B S R & Co. 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 financial statements of Sonata Finance Private Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows 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 ("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 31 March 2023, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 opinion on the financial statements.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

Key Audit Matter
Impairment of loans and advances, including off-balance sheet elements Charge: INR 4,753.59 lakhs for year ended 31 March 2023 Provision : INR 4,693.57.19 lakhs at 31 March 2023 See Note 3 – Significant Accounting policies, Notes to the financial statements Note 8: Loans, Note 28: Impairment on financial instruments.

Company including relevant details of the ECL provision recognized in the financial statements. **Disclosures** The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Further, disclosures to be provided as per RBI circulars with regards to nonperforming assets and provisions will also be an area of focus, particularly as this will be the first year some of these disclosures will be presented.	respect to theoretical foundation, logical relevancy, and assumptions of the model. • Assessing the reasonableness and appropriateness of the macroeconomic factors considered in the ECL model. **Test of details** Key aspects of our testing included: • Testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Model calculations testing through re-performance, where possible. • Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. As part of this we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.
Information technology (IT) IT systems and controls relating to the loan management system used by the Company. The Company's processes related to sanctioning, disbursements, and recovery of loans and advances are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. We have identified IT systems and controls relating to the Company's loan management system as key audit matter due to the large transaction volumes and the increasing challenge to protect the Company's systems and controls over data integrity.	Our audit procedures to assess the IT system controls relating to loan management system included the following: • Understood General IT Control i.e. access controls, program / system change, computer operations (i.e. job processing, data system backup incident management) over its loan management system; • Understood IT infrastructure i.e. operating systems and databases supporting the in-scope system; • Test checking the General IT Controls for design and operating effectiveness for the audit period over loan management system; • Understood IT controls covering user access and roles, segregation of duties, and reports; • Test checking the IT application controls for design and operating effectiveness for the audit period; • Performed testing to determine that these controls remained unchanged during the audit period or were changed following the standard

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls 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 the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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 of the current period 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, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. 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

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company is not a public company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Pranav Gune

Partner

Place: Mumbai

Date: 30 May 2023

Membership No.: 121058

ICAI UDIN:23121058BGZCXI1637

Annexure A to the Independent Auditor's Report on the Financial Statements of Sonata Finance Private Limited for the year ended 31 March 2023 *(Continued)*

Count of borrowers	Amount (in Lakhs)	Due Date	Extent of delay (in days)	Remarks, if any
30,975	6,084.93	Various due dates	1-30	
7,437	1,229.75	Various due dates	31-60	
3,355	592.15	Various due dates	61-90	
33,106	5,102.73	Various due dates	90+	

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given except an amount of Rs. 5,102.73 /- (principal amount) and Rs 1,096.37 (interest) overdue for more than ninety days as at 31 March 2023. In our opinion, reasonable steps have been taken by the Company for recovery of the principal and interest. Further, the Company has not given any advance in the nature of loan to any party during the year

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company's principal business activities is to give loans. Accordingly, clause 3(iii)(a) of the Order is not applicable.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax, Duty of customs and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been significant delay in a some cases of provident fund and goods and service tax as mentioned below.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service

Annexure A to the Independent Auditor's Report on the Financial Statements of Sonata Finance Private Limited for the year ended 31 March 2023 *(Continued)*

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of payment	Remarks, if any
1952						
Employees Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund Contribution	9,083	June-22	15-Jul-22	Not Paid	
Employees Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund Contribution	4,977	July-22	16-Aug-22	Not Paid	
Employees Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund Contribution	9,112	Apr-22	15-May-22	Various dates*	
Employees Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund Contribution	9,256	May-22	15-Jun-22	Various dates*	
Employees Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund Contribution	70,147	Jun-22	15-Jul-22	Various dates*	
Employees Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund Contribution	48,676	Jul-22	16-Aug-22	Various dates*	
Employees	Provident	1,793	Aug-22	15-	Various	

Annexure A to the Independent Auditor's Report on the Financial Statements of Sonata Finance Private Limited for the year ended 31 March 2023 *(Continued)*

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to banks or financial institutions or any other lender, except those mentioned below:

Nature of borrowing including debt securities	Name of lender	Amount not paid on due date (in Rs.)	Whether principal or interest	No. of days delay or unpaid	Remarks, if any
Term Loan	Standard Chartered Bank	46,232.88	Interest	1	Management has represented that these delays are due to operational and administrative lags and not due to liquidity challenges on the due date
Term Loan	Standard Chartered Bank	138,698.63	Interest	1	
Term Loan	StandardChartered Bank	120,205.48	Interest	1	
Term Loan	Incred Finance	30,584,753	Principal and interest	3	
Term Loan	Profectus Capital	204120	Interest	1	
Term Loan	Jana Small Finance Bank	21,281,970	Principal and interest	2	These delays are technical in nature due to delay in auto debits run by the banks from the current account of the company where suffient money was deposited.
Term Loan	Jana Small Finance Bank	11,823,320	Principal and interest	2	
Term Loan	Jana Small Finance Bank	7,093,990	Principal and interest	2	
External commercial borrowing	Frankfurt School Financial Services	16,579,763	Interest	1	
External commercial	World business	9,819,781	Interest	1	

3(x)(b) of the Order is not applicable.

(xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year except for one instance of cash embezzlement at branches amounting to Rs.5.32 lakhs in the year under audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) In our opinion and according to the information and explanation provided to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.

(b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting

Annexure B to the Independent Auditor's Report on the financial statements of Sonata Finance Private Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Sonata Finance Private Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 financial statements were 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 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 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 financial statements.

Meaning of Internal Financial Controls with Reference to 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

Sonata Finance Private Limited
Balance Sheet as at March 31, 2023
(Currency: INR in Lakh)

Particulars		Note	As at March 31, 2023	As at March 31, 2022
I	**ASSETS**			
	1 Financial assets			
	a) Cash and cash equivalents	4	35,996.23	32,085.43
	b) Bank balances other than included in (a) above	5	12,307.33	9,701.06
	c) Derivative financial instruments	6A	366.26	263.74
	d) Receivables			
	Trade receivables	7	394.64	399.12
	Other receivables		-	-
	e) Loans	8	1,85,972.29	1,24,096.10
	f) Investments	9	5.65	9.00
	g) Other financial assets	10	2,083.87	1,573.39
	Total financial assets		2,37,126.27	1,68,127.84
	2 Non-financial assets			
	a) Current tax assets (net)	11A	873.95	1,177.27
	b) Deferred tax assets (net)	11B	1,903.58	2,033.13
	c) Property, plant and equipment	12	204.60	163.06
	d) Right to use asset		183.16	109.63
	e) Intangible assets	13	12.17	19.86
	f) Other non-financial assets	14	203.33	160.48
	Total non-financial assets		3,380.79	3,663.43
	Total Assets		2,40,507.06	1,71,791.27
II	**LIABILITIES AND EQUITY**			
	Liabilities			
	1 Financial liabilities			
	a) Derivative financial instruments	6B	136.02	211.29
	b) Payables			
	i) Trade payables	15		
	- total outstanding dues of micro enterprises and small enterprises (MSME)		-	-
	- total outstanding dues of creditors other than MSME		320.06	243.69
	ii) Other payables			
	- total outstanding dues of micro enterprises and small enterprises (MSME)		-	-
	- total outstanding dues of creditors other than MSME		-	-
	c) Debt securities	16	36,837.30	41,773.36
	d) Borrowings (other than debt securities)	17	1,64,397.13	92,518.00
	e) Subordinated liabilities	18	1,996.19	4,402.14
	f) Lease liabilities		195.51	125.33
	g) Other financial liabilities	19	1,572.64	1,705.81
	Total financial liabilities		2,05,454.85	1,40,979.62
	2 Non-financial liabilities			
	a) Provisions	20	518.58	632.86
	b) Other non-financial liabilities	21	375.42	298.45
	Total non-financial liabilities		894.00	931.31
	Total Liabilities		2,06,348.85	1,41,910.93

SONATA Finance Pvt. Ltd. Lucknow

Sonata Finance Private Limited
Balance Sheet as at March 31, 2023
(Currency: INR in Lakh)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
Equity			
a) Equity share capital	22	2,616.77	2,596.25
b) Other equity	23	31,541.44	27,284.09
Total Equity		**34,158.21**	29,880.34
Total Liabilities and Equity		**2,40,507.06**	1,71,791.27

Summary of significant accounting policies 1-3

The accompanying notes are an integral part of the financial statements. 4-56

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Pranav Gune
Partner
Membership No: 121058

Mumbai
May 30, 2023

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

New Delhi
May 30, 2023

Scanned with CamScanner

Sonata Finance Private Limited
Statement of Profit and Loss for the year ended March 31, 2023
(Currency: INR in Lakh)

		Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
		Revenue from operations			
	i)	Interest income	24	34,505.73	25,100.42
	ii)	Fees and commission income	25	3,905.15	3,609.64
	iii)	Net gain on derecognition of financial instruments under amortised cost		-	445.07
	iv)	Bad loan recovery		1,471.30	598.55
I	A	**Total Revenue from Operations**		39,882.18	29,753.68
		Dividend income		-	3.50
		Net gain on fair value changes	26 A	714.22	554.70
		Other income	26 B	80.44	254.94
II		**Total Income (IA+IB)**		40,676.84	30,566.82
		Expenses			
	i)	Finance costs	27	18,506.38	14,623.70
	ii)	Impairment on financial instruments	28	4,753.59	4,209.52
	iii)	Employee benefits expenses	29	7,799.31	7,056.43
	iv)	Depreciation, amortization and impairment	30	165.82	165.52
	v)	Other expenses	31	3,906.67	2,458.43
III		**Total expenses**		35,131.77	28,513.60
IV		**Profit before tax (II-III)**		5,545.07	2,053.22
V		**Tax expense:**			
		Current tax		1,255.41	157.17
		Income tax of earlier years		-	127.52
		Deferred tax		133.40	406.38
		Net tax expense		1,388.81	691.07
VI		**Profit for the year (IV-V)**		4,156.26	1,362.15
VII		**Other comprehensive income (OCI)**			
	i)	**Items that will not be reclassified subsequently to statement of profit or loss**			
		- Re-measurement losses of defined benefit plans		(15.27)	(4.21)
	ii)	**Income tax relating to the above items**		3.84	1.06
		Subtotal (A)		(11.43)	(3.15)
	B)	**i) Items that will be reclassified to profit or loss**		-	-
		ii) Income tax relating to the above items		-	-
		Subtotal (B)		-	-
		Other Comprehensive Income (i+ii)		(11.43)	(3.15)
VIII		**Total Comprehensive Income for the year (VI+VII)**		4,144.83	1,359.00

SONATA Finance Pvt. Ltd.
Lucknow

Sonata Finance Private Limited
Statement of Profit and Loss for the year ended March 31, 2023
(Currency: INR in Lakh)

	Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
IX	Earnings per equity share (face value of Rs.10/-)			
	Basic	32	15.94	5.37
	Diluted	32	15.77	5.27

Summary of significant accounting policies 1-3
The accompanying notes are an integral part of the financial statements. 4-56

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Pranav Gune
Partner
Membership No: 121058

Mumbai
May 30, 2023

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

New Delhi
May 30, 2023

Sonata Finance Private Limited

Statement of Cash flow for the year ended March 31, 2023

(Currency: INR in Lakhs unless otherwise stated)

Particulars	As at March 31,2023	As at March 31,2022
Cash flow from operating activities		
Profit before tax	5,545.07	2,053.22
Interest income	(34,505.73)	(25,100.42)
Finance cost	18,490.95	14,380.32
Dividend received	-	(3.50)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	165.82	165.52
Interest on lesae liability	15.42	12.36
Impairment on financial instruments	4,064.06	3,767.59
Provision no longer required	-	(108.08)
Unrealised foreign exchange loss / (gain)	400.84	(51.69)
Unrealised (gain) on derivatives	(177.80)	(70.27)
Unrealised loss / (gain) on Investment	3.35	(0.60)
Net gain on derecognition of financial instruments under amortised cost category	-	(445.07)
Income from sale of investments	(539.77)	(483.84)
Profit on sale of property , plant and equipment	(0.11)	(0.08)
Share based payments to employees	-	146.74
Operational cash flows from Interest		
Cash inflow from interest income	34,935.96	27,051.97
Cash outflow for interest expense	(18,499.27)	(14,255.78)
Cash flow from working capital changes		
(Increase)/decrease in Loans	(66,334.90)	(18,806.65)
(Increase) / decrease in bank balance other than cash and cash equivale	(2,606.27)	3,235.32
(Increase)/decrease in trade receivables	4.49	(113.26)
(Increase)/decrease in other financial assets	(510.49)	(12.37)
(Increase) / decrease in other non-financial assets	(78.47)	(135.42)
Increase/(decrease) in trade payables	76.37	(1.16)
Increase / (decrease) in other financial liabilities	(133.17)	(1,411.40)
Increase/(decrease) in provisions	(129.55)	49.17
Increase / (decrease) in other non-financial liabilities	76.97	110.47
Cash generated from / (used in) operations	(59,736.21)	(10,026.91)
Income tax paid	(952.09)	(971.30)
Net cash flows from/(used in) operating activities	(60,688.30)	(10,998.21)
Cash flow from investing activities		
Purchase of property , plant and equipment	(143.33)	(61.08)
Purchase of intangible assets	(0.18)	(10.59)
Dividend received	-	3.50
Proceeds from sale property plant and equipment	0.23	0.19
Proceeds on sale of investment in mutual fund	88,950.15	1,33,661.44
Purchase of investment in mutual fund	(88,410.38)	(1,33,177.60)
Net cash flows from/(used in) investing activities	396.49	415.86

SONATA Finance Pvt. Ltd. Lucknow

Sonata Finance Private Limited
Statement of Cash flow for the year ended March 31, 2023
(Currency: INR in Lakhs unless otherwise stated)

Cash flow from financing activities		
Debt securities issued	16,100.00	24,000.00
Debt securities repaid	(21,540.00)	(10,650.00)
Borrowings other than debt securities issued	1,41,230.62	61,244.15
Borrowings other than debt securities repaid	(69,246.04)	(49,328.88)
Subordinated liabilities repaid	(2,400.00)	(4,500.00)
Proceeds from issuance of equity share capital including securities premium	133.04	460.59
Payment of lease liabilities	(75.00)	(70.72)
Net cash flows from financing activities	**64,202.62**	**21,155.14**
Net increase in cash and cash equivalents	3,910.80	10,572.79
Cash and cash equivalents at the beginning of the year	32,085.43	21,512.64
Cash and cash equivalents at the end of the year	**35,996.23**	**32,085.43**
Components of cash and cash equivalents		
Cash on hand	130.28	109.58
Fund in transit	954.28	388.51
Balances with banks		
In current accounts	34,911.67	29,286.19
In deposit account	-	2,301.15
Total cash and cash equivalents	35,996.23	32,085.43

Summary of significant accounting policies - Note 1-3

The accompanying notes are an integral part of the financial statements - Note 4-56
As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Partner
Partner
Membership No: 121058

Mumbai
May 30, 2023

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

SONATA Finance Pvt. Ltd.

