No. 06/2021-22
Addressed to: *DWM Income Funds S.C.A. SICAV SIF – The Trill Impact-DWM SDGs Credit Fund and Northern Arc Capital Limited*

PLACEMENT MEMORANDUM / PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

SONATA FINANCE PRIVATE LIMITED ("Issuer" / "Company")

A private limited company incorporated under the Companies Act, 1956

Placement Memorandum for issue of Debentures on a private placement basis
Dated: December 22, 2021

Issue of 750 (Seven Hundred and Fifty) Secured, Rated, Listed, Redeemable, Non-convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakh only) each, aggregating up to Rs. 75,00,00,000/- (Rupees Seventy Five Crores only) on a private placement basis (the "Issue").

PART A: DISCLOSURES AS PER SEBI DEBT LISTING REGULATIONS:

** *Please refer pages 1-4 for all information required to be placed on the front page of a placement memorandum as per Schedule II of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.*

Please see below the disclosures as required under the terms of the SEBI Debt Listing Regulations (as defined below):

S.no	Particulars	Relevant Disclosure
1.	**Corporate Identity Number of the Issuer:**	U65921UP1995PTC035286
2.	**Permanent Account Number of the Issuer:**	AAECS9853J
3.	**Date and place of Incorporation of the Issuer:**	Date of incorporation: April 06, 1995. Place of incorporation: Hyderabad, India
4.	**Latest registration / identification number issued by any regulatory authority which regulates the Issuer (in this case the RBI):**	B-12.00445
5.	**Registered Office address of the Issuer:**	II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow, Uttar Pradesh- 226026 India
6.	**Corporate Office address of the Issuer:**	II Floor, CP-5, Vikrant Khand, Gomti Nagar, Lucknow-226010, Uttar Pradesh, India
7.	**Telephone No of the Issuer:**	+91-522-2334900
8.	**Details of Compliance officer of the Issuer:**	Name: Mr. Davendra Singh Telephone Number: 9140256412 Email address: Davendra.singh@sonataindia.com
9.	**Details of Company Secretary of the Issuer:**	Name: Ms. Paurvi Srivastava Telephone Number: 8400333464

		Email address: pauravi.srivastava@sonataindia.com
10.	**Details of Chief Financial Officer of the Issuer:**	Name: Mr. Akhilesh Kumar Singh Telephone Number: 9956292757 Email address: Akhilesh.singh@sonataindia.com
11.	**Details of Promoters of the Issuer:**	Name: Mr. Anup Kumar Singh Telephone Number: 9005880111 Email address: anup@sonataindia.com
12.	**Website address of the Issuer:**	https://sonataindia.com/
13.	**Email address of the Issuer:**	pauravi.srivastava@sonataindia.com/cs@sonataindia.com
14.	**Details of debenture trustee for the Issue:**	Name: **Catalyst Trusteeship Limited** Address: Plot no. 85, Paud Road, Pune 411038 Logo: CATALYST Telephone Number: 020-66807200 Email address: dt@ctltrustee.com Contact person: Ms. Deesha Trivedi
15.	**Details of credit rating agency for the Issue:**	Name: **India Ratings & Research Private Limited** Address: Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai - 400051, India Logo: India Ratings & Research A Fitch Group Company Telephone Number: 022 – 40001700 Email address: asutosh.patro@indiaratings.co.in Contact person: Asutosh Patro
16.	**Date of placement memorandum / Placement Memorandum**	December 22, 2021
17.	**Type of placement memorandum / Placement Memorandum**	This Placement Memorandum is being issued in relation to the private placement basis of Debentures (which are being issued under the terms hereof in a single series).
18.	**The nature, number, price and amount of securities offered and issue size (base issue or green shoe), as may be applicable**	Issue of 750 (Seven Hundred and Fifty) Secured, Rated, Listed, Redeemable, Transferable Non-convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakh only) each, aggregating up to Rs. 75,00,00,000/- (Rupees Seventy Five Crores only) on a private placement basis. Green Shoe: N.A.
19.	**The aggregate amount proposed to be raised through all the stages of offers of non-convertible securities made through the shelf placement memorandum;**	Not applicable.

20.	**Details of Registrar to the Issue:**	Name: NSDL Database Management Limited Address: 4th Floor, Trade World, A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Logo: NSDL Telephone Number: Tel: 022 4914 2591 (D), 022 4914 2700 (B), 9833515383(M) Fax number: - Website: www.nsdl.co.in Email address: info_ndml@nsdl.co.in
21.	**Issue Schedule**	Date of opening of the Issue: December 22, 2021 Date of closing of the Issue: December 22, 2021 Date of earliest closing of the Issue (if any): N.A. The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.
22.	**Credit Rating of the Issue**	The Rating Agency has vide its letter and rating rationale dated December 16th, 2021 assigned a rating of "IND BBB+ (Stable)" (pronounced as "IND Triple B Plus") with 'stable' outlook in respect of the Debentures. The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the rating agency and should be evaluated independently of any other ratings. Please refer to **Annexure II** of this Placement Memorandum for the letter dated December 16, 2021 and rating rationale dated December 16, 2021 from the Rating Agency assigning the credit rating abovementioned and the press release by the Rating Agency in this respect.
23.	**All the ratings obtained for the private placement of Issue**	Please refer to S.no 22 (*Credit Rating of the Issue*) above. No other ratings have been obtained for the purposes of this Issue.
24.	**The name(s) of the stock exchanges where the securities are proposed to be listed**	The Debentures are proposed to be listed on the wholesale debt market of the BSE Limited / Bombay Stock Exchange ("**BSE**").
25.	**The details about eligible investors;**	The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"): (a) Mutual Funds (b) NBFCs (c) Provident Funds and Pension Funds (d) Corporates (e) Banks

		(f) Foreign Institutional Investors (FIIs) (g) Qualified Foreign Investors (QFIs) (h) Foreign Portfolio Investors (FPIs) (i) Insurance Companies (j) Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures. All potential investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures. **Note:** Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.
26.	**Coupon rate, coupon payment frequency, redemption date, redemption amount and details of debenture trustee**	In respect of the coupon rate, the coupon payment frequency, the redemption date and redemption amount in respect of the Debentures, please refer to Section 5.36 (*Issue Details*) of this Placement Memorandum. The details of Debenture Trustee are provided under S. No. 14 above.
27.	**Nature and issue size, base issue and green shoe option, if any, shelf or tranche size, each as may be applicable**	Issue of 750 (Seven Hundred and Fifty) Secured, Rated, Listed, Redeemable, Transferable Non-convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakh only) each, aggregating up to Rs. 75,00,00,000/- (Rupees Seventy Five Crores only) on a private placement basis. Green Shoe: N.A.
28.	**Details about underwriting of the issue including the amount undertaken to be underwritten by the underwriters:**	Not applicable.
29.	**Inclusion of a compliance clause in relation to electronic book mechanism and details pertaining to the uploading the placement memorandum on the Electronic Book Provider Platform, if applicable.**	Please refer Section 8.9 below.
30.	**Specific declaration requested by BSE: non-equity regulatory capital**	This issue of Debentures does not form part of non-equity regulatory capital mentioned under Chapter V of the SEBI

		Debt Listing Regulations. The face value of each Debenture is INR 10,00,000 (Indian Rupees Ten Lakh).

Background
This Placement Memorandum (as defined below) is related to the Debentures to be issued by Sonata Finance Private Limited (the "**Issuer**" or "**Company**") on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Placement Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on June 29, 2021 and the Board of Directors of the Issuer on November 13, 2021, and the Memorandum and Articles of Association of the Company. Pursuant to the resolution passed by the Company's shareholders dated June 29, 2021 in accordance with provisions of the Companies Act, 2013, the Company has been authorised to raise funds, by way of issuance of non-convertible debentures, upon such terms and conditions as the Board may think fit for aggregate amounts not exceeding Rs. 500,00,00,000/- (Rupees Five Hundred Crore only). The present issue of Debentures in terms of this Placement Memorandum is within the overall powers of the Board as per the above shareholder resolution(s).

Issuer's Absolute Responsibility
The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

Issue Schedule	
Particulars	**Date**
Issue Opening Date	December 22, 2021
Issue Closing Date	December 22, 2021
Pay In Date	December 23, 2021
Deemed Date of Allotment	December 23, 2021



TABLE OF CONTENTS

SECTION 1:	DEFINITIONS AND ABBREVIATIONS	7
SECTION 2:	NOTICE TO INVESTORS AND DISCLAIMERS	13
SECTION 3:	RISK FACTORS	16
SECTION 4:	FINANCIAL STATEMENTS	22
SECTION 5:	REGULATORY DISCLOSURES	23
SECTION 6:	DISCLOSURES PERTAINING TO WILFUL DEFAULT	69
SECTION 7:	TRANSACTION DOCUMENTS AND KEY TERMS	70
SECTION 8:	OTHER INFORMATION AND APPLICATION PROCESS	98
SECTION 9:	UNDERTAKING	108
SECTION 10:	FORM NO. PAS-4 - PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER	112
SECTION 11:	DECLARATION BY THE DIRECTORS	155
ANNEXURE I:	TERM SHEET	156
ANNEXURE II:	RATING LETTER, RATING RATIONALE AND DETAILED PRESS RELEASE FROM THE RATING AGENCY	157
ANNEXURE III:	CONSENT LETTER FROM THE DEBENTURE TRUSTEE	164
ANNEXURE IV:	APPLICATION FORM	165
ANNEXURE V:	LAST AUDITED FINANCIAL STATEMENTS	169
ANNEXURE VI:	ILLUSTRATION OF BOND CASH FLOWS	188
ANNEXURE VII:	DUE DILIGENCE CERTIFICATES	189
ANNEXURE VIII:	TERMS AND CONDITIONS OF DEBENTURE TRUSTEE AGREEMENT	191
ANNEXURE IX:	IN-PRINCIPLE APPROVAL RECEIVED FROM BSE	192
ANNEXURE X:	LENDING POLICY	194
ANNEXURE XI:	ALM STATEMENTS	197
ANNEXURE XII:	BOARD RESOLUTION	201
ANNEXURE XIII:	SHAREHOLDERS RESOLUTION	210

SECTION 1: DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Placement Memorandum.

Act	shall mean the provisions of the Companies Act, 2013, along with the rules and regulations made thereunder and the notifications, circulars and orders issued in relation thereto, as amended, modified or supplemented from time to time.
Allot/Allotment/Allotted	The allotment of the Debentures pursuant to this Issue.
Applicable Law	includes all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof;
Application Form	The form used by the recipient of this Placement Memorandum, to apply for subscription to the Debentures, which is in the form annexed to this Placement Memorandum and marked as **Annexure IV**.
Beneficial Owner(s)	means the holder(s) of the Debentures in dematerialized form whose name is recorded as such with the Depository
Board / Board of Directors	The Board of Directors of the Issuer.
BSE	means the BSE Limited.
Business Day	means any day of the week (excluding Saturday and Sundays and any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881)) on which the money market is functioning in Mumbai and "**Business Days**" shall be construed accordingly;
Category C Criteria	Shall have the meaning assigned to such term in the Debenture Trust Deed.
CDSL	Central Depository Services (India) Limited.
CERSAI	shall mean the Central Registry of Securitisation Asset Reconstruction and Security Interest.
Client Loan	means each loan made by the Issuer as a lender and "Client Loans" shall refer to the aggregate of such loans.
Company/Issuer	Sonata Finance Private Limited, a private limited company incorporated under the Companies Act, 1956 and having its registered office at II Floor, CP-1, PG Tower, Kursi Road, Vikas Nagar, Lucknow, Uttar Pradesh- 226026, India.
Coupon	means the coupon payable on the Debentures on the Coupon Payment Date(s), at the Coupon Rate.
Coupon Payment Date	means the payment date(s) as specified in **Annexure VI** of this Placement Memorandum.
Coupon Rate	shall mean 12.30% (Twelve and Three Tenth Percent) per annum payable quarterly;
Crore	Means ten million
Debentures/NCDs	Issue of 750 (Seven Hundred and Fifty) Secured, Rated, Listed, Redeemable, Transferable Non-convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakh only) each, aggregating up to Rs. 75,00,00,000/- (Rupees Seventy Five Crores only) on a private placement basis.
Debenture Holders /	means initially the persons detailed in the Debenture Trust Deed who

Investors	are the subscribers to the Debentures and for the time being, holders of the Debentures and for the subsequent Debenture Holder(s), each of whom fulfils the following requirements: (a) Persons who are registered as beneficial owners; and (b) Persons who are registered as debenture holder(s) in the Register of Debenture Holder(s), (and shall include registered transferees of the Debentures from time to time with the Issuer and the Depository) and in the event of any inconsistency between sub paragraph (a) and (b) above, sub paragraph (a) shall prevail.
Debenture Trustee	Catalyst Trusteeship Limited.
Debenture Trustee Agreement	means the agreement executed / to be executed by and between the Debenture Trustee and the Issuer for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Debenture Trust Deed	means the debenture trust deed executed / to be executed by and between the Debenture Trustee and the Issuer which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer.
Deed of Hypothecation	means the unattested deed of hypothecation executed on or about the date hereof by the Company in favour of the Debenture Trustee to evidence the creation of a first ranking exclusive charge by the Company in favour of the Debenture Trustee for the benefit of the Debenture Holders over the Secured Property, both present and future;
Deemed Date of Allotment	December 23, 2021
Demat	means dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	means a Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 2018, as amended from time to time.
Depository Participant / DP	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of the Issuer.
DP ID	Depository Participant Identification Number.
EBP Guidelines	means the requirements with respect to electronic book mechanism prescribed in SEBI Debt Listing Regulations and the operational guidelines issued by the relevant Electronic Book Provider, as may be restated, amended, modified or updated from time to time.
EBP Platform	has the meaning given to it under the EBP Guidelines.
EFT	Electronic Fund Transfer
Electronic Book Provider / EBP	has the meaning given to it under the EBP Guidelines.
Eligible Investors	Shall have the meaning specified in S.no 25 of Part A (*Disclosures*) above.
Final Settlement Date	shall mean the date on which the Payments have been irrevocably discharged in full and/or the Debentures have been redeemed by the Company in full in accordance with the terms of the Transaction

	Documents;
Financial Indebtedness	means any indebtedness for or in respect of: (i) moneys borrowed; (ii) any amount availed of by acceptance of any credit facility or dematerialised equivalent; (iii) any amount raised pursuant to any note purchase facility or under the issuance of any notes, bonds, debentures, loan stock or any other similar securities or instruments; (iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the GAAP / IND AS (as may be applicable to the Company) in India, be treated as a finance or capital lease; (v) receivables sold or discounted (other than any receivables sold in the ordinary course of business or to the extent that they are sold on a non-recourse basis); (vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (viii) shares which are expressed to be redeemable or shares which are the subject of a put option or any form of guarantee; (ix) debentures which are expressed to be optionally convertible/non-convertible/compulsorily convertible or debentures which are the subject of a put option or any form of guarantee; (x) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; (xi) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, letter of credit issued by the Company, to guarantee any payment liability of any Person; and (xii) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (xi) above;
Financial Year/ FY	Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year
Governmental Authority	shall include the President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same, any municipal or local government authority, any authority or private body exercising powers conferred by Applicable Law and any court, tribunal or other judicial or quasi-judicial body and shall include, without limitation, a stock exchange and any regulatory body.
Secured Property	has the meaning given to it in the Deed of Hypothecation.
IBC	shall mean the Insolvency and Bankruptcy Code, 2016, and the rules and regulations made thereunder which are in effect from time to time and shall include any other statutory amendment or re-enactment thereof.

ICCL	means the Indian Clearing Corporation Limited.
IND AS	shall mean the Indian generally accepted accounting principles issued under the Companies (Indian Accounting Standards) Rules, 2015, as amended, together with any pronouncements issued under applicable law thereon from time to time and applied on a consistent basis by the Issuer.
Information Utility	means the National E-Governance Services Limited or any other entity registered as an information utility under the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017.
Issue	means the private placement of the Debentures.
Issue Closing Date	December 22, 2021
Issue Opening Date	December 22, 2021
Majority Debenture Holders	means the Debenture Holder(s) holding an aggregate amount representing not less than 51% (Fifty One Percent) of the value of the nominal amount of the Debentures for the time being outstanding;
Material Adverse Effect	means the effect or consequence of an event, circumstance, occurrence or condition which in the opinion of the Majority Debenture Holder(s) has caused, as of any date of determination, or could reasonably cause a material and adverse effect on: (i) the business activities, property, condition (financial or otherwise), prospects or credit standing of the Company and/or any of its subsidiaries (whether individually or as a whole); or (ii) the ability of the Company to perform its obligations under the Transaction Documents; or (iii) the validity or enforceability of, or the effectiveness of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder); or (iv) the Indian money, bank, foreign exchange or capital markets, or the political, economic or military situation of the Republic of India.
Maturity Date/Redemption Date	means the date falling at the expiry of 36 (Thirty Six) months from the Deemed Date of Allotment being December 23, 2024 or, such other date on which the final payment of the principal of the Debentures becomes due and payable as herein provided, whether at such stated maturity date, by declaration of acceleration, or otherwise;
MFI	Micro Finance Institution
NBFC	Non-banking financial company
NBFC-MFI	Non-Banking Financial Company –Micro Finance Institution
NBFC Directions	means the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 and/or the Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 (each as amended, modified or restated from time to time) as may be applicable, read together with the Master Circular

	on "Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) – Direction" issued by the RBI (as amended, modified or restated from time to time).
N.A.	Not Applicable
NSDL	National Securities Depository Limited
Outstanding Principal Amount	means, at any date, the principal amount outstanding under the Debentures.
PAN	Permanent Account Number
Payments	means all payments to be made by the Company in relation to the Issue including payment of Coupon, Redemption Amount, Default Interest, remuneration of the Debenture Trustee, and all fees, costs, charges, expenses and other monies;
Person	shall include an individual, natural person, corporation, partnership, joint venture, incorporated or unincorporated body or association, company, Government Authority and in case of a company and a body corporate shall include their respective successors and assigns and in case of any individual his/her respective legal representative, administrators, executors and heirs and in case of trust shall include the trustee(s) for the time being and from time to time. The term "Persons" shall be construed accordingly.
Placement Memorandum/Offer Document	means this placement memorandum issued by the Issuer for the issue of the Debentures on a private placement basis in accordance with Applicable Laws.
Private Placement Offer cum Application Letter/PPOA	The offer cum application letter prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and as annexed in Section 10 of this Placement Memorandum.
Rating Agency	India Ratings and Research Private Limited, being a credit rating agency registered with SEBI pursuant to SEBI (Credit Rating Agencies) Regulations 1999, as amended from time to time and having its registered office at Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai - 400051, India
RBI	Reserve Bank of India.
Record Date	mean the date being 15 (Fifteen) calendar days prior to the due date on which any Payments are to be made to the Debenture Holder(s) in accordance with the terms of the Debentures on the basis of which the determination of the persons entitled to receive redemption of principal, Coupon, and other Payments, if any, as the case may be, in respect of the Debentures shall be made.
REF / Recovery Expense Fund	means the recovery expense fund created/to be created by the Issuer with the BSE.
Register of Debenture Holders	The register maintained by the Issuer containing the name of Debenture holders entitled to receive Coupon/ Redemption Amount in respect of the Debentures on the Record Date, which shall be maintained at the Registered Office of the Issuer.
R&T Agent	Registrar and Transfer Agent to the Issue, in this case being NSDL Database Management Limited.
ROC	Registrar of Companies.
Rs. / INR	Indian National Rupee.
RTGS	Real Time Gross Settlement.
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).

SEBI Due Diligence Circular	means the SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020 on "*Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)*".
SEBI Debt Listing Regulations	The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued by SEBI read with the operational circular for issue and listing of non-convertible securities, securities debt instruments, security receipts, municipal debt securities and commercial paper dated August 10, 2021 issued by Securities and Exchange Board of India, each as amended from time to time.
Security	means the security for the Debentures as specified in Section 5.36 (*Issue Details*) hereto.
Secured Obligations	Shall mean the redemption of the principal amounts, Coupon, the remuneration of the Debenture Trustee, and all costs, charges, expenses and other monies payable by the Issuer in respect of the Debentures.
TDS	Tax Deducted at Source.
Terms & Conditions	The terms and conditions pertaining to the Issue as outlined in the Transaction Documents.
Transaction Documents	The documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out in Section 7 of this Placement Memorandum.
WDM	Wholesale Debt Market segment of the BSE
Wilful Defaulter	Shall mean an Issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such.



SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the WDM segment of the BSE is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Placement Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general.

As per the applicable provisions, it is not necessary for a copy of this Placement Memorandum to be filed or submitted to the SEBI for its review and/or approval. This Placement Memorandum has been prepared in conformity with the SEBI Debt Listing Regulations as amended from time to time and applicable RBI regulations governing private placements of debentures by NBFCs. This Placement Memorandum has been prepared solely to provide general information about the Issuer to Eligible Investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Placement Memorandum does not purport to contain all the information that any Eligible Investor may require. Further, this Placement Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Placement Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Placement Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each potential Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such potential Investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Placement Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Placement Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having being authorized by the Issuer. The Issuer certifies that the disclosures made in this Placement Memorandum and/or the Private Placement Offer cum Application Letter are adequate and in conformity with the SEBI Debt Listing Regulations and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further, the Issuer accepts no responsibility for statements made otherwise than in the Placement Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Placement Memorandum would be doing so at its own risk.

This Placement Memorandum, the Private Placement Offer cum Application Letter and the respective contents hereof respectively, are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Placement Memorandum and/or the Private Placement Offer cum Application

SONATA Finance Pvt. Ltd. LKO.

Letter are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any persons other than those to whom Application Forms along with this Placement Memorandum and/or the Private Placement Offer cum Application Letter being issued have been sent. Any application by a person to whom the Placement Memorandum and/or the Private Placement Offer cum Application Letter has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Placement Memorandum and/or the Private Placement Offer cum Application Letter shall not reproduce or distribute in whole or in part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to us or other parties in connection with the Issue. This Placement Memorandum and/or the Private Placement Offer cum Application Letter may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Placement Memorandum) without retaining any copies hereof. If any recipient of this Placement Memorandum and/or the Private Placement Offer cum Application Letter decides not to participate in the Issue, that recipient must promptly return this Placement Memorandum and/or the Private Placement Offer cum Application Letter and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update the Placement Memorandum and/or the Private Placement Offer cum Application Letter to reflect subsequent events after the date of Placement Memorandum and/or the Private Placement Offer cum Application Letter and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Placement Memorandum and/or the Private Placement Offer cum Application Letter nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Placement Memorandum and/or the Private Placement Offer cum Application Letter in any jurisdiction where such action is required. Persons into whose possession this Placement Memorandum and/or the Private Placement Offer cum Application Letter comes are required to inform themselves of, and to observe, any such restrictions. The Placement Memorandum is made available to potential Investors in the Issue on the strict understanding that it is confidential.

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Placement Memorandum has been filed with the BSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Placement Memorandum to the BSE should not in any way be deemed or construed to mean that this Placement Memorandum has been reviewed, cleared, or approved by the BSE; nor does the BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum, nor does the BSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial

and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

2.3 DISCLAIMER CLAUSE OF RBI

The company is having a valid certificate of registration issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/ discharge of liability by the company.

2.4 DISCLAIMER CLAUSE OF SEBI

As per the provisions of the SEBI Debt Listing Regulations, it is not stipulated that a copy of this Placement Memorandum has to be filed with or submitted to the SEBI for its review / approval. It is to be distinctly understood that this Placement Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Placement Memorandum.

2.5 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to investors as specified under the paragraph titled "Eligible Investors" of this Placement Memorandum, who shall be/have been identified upfront by the Issuer. This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals at New Delhi, India. This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.6 DISCLAIMER IN RESPECT OF RATING AGENCIES

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency has based its ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agency does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

2.7 ISSUE OF DEBENTURES IN DEMATERIALISED FORM

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its depositary participant. The Issuer will make the Allotment to the Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

SONATA Finance Pvt. Ltd.

SECTION 3: RISK FACTORS

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section 3 of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors stated in this Placement Memorandum and/or the Private Placement Offer cum Application Letter for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures. Potential Investors should also read the detailed information set out elsewhere in this Placement Memorandum and/or the Private Placement Offer cum Application Letter and reach their own views prior to making any investment decision.

3. GENERAL RISKS

3.1 RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES:

(a) Repayment is subject to the credit risk of the Issuer.

Potential Investors should be aware that receipt of the principal amount, (i.e. the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer. Potential Investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

(b) The secondary market for non-convertible securities may be illiquid.

The non-convertible securities may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the non-convertible securities, it is not likely to provide significant liquidity. Potential Investors may have to hold the Debentures until redemption to realize any value.

(c) Credit Risk & Rating Downgrade Risk

The Rating Agency has assigned the credit ratings to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the rating agency may downgrade the rating of the Debentures. In such cases, potential Investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

(d) Changes in interest rates may affect the price of Debentures.

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates,

i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

(e) Tax Considerations and Legal Considerations:

Special tax considerations and legal considerations may apply to certain types of investors. Potential Investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

(f) Accounting Considerations:

Special accounting considerations may apply to certain types of taxpayers. Potential Investors are urged to consult with their own accounting advisors to determine implications of this investment.

(g) Material changes in regulations to which the Issuer is subject could impair the Issuer's ability to meet payment or other obligations.

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

3.2 RISKS IN RELATION TO THE SECURITY CREATED IN RELATION TO THE DEBT SECURITIES. FURTHER, ANY RISKS IN RELATION TO MAINTENANCE OF SECURITY COVER OR FULL RECOVERY OF THE SECURITY IN CASE OF ENFORCEMENT

(a) Security may be insufficient to redeem the Debentures

In the event that the Company is unable to meet its payment and other obligations towards Investors under the terms of the Debentures, the Debenture Trustee may enforce the Security as per the terms of security documents, and other related documents executed in relation to the Debentures. The Debenture Holder(s)' recovery in relation to the Debentures will be subject to (i) the market value of such Security (ii) finding willing buyers for the Security at a price sufficient to repay the Debenture Holder(s)' amounts outstanding under the Debentures. There is a risk that the value realised from the enforcement of the Security may be insufficient to redeem the Debentures.

3.3 REFUSAL IN LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD:

As of date, the Issuer has not been refused in listing of any security during the last 3 years by any of the stock exchanges in India or abroad and therefore, this would not be applicable.

3.4 LIMITED OR SPORADIC TRADING OF NON-CONVERTIBLE SECURITIES OF THE ISSUER ON STOCK EXCHANGES:

As of date, we are not aware of any limited or sporadic trading of the non-convertible securities of the Issuer on stock exchanges and therefore, this would not be applicable.

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3.5 IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS, ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY AS PER TERMS AGREED, DEFAULT IN PAYMENT OF INTEREST, DEFAULT IN REDEMPTION OR REPAYMENT, NON-CREATION OF DEBENTURE REDEMPTION RESERVE, DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE

As of date, the Issuer has not defaulted in compliance with any material covenants agreed to by the Issuer and therefore, this would not be applicable.

3.6 RISKS RELATED TO THE BUSINESS OF THE ISSUER

(a) ***Majority of the Issuer's loans are unsecured and the clients of these unsecured loans are of the high risk category and if the Issuer is unable to control the level of non-performing loans ("NPAs") in the future, or if the Issuer's loan loss reserves are insufficient to cover future loan losses, the financial condition and results of operations may be materially and adversely affected.***

A majority of the Issuer's loans are unsecured and the clients of these unsecured loans are of the high risk category. There is uncertainty on the client's ability to fulfil its loan obligations as MFI clients typically do not have bank accounts or proper income proof verification so it can be difficult to verify all client details and assess the risk. Such non-performing or low credit quality loans can negatively impact our results of operations.

The Issuer has various procedures and process controls in place to mitigate the risk. All group lending loans are provided under the Grameen Model and based on the joint liability of the group.

As at September 30, 2021, the gross NPA was INR 108.46 Crore on a gross portfolio of INR 1,663.67 Crore (including managed / securitized portfolio of INR 417.13 Crore).

(b) ***The Issuer cannot assure that it will be able to effectively control and reduce the level of the NPAs of its Client Loans. The amount of its reported NPAs may increase in the future as a result of growth of Client Loans, and also due to factors beyond its control, such as over-extended member credit that it is unaware of. If the Issuer is unable to manage NPAs or adequately recover its loans, the results of its operations will be adversely affected.***

The current loan loss reserves of the Issuer may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of Client Loans. As a result, if the quality of its total loan portfolio deteriorates the Issuer may be required to increase its loan loss reserves, which will adversely affect its financial condition and results of operations.

The members are poor and, as a result, might be vulnerable if economic conditions worsen or growth rates decelerate in India, or if there are natural disasters such as floods and droughts in areas where the Issuer's members live. Moreover, there is no precise method for predicting loan and credit losses, and the Issuer cannot assure that its monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If the Issuer are unable to control or reduce the level of its NPAs or poor credit quality loans, its financial condition and results of its operations could be materially and adversely affected.

(c) ***The Issuer's business operates through a large number of rural and semi urban branches and is exposed to operational risks including fraud***

The Issuer is exposed to operational risks, including fraud, petty theft and embezzlement, as it handles a large amount of cash due to high volume of small transactions. This could harm its operations and its financial position.

As the Issuer handles a large amount of cash through a high volume of small transactions taking place in its network, the Issuer is exposed to the risk of fraud or other misconduct by its employees or outsiders. These risks are further compounded due to the high level of delegation of power and responsibilities that the Issuer's business model requires. Given the high volume of transactions processed by the Issuer, certain instances of fraud and misconduct may go unnoticed before they are discovered and successfully rectified. Even when the Issuer discovers such instances of fraud or theft and pursue them to the full extent of the law or with its insurance carriers, there can be no assurance that the Issuer will recover any such amounts. In addition, the Issuer's dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

The Issuer maintains an internal audit process to ensure the operations team follows the defined procedures and reports any deviations to the operations staff and management team. The Issuer also has a strong MIS system that has a wide range of data that can be used to monitor financial and operational performance.

