	166.67
	0-3 Years	85	12,563.23	38	3,769.49	6	545.22	-	-	-	-	10.65%-13.50%	16,877.94
	More than 5 Years	13	3.32	12	3.35	12	3.65	24	8.33	20	8.13	8.70%	26.78
	From NBFC												
	0-3 Years	270	10,311.24	138	5,111.10	6	142.43	-	-	-	-	10.98%-15.00%	15,564.77
	3-5 Years	28	684.41	24	750.93	2	88.80	-	-	-	-	13.75%-14.22%	1,524.13
	Total (A)	400	23,728.86	212	9,634.87	26	780.10	24	8.33	20	8.13		34,160.28
B	Quarterly Repayment Schedule												
	From Banks												
	0-3 Years	15	2,478.80	12	2,516.89	7	1,153.09	-	-	-	-	10.85%-13.65%	6,148.77
	3-5 Years	4	333.33	1	83.33	-	-	-	-	-	-	13.25%	416.67
	Total (B)	19	2,812.13	13	2,600.22	7	1,153.09	-	-	-	-		6,565.44

Sonata Finance Private Limited

Notes to financial statements as at March 31, 2021

C	Half yearly Repayment Schedule												
	From Financial Institutions												
	0-3 Years	2	250.00	1	125.00	-	-	-	-	-	-	11.50%	375.00
	More than 5 Years	4	3,750.00	4	3,750.00	4	2,775.00	8	1,000.00	1	100.00	11.60%	11,375.00
	Total (C)	6	4,000.00	5	3,875.00	4	2,775.00	8	1,000.00	1	100.00		11,750.00
			-		-								
D	One time Repayment Schedule												
	From Banks												
	Upto 1 Year	12	11,050.00	-	-	-	-	-	-	-	-		11,050.00
	From NBFC												
	0-3 Years	-	-	-	-	1	4,152.48	-	-	-	-	12.14%	4,152.48
	3-5 Years	-	-	-	-	2	7,198.26	-	-	-	-	11.10%-11.68%	7,198.26
	Total (D)	12	11,050.00	-	-	3	11,350.74	-	-	-	-		22,400.74
ii	Unsecured												
A	Monthly Repayment Schedule												
	From NBFC												
	0-3 Years	25	1,267.59	-	-	-	-	-	-	-	-	14.65%-14.70%	1,267.59
	Total (A)	25	1,267.59	-	-	-	-	-	-	-	-	-	1,267.59
	Unsecured												
II	Subordinated liabilities												
A	One time Repayment Schedule												
	From Banks												
	More than 5 Years	-	-	1	2,000.00	-	-	1	2,000	-		14.25%-15.60%	4,000.00
	From NBFC												
	More than 5 Years	-	-	1	1,000.00	1	1,500.00	-	-	-	-	16.25% -17.00%	2,500.00
	From Financial Institutions												
	More than 5 Years	-	-	1	1,500.00	1	900.00	-	-	-	-	15.50%-15.70%	2,400.00
	Total (A)	-	-	3	4,500.00	2	2,400.00	1	2,000.00	-	-		8,900.00
	Add : Interest accrued on borrowings but not due												934.77
	Less: Unamortized processing fees												(428.74)
	GRAND TOTAL	462	42,858.58	233	20,610.09	42	18,458.93	33	3,008.33	21	108.13		85,550.08

Note:

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

b) The above does not include borrowings under securitization arrangement and lease liability

Sonata Finance Private Limited
Notes to financial statements as at March 31, 2021

17 Subordinated liabilities at amortized cost

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured subordinated liability	8,939.28	8,986.23
Total	8,939.28	8,986.23
Subordinate liabilities in India	8,939.28	8,986.23
Subordinate liabilities outside India	-	-
Total*	8,939.28	8,986.23

* Refer note 16 A for terms of repayment of long term borrowings

18 Other financial liabilities

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Payable for portfolio loan securitised/ assigned	2,113.99	2,582.88
Payable to bank against direct sale agreement (DSA)	185.91	13.38
Employee dues	162.77	108.77
Lease liabilities	107.83	158.77
Others*	896.60	884.84
Total	3,467.10	3,748.64

* comprises advance income received from clients, expenses payable etc.

19 Provisions

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee retirement benefits	224.27	161.62
Provision for direct sale agreement - portfolio	1,669.55	1,298.12
Total	1,893.82	1,459.74

20 Other non-financial liabilities

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	160.62	198.00
Grant	27.36	44.74
Total	187.98	242.74

21 Equity Share Capital

The reconciliation of equity shares outstanding at the beginning and at the end of the year

(In Rs. Lakhs)

Authorised	As at March 31, 2021	As at March 31, 2020
4,00,00,000 (March 31, 2020 : 4,00,00,000) equity shares of Rs.10/- each	4,000	4,000
1,00,00,000 (March 31, 2020 : 1,00,00,000) preference shares of Rs.10/-each	1,000	1,000
Total	5,000	5,000
Issued		
2,64,53,256 (March 31, 2020 :2,64,53,256) equity shares of Rs.10/- each	2,645.33	2,645.33
Subscribed and paid up		
2,64,53,256 (March 31, 2020 :2,64,53,256) equity shares of Rs.10/- each	2,645.33	2,645.33
Less: amount recoverable from Sonata Employee Welfare Trust #	122.51	148.83
2,52,28,127 (March 31, 2020 :2,49,65,006) equity shares of Rs.10/- each	2,522.82	2,496.50
	2,522.82	2,496.50

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

Sonata Finance Private Limited
Notes to financial statements as at March 31, 2021

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Equity shares	As at March 31, 2021		As at March 31, 2020	
	Number	In Rs. Lakhs	Number	In Rs. Lakhs
At the beginning of the year #	2,49,64,937	2,496.50	1,95,50,850	1,955.09
Issued during the year on account of fresh capital infusion	2,63,190	26.32	54,14,087	541.41
Outstanding at the end of the year #	**2,52,28,127**	**2,522.82**	**2,49,64,937**	**2,496.50**

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

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share for matters other than "Investor Reserved Matters".
The Company declares and pays dividends. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
Equity Shares of Rs. 10/- each fully paid	No. of shares held	% of Holding in the class	No. of shares held	% of Holding in the class
Creation Investments Social Ventures Fund II LP	59,01,934	22.31%	59,01,934	22.31%
Societe De Promotion Et De Participation Pour La Cooperation Economique	39,77,013	15.03%	39,77,013	15.03%
SIDBI Trustee Company Limited [A/c Samridhi Fund]	32,74,653	12.38%	32,74,653	12.38%
Triodos Custody B.V. As A Custodian of Triodos Fair Share Fund	19,88,507	7.52%	19,88,507	7.52%
Triodos SICAV II- Triodos Microfinance Fund	19,88,506	7.52%	19,88,506	7.52%
Creation Investments Social Ventures Fund	14,91,121	5.64%	14,91,121	5.64%
India Financial Inclusion Fund, LLC	14,80,634	5.60%	14,80,634	5.60%
Anup Kumar Singh	13,66,357	5.17%	11,25,462	4.25%

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

(d) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer Note 36

22 Other Equity

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory Reserve pursuant to Section 45-IC of the Reserve Bank of India Act, 1934	2,108.19	2,020.41
Capital reserve	22.68	22.68
Securities premium	20,290.92	20,031.13
Stock option oustanding account	74.39	215.17
Retained earnings	2,895.00	2,482.94
Total	**25,391.19**	**24,772.33**

S.R. BATLIBOI & ASSOCIATES LLP

SONATA Finance Pvt Ltd Lucknow

Sonata Finance Private Limited
Notes to financial statements as at March 31, 2021

Nature and purpose of reserve

Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)
Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 451C of Reserve Bank of India Act 1934.

Capital reserve

The capital reserve created out of gains of capital nature and it cannot be distributed by way of dividend amongst the share holders. The capital reserve may however be utilized either for the purpose of writing off intangible assets.

Securities premium reserve
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Stock option oustanding account
The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

Retained Earnings
Retained earnings represent the cumulative profit/(loss) of the Company and effects of re-measurement of defined benefit obligations and can be utilised in accordance with the provisions of the Companies Act, 2013.

Other comprehensive income
Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses and return on plan assets (excluding interest income). And net fair valuation gain/(loss) on financial assets measured at fair value through other comprehensive income.