Anup Kumar Singh
Managing Director
DIN: 00173413

Pradip Kumar Saha
Director
DIN: 02947368

Akhilesh Kumar Singh
Chief Financial Officer

Paurvi Srivastava
Company Secretary

Place: Lucknow
May 30, 2023

Sonata Finance Private Limited
Statement of changes in equity for the year ended March 31, 2023
(Currency: INR in Lakh)

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

Particulars	Amount
Balance at the beginning of the year	2,522.82
Changes in equity share capital during the year	73.43
As at March 31, 2022 #	2,596.25
Changes in equity share capital during the year	20.52
As at March 31, 2023 #	2,616.77

Net of equity shares issued to the Sonata Employee Welfare Trust

Other Equity (refer note 23)

Particulars	Reserves and surplus					Other comprehensive income	Total other Equity
	Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Capital reserve	Securities premium	Stock option outstanding	Retained earnings		
As at April 1, 2021	2,108.19	22.68	20,290.92	74.39	2,849.04	45.96	25,391.18
Profit for the year	-	-	-	-	1,362.16	-	1,362.16
Remeasurement of net defined benefit obligation	-	-	-	-		(3.15)	(3.15)
Premium on exercise of Stock options	-	-	387.16	-	-	-	387.16
Transferred from retained earnings to statutory reserve	272.43	-	-	-	(272.43)	-	-
Transferred from /to securities premium	-	-	14.27	(14.27)	-	-	-
Employee stock option compensation for the year	-	-	146.74		-	-	146.74
As at March 31, 2022	2,380.62	22.68	20,839.09	60.12	3,938.77	42.81	27,284.09
Profit for the year	-	-	-	-	4,156.26	-	4,156.26
Remeasurement of net defined benefit obligation	-	-	-	-		(11.43)	(11.43)
Premium on exercise of Stock options	-	-	112.52	-	-	-	112.52
Transferred from retained earnings to statutory reserve	831.25	-	-	-	(831.25)	-	-
Transferred from /to securities premium	-	-	60.12	(60.12)	-	-	-
As at March 31, 2023	3,211.87	22.68	21,011.73	-	7,263.78	31.38	31,541.44

Summary of significant accounting policies - Note 1-3
The accompanying notes are an integral part of the financial statements - Note 4-56

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No 101248W/W-100022

Pranav Gune
Partner
Membership No 121058

Mumbai
May 30, 2023

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

New Delhi
May 30, 2023

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 seven of these securities 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 and presentation of financial statements

i.Statement of compliance

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 by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 ("the Act") other relevant provisions of the Act, guidelines issued by the RBI as applicable to an NBFC-MFI and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS required a change in the accounting policy hitherto in use.

The financial statement for the year ended March 31, 2023 were approved by Board of Directors on May 30, 2023.

Functional and presentation currency:
Amounts in the financial statements are presented in Indian Rupees in Lakh, which is also the Company's functional currency and all amounts have been rounded off to the nearest lakhs unless otherwise indicated.

ii.Presentation of financial statements

The Balance Sheet, Statement of Profit and Loss and Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III tothe Companies Act, 2013 (the 'Act'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The Balance Sheet, Statement of Profit and Loss, Statement of Cash Flow and Statement of Changes in Equity are together referred as the financial statement of the Company.

Additional disclosures as required by the RBI based on the basis of Scale based regulation are effective from March 31, 2023. The Company applied the disclosure requirements using the prospective approach. Accordingly, the comparative information is not restated.

A summary of the significant accounting policies and other explanatory information is in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as specified under Section 133 of the Companies Act, 2013 (the 'Act') including applicable Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India.

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 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.

Recent pronouncements :

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

- Ind AS 101 - First-time Adoption of Indian Accounting Standards
- Ind AS 102 - Share-Based Payment
- Ind AS 103 - Business Combinations
- Ind AS 107 - Financial Instruments: Disclosures
- Ind AS 109 - Financial Instruments
- Ind AS 115 - Revenue from Contracts with Customers
- Ind AS 1 - Presentation of Financial Statements
- Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 12 - Income Taxes
- Ind AS 34 - Interim Financial Reporting

The Company has evaluated the amendment and there is no material impact on its financial statements

iii.Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of entering into the transaction.

iv.Measurement of fair values:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value for measurement and/or disclosure purposes for certain items in these financial statements is determined considering the following measurement methods:

Items	Measurement basis
Certain financial assets and liabilities (including derivatives instruments)	Fair value
Net defined benefit (asset) / liability	Fair value of planned assets less present value of defined benefit obligations
Property plant and equipment	Value in use under Ind AS 36

Fair values are categorized into different levels (Level 1, Level 2 or Level 3) in a fair value hierarchy based on the inputs used in the valuation techniques. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The levels are described as follows:
a) Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date
b) Level 2: inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
c) Level 3: inputs are unobservable inputs for the valuation of assets or liabilities that the Company can access at the measurement date.

Valuation model and framework used for fair value measurement and disclosure of financial instrument:
(Refer notes 47)

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(v) 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. Business model assessment (refer note 3 o)
2. Effective Interest rate (refer note 3 a)
3. Impairment of financial assets (refer note 3p)
4. Provisions (Contingent liabilities and assets (refer note 3 i)
5. Income tax (refer note 3 l)

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Chartered Accountants

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:

Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Interest income and expense are recognised using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the gross carrying amount of the financial asset or amortised cost of the financial liability.

Calculation of the EIR includes all fees paid or received that are incremental and directly attributable to the acquisition or issue of a financial asset or liability.

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets {i.e. at the amortised cost of the financial asset after adjusting for any expected credit loss allowance (ECLs)}. The Company assesses the collectability of the interest on credit impaired assets at each reporting date. Based on the outcome of such assessment, the interest income accrued on credit impaired financial assets are either accounted for as income or written off as per the write off policy of the Company.

The interest cost is calculated by applying the EIR to the amortised cost of the financial liability.

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

ii) Dividend Income:

Income from dividend on investment in equity shares of corporate bodies and units of mutual funds is accounted when the Company's right to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the company and the amount of the dividend can be measured reliably.

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

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

iv) Fee and commission income not integral to effective interest rate (EIR) method under Ind AS 109 and Income from services and distribution of financial products:

The Company recognises the fee and commission income not integral to EIR under Ind AS 109 in accordance with the terms of the relevant customer contracts / agreement and when it is probable that the Company will collect the consideration for items.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.
The Company recognises revenue from contracts with customers from Business Correspondent based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Fees for financial advisory services are accounted as and when the service is rendered, provided there is reasonable certainty of its ultimate realisation.

v) Other income and expenses

All other income and expenses are recognized on an accrual basis. It represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

(b) Finance cost

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

While computing the capitalisation rate for funds borrowed generally, the company should exclude borrowing costs applicable to borrowings made specifically for obtaining a qualifying asset, only until the asset is ready for its intended use or sale. Borrowing costs (related to specific borrowings) that remain outstanding after the related qualifying asset is ready for intended use or for sale would subsequently be considered as part of the general borrowing costs of the company.

(c) Cash and Cash equivalents

Cash and Bank balances comprises cash on hand and demand deposits with banks. Bank balances are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(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.
For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of PPE measured as per IGAAP less accumulated amortisation and cumulative impairment on the transition date of April 1, 2018.

Capital work-in-progress

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress" and carried at cost, comprising direct cost, related incidental expenses and attributable interest.

(e) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of Intangible assets measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2018.

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

(f) Depreciation on property, plant and equipment

Depreciable amount for tangible property, plant and equipment is the cost of an asset, or other amount substituted for cost, less its estimated residual value

Depreciation on tangible property, plant and equipment deployed for own use has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of buildings, computer equipment, office equipment and vehicles, in whose case the life of the assets has been assessed based on the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, etc. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis. Depreciation for additions to/deductions from owned assets is calculated pro rata to the remaining period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life. All capital assets with individual value less than Rs. 5,000 are depreciated fully in the year in which they are purchased.

Purchased software / licenses are amortised over the estimated useful life during which the benefits are expected to accrue. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis. Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

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

* For the above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Act

(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 method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

(h) Impairment losses on 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 asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets' net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

De-recognition of property, plant and equipment and Intangible asset
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss.

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(i) Provisions, contingent liabilities and contingent assets

Provision:
Provisions are recognised only when:
i. The Company has a present obligation (legal or constructive) as a result of a past event;
ii. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
iii. a reliable estimate can be made of the amount of the obligation

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Further, long term provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

Contingent liabilities:
Contingent liability is disclosed in case of:
i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
ii. a present obligation arising from past events, when no reliable estimate is possible.

Contingent Assets:
Contingent assets are disclosed where an inflow of economic benefits is probable Contingent assets are not recognised in the financial statements

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision

(j) Commitments:

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:
i. estimated amount of contracts remaining to be executed on capital account and not provided for;
ii. uncalled liability on shares and other investments partly paid;
iii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

(k) Retirement and other employee benefits

Defined Contribution Plan:
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.

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Defined Benefit Plan:

Gratuity is an employee benefit scheme, which is classified as a "Defined Benefit Obligation".

The Company's Gratuity liability under the Payment of Gratuity Act,1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.
The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits:
The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long term service awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. The obligation is measured on the basis of actuarial valuation using Projected unit credit method and remeasurements gains/ losses are recognised in statement of profit and loss in the period in which they arise.

(l) Taxation:

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current 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 tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously

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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised.

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 realised 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 recognised 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 company 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.

Goods and Services Input Tax Credit

Goods and Services Input tax credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

(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 Company and a financial liability or equity instrument of another Company.

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Financial Assets

Initial recognition and measurement

Financial assets are initially recognised 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.

Classification and Subsequent measurement

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

Modification and De-recognition of financial assets

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as stage 3 immediately upon such modification in the terms of the contract.
Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

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 derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of ownership of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of:
(i) the consideration received (including any new asset obtained less any new liability assumed), and
(ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

Loans at amortized costs

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 amortised 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.

Business Model Assessment:
The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. That principal amount may change over the life of the financial assets (e.g. if there are payments of principal). Amount of 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable interest rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and lo: including any interest or dividend income, are recognised in the statemer profit or loss. The transaction costs and fees are also recorded related to t instruments in the statement of profit and loss.
Financial assets at amortised c	These assets are subsequently measured at amortised cost using the effec interest method. The amortised cost is reduced by impairment losses. Int income, foreign exchange gains and losses and impairment are recognised ir statement of profit or loss. Any gain or loss on de-recognition is recognise the statement of profit or loss.
Financial assets (other than Equity Investments) at FVTO	Financial assets that are held within a business model whose objectiv achieved by both, selling financial assets and collecting contractual cash fl that are solely payments of principal and interest, are subsequently measur fair value through other comprehensive income. Fair value movements recognized in the other comprehensive income (OCI). Interest income meas using the EIR method and impairment losses, if any are recognised in statement of Profit and Loss. On derecognition, cumulative gain or previously recognised in OCI is reclassified from the equity to 'other incom the statement of Profit and Loss.
Equity investments at FVTOC	These assets are subsequently measured at fair value. Dividends are recogn as income in the Statement of Profit and Loss unless the dividend cle represents a recovery of part of the cost of the investment. Other net gains losses are recognised in OCI and are not reclassified to profit or loss.

Reclassifications within classes of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

The classification and measurement requirements of the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets.

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 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 liability and Equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities are subsequently measured at the amortised cost using the effective interest method, unless at initial recognition, they are classified as fair value through profit and loss. Interest expense are recognised in the Statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another company under conditions that are potentially unfavorable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

Classification

The Company classifies its financial liability as "Financial liability measured at amortised cost" except for those classified as financial liabilities measured at fair value through profit and loss (FVTPL).

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Derivative Financial Instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship.

Borrowings

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

(p) Impairment of financial assets (also refer note 44)

(i) The Company is recording the allowance for expected credit losses for all loans at amortised cost. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL).

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 recognises 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.

For financial assets for which the company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) de-recognition of the financial asset.

In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss.

(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)

Lease liabilities are initially recognized and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid.

The lease liability is measured in subsequent periods using the incremental borrowing cost rate.

Right of use asset is recognized and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of the restoration costs, if any and any significant initial direct costs incurred by the Company.

The right-of-use asset is depreciated in accordance with the requirements in Ind AS 16, Property, Plant and equipment.

Asset taken on lease:

The Company`s lease asset classes primarily consist of leases for properties.

As a lessee, the Company previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for certain type of its leases.

The Company presents right-of-use assets in 'Other Non-Financial Assets' in the same line item as it presents underlying assets of the same nature it owns.

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs

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For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

(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)

(v) Corporate Social Responsibility (CSR) expenditure

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

Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

i.changes during the period in operating receivables and payables transactions of a non-cash nature;

ii.non-cash items such as depreciation, Impairment, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and

iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

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Sonata Finance Private Limited
Notes to financial statements as at March 31, 2023
(Currency: INR in Lakh)

4 Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	130.28	109.58
Balances with banks in current accounts	34,911.67	29,286.19
Fund in transit	954.28	388.51
Bank deposit with original maturity of less than 3 months	-	2,300.00
Add: Interest accrued on above	-	1.15
Total	**35,996.23**	32,085.43

Balances with banks 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 balance other than cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed deposits with bank with original maturity for more than 3 months but less than 12 months	3,964.56	2,582.93
Fixed deposits with bank with original maturity for more than 12 months	8,032.27	6,806.47
Add: Interest accrued on above	310.50	311.66
Total	**12,307.33**	9,701.06

Bank balance other than cash and cash equivalents - Deposits of INR 2,763.62 lakhs (as on 31 March 2022 INR 2,359.82 lakhs) are maintained as collateral as per the terms stipulated under direct sale agreement against the first loss guarantee default given by the Company.
Deposits of INR 6,425.68 lakhs (as on 31 March 2022 INR 6,004.08 lakhs) are marked as lien for overdraft facility from banks and borrowings availed from banks, NBFCs and other financial institutions.
Fixed deposits with banks earn interest at fixed rate.

6 Derivative financial instruments
Fair value hedging

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that meet the hedge accounting requirements. However, Company does not follows a hedge accounting.
The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.
The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

	Particulars	Hedging Partner	Type of Hedge	Currency Pair	As at March 31, 2023	As at March 31, 2022
A	**Derivative financial assets**				**Notional amount**	
	External commercial borrowings - DWM	IDFC Bank	Full currency swap	EUR/INR	-	155.78
	External commercial borrowings - FRANKFURT School Financial Services UK Ltd	Federal Bank	Cross currency interest rate swap (CCIRS)	USD/INR	-	107.96
	External commercial borrowings - WBC	Federal Bank	Cross currency interest rate swap (CCIRS)	USD/INR	229.52	-
	External commercial borrowings - HansaInvest	Federal Bank	Cross currency interest rate swap (CCIRS)	EUR/INR	136.74	-
	Total derivative financial asset				**366.26**	263.74

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B Derivative financial liability

Particulars	Hedging Partner	Type of Hedge	Currency Pair	As at March 31, 2023	As at March 31, 2022
External commercial borrowings - HansaInvest	Federal Bank	Cross currency interest rate swap (CCIRS)	EUR/INR	-	211.29
External commercial borrowings - The Trill impact - DWM SDGs Credit Fund	Federal Bank	Cross currency interest rate swap (CCIRS)	USD/INR	43.26	-
External commercial borrowings - FRANKFURT School Financial Services UK Ltd	Federal Bank	Cross currency interest rate swap (CCIRS)	EUR/INR	88.42	-
External commercial borrowings - Microvest SDF	Federal Bank	Cross currency interest rate swap (CCIRS)	USD/INR	4.34	-
Total derivative financial liability				**136.02**	**211.29**

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under Ind AS for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

7 Trade receivables (Unsecured)

Particulars	March 31, 2023					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	394.64	-	-	-	-	394.64
Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables – considered doubtful	-	-	-	-	-	-
	394.64	-	-	-	-	**394.64**

Particulars	March 31, 2022					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	399.12	-	-	-	-	399.12
Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables – considered doubtful	-	-	-	-	-	-
	399.12	-	-	-	-	399.12

Trade receivables are non-interest bearing and are generally on terms of 30 days.