To mitigate the above risk, the Issuer maintains an internal audit process to ensure the operations team follows the defined procedures and reports any deviations to the operations staff and management team. The Issuer also has a MIS system able to generate data analysis that can be used to monitor financial and operational performance.

(d) ***The Issuer is exposed to certain political, regulatory and concentration of risks***

Due to the nature of its operations, the Issuer is exposed to political, regulatory and concentration risks. The Issuer believes a mitigant to this is to expand its geographical reach and may consequently expand its operations other states. If it is not effectively able to manage such operations and expansion, it may lose money invested in such expansion, which could adversely affect its business and results of operations.

Large scale attrition, especially at the senior management level, can make it difficult for the Issuer to manage its business.

If the Issuer is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Issuer's quality and reputation, it will be difficult for the Issuer to manage its business and growth. The Issuer depends on the services of its executive officers and key employees for its continued operations and growth. In particular, the Issuer's senior management has significant experience in the microfinance, banking and financial services industries. The loss of any of the Issuer's executive officers, key employees or senior managers could negatively affect its ability to execute its business strategy, including its ability to manage its rapid growth. The Issuer's business is also dependent on its team of personnel who directly manage its relationships with its members. The Issuer's business and profits would suffer adversely if a substantial number of such personnel left the Issuer or became ineffective in servicing its members over a period of time. The Issuer's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is intense in this industry, and the Issuer may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Issuer to manage its business and growth and to meet key objectives.

(e) ***The Issuer's business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by employees***

The employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If the employees unionize, it may become difficult to maintain

flexible labour policies, and could result in high labour costs, which would adversely affect the Issuer's business and results of operations.

(f) ***The Issuer's insurance coverage may not adequately protect it against losses. Successful claims that exceed its insurance coverage could harm the Issuer's results of operations and diminish its financial position***

There are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are uninsurable. A successful assertion of such large claims against the Issuer that exceeds it's available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business, financial condition and results of operations. Such risks are normally minimized through strong Risk Management practices of the Company.

(g) ***Issuer requires certain statutory and regulatory approvals for conducting business and failure to obtain or retain them in a timely manner, or at all, may adversely affect operations.***

NBFCs in India are subject to strict regulation and supervision by the RBI. Pursuant to guidelines issued by the RBI (circular dated August 3, 2012 and NBFC-MFI Directions) the Issuer is required to maintain its status as a NBFC-MFI in order to be eligible for categorization as priority sector advance for bank loans. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, including registration with the RBI as a NBFC-MFI. Further, such approvals, licenses, registrations and permissions must be maintained/renewed over time, applicable requirements may change and the Issuer may not be aware of or comply with all requirements all of the time. Additionally, the Issuer may need additional approvals from regulators to introduce new insurance and other fee based products to its members. In particular, the Issuer is required to obtain a certificate of registration for carrying on business as a NBFC-MFI that is subject to numerous conditions. In addition, its branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishments laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If the Issuer fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, its business may be adversely affected. If the Issuer fails to comply, or a regulator claims that it has not complied, with any of these conditions, the Issuer's certificate of registration may be suspended or cancelled and it shall not be able to carry on such activities. If the Issuer fails to comply with the NBFC-MFI Directions and the NBFC Directions and fails to maintain the status of NBFC-MFI, it will not be eligible for priority sector loans from the Indian banking sector and may also attract penal provisions under the RBI Act, 1934 for non-compliance.

(h) ***The economic fallout from the spread of the COVID-19 virus may impact the Issuer's business prospects, financial condition, result of operations and credit risk***

The spread of the COVID-19 virus has affected millions across the globe and the same coupled with measures taken by the governments including lockdowns/ curfew has not only affected day to day lives of people but has also given a hard blow to the supply chain of factories, with trade routes being disturbed and slowing down of the industry, trade, commerce and business activities across all sectors.

The COVID-19 virus pandemic is adversely affecting, and is expected to continue to adversely affect, our operations, business, liquidity and cashflows, and the Issuer has experienced and expect to continue to experience unpredictable reductions in demand for certain of our products and services. Further, since a good fraction of our borrowers are small transport road operators, the disruption due to COVID-19 virus will also have an impact on their business as well as repayment capacity of the loans taken from us.

However, the extent of negative financial impact cannot be reasonably estimated at this time but a sustained economic slowdown may significantly affect our business, financial condition, liquidity, cashflows and results of operations and the same will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 virus and the actions to contain the COVID-19 virus or treat its impact, among others. Consequently, there may be a negative effect on the Company's ability to service the obligations in relation to the Debentures.

(i) ***Economic Risk in India:***

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

3.7 ANY OTHER RISK FACTORS

(a) Legality of Purchase

Potential Investors in the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of their incorporation or the jurisdiction in which they operate or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.

SECTION 4: FINANCIAL STATEMENTS

The audited financial statements of the Issuer for the year ended 31st March 2021 and the limited review financial statements as on September 30, 2021 are set out in **Annexure V** hereto.

SECTION 5: REGULATORY DISCLOSURES

The Placement Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per Schedule II of the SEBI Debt Listing Regulations.

5.1 Documents Submitted to the Exchanges

The following documents have been / shall be submitted along with the listing application to the BSE and with the Debenture Trustee:

(a) This Placement Memorandum;
(b) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
(c) Copy of the resolution passed by the shareholders of the Company at the Annual General Meeting held on June 29, 2021 authorizing the issue / offer of non-convertible debentures by the Company;
(d) Copies of the resolutions passed by the shareholders of the Company at the Annual General Meeting held on June 29, 2021 authorising the Company to borrow, upon such terms as the Board may think fit, upto an aggregate limit of INR 21,00,00,00,00,000/- (Indian Rupees Two Thousand One Hundred Crore only);
(e) Copy of the resolution passed by the Board of Directors of the Company dated November 13, 2021 read along with the resolution of the Financial Advisory and Asset & Liability Management Committee of the Board of Directors of the Company dated December 16, 2021 read with the resolution passed by the authorizing the issuance of the Debentures and the list of authorized signatories;
(f) Copy of last 3 (Three) years audited Annual Reports;
(g) Reports about the business or transaction to which the proceeds of the securities are to be applied directly or indirectly;
(h) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
(i) An undertaking from the Issuer stating that the necessary documents for the creation of the charge, where applicable, including the Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules etc. and the same would be uploaded on the website of the BSE, where such debt securities are proposed to be listed.
(j) Where applicable, an undertaking that permission/consent from the prior creditor for a second or *pari passu* charge being created, in favor of the trustees to the proposed issue has been obtained;
(k) Any other particulars or documents that the recognized stock exchange may call for as it deems fit; and
(l) Due diligence certificates from the Debenture Trustee as per the format specified in Annexure B of the SEBI Due Diligence Circular and Schedule IV of the SEBI Debt Listing Regulations.

The following documents have been / shall be submitted to BSE at the time of filing the draft of this Placement Memorandum:

(m) Due diligence certificates from the Debenture Trustee as per the format specified in Annexure A of the SEBI Due Diligence Circular and Schedule IV of the SEBI Debt Listing Regulations.

5.2 Details of Promoters of the Issuer:

S.no	Details of Promoter	Description
1.	Name of promoter	Mr. Anup Kumar Singh
2.	Date of Birth	11th March, 1972
3.	Age	49 years

4.	Personal Addresses	House No. 624H/101 A.B., R.K. Puram, Chinhat Lucknow 227105 UP IN
5.	Education Qualifications	Master's degree in Economics & Sociology, Postgraduate Diploma in Rural Development & Management, MBA in Finance and underwent training with Grameen Bank in Bangladesh
6.	Experience in the business or employment	More than 23 years in the field of Microfinance
7.	positions/posts held in the past by the promoter	Ex-officio Chief Executiveat Cashpor Micro Credit
8.	directorships held by the promoter	N.A
9.	Other ventures of the promoter	N.A
10.	Special achievements	-
11.	Business and financial activities of the promoter	Mr. Anup Singh, being the Managing Director of the Issuer Company, is in full time employment of the company.
12.	Photograph	
13.	Permanent Accountant Number	AYMPS4431P
14.	Other Details	-

5.3 Details of specific entities in relation to the Issue:

S.no	Particulars	Details
1.	Debenture Trustee to the Issue	Name: Catalyst Trusteeship Limited Logo: CATALYST Address: GDA House, First Floor, Plot No. 85 S. No. 94 & 95, Bhusari Colony (Right), Kothrud Pune Website: www.catalysttrustee.com Email address: compliancectl-mumbai@ctltrustee.com Telephone Number: +91 22 4922 0501 Contact Person: Mr. Umesh Salvi
2.	Credit Rating Agency for the Issue	Name: **India Ratings & Research Private Limited**

		India Ratings & Research A Fitch Group Company Logo: Address: Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 Website: www.indiaratings.co.in Email address: asutosh.patro@indiaratings.co.in Telephone Number: 022 – 40001700 Contact Person: Asutosh Patro
3.	Registrar to the Issue	Name: NSDL Database Management Limited Logo: NSDL Address: 4th Floor, Trade World, A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Website: www.nsdl.co.in Email address: info_ndml@nsdl.co.in Telephone Number: +91 987045575 Contact Person: Mr. Sachin Shinde
4.	Statutory Auditors	Name: M/s BSR & Co., LLP, Chartered Accountants Logo: B S R & Co. LLP Address: 14th floor, Central B Wing and North C Wing, Nesco IT park 4, Nesco Center, Western Express highway, Goregaon (East), Mumbai 400063 Website: N.A. Email address: pgune@bsraffiliates.com Telephone Number: +91 22 6257 1000 Contact Person: Mr. Pranav Gune
5.	Legal Counsel (if any)	Name: N.A. The Issuer has been advised by its in-house legal and compliance team. Logo: N.A Address: N.A. Website: N.A. Email address: N.A. Telephone Number: N.A. Contact Person: N.A.
6.	Guarantor (if applicable)	Name: N.A. Logo: N.A. Address: N.A. Website: N.A. Email address: N.A. Telephone Number: N.A. Contact Person: N.A.
7.	Arrangers, if any	Name: N.A. Logo: N.A.

		Address: N.A. Website: N.A. Email address: N.A. Telephone Number: N.A. Contact Person: N.A.

5.4 About the Issuer: A brief summary of business / activities of the Issuer and its subsidiaries with the details of branches or units if any and its line of business containing at least the following information:

(a) **Overview of the business of the Issuer**

Sonata Finance Private Limited is a private limited company incorporated in India. The Company was registered as a non-deposit taking non-banking financial company ('NBFC-ND') with the Reserve Bank of India ('RBI') and has got classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from December 3, 2013. The Company is engaged in empowerment of poor women by providing micro credit for Income Generation activities both in rural and urban areas. As of September 2021, the Company is operating across nine states in Bihar, Haryana, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand and Jharkhand with a gross portfolio outstanding of ₹ 1663.67 Cr, managed through a network of 450 branches.

Branch details:

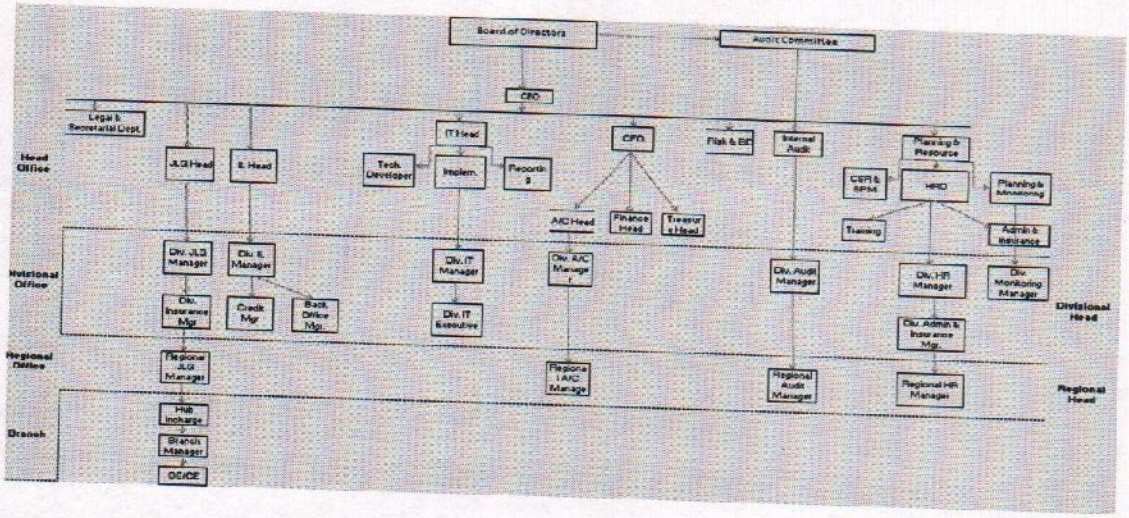
As of September 2021, the Company has 450 branches across nine states.

Subsidiary details:

As of the date of this Placement Memorandum, the Company has no subsidiaries.

(b) **Corporate Structure of the Issuer:**

The graphic description/organogram of the corporate structure of the issuer is as follows:



(c) **Project cost and means of financing, in case of funding of new projects**

Not Applicable

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5.5 Key Operational and Financial Parameters for the last 3 audited years on a consolidated basis (wherever available) else on a standalone basis:

(INR in crores)

Particulars	31-Mar-19	31-Mar-20	31-Mar-21	Upto latest half year
	Audited	Audited	Audited	Limited Reviewed
Balance Sheet				
Net Fixed Assets	1.69	2.16	1.96	1.95
Current Assets	1,054.35	1,133.19	1,119.06	1,081.98
Non-Current Assets	447.54	416.89	396.63	383.48
Total Assets	**1,503.58**	**1,552.24**	**1,517.65**	**1,467.42**
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Deferred tax liabilities (net) Other non-current liabilities	440.65	649.84	658.19	629.30
Current Liabilities (including maturities of long-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Current tax liabilities (net) Other current liabilities	881.08	629.71	580.32	553.58
Equity (equity and other equity)	181.85	272.69	279.14	284.54
Total equity and liabilities	**1,503.58**	**1,552.24**	**1,517.65**	**1,467.42**
Profit and Loss				
Total revenue from operations	317.48	343.83	269.63	146.32
Other income	2.76	5.05	2.56	4.06
Total Expenses	271.13	328.94	265.11	143.18
Total comprehensive income	34.47	14.25	4.69	4.45

Particulars	31-Mar-19	31-Mar-20	31-Mar-21	Upto latest half year
	Audited	Audited	Audited	Limited Reviewed
Profit / loss	32.99	14.09	4.39	4.33
Other comprehensive income	1.48	0.15	0.31	0.12
Profit / loss after tax	32.99	14.09	4.39	4.33
Earnings per equity share: (a) basic	15.64	5.75	1.66	1.63
Earnings per equity share: (b) diluted	14.57	5.42	1.59	1.57
Continuing operations - PAT	32.99	14.09	4.39	4.33
Discontinued operations - PAT	0.00	0.00	0.00	0.00
Total Continuing and discontinued	32.99	14.09	4.39	4.33
Cash Flow				
Net cash generated from operating activities	2.25	(127.29)	180.16	(64.98)
Net cash used in / generated from invest-ing activities	(1.18)	(1.54)	(0.75)	(0.50)
Net cash used in financing activities	90.53	13.87	(37.34)	(52.41)
Cash and cash equivalents	188.02	73.06	215.13	97.24
Balance as per statement of cash flows	188.02	73.06	215.13	97.24
Additional information				
Net Worth	181.85	272.69	279.14	284.54
Cash and Cash equivalents	188.02	73.06	215.13	97.24
Current investments	0.11	0.11	-	-
Assets Under Management	1,441.08	1,755.01	1,504.15	1,663.67
Off balance sheet assets	242.37	398.66	356.24	417.13
Total Debts to Total assets	0.85	0.79	0.78	0.77
Debt Service Coverage Ratios	2.07	2.17	1.53	2.18
Interest Income	279.35	295.72	242.58	130.11
Interest Expense	155.55	155.90	151.96	69.50
Interest service coverage ratio	1.32	1.13	1.05	1.10
Provisioning & write Offs	36.07	83.68	31.27	31.39
Bad debts to Account receivable ratio	2.71%	0.98%	6.15%	5.43%
Gross NPA (%)	2.71%	0.98%	6.15%	5.43%
Net NPA (%)	2.70%	0.31%	1.71%	1.87%
Tier I Capital Adequacy Ratio (%)	22.51%	17.00%	19.85%	18.97%
Tier II Capital Adequacy Ratio (%)	3.44%	6.07%	3.15%	4.26%

5.6 Debt: Equity Ratio of the Company:

Before the issue	3.96
After the issue	4.23

Calculations

As on September 30, 2021, debt-to-equity ratio is calculated as follows:

Debt	1,127.72 Crore

Equity	284.54 Crore
Debt/Equity	3.96

Subsequent to the issue, debt-to-equity ratio shall be calculated as follows:

Debt	1,202.72 Crore
Equity	284.54 Crore
Debt/Equity	4.23

5.7 Details of any other contingent liabilities of the Issuer based on the last audited financial statements including amount and nature of liability:

NIL

5.8 A brief history of Issuer since its incorporation giving details of its following activities:

(a) Details of Share Capital as on last quarter end, i.e., September 30, 2021:

Share Capital	Amount (INR)
Authorised Share Capital	
4,00,00,000 Equity shares of Rs. 10/- each	40,00,00,000
1,00,00,000 Preference Shares of Rs10/- each	10,00,00,000
TOTAL	**50,00,00,000**
Issued, Subscribed and Paid-up Share Capital	
2,64,53,256 Equity shares of Rs. 10/- each	26,45,32,560
Preference Shares	0
Less: amount recoverable from Sonata Employee Welfare Trust #	(1,08,31,290)
TOTAL	**25,37,01,270**

(b) Changes in its capital structure as on last quarter end i.e., September 30, 2021 for the last three years:

Date of Change (AGM/EGM)	Particulars
21.02.2020	Increase in authorised capital from Rs. 40,00,00,000 (Rupees Forty Crores Only) Divided Into 30,000,000 (Three Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) Each, and 10,000,000 (One Crore) Preference Shares of Rs. 10/- (Rupees Ten Only) to Rs. 50,00,00,000/- (Rupees Fifty Crores Only) consisting of 4,00,00,000 (Four Crores) Equity Shares of Rs 10/- (Rupees Ten Only) each and 1,00,00,000 (One Crore) Preference Shares of Rs. 10/- (Rupees Ten Only) each.

(c) Equity Share Capital History of the Company, for the last three years:

							Cumulative Paid Up Capital			Remarks
Date of Allotment	Name of Investor	No. of Equity Shares	Face Value (in INR)	Issue Price (in Rs)	Consideration (Cash, other than cash etc.)	Nature of Allotment	No of Equity Shares	Equity Share Capital (INR in Crore)	Equity Share Premium (INR In Crore)	
13.08.2019	Societe de Promotion et de Participation Pour la Cooperation Economique	14,28,570	10	140	19,99,99,800 (cash)	Non-Cumulative, 1.01% Compulsorily Convertible Preference Shares (CCPS) converted into equity	2,64,53,256	26,45,32,560	18,57,14,100	N.A.
13.08.2019	Triodos Custody BV in its capacity as custodian of Triodos Fair Share Fund	7,14,285	10	140	9,99,99,900 (cash)	Non-Cumulative, 1.01% Compulsorily Convertible Preference Shares (CCPS) converted into equity	2,50,24,686	25,02,46,860	928,57,050	N.A.
13.08.2019	Triodos SICA VII-Triodos Micro Finance Fund	7,14,285	10	140	9,99,99,900 (cash)	Non-Cumulative, 1.01% Compulsorily Convertible	2,43,10,401	24,31,04,010	928,57,050	N.A.

						Preference Shares (CCPS) converted into equity				
13.08.2019	SIDBI Trustee Company Limited A/c Samridhi Fund	10,71,427	10	140	14,99,99,780 (cash)	Non-Cumulative, 1.01% Compulsorily Convertible Preference Shares (CCPS) converted into equity	2,35,96,116	23,59,61,160	13,92,85,510	N.A.
13.08.2019	Creation Investments Social Venture Fund II, L.P.	14,28,570	10	140	19,99,99,800 (cash)	Non-Cumulative, 1.01% Compulsorily Convertible Preference Shares (CCPS) converted into equity	2,25,24,689	22,52,46,890	18,57,14,100	N.A.
31.03.2017	SIDBI	707214	10	70.7	70,72,140 (cash)	OCPS Converted into equity	2,10,96,119	21,09,61,190.00	4,29,27,889.80	N.A.
18.11.2016	Societe de Promotion et de Particip	19,27,801	10	167	32,19,42,767 (cash)	Equity	2,03,88,905	20,38,89,050.00	30,26,64,757.00	N.A.

	ation pour le Cooperation Economique (Proparco)									
18.11.2016	Triodos Custody B.V acting in its capacity as a custodian of Triodos Share Fair Fund	9,63,900	10	167	16,09,71,300 (cash)	Equity	2,03,88,905	20,38,89,050.00	15,13,32,300.00	N.A.
18.11.2016	Triodos SICAV II-Triodos Microfinance Fund	9,63,900	10	167	16,09,71,300 (cash)	Equity	2,03,88,905	20,38,89,050.00	15,13,32,300.00	N.A.
23.12.2015	SIDBI Trustee Company Limited	22,03,226	10	113.47	25,00,00,054.2 (cash)	Equity	1,65,33,304	16,53,33,040.00	227967794.2	N.A.

5.9 Details of any Acquisition or Amalgamation with any entity in the last 1 (one) year:

There has been no acquisition or amalgamation in the last 1 (one) year.

5.10 Details of any Reorganization or Reconstruction in the last 1 (one) year:

There has been no reorganization or reconstruction in the last 1 (one) year.

5.11 Details of the shareholding of the Company as on the latest quarter end, i.e., September 30, 2021

(a) **Shareholding pattern of the Company as on last quarter end, i.e. September 30, 2021 as per the format specified under the listing regulations:**

Resident Shareholding					
Sr. No.	**Name of the Shareholders/Particulars**	**Total No. of Equity Shares**	**Paid-up Value (in INR)**	**Total Shareholding as a % of total no.**	**Number of shares held in Demat Form**

				of equity shares.	
1	Anup Kumar Singh	15,08,357	1,50,83,570	5.70%	11,25,462
2	Caspian Impact Investment Adviser Private Limited, Trustee of Bellwether Microfinance Trust	6,72,292	67,22,920	2.54%	6,72,292
3	Caspian Impact Investments Private Limited	4,66,850	46,68,500	1.76%	4,66,850
4	Swaminathan Shankar Aiyar	4,71,375	47,13,750	1.78%	4,71,375
5	Sonata Employee Welfare Trust	10,83,129	1,08,31,290	4.09%	-
6	SIDBI Trustee Company Limited [A/c Samridhi Fund]	32,74,653	3,27,46,530	12.38%	-
7	Shares held by Employees via ESOP	5,22,726	52,27,260	1.98%	-
8	Small Industries Development Bank of India	7,07,214	70,72,140	2.67%	7,07,214
Total Resident Equity Shareholding (A)		**87,06,596**	**8,70,65,960**	**32.91%**	**34,43,193**
Non Resident Shareholding					
9	India Financial Inclusion Fund, LLC	14,80,634	1,48,06,340	5.60%	14,80,634
10	Michael & Susan Dell Foundation	9,18,945	91,89,450	3.47%	9,18,945
11	Creation Investments Social Ventures Fund I	14,91,121	1,49,11,210	5.64%	14,91,121
12	Creation Investments Social Ventures Fund II, LP.	59,01,934	5,90,19,340	22.31%	59,01,934
13	Societe De Promotion Et De Participation Pour La Cooperation Economique	39,77,013	3,97,70,130	15.03%	6,20,642
14	Triodos Custody B.V. As A Custodian of Triodos Fair Share Fund	19,88,507	1,98,85,070	7.52%	3,10,322
15	Triodos SICAV II- Triodos Microfinance Fund	19,88,506	1,98,85,060	7.52%	3,10,321
Total Non-Resident Equity Shareholding (B)		**1,77,46,660**	**17,74,66,600**	**67.09%**	**1,10,33,919**
Total Equity Shareholding (A) + (B)		**2,64,53,256**	**26,45,32,560**	**100.00%**	**1,44,77,112**

(b) **List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e. September 30, 2021:**

Sr. No.	Name of the Shareholder / Particulars	Total Number of equity shares	Percentage of Total Shareholding (%)	Number of shares held in Demat Form
1.	Creation Investments Social Ventures Fund II, LP.	59,01,934	22.31%	59,01,934
2.	Societe De Promotion Et De Participation Pour La	39,77,013	15.03%	6,20,642

	Cooperation Economique			
3.	SIDBI Trustee Company Limited [A/c Samridhi Fund]	32,74,653	12.38%	-
4	Triodos Custody B.V. As A Custodian of Triodos Fair Share Fund	19,88,507	7.52%	3,10,322
5	Triodos SICAV II- Triodos Microfinance Fund	19,88,506	7.52%	3,10,321
6	Anup Kumar Singh	15,08,357	5.70%	11,25,462
7	Creation Investments Social Ventures Fund I	14,91,121	5.64%	14,91,121
8	India Financial Inclusion Fund, LLC	14,80,634	5.60%	14,80,634
9	Sonata Employee Welfare Trust	10,83,129	4.09%	-
10	Michael & Susan Dell Foundation	9,18,945	3.47%	9,18,945
	Total:	**2,36,12,799**	**89.27%**	**1,21,59,381**

5.12 Following details regarding the directors of the Company*:

(a) **Details of the current directors of the Company:**

This table sets out the details regarding the Company's Board of Directors as on date of this Placement Memorandum:

S. No.	Name of the Directors	Designation	Date of Birth	Age	Address	DIN	Date of appointment	Details of other directorship	Whether willful defaulter (Yes/No)
1.	Anup Kumar Singh	CEO and Managing Director	11/03/1972	49	House No. 624H/101 A.B., R.K. Puram, Chinhat Lucknow 227105 UP IN	00173413	06/09/2006	-	No

2.	Anal Kumar Jain	Independent Director	26/06/1945	75	12, 3A Cross, Domlur Second Stage, Bangalore, 560071, Karnataka, INDIA	01239653	01/09/2011	1. RBL Finserve Limited 2. Dvara Solutions Private Limited 3. Spark Alternative Asset Advisors India Private Limited	No
3.	Pradip Kumar Saha	Independent Director	19/12/1953	67	Pearl Apartment, Flat No. 5,459(498), Purbalok, Kalikapur Mukundapur, South 24 Parganas Kolkata 700099 WB IN	02947368	26/05/2017	-	No
4.	Kenneth Dan Vander Weele	Nominee Director	22/04/1953	67	445 E, North Water Street, APT 2101, Chicago Illinois 60611 US	02545813	11/09/2012	1. Fusion Micro Finance Private Limited 2. Muthoot Microfin Limited 3. Vivriti Capital Private Limited 4. Vivriti Asset Management Private Limited	No

5.	Sethuraman Ganesh	Independent Director	06/10/1957	63	305, Vensa Lakeview, Kempapura Main Road, Near Srirampura Cross Dasarahalli, Op Rachenaahalli Lake, Bangalore, 560092, Karnataka, India	07152185	25/05/2015	Indel Money Private Limited	No
6.	RanganathanVaradarajanDilip Kumar	Nominee Director	20/10/1968	52	C-703, CTS-827, A/1C-1A, 7TH Floor, Raheja Heights Arun Kumar Vaidya Rd, MaladEast Mumbai 400097 MH IN	01060651	29/12/2015	1. NaturelandOrganic Foods Private Limited 2. ESAF Financial Holdings Private Limited 3. RGVN(North East) Microfinance Limited 4. Caspian Impact Investments Private Limited 5. INI Farms Private Limited 6. Rite Water Solutions (India) Private Limited 7. Collateral Medical	No

								Private Limited 8. E TO E Transportation Infrastructure Private Limited 5. Annapurna Finance Private Limited	
7.	Sanjay Goyal	Nominee Director	13/08/1963	57	Flat 201, SIDBI Officers Apartment, 16Mmm Marg, Lucknow-226001, Uttar Pradesh India	07961517	30/05/2019	India SME Technology Services Limited	No
8.	Aditya Mohan	Nominee Director	12/10/1984	36	201, 9 Police Station Road, Basavanagudi Bengaluru 560004 KA IN	08299455	10/12/2018	-	No
9.	Saurabh Kumar Johri	Nominee Director	19/03/1976	45	Flat A, Block No. 105, Jaybheri Orange Country, Financial District, Gochb, Hyderabad - 500032, Telangana.	08469704	01/06/2019	-	No

**Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any:* NIL

(b) **Details of change in directors since last three years:**

Name	Designation	DIN	Date of Appointment	Date of Cessation, if applicable	Date of resignation, if applicable	Remarks
Benoit Marie Luc Monsaingeon	Nominee Director	07971713	24th October, 2017	N.A.	07th December, 2021	Resignation
Chandni Gupta Ohri	Independent Director	3613229	01st September, 2011	N.A	26th June, 2020	Resignation
Mona Kachhwaha	Nominee Director	1856801	10th February, 2017	N.A	01st June, 2019	Resignation
Charles James Middleton	Nominee Director	7644683	26th May, 2017	N.A	10th August, 2018	Resignation
Aditya Mohan	Nominee Director	8299455	10th August, 2018	N.A	N.A	Appointment
Saurabh Kumar Johri	Nominee Director	8469704	01st June, 2019	N.A	N.A	Appointment
Prakash Kumar	Nominee Director	6758416	12th August, 2016	N.A	30th May, 2019	Resignation
Sanjay Goyal	Nominee Director	7961517	30th May, 2019	N.A	N.A	Appointment