23 Interest Income

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest - on financial assets measured at amortised cost		
Portfolio loans	23,055.62	28,713.04
Bank deposits	1,195.68	852.05
Employee loans	6.72	7.21
Total	24,258.02	29,572.30

24 Fee and commission income

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Service fees	1,868.25	1,862.67
Servicer fee on portfolio loans securitized and assigned	5.00	32.78
Total	1,873.25	1,895.45

25 Other Income

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Net gain on fair value changes on FVTPL		
- Income from Investments	166.14	427.52
- Income from derivatives	-	63.69
Miscellaneous income	89.84	11.32
Total	255.98	502.53

S.R. BATLIBOI & ASSOCIATES LLP

Sonata Finance Private Limited
Notes to financial statements as at March 31, 2021

26 Finance costs

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest on financial liabilites measured at amortised cost		
- Debt securities	3,382.96	4,332.27
- Borrowing other than debt securities	9,214.20	8,203.08
- Subordinated debt	1,347.14	1,144.52
- Other borrowings	516.56	1,747.53
Others		
- Interest expense on lease liabilities	18.01	15.59
- Interest excess charged refund liability	514.23	-
- Bank charges	172.52	92.06
- Other borrowing cost	30.28	54.69
Total	15,195.90	15,589.74

27 Impairment on financial instruments

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Loss assets written off (Net) - Loans	1,511.01	3,636.39
Sundry balances written off	5.84	108.85
Loss on off balance sheet portfolio	267.18	45.25
Impairment provision		
- portfolio loans/ managed / securitised loans	1,326.12	4,494.90
- others	17.03	82.77
Total	3,127.18	8,368.16

28 Employee benefits expenses

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Salaries and bonus	5,419.83	5,756.20
Contributions to provident fund	373.91	365.75
Contribution to employees' state insurance	26.53	36.10
Gratuity expenses (refer note 42)	114.44	109.31
Staff welfare expenses	8.02	20.43
Share based payments to employees	25.47	135.27
Total	5,968.20	6,423.06

29 Depreciation, amortization and impairment

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation of property , plant and equipment	103.47	104.06
Amortization charge on right of use assets	56.52	39.20
Amortization of intangible asset	13.17	18.64
Total	173.16	161.90

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SONATA Finance Pvt Ltd * Lucknow *

Sonata Finance Private Limited
Notes to financial statements as at March 31, 2021

30 Other expenses

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Rent (refer note 33)	510.70	463.01
Rates and taxes	15.94	40.90
Repairs & maintenance		
'- Office maintenance	192.79	189.27
'- Others	15.72	16.73
Travelling and conveyance	119.10	184.87
Communication expenses	80.98	85.43
Printing and stationery	100.04	110.50
Legal and professional fees	265.11	283.87
Director's fees and expenses	21.19	32.57
Payment to auditors (refer note below)	63.83	65.77
Insurance	9.17	16.79
IT support charges	176.58	127.32
Electricity charges	65.12	69.60
Membership fees	57.17	52.51
CSR expenditure	27.44	12.76
Foreign exchange fluctuation expenses	110.30	339.86
Loss on derivatives	81.50	-
Miscellaneous expenses	133.43	259.82
Total	**2,046.11**	**2,351.58**

Payment to auditors:

Particulars	As at March 31, 2021	As at March 31, 2020
As auditors:		
Statutory audit including limited reviews	44.00	43.00
Other services (certification, etc.)	11.00	11.48
Reimbursement of expenses	3.56	5.52
Sub total	**58.56**	**60.00**
Add : Goods and service tax on above services	5.27	5.77
Total	**63.83**	**65.77**

31 Earnings per equity share (EPS)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net profit for calculation of basic EPS	438.89	1,409.16
Net profit for calculation of diluted EPS	438.89	1,409.16
Weighted average number of equity shares in calculating basic EPS	264.53	245.01
Effect of dilution:		
Stock options granted under ESOP	12.25	14.88
Weighted average number of equity shares in calculating diluted EPS	276.78	259.90
Basic EPS (in Rs.)	1.66	5.75
Diluted EPS (in Rs.)	1.59	5.42
Nominal value per share (in Rs.)	10.00	10.00

32 Related party disclosures

A. Names of related parties and related party relationship (as per IND AS - 24)

Key Management Personnel (KMP)

Name	Designation
Mr. Anup Kumar Singh	Managing Director
Mr. Akhilesh Kumar Singh	Chief Financial Officer
Ms. Paurvi Srivastava	Company Secretary
Ms. Chandani Gupta Ohri (director till June, 2020)	Independent Director
Mr. S. Ganesh	Independent Director
Mr. Anal Jain	Independent Director
Mr. P.K. Saha	Independent Director

B. Nature of transactions

(In Rs. Lakhs)

Particulars	March 31, 2021	March 31, 2020
Key Management Personnel		
Salary, incentive and perquisites (Refer Note (ii) below)		
Mr. Anup Kumar Singh	111.30	102.75
Mr. Akhilesh Kumar Singh	32.20	50.11
Ms. Paurvi Srivastava	7.63	8.50
Total	151.12	161.36
Sitting fees paid		
Ms. Chandani Gupta Ohri	0.65	1.96
Mr. S. Ganesh	5.45	4.25
Mr. Anal Jain	5.45	4.25
Mr. P.K. Saha	5.45	5.23
Total	17.00	15.69
Issuance of equity shares (pursuant to ESOP scheme)		
Mr. Anup Kumar Singh	161.40	-
Total	161.40	-

i) Related parties have been identified on the basis of the declaration received by the management and other records available.

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

33 Leases

Operating Lease

Short term leases not covered under Ind AS 116 are classified as operating lease. Lease payment during the year are charged to statement of Profit and loss. Further minimum rentals payable under non cancelable operating leases are as follows:

(In Rs. Lakhs)

i)

Particulars	March 31, 2021	March 31, 2020
Minimum Lease obligations	510.70	463.01
Not later than one year	510.70	463.01
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-

ii) The following is the summary of practical expedients elected on initial application:

a) Applied a single discount rate to a portfolio of leases a similar assets in similar economic enviornment with a similar end date.

b) Applied the exemption not to recognise right to use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

c) Excluded the initial effect costs from the measurement of the right to use assets at the date of initial application.

iii) The Company's leased assets mainly comprise office building taken on lease. Lease contains of wide range of different term and condition. The terms of property lease ranges from 1 to 5 years.

Maturity of lease liability	As at March 31, 2021	As at March 31, 2020
Current	50.75	10.42
Non current	57.09	148.34
Total	107.83	158.76

Sonata Finance Private Limited
Notes to financial statements as at March 31, 2021

(iv) The following amount were recognised as expense in the year:

(In Rs. Lakhs)

Particulars	For year ended March 31, 2021	For year ended March 31, 2020
Amortisation charge on rights of use assets	56.52	39.20
Interest on lease liabilities	18.01	15.59
Total recognised in the income statement	74.53	54.79

(v) The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forcasts and could in reality be diffrent from expectations:

(In Rs. Lakhs)

Maturity analysis	Mar-21	Mar-20
Less than 1 year	62.88	68.93
Between 1 and 2 years	46.08	61.80
Between 2 and 5 years	14.39	63.93
More than 5 years	-	-
Total	123.35	194.66

(vi) The following is the movement in lease liabilities during the year ended March 31, 2021

(In Rs. Lakhs)

Particulars	Mar-21	Mar-20
Opening balances	158.76	-
Addition during the period	-	189.71
Finance cost incurred during the period	18.01	15.59
Less: Payment of lease liabilties	68.94	46.54
Closing balances	107.83	158.76

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

	Particulars	March 31, 2021	March 31, 2020
1	The principal amount remaining unpaid to supplier as at the end of accounting year	-	-
2	The interest due thereon remaining unpaid to supplier as at the end of accounting year	-	-
3	The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year 2020-21	-	-
4	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-
5	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	-	-
	Total	-	-

35 Corporate Social Responsibility

A. Gross amount required to be spent by the Company during the year ended March 31, 2021 is Rs. 35 Lakhs (Previous year ended March 31, 2020 : Nil)

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

(In Rs. Lakhs)

	Particulars	Year ended March 31, 2021			Year ended March 31, 2020		
		In Cash (charged to P & L account)	Yet to be paid in Cash	Total	In Cash (charged to P & L account)	Yet to be paid in Cash	Total
i	Construction / acquisition of any new asset	-	-	-	-	-	-
ii	On purpose other than (i) above	27.44	-	27.44	12.76	-	12.76

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

Out of the above mentioned shares issued to Sonata Employee Welfare Trust 3,96,300, 2,65,000, 2,16,250, 2,50,000 and 2,40,895 Equity Shares were transferred to Mr Anup Kumar Singh (Managing Director) through the Trust route during the Financial Year 2009-10, 2012-13, 2015-16, 2018-19 and 2020-21 respecively.