No trade or other receivable is due from Directors or other officer of the Company either severally or jointly with any other person as on March 31, 2023. Nor any trade or other receivable is due from firm or private companies respectively in which any Director is a partner or Director or a member.

There are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.

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8 Loans

Particulars	As at March 31, 2023	As at March 31, 2022
1 (a) Term loans at amortised cost (including securitised pool)	1,89,008.84	1,27,015.48
1 (b) Interest accrued on above	1,557.24	2,697.27
Total (1(a) + 1(b))	**1,90,566.08**	1,29,712.75
1 (c) Less: Impairment loss allowance	4,693.57	5,721.38
1 (d) Net (1(a) + 1(b) - 1(c))	**1,85,872.51**	1,23,991.37
1 (e) Employee loans	99.78	104.73
Gross (1(d) + 1(e))	**1,85,972.29**	**1,24,096.10**
i) Unsecured	1,90,665.86	1,29,817.48
Gross	**1,90,665.86**	1,29,817.48
Less: Impairment loss allowance	4,693.57	5,721.38
Net	**1,85,972.29**	1,24,096.10
Loans in India		
i) Public Sector	-	-
ii) Others	1,90,665.86	1,29,817.48
Total - Gross	**1,90,665.86**	1,29,817.48
Less: Impairment loss allowance	4,693.57	5,721.38
Total - Net	**1,85,972.29**	1,24,096.10
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total - Net	-	-
Total	**1,85,972.29**	**1,24,096.10**

8A Term loans

Gross carrying value of assets as at 31st March 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	1,82,038.19	1,814.18	-	1,83,852.37
Non Performing assets	-	-	5,156.47	5,156.47
Total	**1,82,038.19**	**1,814.18**	**5,156.47**	**1,89,008.84**

Gross carrying value of assets as at 31st March 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	1,16,740.95	4,253.52	-	1,20,994.47
Non Performing assets	-	-	6,021.01	6,021.01
Total	**1,16,740.95**	**4,253.52**	**6,021.01**	**1,27,015.48**

An analysis of changes in the gross carrying amount and the corresponding impairment loss allowance in relation to loans :

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as on March 31, 2022	1,16,740.95	4,253.52	6,021.01	1,27,015.48
New assets originated or purchased during the year	1,85,179.82		-	1,85,179.82
Assets derecognised or repaid	(1,13,996.54)	(2,451.50)	(1,180.67)	(1,17,628.71)
Assets written off during the year	(245.00)	(926.59)	(4,386.16)	(5,557.75)
Gross carrying value as on March 31, 2023	1,87,679.23	875.43	454.18	1,89,008.84
Movement between stages				
Transfer from/ (to) Stage 1	(5,670.25)	1,789.92	3,880.33	-
Transfer from/ (to) Stage 2	27.02	(851.98)	824.96	-
Transfer from/ (to) Stage 3	2.19	0.81	(3.00)	-
Gross carrying value of assets as on March 31, 2023	**1,82,038.18**	**1,814.18**	**5,156.47**	**1,89,008.84**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at March 31, 2022	158.94	1,241.76	4,320.68	5,721.38
Provision created during the year	3,866.29	315.19	348.46	4,529.94
Assets written off/ transferred	(245.90)	(926.59)	(4,385.26)	(5,557.75)
Movement between stages				
Transfer from/ (to) Stage 1	(3,108.01)	496.56	2,611.45	-
Transfer from/ (to) Stage 2	0.15	(584.32)	584.17	-
Transfer from/ (to) Stage 3	0.03	0.23	(0.26)	-
ECL allowance as at March 31, 2023	**671.50**	**542.83**	**3,479.24**	**4,693.57**

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An analysis of changes in the gross carrying amount and the corresponding impairment loss allowance in relation to loans :

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as on March 31, 2021	1,02,227.57	4,568.93	6,998.66	1,13,795.16
New assets originated or purchased during the year	1,13,383.29			1,13,383.29
Assets derecognised or repaid	(92,107.15)	(1,953.73)	(610.54)	(94,671.42)
Assets written off during the year			(5,491.55)	(5,491.55)
Gross carrying value as on March 31, 2022	1,23,503.71	2,615.20	896.57	1,27,015.48
Movement between stages				
Transfer from/ (to) Stage 1	(7,116.74)	3,858.24	3,258.50	-
Transfer from/ (to) Stage 2	351.87	(2,221.47)	1,869.60	-
Transfer from/ (to) Stage 3	2.11	1.55	(3.66)	-
Gross carrying value of assets as on March 31, 2022	**1,16,740.95**	**4,253.52**	**6,021.01**	**1,27,015.48**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at March 31, 2021	728.22	1,366.93	4,590.70	6,685.85
Provision created during the year	2145.55	110.43	2,271.11	4,527.09
Assets written off/ transferred	-	-	(5,491.56)	(5,491.56)
Movement between stages				
Transfer from/ (to) Stage 1	(2,715.49)	902.20	1,813.29	-
Transfer from/ (to) Stage 2	0.65	(1,138.39)	1,137.74	-
Transfer from/ (to) Stage 3	0.01	0.59	(0.60)	-
ECL allowance as at March 31, 2022	**158.94**	**1,241.76**	**4,320.68**	**5,721.38**

During the current and prior reporting periods, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

All loans and receivables thereon are given as collateral against secured borrowings from banks, financial institutions and non-convertible debentures

9 Investments (fair value through profit and loss account)

Particulars	As at March 31, 2023	As at March 31, 2022
Investments		
Equity instruments		
50,000 (March 31, 2022: 50,000) fully paid up shares of Alpha Micro Finance Consultants Private Limited at face value of Rs. 10 (March 31, 2022 : Rs. 10) per share	5.65	9.00
Total	**5.65**	9.00
Investments in India	5.65	9.00
Investments outside India	-	-
Total	**5.65**	9.00
Aggregate value of unquoted investments at cost	**5.00**	5.00

10 Other financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits (unsecured, considered good)	22.31	39.70
Excess interest spread receivable on direct assignment (unsecured, considered good)	144.47	500.15
Less: Provisioning on direct assignment portfolio and moratorium interest accrued	(3.56)	(22.38)
Insurance Claim Recoverable	23.05	28.32
Less: Provision on insurance claim recoverable	0.00	(0.52)
Recoverable from business correspondent customers	1,206.11	1,555.58
Less: Provision on recoverable from business correspondent customers	(1,206.11)	(1,555.58)
Margin money with non-banking financial companies and financial institutions**	892.67	146.00
Others (unsecured, considered good)*	1,004.93	882.12
Total	**2,083.87**	1,573.39

* comprises of recoverable from employees and vendors of the Company
**includes interest accrued on margin money

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11 Income Tax

	Particulars	As at March 31, 2023	As at March 31, 2022
11A	Current tax assets / (current tax liability) (Net of provision)	873.95	1,177.27
	Total	**873.95**	1,177.27
11B	Deferred tax asset relating to origination and reversal of temporary differences (Net of liabilities) (refer note 41B)	1,903.58	2,033.13
	Total	**1,903.58**	2,033.13

12 Property, plant and equipment

Particulars	Office equipment	Furniture & fixures	Vehicles	Computers	Total
Cost:					
At April 1, 2021	238.35	357.65	35.49	310.27	941.76
Additions	25.87	15.36	-	19.85	61.08
Disposals	(0.63)	-	-	-	(0.63)
At March 31, 2022	263.59	373.01	35.49	330.12	1,002.21
Additions	34.99	65.69	-	42.65	143.33
Disposals	(0.40)		-	-	(0.40)
As at March 31, 2023	**298.18**	**438.70**	**35.49**	**372.77**	**1,145.14**
Depreciation and impairment:					
At April 1, 2021	196.47	276.88	13.29	259.37	746.01
Depreciation charge for the year	25.07	31.19	6.83	30.51	93.60
Disposals	(0.46)	-	-	-	(0.46)
At March 31, 2022	221.08	308.07	20.12	289.88	839.15
Depreciation charge for the year	26.23	42.10	4.70	28.70	101.73
Disposals	(0.34)	-	-	-	(0.34)
As at March 31, 2023	**246.97**	**350.17**	**24.82**	**318.58**	**940.54**
Net book value:					
At April 1, 2021	41.87	80.77	22.20	50.90	195.76
At March 31, 2022	42.51	64.94	15.37	40.24	163.06
As at March 31, 2023	**51.21**	**88.53**	**10.67**	**54.19**	**204.60**

13 Intangible assets

Particulars	Computer software
Deemed Cost:	
At April 1, 2021	73.66
Additions	10.58
Disposals	-
At March 31, 2022	84.24
Additions	0.18
Disposals	-
As at March 31, 2023	**84.42**
Accumulative amortisation:	
At April 1, 2021	52.68
Amortisation for the year	11.70
At March 31, 2022	64.38
Disposals	-
Amortisation for the year	7.87
As at March 31, 2023	**72.25**
Net book value:	
At April 1, 2021	20.98
At March 31, 2022	19.86
As at March 31, 2023	**12.17**

Sonata Finance Private Limited
Notes to financial statements as at March 31, 2023
(Currency: INR in Lakh)

14 Other non-financial assets

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Prepaid expenses (unsecured, considered good)	136.92	132.08
Advances to parties (unsecured, considered doubtful)*	132.69	134.02
Less: Provision for doubtful advances	(132.69)	(134.02)
Others (unsecured, considered good)*	66.41	28.40
Total	**203.33**	160.48

* comprises of GST input tax credit and advances

15 Trade payables

Particulars	**As at March 31, 2023**					
	Less than 6 months	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
MSME	-	-	-	-	-	-
Others	313.35	6.69	0.02	-	-	320.06
Disputed dues (MSMEs)	-	-	-	-	-	-
Disputed dues (Others)	-	-	-	-	-	-
Total	**313.35**	**6.69**	**0.02**	-	-	**320.06**

Particulars	**March 31, 2022**					
	Less than 6 months	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
MSME	-	-	-	-	-	-
Others	243.69	-	-	-	-	243.69
Disputed dues (MSMEs)	-	-	-	-	-	-
Disputed dues (Others)	-	-	-	-	-	-
Total	243.69					243.69

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Company and the Auditors have placed reliance on the same.

16 Debt securities at amortized cost

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Redeemable non-convertible debentures (secured)	36,837.30	41,773.36
Total	**36,837.30**	**41,773.36**
Debt securities in India	36,837.30	41,773.36
Debt securities outside India	-	-
Total	**36,837.30**	**41,773.36**

The debentures are secured by way of exclusive charge on all receivables from underlying portfolio loans.

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16 A Debentures (Secured) (at amortised cost)

Name of the Debentures	Security	Call / Put Option	Date of Allotment	Maturity Date	Repayment Terms	Number of debentures		Face Value (in Rs.)	Amount in Lakh	
						Mar-23	Mar-22		Mar-23	Mar-22
11.7702 % Blue Orchard Micro FIN Fund 2020	Yes	No	30-Nov-21	31-Oct-24	Bullet Repayment	400	400	10,00,000	4,000	4,000
11.7702 % JAWEF	Yes	No	30-Nov-21	31-Oct-24	Bullet Repayment	400	400	10,00,000	4,000	4,000
12.30 % DWM	Yes	No	23-Dec-21	23-Dec-24	Bullet Repayment	375	375	10,00,000	3,750	3,750
12.30 % Northern Arc Capital Limited	Yes	No	23-Dec-21	23-Dec-24	Bullet Repayment	375	375	10,00,000	3,750	3,750
11.7702 % Blue Orchard Managed Fund 2026	Yes	Yes	10-Dec-21	10-Dec-26	Bullet Repayment	400	400	10,00,000	4,000	4,000
12.50 % SERIES A 2022	Yes	No	22-Nov-21	23-Nov-22	Bullet Repayment	-	200	5,00,000	-	1,000
Sonata PPMLD 2024	Yes	Yes	22-Nov-21	31-Oct-24	Bullet Repayment	250	250	10,00,000	2,500	2,500
14.75 % IFMR FIMPACT Investment	Yes	Yes	06-Apr-15	30-Jun-22	Bullet Repayment	-	150	10,00,000	-	1,500
12.5266% Blue Orchard SFPL 2022	Yes	Yes	31-Jul-17	29-Jul-22	Bullet Repayment	-	780	7,50,000* 5,00,000* (* Rs. 7,50,000 being the face value for securities as at March 2021, which was further reduced to Rs. 5,00,000 as at March 2022; post partial redemption of securities)	-	3,900
14.20 % IFMR FIMPACT Medium Term Opportunities Fund 2020	Yes	Yes	07-Dec-18	31-Mar-23	Bullet Repayment	-	200	10,00,000	-	2,000
14.00 % IFMR FIMPACT TIER 2 NCD	Yes	Yes	03-Mar-16	15-Apr-22	Bullet Repayment	-	100	10,00,000	-	1,000
13.50 % ACTIAM Fund-DWM	Yes	No	23-Dec-19	23-Jan-23	Bullet Repayment	-	210	10,00,000	-	2,100
10.07% Global Access Fund LLP (formerly Watercredit Investment Fund 1, LLC)	Yes	No	24-Feb-20	24-Feb-23	Bullet Repayment	-	159	10,00,000	-	1,590
10.75% Punjab National Bank	Yes	No	19-Nov-20	19-May-22	Bullet Repayment	-	100	10,00,000	-	1,000
11.62% Blue Orchard JAWEF	Yes	Yes	18-Mar-21	18-Mar-24	Bullet Repayment	-	220	10,00,000	-	2,200
11.62% MIFA Debt Fund	Yes	Yes	25-Mar-21	24-Mar-25	Bullet Repayment	-	300	10,00,000	-	3,000
ACTIAM FINANCIAL INCLUSION FUND (AFIF)-DEC 2025 Maturity	Yes	No	22-Dec-22	22-Dec-25	Bullet Repayment	400	-	10,00,000	4,000	-
12.2902% SFPL 2027 JAWEF SICAV LISTED NCD	Yes	Yes	19-Sep-22	19-Sep-27	Bullet Repayment	380		10,00,000	3,800	-
12.9999% BO COVID-19 & MSME Support Fund	Yes	Yes	28-Jul-22	28-Jul-27	Bullet Repayment	380		10,00,000	3,800	-

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16 A Debentures (Secured) (at amortised cost)

Name of the Debentures	Security	Call / Put Option	Date of Allotment	Maturity Date	Repayment Terms	Number of debentures		Face Value (in Rs.)	Amount in Lakh	
						Mar-23	Mar-22		Mar-23	Mar-22
12.50% Listed NCD- Northern Arc MMAT	Yes	No	17-Aug-22	18-Aug-23	Partial repayment on maturity/ specified period	200	-	10,00,000* 5,00,000* (* The securities were alloted at Rs. 10,00,000 each, however the face value was reduced to Rs. 5,00,000 due to partial redemption of securities)	1,000	
12.50% Unlisted NCD- Northern Arc IIT	Yes	No	13-Aug-22	14-Aug-23	Partial repayment on maturity/ specified period	250	-	10,00,000* 5,00,000* (* The securities were alloted at Rs. 10,00,000 each, however the face value was reduced to Rs. 5,00,000 due to partial redemption of securities)	1,250	
Total									**35,850.00**	**41,290.00**
Add: Interest accrued on borrowings but not due									**1,125.16**	**706.53**
Less: Unamortized processing fees									**(137.86)**	**(223.16)**
Grand total									**36,837.30**	**41,773.36**

Sonata Finance Private Limited
Notes to financial statements as at March 31, 2023
(Currency: INR in Lakh)

17 **Borrowings other than debt securities**

Particulars	As at March 31, 2023	As at March 31, 2022
Term Loan (Secured)		
Banks	71,711.80	43,493.71
Financial institutions	15,461.20	12,091.52
Non banking financial institutuions	54,149.84	20,088.79
External commercial borrowings	23,074.29	16,111.96
Other borrowings		
Borrowings under securitisation arrangement **	-	732.01
Total	**1,64,397.13**	**92,518.00**
Borrowings in India	1,41,322.84	76,406.04
Borrowings outside India	23,074.29	16,111.96
Total*	**1,64,397.13**	92,518.00

**** 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.

There is no borrowings (other than debt securities) measured at FVTPL or designated at FVTPL.