5.13 Following details regarding the auditors of the Company:

(a) **Details of the auditor of the Company:**

Name of the Auditor	Address	Auditor since	Remarks
M/s. S.R. Batliboi & Associates LLP	22, Camac Street, Block 'B', 3rd Floor, Kolkata, West Bengal (WB)-India	From AGM held in 2019 till AGM held in 2021	
M/s BSR& Co., LLP, Chartered Accountants	14th floor, Central B Wing and North C Wing, Nesco IT park 4, Nesco Center, Western Express highway, Goregaon (East), Mumbai 400063	Appointed in AGM held on September 30, 2021	

(b) **Details of change in auditors since last three years:**

Name of the Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of resignation, if applicable	Remarks
M/S S.R.Batliboi & Co., LLP	22, Camac Street, 3rd Floor, Block-B, Kolkata,	FY 2013-14	N.A	06th August, 2019	Statutory Auditor

	West Bengal				
M/s S. R. Batliboi & Associates, LLP	22, Camac Street, Block 'B', 3rd Floor, Kolkata, West Bengal (WB)-India	FY 2019-20	November 15, 2021	November 15, 2021	Statutory Auditor
M/s BSR& Co., LLP, Chartered Accountants	14th floor, Central B Wing and North C Wing, Nesco IT park 4, Nesco Center, Western Express highway, Goregaon (East), Mumbai 400063	FY 2021-22	NA	NA	Statutory Auditor

5.14 Details of the following liabilities of the issuer, as at the end of the last quarter, i.e September 30, 2021, or if available, a later date:

(a) **Details of Outstanding Secured Loan Facilities (as on September 30, 2021):**

Name of Lender	Type of Facility	Amount Sanctioned (INR in Crore)	Principal Amount Outstanding (INR in Crore)	Repayment Date / Schedule	Security
Standard Chartered Bank	Term Loan	150.00	111.50	Quarterly	Book Debts
Union Bank of India	Term Loan	203.21	19.36	Quarterly	Book Debts
NABARD	Term Loan	205.00	70.00	Half Yearly	Book Debts
MUDRA	Term Loan	50.00	36.24	Monthly	Book Debts
Punjab National Bank	Term Loan	54.17	45.81	Quarterly	Book Debts
Canara Bank	Term Loan	10.00	8.00	Monthly	Book Debts
Utkarsh Small Finance Bank	Term Loan	40.00	10.00	Quarterly	Book Debts
State Bank of India	Term Loan	30.00	14.99	Monthly	Book Debts
SBM Bank	Term Loan	10.00	7.50	Monthly	Book Debts
Federal Bank	Term Loan	40.00	23.60	Monthly	Book Debts
Ujjivan Small Finance Bank	Term Loan	25.00	3.64	Monthly	Book Debts

Bandhan Bank	Term Loan	225.00	22.62	Monthly	Book Debts
Laxmi Vilas Bank	Term Loan	7.50	1.88	Monthly	Book Debts
DCB Bank	Term Loan	135.00	25.00	Monthly	Book Debts
Hiranandini Financial Services	Term Loan	7.00	4.31	Monthly	Book Debts
NABSAMRUDHI	Term Loan	10.00	7.05	Monthly	Book Debts
Caspian	Term Loan	25.00	11.20	Quarterly	Book Debts
Northern Arc	Term Loan	254.75	39.26	Monthly	Book Debts
Incred Capital	Term Loan	35.00	13.81	Monthly	Book Debts
Profectus Capital	Term Loan	7.60	0.20	Monthly	Book Debts
Hinduja Leyland Finance	Term Loan	35.00	7.74	Monthly	Book Debts
Vivriti Capital	Term Loan	68.00	29.64	Monthly	Book Debts
Annapurna Finance	Term Loan	25.00	5.31	Monthly	Book Debts
NABFins Ltd	Term Loan	10.00	3.17	Monthly	Book Debts
Arohan Financial Services Limited	Term Loan	25.00	19.32	Monthly	Book Debts
Kissandhan Agri Finance Services	Term Loan	8.00	6.20	Monthly	Book Debts
Jana SFB	Term Loan	70.00	70.00	Quarterly	Book Debts
Ananya Finance	Term Loan	25.00	0.40	Monthly	Book Debts
Microvest ECB	ECB	41.83	41.83	One Bullet	Book Debts
DWM Asset Management, LLC	ECB	43.07	43.07	One Bullet	Book Debts
Frankfurt School Financial Services, Frankfurt	ECB	29.70	29.70	One Bullet	Book Debts
IIV Hansainvest Finance I GMBH, Frankfurt	ECB	43.07	43.07	One Bullet	Book Debts
Total		**1,947.90**	**775.42**		

(b) **Details of Outstanding Unsecured Loan Facilities (as on September 30, 2021):**

Name of Lender	Type of Facility	Amount Sanctioned (INR in Crore)	Principal Amount Outstanding (INR in Crore)	Repayment Date / Schedule
SIDBI	Sub-Debt	9.00	9.00	One Bullet
IDFC First Bank	Sub-Debt	40.00	40.00	One Bullet
Total		**49.00**	**49.00**	

(c) **Details of Outstanding Non-Convertible Securities (as on September 30, 2021):**

Series of Non-Convertible Securities	Tenor / Period of Maturity	Coupon	Amount (INR in Crore)	Date of allotment	Redemption Date / Schedule	Credit Rating	Secured / Unsecured	Security

1748-1897 IFMR Fimpact Investment	69 months from the deemed date of Allotment	14.65 %	15.00	06-04-2015	30-06-2022	ICRA [BBB] Stable	Secured	110%
22198-22347 IFMR Flmpact Long term Multi Asset Class Fund	72 months from the deemed date of Allotment	16.25 %	15.00	02-03-2016	15-04-2022	ICRA [BBB] Stable	Tier II – Unsecured	Nil
22348-22447 IFMR Flmpact Long term Multi Asset Class Fund	72 months from the deemed date of Allotment	14%	10.00	03-03-2016	15-04-2022	ICRA [BBB] Stable	Secured	110%
23128-23797 Blue Orchard Micro Finance Fund	5 years	12.5266%	67.00	26-10-2016	26-10-2021	ICRA [BBB] Stable	Secured	110%
24098-24877 Japan Asean Women's Empowerment Fund	3 years	12.5266%	39.00	31-07-2017	31-07-2022	ICRA [BBB] Stable	Secured	110%
24878-25077 IFMR Flmpact Medium Term Opportunities Fund, a scheme of IFMR	53 months from the deemed date of Allotment	14.20 %	20.00	07-12-2018	31-03-2023	ICRA [BBB] Stable	Secured	110%

finance for freedom fund IV represented by Northern Arc Investment Managers Private Limited								
25078-25287 StichingJuridisch Eigenaar Actiam Institutional Microfinance Fund III (AFIF)	37 months from the deemed date of allotment	13.50 %	21.00	24-12-2019	24-01-2023	ICRA [BBB] Stable	Secured	100%
25288-25446 Global Access Fund, LP (previouslyWatercredit Investment Fund 1, LLC)*	36 months from the deemed date of allotment	10.07 %	15.90	10-02- 2019 and 21-02-2020	24-02-2023	N.A.	Secured	100%
25447-25546 State Bank of India	18 months from the deemed date of allotment	10.75 %	10.00	28-09-20	28-03-22	ICRA [BBB] Stable	Secured	125%
25547-25646 Punjab National Bank	18 months from the deemed date of allotment	10.75 %	10.00	19-11-20	19-05-22	ICRA [BBB] Stable	Secured	125%
25647-25866	36 months	11.628 4%	22.00	18-03-21	18-03-24	ACUITE	Secured	110%

Japan Asean Women Empowerment Fund	from the deemed date of allotment					BBB+		
25867-26166 Microfinance Initiative for Asia (MIFA) Debt Fund	48 months from the deemed date of allotment	11.6284%	30.00	25-03-21	25-03-25	ACUITE BBB+	Secured	110%
Total			**274.90**					

* Watercredit Investment Fund I, LLC has transferred the loan to Global Access Fund, LP with effect from 1st April 2021

5.15 List of top 10 holders of non-convertible securities in terms of value (in cumulative basis) as on date:

Sr. No.	Name of holders of Non-convertible Securities	Amount (INR)	Percentage % of total NCS outstanding
1	Blue Orchard Micro Finance Fund & Japan Asean Women's Empowerment Fund	80,00,00,000	21.45%
2.	Blue Orchard Micro Finance Fund	40,00,00,000	10.73%
3.	Japan Asean Women's Empowerment Fund	39,00,00,000	10.46%
4.	Microfinance Initiative for Asia (MIFA) Debt Fund	30,00,00,000	8.05%
5.	Northern Arc Income Builder Trust (Series II) with Northern Arc Income Builder Fund (Series II)	25,00,00,000	6.70%
6.	JAPAN ASEAN Women Empowerment Fund SA, SICAV-SIF	22,00,00,000	5.90%
7.	StichingJuridischEigenaarActiam Institutional Microfinance Fund III (AFIF)	21,00,00,000	5.63%
8.	Northern Arc Money Market Trust with Northern Arc Money Market Alpha	20,00,00,000	5.36%
	IFMR FImpact Medium Term Opportunities Fund, a scheme of IFMR finance for freedom fund IV represented by Northern Arc Investment Managers Private Limited	20,00,00,000	5.36%
9.	Global Access Fund, LP (previously Watercredit Investment Fund 1, LLC)*	15,90,00,000	4.26%
10.	IFMR Fimpact Investment	15,00,00,000	4.02%
	IFMR FImpact Long term Multi Asset Class Fund	15,00,00,000	4.02%

5.16 Details of outstanding Commercial Paper as at the end of the last quarter (as on September 30, 2021) in the following format:

NIL

5.17 Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares):

Name of Party (in case of facility) / Name of Instrument	Type of facility / Instrument	Amount sanctioned / issued	Principal Amount outstanding	Date of Repayment / Schedule	Credit Rating	Secured / Unsecured	Security
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

5.18 Details of any outstanding borrowing taken / debt securities issued for consideration other than cash. This information shall be disclosed whether such borrowing / debt securities have been taken / issued: (i) in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option or not

NIL

5.19 Where the Issuer is a non-banking finance company or housing finance company, the following disclosures on Asset Liability Management (ALM) shall be provided for the latest audited financials:

A. Details with regard to lending done out of the issue proceeds of earlier issuances of debt securities (whether public issue or private placement) by NBFC including details regarding the following

(a) **Lending Policy: Should contain overview of origination, risk management, monitoring and collections:**

Please refer to the lending policy set out in Annexure X.

(b) **Classification of Loans given to associate or entities related to Board, Senior management, promoters, etc.:**

No loans/ advances have been given to associates, entities / person relating to board, senior management, promoters, others, etc.

(c) **Classification of loans according to type of loans, denomination of loan outstanding by loan to value, sectors, denomination of loans outstanding by ticket size, geographical classification of borrowers, maturity profile etc.:**

Please refer to paragraph (J) below of this table below.

(d) **Aggregated exposure to the top 20 borrowers with respect to the concentration of advances, exposures to be disclosed in the manner as prescribed by RBI in its stipulations on Corporate Governance for NBFCs or HFCs, from time to time;**

Not Applicable, since MFI loans are small ticket size loans with the disbursement amount of Rs. 10,000 ~100,000 per customer.

(e) **Details of loans, overdue and classified as non-performing assets (NPA) in accordance with RBI stipulations:**

Please refer to paragraph (K) of this table below

B. Details of borrowings made by NBFC

(a) **A portfolio summary with regard to industries/ sectors to which borrowings have been made:**

Please refer to paragraph (J) in this table below including sub-paragraph (c) therein.

(b) **NPA exposures of the Issuer for the last three financial years (both gross and net exposures) and provisioning made for the same as per the last audited financial statements of the Issuer:**

Please refer to paragraph (K) of this table below.

(c) **Quantum and percentage of secured vis-à-vis unsecured borrowings made; and**

Type of Borrowings	Outstanding as at September 30, 2021 (INR) (in Crore)	Percentage %
Secured Borrowings	1035.28	94.18%
Unsecured Borrowings	64.00	5.82%
Total	1,099.28	100%

C. Details of change in shareholding

(a) Any change in promoters' holdings during the last financial year beyond the threshold, as prescribed by RBI:

NIL

D. Disclosure of Assets Under Management

(a) Segment wise breakup:

Please refer to sub-paragraph (c) of paragraph (J) in this table below.

(b) Type of Loans

Please refer to sub-paragraph (a) of paragraph (J) in this table below.

E. Details of borrowers

(a) Geographical location wise

Please refer to sub-paragraph (e) of paragraph (J) in this table below.

F. Details of Gross NPA

(a) Segment wise:

Please refer to sub-paragraph (c) of paragraph (K) in this table below.

G. Details of Assets and Liabilities

(a) Residual maturity profile wise into several bucket:

Please refer to paragraph (L) in this table below.

H. Additional details of loans made by housing finance company

Given that the Issuer is not a housing finance company, this is not applicable.

I. Disclosure of latest ALM statements to stock exchange

Please refer to the ALM statements set out in Annexure XI.

J. Classification of loans according to

(a) Type of Loans:

Details of types of loans

Sl. No.	Types of loans	Rs. crore
1	Secured	0.00
2	Unsecured	1,663.67
	Total assets under management (AUM)^^	1,663.67

**Information required at borrower level (and not by loan account as customer may have multiple loan accounts); ^^Issuer is also required to disclose off balance sheet items;*

(b) Denomination of loans outstanding by loan-to-value:

Details of LTV

Sl. No.	LTV (at the time of origination)	Percentage of AUM
1	Upto 40%	N.A
2	40-50%	N.A
3	50-60%	N.A
4	60-70%	N.A
5	70-80%	N.A
6	80-90%	N.A
7	>90%	N.A
	Total	N.A

(c) Sector Exposure

Details of sectoral exposure

Sl. No.	Segment-wise break-up of AUM	Percentage of AUM
1	**Retail**	
A	Mortgages (home loans and loans against property)	0%
B	Gold loans	0%
C	Vehicle finance	0%
D	MFI	100%
E	MSME	0%
F	Capital market funding (loans against shares, margin funding)	0%
G	Others	0%
2	**Wholesale**	
A	Infrastructure	0%
B	Real estate (including builder loans)	0%
C	Promoter funding	0%
D	Any other sector (as applicable)	0%
E	Others	0%
	Total	100%

(d) Denomination of loans outstandin

Details of outstanding loans category wise

Sl. No.	Ticket size (at the time of origination)	Percentage of AUM

g by ticket size*:

1	Upto Rs. 2 lakh	100%
2	Rs. 2-5 lakh	0%
3	Rs. 5 - 10 lakh	0%
4	Rs. 10 - 25 lakh	0%
5	Rs. 25 - 50 lakh	0%
6	Rs. 50 lakh - 1 crore	0%
7	Rs. 1 - 5 crore	0%
8	Rs. 5 - 25 crore	0%
9	Rs. 25 - 100 crore	0%
10	>Rs. 100 crore	0%
	Total	100%

** Information required at the borrower level (and not by loan account as a customer may have multiple loan accounts);*

(e) Geographical classification of borrowers:

Top 5 states borrower wise

Sl. No.	Top 5 states	Percentage of AUM
1	Uttar Pradesh	47.61
2	Bihar	24.56
3	Madhya Pradesh	19.27
4	Haryana	2.82
5	Rajasthan	2.16
	Total	96.42

K. Details of loans, overdue and classified as non-performing assets (NPA) in accordance with RBI stipulations

(a) Movement of Gross NPA

Movement of gross NPA*	Rs. crore
Opening gross NPA	69.98
- Additions during the year	0.00
- Reductions during the year	2.28
Closing balance of gross NPA	67.70

**Please indicate the gross NPA recognition policy (Day's Past Due)*

(b) Movement of provisions for NPA

Movement of provisions for NPA	Rs. crore
Opening balance	51.38
- Provisions made during the year	0.00
- Write-off/ write-back of excess provisions	4.84
Closing balance	46.54

(c) Segment wise gross NPA

Sl. No.	Segment-wise gross NPA	Gross NPA (%)
1	**Retail**	
A	Mortgages (home loans and loans against property)	0%
B	Gold loans	0%
C	Vehicle finance	0%
D	MFI	5.43%
E	MSME	0%
F	Capital market funding (loans against shares, margin funding)	0%
G	Others	0%
2	**Wholesale**	
A	Infrastructure	0%

	B	Real estate (including builder loans)	0%
	C	Promoter funding	0%
	D	Any other sector (as applicable)	0%
	E	Others	0%
		Total	5.43%

L. Residual maturity profile of assets and liabilities (in line with the RBI format):

Residual maturity profile of assets and liabilities

(as per Audited Financial as on March 31, 2021) INR (in Crore)

Category	Up to 30 / 31 days	>1 months – 2 months	>2 months – 3 months	>3 months – 6 months	>6 months – 1 year	>1 years – 3 years	>3 years – 5 years	> 5 years	Total
Deposit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Advances	83.58	79.34	81.49	224.00	326.29	343.25	0.00	0.00	1137.95
Investments	7.02	4.95	2.82	27.45	47.23	43.68	0.00	0.08	133.23
Borrowings	57.82	23.65	41.84	133.83	327.99	569.89	25.99	0.03	1181.04
FCA*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FCL*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**FCA – Foreign Currency Assets; FCL – Foreign Currency Liabilities;*

5.20 Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past 3 years including the current financial year:

Nil

5.21 Details of Promoters of the Company:

(a) **Details of Promoter Holding in Company as on latest quarter end, i.e. September 30, 2021:**

S. No	Name of Shareholders	Total No. of Equity shares	No. of shares held in Demat form	Total Shareholding as % of total no. of equity shares	No of shares Pledged	% of shares pledged with respect to shares owned

5.22 Financial Information

(a) **A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than**

six months old from the date of the draft offer document or offer document or issue opening date, as applicable

The above financial statements shall be accompanied with the Auditor's Report along with the requisite schedules, footnotes, summary etc.

(INR in crores)

Particulars	31-Mar-19	31-Mar-20	31-Mar-21	Upto latest half year
	Audited	Audited	Audited	Limited Reviewed
Balance Sheet				
Net Fixed Assets	1.69	2.16	1.96	1.95
Current Assets	1,054.35	1,133.19	1,119.06	1,081.98
Non-Current Assets	447.54	416.89	396.63	383.48
Total Assets	**1,503.58**	**1,552.24**	**1,517.65**	**1,467.42**
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Deferred tax liabilities (net) Other non-current liabilities	440.65	649.84	658.19	629.30
Current Liabilities (including maturities of long-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Current tax liabilities (net) Other current liabilities	881.08	629.71	580.32	553.58
Equity (equity and other equity)	181.85	272.69	279.14	284.54
Total equity and liabilities	**1,503.58**	**1,552.24**	**1,517.65**	**1,467.42**
Profit and Loss				
Total revenue from operations	317.48	343.83	269.63	146.32
Other income	2.76	5.05	2.56	4.06
Total Expenses	271.13	328.94	265.11	143.18
Total comprehensive income	34.47	14.25	4.69	4.45
Profit / loss	32.99	14.09	4.39	4.33
Other comprehensive income	1.48	0.15	0.31	0.12
Profit / loss after tax	32.99	14.09	4.39	4.33

Particulars	31-Mar-19	31-Mar-20	31-Mar-21	Upto latest half year
	Audited	Audited	Audited	Limited Reviewed
Earnings per equity share: (a) basic	15.64	5.75	1.66	1.63
Earnings per equity share: (b) diluted	14.57	5.42	1.59	1.57
Continuing operations - PAT	32.99	14.09	4.39	4.33
Discontinued operations - PAT	0.00	0.00	0.00	0.00
Total Continuing and discontinued	32.99	14.09	4.39	4.33
Cash Flow				
Net cash generated from operating activities	2.25	(127.29)	180.16	(64.98)
Net cash used in / generated from invest-ing activities	(1.18)	(1.54)	(0.75)	(0.50)
Net cash used in financing activities	90.53	13.87	(37.34)	(52.41)
Cash and cash equivalents	188.02	73.06	215.13	97.24
Balance as per statement of cash flows	188.02	73.06	215.13	97.24

Please refer to Annexure V for the financial statements for the financial year ending March 31, 2021 and the limited review financial statements as on September 30, 2021 along with the auditor's report along with the requisite schedules, footnotes, summary etc.

However, if the issuer being a listed REIT/listed InvIT has been in existence for a period less than three completed years and historical financial statements of such REIT/InvIT are not available for some portion or the entire portion of the reporting period of three years and interim period, then the combined financial statements need to be disclosed for the periods when such historical financial statements are not available.

N. A

(b) **Listed issuers (whose debt securities or specified securities are listed on recognised stock exchange(s)) in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, may disclose unaudited financial information for the stub period in the format as prescribed therein with limited review report in the placement memorandum, as filed with the stock exchanges, instead of audited financial statements for stub period, subject to making necessary disclosures in this regard in placement memorandum including risk factors.**

Please refer to Annexure V for the financial statements for the financial year ending March 31, 2021 and the limited review financial statements as on September 30, 2021.

(c) **Issuers other than unlisted REITs / unlisted InvITs desirous of issuing debt securities on private placement basis and who are in existence for less than three years may disclose financial statements mentioned at (a) above for such period of existence, subject to the following conditions:**

i. **The issue is made on the EBP platform irrespective of the issue size; and**
ii. **The issue is open for subscription only to Qualified Institutional Buyers.**

Not Applicable as the Issuer has been in existence for a period of more that 3 (three) years prior to the date of this Placement Memorandum.

5.23 Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax

litigations resulting in material liabilities, corporate restructuring event etc.) at the time of Issue which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities.

The Issuer hereby declares that there has been no material event, development or change on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of issue, which may affect the Issue or the Investor's decision to invest/ continue to invest in the debt securities of the Issuer.

5.24 Any litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of prospectus against the promoter of the Company;

Nil

5.25 Details of default and non-payment of statutory dues

Nil

5.26 The name(s) of the debentures trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given its consent for appointment along with copy of the consent letter from the debenture trustee.

The Debenture Trustee of the proposed Debentures is Catalyst Trusteeship Limited. Catalyst Trusteeship Limited has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Placement Memorandum and in all the subsequent periodical communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in **Annexure III** of this Placement Memorandum.

5.27 Details of credit rating along with reference to the rating letter issued (not older than one month on the date of opening of the issue) by the rating agencies in relation to the issue shall be disclosed. The detailed press release of the Credit Rating Agencies along with rating rationale(s) adopted (not older than one year on the date of opening of the issue) shall also be disclosed.

The Rating Agency has assigned a rating of "IND BBB+/Stable" (pronounced as "IND Triple B plus") with 'Stable' outlook to the Debentures. Instruments with this rating are considered to have stable degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. The rating letter from the Rating Agency, the rating rationale from the Rating Agency and the detailed press release is provided in **Annexure II** of this Placement Memorandum.

5.28 If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

Not applicable.

5.29 Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention

(a) The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made:

Coupon and all other charges shall accrue based on actual/actual day count convention in accordance with the SEBI Circular on day count convention dated November 11, 2016, as may be amended from time to time;

(b) Procedure and time schedule for allotment and issue of securities:

Please refer to the column on "*Issue Timing*" under Section 5.36 (*Issue Details*) of this Placement Memorandum; and

(c) Cash flows emanating from the non-convertible securities shall be mentioned in the Placement Memorandum, by way of an illustration:

The cashflows emanating from the Debentures, by way of an illustration, are set out under **Annexure VI** (*Illustration of Bond Cashflows*) of this Placement Memorandum.

5.30 Name(s) of the stock exchange(s) where the non-convertible securities are proposed to be listed and the details of their in-principle approval for listing obtained from these stock exchange(s). If non-convertible securities are proposed to be listed on more than one stock exchange(s) then the issuer shall specify the designated stock exchange for the issue. The issuer shall specify the stock exchange where the recovery expense fund is being/has been created as specified by the Board:

The Debentures are proposed to be listed on the WDM segment of the BSE. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

The Issuer has obtained the in-principle approval for the listing of the Debentures from BSE and the same is annexed in **Annexure IX** hereto. The Issuer shall also be creating the recovery expense fund as per the applicable SEBI regulations with BSE.

The Debentures are not proposed to be listed on more than one stock exchange.

5.31 Other details:

(a) **Creation of Debenture Redemption Reserve ("DRR") – relevant legislations and applicability:**

As per Section 71 of the Act, any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, under the Companies (Issuance of Share Capital and Debentures) Rules, 2014, non-banking financial companies are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve funds for the redemption of the Debentures.

(b) **Issue / instrument specific regulations - relevant details (Companies Act, Reserve Bank of India guidelines etc.):**

The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act including the relevant notified rules thereunder, the SEBI Debt Listing Regulations, the the Securities and Exchange Board of India (Listing Obligations and

Disclosure Requirements) Regulations, 2015, the NBFC Directions and the applicable guidelines and directions issued by the RBI and SEBI.

(c) **Default in payment:** Please refer to the column on "Default Interest Rate" under Clause 5.36 (*Issue Details*) of this Placement Memorandum and Clause 7.5 (*Consequences of Event of Default*) of Section 7 of the Placement Memorandum, setting out the consequences pursuant to any default in payment of Debentures

(d) **Delay in listing**: Please refer to the column on "*Listing (name of stock Exchange(s) where it will be listed and timeline for listing)*" under Clause 5.36 (*Issue Details*) of this Placement Memorandum, setting out the consequences pursuant to any delay in listing of Debentures

(e) **Delay in allotment of securities**: Any delay in allotment of securities from 2 (Two) Business Days from the Deemed Date of Allotment shall be an "Event of Default" under the terms of the Transaction Documents and the consequences set out under Clause 7.5 (*Consequences of Event of Default*) of Section 7 of the Placement Memorandum shall trigger.

(f) **Issue details**: Please refer to Section 5.36 (*Issue Details*) of this Placement Memorandum

(g) **Application process:**

The application process for the Issue is as provided in SECTION 8 of this Placement Memorandum.

(h) **Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 but not contained in this schedule, if any**:

All disclosures under Form No. PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 have been set out in **Section 10**.

(i) **Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project**:

Not applicable

5.32 A statement containing particulars of the dates of, and parties to all material contracts, agreements:

The following contracts, not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than 2 (Two) years before the date of this Placement Memorandum, which are or may be deemed material, have been entered into by the Company.

The contracts and documents referred to hereunder are material to the Issue, may be inspected at the Registered Office of the Company between 10.00 am to 4.00 pm on working days.

S. No.	Nature of Contract
1	Certified true copy of the Memorandum & Articles of Association of the Issuer.
2	Board Resolution dated November 13, 2021 read along with the resolution of the Financial Advisory and Asset & Liability Management Committee of the Board of Directors of the Company dated December 16, 2021, authorizing the issue of Debentures offered under the terms of this Disclosure Document.

3	Shareholders Resolution dated June 29, 2021 authorizing the issue of non-convertible debentures by the Company.
4	Shareholder Resolution dated June 29, 2021 authorizing the borrowing by the Company and the creation of security.
5	Copies of Annual Reports of the Company for the last three financial years.
6	Credit rating letter from the Rating Agency dated December 16th, 2021, rating rationale from the Rating Agency dated December 16th, 2021 along with detailed press release.
7	Letter from Catalyst Trusteeship Limited dated December 9, 2021 giving its consent to act as Debenture Trustee.
8	Letter for Register and Transfer Agent.
9	Certified true copy of the certificate of incorporation of the Company.
10	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and the NSDL/CDSL.
11	Copy of application made to BSE for grant of in-principle approval for listing of Debentures.
12	Debenture Trustee Agreement to be executed by the Issuer and the Debenture Trustee.
13	Debenture Trust Deed to be executed by the Issuer and the Debenture Trustee.
14	Deed of Hypothecation to be executed by the Issuer and the Debenture Trustee.

5.33 Details of Debt Securities Sought to be Issued

Under the purview of the current document, the Issuer intends to raise an amount of INR 75,00,00,000/- (Rupees Seventy Five Crore) by issue of Secured Rated Listed Redeemable Non-Convertible Debentures, on a private placement basis.

For further details of the Debentures, please refer to the terms and conditions of the debentures set out in Section 5.36 (*Issue Details*) of this Placement Memorandum.

5.34 Issue Size

The aggregate issue size for the Debentures is of INR 75,00,00,000/- (Rupees Seventy Five Crore).

5.35 Utilization of the Issue Proceeds

The proceeds shall be used for as set out in the column of "*Details of the utilization of the Proceeds*" under Section 5.36 (*Issue Details*) of this Placement Memorandum and shall not be utilized for the purposes mentioned below.

The Issuer undertakes that the proceeds of this Issue shall be utilized for the deployment of funds on its own balance sheet and not to facilitate resource requests of its group entities/parent company /associates.

The Issue shall not be utilised towards acquisition financing: viz buyback of shares/securities, purchase of shares of other companies and/or promoter contribution towards the equity capital of a company or as a bridge loan.