Further, the company has provided Employee Stock Option Scheme to its employee under Plan 2 (b) (c) (d) & 3. Till FY 2020-21 few eligible employees had exercised their right and 5,22,726 equity shares had been transfered from Trust to the respective employees. The Plan wise detail of ESOP schemes are as given below:

Particulars	Plan 2(b)(ii)	Plan 2(b)(iii)	Plan 2(c)(i)	Plan 2(c)(ii)	Plan 2(c)(iii)	Plan 2(d)(i)	Plan 2(d)(ii)	Plan 2(d)(iii)
Date of Grant	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10
Date of Board Approval	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10
Date of Shareholder's Approval	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10
Date of Modification of the scheme, if any	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Number of Options granted	39,600	57,600	34,800	34,800	46,400	30,000	30,000	40,000
Number of Options vested	34,650	48,000	32,400	27,600	28,000	30,000	30,000	40,000
Exercise Price	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting Period	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-18
Exercise Period	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-23
Vesting Conditions	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal
Name of the Plan	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011

Sonata Finance Private Limited

Notes to the Financial Statements as at and for the year ended March 31, 2021

Particulars	Plan 3	Plan 3 (i)	Plan 3 (ii)	Plan 3 (iii)	Plan 4
Date of Grant	01-Oct-13	01-Oct-14	01-Oct-15	01-Oct-16	01-Oct-13
Date of Board Approval	06-Feb-14	06-Feb-14	06-Feb-14	06-Feb-14	06-Feb-14
Date of Shareholder's Approval	20-Mar-14	20-Mar-14	20-Mar-14	20-Mar-14	20-Mar-14
Date of Modification of the scheme, if any	N.A.	N.A.	N.A.	N.A.	N.A.
Number of Options granted	2,00,000	2,00,000	2,00,000	2,00,000	8,00,000
Number of Options vested	2,00,000	2,00,000	2,00,000	2,00,000	8,00,000
Exercise Price	Rs. 54	Rs. 59	Rs. 67	Rs. 67	Rs. 67
Method of Settlement	Equity	Equity	Equity	Equity	Equity
Vesting Period	1/4 of total Grant to vest each year on 30th Sep over four years from the date of grant	1/4 of total Grant to vest each year on 30th Sep over four years from the date of grant	1/4 of total Grant to vest each year on 30th Sep over four years from the date of grant	1/4 of total Grant to vest each year on 30th Sep over four years from the date of grant	The Options will vest in equal amounts over 6 years from the date of grant
Exercise Period	Five years from the date of each vesting	Five years from the date of each vesting	Five years from the date of each vesting	Five years from the date of each vesting	Up till Promoter holds office in the Company
Vesting Conditions	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Subject to the Terms of Share Holders' Agreement of the Company entered on September 05th 2012 and performance milestones as may be stipulated by Compensation committee
Name of the Plan	ESOP Scheme 2013	ESOP Scheme 2013	ESOP Scheme 2013	ESOP Scheme 2013	ESOP Scheme 2013

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Plan 2(b)(ii)

Particulars	As on March 31, 2021		As on March 31, 2020	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	-	-	13,050	26
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	13,050	26
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Plan 2(b)(iii)

Particulars	As on March 31, 2021		As on March 31, 2020	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	14,400	26	18,400	26
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	3,520	26	4,000	-
Expired during the year	10,880	26	-	-
Outstanding at the end of the year	-	-	14,400	26
Exercisable at the end of the year	-	-	14,400	26

Plan 2(c)(i)

Particulars	As on March 31, 2021		As on March 31, 2020	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	-	-	17,250	26
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year		-	17,250	26
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Plan 2(c)(ii)

Particulars	As on March 31, 2021		As on March 31, 2020	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	12,600	26	12,600	26
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	5,700	26	-	-
Expired during the year	6,900	26	-	-
Outstanding at the end of the year	-	-	12,600	26
Exercisable at the end of the year	-	-	12,600	26

Plan 2(c)(iii)

Particulars	As on March 31, 2021		As on March 31, 2020	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	8,000	26	8,000	26
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	3,200	26	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	4,800	26	8,000	26
Exercisable at the end of the year	4,800	26	8,000	26

Plan 2(d)(i)

Particulars	As on March 31, 2021		As on March 31, 2020	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	24,000	26	24,000	26
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	24,000	26	-	-
Outstanding at the end of the year	-	-	24,000	26
Exercisable at the end of the year	-	-	24,000	26

Plan 2(d)(ii)

Particulars	As on March 31, 2021		As on March 31, 2020	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	24,000	26	24,000	26
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	24,000	26	24,000	26
Exercisable at the end of the year	24,000	26	24,000	26

Plan 2(d)(iii)

Particulars	As on March 31, 2021		As on March 31, 2020	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	36,000	26	36,000	26
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	36,000	26	36,000	26
Exercisable at the end of the year	36,000	26	36,000	26

Plan 3

Particulars	As on March 31, 2021		As on March 31, 2020	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	71,700	54	86,950	54
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	5,500	54	15,250	54
Expired during the year	15,000	54	-	-
Outstanding at the end of the year	51,200	54	71,700	54
Exercisable at the end of the year	51,200	54	71,700	54

Plan 3 (i)

Particulars	As on March 31, 2021		As on March 31, 2020	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	75,019	59	92,019	59
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	4,375	59	17,000	59
Expired during the year	11,500	59	-	-
Outstanding at the end of the year	59,144	59	75,019	59
Exercisable at the end of the year	59,144	59	75,019	59

Plan 3 (ii)

	As on March 31, 2021		As on March 31, 2020	
Particulars	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	1,20,000	67	1,34,000	67
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	10,500	67
Expired during the year	2,000	67	3,500	67
Outstanding at the end of the year	1,18,000	67	1,20,000	67
Exercisable at the end of the year	1,20,000	67	1,20,000	67

Plan 3 (iii)

	As on March 31, 2021		As on March 31, 2020	
Particulars	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	1,42,000	67	1,55,600	67
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	9,600	67
Expired during the year	5,000	67	4,000	67
Outstanding at the end of the year	1,37,000	67	1,42,000	67
Exercisable at the end of the year	1,37,000	67	92,000	67

Plan 4

	As on March 31, 2021		As on March 31, 2020	
Particulars	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	7,68,750	67	7,68,750	67
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	2,40,895	67	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	5,27,855	67	7,68,750	67
Exercisable at the end of the year	5,27,855	67	7,68,750	67

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37 Additional disclosures as required by the Reserve Bank of India

A. Capital Management:

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. The Company monitors its capital to risk weighted assets ratio (CRAR) on a monthly basis.

Capital to Risk-Assets ratio (CRAR)

Particulars	March 31, 2021	March 31, 2020
CRAR (%)	23.01	23.07
CRAR - Tier I capital (%)	19.85	17.00
CRAR - Tier II capital (%)	3.15	6.07
Amount of subordinate debt raised as Tier II Capital (in Rs. Lakhs)	8,900	8,900
Amount raised by issue of Perpetual Debt Instrument (Rs.in Lakhs)	-	-

Notes:

Impairment allowances on stage 1 and stage 2 loans has been considered as "contingent provision for standard assets" for the purpose of determining Tier II Capital

CRAR has been determined in accordance with RBI master directions read with RBI notification dated March 13, 2020.

B. Exposures:

The Company has no exposures to Real Estate Sector, gold loan and capital market directly or indirectly in the current and previous year except for investment in 50,000 (March 31, 2020: 50,000) fully paid up equity shares of Alpha Micro Finance Consultants Private Limited at face value of Rs. 10 (March 31, 2020 : Rs. 10) per share amounting to Rs. 8.40 lakhs (March 31, 2020: Rs. 8.40 lakhs) as disclosed in Note 9.

C. Asset liability management

Maturity pattern of certain assets and liabilities as on March 31, 2021.

(In Rs. Lakhs)

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Advances	8,357.95	7,934.37	8,149.76	22,400.48	32,629.47	34,323.13	-	-	1,13,795.16
Investments*	701.76	494.74	282.13	2,745.31	4,723.80	4,367.11	-	8.40	13,323.25
Borrowings	5,781.64	2,365.02	4,183.95	13,382.62	32,799.17	56,988.87	2,599.84	3.38	1,18,104.49

Maturity pattern of certain assets and liabilities as on March 31, 2020.