All term loans and ECBs are secured by pari-passu charge on the loan receivables of the Company.

The borrowings have not been guaranteed by directors or others.
Term loans, bank overdrafts and working capital demand loans are borrowed at floating rate of interest.

Bank term loans are repayble in quarterly/half yearly installments and ECBs have bullet repayment on maturity date.

The ECBs availed by the Company have been used for onward lending of loans as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. The borrowing has a maturity of three years. In terms of RBI guidelines, the principal borrowings have been swapped into rupees and the coupon on the borrowing is hedged through cross currency interest rate swap.

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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2023
Sonata Finance Private Limited
Notes to financial statements as at March 31, 2023
(Currency: INR in Lakh)

17 A Long-term borrowings
Terms of repayment of long term borrowings other than debt securities as on March 31, 2023

	Original Maturity of Loan	Due within 1 Year		Due between 1 and 2 Year		Due between 2 and 3 Year		Due between 3 and 5 Year		Above 5 Year		Interest Rate (%)	Total (INR)
		No. of instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)		
I	**Borrowings other than debt securities**												
	Term Loans												
	Secured												
A	**Monthly Repayment Schedule**												
	From Banks												
	0-3 Years	161	33,479.38	75	20,717.74	13	546.19	-	-	-	-	8.70%-13.50%	54,743.30
	3-5 Years	-	-	-	-	-	-	8.00	2.75	-	-	8.70%	2.75
	From Financial Institutions												-
	0-3 Years	33	3,999.54	36	4,800	10	2,484	-	-	-	-	11.25%-13%	11,283.50
	From NBFC												
	0-3 Years	353	44,128.99	127	8,910	13	1,246	-	-	-	-	4.68%-15.07%	54,284.86
	Total (A)	**547**	**81,607.91**	**238**	**34,426.92**	**36**	**4,277**	**8**	**3**	-	-		**1,20,314.41**
													-
B	**Quarterly Repayment Schedule**												-
	From Banks												-
	0-3 Years	8	1818.55	6	1,091	2	1,182	-	-	-	-	9.75%-11.55%	4,091.26
	From Financial Institutions												
	0-3 Years	4	1800	3	1,200	-	-	-	-	-	-	10.05%	3,000.00
	From NBFC												-
	0-3 Years	-	-	4	1,025	4	1,025	-	-	-	-	12.40%	2,050.00
	3-5 Years	-	-	-	-	-	-	8	2,050	-	-	12.40%	2,050.00
	More than 5 Years	-	-	-	-	-	-	-	-	8	2,477	12.40%	2,477.36
	Total (B)	**12**	**3,618.55**	**13**	**3,315.59**	**6**	**2,207**	**8**	**2,050**	**8**	**2,477.36**		**13,668.61**
C	**Half yearly Repayment Schedule**												
	From Financial Institutions												-
	0-3 Years	4	500.00	4	500	1	99	-	-			11.60%	1,098.86
	Total (C)	**4**	**500.00**	**4**	**499.81**	**1**	**99**	-	-				**1,098.86**

Sonata Finance Private Limited

Notes to the Financial Statements as at and for the year ended March 31, 2023

(Currency: INR in Lakh)

D	**One time Repayment Schedule**												-
	From Banks												-
	0-3 Years	9	13,062.50	-	-	-	-	-	-	-	-	10.75%-12.32%	13,062.50
	From NBFC												
	0-3 Years	1	4480.38	-	-	4	11,921.45	-	-	-	-	11.14%-11.69%	16,401.83
	Total (D)	**10**	**17,542.88**	-	-	4	**11,921.45**	-	-	-	-		**29,464.33**
													-
II	**Subordinated liabilities**												
	Unsecured												-
A	**One time Repayment Schedule**												-
	From Banks												-
	0-3 Years	-	-	1	2,000.00	-	-	-	-	-	-	14.25%	2,000.00
	Total (A)	-	-	**1**	**2,000.00**	-	-	-	-	-	-		**2,000.00**
													-
	Add : Interest accrued on borrowings but not due												744.33
	Less: Unamortized processing fees												(897.22)
	Grand total	**573**	**1,03,269.33**	**256**	**40,242.32**	**47**	**18,504**	**16**	**2,053**	**8**	**2,477.36**		**166393.32**

Term Loans

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 borrowings under securitisation agreement and interest accrued but not due on borrowings

c) The Company is in the process of obtaining lender consents/waiver for certain loan covenant deviations noted as at March 31, 2023. 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.

d) Satisfaction of charges pending to be filed with ROC amount to Rs. 20,300 lakh for borrowings outstanding as on 31 March 2023 . Charges satisfied subsequently to the date of balance sheet amount to Rs. 15,600 lakh. Charge is pending to be to be created on Rs. 9,250 lakh as on the date of adoption of these financial statements by the Board in case of term loans taken from one commercial bank and one financial institution. The Company is in the process of creating charge on the same. Such pendency of charges is within the time frame stipulated by the borrower as per the borrowing arrangement.

The Company is required to maintain an asset cover ratio ranging from 105%-120% as per the loan agreements with the lenders. Charge on such borrowings is created and perfected on the loan receivables and FDs marked as lien. The overall asset cover ratio of the Company is 108% times as on 31 March 2023 based on such collateralized assets. The given shortfall is temporary and technical in nature on account of funds raised towards the end of the financial year wherein the money borrowed was pending utilization for onwards lending as on the reporting date. The above asset cover ratio so computed excludes coverage on accrued interest as the same are required to be maintained only on principal outstanding balance as stipulated in the terms of borrowings

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17 B Long-term borrowings
Terms of repayment of long term borrowings other than debt securities as on March 31, 2022

	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. Lakh)
		No. of instalments	In Rs. Lakh	No. of instalments	In Rs. Lakh	No. of instalments	In Rs. Lakh	No. of instalments	In Rs. Lakh	No. of instalments	In Rs. Lakh		
I	**Borrowings other than debt securities**												
	Term Loans												
i	**Secured**												
A	**Monthly Repayment Schedule**												
	From Banks												
	0-3 Years	171	18,921.15	99	11,623.06	14	713.51	-	-	-	-	8.90%-12.60%	31,257.72
	3-5 Years	-	-	-	-	-	-	-	-	-	-	-	-
	More than 5 Years	12	3.65	12	3.98	12	4.34	20	7.50	-	-	8.70%	19.48
	From Financial Institutions												
	0-3 Years	40	3,190.91	22	1,387.88	12	600.00	-	-	-	-	4.68%-10.50%	5,178.79
	From NBFC												
	0-3 Years	270	10,090.96	98	4,303.76	31	2,211.62	0	-	0	-	11.88%-15.00%	16,606.34
	Total (A)	**493**	**32,206.67**	**231**	**17,318.69**	**69**	**3,529.48**	**20**	**7.50**	-	-		**53,062.34**
B	**Quarterly Repayment Schedule**												
	From Banks												
	0-3 Years	8	2,315.42	4	1,454.55	2	725.80	-	-	-	-	9.30%-10.85%	4,495.77
	3-5 Years	4	331.18	-	-	-	-	-	-	-	-	11.85%	331.18
	From NBFC												
	0-3 Years	5	825.00	-	-	-	-	-	-	-	-		825.00
	From Financial Institutions												
	0-3 Years	4	2,000.00	4	1,800.00	3	1,200.00	-	-	-	-	10.05%	5,000.00
	Total (B)	**21**	**5,471.60**	**8**	**3,254.55**	**5**	**1,925.80**	-	-	-	-		**10,651.94**
C	**Half yearly Repayment Schedule**												
	From Financial Institutions												
	0-3 Years	1	625.00	-	-	-	-	-	-	-	-	7.40%	625.00
	More than 5 Years	4	2,775.00	4	500.00	4	500.00	1	100.00	-	-	11.60%	3,875.00
	Total (C)	**5**	**3,400.00**	**4**	**500.00**	**4**	**500.00**	**1**	**100.00**	-	-		**4,500.00**

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	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. Lakh)
		No. of instalments	In Rs. Lakh	No. of instalments	In Rs. Lakh	No. of instalments	In Rs. Lakh	No. of instalments	In Rs. Lakh	No. of instalments	In Rs. Lakh		
D	**One time Repayment Schedule**												
	From Banks												
	Upto 1 Year	6	7,537.50	-	-	-	-	-	-	-	-	10.25%-10.50%	7,537.50
	From NBFC												
	0-3 Years	2	8415.82	1	4,233.00							11.10%-12.14%	12,648.82
	3-5 Years	1	3032.28									11.68%	3,032.28
	Total (D)	**9**	**18,985.60**	**1**	**4,233.00**	-	-	-	-	-	-		**23,218.60**
II	**Subordinated liabilities**												
i	**Unsecured**												
A	**One time Repayment Schedule**												
	From Banks												
	More than 5 Years	-	-	-	-	1	2,000.00	-	-	-	-	14.25%	2,000.00
	From NBFC												
	0-3 Years	1	1,500.00										1,500.00
	From Financial Institutions												
	More than 5 Years	1	900.00	-	-	-	-	-	-	-	-	15.70%	900.00
	Total (A)	**2**	**2,400.00**	-	-	**1.00**	**2,000.00**	-	-	-	-		**4,400.00**
	Add : Interest accrued on borrowings but not due												710.66
	Less: Unamortized processing fees												(355.41)
	GRAND TOTAL	**530**	**62,463.87**	**244**	**25,306.23**	**79**	**7,955.28**	**21**	**107.50**	-	-		**96,188.14**

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 borrowings under securitisation agreement and interest accrued but not due on borrowings

c) The Company is in the process of obtaining lender consents/waiver for certain loan covenant deviations noted as at March 31, 2022. 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.

d) Satisfaction of charges pending to be filed with ROC amount to Rs. 9,788.66 lakh for borrowings outstanding as on 31 March 2022. Charges satisfied subsequently to the date of balance sheet amount to Rs. 7,291.66 Lakh. Charge is pending to be to be created on Rs. 2,497 lakh as on the date of adoption of these financial statements by the Board in case of term loan taken from one commercial bank. The Company is in the process of creating charge on the same. Such pendency of charges is within the time frame stipulated by the borrower as per the borrowing arrangement.

The Company is required to maintain an asset cover ratio ranging from 110%-120% as per the loan agreements with the lenders. Charge on such borrowings is created and perfected on the loan receivables and FDs marked as lien. The overall asset cover ratio of the Company is 86.76% times as on 31 March 2022 based on such collateralized assets. The given shortfall is temporary and technical in nature on account of funds raised towards the end of the financial year wherein the money borrowed was pending utilization for onwards lending as on the reporting date. The above asset cover ratio so computed excludes coverage on accrued interest as the same are required to be maintained only on principal outstanding balance as stipulated in the terms of borrowings

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18 Subordinated liabilities at amortized cost

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured subordinated liability	1,996.19	4,402.14
Total	**1,996.19**	**4,402.14**
Subordinate liabilities in India	1,996.19	4,402.14
Subordinate liabilities outside India	-	-
Total	**1,996.19**	**4,402.14**

All subordinated liabilities are unsecured and have bullet repayment on maturity date.

19 Other financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Payable for portfolio loan securitised/ assigned	296.82	688.38
Payable to bank against direct sale agreement (DSA)	374.73	169.49
Employee dues	291.14	235.67
Others*	609.95	612.27
Total	**1,572.64**	1,705.81

* comprises income received in advance, expenses payable etc.

20 Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	296.58	277.65
Provision for direct sale agreement - portfolio	222.00	355.21
Total	**518.58**	632.86

21 Other non-financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	350.92	286.49
Grant	24.50	11.96
Total	**375.42**	298.45

22 Equity Share Capital

The reconciliation of equity shares outstanding

Authorised	As at March 31, 2023	As at March 31, 2022
4,00,00,000 (March 31, 2022 : 4,00,00,000) equity shares of face value Rs.10/- each	4,000	4,000
1,00,00,000 (March 31, 2022 : 1,00,00,000) preference shares of face value Rs.10/-each	1,000	1,000
Total	**5,000**	5,000
Issued		
2,64,53,256 (March 31, 2022 :2,64,53,256) equity shares of face value Rs.10/- each	2,645.33	2,645.33
Subscribed and paid up		
2,64,53,256 (March 31, 2022 :2,64,53,256) equity shares of face value Rs.10/- each	2,645.33	2,645.33
Less: ESOP pending subscription#	28.56	49.08
2,61,67,626 (March 31, 2022 :2,59,62,421) equity shares of face value Rs.10/- each	2,616.77	2,596.25
	2,616.77	2,596.25

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

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

Equity shares	As at March 31, 2023		As at March 31, 2022	
	Number	In Rs. Lakhs	Number	In Rs. Lakhs
At the beginning of the year #	2,59,62,421	2,596.24	2,52,28,127	2,522.81
Issued during the year on account of fresh capital infusion	-	-	-	-
Issued during the year under employees stock option scheme	2,05,205	20.52	7,34,294	73.43
Outstanding at the end of the year #	**2,61,67,626**	**2,616.76**	2,59,62,421	2,596.24

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

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(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 share holding of promoter

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	% of Holding	Number	% of Holding
Anup Kumar Singh	18,94,212	7.16%	18,77,610	7.10%

% change in the holding by promoter during the year has increased by 0.06% (previous year increase by 1.93%)

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

Name of shareholder Equity Shares of Rs. 10/- each fully paid	As at March 31, 2023		As at March 31, 2022	
	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	18,94,212	7.16%	18,77,610	7.10%

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

(e) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer Note 38

(f) The Company has not declared dividend at the end of reporting period. No dividend has been declared during the year (March 31, 2022- Nil).

(g) Information regarding issue of shares in the last five years
i. The Company has not issued any shares without payment being received in cash.
ii. The Company has not issued any bonus shares.
iii. The Company has not undertaken any buyback of shares.

23 Other Equity

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory Reserve pursuant to Section 45-IC of the Reserve Bank of India Act, 1934	3,211.87	2,380.62
Capital reserve	22.68	22.68
Securities premium	21,011.73	20,839.09
Stock option oustanding account	-	60.12
Retained earnings	7,263.78	3,938.77
Other comprehensive income	31.38	42.81
Total	**31,541.44**	27,284.09

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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 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.