The Company undertakes that proceeds of this Issue shall not be utilized for the following purposes as specified in the RBI Master Circular No. DBOD.BP.BC.No.6/21.04.172/2015-16 dated July 1, 2015:

1) Bills discounted / rediscounted by NBFCs, except for rediscounting of bills discounted by NBFCs arising out of: commercial vehicles (including light commercial vehicles) and two wheeler and three wheeler vehicles, subject to the following conditions: The bills should have been drawn by the manufacturer on dealers only; The bills should represent genuine sale transactions as may be ascertained from the chassis / engine number and; Before rediscounting the bills, the bona fides and track record of NBFCs which have discounted the bills would be verified.
2) Investments of NBFCs both of current and long-term nature, in any company / entity by way of shares, debentures, etc. However, Stock Broking Companies may be provided need-based credit against shares and debentures held by them as stock-in-trade.
3) Unsecured loans / inter-corporate deposits by NBFCs to / in any company.
4) All types of loans and advances by NBFCs to their subsidiaries, group companies / entities.
5) Finance to NBFCs for further lending to individuals for subscribing to Initial Public Offerings (IPO) and for purchase of shares from secondary market.

5.36 Issue Details

Security Name (*Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year*)	12.30%SFPL2024
Issuer	Sonata Finance Private Limited
Type of Instrument	Non-Convertible Debentures
Nature of Instrument (Secured or Unsecured)	Secured, Rated, Listed, Redeemable, Transferable Non-Convertible Debentures
Seniority (Senior or subordinated)	Senior
Mode of Issue	Private Placement
Eligible Investors	As provided in S.no 25 of Part A (*Disclosures*) above.
Listing (name of stock Exchange(s) where it will be listed and timeline for listing)	The Debentures are to be listed on the WDM of the BSE within a maximum period of 4 (Four) working days of the date of closing of Issue. In the event of the Issuer's failure to do so, to the extent that any Debenture Holders are Foreign Institutional Investors or sub-accounts of Foreign Institutional Investors, or Foreign Portfolio Investors or Qualified Foreign Investors, the Issuer shall immediately redeem any and all Debentures which are held by such Foreign Institutional Investor(s) or such sub-account(s) of Foreign Institutional Investor(s) or Foreign Portfolio Investors or Qualified Foreign Investors. In accordance with the SEBI Debt Listing Regulations, as amended from time to time, in case of a delay by the Company in listing the Debentures beyond 4

	(Four) working days of the date of closing of Issue, the Company shall (i) make payment to the Debenture Holders of 1% (One Percent) p.a. over the Coupon Rate from the expiry of 4 (Four) working days of the date of closing of Issue till the listing of such Debentures; and (ii) be permitted to utilise the issue proceeds of its subsequent two privately placed issuances of securities only after having received final listing approval from BSE in respect of the listing of Debentures.
Rating of Instrument	"IND BBB+ (Stable)" (pronounced as "IND Triple B Plus") with 'Stable' outlook
Issue Size	INR 75,00,00,000/- (Rupees Seventy Five Crore)
Minimum subscription	The minimum application size for the Issue shall be 10 Debentures and in multiples of 1 Debenture thereafter.
Option to retain oversubscription (Amount)	N.A.
Objects of the Issue / Purpose for which there is requirement of funds	To raise secured debt to the extent up to INR 75,00,00,000/- (Rupees Seventy Five Crore) and 100% (One Hundred Percent) of the issue proceeds will be used towards the expansion and lengthening of the Issuer's loan portfolio segment(s) related to the areas of micro and small business lending in India and the Company shall utilize at least 25% (Twenty Five Percent) of the moneys received towards subscription of the Debentures towards water, sanitization and hygiene ("**WASH**") in India and at least 50% (Fifty Percent) of the moneys received towards subscription of the Debentures towards on lending to females or enterprises which fall within 2X Eligible Enterprises in accordance with the Category C Criteria, Applicable Law and the terms of the Transaction Documents (collectively the **"Purpose"**).
In case the issuer is a NBFC and the objects of the issue entail loan to any entity who is a 'group company' then disclosures shall be made in the following format:	Not Applicable. The proceeds raised from the Issue will be used solely for the Purpose.
Details of the utilization of the Proceeds	100% (One Hundred Percent) of the issue proceeds will be utilised towards the Purpose.
Coupon Rate	12.30% (Twelve and Three Tenth Percent) per annum payable quarterly;
Step Up/ Step Down Coupon Rate	N.A.
Coupon Payment Frequency	Quarterly
Coupon Payment Dates	Quarterly on the dates set out in **Annexure VI** (*Illustration of Bond Cash Flows*) (subject to adjustments for Business Day Convention) of the Placement Memorandum.
Coupon Type	Fixed Coupon

(Fixed, floating or other structure)	
Exercise Date/Coupon Reset Date	N.A.
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	N.A.
Day Count Basis (Actual / Actual)	Actual / Actual
Interest on Application Money	The Issuer shall be liable to pay the Debenture Holder(s), the interest on application money at the rate of 12.30% (Twelve and Three Tenths Percent) per annum for the period commencing from the date on which the Debenture Holder(s) have made payment of the application monies in respect of the Debentures to the Company and ending on the day which is 1 (one) day prior to the Deemed Date of Allotment. The interest on application monies shall be paid by the Issuer to the Debenture Holder(s) within 7 (Seven) Business Days from the Deemed Date of Allotment.
Default Interest Rate	Any payment obligations due on the Debentures including any Coupon and/or principal amounts and/or any other payment to be made by the Issuer in connection with the Debentures shall, in case the same be not paid on the respective due dates, carry further default interest of 5% (Five Percent) per annum over the Coupon Rate computed on the entire unpaid amounts, for the period commencing from the respective due dates for such amounts and expiring on the date on which such payment is actually made (the default interest payable in terms of this paragraph is hereinafter referred to as the **"Default Interest"**). In case of any delay in execution of the Debenture Trust Deed and the security documents, the Issuer will refund the subscription monies with agreed rate of interest or will pay interest of 2% (Two percent) per annum over and above the Coupon Rate till these conditions are complied with at the option of the Debenture Holder. Upon the occurrence of any Event of Default under **Clause 2.6** of **Part B** of the Debenture Trust Deed and **Clause 1.14** of **Part A** of the Debenture Trust Deed (excluding payment event of default pursuant to Clause **1.14.1** (*Non Payment*) of **Part A** of the Debenture Trust Deed), the Company shall be required to pay an additional interest of 2% (Two percent) per annum over and above the Coupon Rate till such Event of Default is cured to the satisfaction of the Debenture Trustee (acting on the instructions of the Majority Debenture Holder(s)).
Prepayment Penalty	(a) The Issuer shall not, seek to redeem the Debentures in full or in part, before the due dates without the prior written consent of the Majority Debenture Holder(s) (**"Lock-in Period"**). (b) Upon completion of the Lock-in Period, the Issuer may by issuing a prior written notice to the Debenture Trustee of at least 10 (Ten) calendar days

	("**Prepayment Notice**") redeem the Debentures, on any specified date as set out under the Prepayment Notice, before the due dates on a pro rata basis with the prior written consent of the Debenture Trustee. Any such prepayment made under the terms of this clause, shall be subject to the applicable RBI guidelines and Applicable Law and a prepayment penalty of 2% (Two Percent) on the principal amount of the Debentures being redeemed, to be paid by the Company to the Debenture Holder(s). (c) Notwithstanding anything contained under this Clause, the Issuer shall not seek to redeem the Debentures under the terms of paragraph (b) above without the prior written consent of the Majority Debenture Holder(s).
Delay Penalty	In the case of a delay in the execution of Debenture Trust Deed and/or the Deed of Hypothecation, the Issuer shall refund the subscription with the agreed rate of interest or shall pay penal interest of 2% (Two Percent) per annum over and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor.
Tenor	36 (thirty-six) months from the Deemed Date of Allotment
Redemption Date / Maturity Date	means the date falling at the expiry of 36 (Thirty Six) months from the Deemed Date of Allotment being December 23, 2024 or, such other date on which the final payment of the principal of the Debentures becomes due and payable as herein provided, whether at such stated maturity date, by declaration of acceleration, or otherwise;
Redemption Amount	INR 10,00,000/- (Indian Rupees Ten Lakh) per Debenture on the Maturity Date plus accrued Coupon in the manner set out in **Annexure VI** (*Illustration of Bond Cash Flows*) hereto. Further, the aforesaid amount would be payable with the Default Interest (if any), and other such costs, charges and expenses if any, payable on the due date(s) under the Transaction Documents.
Redemption Premium/ Discount	Not Applicable
Issue Price	INR 10,00,000/- (Indian Rupees Ten Lakhs) per Debenture
Discount at which security is issued and the effective yield as a result of such discount	Not Applicable
Put Option Date	N.A.
Put Option Price	N.A.
Call Option Date	N.A.
Call Option Price	N.A.
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising	N.A.

the put)	
Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	N.A.
Face Value	INR 10,00,000 (Indian Rupees Ten Lakh) per Debenture
Minimum Application and in multiples of thereafter	The minimum application size for the Issue shall be 10 Debentures and in multiples of 1 Debenture thereafter.
Issue Timing	Issue Opening Date: December 22, 2021 Issue Closing Date: December 22, 2021 Date of earliest closing of the Issue, if any: N.A Pay-in Date: December 23, 2021; and Deemed Date of Allotment: December 23, 2021 All documentation including, but not limited to, this Placement Memorandum, Board Resolution, Rating Letter, Rating Rationale along with detailed press release, Appointment of Debenture Trustee to be completed 1 (One) calendar days prior to Issue Opening Date unless otherwise specified.
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Business Day Convention	If the Coupon Payment Date or the due date for the performance of any event, falls on a day which is not a Business Day, then the immediately succeeding Business Day shall be the due date for such payment. If the Maturity Date (also being the last Coupon Payment Date) falls on a day which is not a Business Day, then the immediately preceding Business Day shall be the due date for such paymentIt is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI Debt Listing Regulations
Settlement mode of the Instrument	The pay-in of the Application Money for the Debentures shall be made by way of transfer of funds from the bank account(s) of the Eligible Investors (whose bids have been accepted) as registered with the Electronic Book Provider into the account of the ICCL, as specified in this regard below: Name of the Bank: HDFC Bank Account Number: ICCLEB IFSC Code: HDFC0000060 Name of the beneficiary: INDIAN CLEARING CORPORATION LTD
Depositories	NSDL and CDSL
Disclosure of Interest / Dividend / Redemption Dates	On the dates set out in **Annexure VI** (*Illustration of Bond Cash Flows*) (subject to adjustments for Business Day Convention) of this Placement Memorandum.
Record Date	The date being 15 (Fifteen) calendar days prior to the due date on which any

	Payments are to be made to the Debenture Holder(s) in accordance with the terms of the Debentures on the basis of which the determination of the persons entitled to receive redemption of principal, Coupon, and other Payments, if any, as the case may be, in respect of the Debentures shall be made.
All covenants of the issue (including side letters, accelerated payment clause, etc.)	**Representations and Warranties** Please refer Section 7.2 of this Placement Memorandum. **Affirmative Covenants** Please refer Section 7.3.1 of this Placement Memorandum. **Negative Covenants** Please refer Section 7.3.2 of this Placement Memorandum. **Reporting Covenants** Please refer Section 7.3.4 of this Placement Memorandum. **Financial Covenants** Please refer Section 7.3.5 of this Placement Memorandum.
Description regarding Security (where applicable) including type of security (movable / immovable / tangible etc.), type of charge (pledge / hypothecation / mortgage etc.), date of creation of security / likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the placement memorandum.	(a) The Debentures shall be secured by way of a first ranking exclusive and continuing charge to be created pursuant to deed of hypothecation ("**Deed of Hypothecation**") over the property comprising of the specified Receivables (as defined in the Deed of Hypothecation) of the Issuer hypothecated in favour of the Debenture Trustee ("**Secured Property**") which shall be at least 1 (one) times ("**Asset Cover**") to the aggregate of the Outstanding Principal Amount of the Debentures and the outstanding Coupon of the Debentures until all the redemption of the principal amounts, Coupon, the remuneration of the Debenture Trustee, and all costs, charges, expenses and other monies payable by the Issuer in respect of the Debentures ("**Secured Obligations**") are satisfied by the Issuer as more particularly described in the Deed of Hypothecation ("**Security**"). It is clarified that the Asset Cover shall be sufficient to cover the principal amount and coupon amounts outstanding under the Debentures at all times. The Issuer shall be bound to create the Security on or prior to the Deemed Date of Allotment. (b) The Issuer hereby further agrees, declares and covenants with the Debenture Trustee as follows: (i) The Debentures shall be secured by way of a first ranking exclusive charge on the Secured Property; (ii) All the movable assets that have been charged in favour of the Debenture Trustee under the Deed of Hypothecation shall always be kept distinguishable and held as the exclusive property of the Issuer specifically appropriated to this Security shall be kept in proper condition and adequately insured and shall pay all taxes, cesses, insurance premium with the Secured

Property within the time permissible under applicable law and shall be dealt with only under the directions of the Debenture Trustee and the Issuer shall not create any charge, lien or other encumbrance upon or over the same or any part thereof except in favour of the Debenture Trustee nor suffer any such charge, lien or other encumbrance or any part thereof nor do or allow anything that may prejudice this Security and shall not sell, transfer, lease or otherwise dispose of in any manner whatsoever any assets constituting the Secured Property and the Debenture Trustee shall be at liberty to incur all costs and expenses as may be necessary to preserve this Security and to maintain the same undiminished and claim reimbursement thereof;

(iii) To maintain at all times, during the period of the Issue, the Asset Cover. The value of the Secured Property for this purpose (both for initial and subsequent valuations) shall be the amount reflected as the value thereof in the books of accounts of the Issuer;

(iv) The Issuer shall create the Security over the Secured Property by executing a duly stamped Deed of Hypothecation on or prior to the Deemed Date of Allotment;

(v) The Issuer shall register and perfect the Security over the Secured Property as contemplated above by filing Form No. CHG-9 with the Registrar of Companies in relation thereto within 30 (Thirty) calendar days from the date of execution of the Deed of Hypothecation;

(vi) The Issuer shall on a monthly basis, commencing from the Deemed Date of Allotment till the Maturity Date provide a list of specific loan receivables / identified book debt to the Debenture Trustee over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Asset Cover ("**Monthly Secured Property Report**");

(vii) The Issuer shall cooperate with the Debenture Trustee to enable it to make necessary filings in connection with the creation of Security over the Secured Property with the CERSAI, within 15 (Fifteen) calendar days from the date of execution of the Deed of Hypothecation; and

(viii) The Security shall be a continuing security as described in the Deed of Hypothecation

Specific Disclosures

(a) **Type of security**: Book debts (i.e., movable assets).

(b) **Type of charge**: Hypothecation.

	(c) **Date of creation of security/ likely date of creation of security**: On or prior to the Deemed Date of Allotment. (d) **Minimum security cover**: 1 (one) times the value of the Outstanding Principal Amount of the Debentures and the outstanding Coupon of the Debentures. (e) **Revaluation**: N.A. (f) **Interest over and above the coupon rate**: Please refer to the column on "Default Interest Rate" under Clause 5.36 (*Issue Details*) of this Placement Memorandum and Clause 7.5 (*Consequences of Event of Default*) of Section 7 of the Placement Memorandum, setting out the consequences pursuant to any default in payment of Debentures.
Transaction Documents	Shall be as set out in Section 7.1 below
Conditions Precedent to Disbursement	(a) A certified copy of the constitutional documents of the Issuer. (b) A certified copy of a resolution of the board of directors of the Issuer: (i) approving the terms of, and the transactions contemplated by, the Transaction Documents to which it is a party and resolving that it will execute the Transaction Documents to which it is a party; (ii) authorizing a specified person or persons to execute the Transaction Documents to which it is a party on its behalf; and (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed or despatched by it under or in connection with the Transaction Documents to which it is a party. (c) A certified specimen of the signature of the person authorised by the resolution referred to in paragraph (b) above together with certified copies of the permanent account number (PAN) of such authorized person for the purposes of know your customer/ anti-money laundering checks. (d) A certified copy of a special resolution passed by the shareholders of the Issuer in accordance with section 180(1)(c) of the Act approving the borrowing contemplated under the Transaction Documents, if applicable. (e) A certified copy of a special resolution passed by the shareholders of the Issuer in accordance with section 180(1)(a) of the Act approving the creation of Security over the Secured Property, if applicable. (f) A certificate of the Issuer (signed by a Company Secretary) confirming that: (i) issuing the Debentures would not cause any borrowing, or similar limit binding on the Company to be exceeded; (ii) no Event of Default or Potential Event of Default is existing;

	(iii) the representations given by the Issuer in the Transaction Documents are true and correct; and (iv) there is no event or circumstance existing or anticipated to occur which might have a Material Adverse Effect. (g) A certificate of an authorized signatory of the Issuer certifying that each copy document relating to it specified in this Section (*Conditions Precedent*) is correct, complete and in full force and effect as at a date no earlier than the date of the Debenture Trust Deed. 2. **Legal opinion** A legal opinion in respect of Indian law of Wadia Ghandy & Co., in the form satisfactory to the Debenture Trustee on behalf of the Debenture Holder(s). 3. **Other documents and evidence** (a) A copy of any other authorization or other document, opinion or assurance which the Debenture Trustee on behalf of the Debenture Holder(s) considers to be necessary or desirable (if it has notified the Issuer accordingly) in connection with the entry into and performance of the transactions contemplated by the Transaction Documents or for the validity and enforceability of the Transaction Documents or any authorizations with respect to the carrying on of the business by the Issuer. (b) The audited financial statements of the Issuer in respect of the Financial Year ending March 31, 2021. (c) Evidence that the fees, costs and expenses then due from the Issuer pursuant to the Debenture Trust Deed (including but not limited to pursuant to **Clause 2.19** (*Costs and Expenses*) of **Part B** of Debenture Trust Deed) have been paid or will be paid by the Deemed Date of Allotment. (d) The Company shall have submitted to the Debenture Trustee, the rating letter, rating rationale and detailed press release from the Rating Agency in relation to the Debentures; (e) An executed copy of the Transaction Documents, in form and substance satisfactory to the Debenture Trustee on behalf of the Debenture Holder(s). (f) Execution of the Deed of Hypothecation *inter alia* for the creation of the charge over the Secured Property on or prior to the Deemed Date of Allotment. (g) The Company shall have obtained the consent letter from the Debenture Trustee and the due diligence certificate from the Debenture Trustee; and (h) The Company shall have submitted the in-principle approval obtained from BSE in respect of listing of Debentures with the Debenture Trustee.
Conditions Subsequent to	The Company shall comply with the following conditions subsequent within the timelines stipulated herein below:

Disbursement	(a) Filing of Form CHG-9 with the Registrar of Companies by the Issuer and receipt of the certificate of registration of charge issued by the Registrar of Companies, for the perfection of the Security created under the Deed of Hypothecation in accordance with the Act within 30 (thirty) calendar days from the date of execution of the Deed of Hypothecation; (b) On or prior to the utilisation of the subscription monies by the Issuer in respect of the Debentures and in any case, within 15 (Fifteen) days from the Deemed Date of Allotment, the Issuer shall file of a return of allotment on the issue of the Debentures in Form PAS-3 specified pursuant to Rule 12 and 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, along with the requisite fee with the Registrar of Companies; (c) Within 4 (Four) working days from the date of closing of the Issue, the Issuer shall list the Debentures on the BSE and obtain the listing approval from the BSE; (d) Within 2 (Two) Business Day from the Deemed Date of Allotment, the Issuer shall provide to the Debenture Trustee, a certified true copy of the Board of Directors of the Company allotting the Debentures; and (e) Within 2 (Two) Business Days from the Deemed Date of Allotment, the Issuer shall ensure credit of dematerialised account(s) of the allottee(s) of the Debentures with the number of Debentures allotted.
Events of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	Please refer to Section 7.5 of this Placement Memorandum.
Creation of recovery expense fund	The Company shall create and maintain a reserve to be called the "Recovery Expense Fund" as per the provisions of and in the manner provided in the SEBI (Debenture Trustee) Amendment Regulations, 2020, the circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020, issued by SEBI and any guidelines and regulations issued by SEBI, as applicable. Any balance in the Recovery Expense Fund, on the Final Settlement Date, shall be refunded to the Company for which a 'no-objection certificate (NOC)' shall be issued by the Debenture Trustee to the designated stock exchange. The Debenture Trustee shall satisfy that there is no 'default' on any other listed debt securities of the Company before issuing the no-objection certificate under the terms of this paragraph.
Conditions for breach of covenants (as specified in the Debenture Trust Deed)	Please refer sections named "Default Interest Rate" and "Events of Default".

Provisions related to Cross Default Clause	If the Company, in regards to its Financial Indebtedness: (i) defaults in any payment of any Financial Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Financial Indebtedness was created; or (ii) defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness, the effect of which default or other event or condition is to cause any such Financial Indebtedness to become due prior to its stated maturity; or (iii) due to any default or an event of default, any Financial Indebtedness of the Issuer shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, (whether or not such right shall have been waived) prior to the stated maturity thereof.
Role and Responsibilities of Debenture Trustee	(a) The Debenture Trustee shall on a quarterly basis, carry out the necessary diligence and monitor the Asset Cover in the manner as may be specified by SEBI from time to time. (b) The Debenture Trustee shall on a half-yearly basis, obtain a certificate from the statutory auditor of the Company giving the value of receivables / book debts comprising the Secured Property including compliance with the covenants of the Placement Memorandum in the manner as may be specified by SEBI from time to time and certifying maintenance of hundred percent asset / security cover or a higher asset cover (in this case being the Asset Cover) as per the terms of the Placement Memorandum and/or the Debenture Trust Deed along with the financial results of the Company in the manner and format as specified by SEBI. (c) The Debenture Trustee shall exercise independent due diligence to ensure that the Security is free from any encumbrances. (d) The Debenture Trustee shall ensure the implementation of the conditions regarding creation of security for the Debentures, if any, including in relation to debenture redemption reserve and recovery expense fund, as may be prescribed by SEBI from time to time. (e) The Debenture Trustee shall monitor the Asset Cover on the basis of the quarterly reports certified by the Chartered Accountant, submitted by the Company. (f) The Debenture Trustee shall perform all such duties and undertake such obligations as stipulated under the SEBI (Debenture Trustee) Regulations, 1993 (as amended from time to time). (g) The Debenture Trustee shall hold and accept the Security for and on behalf of the Debenture Holder(s); (h) The Debenture Trustee shall perform all such acts and duties as are set out in the other Transaction Documents; (i) The Debenture Trustee shall enter into any agreements with the Company or any other entity identified by the Company (and consented to by the Debenture Trustee) for the creation, perfection of the Security or any other agreements for and on behalf of and for the benefit of the Debenture Holder(s);

(j) The Debenture Trustee may, in relation to these presents, act on the opinion or advice of or any information obtained from any solicitor, counsel, advocate, valuer, surveyor, broker, auctioneer, qualified accountant or other expert whether obtained by the Company or by the Debenture Trustee or otherwise. Any such advice, opinion or information and any communication passing between the Debenture Trustee and their representative or attorney or a receiver appointed by them may be obtained or sent by letter, telegram, cablegram, telex or telephonic message;

(k) The Debenture Trustee shall act only on the instructions of the Majority Debenture Holders and in accordance with Debenture Trust Deed and the other Transaction Documents;

(l) The Debenture Trustee shall be at liberty to accept a certificate signed by any one of the directors of the Company as to any act or matter prima facie within the knowledge of the Company as sufficient evidence;

(m) The Debenture Trustee may accept, without inspection, inquiry or requisition, such title as the Company may have to the Secured Property;

(n) The Debenture Trustee shall be at liberty to keep these presents and all deeds and other documents of title relating to the Secured Property charged/to be charged to the Debenture Trustee at their registered office or elsewhere or if the Debenture Trustee so decides with any banker or Company whose business includes undertaking the safe custody of documents or with an advocates or firm of solicitors;

(o) With a view to facilitating any dealing under any provisions of these presents, the Debenture Trustee shall have full power to consent (where such consent is required) to a specified transaction or class of transactions unconditionally;

(p) The Debenture Trustee shall have full power, in consultation with the Debenture Holder(s), to determine all questions and doubts arising in relation to any of the provisions of these presents and every such determination bona fide made (whether or not the same shall relate wholly or partially to the acts or proceedings of the Debenture Trustee) shall be conclusive and binding upon all persons interested under these presents;

(q) The Debenture Trustee does not make any representation and warranty as to the adequacy of the Security for the Debentures.

PROVIDED NEVERTHELESS that nothing contained in **Clause 1.16** (*Role and Responsibility of the Debenture Trustee*) of **Part A** of the Debenture Trust Deed shall exempt the Debenture Trustee from or indemnify it against any liability for negligence, breach of trust or wilful default nor any liability which by virtue of any rule or law would otherwise attach to it in respect of any negligence, wilful default or breach of trust of which they may be guilty in relation to their duties hereunder or thereunder.

Risk factors pertaining to the issue	Please refer to Section 3 (*Risk Factors*) of this Placement Memorandum
Governing Law	(a) The Debentures and the Transaction Documents shall be governed by and construed in accordance with Applicable Laws of India. (b) The courts and tribunals in New Delhi shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Transaction Documents and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Transaction Documents may be brought in such courts or the tribunals and the Issuer irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts or tribunals. (c) The Issuer irrevocably waives any objection now or in future, to the laying of the venue of any Proceedings in the courts and tribunals at New Delhi and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgement in any Proceedings brought in the courts and tribunals at New Delhi shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction, (subject to the laws of such jurisdiction) by a suit upon such judgement, a certified copy of which shall be conclusive evidence of such judgment, or in any other manner provided by law. (d) Nothing contained in this paragraph (*Governing Law and Jurisdiction*), shall limit any right of the Debenture Trustee to take Proceedings in any other court or tribunal of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction whether concurrently or not and the Issuer irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such court or tribunal, and the Issuer irrevocably waives any objection it may have now or in the future to the laying of the venue of any Proceedings and any claim that any such Proceedings have been brought in an inconvenient forum. (e) The Issuer hereby consents generally in respect of any Proceedings arising out of or in connection with any Transaction Document to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgement which may be made or given in such Proceedings. (f) To the extent that the Issuer may in any jurisdiction claim for itself or its assets, immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), the Issuer hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity.

Note:

1. If there is any change in Coupon Rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change should be disclosed.

2. The list of documents which has been executed in connection with the issue and subscription of debt securities shall be annexed.

3. While the debt securities are secured to the tune of 100% of the principal and interest amount or as per the terms of Placement Memorandum, in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained.

4. The Issuer shall provide granular disclosures in this Placement Memorandum, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".

5. While the debt securities are secured to the tune of 100% (One Hundred Percent) of the principal amount or as per the terms of offer document/ Placement Memorandum, in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained, however, the recovery of 100% (One Hundred Percent) of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

   Creation of Security: The Issuer shall give an undertaking in the Placement Memorandum that the assets on which charge is created are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor

   The Issuer hereby undertakes that the assets on which the first ranking exclusive charge is created by the Company in favour of the Debenture Trustee to secure the obligations of the Company in relation to the Debentures under the terms of the Deed of Hypothecation, being the Secured Property, are free from any encumbrances.

SECTION 6: DISCLOSURES PERTAINING TO WILFUL DEFAULT

The following disclosures shall be made if the issuer or its promoter or director is declared wilful defaulter:

(A) **Name of the bank declaring the entity as a Wilful Defaulter**: NIL

(B) **The year in which the entity is declared as a Wilful Defaulter**: N.A

(C) **Outstanding amount when the entity is declared as a Wilful Defaulter**: N.A

(D) **Name of the entity declared as a Wilful Defaulter**: N.A

(E) **Steps taken, if any, for the removal from the list of wilful defaulters**: N.A

(F) **Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions**: N.A

(G) **Any other disclosure as specified by SEBI**: N.A

SECTION 7: TRANSACTION DOCUMENTS AND KEY TERMS

7.1 TRANSACTION DOCUMENTS

The following documents shall be executed in relation to the Issue ("**Transaction Documents**"):

(a) Debenture Trustee Agreement, which will confirm the appointment of Catalyst Trusteeship Limited as the Debenture Trustee ("**Debenture Trustee Agreement**");

(b) Debenture Trust Deed, which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer ("**Debenture Trust Deed**");

(c) Deed of Hypothecation whereby the Issuer will create an exclusive first charge by way of hypothecation over the Secured Property in favour of the Debenture Trustee to secure its obligations in respect of the Debentures ("**Deed of Hypothecation**"); and

(d) Such other documents as agreed between the Issuer and the Debenture Trustee.

7.2 REPRESENTATIONS AND WARRANTIES OF THE ISSUER

The Issuer hereby makes the following representations and warranties and the same shall also be set out in the Transaction Documents.

The Issuer makes the representations and warranties set out in this Section 7.2 to the Debenture Trustee on behalf of the Debenture Holder(s) and the same shall also be set out in the Transaction Documents:

(a) **STATUS:**

(i) It is a company, duly incorporated, registered and validly existing under the Applicable Law of India.

(ii) As on date, the Issuer is registered with the Reserve Bank of India as a non-banking financial company - micro-finance institution.

(iii) It has the power to own its assets and carry on its business in substantially the same manner as it is being conducted.

(b) **BINDING OBLIGATIONS:**

The obligations expressed to be assumed by it under the Transaction Documents are legal, valid, binding and enforceable obligations.

(c) **NON-CONFLICT WITH OTHER OBLIGATIONS:**

The entry into, and performance by it of, and the transactions contemplated by the Transaction Documents do not and will not conflict with:

(i) any Applicable Law including but not limited to laws and regulations regarding anti-money laundering or terrorism financing and similar financial sanctions; or

(ii) its constitutional documents; or

(iii) any agreement or instrument binding upon it or any of its assets, including but not

limited to any terms and conditions of the existing Financial Indebtedness of the Issuer.

(d) **POWER AND AUTHORITY:**

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents.

(e) **VALIDITY AND ADMISSIBILITY IN EVIDENCE:**

All approvals, authorizations, consents, permits (third party, statutory or otherwise) required or desirable:

(i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party;

(ii) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and

(iii) for it to carry on its business, and which are material,

have been obtained or effected and are in full force and effect.