(In Rs. Lakhs)

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Advances	392.88	1,939.01	5,723.15	28,046.24	63,454.55	35,603.53	-		1,35,159.36
Investments*	2,150.80	195.13	251.93	2,633.37	2,716.68	3,843.43		8.40	11,799.74
Borrowings	1,362.53	459.36	1,449.26	14,315.95	41,152.39	60,432.35	2,997.68	107.76	1,22,287.25

The maturity pattern of advances has been prepared considering the effect of revised contractual dues of loans pursuant to moratorium granted to its borrowers

* Investments includes deposit certificate and cash collateral held with banks and financial institution and shown under cash and cash equivalents under note 4, bank balance other than cash and cash equivalents under note 5 and other finacial assets under note 10

D. Investments (In Rs. Lakhs)

	Particulars	March 31, 2021	March 31, 2020
1	Value of investments		
	Gross Value of investments		
	In India	8.40	19.00
	Outside India	-	-
	Provision for depreciation		
	In India	-	-
	Outside India	-	-
	Net Value of investments		
	In India	8.40	19.00
	Outside India	-	-
2	Movement of provision held towards depreciation on investments		
	Opening balance	-	-
	Add: Provision made during the year	-	-
	Less: Write off / write back of excess provision during the year	-	-
	Closing balance	-	-

E. Derivatives

The Company has hedged foreign curency exposure in respect of: (In Lakhs)

Particulars	March 31, 2021			March 31, 2020		
	USD	EURO	INR	USD	EURO	INR
External commercial borrowings - Frankfurt	40.00	-	2,940.19	40.00	-	3,015.44
External commercial borrowings - DWM	-	50.00	4,304.95	-	50.00	4,152.48
External commercial borrowings - Hansainvest finance	-	50.00	4,304.95	-	-	-

Disclosure on Interest Rate Swaps as on March 31, 2021 (In Lakhs)

Particulars	DWM	Frankfurt	HansaInvest
	EURO	USD	EURO
Nature of hedging	Full currency swap	Cross currency interest rate swap	Cross currency interest rate swap
The notional principal of swap agreements	3,981.50	2,846.80	4,275.00
Gain / (losses) which would be incurred if counterparties failed to fulfill their obligations under the agreements	159.56	11.72	(189.09)
Collateral required by the applicable NBFC upon entering into swaps	100% book debt comprising of portfolio loan	100% book debt comprising of portfolio loan	60% book debt comprising of portfolio loan
The fair value of the swap book	3,821.94	2,835.08	4,464.09
Fair value of ECBs (Liabilites)	4,304.95	2,940.19	4,304.95

Disclosure on Interest Rate Swaps as on March 31, 2020 (In Lakhs)

Particulars	DWM	Frankfurt
	EURO	USD
Nature of hedging	Full currency swap	Cross currency interest rate swap
The notional principal of swap agreements	3,981.50	2,846.80
Gain / (losses) which would be incurred if counterparties failed to fulfill their obligations under the agreements	(66.31)	130.00
Collateral required by the applicable NBFC upon entering into swaps	100% book debt comprising of portfolio loan receivables	100% book debt comprising of portfolio loan receivables
The fair value of the swap book	4,047.81	2,716.80
Fair value of ECBs (Liabilites)	4,152.48	3,015.44

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Notes to financial statements as at March 31, 2021

F. Disclosures relating to securitisation

(In Rs. Lakhs)

	Particulars	March 31, 2021	March 31, 2020
1	No of SPVs sponsored by the NBFC for securitisation tansactions during the year	1.00	3.00
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC as on the date of balance sheet	2,228.25	11,870.16
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
a)	Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
b)	On-balance sheet exposures		
	First loss	2,154.91	5,629.85
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
a)	Off-balance sheet exposures		
i)	Exposure to own securitizations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
b)	On-balance sheet exposures		
i)	Exposure to own securitizations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

Details of assigned portfolio and income arising out of the same :

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

(In Rs. Lakhs)

Particulars	March 31, 2021	March 31, 2020
Numbers of loans assigned	21,577	70,299
Total book value of the loan asset assigned during the year	3,993.46	15,569.63
Sale consideration received for the loan asset assigned during the year	3,993.46	15,569.63
Portfolio loan assigned and outstanding as at the year end	7,517.32	12,358.55
Income from direct assignment recognised in the statement of profit and loss	305.87	1,487.15
The Company has transferred all the rights and obligations relating to above assigned loan assets to the buyers.		

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

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

i. Amounts received from the bank are disbursed as loan to joint-liability groups organised / monitored by the Company and such joint-liability groups are considered as banks borrowers

ii. The Company provides services in connection with recovery and monitoring of such loans

iii. The Company has provided collaterals in the form of fixed deposits & corporate guarantee which would be adjusted by banks, to the extent of default made by borrowers.

(In Rs. Lakhs)

Particulars	March 31, 2021	March 31, 2020
Outstanding Balance of Loan Disbursed through DSA as at year end	28,106.86	27,507.68
Service fee income recognised during the year	1,868.25	1,862.67
Credit enhancements provided and outstanding:		
Corporate guarantee	1,391.55	1,583.41
Cash collateral	1,936.47	1,734.97

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

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

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

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

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

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

J. **Draw down from reserves**

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

K. **Information on Net Interest Margin**

Particulars	March 31, 2021	March 31, 2020
Average interest (a)	19.13%	22.21%
Average effective cost of borrowing (b)	12.11%	12.76%
Net Interest Margin (a-b)	7.02%	9.45%

Note:

1 Above computation is in accordance with the method accepted by RBI vide its letter no DNBS.PD.NO.4906/03.10.038/ 2012-13 dated April 4, 2013 to Micro-finance Institutions Network (the "MFIN format") read with the FAQs issued by RBI on October 14, 2016 and RBI Circular dated March 13, 2020 on Implementation of Indian Accounting Standards.

2 Average loan outstanding determined for the purpose of calculating NIM has been determined as under -

a) As per Ind AS 109, securitized loans and borrowings have been recognized as on balance sheet item and accordingly the same has been considered for computation of net interest margin as per RBI notification dated March 13, 2020 on implementation of Indian accounting statndards;

b) Impairment allowance adjusted from the carrying value of loans in accordance with Ind AS 109.

3 Interest income considered for computation of "average interest charged" excludes loan processing fee collected from customers in accordance with para 56 (vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Ind AS financial statements.

L. **Customer Complaints ***

	Particulars	March 31, 2021	March 31, 2020
1	No. of complaints pending at the beginning of the year	20	70
2	No. of complaints received during the year	625	216
3	No. of complaints redressed during the year	637	266
4	No. of complaints pending at the end of the year	8	20

* excluding general enquiry from customers on loans products and insurance related matters.
The above information is as certified by the management and relied upon by the auditors.

M. **Provisions & contingencies** (In Rs. Lakhs)

Particulars	March 31, 2021	March 31, 2020
Break up of 'Provisions and Contingencies' shown under the head expenditure in profit and loss account:		
Provision made towards income tax	537.17	1,843.51
Provision for gratuity	114.44	109.31
Provision for leave benefit	45.87	66.85
Provision for death claims/ other receivable	17.03	82.77
Provision for standard and non performing assets	1,146.20	3,497.48
Provision on portfolio - DSA and EIS receivable	179.92	997.42

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Notes to financial statements as at March 31, 2021

N. Sector wise NPAs

Sector	Percentage of NPA to Total Advances in that Sector as on 31 March 2021	Percentage of NPA to Total Advances in that Sector as on 31 March 2020
Agriculture & allied activities	6.09%	1.41%
MSME	6.18%	1.55%
Corporate borrowers	-	-
Services	7.02%	1.59%
Unsecured personal loans	7.54%	0.83%
Other personal loans	-	-

O. Movement of NPA

(In Rs. Lakhs)

Particulars	March 31, 2021	March 31, 2020
Net NPAs to net advances (%)	1.71%	0.31%
Movement of NPAs (Gross)		
Opening balance	1,329.86	3,228.17
Additions during the year	8,175.86	2,213.15
Reductions during the year	2,507.06	4,111.45
Closing balance	6,998.66	1,329.86
Movement of Net NPAs		
Opening balance	421.06	2,590.90
Additions during the year	2,961.81	1,941.61
Reductions during the year	1,521.97	4,111.45
Closing balance	1,860.91	421.06
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	908.80	637.26
Provisions made during the year	5,214.05	271.54
Write-off / write-back of excess provisions	985.10	-
Closing balance	5,137.75	908.80

P. Details of Registration with Financial Regulators

Regulator	Registration No.
Ministry of Company Affairs	U65921UP1995PTC035286
Reserve Bank of India	B-12.00445

Q. Ratings assigned by Credit Rating Agencies

Particulars	As at 31 March 2021	As at 31 March 2020
Long term bank facilities	ICRA BBB (Stable)/ ACUITE BBB+ (Stable)	ICRA BBB (Stable)
Long term non convertible debentures		
Blue orchard micro finance fund	ICRA BBB (Stable)	ICRA BBB (Stable)
IFMR FIMPACT Investment	ICRA BBB (Stable)	ICRA BBB (Stable)
IFMR Fimpact Long term Multi Asset Class Fund (Secured)	ICRA BBB (Stable)	ICRA BBB (Stable)
IFMR Fimpact Long term Multi Asset Class Fund (Unsecured)	ICRA BBB (Stable)	ICRA BBB (Stable)
Blue orchard micro finance fund	ICRA BBB (Stable)	ICRA BBB (Stable)
Japan Asean Women's Empowerment Fund	ICRA BBB (Stable)	ICRA BBB (Stable)
IFMR FImpact Medium Term Opportunities Fund	ICRA BBB (Stable)	ICRA BBB (Stable)
State Bank of India	ICRA BBB (Stable)	-
Punjab National Bank	ICRA BBB (Stable)	-
Blue Orchard (MIFA Fund)	ACUITE BBB+ (Stable)	-
Blue Orchard (JAWEF)	ACUITE BBB+ (Stable)	-
MFI grading	ICRA M2+	ICRA M2+
Securitisation :		
Northern Arc 2019 MFI Bedin		
Series A1 PTC	-	ICRA A (SO)
Series A2 PTC	-	ICRA BBB+(SO)