Impairment reserve

In terms of RBI notification on Implementation of Indian Accounting Standards, dated 13 March 2020 (as amended from time to time), Company has to create Impairment reserve. This reserve represents the difference where impairment allowance under Ind AS 109 is lower than the provisioning required under Income recognition, asset classification and provisioning (IRACP) norms (including standard asset provisioning). Currently, Company carries higher impairment allowance under Ind AS 109 than the specified requirement under IRACP norms (refer Note 43 W)

24 Interest Income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Portfolio loans	33,524.05	24,453.75
Fixed deposits and margin money with banks, non banking financial companies and financial institutuons	975.03	640.36
Others	6.65	6.31
Total	**34,505.73**	25,100.42

25 Fee and commission income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Service fees	3,731.47	3,603.64
Processing fees	173.68	6.00
Total	**3,905.15**	3,609.64

26 Other Income

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
26 A	**Net gain on fair value changes**		
	Realised		
	- Income from Investments	539.77	483.84
	Unealised		
	- Income/(loss) from Investments	(3.35)	0.60
	- Income from derivatives	177.80	70.27
	Total	**714.22**	554.71

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26 B Other income

Other income		
Gain on foreign exchange difference	-	51.69
Profit on sale of property, plant and equipment	0.11	0.08
Miscellaneous income	80.33	95.09
Excess provision of expense written back	-	108.08
Total	**80.44**	254.94

27 Finance cost

Particulars	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
Interest on financial liabilites measured at amortised cost		
- Debt securities	5,398.07	4,245.25
- Borrowing other than debt securities	12,426.67	9,150.04
- Subordinated liabilities	432.83	813.39
- Other borrowings costs	24.33	171.65
- Lease liability	15.42	12.36
Others		
- Bank charges	112.81	180.01
- Other borrowing cost	96.25	51.00
Total	**18,506.38**	14,623.70

28 Impairment on financial instruments

Particulars	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
Loss assets written off loans	5,557.75	5,491.55
Sundry balances written off	18.74	-
Loss on off balance sheet portfolio	689.52	441.93
Impairment provision		
- portfolio loans/ managed / securitised loans	(1,529.31)	(1,790.65)
- others	16.89	66.69
Total	**4,753.59**	4,209.52

29 Employee benefit expenses

Particulars	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
Salaries and bonus	7,115.10	6,319.84
Contributions to provident fund (refer note 42)	478.36	432.86
Contribution to employees' state insurance (refer note 42)	47.70	29.38
Gratuity expenses (refer note 42)	118.52	115.78
Staff welfare expenses	39.62	11.83
Share based payments to employees	-	146.74
Total	**7,799.31**	7,056.43

30 Depreciation, amortization and impairment

Particulars	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
Depreciation of property, plant and equipment	101.73	93.61
Amortisation charge on rights of use assets	56.22	60.21
Amortization of intangible asset	7.87	11.70
Total	**165.82**	**165.52**

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31 Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	642.93	549.37
Rates and taxes	24.02	28.02
Repairs & maintenance		
- Office maintenance	301.61	226.87
- Others	15.66	12.69
Travelling and conveyance	226.91	164.93
Communication expenses	157.24	97.45
Printing and stationery	160.16	138.94
Legal and professional fees	929.87	488.38
Director's fees and expenses	47.90	23.79
Payment to auditors (refer foot note below)	118.98	107.58
Insurance	8.82	11.02
IT support charges	349.86	244.96
Electricity charges	93.12	77.96
Membership fees	63.32	53.26
CSR expenditure	30.00	28.27
Miscellaneous expenses	325.95	204.88
Foreign exchange fluctuation expenses	410.31	0.05
Total	**3,906.67**	**2,458.43**

Payment to auditors:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Audit fee	89.00	96.62
Other services	2.84	5.63
Reimbursement of expenses	1.37	2.03
	93.21	**104.28**
Goods and service tax	13.46	5.33
Total	**106.67**	**109.62**

32 Earnings per equity share (EPS)

Basic EPS is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

In accordance with the Ind AS 33 - "Earnings Per Share", following disclosures are made:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net profit for calculation of basic EPS	4,156.26	1,362.16
Net profit for calculation of diluted EPS	4,156.26	1,362.16
Weighted average number of equity shares in calculating basic EPS	260.73	253.52
Effect of dilution:		
Stock options granted under ESOP	2.86	4.91
Weighted average number of equity shares in calculating diluted EPS	263.58	258.43
Basic EPS (in Rs.)	15.94	5.37
Diluted EPS (in Rs.)	15.77	5.27
Nominal value per share (in Rs.)	10.00	10.00

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33 Related party disclosures

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

Name	Designation
Key Management Personnel	
Mr. Anup Kumar Singh	Managing 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, 2023	March 31, 2022
	Key Management Personnel		
a	**Mr. Anup Kumar Singh**		
	Salary, incentive and perquisites (Refer Note (ii) below)	220.15	312.25
	Issuance of equity shares (pursuant to ESOP scheme)	11.12	342.54
	Total	**231.27**	654.79
b	**With non executive directors**		
	Sitting fees		
	Mr. S. Ganesh	9.70	5.89
	Mr. Anal Jain	7.96	5.23
	Mr. P.K. Saha	10.68	6.54
	Total	**28.34**	17.66

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.

iii) All transactions with these related parties are priced at arm's length and are in the ordinary course of business

iv) The remuneration of Mr. Anup Kumar Singh is determined by the Nomination and Remuneration Committee.

34 Leases

Operating Lease

Short term leases are for a period of less than 12 months and are low value lease rentals and are mutually cancellable and hence 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, 2023	March 31, 2022
	Minimum Lease obligations	642.93	549.37
	Not later than one year	642.93	549.37
	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 having 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 conditions. The terms of property lease ranges from 1 to 5 years.

Maturity of lease liability	As at March 31, 2023	As at March 31, 2022
Current	44.89	45.71
Non current	150.63	90.27
Total	**195.51**	**135.98**

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

(In Rs. Lakhs)

Particulars	For year ended March 31, 2023	For year ended March 31, 2022
Amortisation charge on rights of use assets	56.22	60.21
Interest on lease liabilities	15.42	12.36
Total recognised in the income statement	**71.65**	**72.58**

(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-23	Mar-22
Less than 1 year	66.06	55.96
Between 1 and 2 years	56.79	48.33
Between 2 and 5 years	112.43	18.92
More than 5 years	21.16	-
Total	**256.44**	**123.21**

(vi) **The following is the movement in lease liabilities during the year ended March 31, 2023**

(In Rs. Lakhs)

Particulars	Mar-23	Mar-22
Opening balances	125.33	107.83
Addition during the period	129.76	78.95
Finance cost incurred during the period	15.42	12.36
Less: Payment of lease liabilties	75.00	73.82
Closing balances	**195.51**	**125.33**

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

	Particulars	Mar-23	Mar-22
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	-	-

36 Corporate Social Responsibility

Nature of CSR activities : The Company is carrying out CSR activities towards education, health care and welfare for the physically challenged.

	Particualrs	March 31, 2023	March 31, 2022
1	Amount required to be spent by the Company during the year	30.00	25.45
2	Amount of expenditure incurred	30.00	28.27
3	Shortfall at the end of the year	-	-
4	Total of previous years shortfall	-	-
5	Reason for shortfall	-	-
6	Nature of CSR Activities*	Refer *	
7	Details of related party transactions	Not Applicable	Not Applicable
8	Where a provision is made with respect to a Liability incurred by entering into a contractual obligation	No	No

* The Company is carrying out CSR activities towards education, health care and welfare for the physically challenged.

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37 Disclosure of ratios

	Particulars	Numerator	Denominator	March 31, 2023	March 31, 2022
1	Current Ratio (in times)	Current assets	Current liabilities	Not Applicable	Not Applicable
2	Net Worth (Total Equity)	-	-	34,158.21	29,880.34
3	Net profit after tax	-	-	4,156.26	1,362.15
4	Earnings per share (Basic)	-	-	15.94	5.37
5	Earnings per share (Diluted)	-	-	15.77	5.27
6	Debt Equity Ratio (in times)	Total Debts	Shareholder's fund	5.95	4.64
7	Total debt to total assets	Total Debts	Total assets	84.50%	80.73%
8	Debt service coverage ratio (in times)	Earning before depreciation, interest, tax and amortization	Interest and principal paid	Not Applicable	Not Applicable
9	Return on equity ratio (in %)	Profit after tax	Average shareholder's fund	Not Applicable	Not Applicable
10	Trade receivables turnover ratio (in times)	Trade receivable	Gross sales/service	0.11	0.11
11	Trade payables turnover ratio (in times)	Trade payables	Total sales	Not Applicable	Not Applicable
12	Inventory turnover ratio (in times)	Cost of good sold/sales	Average inventory	Not Applicable	Not Applicable
13	Gross NPA %	Gross NPA	Total advances	2.72%	4.67%
14	Net NPA %	Net NPA	Total advances	0.90%	1.34%
15	Net capital turnover ratio (in times)	Net Sales	Working capital	Not Applicable	Not Applicable
16	Provision coverage ratio	Provision	Gross NPA	67.02%	71.29%
17	Net profit ratio (in %)	Profit & loss after Tax	Total revenue from operations	10.42%	4.58%
18	Return on equity (in %)	Profit & loss after Tax	Equity share capital	158.83%	52.47%
19	Return on capital employed (in %)	Profit & loss after Tax	Total Shareholder's fund	12.17%	4.56%
20	Return on investment (in %)	Profit & loss after Tax	Total assets	1.73%	0.79%
21	Debenture redemption reserve	As per item (A) of sub-clause (iv) of clause (b) of Rule 18 (7) of Companies (Share capital and Debentures) Rules, 2014, for NBFCs registered with RBI under section 45-IA of the Reserve Bank of India Act, 1934 and for Housing Finance Companies registered with National Housing Bank, Debenture Redemption Reserve is not required in case of privately placed debentures			
22	CRAR (%) Total			16.55%	21.69%
	CRAR - Tier I capital (%)	Own fund	Aggreagte risk weighted assets on balance sheet and risk adjusted value of off balance sheet	16.01%	20.11%
	CRAR - Tier II capital (%)	Tier II capital	Aggreagte risk weighted assets on balance sheet and risk adjusted value of off balance sheet	0.54%	1.58%

Higher profits on account of better collection efficiency and net interest margin in the current year vis a vis last year has contributed to increased return on Capital Employed, increased return on investment and return on equity.
Increased disbursement during the current year vis a vis last year has contributed to decrease in Gross NPA % and Net NPA %
Certain ratios/line items marked with remark "NA" are not applicable since the Company is a non banking financial company registered with RBI

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38 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 , 2,40,895 and 5,11,253 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 , 2020-21 and 2021-2022 respecively.
During FY 2022-23 few eligible employees had exercised their right and 205205 equity shares had been transfered from Trust to the respective employees. The Plan wise detail of ESOP schemes are as given below:

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 or the Board and also linked to continued association with Company
Name of the Plan	ESOP Scheme 2013	ESOP Scheme 2013	ESOP Scheme 2013	ESOP Scheme 2013	ESOP Scheme 2013

Plan 3

Particulars	As on March 31, 2023		As on March 31, 2022	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	12,200	54	51,200	54
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	12,200	54	39,000	54
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	12,200	54
Exercisable at the end of the year	-	-	12,200	54

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Plan 3 (i)

Particulars	As on March 31, 2023		As on March 31, 2022	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	38,203	59	60,644	59
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	38,203	59	22,441	59
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	38,203	59
Exercisable at the end of the year	-	-	38,203	59

Plan 3 (ii)

Particulars	As on March 31, 2023		As on March 31, 2022	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	81,000	67	1,20,000	67
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	72,200	67	37,000	67
Expired during the year	8,800	67	2,000	67
Outstanding at the end of the year	-	-	81,000	67
Exercisable at the end of the year	-	-	81,000	67

Plan 3 (iii)

Particulars	As on March 31, 2023		As on March 31, 2022	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	72,200	67	1,37,000	67
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	67,500	67	64,800	67
Expired during the year	4,700	67	-	-
Outstanding at the end of the year	-	-	72,200	67
Exercisable at the end of the year	-	-	72,200	67

Plan 4

Particulars	As on March 31, 2023		As on March 31, 2022	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	16,602	67	5,27,855	67
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	16,602	67	5,11,253	67
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	67	16,602	67
Exercisable at the end of the year	-	67	16,602	67

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39 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 43 A for Regulatory capital

40 Expenditure in foreign currency for current year Rs. 397.86 Lakhs (March 31, 2022: Rs. 1958.01 Lakhs)

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Information technology expenses	52.39	8.61
Finance cost	1,665.09	1,949.40
Total	**1,717.49**	**1,958.01**

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

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Income tax assets	5,373.64	3,804.89
Income tax liabilities	4,499.69	2,627.62
Current tax (net of provision)	**873.95**	**1,177.27**

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 2023 and 31 March 2022 is as follows:

Particulars	**Year ended 31 March 2023**	Year ended 31 March 2022
Accounting profit before tax	5,545.07	2,053.23
At India's statutory income tax rate of 25.168% (March 31, 2022 : 25.168%)	1,395.58	516.76
Tax impact on account of addition to Income	698.34	389.85
Tax impact on account of deduction to Income	(846.07)	(756.56)
Expendiuture on CSR	7.55	7.12
Others	133.40	406.38
Income tax expense reported in the statement of profit or loss	**1,388.81**	563.55
Income tax adjustment in respect of current income tax of prior years	-	127.52
Total income tax expense reported in the statement of profit or loss	**1,388.81**	691.07

*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. However, continued to offer applicable tax rate while filng Income tax return. During the year, company has decided to align the Income tax returns with books of account thereby foregoing MAT credit.

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41 B Movement in balances of deferred tax for the year ended March 31, 2023

Particulars	Net balance as on April 1, 2022	Charge in Profit and Loss account	Recognised in OCI	Net balance as on March 31, 2023	Deferred tax assets	Deferred tax liability
Deferred tax assets/ (liabilities)						
Impact of difference between tax depreciation / amortisation	68.11	10.35	-	78.45	78.45	-
Impairment allowance for loans	1,926.50	(384.90)	-	1,541.60	1,541.60	-
Other items	38.53	241.15	3.84	283.52	283.52	-
Net Deferred tax assets / (liabilities)	**2,033.13**	(133.40)	**3.84**	**1,903.58**	**1,903.58**	-

Movement in balances of deferred tax for the year ended March 31, 2022

Particulars	Net balance as on April 1, 2021	Charge in Profit and Loss account	Recognised in OCI	Net balance as on March 31, 2022	Deferred tax assets	Deferred tax liability
Deferred tax assets/ (liabilities)						
Impact of difference between tax depreciation/ amortisation	62.51	5.60	-	68.11	68.11	-
Impairment allowance for loans	2,265.00	(338.50)	-	1,926.50	1,926.50	-
Other items	110.95	(73.48)	1.06	38.53	38.53	-
Net Deferred tax assets / (liabilities)	**2,438.46**	**(406.39)**	**1.06**	**2,033.13**	**2,033.13**	-

42 Employee benefit expenses

a) Gratuity

The Company has an obligation towards gratuity, a funded defined benefit plan covering certain eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months subject to a limit of ₹ 20 lakhs. Vesting occurs upon completion of five year of service.