(f) **NO DEFAULT:**

No Event of Default or potential Event of Default has currently occurred and is continuing as of the date hereof or would reasonably be expected to result from the execution or performance of any Transaction Documents or the issuance of the Debentures. To the best of the Issuer's knowledge, no other event or circumstance is outstanding which constitutes (or which would, with the lapse of time, the giving of notice, the making of any determination under the relevant document or any combination of the foregoing, constitute) a default or termination event (however described) under any other agreement or instrument which is binding on the Issuer or any of its assets or which might have a Material Adverse Effect as on the date hereof.

(g) **PARI PASSU RANKING:**

Its payment obligations under the Transaction Documents rank at least *pari passu* with the claims of all of its other unsecured creditors, except for obligations mandatorily preferred by law applying to companies generally.

(h) **NO PROCEEDINGS PENDING:**

There are no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency, which if adversely determined may have a Material Adverse Effect, which have (to the best of its knowledge and belief) been started against it except as disclosed by the Issuer in its annual reports, financial statements, the Placement Memorandum, the Private Placement Offer cum Application Letter(s) and as provided in the Debenture Trust Deed.

(i) **NO MISLEADING INFORMATION:**

All information provided by the Issuer to the Debenture Holder(s) for the purposes of this Issue is true and accurate in all material respects as at the date it was provided or as at the date (if any) on which it is stated.

(j) **COMPLIANCE:**

It is in compliance in all respects with all Applicable Law for the performance of its obligations with respect to this Issue, including but not limited to environmental, social and taxation related laws, for them to carry on their business.

(k) **ASSETS:**

Except for the security interests and encumbrances created and recorded with the Ministry of Corporate Affairs (available using CIN: U65921UP1995PTC035286 on the website http://www.mca.gov.in/mcafoportal/showIndexOfCharges.do under the heading Index of Charges), the Issuer has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's length terms), all material assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

(l) **FINANCIAL STATEMENTS:**

(i) Its financial statements most recently supplied to the Debenture Trustee were prepared in accordance with Applicable Accounting Standards consistently applied save to the extent expressly disclosed in such financial statements.

(ii) Its financial statements most recently supplied to the Debenture Trustee as of March 31, 2021 and the limited review financial statements as of September 30, 2021 give a true and fair view and represent its financial condition and operations during the relevant financial year save to the extent expressly disclosed in such financial statements.

(m) **SOLVENCY:**

(i) The Issuer is able to, and has not admitted its inability to, pay its debts as they mature and has not suspended making payment on any of its debts and it will not be deemed by a court to be unable to pay its debts within the meaning of Applicable Law, nor in any such case, will it become so in consequence of entering into the Debenture Trust Deed.

(ii) The value of the Assets of the Issuer is more than its respective Liabilities (taking into account contingent and prospective liabilities) and it has sufficient capital to carry on its business.

(iii) As on the date hereof, the Issuer has not taken any corporate action nor has taken any legal proceedings or other procedure or steps in relation to any bankruptcy proceedings.

(n) **NATURE OF REPRESENTATIONS AND WARRANTIES**

The Issuer hereby expressly represents and warrants that each of the representations and warranties set out hereinabove is true and accurate as on the date of the Debenture Trust Deed and shall continue to be true and accurate on each day until the Maturity Date, and nothing contained in the said representations and warranties is / will be misleading or designed to create an inaccurate, incomplete or false picture.



7.3 COVENANTS OF THE ISSUER

7.3.1. AFFIRMATIVE COVENANTS

The Company hereby covenants with the Debenture Holders and the Debenture Trustee, in addition to the affirmative covenants set out in **Clause 2.5.1** (*Affirmative Covenants*) and **Clause 2.5.2** (*Reporting Covenants*) of **Part B** of the Debenture Trust Deed as follows (except as may otherwise be previously agreed in writing by the Debenture Trustee):

(a) **Utilisation of proceeds of Debentures**

(i) The Company shall utilise the moneys received towards subscription of the Debentures towards the expansion and lengthening of the Company's loan portfolio segment(s) related to the areas of micro and small business lending in India and the Company shall utilize at least 25% (Twenty Five Percent) of the moneys received towards subscription of the Debentures towards water, sanitization and hygiene ("**WASH**") in India and at least 50% (Fifty Percent) of the moneys received towards subscription of the Debentures towards on lending to females or enterprises which fall within 2X Eligible Enterprises in accordance with the Category C Criteria, Applicable Law and the terms of the Debenture Trust Deed (collectively the **"Purpose"**).

(ii) The Company shall ensure that no part of the proceeds received from the Issue of the Debentures shall be utilised for any of the following purposes:

A. Real estate activities,
B. Investment in capital market,
C. Equity investment,
D. Working capital purposes,
E. General corporate purposes,
F. Repayment of Rupee loans or
G. On-lending to entities for the above activities.

(iii) The Company shall within 45 (Forty-Five) calendar days from the end of every quarter submit to BSE, a statement indicating the utilization of Issue proceeds, which shall be continued to be given till such time the Issue proceeds have been fully utilised or the purpose for which these proceeds of Issue were raised has been achieved.

(b) **Validity of Transaction Documents**

The Company shall ensure that the Transaction Documents shall be validly executed and delivered and will continue in full force and effect and will constitute valid, enforceable, and binding obligations of the Company.

(c) **Further documents and acts**

The Company shall execute all such deeds, documents and assurances and do all such acts and things as the Debenture Trustee (acting on behalf of the Majority Debenture Holders) may require for exercising the rights under the Debenture Trust Deed and the Debentures or for effectuating and completing the Security intended to be hereby created and shall from time to time and at all times after the Security hereby constituted shall become enforceable, execute and do all such deeds, documents, assurance, acts, and things as the Debenture Trustee may require for facilitating realisation of the Secured Property and in particular the Company shall

execute all transfers, conveyances, assignments and assurance of the Secured Property whether to the Debenture Trustee or to their nominees and shall give all notices and directions which the Debenture Trustee may think expedient.

(d) **Make the Relevant filings with the Registrar of Companies/SEBI**

Pursuant to the Act and the relevant rules thereunder, the Company undertakes to make the necessary filings of the documents mandated therein with the Registrar of Companies and/or SEBI within the timelines thereunder to preserve, renew and keep in full force and effect its existence and/or its rights necessary for the operation of its business and/or the legality and validity of any Transaction Documents.

(e) **Compliance with laws**

The Company shall comply with:

(i) All Applicable Law including the provisions of the Act and the notified rules issued thereunder, in relation to the issue of the Debentures.

(ii) All the provisions as mentioned in the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993;

(iii) the Issuance of Non-convertible Debentures (Reserve Bank) Directions, 2010, as amended from time to time and/or any other notification, circular, press release issued by the SEBI/RBI, from time to time including but not limited, in relation to the following (i) the SEBI Debt Listing Regulations, as may be in force from time to time during the currency of the Debentures; and (ii) the provisions of the listing agreement entered into by the Company with the stock exchange in relation to the Debentures including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), each as amended, modified or supplemented from time to time;

(iv) The Company shall, while submitting quarterly/ annual financial results to the BSE disclose *inter alia* the following line items along with the financial results and the same shall be communicated to the Debenture Holder(s):

A. debt- equity ratio of the company;
B. debenture redemption reserve (if applicable);
C. net worth;
D. net profit after tax;
E. earnings per share;
F. current ratio;
G. long term debt to working capital;
H. bad debts to account receivable ratio;
I. current liability ratio;
J. total debts to total assets;
K. debtors turnover;
L. inventory turnover;
M. operating margin (%);
N. net profit margin (%); and
O. sector specific equivalent ratios, as applicable.

(f) **Financial Statements**

(v) The Company shall submit to the Debenture Trustee (and to the Debenture Holder(s), if so requested), its duly audited annual accounts certified by its Company Secretary & Compliance Officer, within 120 (One Hundred and Twenty) calendar days from the close of its accounting year.

(vi) The Company shall submit to the Debenture Trustee (and to the Debenture Holder(s), if so requested), its provisional/unaudited monthly financial statements, certified by its Authorised Signatory/ Company Secretary & Compliance Officer, within 30 (Thirty days) calendar days from the close of each of its accounting month.

(g) **Notify the Debenture Trustee**

(i) The Company agrees that it shall forward to the Debenture Trustee promptly, which information can be forwarded in electronic form or fax:

A. a copy of the statutory auditors' and annual report, balance sheet and profit & loss account and of all periodical and special reports at the same time as they are issued;
B. a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities; and
C. a copy of all the notices, call letters, circulars, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media.

(ii) The Company shall notify the Debenture Trustee in writing, of any proposed change in the nature or conduct or scope or the business or operations of the Company or the entering into any agreement or arrangement by any person other than in the normal course of business that may materially affect the assets and liabilities of the Company, at least 3 (Three) Business Days prior to the date on which such action is proposed to be given effect.

(iii) The Company shall provide / cause to be provided information in respect of the following promptly and no later than 7 (Seven) calendar days from the occurrence of such event (unless otherwise specifically provided):

A. Inform the Debenture Trustee about all orders, directions, and notices of a court/tribunal affecting the Security.

B. inform the Debenture Trustee promptly of any amalgamation, merger or reconstruction scheme proposed by the Company.

(h) **Furnish Information to Debenture Trustee**

(i) The Company shall furnish quarterly (unless specified otherwise, in which case, reports shall be submitted according to the specified timeline) report to the Debenture Trustee (and to the Debenture Holders), containing the following particulars: -

A. Periodical status/performance reports from the Company within 7 (Seven) days of the relevant board meeting or within 45 (Forty Five) days of the respective quarter, whichever is earlier;

B. Updated list of the names and addresses of the Debenture Holder(s);

C. Details of the Coupon and principal payments to be made, but unpaid and reasons for the non-payment thereof;

D. The number and nature of grievances received from the Debenture Holder(s) and resolved by the Company, and those grievances not yet solved to the satisfaction of the Debenture Holder(s) and the reason for the same;

E. A statement that those assets of the Company which are available by the way of Security are sufficient to discharge the claims of the Debenture Holder(s) as and when they become due.

F. A statement signed by the Director/Managing Director of the Company (supported by the Chartered Accountant's certificate which shall be provided on a quarterly basis), confirming that the Asset Cover is being maintained as per the provisions of the Deed of Hypothecation.

G. On a half yearly basis, the Company shall provide a certificate from the Statutory Auditor of the Company giving the value of book debts / receivables.

H. Promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holder(s). The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of its compliance.

(ii) The Company shall inform the Debenture Trustee of any major change in the composition of its Board of Directors, which may amount to change in control as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(iii) The Company hereby covenants and undertakes that it shall within 45 (Forty Five) calendar days from the end of each financial quarter, submit to the Debenture Trustee, an asset cover certificate in respect of the Secured Property in the applicable format prescribed under Annexure A of the SEBI circular dated November 12, 2020 (bearing reference number: SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/23) to enable the Debenture Trustee to submit the same to the relevant stock exchange(s) within the timelines stipulated under Applicable Law.

(iv) The Company shall submit a certificate from its statutory auditory to the Debenture Trustee on a half-yearly basis, giving the value of receivables / book debts comprising the Secured Property including compliance with the covenants of the Placement Memorandum in the manner as may be specified by SEBI from time to time and certifying maintenance of hundred percent asset / security cover or a higher asset cover (in this case being the Asset Cover) as per the terms of the Placement Memorandum and/or the Debenture Trust Deed along with the financial results of the Company in the manner and format as specified by SEBI.

(v) The Company undertakes to provide all information/ documents required to be submitted to the Debenture Trustee, to enable it to carry out the due diligence in terms of SEBI circular dated November 3, 2020 and bearing number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/218 and necessary reports / certificates to the stock exchanges / SEBI and make the necessary disclosures on its website, in terms of the SEBI circular dated November 12, 2020 and bearing number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230, as amended, replaced or modified from time to time.

(i) **Asset Cover**

The Company shall maintain the Asset Cover as required under the Deed of Hypothecation as long as any amount under the Debentures is outstanding.

(j) **Comply with Provisions of Section 125 of the Act**

The Company shall comply with the provisions of Section 125 of the Act relating to transfer of unclaimed redemption and coupon amounts of Debentures to Investor Education and Protection Fund (**"IEPF"**), if applicable to it.

(k) **Security**

The Company hereby further agrees, declares and covenants with the Debenture Trustee as follows:

(i) The Debentures have been secured by way of a first ranking exclusive charge on the Secured Property;

(ii) It shall create the charge over the Secured Property on or prior to the Deemed Date of Allotment;

(iii) It shall register and perfect the security over the Secured Property by filing Form CHG-9 with the Registrar of Companies in relation thereto within 30 (Thirty) calendar days from the date of execution of the Deed of Hypothecation.

(iv) The Company covenants that it shall co-operate and shall provide all necessary assistance and furnish such information or documents as may be required by the Debenture Trustee and/or the Debenture Holders, to the satisfaction of the Debenture Trustee to enable it to make necessary filings in connection with the creation of security over the Secured Property with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India, within 30 (Thirty) calendar days from the date of execution of the Deed of Hypothecation.

(l) **Financial Terms and Conditions**

The Company shall at all times during the term of these presents comply with each of the Financial Terms and Conditions.

(m) The Company shall carry out subsequent valuation of the Secured Property, at the request of the Debenture Trustee;

(n) The Company is aware that in terms of Regulation 14 of the SEBI (Debenture Trustees) Regulations, 1993, as amended from time to time, the Trust Deed has to

contain the matters specified in Section 71 of the Act and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014. The Company hereby agrees to comply with all the clauses of Form No. SH.12 as specified under the Companies (Share Capital and Debentures) Rules, 2014 to the extent applicable to it as if they are actually and physically incorporated herein in the Debenture Trust Deed;

(o) The Company shall provide to the Debenture Trustee and/or the Debenture Holders such information as it may require for any filings, statements, reports that the Debenture Trustee is required to provide to any Governmental Authority under Applicable Law.

(p) **NOTICE OF WINDING UP OR OTHER LEGAL PROCESS**

The Company shall notify the Debenture Trustee in writing, of any notice of an application for winding up having been made or receipt of any statutory notice of winding up under the provisions of the Act or any other notice under any other law or otherwise of any suit or legal process intended to be filed or initiated against the Company and affecting or likely to affect the charged assets or the Secured Property and the title to the property of the Company or if a Receiver is appointed in respect of any of its properties or businesses or undertakings promptly, and no later than 5 (Five) calendar days from the occurrence of such event (unless otherwise specifically provided).

(q) **LABOUR UNREST**

The Company shall promptly inform the Debenture Trustee of the happening of any lockouts, shut-downs, fires of labour unrest or any event likely to have a substantial effect on the profits or business of the Company, and the reasons therefor.

(r) **LOSS OR DAMAGE BY UNCOVERED RISKS**

The Company shall promptly inform the Debenture Trustee of any material loss or significant damage which the Company may suffer due to any force majeure circumstances such as earthquake, flood, tempest or typhoon, etc. against which the Company may not have insured its properties;

(s) **PRESERVE CORPORATE STATUS**

The Company shall diligently preserve its corporate existence and status and its license to conduct business as a non-banking financial company and any other rights, licenses and franchises necessary for its obligations under the Debentures and the Transaction Documents and continue to be a validly existing organization in good standing and at all times act and proceed in relation to its affairs and business in compliance with Applicable Law.

(t) **COSTS AND EXPENSES**

The Company shall subject to **Clause 2.19** (*Costs and Expenses*) of **Part B** of the Debenture Trust Deed, pay all costs, charges and expenses in any way incurred by the Debenture Holders and/or the Debenture Trustee towards protection of Debenture-holders' interests, including traveling and other allowances and such taxes, duties, costs, charges and expenses in connection with or relating to the Debentures, including:

(i) costs, charges and expenses incurred in connection with the negotiation, execution, filing and registration of the Transaction Documents (including legal fees); and

(ii) travelling and other allowances and such taxes, duties, costs, charges and expenses and legal costs incurred by the Debenture Trustee in relation to the enforcement of the rights of the Debenture Holder(s), in connection with or relating to the role of the Debenture Trustee in respect of the Debentures and all on an actual basis and any amounts payable to the Rating Agency towards their fees for rating of the Debentures.

(u) **PAY STAMP DUTY**

The Company shall pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Company may be required to pay according to the laws for the time being in force in India, and in the event of the Company failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Debenture Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Debenture Trustee on demand.

(v) **FURNISH INFORMATION TO THE DEBENTURE TRUSTEE**

(i) The Company shall inform the Debenture Holder(s) and/or the Debenture Trustee in writing immediately upon a shareholder (or related shareholders) obtaining or disposing of a greater than 20% (Twenty Percent) ownership interest in the Company.

(ii) The Company shall as soon as practicable, and in any event within 1 (One) Business Day, upon the Company having knowledge of any winding up proceeding including filing of any application under the IBC or initiation of any insolvency resolution process against the Company under the IBC.

(w) **FURTHER ASSURANCES**

The Company shall:

(i) execute and/or do, at their own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Debenture Trustee may reasonably or by law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Debenture Trustee;

(ii) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it lawfully to enter into and perform its obligations under the Debenture Trust Deed or to ensure the legality, validity, enforceability or admissibility in evidence in India of the Debenture Trust Deed;

(iii) comply with all Applicable Law, as applicable in respect of the Debentures and obtain such regulatory approvals as may be required from time to time.

(x) **INSURANCE**

(i) The Company shall insure and keep insured those assets of the Company that are normally insured by companies in similar lines of business and locations, in such amounts and of such types as are standard for such companies and shall duly pay all premia and other sums payable for the purpose.

(ii) In the event of failure on the part of the Company to insure all the assets of the Company adequately in any manner whatsoever, the Debenture Trustee may, but shall not be bound to, get the assets of the Company insured or pay the insurance premia and other sums referred to above. If any such monies are paid, the same shall be immediately reimbursed by the Company.

(iii) In addition to the above, the Company shall use all reasonable endeavours to prevent the happening of an act, omission, breach or default which would be reasonably likely to render void or voidable any insurances effected by it.

(y) **CORPORATE GOVERNANCE**

(i) The Company shall conform to all mandatory recommendations on corporate governance contained under the Act.

(ii) The Company shall at all times until the Final Settlement Date, ensure that there is at least 1 (one) independent director on the Board of Directors of the Company.

(z) **ACCESS**

(i) The Company shall permit the Debenture Trustee to examine the relevant books and records of the Company upon reasonable prior written notice and at such reasonable times and intervals as the Debenture Trustee may reasonably request.

(ii) The Company shall permit the Debenture Trustee and the representatives of the Debenture Holder(s), upon prior written notice, to visit and inspect any of the premises where its business is conducted and to have access to its relevant books of account and records in relation to this Issue; to enter into or upon and to view and inspect the state and condition of all the Secured Property, together with all records, registers relating to the Secured Property; and in general to have access to any information that the Debenture Holder(s) deems necessary in order to monitor and evaluate the Company's financial performance and/or operational risk.

(aa) **SECURITY**

The Company is not aware of any document, judgment or legal process or defects affecting the title, ownership of the Security which has remained undisclosed and/or which may have Material Adverse Effect on the Debenture Holder.

(bb) **ENVIRONMENTAL AND LABOUR LAW COVENANTS**

(i) The Company shall not provide any loan (directly or indirectly) to any entity engaged in any of the following prohibited activities:

A. Projects that involve conversion or degradation of critical forest areas

or related critical natural habitats.

B. Projects involving the construction of 'large dams' that significantly and irreversibly: (I) disrupt natural ecosystems upstream or downstream of the dam, or (II) alter natural hydrology, or (III) inundate large land areas, or (IV) impact biodiversity, or (V) displace large numbers of inhabitants (5,000 persons or more) or (VI) impact local inhabitants' ability to earn a livelihood.

C. Projects involving the commercial manufacturing of ozone-depleting substances ("**ODS**") or the production or use of persistent organic pollutants ("**POPs**") that are banned or scheduled to be phased out of production and use by international agreement during the life of the project.

D. Projects that require resettlement of 5,000 or more persons.

E. Projects in or impacting natural World Heritage Sites (i.e. areas of significant ecological value that have been internationally recognized as necessary for strict protection by members of the World Heritage Convention) situated in India.

F. Projects in or impacting areas on the United Nations list of national parks and protected areas.

G. Extraction or infrastructure projects in or impacting: protected area Categories I, II, III, and IV (strict nature reserve/wilderness areas and national parks, natural monuments and habitat/ species management areas), as defined by the IUCN. Projects in IUCN Categories V (protected landscape/seascape) and VI (managed resource protected area) must be consistent with IUCN management objectives. Areas protected by the Ramsar Convention are considered within the appropriate IUCN Category to which they are assigned.

H. The Company shall not provide any loan (directly or indirectly) to any entity engaged in an activity likely to have a significant adverse impact on the environment (taking into account, among other factors, the sensitivity of the impacted ecosystem) or human health or safety.

(ii) With regards to labour laws,

A. The Company shall not take any actions to prevent Workers from lawfully exercising their right of association and their right to organize and bargain collectively, and not take any action on the basis of such rights or activities, including, but not limited to any form of retaliation, such as termination, suspension, demotion, blacklisting or transfer of any Worker by the employer, or by an officer, agent or representative thereof;

B. The Company shall observe Applicable Law relating to the minimum age for employment of children, conditions of work, minimum wages, hours of work, and occupational health and safety;

C. The Company shall not use forced or compulsory labour (including but not limited to any form of slavery, debt bondage, and serfdom);

D. The Company shall not employ persons, formally or informally, under the age of fifteen (15) for general work and under the age of eighteen (18) for work involving hazardous activity likely to harm the health, safety, or morals of those persons;

E. The Company shall pay all wages, including all bonus pay and premium

pay for overtime work, in full, in legal tender and in a timely fashion, to Workers, except when Workers have agreed otherwise;

F. The Company shall not require Workers to work more than 48 standard hours of work per week (not including overtime work) and ensure that Workers shall be guaranteed a weekly 24-hour rest period;

G. The Company shall ensure that the relationship of the Company with all of its employees shall be based on principles of equal opportunity and fair treatment. The Company shall ensure that there shall be no discrimination on grounds like age, sex, gender, disability, ailment, religion, race, nationality, social or ethnic origin, colour, sexual orientation, political opinion and other personal characteristics unrelated to the inherent requirements of the job.

H. The Company shall not discriminate with respect to any aspect of the employment relationship including the hiring/selection process, promotions, transfers, provision of training opportunities, compensation, employee benefits, termination or retirement policies, and disciplinary practices.

I. The Company shall not make employment decisions or discriminate with respect to aspects of the employment relationship on the basis of personal characteristics unrelated to inherent job requirements, including gender, race, religion, nationality, political opinion, or social or ethnic origin;

J. The Company shall provide a grievance redressal mechanism for its employees (including grievances in relation to alleged discrimination at the workplace) including an anonymous channel for employees to utilise should they choose to do so. It is clarified that the said grievance redressal mechanism shall be in addition to and without prejudice to any rights or recourse that employees may have under Applicable Laws.

(iii) The Company shall not provide loans (directly or indirectly) to any entity that violates (i), or (ii) above.

(iv) The Company shall comply with any other Applicable Law or collective bargaining agreement that imposes a requirement that is more protective of worker rights than any of the foregoing requirements.

(v) The Company will ensure that the contractors and the subcontractors comply with the above requirements.

(vi) The Company shall promptly inform the Debenture Trustee of any material breach of any Environmental and Social Requirements and provide accurate and complete information with respect to such breach and any additional information in relation thereto, in whichever form as the Debenture Trustee may request at its sole discretion. The Company shall promptly inform the Debenture Trustee, on (i) any Environmental and Social Claim and/or any Client Protection Claim being commenced against it or against any Group Entity, and (ii) any facts or circumstances which will or are reasonably likely to result in any Environmental and Social Claim and/or any Client Protection Claim being commenced or threatened against it or any Group Entity, and provide accurate and complete information with respect to such Environmental

and Social Claim and/or any Client Protection Claim and any additional information in relation thereto, in whichever form as the Debenture Trustee may request at its sole discretion.

(cc) **NATURE OF LOANS**

The Company shall only provide Client Loans provided that such Client Loans do not exceed the RBI stipulated limit of total indebtedness for any one obligor.

(dd) **ADVERSE TRANSACTIONS**

(i) The Company shall not enter into any transaction or arrangement or execute any document, deed or agreement which in the opinion of the Majority Debenture Holder(s) would materially and/or adversely affect the Company's ability to perform its obligations under the Transaction Documents or impact the Security created under the Transaction Documents.

(ii) The Company shall not enter into any arrangement for settlement of litigation for any such amount, which in the opinion of the Majority Debenture Holder(s) would materially and/or adversely affect the Company's ability to pay any amounts due under the Transaction Documents.

(ee) **INTERNAL PROCEDURES, CONTROLS**

The Company shall at all times institute, maintain and comply with internal procedures and controls satisfactory to the Debenture Holder(s)/ Debenture Trustee for the purpose of preventing the funds lent by it from being used for money laundering, financing of terrorist activity, fraud or other corrupt or illegal purposes or practices.

(ff) **INSPECTION, REVIEW**

The Company shall permit any officers or employees of the Debenture Trustee or its representatives (i) to visit and inspect any of its properties, and to discuss with its principal officers matters pertinent to an evaluation of the credit of the Company or relating to compliance with the Debenture Trust Deed, and (ii) to the fullest extent permitted by Applicable Law to review all books of record and account and any available reports or statements relevant thereto, all at such reasonable times with prior written notice of 5 Business Days and as often as it may reasonably request.

(gg) **CLIENT PROTECTION PRINCIPLES**

The Company shall operate in accordance with the Client Protection Principles, including by adopting the following practices:

(i) in order to promote the "Transparency" principle, the Company shall adopt policies and procedures to disclose to its clients, the total cost of credit (including all fees, commissions, insurance premiums, and other costs); and

(ii) in order to promote the "Prevention of Over-indebtedness" principle, the Company shall make use of client information from relevant credit bureaus in making lending decisions and shall report client data to relevant credit bureaus, where it is commercially reasonable to do so.

(hh) The Company shall (and it shall ensure that all of the Group Entities will) conduct their respective businesses in all material respects in compliance with all Applicable

Laws including but not limited to Environmental and Social Requirements and Client Protection Laws and take all reasonable steps in anticipation of known or expected future changes to or obligations under the same.

(ii) The Company shall ensure the Promoter maintains an executive role in the Company until the Final Settlement Date.

7.3.2. NEGATIVE COVENANTS

The Company hereby covenants with the Debenture Holders and/or the Debenture Trustee that the Company shall not for so long as any amount remains outstanding under the Debentures, take any action in relation to the items set out below, except as may otherwise be previously agreed to in writing by the Debenture Trustee (acting upon the receipt of the prior written approval of the Majority Debenture Holder(s)). Provided that the Debenture Trustee shall after consultation with the Majority Debenture Holder(s) provide its approval or dissent as the case may be, as soon as reasonably practicable on receipt of any such request for approval received by the Company:

(a) **DIVIDEND**

The Company shall not declare or distribute any dividend to its common equity shareholders during any financial year unless (i) it has paid the amounts then due and payable on the Debentures, or has made provisions satisfactory to the Debenture Trustee for making such payments and (ii) no Event of Default has occurred and is continuing or would occur as a result of such declaration or distribution of dividend.

(b) **NEGATIVE PLEDGE**

The Company shall not create or permit to subsist any Security over any of its assets other than in the ordinary course of business of the Company.

(c) **CHANGE OF BUSINESS**

The Company shall neither change the general nature and conduct of its present scope of its business from that which is permitted under the 'Non-Banking Financial Company' Directions issued by the RBI.

(d) **CHANGE IN CONSTITUTION OR MANAGEMENT OF COMPANY**

(i) The Company shall not permit any fundamental change to the constitution and no change to the management of the Company.

(ii) The Company shall not take any action which results in a change in the ownership or Control of the Company. For the purpose of this sub-paragraph, the term "Control" shall have the meaning assigned to such term in the Act.

(iii) The Company shall not, without the prior written consent of the Debenture Holders or the Debenture Trustee, take any action including any transfer or encumbrance of shares held by the Promoter in the Company which would result in dilution of the current shareholding held by the Promoter in Company as on the date of execution of the Debenture Trust Deed, except in case of transfer of shares under employee stock options. As on the date of execution of the Debenture Trust Deed, the Promoter holds 5.70% (Five

Decimal Point Seven Zero Percent) of the total shareholding of the Company on a fully diluted basis.

(e) **MERGER, AMALGAMATION, ETC**

The Company shall not engage in or undertake any corporate restructuring, re-organisation and / or re-capitalisation of any sort including but not limited to merger, spin-offs, demerger, consolidation, reorganisation, amalgamation, reconstruction, capital reduction and liquidation, unless it has obtained the specific prior written approval of the Debenture Holder(s) and except as permitted under the Debenture Trust Deed.

(f) **ARM'S LENGTH TRANSACTIONS**

The Company shall not enter into any transactions with any Person except in the ordinary course of business on ordinary commercial terms and on the basis of arm's length arrangements.

(g) **DISPOSAL OF ASSETS**

Save for disposals made in the ordinary course of business of the Company in accordance with good industry practice, the Company shall not either in a single transaction or in a series of transactions, whether related or not and whether voluntarily or involuntarily, sell, transfer, grant or lease or otherwise dispose of all or any substantial part of its assets or its shareholding in any entity without the prior written consent of the Debenture Trustee.