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Northern Arc 2019 Mosec Elbrus		
Series A1 PTC	ICRR A+(SO)	ICRR A+(SO)
Vivriti Cabsec 001 2019		
Series A1 PTC	-	ICRA A-(SO)
Series A2 PTC	-	ICRA BBB-(SO)
Vivriti Liam 03 2019		
Series A1 PTC	-	CARE A (SO)
Series A2 PTC	-	CARE BBB+(SO)
Vivriti Robben 01		
Series A1 PTC	-	ICRA A+ (SO)
Series A2 PTC	-	ICRA A- (SO)
Vivriti Samwise 02		
Series A1 PTC	-	ICRA A- (SO)
Series A2 PTC	-	ICRA BBB (SO)
Vivriti Merv 06 2019		
Series A1 PTC	-	ICRA A (SO)
Series A2 PTC	-	ICRA BBB+(SO)
Northern Arc 2019 MFI Corleone		
Series A1 PTC	ICRA A-(SO)	ICRA A-(SO)
Series A2 PTC	ICRA BBB (SO)	ICRA BBB (SO)
Northern Arc 2019 MFI Kubrick		
Series A1 PTC	ICRA A (SO)	ICRA A (SO)
Series A2 PTC	ICRA BBB (SO)	ICRA BBB (SO)
Northern Arc 2020 MFI Fring		
Series A1 PTC	CARE A- (SO)	-
Series A2 PTC	CARE BBB+ (SO)	-
IFMR HLF PLI	ICRA A-(SO)	ICRA A-(SO)

R. Concentration of advances, exposures and NPA's **(In Rs. Lakhs)**

Particulars	As at 31 March 2021	As at 31 March 2020
Concentration of advances *		
Total advances to twenty largest borrowers	34.96	42.08
(%) of advances to twenty largest borrowers to total advances	0.03%	0.03%
Concentration of Exposures *		
Total exposures to twenty largest borrowers	34.96	42.08
(%) of exposure to twenty largest borrowers to total exposure	0.03%	0.03%
Concentration of NPAs		
Total Exposure to top four NPA accounts	7.24	3.50

* Represents amount outstanding as per contract with customers

S. Disclosure of penalties imposed by RBI and other regulaton:

The Reserve Bank of India has imposed a penalty of Rs. 15,00,000/- towards non compliance of pricing guidelines as mandated by Reserve Bank of India pertaining to financial years 2017-18 and 2018-19.

T. Public Disclosure on Liquidity Risk as on March 31, 2021 pursuant to RBI Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies dated November 4, 2019

Public Disclosures on liquidity risk management

i) Funding concentration based on significant counterparty (both deposits and borrowings) as at March 31, 2021

Number of significant counter parties	Amount (in Lakhs)*	% of Total Deposits	% of Total Liabilities
Twenty five (25)	1,05,975.71	-	85.57%

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SONATA Finance Pvt. Ltd. Lucknow

Sonata Finance Private Limited
Notes to financial statements as at March 31, 2021

Funding concentration based on significant counterparty (both deposits and borrowings) as at March 31, 2020

Number of significant counter parties	Amount (in Lakhs)*	% of Total Deposits	% of Total Liabilities
Twenty Three (23)	1,08,212.79	-	45.74%

ii) Top 20 large deposits (Amount in Lakhs and % of total deposits) - Not applicable. The company being a Systematically Important Non Deposit taking NBFC - MFI registered with the RBI does not accept public deposits.

iii) Top 10 Borrowings (amount in lakhs and % of total borrowings)

Financial year	Amount in Lakhs *	% of Total Borrowings
2020-2021	69,784	59.56%
2019-2020	81,150	66.98%

iv) Funding concentration based on significant instrument/product as at March 31, 2021

Name of the instrument/Product	Amount in lakhs*	% of Total Liabilities
Term loan from banks	33,998.72	27.45%
Term loans from FIs	17,662.70	14.26%
Non convertible debentures	29,440.00	23.77%
Term loan from NBFC's	18,096.59	14.61%
External commercial borrowings	15,732.91	12.70%
Borrowings under securitisation arrangement	2,228.25	1.80%
Total borrowings	1,17,159.16	**94.60%**
Total liabilities	1,23,850.74	

Funding concentration based on significant instrument/product as at March 31, 2020

Name of the instrument/Product	Amount in lakhs*	% of Total Liabilities
Term loan from banks	38,686.82	30.25%
Term loans from FIs	15,066.67	11.78%
Non convertible debentures	27,190.00	21.26%
Term loan from NBFC's	18,439.83	14.42%
External commercial borrowings	11,350.74	8.88%
Borrowings under securitisation arrangement	10,422.23	8.15%
Total borrowings	1,21,156.28	**94.69%**
Total liabilities	1,27,955.51	

*Represents amount outstanding as per contracts with lenders

Note:

a The above does not include borrowings on account of lease liability recognised under Ind AS 116;

b The above does not include borrowings on account of unamortised processing fees and interest accrued.

v) Stock ratios as at March 31, 2021

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial Papers	-	-	-
Non-convertible debentures (original maturity of less than 1 year)	-	-	-
Other Short term liabilities	7.79%	7.37%	6.01%

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Stock ratios as at March 31, 2020

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial Papers	-	-	-
Non-convertible debentures (original maturity of less than 1 year)	-	-	-
Other Short term liabilities	9.12%	8.64%	7.12%

vi) Institutional set up for liquidity risk management

The Company's Board of Directors has the overall responsibility of management of liquidity risk. The Board decides the strategic policies and procedures of the Company to manage liquidity risk in accordance with the risk tolerance limit as decided by the board

The Company also has a Risk Management Committee, which is a sub-committee of the board and is responsible for evaluating the overall risk faced by the Company including liquidity risks.

Financial Advisory and Asset Liability Management Committee of the Company is responsible for ensuring adherence to risk tolerance limits as well as implementing the liquidity risk management strategy of the Company

The ALM support group shall be responsible for analysing, monitoring and reporting the liquidity profile to the ALCO

***Notes**

1 A significant counterparty is defined as a single counterparty or a group of connected or affiliated counterparties accountig in aggregate for more than 1% of the NBFC's-NDSI, NBFC-D's total liabilities and 10% of the other non-deposit taking NBFC's .

2 A significant instrument/product is defined as a single instrument/product of group of similar instruments/products which in aggregate amounts to more than 1% of the NBFC's-NDSI, NBFC-D's total liabilities and 10% of the other non-deposit taking NBFC's.

3 Total Liabilities has been computed as sum of all liabilities (Balance sheet figures) less equities and Reserves/Surplus.

4 Public funds shall include funds raised either directly or indirectly through Public Deposits, Commercial Paper's and debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in Regulatory Framework for Core Investment Companies issued vide Notification No. DNBS (PD) CC No. 206/03.10.001/2010-11 dated January 5, 2011.

5 The amount stated in the disclosure is based on the audited Financial statements for the year ended March 31, 2021.

U. Information on instances of frauds:

1 Information on instances of fraud during the year ended March 31, 2021:

(Rs in Lakhs)

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	2	6.66	0.27	-	6.39

2 Information on instances of fraud during the year ended March 31, 2020:

(Rs in Lakhs)

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	3	38.60	24.33	-	14.27

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Notes to financial statements as at March 31, 2021

V The Company has not exceeded any limit in respect of Qualifying asset single borrower limit/group borrower limit during the current and previous year.