Characteristics of the defined benefit plan -

The benefits are governed by the Payment of Gratuity Act, 1972 or company scheme rules, whichever is higher. The key features of the plan are as under:

Plan features -

Type of plan - Post employment benefit
Benefits offered -15/ 26 × last drawn salary × number of completed service year
Salary definition - Basic salary including dearness allowance (if any)
Benefit ceiling - Benefit ceiling of ₹ 20 lakhs was applied
Vesting conditions - 5 years of continuous service (not applicable in case of death/disability)
Benefit eligibility - Upon death or resignation / withdrawal or retirement
Retirement age - 58 years
Risks associated with defined benefit plan -

i. Actuarial risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

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ii. Investment risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

iii. Liquidity risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Company there can be strain on the cashflows of the plan.

iv. Market risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

v. Legislative risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Details of Company's funded post-retirement benefit plan for its employees are given below which is certified by the actuary :

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

Particulars	March 31, 2023	March 31, 2022
Reconciliation of present value of defined benefit obligation		
Obligation at the beginning of the year	777.82	647.81
Current service cost	121.33	116.76
Interest cost	55.23	43.73
Past service cost	-	-
Benefits settled	(77.36)	(43.36)
Actuarial (gains)/ losses recognised in other comprehensive income		
- Changes in experience adjustments	(8.60)	32.39
- Changes in demographic assumptions	0.00	-
- Changes in financial assumptions	16.52	(19.51)
Obligation at the end of the year	**884.95**	**777.82**
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	755.54	619.19
Interest income on plan assets	58.04	44.71
Re-measurement- actuarial gain	(1.89)	5.29
Contributions	201.20	129.71
Benefits settled	(77.36)	(43.36)
Plan assets at the end of the year, at fair value	**935.54**	**755.54**
Net defined benefit liability/ (asset)	**(50.59)**	**22.28**

Expense recognised in profit or loss

Particulars	March 31, 2023	March 31, 2022
Current service cost	121.33	116.76
Interest cost	55.23	43.73
Past service cost	-	-
Interest income	(58.04)	(44.71)
Net gratuity cost	**118.52**	**115.78**

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Re-measurement recognised in other comprehensive income

Particulars	**March 31, 2023**	**March 31, 2022**
Re-measurement of the net defined benefit liability		
- Changes in experience adjustments	(8.60)	32.39
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	16.52	(19.51)
Re-measurement of the net defined benefit asset		
Return on plan assets (greater)/Less than discount rate	1.89	(5.29)
Total Actuarial (gain)/ loss included in OCI	**9.81**	**7.59**

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, 2023**		**March 31, 2022**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	858.60	913.79	751.77	805.89
Future salary growth (1% movement)	917.19	854.87	809.31	748.00
Attrition rate (1% movement)	882.92	887.61	775.68	780.02

Expected payment for future years (defined benefit obligations)

Particulars	**March 31, 2023**	**March 31, 2022**
Within the next 12 months (next annual reporting period)	205.47	160.76
Between 2 and 5 years	6.43	485.75
Between 5 and 10 years	42.80	222.15
Beyond 10 years	20.69	30.28
Total expected payments	**275.39**	**898.95**

Particulars	**March 31, 2023**	**March 31, 2022**
Assumptions:		
Discount rate	7.30%	7.10%
Salary escalation	7.51%	7.00%
Withdrawal rate	26.96%	24.54%
Expected rate of return on assets	7.30%	7.10%
Expected average remaining working life of employees	29.66 years	29.22 years

The major categories of plan assets as a percentage of the fair value of total plan asset are as follows:

	As at March 31, 2023	**As at March 31, 2022**	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
LIC Fund	100%	100%	100%	100%	100%

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. 121.52 lakhs (March 31, 2022: Rs. 118.08 lakhs) to gratuity fund in 2023-24.

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) The Company makes provident fund and employee state insurance scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised INR 478.36 lakhs (previous year INR 432.86 Lakhs) for provident fund contributions and INR 47.70 Lakhs (previous year INR 29.38 Lakhs) for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

f) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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43 Additional disclosures as required by the Reserve Bank of India

The Company has prepared financial statements for the year ended 31 March 2023, in accordance with Ind AS. Accordingly, the relevant disclosures are based on the carrying values as reflected in the financial statements prepared as per requirements of Ind AS.

The Reserve Bank of India vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109 /22.10.106/2019-20 dated 13 March 2020 (as amended) outlines the regulatory guidance in relation to Ind AS financial statements. This included guidance for computation of 'owned funds', 'net owned funds' and 'regulatory capital'. Accordingly, the CRAR has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 01 September 2016 (as amended).

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, 2023	March 31, 2022
CRAR (%)	16.55	21.69
CRAR - Tier I capital (%)	16.01	20.11
CRAR - Tier II capital (%)	0.54	1.58
Amount of subordinate debt raised as Tier II Capital	2,000	4,400
Amount raised by issue of perpetual debt instruments	-	-

Particulars	March 31, 2023	March 31, 2022
Net debt	1,64,427	1,06,608
Total equity	34,158	29,880
Net debt to equity ratio	4.81	3.57

Notes:

Impairment allowances on Stage 1 and Stage 2 loans has been considered as "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.

Cash and cash equivalents have been reduced from gross debt amount for net debt to equity ratio calculated above.

B. Exposures:

i The Company has no exposures directly or indirectly in Real Estate Sector and neither has advanced gold loan in the current and previous year

ii Exposure to Capital market

Particulars	March 31, 2023		March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Direct investment				
Investment in equity shares of Alpha Micro Finance Consultants Private Limited	50,000	5.65	50,000	9.00

iii Intra-group exposures : Nil

C. Asset liability management

Maturity pattern of assets and liabilities as on March 31, 2023:

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
Assets									
Advances	10,734.56	12,990.00	12,630.45	36,817.74	60,200.78	53,147.38	-	3,754.75	1,90,275.66
Investments*	2,670.00	287.93	-	1,519.00	1,362.31	6,816.70	200.00	5.65	12,861.59
Liabilities									
Borrowings	4,798.55	7,082.31	12,034.53	31,485.00	50,119.44	88,546.28	5,852.74	2,477.36	2,02,396.21

Maturity pattern of certain assets and liabilities as on March 31, 2022:

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
Assets									
Advances	6,887.78	7,285.33	7,318.69	21,721.74	40,405.08	38,173.64	6,060.67	-	1,27,852.93
Investments*	2,462.50	650.00	-	787.51	1,822.64	3,955.03	2,143.10	9.00	11,829.78
Liabilities									
Borrowings	7,793.10	7,886.61	6,529.62	20,231.71	34,844.22	56,461.51	4,108.12	-	1,37,854.89

*Investments includes deposit certificate and cash collateral held with banks and financial institution 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.

(Currency: INR in Lakh)

D. Investments

	Particulars	March 31, 2022	March 31, 2022
1	Value of investments		
	Gross Value of investments		
	In India	5.65	9.00
	Outside India	-	-
	Provision for depreciation		
	In India	-	-
	Outside India	-	-
	Net Value of investments		
	In India	5.65	9.00
	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 does not have any unhedged foreign currency exposure and the details of hedged foreign curency exposure is as under:

Particulars	March 31, 2023			March 31, 2022		
	USD	EURO	INR	USD	EURO	INR
External commercial borrowings - Frankfurt	60.00	-	4,933.01	40.00	-	3,032.28
External commercial borrowings - DWM	-	-	-	-	50.00	4,233.00
External commercial borrowings - Hansainvest finance	-	50.00	4,480.38	-	50.00	4,233.00
External commercial borrowings - MONEGA MMI Fund A/c	16.50	-	1,356.58	-	-	-
External commercial borrowings - MONEGA MMR Fund A/c	8.50	-	698.84	-	-	-
External commercial borrowings - WBC	80.00	-	6,577.35	-	-	-
External commercial borrowings - Microvest SDF	60.00	-	4,933.01	-	-	-

Disclosure on Interest Rate Swaps as on March 31, 2023

Particulars	Frankfurt	HansaInvest	MONEGA MMI Fund Account	MONEGA MMR Fund Account	WBC	Microvest SDF
	USD	EURO	USD	USD	USD	USD
Nature of hedging	Cross currency interest rate swap (CCIRS)	Cross currency interest rate swap (CCIRS)	Cross currency interest rate swap (CCIRS)	Cross currency interest rate swap (CCIRS)	Cross currency interest rate swap (CCIRS)	Cross currency interest rate swap (CCIRS)
The notional principal of swap agreements	4,942.80	4,275.00	1,367.60	704.52	6,147.20	4,746.00
Gain / (losses) which would be incurred if counterparties failed to fulfill their obligations under the agreements	(88.42)	136.74	(28.55)	(14.71)	229.52	(4.34)
Collateral required by the applicable NBFC upon entering into swaps	105% book debt comprising of portfolio loan receivables	60% book debt comprising of portfolio loan receivables	100% book debt comprising of portfolio loan receivables	100% book debt comprising of portfolio loan receivables	110% book debt comprising of portfolio loan receivables	100% book debt comprising of portfolio loan receivables
The fair value of the swap book	5,031.22	4,138.26	1,396.15	719.23	5,917.68	4,750.34
Fair value of ECBs (Liabilites)	4,933.01	4,480.38	1,356.58	698.84	6,577.35	4,933.01

Disclosure on Interest Rate Swaps as on March 31, 2022

Particulars	DWM	Frankfurt	HansaInvest
	EURO	USD	EURO
Nature of hedging	Full currency swap	Cross currency interest rate swap (CCIRS)	Cross currency interest rate swap (CCIRS)
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	155.78	107.96	(211.29)
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	60% book debt comprising of portfolio loan receivables
The fair value of the swap book	3,825.72	2,738.84	4,486.29
Fair value of ECBs (Liabilites)	4,233.00	3,032.28	4,233.00

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F(i). Disclosures relating to securitisation

	Particulars	March 31, 2023	March 31, 2022
1	Number of SPVs sponsored by the NBFC for securitisation tansactions during the year	-	1.00
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC as on the date of balance sheet	-	732.01
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance		
a)	Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
b)	On-balance sheet exposures		
	First loss	-	167.74
	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	-	125.80
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

F(ii). Details of assigned portfolio and income arising out of the same :

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

Particulars	March 31, 2023	March 31, 2022
Numbers of loans assigned	-	19,280.00
Total book value of the loan asset assigned during the year	-	5,893.68
Sale consideration received for the loan asset assigned during the year	-	5,304.31
Portfolio loan assigned and outstanding as at the year end	2,270.16	6,480.88
Income from direct assignment recognised in the statement of profit and loss	-	445.07

The Company has transferred all the rights and obligations relating to above assigned loan assets to the buyers.

F(iii). 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.

Particulars	March 31, 2023	March 31, 2022
Outstanding Balance of Loan Disbursed through DSA as at year end	44,112.10	41,143.58
Service fee income recognised during the year	3,731.47	3,603.64
Credit enhancements provided and outstanding:		
Corporate guarantee	421.39	1,362.40
Cash collateral	2,822.72	2,416.21

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.

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K. Information on Net Interest Margin

Particulars	March 31, 2023	March 31, 2023*
Average interest (a)	-	20.03%
Average effective cost of borrowing (b)	-	12.04%
Net Interest Margin (a-b)	-	7.99%

Note:

1 Based on the circular issued via RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated 14 March 2022 whereby Ceiling on the interest rate is now to be governed by the board approved policy covering pricing of micro finance loans. Hence, Net Interest Margin disclosure is not provided in the current financial year.

2 * 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.

3 * 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.

4 * 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.

5 * The above computation excludes the interest income earned from fixed deposits which are collateralized on the bank overdraft facilities available with the company as these facilities have no outstanding amounts.
Also, the average loan book and borrowing portfolio balances considered are based on the month end balances from the months of March 2022 to March 2023 for the current year and similarly for March 2021 to March 2022 for the previous year.

L. Customer Complaints*

I Summary information on complaints received by the Company from customers and from the Offices of Ombudsman

	Particulars	March 31, 2023	March 31, 2023*
1	Number of complaints pending at the beginning of the year	12	8
2	Number of complaints received during the year	641	959
3	Number of complaints disposed during the year	630	955
a	Of which, number of complaints rejected by the Company	-	-
4	Number of complaints pending at the end of the year	23	12
5	Number of maintainable complaints received by the Company from Office of Ombudsman	6	1
a	Of 5, number of complaints resolved in favour of the Company by Office of Ombudsma	6	1
b	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
c	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the Company	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

II Top five grounds of complaints received by the Company from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
Current year					
Service Related Complaints	12.00	596.00	(22.70%)	22	22
Insurance Related complaints	-	36.00	(78.18%)	1	1
Staff related complaints	-	9.00	(59.09%)	-	-
Complaints forwarded by the Reserve Bank of India	-	6.00	500%	-	-
Loan Disbursement Related	-	-	NIL	-	-
Others	-	-	NIL	-	-
Total	12.00	647.00		23	23
Previous year					
Service Related Complaints	6.00	771.00	57.20%	12.00	12.00
Insurance Related complaints	2.00	165.00	(54.55%)	-	-
Staff related complaints	-	22.00	(77.27%	-	-
Complaints forwarded by the Reserve Bank of India	-	1.00	-	-	-
Loan Disbursement Related	-	-	NIL	-	-
Others	-	-	NIL	-	-
Total	8.00	959.00		12.00	12.00

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Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.
* It shall only be applicable to NBFCS which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021
The above information is as certified by the management and relied upon by the auditors.

M. Provisions & contingencies

Particulars	March 31, 2023	March 31, 2022
Break up of 'Provisions and Contingencies' shown under the head expenditure in profit and loss account:		
Provision made towards income tax	1,255.41	157.17
Provision for gratuity	-	22.28
Provision for leave benefit	296.58	255.36
Provision for death claims/ other receivable	-	0.20
Provision for standard and non performing assets	(1,027.82)	(964.47)
Provision on portfolio - DSA and EIS receivable	(501.50)	(826.18)

N. Sectoral exposure

(INR in Crores)

	Sector	March 31, 2023			March 31, 2022		
		Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1	**Agriculture & allied activities***	1,165.13	29.82	2.56%	78,274.32	3,543.95	4.53%
2	**Industry**	-	-	-	-	-	-
3	**Services**						
	Transportation	32.71	0.93	2.84%	2,195.13	123.07	5.61%
4	**Personal loans**						
a	Unsecured personal loans**	704.93	21.16	3.00%	47,382.63	2,393.64	5.05%
5	**Others, if any (please specify)**	-	-	-			

**Agriculture and Allied activities include loan given for animal husbandry*
***Unsecured personal loans include loan given to individual and joint group lending for personal consumption.*

O. Movement of NPA

Particulars	March 31, 2023	March 31, 2022
Net NPAs to net advances (%)	0.90%	1.34%
Movement of NPAs (Gross)		
Opening balance	6,021.01	6,998.66
Additions during the year	4,705.29	5,128.10
Reductions during the year	5,569.83	6,105.75
Closing balance	5,156.47	6,021.01
Movement of Net NPAs		
Opening balance	1,700.33	2,407.96
Additions during the year	1,509.67	(94.04)
Reductions during the year	(1,532.77)	613.59
Closing balance	1,677.23	1,700.33
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	4,320.68	4,590.70
Provisions made during the year	3,544.08	5,222.14
(Write-off) / write-back of excess provisions	(4,385.52)	(5,492.16)
Closing balance	3,479.24	4,320.68

P. The Reserve Bank of India (RBI) vide its circular no. RBI/2021-2022/125 DOR.STSI REC.68/21.04.046/2021-22, dated 12 November 2021 on "Prudential norms and Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances - Clarifications" had clarified/ harmonized certain aspects of extant regulatory guidelines with a view to ensuring uniformity in the implementation of IRACP norms across all lending institutions. The Company has since taken necessary steps to implement the provisions of this circular under in its loan management system. On 15 February 2022, RBI deferred the implementation of the above circular till 30 September 2022 to put in place the necessary systems to implement this provision. Accordingly, the Company has implemented the same from 1 October 2022 and the Company if fully compliant to the above circular.