(h) **OBJECTIONABLE PRACTICES AND EXCLUSION LIST**

(i) The Company shall not finance any activity, production, use, distribution, business or trade involving activities specified in **Schedule VI** (*Exclusion List*) of **Part D** the Debenture Trust Deed or finance any person undertaking any of the activities specified in **Schedule VI** (*Exclusion List*) of **Part D** the Debenture Trust Deed.

(ii) The Company shall not engage in any Prohibited Practice nor authorise or permit any other person acting on its behalf to do so.

(iii) The Company shall not engage in any Objectionable Practice, nor authorise or permit any other Person acting on its behalf or on behalf of such Person to do so.

(i) **CONSTITUTIONAL DOCUMENTS**

The Company shall not make any material amendments to its constitutional documents), without the prior written consent of the Debenture Trustee.

(j) **ARRANGEMENT WITH CREDITORS**

The Company shall not enter into any material compromise or arrangement or settlement with any of its secured creditors that would prejudicially affect the interests of the Debenture Holder(s), without the prior written consent of the Debenture Trustee.

(k) **WINDING UP, ETC.**

The Company shall not wind-up, liquidate or dissolve its affairs.

(l) **CREATION OF SUBSIDIARIES**

The Company covenants with the Debenture Trustee that during the continuance of the Debentures, the Company shall not create any subsidiary or permit any company to become its subsidiary unless it has obtained the specific prior written approval of the Debenture Holder(s).

(m) **END USE OF PROCEEDS**

In addition to the activities set out under **Clause 1.13.1(a)(ii)** of **Part A** of the Debenture Trust Deed, the Company shall ensure that no part of the proceeds received from the Issue of the Debentures shall be:

(i) utilised for lending to any Restricted Person;
(ii) utilised for financing any activity, production, use, distribution, business or trade involving forestry projects or operations that are not consistent with the JICA Guidelines for Environmental and Social Considerations or persistent organic pollutants;
(iii) deployed in Sensitive Areas, in accordance to the Appendix III of the JICA Guidelines for Environmental and Social Considerations; and
(iv) deployed in the areas located within disputed international boundaries of the Republic of India.

(n) **SANCTIONS**

(i) The Company shall not and shall require that none of its obligors engage in any transaction, activity or conduct that would violate any Sanctions.
(ii) The Company shall not use all or any part of the proceeds received from issue of the Debentures for any purpose that would be in breach of any Sanctions.
(iii) The Company shall require that none of its obligors to whom any debt was made available by the Company utilising the proceeds of the Issue of the Debentures use all or any part of such debt for any purpose that would be in breach of any Sanctions.

(o) Notwithstanding the provisions of Clause 2.5.4 (*Financial Covenants*), without the prior written consent of the Debenture Holders, the Company shall not enter into any transaction(s) in the nature of loans or advances to a related party(s) whereby the overall outstanding amount owed to the Company under all such transactions exceeds 10% of its net worth. The Debenture Trustee or its representatives will have access to any additional information that it/they deem(s) necessary to monitor and evaluate this **Clause 2.5.3(m)** of **Part B** of the Debenture Trust Deed till the Final Settlement Date.

For the purposes of this **Clause 2.5.3**, sub-clause (m) of **Part B** of the Debenture Trust Deed, the terms "related party(s)" and "net worth" shall have the meaning assigned to such term under the Act.

(p) Until the Final Settlement Date, the Company will procure and ensure that the Promoter will not exit from or reduce its involvement from the management activities of the Company as is subsisting on the date of execution of the Debenture Trust Deed.

(q) The Company shall not:

(i) extend a loan to a single individual or entity amounting to greater than 10% (Ten Percent) of the Tangible Net Worth of the Company; or

(ii) undertake to guarantee the liabilities of any individual or entity (unless the entity is a wholly owned subsidiary of the Company).

For the purpose of this paragraph (o), the term "**Tangible Net Worth**" means the net worth (as defined in the Act) of the Company according to the latest available audited balance sheet, net of redeemable capital, intangible assets and deferred tax assets;

7.3.3. REPORTING COVENANTS

The Company shall provide or cause to be provided to the Debenture Trustee and the Debenture Holders, in form and substance reasonably satisfactory to the Debenture Trustee (and to the Debenture Holders), each of the following items:

(a) Promptly after the Company obtains knowledge thereof, notice of the occurrence of any event or circumstance that might reasonably be expected to result in a Material Adverse Effect.

(b) Promptly after the Company knows of or receives notice of any dispute, litigation, arbitration, investigation or other proceeding (including without limitation any orders, directions, notices of any judicial or any other tribunal) affecting the Company, any subsidiary or the property or operations of any of them, which, if adversely determined, might result in a Material Adverse Effect.

(c) Promptly and in any event, no later than the date it has to deliver its audited annual financial statements, a report containing the social indicators as indicated in **Schedule VIII** (*Annual Social Indicator Reporting Requirements*) of **Part D** of the Debenture Trust Deed on an annual basis.

(d) Promptly after the Company obtains knowledge thereof, notice of the occurrence of any event which constitutes an Event of Default or a Potential Event of Default, specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same.

(e) Promptly upon a request by the Debenture Trustee/ the Debenture Holder(s), the Company shall supply to the Debenture Trustee, a certificate signed by 2 (two) of its directors certifying that no Event of Default is continuing or if an Event of Default has occurred, specifying the nature of such event and the steps, if any, being taken by the Company to remedy it.

(f) Promptly upon the request of the Debenture Holder (whether on account of a change in the Applicable Law or due to a proposed transfer of the Debentures or otherwise) supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Debenture Holder in order for the Debenture Holder to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under Applicable Law pursuant to the transactions contemplated in this Issue.

(g) As long as there are amounts outstanding under the Debentures, all the financial numbers to enable the Debenture Trustee and the Debenture Holders to determine

the fulfilment of the Financial Covenants, no later than 30 (thirty) calendar days from the end of each calendar month;

(h) Such information as they shall require as to all matters relating to the business, property and affairs of the Company that materially impacts the interests of the Debenture Holders.

(i) Notify the Debenture Trustee on any material changes in the relevant regulations governing non-banking financial companies in India or in any regulatory approval required to be maintained by the Company within 7 (Seven) Business Days of any such changes being implemented or potential changes being announced by the appropriate Governmental Authority;

(j) The Company shall provide a report evidencing the compliance of the covenants set out under the Debenture Trust Deed.

(k) Promptly and in any event, no later than the date the Company shall deliver a report containing the WASH indicators to be delivered in a format satisfactory to the Debenture Trustee, on a semi-annual basis.

(l) **Notify the Debenture Trustee**

The Company shall provide / cause to be provided information in respect of the following promptly and no later than 7 (Seven) calendar days from the occurrence of such event (unless otherwise specifically provided):

(i) Notify the Debenture Trustee in writing, if it becomes aware of any fact, matter or circumstance which would cause any of the representations and warranties under any of the Transaction Documents to become untrue or inaccurate or misleading in any material respect.

(ii) Provide to the Debenture Trustee such further information regarding the financial condition, business and operations of the Company as the Debenture Trustee may reasonably request in relation to the Payments due to be made on the Debentures.

(iii) Forward the details on utilisation of funds raised through the issue of Debentures duly certified by the statutory auditor of the Company, to the Debenture Trustee within 45 (Forty Five) Business Days from the Deemed Date of Allotment and duly certified by the Company's statutory auditors at the end of each financial year.

(iv) Notify the Debenture Trustee of any change in the GAAP / IND AS followed in the financial statements and accordingly vide the Company's auditors deliver to the Debenture Trustee a description of the changes sought to be made in the financial statements pursuant to the change in the GAAP / IND AS.

(v) Notify the Debenture Trustee of any change in the authorized signatories of the Company in relation to this Issue.

(vi) Forward to the Debenture Trustee all material documents dispatched by the Company to (A) its shareholders and (B) its creditors generally at the same time as they are dispatched.

(vii) Inform the Debenture Trustee and the Debenture Holder(s) about any security interest being granted or established or becoming enforceable over any of the Secured Property.

(viii) The Company shall inform the Debenture Trustee promptly after declaring any dividend.

(ix) The Company shall inform the Debenture Trustee upon the occurrence of any change in the shareholding structure of the Company.

(x) The Company shall inform the Debenture Trustee in relation to any change in the Company's senior management officials including Chief Executive Officer, Chief Financial Officer, Chief Operating Officer or Chief Risk Officer.

(xi) The Company shall inform the Debenture Trustee of any change in the statutory auditors of the Company.

(xii) The Company shall inform the Debenture Trustee of details relating to approval of the Company's annual business plan by the Board of Directors of the Company.

(xiii) The Company shall inform the Debenture Trustee of any prepayment or notice of any prepayment of any Financial Indebtedness incurred/availed by the Company.

(m) the Company shall notify the Debenture Trustee promptly of any revision in the rating provided by the Rating Agency in the Issue.

(n) **Annual Reports:** The Company shall provide the following reports/information within 120 calendar days from the end of each financial year:

(iv) a certificate issued by a director or the chief financial officer of the Company confirming that no Event of Default has occurred or is continuing thereof, if required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended, modified or supplemented from time to time);

(v) a copy of all annual information submitted by the Company to the RBI; and

(vi) the corporate social responsibility report of the Company (if applicable).

(o) As soon as practicable within 45 (Forty Five) calendar days from the end of each quarter of every financial year, the Company shall furnish a report to the Debenture Holders, containing the following particulars:

(ii) the information on financials of the Company, operations of the Company, data in relation to portfolio growth and asset quality (static portfolio cuts, collection efficiency and PAR) of the Company in the formats acceptable to the Debenture Holder(s);

(iii) the list of Board of Directors of the Company;

(iv) list of members of the management of the Company;

(v) the shareholding pattern of the Company;

a certificate issued by an independent chartered accountant certifying the compliance by the Company of each of the financial covenants provided for in **Clause 2.5.4** (*Financial Covenants*) of **Part B** of the Debenture Trust

Deed, which certificate shall be delivered to the Debenture Trustee and the Debenture Holders;

(vi) information provided by the Company in relation to:

A. new products introduced by the Company, or change in existing product features offered by the Company;
B. any new business correspondent relationships or discontinuance of any existing relationships;
C. in the event the Company opens any new segment of business through geographical expansion to any new state other than the business carried out by the Company presently;
D. any material changes to the information technology or MIS systems of the Company;
E. any change in the credit bureaus presently appointed by the Company including but not limited to the Rating Agency;
F. any revision in the business plan of the Company;
G. any changes in the accounting policy of the Company;
H. after the Company obtains knowledge thereof, notice of the occurrence of any fraud amounting to more than 1% (One Percent) of the gross loan portfolio of the Company.

7.3.4. FINANCIAL COVENANTS

The Company shall maintain at all times, until the Final Settlement Date:

(a) maintain a Regulatory Capital Adequacy Ratio in excess of 17% (Seventeen Percent);

(b) maintain a General Portfolio at Risk Ratio of less than 12.0% (Twelve Percent) until and including March 31, 2022. On and from April 1, 2022, and until September 30, 2022, maintain a General Portfolio at Risk Ratio of less than 7.0% (Seven Percent) and thereafter until the Final Settlement Date, maintain a General Portfolio at Risk Ratio of less than 4.0% (Four Percent);

(c) maintain a Write Off Ratio of less than 3.0% (Three Percent);

(d) maintain a Risk Coverage Ratio in excess of 80.0% (Eighty Percent) until March 31, 2022. On and from April 1, 2022 and thereafter until the Final Settlement Date, maintain a Risk Coverage Ratio in excess of 100.0% (One Hundred Percent);

(e) maintain an Open Loan Exposure Ratio of less than 8.0% (Eight Percent) until March 31, 2022. On and from April 1, 2022 and thereafter until the Final Settlement Date, maintain an Open Loan Exposure Ratio of less than 5.0% (Five Percent);

(f) ensure that its Net Un-Hedged Foreign Currency Ratio, if any, is between -25.0% (Minus Twenty Five Percent) and +25.0% (Plus Twenty Five Percent);

(g) maintain a Liquidity Ratio in excess of 3.0% (Three Percent);

(h) maintain a Last 12 (Twelve) Months' Return on Average Assets Ratio in excess of 0.0% (Zero Percent);

(i) maintain an Operating Self-Sufficiency Ratio in excess of 100.0% (One Hundred Percent);

(j) maintain a Single Obligor Exposure Ratio of less than 5.0% (Five Percent);

(k) maintain a Top 20 (Twenty) Largest Obligor Concentration Ratio of less than 5.0% (Five Percent);

(l) maintain an Adjusted Solvency Ratio in excess of 13.0% (Thirteen Percent); and

(m) call for periodical status/ performance reports from the Company within 7 days of the relevant board meeting or within 45 days of the respective quarter whichever is earlier.

For the purposes of this Clause **2.5.4** (*Financial Covenants*), the following terms shall have the meaning ascribed to them as provided below:

"**Adjusted Solvency Ratio**" means the difference between (a) Total Equity and (b) the aggregate value of all first loss guarantees plus cash collaterals furnished under business correspondent and securitised portfolios divided by Total Assets;

"**Category C Criteria**" means the criteria established under Category C according to the JICA Guidelines for Environmental and Social Considerations, which is as follows:

(i) The end uses of the proceeds of the Debentures are likely to have minimal or little adverse impact on the environment and society;

(ii) The end uses of the proceeds of the Debentures do not include new land acquisition, involuntary migration of population or involuntary economical resettlement; and

(iii) The end use of the proceeds of the Debentures are not located in Sensitive Areas, in accordance to the Appendix III of the JICA Guidelines for Environmental and Social Considerations.

"**COVID-19 induced Restructured Loans**" shall mean loans that have been restructured by granting the borrowers payment deferments / holidays, as instructed and/or recommended by the Reserve Bank of India due to the COVID-19 pandemic. For the avoidance of doubt, it is hereby clarified that in the event any of these loans, become delinquent and/or restructured for the second time, they shall be immediately excluded from COVID-19-induced Restructured Loans category, and shall be construed to be and shall be reported in the Restructured Loans and Refinanced Loans category;

"**General Portfolio at Risk Ratio**" shall be calculated as the sum of (a) the value of all loans outstanding that have one or more instalments of principal past due more than 90 (Ninety) days, including both the past due and future instalments, and (b) the aggregate outstanding principal amount of all Restructured Loans and Refinanced Loans, divided by the gross loan portfolio.

"**Last 12 (Twelve) Months' Return on Average Assets Ratio**" shall be calculated as (a) the total net income over the most recent 12 (twelve) month period, divided by (b) the average Total Assets for the same 12 (twelve) month period.

"**Liquidity Ratio**" shall be calculated as the sum of (a) cash & amounts due from banks and (b) short-term investments (maturing within 1 (One) year) divided by Total Assets.

"**Net Un-Hedged Foreign Currency Ratio**" shall mean a ratio, the numerator of which is total unhedged foreign currency liabilities denominated in any currency other than the currency of the Company's jurisdiction less total un-hedged foreign currency assets, and the denominator of which is Total Equity.

"**Open Loan Exposure Ratio**" shall mean a ratio, calculated as the value of (a) the sum of the aggregate outstanding principal amount of (i) all loans with one or more instalments of principal or interest past due for more than 90 (Ninety) days plus (ii) all Refinanced Loans and Restructured Loans, less (b) the allowance for loan losses, divided by (c) Total Equity.

"**Operating Self-Sufficiency Ratio**" shall be calculated as total operating income for the most recent trailing 12 (twelve) month period divided by the sum of (a) overhead expense, (b) interest expense and (c) provision expense for that same 12 (Twelve) month period.

"**Regulatory Capital Adequacy Ratio**" shall be calculated as (a) regulatory capital divided by (b) total risk-weighted assets. Each of (a) and (b) shall be computed in accordance with the applicable regulations of the RBI from time to time, and as reported by the Company to the RBI.

"**Refinanced Loans**" shall mean loans that have been disbursed by the Company to its clients to enable repayment of prior loans by clients who otherwise would have been unable to pay the originally scheduled instalments.

"**Restructured Loans**" shall mean loans disbursed by the Company to its clients that have been, except for COVID-19-induced Restructured Loans, renegotiated, or modified to either lengthen or postpone the originally scheduled instalments of principal, or to substantially alter the original terms of the loans.

"**Risk Coverage Ratio**" shall be calculated as (a) the allowance for loan losses, divided by the sum of (b) the aggregate outstanding principal amount of all loans with one or more instalments of principal or interest past due for more than 90 (Ninety) days, and (c) the aggregate outstanding principal amounts of all Restructured Loans and Refinanced Loans.

"**Single Obligor Exposure Ratio**" shall be calculated as the Company's exposure to any single Person or economic group, divided by Total Equity.

"**Top 20 (Twenty) Largest Obligor Concentration Ratio**" shall be calculated as (a) the aggregate sum of outstanding principal amount of the Company's exposure to its 20 (Twenty) largest obligors, divided by (b) the Company's gross loan portfolio.

"**Write Off Ratio**" shall be calculated as the total principal amount of loan write-offs over the most recent trailing 12 (twelve) month period, divided by the average monthly gross loan portfolio for that same 12 (twelve) month period.

(n) The financial covenants shall be tested on a monthly basis (unless otherwise specified) and the results provided to the Debenture Trustee and the Debenture Holder(s) the format of which is contained in **Schedule VII** (*Monthly Financial Reporting Requirement*) of **Part D** of the Debenture Trust Deed. The financial

covenants must be satisfied at all times and any breach thereof will constitute a Potential Event of Default and, should such breach remain unremedied for a period of 30 (thirty) days or longer, an Event of Default.

7.4 EVENTS OF DEFAULT

If one or more of the events specified herein (hereinafter each an "**Event of Default**' and collectively, "**Events of Default**") shall occur, the Debenture Trustee may, in their discretion, and shall, upon request in writing of the Majority Debenture Holders or by a Special Resolution duly passed at the meeting of the Debenture Holders held in accordance with the provisions set out in **Schedule III** (*Provisions for the Meetings of the Debenture Holder(s))* of **Part D** of the Debenture Trust Deed by a notice in writing to the Company take all such action, expressly or impliedly permitted under the Transaction Documents or in law.

(a) NON-PAYMENT

The Company does not pay on the due date any amount payable pursuant to the Debenture Trust Deed at the place at which and in the currency (i.e. in Indian Rupees) in which it is expressed to be payable, unless its failure to pay is caused by administrative or technical error and payment is made within 3 (Three) Business Days of its due date.

(b) BREACH OF TERMS

Except for the event contained in **Clause 7.4.1** (*Non-Payment)* above, the Company defaults in the performance of any of its representations, obligations and covenants provided in terms of the Debenture Trust Deed and such default has continued for a period of 30 (Thirty) Business Days from the date the Company has obtained actual knowledge thereof.

(c) MISREPRESENTATION

Any representation or warranty made by the Company in any Transaction Document or in any certificate, financial statement or other document delivered to the Debenture Trustee/Debenture Holders by the Company shall prove to have been incorrect, false or misleading in any material respect when made or deemed made and such misrepresentation adversely affects the interest of the Debenture Holders in the reasonable opinion of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders);

(d) INSOLVENCY OR INABILITY TO PAY DEBTS

(i) The Company admits in writing its inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness.

(ii) The value of the Total Assets of the Company is less than that of its Total Liabilities (taking into account contingent and prospective liabilities).

(e) MATERIAL ADVERSE CHANGE

Any event or circumstance occurs which in the opinion of the Debenture Trustee (acting in accordance with the consent of the Majority Debenture Holders) has or is likely to have a Material Adverse Effect.

(f) CROSS DEFAULT

If the Company, in regards to its Financial Indebtedness: (i) defaults in any payment of any Financial Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Financial Indebtedness was created; or (ii) defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness, the effect of which default or other event or condition is to cause any such Financial Indebtedness to become due prior to its stated maturity; or (iii) due to any default or an event of default, any Financial Indebtedness of the Company shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, (whether or not such right shall have been waived) prior to the stated maturity thereof.

(g) LIQUIDATION OR DISSOLUTION OF THE COMPANY / APPOINTMENT OF RECEIVER OR LIQUIDATOR

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company;

(ii) a composition, compromise, assignment or arrangement with any creditor of the Company;

(iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Company;

(iv) enforcement of any security over any assets of the Company or any analogous procedure or step is taken in any jurisdiction; or

(v) any other event occurs or proceeding is instituted that under any Applicable Law would have an effect analogous to any of the events listed in clauses (i), (ii), (iii) and (iv) above and that declares the Company bankrupt, insolvent or dissolved or liquidated or makes any other analogous insolvency order.

(h) MORATORIUM

The Government of India or any relevant Governmental Authority declares a general moratorium or "standstill" (or makes or passes any order or regulation having a similar effect) in respect of the payment or repayment of any Financial Indebtedness (whether in the nature of principal, interest or otherwise) (or any indebtedness which includes Financial Indebtedness) due to the Company or due from the Company to the Debenture Holder(s), (and whether such declaration, order or regulation is of general application, applies to a class of persons which includes the Company or any of them alone) and such moratorium continues in effect for 30 (thirty) calendar days.

(i) CREDITORS' PROCESS

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Company having an aggregate value of 5% (Five percent) of the Total Assets of the Company and is not discharged within 30 (Thirty) calendar days or as given in the said order.

(j) JUDGMENT DEFAULTS

One or more judgments or decrees shall be entered against the Company involving a liability (not paid or not covered by a reputable and solvent insurance company), individually or in the aggregate, exceeding 5% (Five Percent) of the Total Assets of the Company and such judgments or decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed pending appeal for any period of 30 (Thirty) calendar days.

(k) **TRANSACTION DOCUMENTS**

the Debenture Trust Deed or any other Transaction Document in whole or in part, becomes invalid or ceases to be a legally valid, binding and enforceable obligation of the Company.

(l) **UNLAWFULNESS**

It is or becomes unlawful for the Company to perform any of its obligations under the Transaction Documents and/or any obligation or obligations of the Company under any Transaction Document are not or cease to be valid, binding or enforceable.

(m) **REPUDIATION**

The Company repudiates any of the Transaction Documents, or evidences an intention to repudiate any of the Transaction Documents.

(n) **CHANGE OF MANAGEMENT**

The Company takes steps to make a fundamental change to the management of the Company, without the prior written consent of the Debenture Trustee.

(o) **EXPROPRIATION, NATIONALIZATION ETC.**

Any Governmental Authority condemns, nationalizes, seizes, expropriates or otherwise assumes custody or control of all or any substantial part of the business, operations, property or other assets (including assets forming part of the Security) of the Company or of its share capital, or takes any action for the dissolution of the Company or any action that would prevent the Company or its officers from carrying on all or a substantial part of its business or operations.

(p) **SECURITY**

(i) The value of the Secured Property is insufficient to maintain the Asset Cover and Company fails to maintain the Asset Cover within the stipulated timelines in the Deed of Hypothecation;

(ii) Any of the Transaction Documents fails to provide the security interests, rights, title, remedies, powers or privileges intended to be created thereby (including the priority intended to be created thereby), or such security interests fail to have the priority contemplated under the Transaction Documents, or the security interests become unlawful, invalid or unenforceable; or

(iii) The Company creates or attempts to create any mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having similar effect, over the Secured Property, without the prior consent of the Debenture Trustee.

(q) **MATERIAL CHANGE IN MISSION**

Notwithstanding the provisions of **Clause 2.20** (*Early Redemption of the Debentures)* of **Part B** of the Debenture Trust Deed, there is a Material Change in Mission of the Company or if the RBI revokes the status of the Company as a non-banking financial company.

(r) **DECLARATION AS A SICK COMPANY**

The Company has been declared as a sick company under any law with powers in respect of revival or rehabilitation of sick companies.

(s) **DELISTING**

The listing of the Debentures ceases or is suspended at any point of time prior to the Final Settlement Date, except if the Debentures are delisted in accordance with the consent of the Majority Debenture Holders.

(t) **RATING DOWNGRADE**

In the event that the credit rating assigned to the Debentures by the Rating Agency and/or by any other credit rating agency is downgraded to a credit rating of 'B' (pronounced as "Single B") or below.

(u) **EROSION OF NET WORTH**

In the event the net worth of the Company has eroded by 50% (Fifty Percent) or more as certified by an accountant of a firm or an independent chartered accountant appointed by the Debenture Trustee (which accountant and independent chartered accountant, the Debenture Trustee shall be entitled and hereby authorised to appoint at any time) or an assessment conducted by the Debenture Holders' basis quarterly or annual financial information reported by the Company.

For the purposes of this **Clause 2.6(s)** of **Part B** of the Debenture Trust Deed, the term 'net worth' shall have the meaning assigned to such term under the Act.

7.5 CONSEQUENCES OF EVENTS OF DEFAULT

7.5.1 On and at any time after the occurrence of an Event of Default, unless such Event of Default at the request of the Company is expressly waived by the Debenture Trustee acting on the instructions of the Majority Debenture Holder(s), (a) upon the expiry of the cure period provided to the Company, or (b) if the cure period provided is mutually extended by the Parties hereto upon the expiry of such extended period or (c) where it is not practical to provide a cure period, then forthwith, or (d) where no cure period has been provided and the Parties mutually agree to provide for a cure period, upon the expiry of such mutually agreed cure period, the Debenture Trustee shall if so directed by the Majority Debenture Holder(s):

(a) Declare by written notice that all or part of the Secured Obligations be immediately due and payable, whereupon they shall become immediately due and payable;

(b) accelerate the redemption of the Debentures;

(c) enforce the charge over the Secured Property in accordance with the terms of the Deed of Hypothecation;

(d) exercise any other right that the Debenture Trustee and /or Debenture Holder(s) may have under the Transaction Documents or under Applicable Law including in relation to the enforcement of security / entering into the inter-creditor agreement with the creditors of the Company pursuant to the SEBI Circular dated October 13, 2020 (bearing reference number: SEBI/HO/MIRSD/CRADT/CIR/P/2020/203), as amended, modified or replaced from time to time and in relation to Recovery

Expense Fund pursuant to the circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 issued by SEBI, as amended, modified or replaced from time to time.

7.5.2 Until the happening of any of the Event(s) of Default set out in this **Clause 1.14** (*Events of Default)* of **Part A** of Debenture Trust Deed and **Clause 2.6** of **Part B** of Debenture Trust Deed, the Debenture Trustee shall not be in any manner required, bound or concerned to interfere with the management of the affairs of the Company or its business thereof. The Debenture Trustee shall, on being informed by the Company of the happening of any of the Event(s) of Default set out in **Clause 1.14** of **Part A** of Debenture Trust Deed and **Clause 2.6** (*Events of Default*) of **Part B** of Debenture Trust Deed or upon the happening of any of such Event(s) of Default coming to its notice, forthwith give written notice to the Debenture Holder(s) of the same.

After an Event of Default has occurred, all expenses incurred by the Debenture Trustee or Debenture Holder(s) in connection with preservation of the Company's assets (whether then or thereafter existing) and with collection of amounts due in respect of the Debentures or under these presents shall be payable by the Company.

Please note that the capitalised terms used in this section, but not defined herein, shall have the meaning as assigned to such term in the Debenture Trust Deed.

SECTION 8: OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Placement Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

8.1 Mode of Transfer/Transmission of Debentures

The Debentures shall be transferable freely; however, it is clarified that no Investor shall be entitled to transfer the Debentures to a person who is not entitled to subscribe to the Debentures. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable laws. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL and CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the Register of Debenture Holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

8.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/EFT/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent's records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the relevant Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

8.3 Debenture Trustee for the Debenture Holder(s)

The Issuer has appointed Catalyst Trusteeship Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee have entered/intend to enter into the Debenture Trustee Agreement and the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and coupon thereon and they will take necessary action, subject to and in accordance with the Debenture Trustee Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee

Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

8.4 Sharing of Information

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

8.5 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

8.6 Modification of Debentures

The Debenture Trustee and the Issuer will agree to make any modifications in the Placement Memorandum which, in the opinion of the Debenture Trustee, is of a formal, minor or technical nature or is to correct a manifest error.

Any other change or modification to the terms of the Debentures shall require approval by the Majority Debenture Holders.

8.7 Right to accept or reject Applications

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

8.8 Notices

Any notice in respect of the Debentures may be served by the Issuer upon the Debenture Trustee/Debenture Holders in accordance with the terms of the Transaction Documents.

All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post, recognized overnight courier service, hand delivery or email or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked "Private Placement of Debentures".

Notice(s) shall be deemed to be effective (a) in the case of registered mail, 3 (three) Business Days after posting; (b) 1 (One) Business Day after delivery by recognized overnight courier service, if sent for next Business Day delivery(c) in the case of facsimile at the time when dispatched with a report confirming proper transmission or (d) in the case of personal delivery, at the time of delivery or (e) or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email).

8.9 Issue Procedure

Only Eligible Investors as given hereunder may apply for the Debentures by completing the Application Form in the prescribed format in block letters in English as per the instructions contained

therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants.

The Applicant should transfer payments required to be made in any relation by EFT/RTGS, to the bank account as per the details mentioned in the Application Form.

The subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the EBP Guidelines by placing bids on the EBP Platform during the Issue period. In case the Eligible Investors are not registered on the EBP Platform, they will have to register themselves as an "investor" on the EBP Platform (as a one time exercise) and also complete the mandatory "know your customer" verification process. The Eligible Investors should also refer to the operational guidelines of the relevant EBP in this respect. The disclosures required pursuant to the EBP Guidelines are set out hereinbelow:

Details of size of issue including green shoe option, if any and a range within which green shoe may be retained (if applicable)	750 (Seven Hundred and Fifty) secured, rated, listed, redeemable, transferable, non-convertible debentures of face value of INR 10,00,000/- (Indian Rupees Ten Lakh Only) each, aggregating up to INR 75,00,00,000/- (Indian Rupees Seventy Five Crore only) Green Shoe Option: N.A.
Bid opening and closing date	Bid opening date: December 22, 2021 Bid closing date: December 22, 2021
Minimum Bid Lot	10 (ten) Debentures (being INR 1,00,00,000 (Indian Rupees One Crore)), and in the multiples of 1 (one) Debenture thereafter (being INR 10,00,000 (Indian Rupees Ten Lakh))
Manner of bidding in the Issue	Closed bidding
Manner of allotment in the Issue	Uniform Yield Allotment
Manner of settlement in the Issue	Pay-in of funds through ICCL. The pay-in of the application money for the Debentures shall be made by way of transfer of funds from the bank account(s) of the Eligible Investors (whose bids have been accepted) as registered with the Electronic Book Provider into the account of the ICCL, as specified in this regard below.
Settlement Cycle	T+1 Settlement of the Issue will be on December 23, 2021.