W **Pursual to the adoption of ECL as prescribed under IND AS, the comparision of ECL and the income recognition and asset classification as mandated by RBI earlier is as under :**

Own, securitized portfolio and other assets (In Rs. Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing Assets						
Standard	Stage 1	1,02,879.92	728.22	1,02,151.69	482.93	245.29
	Stage 2	4,598.08	1,366.93	3,231.15	326.01	1,040.92
Subtotal		**1,07,478.00**	**2,095.16**	**1,05,382.84**	**808.94**	**1,286.21**
Non-Performing Assets (NPA)						
Doubtful	Stage 3	7,043.32	4,590.69	2,452.62	1,225.25	3,365.45
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-		-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA						
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	1,02,879.92	728.22	1,02,151.69	482.93	245.29
	Stage 2	4,598.08	1,366.93	3,231.15	326.01	1,040.92
	Stage 3	7,043.32	4,590.69	2,452.62	1,225.25	3,365.45
	Total	**1,14,521.32**	**6,685.85**	**1,07,835.47**	**2,034.19**	**4,651.66**

Note: The above figures are gross amounts and without adjustment of unamortized processing fees as per IND AS

X **Disclosures pursuant to RBI notification- RBI 2019-20/220 DOR. No.BP.BC.63/21.04.048/2019-20 dated 17th April, 2020 SMA/ overdue categories, where the moratorium/deferment was extended ("RBI circular")**

Details of moratorium granted to overdue accounts as at February 29, 2020

(In Rs. Lakhs)

Asset classification as per Ind AS 109	Exposure as on March 31, 2021	Exposure as on March 31, 2020
Respective amount in SMA/overdue categories where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 as of February 29, 2020	1,141.20	1,864.74
Respective amounts where asset classification benefit is extended	307.84	305.08
Provision outstanding in terms of paragraph 5 of circular (As per paragraph 4, applicable to NBFC's covered under Ind AS)	20.00	62.78
Provision adjusted against slippages in terms of paragraph 6 of the Circular	-	-
Residual provision as per paragraph 6 of circular	20.00	62.78

Note: Amounts indicate in the above represent gross carrying value of these exposures before adjustment for impairment allowance as required under Ind AS 109 as at March 31, 2021 and March 31, 2020.

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Notes to financial statements as at March 31, 2021

Y Schedule to the balance sheet as mandated by Para 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank), Directions, 2016 (as amended)

	Particulars	Amount Outstanding (In Rs. crores)	Amount Overdue
	Liabilities Side :		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	-	-
a)	Debentures : Secured	284.60	-
	: Unsecured (other than falling within the meaning of public deposits)	-	-
b)	Deferred Credits	-	-
c)	Term loans	784.77	-
d)	Inter-corporate loans and borrowing	-	-
e)	Commercial Paper	-	-
f)	Other Loan	111.68	-
	Assets Side :		
2	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]**		
a)	Secured	-	-
b)	Unsecured*	1,137.95	69.99
	*Amount overdue represents NPA balance		
3	**Break up of Leased Assets and stock on hire and other assets counting towards asset financiang activities**		
i)	Lease assets including lease rentals under sundry debtors	-	-
a)	Financial lease	-	-
b)	Operating lease	-	-
ii)	Stock on hire including hire charges under sundry debtors	-	-
a)	Assets on hire	-	-
b)	Repossessed Assets	-	-
iii)	Other loans counting towards asset financiang activities		
a)	Loans where assets have been repossessed	-	-
b)	Loans other than (a) above	-	-
4	**Break-up of Investments :**		
	Current Investments :		
1	Quoted :		
i)	Shares : (a) Equity	-	-
	(b) Preference	-	-
ii)	Debentures and Bonds	-	-
iii)	Units of mutual funds	-	-
iv)	Government Securities	-	-
v)	Others (please specify)	-	-
2	Unquoted :		
i)	Shares : (a) Equity	-	-
	(b) Preference	-	-
ii)	Debentures and Bonds	-	-
iii)	Units of mutual funds	-	-
iv)	Government Securities	-	-
v)	Others (please specify)	-	-

	Long Term investments :		
1	Quoted :	-	-
i)	Shares : (a) Equity	-	-
	(b) Preference	-	-
ii)	Debentures and Bonds	-	-
iii)	Units of mutual funds	-	-
iv)	Government Securities	-	-
v)	Others (please specify)	-	-
2	Unquoted :		
i)	Shares : (a) Equity	0.08	-
	(b) Preference	-	-
ii)	Debentures and Bonds	-	-
iii)	Units of mutual funds	-	-
iv)	Government Securities	-	-
v)	Others (please specify)	-	-

5 **Borrower group-wise classification of assets financed as in (2) and (3) above :**

(In Rs. Crores)

	Category	Secured	Unsecured	Total
	(Amount net of provisions)			
1	Related Parties			
a)	Subsidiaries	-	-	-
b)	Companies in the same group	-	-	-
c)	Other related parties	-	-	-
2	Other than related parties	-	1,137.95	1,137.95
	Total	-	**1,137.95**	**1,137.95**

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

(In Rs. Crores)

	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1	Related Parties		
a)	Subsidiaries	-	-
b)	Companies in the same group	-	-
c)	Other related parties	-	-
2	Other than related parties	0.08	0.05
	Total	**0.08**	**0.05**

7 **Other information** (In Rs. Crores)

	Particulars	Amount
i)	**Gross Non-Performing Assets**	
	(a) Related parties	-
	(b) Other than related parties	69.99
ii)	**Net Non-Performing Assets**	
	(a) Related parties	-
	(b) Other than related parties (Net of total provision as per ECL model)	3.13
iii)	**Assets acquired in satisfaction of debt**	-

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38 **Capital**

The Company actively manages its capital base to cover risks inherent to its business and meet the capital adequacy requirement of RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

(i) **Capital management**

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times

Planning

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks– which include credit, liquidity and interest rate.

The Company endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

(ii) Refer note 37 A for Regulatory capital

39 **Expenditure in foreign currency for current year Rs. Nil (March 31, 2020: Rs. Nil)**

40 A The following tables provides the details of income tax assets and income tax liabilities as at :

(In Rs. Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income tax assets	3,450.25	2,987.46
Income tax liabilities	2,959.60	2,955.34
Current tax (net of provision)	**490.65**	**32.12**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2021 and 31 March 2020 is as follows:

(In Rs. Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Accounting profit before tax	708.43	1,993.92
At India's statutory income tax rate of 25.168%* (March 31, 2020: 29.12%)	178.30	580.63
Change in tax rates	381.80	-
Addition to Income	219.88	-
Deductions to Income	(34.76)	(6.09)
Expendiuture on CSR	6.91	3.72
Others	0.57	6.50
Income tax expense reported in the statement of profit or loss	**752.69**	**584.76**
Income tax adjustment in respect of current income tax of prior years	(532.90)	-
Total income tax expense reported in the statement of profit or loss	**219.79**	**584.76**

The effective income tax rate for March 31, 2021 is 25.168% (March 31, 2020: 29.12%)

* The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for income tax for the year ended March 31, 2021 and re-measured its deferred tax assets/liability basis the rate prescribed in the aforesaid section and recognized the effect of change by revising the annual effective tax rate.

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40 B Movement in balances of deferred tax for the year ended March 31, 2021

(In Rs. Lakhs)

Particulars	Net balance as on April 1, 2020	Charge in Profit and Loss account	Recognised in OCI	Net balance as on March 31, 2021	Deferred tax assets	Deferred tax liability
Deferred tax assets/ (liabilities)						
Impact of difference between tax depreciation/ amortisation	63.26	(0.75)	-	62.51	62.51	-
Impairment allowance for loans	2,267.21	(2.21)	-	2,265.00	2,265.00	-
Other items	323.51	(200.02)	(12.54)	110.95	110.95	-
Net Deferred tax assets / (liabilities)	**2,653.98**	**(202.98)**	**(12.54)**	**2,438.46**	**2,438.46**	**-**

Movement in balances of deferred tax for the year ended March 31, 2020

(In Rs. Lakhs)

Particulars	Net balance as on April 1, 2019	(Charge)/ credit in Profit and Loss	Net balance as on March 31, 2020	Deferred tax assets	Deferred tax liability
Deferred tax assets/ (liabilities)					
Impact of difference between tax depreciation/ amortisation	64.73	(1.46)	63.26	63.26	-
Impairment allowance for loans	1,359.23	907.97	2,267.21	2,267.21	-
Other items	(28.73)	352.24	323.51	323.51	-
Net Deferred tax assets / (liabilities)	**1,395.23**	**1,258.75**	**2,653.98**	**2,653.98**	**-**

41 Segment reporting:

The Company operates in a single reportable segment i.e. lending to members, and other related activities which has similar risks and returns for the purpose of IND AS-108 on 'Segment Reporting'. The Company operates in a single geographical segment i.e. India.