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Q. Details of Registration with Financial Regulators

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

R. Ratings assigned by Credit Rating Agencies

Particulars	As at 31 March 2023	As at 31 March 2022
Long term bank facilities	ICRA BBB (Stable)/ ACUITE BBB+ (Stable)/ IND BBB+ (Stable)	ICRA BBB (Stable)/ ACUITE BBB+ (Stable)/ IND BBB+ (Stable)
Long term non convertible debentures		
IFMR FIMPACT Investment	-	ICRA BBB (Stable)
IFMR Fimpact Long term Multi Asset Class Fund (Secured)	-	ICRA BBB (Stable)
IFMR Fimpact Long term Multi Asset Class Fund	-	ICRA BBB (Stable)
Japan Asean Women's Empowerment Fund	-	ICRA BBB (Stable)
IFMR FImpact Medium Term Opportunities Fund	-	ICRA BBB (Stable)
Punjab National Bank	-	ICRA BBB (Stable)
Blue Orchard (MIFA Fund)	-	ACUITE BBB+ (Stable)
Blue Orchard (JAWEF)	-	ACUITE BBB+ (Stable)
Northern Arc Income Builder Trust (Series II)	ACUITE PP-MLD BBB+ (Stable)	ACUITE PP-MLD BBB+ (Stable)
Northern Arc Money Market Trust with Northern Arc Money Market Alpha	-	ACUITE BBB+ (Stable)
BlueOrchard Microfinance Fund	ACUITE BBB+ (Stable)	ACUITE BBB+ (Stable)
JAPAN ASEAN Women Empowerment Fund SA, SICAV-SIF	ACUITE BBB+ (Stable)	ACUITE BBB+ (Stable)
BlueOrchard Microfinance Fund	IND BBB+ (Stable)	IND BBB+ (Stable)
DWM INCOME FUNDS S C A SICAV SIF - THE TRILL IMPACT-DWM SDGS CREDIT FUND	IND BBB+ (Stable)	IND BBB+ (Stable)
Northern Arc Capital Limited	IND BBB+ (Stable)	IND BBB+ (Stable)
Covid-19 Emerging and Frontier Markets MSME Support Fund SCSp SICAV-RAIF (Global Invest sub-fund) represented by its general partner BlueOrchard Invest S.àr.l	IND BBB+ (Stable)	-
Northern Arc India Impact Trust	IND BBB+ (Stable)	-
Northern Arc Money Market Alpha Trust	IND BBB+ (Stable)	-
JAPAN ASEAN Women Empowerment Fund SA, SICAV-SIF	IND BBB+ (Stable)	-
Securitisation :		
Kaleidofin- KiPlatform M22 – 003	-	CARE A (SO)

The above ratings stand valid as on 31 March 2023

S. Concentration of advances, exposures and NPA's

Particulars	As at 31 March 2023	As at 31 March 2023
Concentration of advances*		
Total advances to twenty largest borrowers	41.50	47.00
(%) of advances to twenty largest borrowers to total advances	0.01%	0.02%
Concentration of Exposures**		
Total exposures to twenty largest borrowers	16.71	37.86
(%) of exposure to twenty largest borrowers to total exposure	0.01%	0.02%
Concentration of NPAs		
Total Exposure to top four NPA accounts	3.53	5.78

** Represents amount disbursed as per contract with customers*
*** Represents amount outstanding as per contract with customers*

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T. **Public Disclosure on Liquidity Risk as on March 31, 2023 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, 2023**

Number of significant counter parties	Amount (in Lakhs)*	% of Total Deposits	% of Total Liabilities
Twenty Five (25)	1,78,462.78	NA	86.58%

Funding concentration based on significant counterparty (both deposits and borrowings) as at March 31, 2022

Number of significant counter parties	Amount (in Lakhs)*	% of Total Deposits	% of Total Liabilities
Twenty five (25)	1,32,368.61	NA	289.68%

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
2022-2023	1,20,565	59.02%
2021-2022	92,391	66.69%

iv) **Funding concentration based on significant instrument/product as at March 31, 2023**

Name of the instrument/Product	Amount in Lakhs *	% of Total Liabilities
Term loan from banks	73,978.79	35.85%
Term loans from FIs	15,482.96	7.50%
Non convertible debentures	36,975.16	17.92%
Term loan from NBFC's	54,380.07	26.35%
External commercial borrowings	23,448.72	11.36%
Total borrowings	**2,04,265.70**	**98.99%**
Total liabilities	**2,06,348.85**	

Funding concentration based on significant instrument/product as at March 31, 2022

Name of the instrument/Product	Amount in Lakhs *	% of Total Liabilities
Term loan from banks	45,695.48	32.20%
Term loans from FIs	15,696.17	11.06%
Non convertible debentures	43,505.83	30.66%
Term loan from NBFC's	17,489.03	12.32%
External commercial borrowings	16,154.20	11.38%
Total borrowings	**1,38,540.70**	**97.63%**
Total liabilities	**1,41,910.93**	

The amounts mentioned above are based on principal outstanding as per contracts with lenders

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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.

c 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 .

d 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

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

f 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.

v) Stock ratios as at March 31, 2023

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	6.39%	6.34%	5.44%

Stock ratios as at March 31, 2022

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	5.44%	5.31%	4.38%

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 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.

Chief Risk Advisor shall be a part of the process of identification, measurement and mitigation of liquidity risks.

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

U. Information on instances of frauds:

1 Information on instances of fraud during the year ended March 31, 2023

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	1	5.33	-	-	5.33

2 Information on instances of fraud during the year ended March 31, 2022

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	5	24.41	3.59	20.82	20.82

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V The Company is within the limit in respect of qualifying asset for 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 as at March 31, 2023

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 (refer note 3 below)	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	1,83,258.29	671.50	1,82,586.80	507.95	163.55
	Stage 2	1,826.34	542.83	1,283.51	5.24	537.59
Subtotal		**1,85,084.63**	**1,214.33**	**1,83,870.30**	**513.19**	**701.14**
Non-Performing Assets (NPA)						
Doubtful	Stage 3	5,191.03	3,479.24	1,711.79	1,405.15	2,074.09
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	1,83,258.29	671.50	1,82,586.80	507.95	163.55
	Stage 2	1,826.34	542.83	1,283.51	5.24	537.59
	Stage 3	5,191.03	3,479.24	1,711.79	1,405.15	2,074.09
	Total	**1,90,275.66**	**4,693.56**	**1,85,582.10**	**1,918.34**	**2,775.23**

Own, securitized portfolio and other assets as at March 31, 2022

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 (refer note 3 below)	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	1,17,509.87	158.94	1,17,350.92	242.51	(83.56)
	Stage 2	4,281.54	1,241.76	3,039.78	8.84	1,232.93
Subtotal		**1,21,791.41**	**1,400.70**	**1,20,390.70**	**251.34**	**1,149.36**
Non-Performing Assets (NPA)						
Doubtful	Stage 3	6,060.67	4,320.68	1,739.98	1,027.18	3,293.51
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-		-
Subtotal for doubtful		6,060.67	4,320.68	1,739.98	1,027.18	3,293.51
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	1,17,509.87	158.94	1,17,350.92	242.51	(83.56)
	Stage 2	4,281.54	1,241.76	3,039.78	8.84	1,232.93
	Stage 3	6,060.67	4,320.68	1,739.98	1,027.18	3,293.51
	Total	**1,27,852.08**	**5,721.39**	**1,22,130.69**	**1,278.52**	**4,442.87**

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

2 As per the terms of the requirement as per RBI notification no. R61i2019-20/170 DOR (HOFC).CC.PD.No.100/2210 106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create in impairment reserve for any shortfall In Impairment Allowances under Ind AS 109 and under Income Recognition, Asset Classification and Provisioning (IRACP) norms including provision on standard assets. The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning), as at 31 March 2023 and accordingly, no amount is required to be transferred to Impairment reserve.

3 Figures under this columns Represents provisions determined in accordance with the Asset classification and provisioning norms as stipulated under Master Directions.

Sonata Finance Private Limited
Notes to financial statements as at March 31, 2023
(Currency: INR in Lakh)

X Composition of the Board

Sl. No	Name of Director	Director since	Capacity (i.e.Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board		No. of other Directorships	Remuneration			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation	Sitting Fee	Commission	
1	Anup Kumar Singh	06-09-2006	Executive Director (Managing Director)	173413	6	6	NIL	220.15	-	-	1894212 equity shares
2	Anal Kumar Jain	01-09-2011	Non- Executive (Independent Director)	1239653	6	5	3	-	7.96	-	NIL
3	Sethuraman Ganesh	25-05-2015	Non- Executive (Independent Director)	7152185	6	6	1	-	9.70	-	NIL
4	R.V. Dilip Kumar	29-12-2015	Non- Executive (Nominee Director)	1060651	6	2	9	-	-	-	NIL
5	Pradip Kumar Saha	26-05-2017	Non- Executive-Chairman (Independent Director)	2947368	6	6	2	-	10.68	-	NIL
6	Saurabh Kumar Johri	01-06-2019	Non- Executive (Nominee Director)	8469704	6	5	2	-	-	-	NIL
7	Shreekanta Das	26-08-2022	Non- Executive (Nominee Director)	7306690	6	2	NIL	-	-	-	NIL
8	Remika Agarwal	12-11-2022	Non- Executive (Nominee Director)	9438221	6	3	4	-	-	-	NIL

Y **Details of change in composition of the Board during the current and previous financial year.**

Sl. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date
1	Sanjay Goyal	Non- Executive (Nominee Director)	Resignation	August 26, 2022
2	Shreekanta Das	Non- Executive (Nominee Director)	Appointment	August 26, 2022
3	Aditya Mohan	Non- Executive (Nominee Director)	Resignation	September 21, 2022
4	Kenneth Dan Vander We	Non- Executive (Nominee Director)	Resignation	November 12, 2022
5	Remika Agarwal	Non- Executive (Nominee Director)	Appointment	November 12, 2022

No independent director resigned during the financial year ended 31 March 2023.
None of the directors of the company are related to each other

Z **Committees of the Board and their composition**

i. Mention the names of the committees of the Board.

a Audit Committee

b Remuneration and Nomination Committee

c Risk Management Committtee

d Corporate Social Responsibility Committee

e IT Starategy Committee

ii. For each committee, summarized terms of reference and the details are given below:

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I. AUDIT COMMITTEE

Sl. No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Pradip Kumar Saha	13.11.2017	Independent Director-Chairman	4	4	NIL
2	Sethuraman Ganesh	11.11.2019	Independent Director-Member	4	4	NIL
3	Anal Kumar Jain	13.11.2017	Independent Director-Member	4	4	NIL
4	Saurabh Kumar Johri	13.08.2019	Nominee Director-Member	4	3	NIL
5	R.V. Dilip Kumar	12.08.2016	Nominee Director-Member	4	2	NIL

II. REMUNERATION AND NOMINATION COMMITTEE

Sl. No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Anal Kumar Jain	28.07.2014	Independent Director-Chairman	3	3	NIL
2	Pradip Kumar Saha	13.11.2017	Independent Director-Member	3	3	NIL
3	Anup Kumar Singh	28.07.2014	Managing Director-Member	3	3	18,94,212
4	Saurabh Kumar Johri	12.11.2022	Nominee Director-Member	3	1	NIL

III. RISK MANAGEMENT COMMITTEE

Sl. No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Sethuraman Ganesh	13.11.2017	Independent Director-Chairman	4	4	NIL
2	Pradip Kumar Saha	01.08.2020	Independent Director-Member	4	4	NIL
3	Saurabh Kumar Johri	12.11.2022	Nominee Director-Member	4	1	NIL
4	Remika Agarwal	12.11.2022	Nominee Director-Member	4	1	NIL
5	Akhilesh Kumar Singh	13.11.2017	Chief Financial Officer- Member	4	4	NIL
6	Shrikant Bhargava	14.11.2018	Chief Financial Advisor- Member	4	3	NIL
7	Shebdeep Agnihotri	14.11.2018	Chief Risk Advisor- Member	4	4	NIL

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IV. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Sl. No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Sethuraman Ganesh	15.11.2013	Independent Director-Chairman	3	3	NIL
2	Pradip Kumar Saha	11.11.2019	Independent Director-Member	3	3	NIL
3	Anup Kumar Singh	14.11.2018	Managing Director-Member	3	3	18,94,212
4	Shreekanta Das	12.11.2022	Nominee Director-Member	3	-	NIL

V. IT STRATEGY COMMITTEE

Sl. No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Anal Kumar Jain	13.11.2017	Independent Director-Chairman	2	2	NIL
2	Anup Kumar Singh	11.11.2019	Managing Director-Member	2	2	18,94,212
3	Akhilesh Kumar Singh	13.11.2017	Chief Financial Officer- Member	2	2	NIL
4	Ashutosh Chaturvedi	13.08.2019	Chief Information Officer- Member	2	2	NIL
5	Shyam Kanhaiya Yadav	12.08.2016	Head- IT- Member	2	2	34,400

F General Body Meetings

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1	Extraordinary General Meeting	July 20, 2022 Via Video Conferencing	• Approval u/s 180 (1) (c) of Companies Act, 2013 to borrow any sum or sums of money from time to time exceeding the aggregate of its paid-up capital, free reserves & securities premium • Approval of creation of charge, mortgage or hypothecation on the assets of the Company under section 180 (1)(a) of the Companies Act, 2013 • Approval to issue Non-Convertible Debentures on private placement basis under sections 42 and 71 of the Companies Act, 2013 • Approval for the adoption of new set of Memorandum of Association ("MOA") as per the requirements of Companies Act, 2013
2	Annual General Meeting	September 30, 2022 Via Video Conferencing	-

AA Disclosure of penalty imposed by RBI and other regulators:

No penalties were imposed by the Reserve Bank of India (RBI) during the FY 2022-23. However, the Bombay Stock Exchange (BSE) imposed a penalty of Rs. 4,69,640/- towards the delay in submission of Asset Cover certificate in compliance with the requirements of Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("LODR Regulations") for the quarter ended March 31, 2021.

Further, the Company had received notice under section 7Q/14B of the Employees' Provident Fund & Miscellaneous Provisions Act 1952 for the period 01.08.2013 to 31.08.2022 and for the period 2021-2022 from the Regional Provident Fund Commissioner – Allahabad and Jabalpur, penalising the Company by an amount Rs. 13.01 Lakhs on account of delay in deposit of PF.

The company has paid the aforesaid penalties and no amount stands pending on the date of the Balance Sheet.

AB **Breach of covenant**

The Company had breached certain covenats as enumerated below in respect of 22 lenders. The Company has sought waiver letters towards exemption of breach of covenants and as of date no response nor any coercive action has been initiated by the lender.

	Name of the lender	**Covenant required**	**Covenant Status as on 31.03.2023**	**No of Covenant Breaches**
1	Hinduja Leyand Finance TL-3	CRAR>17%	16.58%	2
		PAR90(OWN & DA) to Adjusted tangible net worth < =15%	25.33%	
2	CASPIAN TL-6	CRAR>18%	16.58%	1
3	Tata Capital Financial Services Ltd	CRAR>18%	16.58%	1
4	Northern Arc	CRAR>17%	16.58%	3
		RISK COVERAGE for Loan -OWNLosses/PAR 90 >100%	88.52%	
		PAR >30<(+ trailing 12 months write off)OWN/ GLP OWN< 3%	6.65%	
5	Mahindra finance TL-	CRAR>17%	16.58%	1
6	Kissan dhan tl-2	CRAR>18%	16.58%	2
7	Manappuram Finance TL - 2	Debt Equity Ratio<5.5	5.95	1
8	Federal Bank TL-3,4	CRAR>17%	16.58%	1
9	JANA SFB TL-1	CRAR>17%	16.58%	2
		Gearing ratio, (TOL/TNW) is <=5	5.89	
10	IDBI TL-5	CRAR>18%	16.58%	1
11	SBM Bank TL-2	PAR >90<(incl write off current year)<5%	5.65%	1

12	ECB- WBC	CRAR>18%	16.58%	1
13	ECB- Microvest SDF	CRAR>20%	16.58%	1
14	ECB MONEGA	CRAR>17%	16.58%	2
		RISK COVERAGE for Loan -OWNLosses/PAR 90 >	90.42%	
15	ECB- Frankfurt School Financial Services	Equity ratio(Total Equity excluding TIER II/Total Assets)> 15%	14.04%	1
16	DWM	CRAR>17%	16.58%	2
		RISK COVERAGE for Loan -OWNLosses/PAR 90 >100%	88.52%	
17	SERIES -B NCD PPMLD	CRAR>17%	16.58%	2
		PAR > 90/ TANGIBLE NET WORTH<20%	25.33%	
		PAR >90<(incl write off current year)<5%	5.65%	
18	AFIF Unlisted NCD	CRAR>17%	16.58%	2
		RISK COVERAGE for Loan -OWNLosses/PAR 90 >100%	90.42%	
19	11.7702% NCD BOMF	RISK COVERAGE for Loan -OWNLosses/PAR 90 >100%	88.52%	1
20	11.7702% NCD JAWEF	RISK COVERAGE for Loan -OWNLosses/PAR 90 >100%	88.52%	1
21	12.2902% SFPL 2027-JAWEF SICAV Listed NCD A/c	RISK COVERAGE for Loan -OWNLosses/PAR 90 >100%	88.52%	1
22	12.99% Blue orchard Covid-19 Support fund	RISK COVERAGE for Loan -OWNLosses/PAR 90 >100%	88.52%	1

AC Divergence in asset classification and provisioning

The Company in the financial year was subjected to limited scrutiny by the regulator Reserve bank of India and there was no divergence in asset classification and provisioning requirements.