Process flow of settlement:

The Eligible Investors whose bids have been accepted by the Issuer and to whom a signed copy of this Placement Memorandum along with the PPOA have been issued by the Issuer and who have submitted/shall submit the Application Form ("**Successful Bidders**"), shall make the payments in respect of the Application Money in respect of the Debentures towards the allocation made to them, into the bank account of the ICCL, the details of which are as set out below:

Name of the Bank	HDFC Bank
IFSC Code	HDFC0000060
Account Number	ICCLEB
Name of the beneficiary	INDIAN CLEARING CORPORATION LTD

The pay-in of the Application Money by the Successful Bidders will be made only from the bank account(s), which have been provided / updated by them in the EBP system. Any amount received from third party accounts or from accounts not specified in the EBP system will be refunded and no allotment will be made against such payments. Upon the transfer of funds into the aforesaid account of ICCL and the Issuer confirming its decision to proceed with the allotment of the Debentures in favour of the Successful Bidders to the ICCL, the R&T Agent and the EBP and initiating the requisite corporate action for allotment of Debentures and credit of the demat letter of allotment into the relevant demat account of the Successful Bidders through the R&T Agent, the R&T Agent shall provide corporate action file along with all requisite documents to the relevant Depositories by 12:00 hours and also intimate the EBP of the aforesaid actions. Upon the Depositories confirming the allotment of the Debentures and the credit of the Debentures into the demat account of the Successful Bidders to EBP, the subscription monies in respect of the Debentures from the aforesaid account of ICCL shall be released into the Issuer's bank account, the details of which are as set out below:

Name of the beneficiary	Sonata Finance Private Limited
Name of the Bank	Union Bank Of India
Branch Address:	Civil Lines, Allahabad -211001, Uttar Pradesh, India
IFSC Code	UBIN0818879
Account Number	188731100000016

It must be noted that all funds pay-in obligations need to be fulfilled in totality. Partial fund receipt against any given obligation will be treated as a default and debarment penalties will be applicable as specified by the EBP Guidelines and other Applicable Law.

8.10 Application Procedure

Potential Investors will be invited to subscribe by way of the Application Form prescribed in the Placement Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). The Issuer reserves the right to change the issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule, and the procedure will be subject to the EBP Guidelines.

8.11 Fictitious Applications

All fictitious applications will be rejected.

8.12 Basis of Allotment

Notwithstanding anything stated elsewhere, the Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. In case of over subscription, allotment shall be made on a "yield time priority basis" in accordance with the EBP Guidelines. The investors will be required to remit the funds in the account of the ICCL as well as submit the duly completed Application Form along with other necessary documents to the Issuer by the Deemed Date of Allotment.

8.13 Payment Instructions

The Application Form should be submitted directly. The entire amount of INR 10,00,000/- (Indian Rupees Ten Lakh) per Debenture is payable along with the making of an application. Applicants can remit the application amount on the Pay-in Date in the account of ICCL mentioned under Section 8.9 above.

8.14 Eligible Investors

The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"):

(a) Mutual Funds
(b) NBFCs
(c) Provident Funds and Pension Funds
(d) Corporates
(e) Banks
(f) Foreign Institutional Investors (FIIs)
(g) Qualified Foreign Investors (QFIs)
(h) Foreign Portfolio Investors (FPIs)
(i) Insurance Companies
(j) Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures.

Investors, who are registered on the EBP Platform and are eligible to make bids for the Debentures of the Issuer and to whom allocation is to be made by Issuer pursuant to selection under the electronic book mechanism for issuance of securities on private placement basis in terms of the EBP Guidelines and the Electronic Book Providers shall be considered as "identified persons" for the purposes of Section 42(2) of the Companies Act, 2013, to whom the Issuer shall make private placement of the Debentures and only such "identified persons" shall receive a direct communication from the Issuer with offer to subscribe to the Debentures and only such "identified persons" shall be entitled to subscribe to the Debentures.

Additionally, those arrangers/brokers/intermediaries etc. (as per the defined limits under the EBP Guidelines) specifically mapped by the Issuer on the EBP Platform are also eligible to bid/apply/invest for this Issue.

All Eligible Investors are required to check and comply with Applicable Law(s) including the relevant rules / regulations / guidelines applicable to them for investing in this Issue of Debentures and the Issuer, is not in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

Hosting of this Placement Memorandum on the website of the BSE should not be construed as an offer or an invitation to offer to subscribe to the Debentures and the same has been hosted only as it is stipulated under the SEBI Debt Listing Regulations read with the EBP Guidelines. Eligible Investors should check their eligibility before making any investment.

All potential Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

8.15 Procedure for Applying for Dematerialised Facility

(a) The applicant must have at least one beneficiary account with any of the DP's of NSDL and CDSL prior to making the application.

(b) The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".

(c) Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.

(d) For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.

(e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.

(f) If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.

(g) For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.

(h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

8.16 Depository Arrangements

The Issuer shall make necessary arrangement with CDSL and NSDL for issue and holding of Debenture in dematerialised form.

8.17 List of Beneficiaries

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption monies.

8.18 Application under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories of the Investor and the tax exemption certificate/document of the Investor, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

8.19 Procedure for application by Mutual Funds and Multiple Applications

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

The Application Forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of:

(a) SEBI registration certificate
(b) Resolution authorizing investment and containing operating instructions
(c) Specimen signature of authorized signatories

8.20 Documents to be provided by Investors

Investors need to submit the following documents, as applicable:

(a) Memorandum and Articles of Association or other constitutional documents
(b) Resolution authorising investment
(c) Certified true copy of the Power of Attorney to custodian
(d) Specimen signatures of the authorised signatories
(e) SEBI registration certificate (for Mutual Funds)
(f) Copy of PAN card
(g) Application Form (including EFT/RTGS details)

8.21 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through cheque/EFT/RTGS.

SONATA Finance Pvt. Ltd. LKO.

8.22 Succession

In the event of winding up of a Debenture Holder (being a company), the Issuer will recognise the legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such legal representative as having title to the Debenture(s), unless they obtains legal representation, from a court in India having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of such legal representation, in order to recognise any person as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on the production of sufficient documentary proof and an indemnity.

8.23 Mode of Payment

All payments must be made through cheque(s) demand draft(s), EFT/RTGS as set out in the Application Form.

8.24 Effect of Holidays

If the Coupon Payment Date falls on a day which is not a Business Day, then the immediately succeeding Business Day shall be the due date for such payment. If the Maturity Date / Redemption Date (including the last Coupon Payment Date) or the due date in respect of all other monies payable under the Debenture Trust Deed falls on a day which is not a Business Day, then the immediately preceding Business Day shall be the due date for such payment. It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI Debt Listing Regulations.

8.25 Tax Deduction at Source

If the applicable rate of tax deducted at source is modified and results in a reduction of the net interest received by the Debenture Holder(s), the Issuer must give written notice to the Debenture Holder(s) as soon as it becomes aware of such change.

If the applicable rate of tax deducted at source is modified and results in a reduction of the net interest received by the Debenture Holder(s), the Issuer shall pay to the Debenture Holder(s) an additional amount so that the net amount received by the Debenture Holder(s) shall equal the amount which it would have received had the rate of the tax deducted at source remained unchanged as on the date of this Placement Memorandum.

8.26 Letters of Allotment

N. A. In accordance with the SEBI Debt Listing Regulations, the Issuer shall ensure that the Debentures are credited into the dematerialised accounts of the Debenture Holders of the Debentures within 2 (two) Business Days from the Deemed Date of Allotment.

8.27 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is December 23, 2021 by which date the Investors would be intimated of allotment.

8.28 Record Date

The Record Date will be 15 (Fifteen) calendar days prior to any due date.

8.29 Refunds

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For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (seven) days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the R&T Agent shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

8.30 Interest on Application Money

The Issuer hereby agrees and covenants that it shall pay interest on application money in respect of the Debentures at the Coupon Rate (subject to deduction of tax at source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961 or any other statutory modification or re-enactment thereof) will be paid on application money to the applicants from the date of realization of the monies up to 1 (One) day prior to the Deemed Date of Allotment for all valid applications, within 7 (Seven) Business Days from the Deemed Date of Allotment. Where the entire subscription amount has been refunded, the interest on application money will be paid along with the refund orders. Where an applicant is allotted a lesser number of Debentures than applied for, the excess amount paid on the application will be refunded to the applicant and the cheque towards interest on the refunded money will be dispatched by registered post, courier or by way of RTGS / NEFT / Direct Credit. Details of allotment will be sent to every successful applicant. In all cases, the interest instruments will be sent, at the sole risk of the applicant / first applicant.

8.31 PAN Number

Every applicant should mention its Permanent Account Number ("**PAN**") allotted under Income Tax Act, 1961, on the Application Form and attach a self-attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

8.32 Payment on Redemption

Payment on redemption will be made by way of cheque(s)/redemption warrant(s)/demand draft(s)/credit through RTGS system/funds transfer in the name of the Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Debenture Holder(s) on the Record Date. On such payment being made, the Issuer will inform NSDL and CDSL and accordingly the account of the Debenture Holder(s) with NSDL and CDSL will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

Disclaimer: Please note that only those persons to whom this Placement Memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may, but is not bound to, revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit. Provisions in respect of investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/

SONATA Finance Pvt. Ltd.

guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.



SECTION 9: UNDERTAKING

(1) UNDERTAKINGS IN RELATION TO THE ISSUER BEING ELIGIBLE UNDER THE SEBI DEBT LISTING REGULATIONS

The Issuer hereby undertakes and confirms that the following (as set out in Regulation 5 of the SEBI Debt Listing Regulations) are not applicable to the Issuer as on the date of this Placement Memorandum:

(a) the Issuer, any of its promoters, promoter group or directors are debarred from accessing the securities market or dealing in securities by the Board;

(b) any of the promoters or directors of the Issuer is a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by the Board;

(c) the Issuer or any of its promoters or directors is a wilful defaulter;

(d) any of the promoters or whole-time directors of the issuer is a promoter or whole-time director of another company which is a wilful defaulter;

(e) any of its promoters or directors is a fugitive economic offender; or

(f) any fine or penalties levied by the Board /Stock Exchanges is pending to be paid by the Issuer at the time of filing this Offer Document.

(2) UNDERTAKING ON CREATION OF SECURITY PURSUANT TO REGULATION 48(2) OF THE SEBI DEBT LISTING REGULATIONS

The Issuer hereby undertakes that the assets on which charge is proposed to be created as security for the Debentures are free from any encumbrances. The Issuer further undertakes that the charge proposed to be created is a first ranking exclusive charge and therefore no permission or consent to create a second or pari-passu charge on the assets of the Issuer is required to be obtained from any creditor (whether or not existing) of the Issuer.

(3) UNDERTAKING PURSUANT TO PARAGRAPH 2.3.24 of SCHEDULE I OF THE SEBI DEBT LISTING REGULATIONS

The Issuer undertakes and states as follows:

(a) investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by the any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number 22 under the section 'GENERAL RISKS AND RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES';

(b) the Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Offer Document contains all information with regard to the issuer and the issue, that the information contained in this Offer Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no

other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect; and

(c) the Issuer has no side letter with any debt securities holder except the one(s) disclosed in this Offer Document/Placement Memorandum. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

(4) DISCLOSURES PURSUANT TO THE SEBI DUE DILIGENCE CIRCULAR

(a) **Details of assets, movable property and immovable property on which charge is proposed to be created**

Movable assets comprising receivables from loans provided by the Issuer.

(b) **Title deeds (original/ certified true copy by issuers/ certified true copy by existing charge holders, as available) or title reports issued by a legal counsel/ advocates, copies of the relevant agreements/ Memorandum of Understanding**

No title deeds are applicable or available for movable assets comprising receivables from loans provided by the Issuer over which security is proposed to be created by the Issuer. The details of the underlying loan agreements will be set out in the Deed of Hypothecation.

(c) **Copy of evidence of registration with Sub-registrar, Registrar of Companies, Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) etc**

The details of the charge created over the movable assets comprising receivables from loans provided by the Issuer over which security is proposed to be created by the Issuer under the Deed of Hypothecation will be reported to the relevant registrar of companies and the Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI) within the timelines prescribed under Applicable Law. As the charge is being created over movable assets, no filings are required to be made with any sub-registrar.

(d) **For unencumbered assets, an undertaking that the assets on which charge is proposed to be created are free from any encumbrances**

The Issuer hereby undertakes that the assets on which charge is proposed to be created as security for the Debentures are free from any encumbrances.

(e) **In case securities (equity shares etc.) are being offered as security then a holding statement from the depository participant along-with an undertaking that these securities shall be pledged in favour of debenture trustee(s) in the depository system:** Not Applicable

(f) **Details of any other form of security being offered viz. Debt Service Reserve Account etc.**: N. A.

(g) **Any other information, documents or records required by debenture trustee with regard to creation of security and perfection of security**: Not applicable.

(h) **Declaration**: The Issuer declares that debt securities shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies

or CERSAI or Depository etc., as applicable, or is independently verifiable by the debenture trustee.

(i) **Terms and conditions of debenture trustee agreement including fees charged by debenture trustees(s)**: Please refer the consent letter of the Debenture Trustee for terms and conditions of the appointment of the Debenture Trustee and fee of the Debenture Trustee.

(j) **Details of security to be created**: Please refer section named "*Security (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security)*" in Section 5.36 (*Issue Details*).

(k) **Process of due diligence carried out by the debenture trustee**: The Debenture Trustee has carried out due diligence in accordance with the manner prescribed in the SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020 on "*Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)*". The due diligence broadly includes the following:

(i) A chartered accountant appointed by the Debenture Trustee will be conducting an independent due diligence as per scope provided by the Debenture Trustee and the information provided by the Issuer in respect of the security being provided by the Issuer in respect of the Debentures.

(ii) The chartered accountant will verify and ensure that the assets provided by the Issuer for creation of security are free from any encumbrances or necessary permission or consent has been obtained from existing charge holders.

(iii) Periodical due diligence will be carried out by the Debenture Trustee in accordance with the SEBI (Debenture Trustees) Regulations, 1993 and the relevant circulars issued by SEBI from time to time (including the SEBI Due Diligence Circular) as per the nature of security provided by the Issuer in respect of the Debentures.

(iv) The Debenture Trustee will issue such necessary certificate(s) in relation to the due diligence carried out by it and such certificate(s) will be available on Stock Exchanges from time to time for information of the Debenture Holders.

Even though the Debentures are to be secured to the extent of at least 100% of the principal and interest amount or as per the terms of this Placement Memorandum, in favor of the Debenture Trustee, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Due diligence will be carried out for maintenance of the prescribed security cover depending on information provided by the Issuer and the chartered accountant appointed by the Debenture Trustee or the Debenture Trustee will not be responsible for misinformation provided by Issuer.

(l) **Due diligence certificate as per the format specified in Annexure A**: Enclosed as Annexure VII.

(m) **Due diligence certificate as per the format specified in Schedule IV of the**

Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021: Enclosed as Annexure VII.

(5) OTHER UNDERTAKINGS

The Issuer hereby confirms that:

(a) the Issuer is eligible and in compliance with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time, to make the private placement of debt instruments;

(b) (to the extent applicable) the Issuer or its promoters or whole-time directors are not in violation of the provisions of Regulation 24 of the SEBI Delisting Regulations, 2009;

(c) neither the Issuer nor any of its promoters or directors is a willful defaulter as defined under Regulation 2 (1) (ss) of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; and

(d) the Issuer, its promoters, its directors are not in violation of the restrictions imposed by SEBI under SEBI circular no. SEBI/HO/ MRD/DSA/CIR/P/2017/92 dated August 01, 2017.

(e) The Issuer confirms that the Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters of the Issuer and Permanent Account Number of the directors of the Issuer have been submitted to the stock exchange(s) on which the non-convertible securities are proposed to be listed, at the time of filing of the draft Placement Memorandum.

For **SONATA FINANCE PRIVATE LIMITED**

Authorised Signatory

Name: Mr. Bramhanand
Title: Finance Head
Date: December 22, 2021

SECTION 10: FORM NO. PAS-4 - PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

Addressed to: DWM Income Funds S.C.A. SICAV SIF – The Trill Impact-DWM SDGs Credit Fund and Northern Arc Capital Limited
Serial No: 06/2021-2022

December 22, 2021

FORM NO PAS-4 PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER ("PPOA")

[Pursuant to Section 42 of the Companies Act, 2013 and Rule 14(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014]

Note: This Form No PAS-4 is prepared in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Issue of 750 (Seven Hundred and Fifty) Secured, Rated, Listed, Redeemable, Transferable Non-convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakh) each, aggregating up to Rs. 75,00,00,000/- (Rupees Seventy Five Crores) on a private placement

10.1 General Information:

(a) **Name, address, website, if any, and other contact details of the Company, indicating both registered office and the corporate office:**

Issuer / Company:	Sonata Finance Private Limited (the **"Issuer"**, **"Company"** or **"Sonata"**)
Registered Office:	II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow-226026, Uttar Pradesh, India
Corporate Office:	II Floor, CP-5, Vikrant Khand, Gomti Nagar, Lucknow- 226010, Uttar Pradesh, India
Telephone No.:	+91-522-2334900
Website:	https://sonataindia.com/
Fax:	-
Contact Person:	Ms. Paurvi Srivastava, Company Secretary
Email:	pauravi.srivastava@sonataindia.com/ cs@sonataindia.com

(b) **Date of Incorporation of the Company:**

April 6, 1995

(c) **Business carried on by the Company and its subsidiaries with the details of branches or units, if any;**

Sonata Finance Private Limited (Sonata) is a NBFC-MFI that was incorporated in 1995 and registered as Non Deposit Taking NBFC in 2001. The Microfinance operation of the Company was started in the year 2006 by Mr. Anup Kumar Singh who is the Managing Director of the Company at present. Since its inception, the Company has raised funds from social investors (institutional & individuals) including SIDBI, SIDBI Ventures Capital Limited, Creation Investments, Societe de Promotion et de Participation pour la Cooperation Economique ("Proparco"), Triodos SICAV II- Triodos Microfinance Fund ("TMF"), Triodos

custody B. V acting in its capacity as Triodos Fair Share Fund ("TFSF"), Caspian Advisors Private Limited and Michael & Susan Dell Foundation.

Caspian Advisors has invested in India through two SPVs- Bellwether Microfinance Fund and India Financial Inclusion Fund ("IFIF"). The Company has its registered office in Lucknow (earlier in Allahabad).

Sonata primarily caters to the rural population, though it has some borrowers in semi-urban and urban areas. Sonata offers credit to economically backward women engaged in income generation activities like processing and manufacturing, service and animal husbandry. Its key product is income generation group loan.

Branch details:

As of September 30, 2021, the company is operating across nine states in Uttar Pradesh, Madhya Pradesh, Jharkhand, Maharashtra, Uttarakhand, Punjab, Haryana, Bihar & Rajasthan with a gross portfolio outstanding of INR 1,663.67 Cr., managed through a network of 450 branches.

Subsidiary details:

As of the date of this PPOA, the Company has no subsidiaries.

(d) **Brief particulars of the management of the Company:**

S. No.	Name	Designation	Profile
1.	Mr Anup Kumar Singh	Managing Director	Mr. Anup Kumar Singh is one of the pioneers in India's microfinance sector with more than 23 years of experience to his credit. He is presently serving as the Managing Director of the company. Mr. Anup promoted Sonata Finance in 2006 to make microfinance self-sustainable and economically viable.Before starting the company, Mr. Anup underwent training with Grameen Bank in Bangladesh. Mr. Singh was associated more than 8 years with the Cashpor group of Companies, and was acting as an ex-officio chief executive. He holds a Master's degree in Economics & Sociology, a Postgraduate Diploma in Rural Development and Management, and a MBA in Finance.
2.	Mr. Anil Kumar Singh	Chief Business Advisor	He is responsible for product and process development, review of Business Performance, Insurance & Customer Grievance, and Vigilance issues. He represents the company to administrative authorities and Development banks. He has an experience of more than 39 years in the field of Micro Finance. Previously he was associated with UP Regional Office (RO) of NABARD as a Chief General Manager. He has done Masters in Science along with certification from CAIIB. Association with the company: Since 2019
3.	Mr. Shrikant Bhargava	Chief Financial Advisor	He is responsible for overseeing the CSR activities, purchases, resource planning, hiring and performance review, grievance redressal, formulation and

			implementation of various policies of the company. He has an extensive experience of more than 43 years in Banking Industry. He was General Manager of Union Bank of India and was deputed as Chairman of Regional Rural Bank. He has a Masters degree in Agricultural Economics, Diploma in management along with certification from CAIIB. Association with the company: Since 2014
4.	Mr. Akhilesh Singh	Chief Financial Officer	He is responsible for overall finance, tax accounting compliance, risk management, internal controls etc. He has over 22 years of experience in Microfinance Industry in India and abroad. He holds Advance Diploma in Rural Technology Development and Management, and professional certifications from various international institutions. Association with the company: Since 2017
5.	Mr. Sneh Deep Agnihotri	Chief Risk Advisor	He is handling the Risk Department and NPA management of the company. He has an extensive experience of 39 years in banking and finance industry. He was General Manager-Risk Audit in credit & Operational areas in State Bank of India. He is post graduate in Science, holds certifications in CAMS (Certified Anti Money Laundering from CAMS Specialist Association and Certification on KYC & AML CFT from IIBF. Association with the company: Since 2018
6.	Mr. Bramha Nand	Finance Head	He is heading the Finance department and manages the entire resourcing for the company encompassing borrowings from Banks/DFIs/FIs, NCDs, ECB, Portfolio Securitization/Direct Assignment etc. He has been working with Sonata since its inception. He has previously worked with MFI –Cashpor. He has more than 20 years of experience in microfinance. He is a CA (Intermediate), M.Com and LL.B. (Professional). Association with the company: Since 2006
7.	Mr. Manish Raj	Chief Accounts Controller	He is responsible for overall Accounting, Taxation, Finance and Expense control. He has an experience of more than 23 years in Financial Services sector. He has done MBA in Finance from FMS BHU. Association with the company: Since 2018
8.	Mr. Ashutosh Chaturvedi	Chief Information Officer	He is responsible for setting objectives and strategies for IT department, implementing suitable technology to streamline IT operation, designing and customizing technological systems and platforms to improve

			performance. He has experience of more than 30 years in Information & Technology. He is Post Graduate in Information Management Association with the company: Since 2018
9.	Mr. Davendra Singh	Chief Complinace Officer	He is responsible for ensuring overall compliance of various regulations applicable on the company. He has an extensive experience of more than 35 years. He is a fellow member of the Institute of Company Secretaries of India & Law Graduate. He is graduate in Commerce from University of Lucknow. Association with the company: Since 2016
10.	Mr. Ankur Agarwal	Chief Officer-Legal & Corporate Affairs	He is responsible for heading Corporate Legal and Regulatory Compliances, Finalisation of Commercial, Financial and Share Capital Transaction Agreements, compliances pertaining to Capital Infusion and coordination with regulatory authorities. He is a qualified Company Secretary with more than 21 years of post-qualification experience in the Corporate Legal and Secretarial field. He is a fellow member of the Institute of Company Secretaries of India and holds a degree in Law. He has also done Masters in Commerce. Association with the company: Since 2016
11.	Mohd. Saif Khan	Chief Operations-BC	He is responsible for business under BC Partnership lending with Banks and other Financial Institutions. He is also responsible for KYC compliances of the borrowers in accordance with RBI guidelines. He has more than 17 years' experience in microfinance. He has done MBA in Finance. Association with the company: Since 2009
12.	Mr. Vinay Singh	Chief Operations-JLG	He is responsible for development and monitoring of Group lending (JLG) product and processes, including sourcing and collection. He has more than 21 years of experience in microfinance sector. He has done MBA in Finance. Association with the company: Since 2009
13.	Mr Ashish Singh	Chief Operations-IL	He is responsible for development and monitoring of Individual lending (IL) and Microenterprise loan (MEL) product and processes, including sourcing and collection. He is Graduate with an experience of more than 17 years in microfinance sector. Association with the company: Since 2006
14.	Mr. Tarandeep Singh	Chief Operations-Cross Sell	He is responsible for ensuring effective delivery of Cross Selling Verticals (Sanitation/Housing/ Utility/Auto) and to innovate new Products & Projects. He also oversees the administration of the company.

			He has more than 20 years of experience including 15 years in leading private bank. Association with the company: Since 2016
15.	Mr. Anil Gupta	Head - BC Operation	He is responsible for operations under BC Partnership & Co-lending with Banks and other Financial Institutions. He has more than 16 years' experience in microfinance. He has done MBA in Finance. Association with the company: Since 2006
16.	Ms. Paurvi Srivastava	Company Secretary	She is responsible for co-ordinating with the Board and implementing its directions, preparation of agenda and other reporting to the Board and co-ordinating with the Statutory Auditors for smooth conduct of Audit. She is an associate member of Institute of Company Secretaries of India Association with the Company: Since 2014
17.	Mr. Shyam Kanhaiya	Head– Information Technology	He is responsible for software implementation, database management, managing technology related activities of the organization and streamlining IT operations with the business objectives of the company. He has more than 15+ years of experience in the field of Information Technology (IT) and holds Masters degree in Computer application. Association with the company: Since 2006
18.	Mr Tarun Srivastava	Head – Internal Audit	Mr. Tarun is responsible for the control of Internal Audit functions including risk assurance and is responsible for the audit of branches, regional offices and Head Office. He has more than 23 years of experience in microfinance. He has done his Masters in Social Welfare and is also a Law graduate (LLB). Association with the company: Since 2007
19.	Ms. Richa Sharma	Accounts Head	She is responsible for finalization of accounts and co-ordination with the Statutory and Internal Auditors. She has more than 13 years of experience in Accounts, Taxation and Audit in micro finance sector. She is a Chartered Accountant by profession. Association with the company: Since 2013
20.	Ms. Neha Singh	HR Head	She is responsible for strategic HR Planning, Resource Management, Training and development of employees, performance appraisal and other HR matters. She is MBA (HR & IR) & Master in Org. Psychology &Certified HR Analytics from AON HEWITT. Association with the company: Since 2013

(e) **Name, addresses, Director Identification Number (DIN) and occupations of the directors:**

S. No.	Name	Designation	DIN	Address	Occupation
1	Anup Kumar Singh	Managing Director	00173413	House No. 624H/101 A.B., R.K. Puram, Chinhat Lucknow 227105 UP IN	Service
2	Anal Kumar Jain	Independent Director	01239653	12, 3A Cross, Domlur Second Stage, Bangalore, 560071, Karnataka, INDIA	Professional
3	Pradip Kumar Saha	Independent Director	02947368	Pearl Apartment, Flat No.-5,459(498), Purbaloke, KalikapurMukundapur, South 24 Parganas Kolkata 700099 WB IN	Professional
4	Kenneth Dan Vander Weele	Nominee Director	02545813	445 E, North Water Street, APT 2101, Chicago Illinois 60611 USA	Service
5	Sethuraman Ganesh	Independent Director	07152185	305, Vensa Lakeview, Kempapura Main Road, Near Srirampura Cross Dasarahalli, Op Rachenahalli Lake, Bangalore, 560092, Karnataka, India	Professional
6	Ranganathan VaradarajanDilip Kumar	Nominee Director	01060651	C-703, CTS-827, A/1C-1A, 7TH Floor, Raheja Heights Arun Kumar Vaidya Rd, Malad East Mumbai 400097 MH IN	Service
7	Sanjay Goyal	Nominee Director	07961517	Flat 201, SIDBI Officers Apartment, 16Mmm Marg, Lucknow-226001, Uttar Pradesh India	Service
8	Aditya Mohan	Nominee Director	08299455	201, 9 Police Station Road, Basavanagudi Bengaluru 560004 KA IN	Service
9	Saurabh Kumar Johri	Nominee Director	08469704	Flat A, Block No. 105, Jaybheri Orange Country, Financial District, Gochb, Hyderabad -500032, Telangana.	Service

10.2 MANAGEMENT PERCEPTION OF RISK FACTORS:

Please refer to Section 3 of this Placement Memorandum.

10.3 RISKS RELATED TO THE BUSINESS OF THE ISSUER

Please refer to Section 3 of this Placement Memorandum.