42 Gratuity

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

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

(In Rs. Lakhs)

Particulars	March 31, 2021	March 31, 2020
Reconciliation of present value of defined benefit obligation		
Obligation at the beginning of the year	566.02	447.58
Current service cost	115.87	112.15
Interest cost	37.92	34.46
Benefits settled	(34.43)	(38.23)
Actuarial (gains)/ losses recognised in other comprehensive income		
- Changes in experience adjustments	(39.40)	(26.68)
- Changes in financial assumptions	1.82	36.73
Obligation at the end of the year	**647.81**	**566.02**
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	599.52	412.22
Interest income on plan assets	39.35	37.30
Re-measurement- actuarial gain	4.75	5.62
Contributions	10.00	182.61
Benefits settled	(34.43)	(38.23)
Plan assets at the end of the year, at fair value	**619.19**	**599.52**
Net defined benefit liability/ (asset)	**28.62**	**(33.50)**

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Expense recognised in profit or loss

(In Rs. Lakhs)

Particulars	March 31, 2021	March 31, 2020
Current service cost	115.87	112.15
Interest cost	37.92	34.46
Interest income	(39.35)	(37.30)
Net gratuity cost	114.44	109.31

Re-measurement recognised in other comprehensive income

(In Rs. Lakhs)

Particulars	March 31, 2021	March 31, 2020
Re-measurement of the net defined benefit liability		
- Changes in experience adjustments	(39.40)	(26.68)
- Changes in financial assumptions	1.82	36.73
Re-measurement of the net defined benefit asset		
Return on plan assets (greater)/Less than discount rate	(4.75)	(5.62)
Total Actuarial (gain)/ loss included in OCI	(42.32)	4.44

Plan assets

Particulars	March 31, 2021	March 31, 2020
LIC Fund	100%	100%

Defined benefit obligation - Actuarial assumptions

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.75%	6.70%
Future salary growth	7.50%	7.50%
Attrition rate	18.00%	18.00%
Average term of liabilty (in years)	29.55	29.83

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	616.32	682.68	537.69	597.42
Future salary growth (1% movement)	685.22	613.37	599.62	535.12
Attrition rate (1% movement)	643.56	652.27	561.24	571.00

Expected payment for future years (defined benefit obligations)

(In Rs. Lakhs)

Particulars	March 31, 2021	March 31, 2020
Within the next 12 months (next annual reporting period)	86.34	67.96
Between 2 and 5 years	269.26	302.70
Between 5 and 10 years	305.22	241.77
Beyond 10 years	41.61	247.49
Total expected payments	702.41	859.91

b) The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority and other relevant factors, such as supply and demand in the employment market.

c) The Company expects to contribute Rs. 1,235.33 lakhs [March 31, 2020: Rs.117.44 lakhs] to gratuity fund in 2021-22.

d) The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

e) Amount incurred as expense for defined contribution to Provident Fund is Rs. 373.91 lakhs (March 31, 2020: Rs.365.75 lakhs)

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43 Risk Management

1 Introduction and risk profile

Sonata Finance Private Limited Limited ("Company") is one of the leading microfinance institutions in India focused on providing financial support to women from low income households engaged in economic activity with limited access to financial services. The Company predominantly offers collateral free loans to women from low income households, willing to borrow in a group and agreeable to take joint liability. The wide range of lending products address the critical needs of customers throughout their lifecycle and include income generation, home improvement, sanitation and personal emergency loans. With a view to diversifying the product profile, the Company has introduced individual loans for matured group lending customers. These loans are offered to customers having requirement of larger loans to expand an existing business in their individual capacity.

The common risks for the Company are operational, business environment, political, regulatory, concentration, expansion and liquidity. As a matter of policy, these risks are assessed and steps as appropriate, are taken to mitigate the same.

1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.The Risk Management framework approved by the Board has laid down the governance structure supporting the identification, assessment, monitoring, reporting and mitigation of risk throughout the Company. The objective of the risk management platform is to make a conscious effort in developing risk culture within the organisation and having appropriate systems and tools for timely identification, measurement and reporting of risks for managing them.

The Company's policy is that risk management processes throughout the Company are audited by the Internal Audit function, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

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1.2 Risk mitigation and risk culture

Risk assessments shall be conducted for all business activities. The assessments are to address potential risks and to comply with relevant legal and regulatory requirements. Risk assessments are performed by competent personnel from individual departments and risk management department including, where appropriate, expertise from outside the Company. Procedures shall be established to update risk assessments at appropriate intervals and to review these assessments regularly. Based on the Risk Control and Self Assessment (RCSA), the Company shall formulate its Risk Management Strategy / Risk Management plan on annual basis. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation can be planned using the following key strategies:

Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

Risk Reduction: Employing methods/solutions that reduce the severity of the loss

Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

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1.3 Risk measurement and reporting systems

The Mangement would review the following aspects of business specifically from a risk indicator perspective and suitably record the deliberations during the monthly meeting.

- Review of business growth and portfolio quality.
- Discuss and review the reported details of PAR, Key Risk Threshold breaches (KRI's), consequent responses and review of operational loss events, if any.
- Review of process compliances including audit performance across organisation
- Review of HR management, training and employee attrition
- Review of new initiatives and product/policy/process changes
- Discuss and review performance of IT systems
- Review, where necessary, policies that have a bearing on the operational risk management and recommen amendments.
- Discuss and recommend suitable controls/mitigations for managing operational risk and assure tha adequate resources are being assigned to mitigate the risks.
- Review analysis of frauds, potential losses, non-compliance, breaches etc. and determine correctiv measures to prevent their recurrences.
- Understand changes and threats, concur on areas of high priority and possible actions fo managing/mitigating the same.

1.4 Risk Management Strategies

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.
The following management strategies and policies shall be adopted by the Company to manage the various key risks.

Political Risk mitigation measures:
- Low cost operations and Low pricing for customers
- Customer centric Approach, High Customer Retention
- Rural Focus
- Systematic customer awareness activities
- High Social Focused Activities
- Adherence to client protection guidelines
- Robust Grievance Redressal Mechanism
- Adherence to regulatory guidelines in letter and spirit

Concentration Risk mitigation measures:
- District Centric Approach
- District Exposure Cap
- Restriction on growth in urban locations
- Maximum Disbursement Cap per loan account
- Maximum loan exposure Cap per customer
- Diversified Funding Resources

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Operational & HR Risk mitigation measures:
- Stringent customer enrolment process
- Multiple products
- Proper recruitment policy and appraisal system
- Adequately trained field force
- Weekly & fortnightly collections – higher customer touch, lower amount instalments
- Multilevel monitoring framework
- Strong, Independent and fully automated Internal Audit Function
- Strong IT system with access to real time client and loan data

Liquidity Risk mitigation measures:
- Diversified funding resources
- Asset Liability management
- Effective Fund management
- Maximum Cash holding Cap

Expansion Risk mitigation measures:
- Contiguous growth
- District centric approach
- Rural focus
- Branch selection based on Census Data & Credit Bureau Data
- Three level survey of the location selected

2 Impairment assessment/ Credit risk (Also refer Note 3 p)

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

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2.1 Definition of default, Significant increase in credit risk and stage assessment

For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1 includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date)

Stage 2 includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk)

Stage 3 includes default loans. A loan is considered default at the earlier of (i) the bank considers that the obligor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realizing collateral (if held); or (ii) the obligor is past due 90 days or moreon any material credit obligation to the Company.

The Company offers products with weekly/fortnightly/ monthly repayment frequency, and has identified the following stage classification to be the most appropriate for its Loans:

Stage 1: 0 to 30 DPD

Stage 2: 31 to 90 DPD (SICR)

Stage 3: above 91 DPD (Default)

2.2 Probability of Default (PD)

PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each state separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.

PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.

PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

Macroeconomic information (such as regulatory changes, market interest rate or inflation) is incorporated as part of the internal rating model. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

2.3 Exposure at default

Exposure at default (EAD) is the sum of outstanding principle and the interest amount accrued but not received on each loan as at reporting date. EAD includes on Balance Sheet portfolio, Securitized portfolio and over collateral portion (i.e. Company's own risk) pertaining to the Assigned Portfolio.

2.4 Loss given default

LGD is the opposite of recovery rate. LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.

LGD is computed as below:

The Company determines its expectation of lifetime loss by estimating recoveries towards its loan through analysis of historical information. The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. LGD is the difference between the exposure at default and its recovery rate.

2.5 Grouping financial assets measured on a collective basis

The Company believes that the all loans disbursed in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio are treated as separate groups and the Company will separately calculate credit losses for them.

2.6 Analysis of inputs to the ECL model under multiple economic scenarios

Adjusting the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

3 Liquidity risk and funding management (Also Refer Note 37 C)

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. The Company may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Financial Advisory and Asset Liability Management Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements.

There are Liquidity Risk mitigation measures put in place which helps in maintaining the following:

3.1 Diversified funding resources:

The Company's finance and treasury department secures funds from multiple sources, including banks, financial institutions and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. The Company continuously seek to diversify its sources of funding to facilitate flexibility in meeting our funding requirements. Due to the composition of our loan portfolio, which also qualifies for priority sector lending, it also engages in securitization and assignment transactions.

4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to Interest rate risk as follows:

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4.1 Interest Rate Risk (IRR)

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk, principlely because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Financial Advisory and Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

(In Rs. Lakhs)

Finance Cost	Impact on Profit		Impact on Pre tax Equity	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
0.50 % Increase	(564.16)	(516.73)	(564.16)	(516.73)
0.50 % Decrease	564.16	516.73	564.16	516.73

5 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by hedging using various financial instruments like cross currency swaps , forward contracts etc.

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Note 44: Maturity analysis of assets and liabilities

The table below shows assets and liabilities analysed according to when they are expected to be recovered or settled.