AD **Other disclosures**

1 The Company has not entered into any exchange traded derivative.

2 The Company has not given any loans against intangible securities.

3 Related Party Transactions and Policy on dealing with Related Party Transactions

Details of the related party transactions are provided in the note 33. The Company's Policy on dealing with Related Party Transactions is available on its website.

4 Remuneration to Directors - refer note 33

5 The Company does not have any overseas assets.

6 The Company has not sponsored any off-balance sheet SPVs.

Sonata Finance Private Limited
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Y (i) 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)

As at March 31, 2023

	Particulars	Amount Outstanding	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	368.37	-
	: Unsecured (other than falling within the meaning of public deposits)	-	-
b)	Deferred Credits	-	-
c)	Term loans	1,643.97	-
d)	Inter-corporate loans and borrowing	-	-
e)	Commercial Paper	-	-
f)	Other Loan	19.96	-
	Assets Side :		
2	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]**		
a)	Secured	-	-
b)	Unsecured*	1,905.66	136.41
	*Amount overdue represents "overdue more than Zero days"		
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)	-	-

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Sonata Finance Private Limited
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(Currency: INR in Crore)

	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	0.06	-
	(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 :**

	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	-	1,905.66	1,905.66
	Total	-	**1,905.66**	**1,905.66**

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

	Category	**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**
1	Related Parties		
a)	Subsidiaries	-	-
b)	Companies in the same group	-	-
c)	Other related parties	-	-
2	Other than related parties	0.06	0.05
	Total	**0.06**	**0.05**

7 **Other information**

	Particulars	**Amount**
i)	**Gross Non-Performing Assets**	
	(a) Related parties	-
	(b) Other than related parties	51.56
ii)	**Net Non-Performing Assets**	
	(a) Related parties	-
	(b) Other than related parties (Net of total provision as per ECL model)	16.77
iii)	**Assets acquired in satisfaction of debt**	-

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Notes to financial statements as at March 31, 2023

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Y (ii) 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)

As at March 31, 2022

	Particulars	Amount Outstanding	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	417.73	-
	: Unsecured (other than falling within the meaning of public deposits)	-	-
b)	Deferred Credits	-	-
c)	Term loans	917.86	-
d)	Inter-corporate loans and borrowing	-	-
e)	Commercial Paper	-	-
f)	Other Loan	51.34	-
	Assets Side :		
2	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]**		
a)	Secured	-	-
b)	Unsecured*	1,297.13	195.82
	*Amount overdue represents "overdue more than Zero days"		
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)	-	-

Sonata Finance Private Limited

Notes to financial statements as at March 31, 2023

(Currency: INR in Crore)

	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	0.09	-
	(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 :**

	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	-	1,297.13	1,297.13
	Total	-	**1,297.13**	**1,297.13**

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

	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1	Related Parties		
a)	Subsidiaries	-	-
b)	Companies in the same group	-	-
c)	Other related parties	-	-
2	Other than related parties	0.09	0.05
	Total	**0.09**	**0.05**

7 **Other information**

	Particulars	Amount
i)	**Gross Non-Performing Assets**	
	(a) Related parties	-
	(b) Other than related parties	60.21
ii)	**Net Non-Performing Assets**	
	(a) Related parties	-
	(b) Other than related parties (Net of total provision as per ECL model)	17.00
iii)	**Assets acquired in satisfaction of debt**	-

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44 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.

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 recommend amendments.

• Discuss and recommend suitable controls/mitigations for managing operational risk and assure that adequate resources are being assigned to mitigate the risks.

• Review analysis of frauds, potential losses, non-compliance, breaches etc. and determine corrective measures to prevent their recurrences.

• Understand changes and threats, concur on areas of high priority and possible actions for 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

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.

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

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 ECL 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. The Company has applied cooling off period of 425 days prospectively for computation of LGD.

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.

Sonata Finance Private Limited
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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 43 R)

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:

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:

Finance Cost	Impact on Profit		Impact on Pre tax Equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
0.50 % Increase	(848.80)	(630.13)	(848.80)	(630.13)
0.50 % Decrease	848.80	630.13	848.80	630.13

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 45: 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, 2023	Within 12 months	After 12 months	Total as at March 31, 2022
I	**ASSETS**						
	1 Financial assets						
	a) Cash and Cash equivalents	35,996.23	-	35,996.23	32,085.43	-	32,085.43
	b) Bank balances other than cash and cash equivalents	6,069.75	6,237.59	12,307.33	547.86	9,153.20	9,701.06
	c) Derivative financial instruments	136.74	229.52	366.26	263.74	-	263.74
	d) Trade receivables	394.64	-	394.64	399.12	-	399.12
	e) Loans	1,33,417.95	52,554.33	1,85,972.29	86,315.89	37,780.21	1,24,096.10
	f) Investments	-	5.65	5.65	-	9.00	9.00
	g) Other Financial Assets	1,195.82	888.05	2,083.87	650.85	922.53	1,573.39
	2 Non-financial assets			-			
	a) Current tax assets (net)	-	873.95	873.95	-	1,177.27	1,177.27
	b) Deferred tax assets (net)	-	1,903.58	1,903.58	-	2,033.13	2,033.13
	c) Property, plant and equipment	-	204.60	204.60	-	163.06	163.06
	d) Right to use asset	50.33	132.83	183.16	45.16	64.47	109.63
	e) Other intangible assets	-	12.17	12.17	-	19.86	19.86
	f) Other non-financial assets	201.39	1.94	203.33	125.18	35.30	160.48
	Total assets	**1,77,462.85**	**63,044.22**	**2,40,507.06**	**1,20,433.24**	**51,358.03**	**1,71,791.27**
II	**LIABILITIES AND EQUITY**						
	Liabilities						
	1 Financial liabilities						
	a) Derivative financial instruments	-	136.02	136.02		211.29	211.29
	b) Trade payables	320.06	-	320.06	243.69	-	243.69
	c) Debt securities	3,366.51	33,470.79	36,837.30	14,717.90	27,055.46	41,773.36
	d) Borrowings (other than debt securities)	1,03,453.45	60,943.68	1,64,397.13	61,267.00	31,251.00	92,518.00
	e) Subordinated liabilities	-	1,996.19	1,996.19	2,404.86	1,997.28	4,402.14
	f) Lease Liabilities	44.89	150.63	195.51	125.33	-	125.33
	g) Other financial liabilities	1,572.64	-	1,572.64	1,626.18	79.62	1,705.81
	2 Non-financial liabilities			-			
	a) Provisions	296.72	221.86	518.58	436.52	196.34	632.86
	b) Other non-financial liabilities	375.42	-	375.42	298.45	-	298.45
	Equity			-			
	a) Equity share capital	-	2,616.77	2,616.77	-	2,596.25	2,596.25
	b) Other equity	-	31,541.44	31,541.44	-	27,284.09	27,284.09
	Total liabilities and equity	**1,09,429.69**	**1,31,077.37**	**2,40,507.06**	**81,119.93**	**90,671.34**	**1,71,791.27**

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46 Changes in liability arising from financing activities

Particulars	Opening as on April 1, 2022	Compulsorily convertible preference shares (CCPS) - Borrowings	Changes in fair values	Others*	Cash flow	Closing as on March 31, 2023
Debt securities at amortized cost	41,773.36	-	-	503.94	(5,440.00)	36,837.30
Borrowings other than debt securities	91,786.00	-	400.84	(506.32)	72,716.61	1,64,397.13
Subordinated liabilities at amortized cost	4,402.14	-	-	(5.95)	(2,400.00)	1,996.19
Borrowings under securitisation arrangement	732.01	-	-	-	(732.01)	-
Total	**1,38,693.51**	-	**400.84**	**(8.32)**	**64,144.60**	**2,03,230.62**

Particulars	Opening as on April 1, 2021	Compulsorily convertible preference shares (CCPS) - Borrowings	Changes in fair values	Others	Cash flow	Closing as on March 31, 2022
Debt securities at amortized cost	28,460.45	-	-	(37.09)	13,350.00	41,773.36
Borrowings other than debt securities	78,476.51	-	(51.69)	(50.32)	13,411.51	91,786.00
Subordinated liabilities at amortized cost	8,939.28	-	-	(37.14)	(4,500.00)	4,402.14
Borrowings under securitisation arrangement	2,228.25	-	-		(1,496.24)	732.01
Total	**1,18,104.49**	-	**(51.69)**	**(124.54)**	**20,765.27**	**1,38,693.51**

*Others column include effect of amortisation of initial issue cost as per Ind AS.

47 Categories of financial instruments and their fair values:
Categories of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below.

As at March 31, 2023	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	35,996.23	35,996.23
Bank balance other than cash and cash equivalents	-	-	12,307.33	12,307.33
Derivative financial instruments	366.26	-	-	366.26
Trade receivables	-	-	394.64	394.64
Loans	-	-	1,85,972.29	1,85,972.29
Investments	5.65	-	-	5.65
Other financial assets	-	-	2,083.87	2,083.87
Total	**371.91**	-	**2,36,754.36**	**2,37,126.27**
Financial liabilities				
Derivative financial instruments	136.02	-	-	136.02
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	-	-	320.06	320.06
Debt securities	-	-	36,837.30	36,837.30
Borrowings (other than debt securities)	-	-	1,64,397.13	1,64,397.13
Subordinated liabilities	-	-	1,996.19	1,996.19
Other financial liabilities	-	-	1,572.64	1,572.64
Total	**136.02**	-	**2,05,123.33**	**2,05,259.34**

Sonata Finance Private Limited
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As at March 31, 2022	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	32,085.43	32,085.43
Bank balance other than cash and cash equivalents	-	-	9,701.06	9,701.06
Derivative financial instruments	263.74	-	-	263.74
Trade receivables			399.12	399.12
Loans	-	-	1,24,096.10	1,24,096.10
Investments	9.00	-	-	9.00
Other financial assets	-	-	1,573.39	1,573.39
Total	**272.74**	-	**1,67,855.11**	**1,68,127.85**
Financial liabilities				
Derivative financial instruments	211.29	-	-	211.29
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	-	-	243.69	243.69
Debt securities	-	-	41,773.36	41,773.36
Borrowings (other than debt securities)	-	-	92,518.00	92,518.00
Subordinated liabilities	-	-	4,402.14	4,402.14
Other financial liabilities	-	-	1,705.81	1,705.81
Total	**211.29**	-	**1,40,643.00**	**1,40,854.30**

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.

Valuation techniques and significant unobservable inputs:
The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method using the closing curves available on the market terminals as at the end of reporting period.

The Company measures financial instruments, such as investments at fair value.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.
For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Fair value hierarchy
This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

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 .

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(Currency: INR in Lakh)

As at March 31, 2023

Financial assets (measured at fair value)	Carrying amount	Fair value		
	FVTPL	Level 1	Level 2	Level 3
Derivative financial instruments	366.26	-	-	366.26
Investments	5.65	-	-	5.65
Total	**371.91**	-	-	**371.91**

As at March 31, 2022

Financial assets (measured at fair value)	Carrying amount	Fair value		
	FVTPL	Level 1	Level 2	Level 3
Derivative financial instruments	263.74	-	-	263.74
Investments	9.00	-	-	9.00
Total	**272.74**	-	-	**272.74**

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements.

Particulars	31 March 2023			31 March 2022		
	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy
Financial liabilities at amortised cost						
Non convertible debentures	36,837.30	41,222.54	Level 3	41,773.36	41,773.36	Level 3
Borrowings (other than debt securities)	1,64,397.13	1,66,678.81	Level 3	92,518.00	92,518.00	Level 3
Subordinated liabilities	1,996.19	2,252.15	Level 3	4,402.14	4,402.14	Level 3
Total financial liabilities	**2,03,230.63**	**2,10,153.50**		**1,38,693.50**	**1,38,693.50**	

The fair value of the financial liabilities are considered at the amount, at which the instrument could be exchanged in current transaction between willing parties, other than in forced or liquidation sale. Carrying value includes interest accrued as on year end.

Loans:

Particulars	31 March 2023			31 March 2022		
	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy
Financial assets at amortised cost						
Loans	1,90,566.08	1,90,805.14	Level 3	1,29,712.75	1,29,712.75	Level 3
Total financial assets	**1,90,566.08**	**1,90,805.14**		**1,29,712.75**	**1,29,712.75**	

Based on the past experience, the management is of the view that the fair value of loans as on the reporting date approximates its carrying value

48 The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed. The Company will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified. The Company has taken professional opinion in this regard and will ensure that it makes adequate provisions to remain compliant with all requirements.

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49 The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or other kind of funds) to or in any other person or entity, including foreign entity ("intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries:

The Company has not received any funds (which are material either individually or in aggregate) from nay person or entity, including foreign entity (" Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (" Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

50 The disclosure on the following matters required under schedule III as amended not being relevant or applicable in case of the Company, same are not covered:

a The Company has not traded or invested in crypto currency or virtual currency during the financial year

b The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property under under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder

c The Company has not been declared wilful defaulter by any bank or financial institutions or government or any government authority

d The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

e The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

f The Company does not have any relationship with Struck off Companies

g The Company has complied with the number of layers prescribed under the Companies Act, 2013.

h The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year

51 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.

52 Contingent liability

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Performance security provided by the Company pursuant to service provider agreement in relation to direct sale agreement	3,244.11	3,778.61
Disputed Income tax liability	137.90	137.90

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Sonata Finance Private Limited
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53 There are no capital commitments at the current and previous year-end.

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

55 Board of Directors of the Company at its meeting held on 10 February 2023, has approved the sale of its entire stake of 100% of the issued and paid-up share capital of Sonata Finance Private Limited ("Company") to Kotak Mahindra bank ("Bank") for a total consideration of approximately INR 537 crore. The Company had filed an application dated 03 March 2023 with Reserve Bank of India ("RBI"), seeking approval of the proposed transaction for which approval was received on 21 April 2023.

The proposed transaction is subject to receipt of the approval of RBI and other regulatory / statutory approvals by the Bank and satisfaction of other conditions under the Share Purchase Agreement. Upon completion of the proposed transaction, Sonata shall be 100% subsidiary of the Bank.

56 The figures appearing in the financial statement for the financial year ending 31 March 2023 and 31 March 2022 have been rounded off to nearest lakh.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Pranav Gune
Partner
Membership No: 121058

Mumbai
May 30, 2023

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

New Delhi
May 30, 2023

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Indexing / pagination / paras	✓
Calculation / arithmetical accuracy/ rounding off errors	✓

Done by :

Name and Designation Ankit Singh (Manager)

Signature and Date Singh -

Engagement Partner Pranay Gune

Project Code 1616664.