	Particulars	Within 12 months	After 12 months	Total as at March 31, 2021	Within 12 months	After 12 months	Total as at March 31, 2020
I	**ASSETS**						
	1 Financial assets						
	a) Cash and Cash equivalents	21,512.64	-	21,512.64	7,306.47	-	7,306.47
	b) Bank balances other than cash and cash equivalents	8,332.63	4,367.10	12,699.73	7,303.62	4,215.37	11,518.99
	c) Derivative financial instruments	171.27	-	171.27	130.00	-	130.00
	d) Trade receivables	285.85	-	285.85	205.09	-	205.09
	e) Loans	74,803.10	32,306.21	1,07,109.31	95,091.70	34,007.02	1,29,098.72
	f) Investments	-	8.40	8.40	10.60	8.40	19.00
	g) Other Financial Assets	6,112.62	483.92	6,596.54	3,166.46	348.20	3,514.66
	2 Non-financial assets						
	a) Current tax assets (net)	490.65	-	490.65	-	32.12	32.12
	b) Deferred tax assets (net)	-	2,438.46	2,438.46	-	2,896.04	2,896.04
	c) Property, plant and equipment	-	195.78	195.78	-	215.83	215.83
	d) Other intangible assets	-	20.98	20.98	-	31.54	31.54
	e) Other non-financial assets	197.66	37.48	235.14	105.37	150.51	255.88
	Total assets	**1,11,906.42**	**39,858.33**	**1,51,764.75**	**1,13,319.31**	**41,905.03**	**1,55,224.34**
II	**LIABILITIES AND EQUITY**						
	Liabilities						
	1 Financial liabilities						
	a) Derivative financial instruments	189.09	-	189.09	66.31	-	66.31
	b) Trade payables	8.25	-	8.25	150.80	-	150.80
	c) Debt securities	10,170.45	18,290.00	28,460.45	5,124.96	21,190.00	26,314.96
	d) Borrowings (other than debt securities)	43,802.68	36,902.09	80,704.77	53,538.30	33,447.79	86,986.09
	e) Subordinated liabilities	39.28	8,900.00	8,939.28	86.23	8,900.00	8,986.23
	f) Other financial liabilities	3,410.01	57.09	3,467.10	3,600.30	148.34	3,748.64
	2 Non-financial liabilities						
	a) Provisions	224.27	1,669.55	1,893.82	161.63	1,298.11	1,459.74
	b) Other non-financial liabilities	187.98	-	187.98	242.74	-	242.74
	Equity						
	a) Equity share capital	-	2,522.82	2,522.82	-	2,496.50	2,496.50
	b) Other equity	-	25,391.19	25,391.19	-	24,772.33	24,772.33
	Total liabilities and equity	**58,032.01**	**93,732.74**	**1,51,764.75**	**62,971.27**	**92,253.07**	**1,55,224.34**

45 Impact of COVID-19 on business and Expected Credit Losses

The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus which continued till May 31, 2020. Subsequently, the national lockdown was lifted by the Government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. Further, pursuant to the Reserve Bank of India ('RBI') COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has offered moratorium on the payment to all eligible borrowers that have opted to avail the same of all instalments and/or interest, as applicable, falling due between March 1, 2020 to August 31, 2020.

In assessing the impairment allowance for loan portfolio, the Company has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave. Given the unique nature and scale of this pandemic, its full extent of impact on the Company's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental and regulatory measures and the Company's responses thereto. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different than that being estimated.

46 Changes in liability arising from financing activities

Particulars	Opening as on April 1, 2020	Compulsorily convertible preference shares (CCPS) - Borrowings	changes in fair values	Others	Cash flow	Closing as on March 31, 2021
Debt securities at amortized cost	26,314.96	-	-	(104.50)	2,250.00	28,460.45
Borrowings other than debt securities	76,563.87	-	107.17	(47.95)	1,853.43	78,476.51
Subordinated liabilities at amortized cost	8,986.23	-	-	(46.95)	-	8,939.28
Borrowings under securitisation arrangement	10,422.23	-	-	(206.25)	(7,987.73)	2,228.25
	1,22,287.28	**-**	**107.17**	**(405.66)**	**(3,884.30)**	**1,18,104.49**

Particulars	Opening as on April 1, 2019	Compulsorily convertible preference shares (CCPS) - Borrowings	changes in fair values	Others	Cash flow	Closing as on March 31, 2020
Debt securities at amortized cost	36,116.93	-	-	(371.98)	(9,430.00)	26,314.96
Borrowings other than debt securities	59,534.07	(7,500.00)	339.86	664.42	23,525.51	76,563.87
Subordinated liabilities at amortized cost	8,985.88	-	-	0.35	-	8,986.23
Borrowings under securitisation arrangement	23,436.71	-	-	(122.96)	(12,891.52)	10,422.23
	1,28,073.60	**(7,500.00)**	**339.86**	**169.84**	**1,203.99**	**1,22,287.28**

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47 Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There have been no transfers between Level 1 and Level 2 during the year .

As at March 31, 2021	Carrying amount			
	FVTPL	FVTOCI	Amortised cost*	Total
Financial assets				
Cash and cash equivalents	-	-	21,512.64	21,512.64
Bank balance other than cash and cash equivalents	-	-	12,699.73	12,699.73
Derivative financial instruments	171.27	-	-	171.27
Trade receivables	-	-	285.85	285.85
Loans	-	-	1,07,109.31	1,07,109.31
Investments	8.40	-	-	8.40
Other financial assets	-	-	6,596.54	6,596.54
Total	**179.67**	-	**1,48,204.07**	**1,48,383.74**
Financial liabilities				
Derivative financial instruments	189.09	-	-	189.09
Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	8.25	8.25
Debt securities	-	-	28,460.45	28,460.45
Borrowings (other than debt securities)	-	-	80,704.77	80,704.77
Subordinated liabilities	-	-	8,939.28	8,939.28
Other financial liabilities	-	-	3,467.10	3,467.10
Total	**189.09**	-	**1,21,579.85**	**1,21,768.94**

As at March 31, 2020	Carrying amount			
	FVTPL	FVTOCI	Amortised cost*	Total
Financial assets				
Cash and cash equivalents	-	-	7,306.47	7,306.47
Bank balance other than cash and cash equivalents	-	-	11,518.99	11,518.99
Derivative financial instruments	130.00	-	-	130.00
Trade receivables	-	-	205.09	205.09
Loans	-	-	1,29,098.72	1,29,098.72
Investments	19.00	-	-	19.00
Other financial assets	-	-	3,514.66	3,514.66
Total	**149.00**	-	**1,51,643.93**	**1,51,792.93**
Financial liabilities				
Derivative financial instruments	66.31	-	-	66.31
Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	150.80	150.80
Debt securities	-	-	26,314.96	26,314.96
Borrowings (other than debt securities)	-	-	86,986.09	86,986.09
Subordinated liabilities	-	-	8,986.23	8,986.23
Other financial liabilities	-	-	3,748.64	3,748.64
Total	**66.31**	-	**1,26,186.72**	**1,26,253.03**

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The Management has assessed that the fair value of the financial assets, trade payable and other financial liabilities carried at amortised cost approximate their carrying amounts largely due to the short term maturities of these instruments. Fair value of the debt securities and borrowings (other than debt securities) carried at amortised cost approximates their carrying amounts as these borrowings carrys market linked floating rate of interest.

Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position.

As at March 31, 2021

Financial assets (measured at fair value)	Carrying amount	Fair value		
	FVTPL	Level 1	Level 2	Level 3
Derivative financial instruments	171.27	-	171.27	-
Investments	8.40	-	8.40	-
Total	179.67	-	179.67	-

As at March 31, 2020

Financial assets (measured at fair value)	Carrying amount	Fair value		
	FVTPL	Level 1	Level 2	Level 3
Derivative financial instruments	130.00	-	130.00	-
Investments	19.00	-	19.00	-
Total	149.01	-	149.01	-

48 Contingent liability

Particulars	As at March 31, 2021	As at March 31, 2020
Performance security provided by the Company pursuant to service provider agreement in relation to direct sale agreement	3,328.02	3,318.38
Disputed Income tax liability	12.82	12.82

49 There are no capital commitments at the current and previous year-end.

50 Disclosure pursuant to RBI Notification – RBI/2020-21/17 DOR. No. BP.BC/4/21.04.048/2020-21 dated August 06, 2020 ("Resolution Framework for COVID-19 Related Stress") is not applicable as the Company has not restructured any loan accounts during the year.

51 There have been no events after the reporting date that require adjustment / disclosure in these financial statements.

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

For S.R.Batliboi & Associates LLP
ICAI Firm Registration No.: 101049W/E300004
Chartered Accountants

per Amit Kabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 29, 2021

For and 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

Akhilesh Kumar Singh
Chief Financial Officer

Paurvi Srivastava
Company Secretary
Membership No.: 34110

Place: Lucknow
Date: June 29, 2021