10.4 Details of defaults, if any, including therein the amount involved, duration of default, and present status, in repayment of:

(i) Statutory Dues: NIL
(ii) Debentures and interest thereon: NIL
(iii) Deposits and interest thereon: NIL
(iv) Loan from any bank or financial institution and interest thereon: NIL

10.5 Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for the private placement offer process:

Name:	Ms. Paurvi Srivastava
Designation:	Company Secretary
Address:	2D/1/305, Madhwapur, Allahabad- 211003, India
Phone No.:	8400333464
Email:	cs@sonataindia.com

10.6 Any default in annual filing of the Company under the Companies Act, 2013 or the rules made thereunder:

Nil

10.7 Particulars of the Offer:

Financial position of the Company for the last 3 (three) financial years	Please refer to **PART A** below.
Date of passing of Board Resolution	Board resolution dated November 13, 2021 read along with the resolution of the Financial Advisory and Asset & Liability Management Committee of the Board of Directors of the Company dated December 16, 2021.
Date of passing of resolution in the general meeting, authorizing the offer of securities	Shareholders resolutions under Section 42 of the Companies Act, 2013 dated June 29, 2021 and under Section 180(1)(a) & Section 180(1)(c) of the Companies Act, 2013 dated June 29, 2021.
Kind of securities offered (i.e. whether share or debenture) and class of security; the total number of shares or other securities to be issued	750 (Seven Hundred and Fifty) secured, rated, listed, redeemable, non-convertible debentures of face value of Rs. 10,00,000 (Rupees Ten Lakh) each, aggregating up to Rs. 75,00,00,000/- (Rupees Seventy Five Crores only) on a private placement basis (the "**Issue**").
Price at which the security is being offered, including premium if any, along with justification of the price	The Debentures are being offered at face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) per Debenture
Name and address of the valuer who performed valuation of the security	Not Applicable as the Debentures are being offered at face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) per Debenture

<table>
<tr><td>offered, and basis on which the price has been arrived at along with report of the registered valuer</td><td></td></tr>
<tr><td>Relevant date with reference to which the price has been arrived at
[Relevant Date means a date at least 30 days prior to the date on which the general meeting of the Company is scheduled to be held]</td><td>Not applicable as each Debenture is a non-convertible debt instrument which is being issued at face value.</td></tr>
<tr><td>The class or classes of persons to whom the allotment is proposed to be made</td><td>Foreign portfolio investors registered with the Securities and Exchange Board of India under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 or the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 ("FPIs") and company(ies) duly incorporated and registered under the Companies Act 1956.</td></tr>
<tr><td>Intention of promoters, directors or key managerial personnel to subscribe to the offer (applicable in case they intend to subscribe to the offer) [Not required in case of issue of non-convertible debentures]</td><td>Not applicable as each Debenture is a non-convertible debt instrument which is being issued at face value.</td></tr>
<tr><td>The proposed time within which the allotment shall be completed</td><td>Issue Opening Date: December 22, 2021
Issue Closing Date: December 22, 2021
Pay-in Date: December 23, 2021; and
Deemed Date of Allotment: December 23, 2021</td></tr>
<tr><td>The names of the proposed allottees and the percentage of post private placement capital that may be held by them [Not applicable in case of issue of non-convertible debentures]</td><td>Not applicable as the Debentures are non-convertible debt instruments.</td></tr>
<tr><td>The change in control, if any, in the company that would occur consequent to the private placement</td><td>No change in control would occur consequent to this private placement as the Debentures are non-convertible debt instruments.</td></tr>
<tr><td>The number of persons to whom allotment on preferential basis / private placement / rights issue has already been made during the year, in terms of securities as well as price</td><td>
<table>
<tr><th>ISIN No.</th><th>Beneficiary Name</th><th>Rs. Cr.</th></tr>
<tr><td>INE509M07287 (NCD)</td><td>Blue Orchard Microfinance Fund and JAPAN ASEAN Women Empowerment Fund SA, SICAV-SIF</td><td>80.00</td></tr>
<tr><td>INE509M07295 (NCD)</td><td>Blue Orchard Microfinance Fund</td><td>40.00</td></tr>
<tr><td>INE509M07261 (NCD)</td><td>Northern Arc Money Market Alpha Trust</td><td>20.00</td></tr>
<tr><td>INE509M07279 (MLD)</td><td>Northern Arc Income Builder Fund (Series II)</td><td>25.00</td></tr>
</table>
</td></tr>
</table>

The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not applicable as each Debenture is a non-convertible debt instrument which is being issued at face value.
Amount, which the Company intends to raise by way of proposed offer of securities	Up to Rs. 75,00,00,000/- (Rupees Seventy Five Crores only)
Terms of raising of securities:	

Duration, if applicable:	36 (thirty six) months from the Deemed Date of Allotment. The proposed interest payment and redemption schedules are set out in **Annexure VI** (*Illustration of Bond Cash Flows*) (subject to adjustments for Business Day Convention) of this Placement Memorandum.
Rate of Interest or Coupon:	12.30% (Twelve and Three Tenth Percent) per annum payable quarterly;
Mode of Payment	Cheque(s)/ demand draft/ electronic clearing services (ECS)/credit through RTGS system/funds transfer. wherein the subscription amounts on the Debentures issued by the Issuer should be paid into the account details set out in Section 8.9 of this Placement Memorandum.
Mode of Repayment	cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer

Proposed time schedule for which the Issue/Offer Letter is valid	Issue Opening Date: December 22, 2021 Issue Closing Date: December 22, 2021 Pay-in Date: December 23, 2021; and Deemed Date of Allotment: December 23, 2021
Purpose and objects of the Issue/Offer	To raise debt to the extent up to Rs. 75,00,00,000 (Rupees Seventy Five Crores only) and 100% (One Hundred Percent) of the issue proceeds will be utilised towards the Purpose.
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	Nil.
Principal terms of assets charged as security, if applicable	Please refer section named "*Security (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security)*" in Section 5.36 (*Issue Details*) of this Placement Memorandum.

The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations	NIL

The pre-issue and post-issue shareholding pattern of the Company in the following format:

S. No.	Category	Pre-issue		Post-issue	
		No. of shares held	Percentage (%) of shareholding	No. of Shares held	% of share holding
A	**Promoters' holding**			**A**	**Promoters' holding**
	Indian				**Indian**
1	Individual	15,08,357	5.70	1	Individual
	Bodies Corporate	-	-		Bodies Corporate
	Sub-total	**15,08,357**	**5.70**		**Sub-total**
2	**Foreign promoters**	-	-	2	**Foreign promoters**
	Sub-total (A)	**15,08,357**	**5.70**		**Sub-total (A)**
B	**Non-promoters' holding**			**B**	**Non-promoters' holding**
1.	Institutional Investors	1,44,76,861	54.73	1.	Institutional Investors
2.	Non-Institutional Investors	1,04,68,038	39.56	2.	Non-Institutional Investors
	Private Corporate Bodies including Foreign Companies	83,90,808	31.71		Private Corporate Bodies including Foreign Companies
	Directors and relatives	-	-		Directors and relatives
	Indian public	-	-		Indian public
	Others (including Non-resident Indians and Non-Promotor- Non Public shareholding)	20,77,230	7.86		Others (including Non-resident Indians and Non-Promotor-Non Public shareholding)
	Sub-total (B)	**2,49,44,899**	**94.30**		**Sub-total (B)**
	GRAND TOTAL	**2,64,53,256**	**100**		**GRAND TOTAL**

Specific disclosures generally requested by custodians: Declarations	The Issuer confirms that the purchase consideration in respect of the Debentures will not be used for real estate business, capital market and purchase of land and shall comply with all end-use restrictions under applicable law. In this context, the expression, "Real Estate Business" shall have the same meaning as assigned to it in Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2017, Notification No. FEMA 20(R)/2017-RB dated November 7, 2017 and the Foreign Exchange Management (Debt Instruments) Regulations, 2019.

10.8 Mode of payment for subscription:

( ) Cheque
( ) Demand Draft
(x) **Other** Banking Channels

10.9 Disclosure with regard to interest of directors, litigation, etc:

Any financial or other material interest of the directors, promoters or key managerial personnel in the offer/ Issue and the effect of such interest in so far as it is different from the interests of other persons	NIL				
Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last 3 (three) years immediately preceding the year of the issue of this private placement offer cum application letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed	NIL				
Remuneration of directors (during the current year and last 3 (three) financial years)	**Director**	**F.Y 2021-22 (Current Year (As on 30.09.2021))**	**F.Y 2020-21**	**FY 2019-20**	**FY 2018-19**
	Mr. Anup Kumar Singh,	INR 49,01,389	INR 1,11,30,000	INR 1,02,75,333	INR 98,50,000

	Managing Director				
	Ms. Chandani Gupta Ohri	-	INR 65,000	INR 196,000	INR 545,000
	Mr. S Ganesh	INR 240,000	INR 545,000	INR 425,000	INR 458,000
	Mr. P.K. Saha	INR 270,000	INR 545,000	INR 523,000	INR 545,000
	Mr. Anal Jain	INR 240,000	INR 545,000	INR 425,000	INR 545,000
Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of this private placement offer cum application letter including with regard to loans made or, guarantees given or securities provided	Please refer to **PART C** below.				
Summary of reservations or qualifications or adverse remarks of auditors in the last 5 (five) financial years immediately preceding the year of issue of this private placement offer cum application letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark	NIL				
Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last 3 (three) years immediately preceding the year of circulation of this private placement offer cum application letter in the case of the Company and all of its subsidiaries and if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last 3 (three) years immediately preceding	NIL				

the year of this private placement offer cum application letter and if so, section-wise details thereof for the Company and all of its subsidiaries	
Details of acts of material frauds committed against the Company in the last 3 (three) years, if any, and if so, the action taken by the company	NIL

10.10 Financial Position of the Company:

The capital structure of the company in the following manner in a tabular form:

The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)	**Share Capital**	**Aggregate Nominal Value**
	Authorised	
	Authorised Capital	INR
	Equity Share Capital	
	4,00,00,000Equity shares of Rs. 10/- each	40,00,00,000
	Preference Share Capital	
	1,00,00,000Preference Shares of Rs 10/- each	10,00,00,000
	TOTAL	**50,00,00,000**
	Issued, Subscribed and Paid-up Equity Capital	
	2,64,53,256 Equity shares of Rs. 10/- each	26,45,32,560
	Issued, Subscribed and Paid-up Preference Share Capital	
	Nil	-
	Less: amount recoverable from Sonata Employee Welfare Trust #	(1,08,30,290)
	Total issued, subscribed and fully paid-up share capital:	**25,37,02,270**
Size of the Present Offer	INR 75,00,00,000/- (Indian Rupees Seventy Five Crores only)	
Paid-up Capital: **a. After the offer:** **b. After the conversion of convertible instruments (if applicable)**	INR 25,37,02,270 (Indian Rupees Twenty Five Crore Thirty Seven Lakh Two Thousand Two Hundred and Seventy) Not applicable as each Debenture is a non-convertible debt instrument which is being issued at face value.	
Share Premium Account: **a. Before the offer:**		

b. After the offer:	INR 203,86,13,287 (Indian Rupees Two Hundred and Three Crore Eighty Six Lakh Thirteen Thousand Two Hundred and Eighty Seven) INR 203,86,13,287 (Indian Rupees Two Hundred and Three Crore Eighty Six Lakh Thirteen Thousand Two Hundred and Eighty Seven)

Details of the existing share capital of the Issuer in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration:

Date of Allotment	Name of Investor	No of Shares allotted	Face Value (in Rs.)	Issue Price (in Rs.)	Total Consideration (in Rs.)	Nature of Allotment	Equity Share Premium	Form of Consideration
13.08.2019	Societe de Promotion et de Participation Pour la Cooperation Economique	14,28,570	10	140	19,99,99,800	Non-Cumulative, 1.01% Compulsorily Convertible Preference Shares (CCPS) converted into equity	18,57,14,100	Cash
13.08.2019	Triodos Custody BV in its capacity as custodian of Triodos Fair Share Fund	7,14,285	10	140	9,99,99,900	Non-Cumulative, 1.01% Compulsorily Convertible Preference Shares (CCPS) converted into equity	928,57,050	Cash
13.08.2019	Triodos SICA VII-Triodos Micro Finance Fund	7,14,285	10	140	9,99,99,900	Non-Cumulative, 1.01% Compulsorily Convertible Preferen	928,57,050	Cash

						ce Shares (CCPS) converte d into equity		
13.08.20 19	SIDBI Trustee Company Limited A/c Samridhi Fund	10,71,42 7	10	140	14,99,99,7 80	Non-Cumulat ive, 1.01% Compuls orily Convertible Preferen ce Shares (CCPS) converte d into equity	13,92,85,5 10	Cash
13.08.20 19	Creation Investmen ts Social Venture Fund II, L.P.	14,28,57 0	10	140	19,99,99,8 00	Non-Cumulat ive, 1.01% Compuls orily Convertible Preferen ce Shares (CCPS) converte d into equity	18,57,14,1 00	Cash
31.03.20 17	SIDBI	707214	10	70.7	7072140	OCPS Converte d into equity	4,29,27,88 9.80	Cash
18.11.20 16	Societe de Promotion et de Participati on pour le Cooperati on Economiq ue (Proparco)	19,27,80 1	10	167	32194276 7	Equity	30,26,64,7 57.00	Cash

	18.11.2016	Triodos Custody B.V acting in its capacity as a custodian of Triodos Share Fair Fund	9,63,900	10		160971300	Equity	15,13,32,300.00	Cash
	18.11.2016	Triodos SICAV II-Triodos Microfinance Fund	9,63,900	10		160971300	Equity	15,13,32,300.00	Cash
	23.12.2015	SIDBI Trustee Company Limited	22,03,226	10	113.47	250000054.2	Equity	227967794.2	Cash
	06.02.2014	SIDBI	5000000	10	10	5,00,00,000.00	OCPS	Nil	Cash
	11.09.2012	Michael & Susan Dell Foundation	3,79,747	10	79	3,00,00,013.00	Equity	2,62,02,543.00	Cash
	07.09.2012	Creation Investments Social Ventures Fund I	14,91,121	10	79	11,77,98,559.00	Equity	10,28,87,349.00	Cash
		Creation Investments Social Ventures Fund II LP.	21,79,765	10	79	17,22,01,435.00	Equity	15,04,03,785.00	Cash
		Sonata Employee Welfare Trust	14,70,000	10	10	1,47,00,000.00	Equity	Nil	Cash
	05.09.2012	Anup Kumar Singh	2,34,375	10	32	75,00,000.00	Equity	51,56,250.00	Cash
		Swaminathan Shankar Aiyar	2,34,375	10	32	75,00,000.00	Equity	51,56,250.00	Cash
	08.01.2010	Swaminathan Shankar Aiyar	2,15,000	10	45.5	97,82,500	Equity	76,32,500.00	Cash

		Rakesh Dubey	2,55,950	10	10	25,59,500	Equity	Nil	Cash
		Ashish Kumar Gupta	97,750	10	10	9,77,500	Equity	Nil	Cash
		Bellwether Micro Finance Trust	3,61,991	10	55.25	2,00,00,000	Equity	1,63,80,092.75	Cash
	09.12.2009	AnupKumar Singh	1,75,000	10	45.5	79,62,500.00	Equity	62,12,500.00	Cash
		Indian Financial Inclusion Fund (IFIF)	20,00,000	10	65	13,00,00,000.00	Equity	11,00,00,000.00	Cash
		Micheal& Susan Dell Foundation (MSDF)	8,61,538	10	65	5,59,99,970.00	Equity	4,73,84,590.00	Cash
	06.11.2009	Sonata Employee Welfare Trust	16,46,300	10	10	1,64,63,000.00	Equity	Nil	Cash

The number and price at which each of allotments were made by the Company in the last 1 (one) year preceding the date of this placement offer cum application letter separately indicating the allotments made for consideration other than cash and details of the consideration in each case	NIL
Profits of the Company, before and after making provision for tax, for the 3 (three) financial years immediately preceding the date of circulation of this private placement offer cum application letter	
Dividends declared by the Company in respect of the said 3 (three) financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid)	

FY	PBT (in Rs. Cr)	PAT (in Rs. Cr)
FY 2021	7.08	4.39
FY 2020	19.94	14.09
FY 2019	49.11	32.99

Year	2021	2020	2019
Dividend Declared	-	5,414 (on Preference Shares)	-
Interest Coverage Ratio	1.26	1.15	1.21

SONATA Finance Pvt. Ltd. LKO.

A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this private placement offer cum application letter	Please refer **CHAPTER A** to this Private Placement Offer cum Application Letter.
Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this private placement offer cum application letter	Please refer **CHAPTER B** to this Private Placement Offer cum Application Letter.
Any change in accounting policies during the last 3 (three) years and their effect on the profits and the reserves of the Company	The financial results of the Company have been prepared in accordance with Indian Accounting Standard (IndAS) as per the Companies (Indian accounting Standards) Rules, 2015 (as amended from time to time) and notified under section 133 of the Companies Act, 2013 ("Act"). The Company adopted Indian Accounting Standards (IndAS) from April 01, 2019 and the effective date of such transition is April 01, 2018. Such transition was carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued there under and guidelines issued by Reserve Bank of India (RBI) (collectively referred as "the previous GAAP") and its effect on the profits and the reserves of the Company would need to be determined accordingly.

10.11 PART B (To be filed by the Applicant)

A. Applicant: Northern Arc Capital Limited

(i) Name: Northern Arc Capital Limited

(ii) Director name: Kalyanasundaram C

(iii) Complete Address including Flat / House Number, Street, Locality, Pin Code: No. 1, Kanagam Village, 10th Floor IITM Research Park, Taramani Chennai TN 600113 India

(iv) Phone number; if any: +91 44 66687382

(v) Email ID, if any: Kalyanasundaram.C@Northernarc.com

(vi) PAN Number: AACCI0979B and

(vii) Bank Account details:

Account No :	10023719388
Bank:	IDFC Bank
IFSC Code:	IDFB0080101
Branch and Address:	Chennai R K Salai

Signature

Initial of the Officer of the Company designated to keep the record

B. Applicant: DWM Income Funds S.C.A. SICAV SIF – The Trill Impact-DWM SDGs Credit Fund

(i) Name: DWM Income Funds S.C.A. SICAV SIF – The Trill Impact-DWM SDGs Credit Fund;

(ii) Director name: Peter Johnson;

(iii) Complete Address including Flat / House Number, Street, Locality, Pin Code: 2 Boulevard de la Foire, 1528 Luxembourg;

(iv) Phone number; if any: 203-655-5453;

(v) Email ID, if any: Odette@dwmarkets.com, Mary@dwmarkets.com;

(vi) PAN Number: AADCD8858M; and

(vii) Bank Account details:

Account name: DWM Income Funds S.C.A. SICAV SIF - The Trill Impact-DWM SDGs Credit Fund
Account Type: General INR Bank Account
General INR Bank Account No: 39692540018
IFSC code: SBIN0009995
Beneficiary bank name: State Bank Of India
Beneficiary bank branch: CAG -1, Mumbai (09995)
Beneficiary bank address: Neville House, J.N. Heredia Marg, Balard Estate, Fort, Mumbai- 400001

Name: Mr. Edward Marshall
Authorized Signatory, DWM Asset Management LLC (being the authorised representative of DWM Income Funds S.C.A. SICAV SIF – The Trill Impact-DWM SDGs Credit Fund)

Initial of the Officer of the Company designated to keep the record

SONATA Finance Pvt. Ltd. LKO.

10.12 DECLARATION (To be provided by the Directors)

A. The Company has complied with the provisions of the Companies Act, 2013 and the rules made hereunder;

B. The compliance with the Companies Act, 2013 and the rules made thereunder do not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

C. the monies received under the offer shall be used only for the purposes and objects indicated in this private placement offer cum application letter;

I am authorized by the Board of Directors of the Company *vide* resolution number 21(3) dated November 13, 2021 read along with the resolution of the Financial Advisory and Asset & Liability Management Committee of the Board of Directors of the Company dated December 16, 2021 to sign this private placement offer cum application letter and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this private placement offer cum application letter and matters incidental thereto have been complied with. Whatever is stated in this private placement offer cum application letter and in the attachments thereto is true, correct and complete and no information material to the subject matter of this private placement offer cum application letter has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For **SONATA FINANCE PRIVATE LIMITED**

Name: BRAHMANAND
Title: FINANCE HEAD
Date: December 22, 2021

Enclosed

Chapter A - A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter
Chapter B - Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter
Chapter C - Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of this private placement offer cum application letter including with regard to loans made or, guarantees given or securities provided
Optional Attachments, if any

CHAPTER A: FINANCIAL POSITION OF THE COMPANY AS IN THE 3 (THREE) AUDITED BALANCE SHEETS IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF THIS PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
Tel: +91 124 681 6000

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Financial Results of the Company Pursuant to Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
Sonata Finance Private Limited

1. We have reviewed the accompanying statement of unaudited financial results of Sonata Finance Private Limited (the "Company") for the quarter ended September 30, 2021 and year to date from April 01, 2021 to September 30, 2021 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

5. We draw attention to Note 6 of the financial results which describes the impact of economic and social consequences of the COVID-19 pandemic including the limited lock downs imposed by various state Governments across India on the Company's business and financial metrics, particularly the Company's estimates of impairment of loans to customers, which continue to be dependent on uncertain future developments. Our conclusion is not modified in respect of this matter.



S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

6. The figures for the net cash inflows for the corresponding period from April 1, 2020 to September 30, 2021, as reported in these unaudited financial results have been approved by the Company's Board of Directors, but have not been subjected to a review.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004
AMIT KABRA Digitally signed by AMIT KABRA Date: 2021.11.13 21:26:08 +05'30'
per Amit Kabra
Partner
Membership No.: 094533

UDIN: 21094533AAAAMW5704

Gurugram
November 13, 2021

SONATA Finance Private Limited
2nd Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar,
Lucknow – 226026, Uttar Pradesh
CIN: U65921UP1995PTC035286
Contact No : 0522-4005729
Email: info@sonataindia.com
Website: www.sonataindia.com

Sonata Finance Private Limited

Statement Of Assets and Liabilities as at September 30, 2021

(Rs. in lakhs unless otherwise stated)

Particulars	As at September 30, 2021 Unaudited	As at September 30, 2020 Unaudited	As at March 31, 2021 Audited
I ASSETS			
1 Financial assets			
a) Cash and cash equivalents	9,723.75	30,687.07	21,512.64
b) Bank balances other than cash and cash equivalents	9,572.95	13,752.11	12,699.73
c) Derivative financial instruments	234.36	128.64	171.27
d) Trade receivables	524.96	280.78	285.83
e) Loans	1,15,985.87	98,028.14	1,07,109.31
f) Investments	8.40	8.40	8.40
g) Other financial assets	6,504.50	8,608.03	6,614.86
	1,42,554.79	1,51,493.17	1,48,402.04
2 Non-financial assets			
a) Current tax assets (net)	490.65	-	490.65
b) Deferred tax assets (net)	3,231.16	3,384.28	2,438.46
c) Property, plant and equipment	193.42	218.14	195.77
d) Other intangible assets	25.98	27.60	20.98
e) Other non-financial assets	246.12	234.30	216.84
Total assets	4,187.33	3,864.32	3,362.70
	1,46,742.12	1,55,357.49	1,51,764.74
II LIABILITIES AND EQUITY			
Liabilities			
1 Financial liabilities			
a) Derivative financial instruments	194.85	208.63	189.09
b) Trade payables			
- total outstanding dues of micro enterprises and small enterprises			
- total outstanding dues of creditors other than micro enterprises and small enterprises	27.96	15.80	8.25
c) Current tax liability (net)	849.26	597.63	-
d) Debt securities	26,470.26	22,201.63	28,460.45
e) Borrowings (other than debt securities)	79,894.68	89,930.02	80,704.77
f) Subordinated liabilities	6,407.74	8,962.05	8,939.28
g) Other financial liabilities	2,278.11	4,017.82	3,467.10
	1,16,122.86	1,25,933.68	1,21,768.94
2 Non-financial liabilities			
a) Provisions	1,950.10	1,253.39	1,893.82
b) Other non-financial liabilities	215.33	204.48	187.98
Total liabilities	2,165.43	1,457.87	2,081.80
	1,18,288.29	1,27,391.55	1,23,850.74
Equity			
a) Equity share capital	2,537.02	2,516.39	2,522.82
b) Other equity	25,916.81	23,449.55	25,391.18
Total Equity	28,453.83	27,965.94	27,914.00
Total liabilities and equity	1,46,742.12	1,55,357.49	1,51,764.74

For and On behalf of M/s Sonata Finance Private Limited

Anup Kumar Singh — Digitally signed by Anup Kumar Singh

Anup Kumar Singh
Managing Director

Akhilesh Kumar Singh — Digitally signed by Akhilesh Kumar Singh

Akhilesh Kumar Singh
Chief Financial Officer

Date: November 13, 2021
Place: New Delhi

Regd. Office: II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow - 226026, Uttar Pradesh India

SONATA Finance Pvt. Ltd. LKO.

SONATA Finance Private Limited
2nd Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar,
Lucknow – 226026, Uttar Pradesh
CIN: U65921UP1995PTC035286
Contact No : 0522-4005729
Email: info@sonataindia.com
Website: www.sonataindia.com

Sonata Finance Private Limited

Statement of unaudited financial results for the quarter and half year ended September 30, 2021

(Rs. in lakhs unless otherwise stated)

Particulars		Quarter ended		Half year ended		Year ended
		September 30, 2021	June 30, 2021	September 30, 2021	September 30, 2020	March 31, 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Revenue from operations					
	i) Interest income	7,073.40	6,937.10	13,010.91	14,153.06	24,258.02
	ii) Fees and commission income	819.34	597.64	1,416.98	708.98	1,873.25
	iii) Net gain on derecognition of financial instruments under amortised cost category	-	-	-	-	305.87
	iv) Bad loan recovery	105.91	98.58	204.49	191.72	525.86
I	Total revenue from operations	7,998.65	6,633.32	14,631.88	15,053.46	26,963.00
II	Other income	218.02	451.77	405.72	64.84	255.88
III	Total income (I + II)	8,217.67	7,085.09	15,037.70	15,118.30	27,218.88
	Expenses					
	i) Finance costs	3,856.58	3,592.40	6,948.95	8,294.51	15,195.90
	ii) Impairment on financial instruments	2,588.82	248.74	2,138.66	1,979.29	2,127.18
	iii) Employee benefit expenses	1,652.00	1,467.58	3,119.58	1,922.66	5,968.20
	iv) Depreciation and amortisation expenses	41.82	34.78	76.70	82.35	173.16
	v) Other expenses	605.84	691.92	1,032.09	1,081.65	2,046.11
IV	Total expenses	8,046.23	6,536.42	14,317.58	14,360.46	25,510.55
V	Profit before tax (III-IV)	171.44	548.67	720.12	757.84	708.43
VI	Tax expense:					
	Current tax	682.74	294.72	977.46	702.21	524.63
	Income tax of earlier years / (reversal)	102.87	-	102.87	-	(332.90)
	Deferred tax charge / (credit)	(533.21)	(259.50)	(792.71)	(488.25)	215.92
	MAT credit utilised	-	-	-	-	62.29
	Income tax expense	252.40	35.22	287.62	213.88	289.54
VII	(Loss)/Profit for the period/year (V-VI)	(80.96)	513.45	432.50	538.76	418.89
VIII	Other comprehensive income (OCI)					
	i) Items that will not be reclassified subsequently to profit or loss					
	- Re-measurement gains on defined benefit plans	8.13	8.13	16.26	8.04	43.05
	(ii) Income tax relating to the above items	(2.05)	(2.05)	(4.09)	(2.54)	(12.54)
	Other Comprehensive Income ((i)+(ii))	6.08	6.08	12.17	5.50	30.51
IX	Total Comprehensive Income for the period /year (VII+VIII)	(74.88)	519.53	444.67	544.46	449.40
X	Earnings per equity share (face value of Rs. 10/- each)*					
	Basic earnings per share (BEPS)(in Rs.)	(0.31)	1.94	1.63	2.04	1.69
	Diluted earnings per share (DEPS)(in Rs.)	(0.28)	1.86	1.57	1.94	1.59

* BOPS and DEPS for the Quarter ended September 30, 2021, June 30, 2021 and Half-year ended September 30, 2021, September 30, 2020 are not annualised

For and On behalf of M/s Sonata Finance Private Limited

Anup Kumar Singh

Anup Kumar Singh
Managing Director

Akhilesh Kumar Singh
Digitally signed by Akhilesh Kumar Singh
Date: 2021.11.13 21:04:13 +05'30'

Akhilesh Kumar Singh
Chief Financial Officer

Date: November 13, 2021
Place: New Delhi

Regd. Office: II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow - 226026, Uttar Pradesh India

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

(In Rs. Lakhs)

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

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

As per our report of even date

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

per Amit Kabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 29, 2021

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

Anup Kumar Singh
Managing Director
DIN: 00173413

Pradip Kumar Saha
Director
DIN: 02947368

Akhilesh Kumar Singh
Chief Financial Officer

Paurvi Srivastava
Company Secretary
Membership No.: 34110

Place: Lucknow
Date: June 29, 2021

Sonata Finance Private Limited
Statement of profit and loss for the year ended March 31, 2021

(In Rs. Lakhs)

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

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

As per our report of even date

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

per Amit Kabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 29, 2021

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

Anup Kumar Singh
Managing Director
DIN: 00173413

Pradip Kumar Saha
Director
DIN: 02947368

Akhilesh Kumar Singh
Chief Financial Officer

Paurvi Srivastava
Company Secretary
Membership No.: 34110

Place: Lucknow
Date: June 29, 2021

Sonata Finance Private Limited
Balance Sheet as at March 31, 2020

(In Rs. Lakhs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
I ASSETS				
1 Financial assets				
a) Cash and Cash equivalents	4	7,306.47	18,602.44	2,642.38
b) Bank balances other than included in (a) above	5	11,518.99	9,874.27	6,686.24
c) Derivative financial instruments	6	63.63	-	-
d) Trade receivables	7	205.00	-	-
e) Loans	8	1,34,098.72	166.99	207.18
f) Investments	9	19.80	1,16,147.21	1,14,058.99
g) Other Financial Assets	10	3,514.68	15.97	15.31
		1,51,726.82	2,582.71	2,415.35
2 Non-financial assets			1,47,589.59	1,32,876.65
a) Current tax assets (net)	11 A	32.12	-	-
b) Deferred tax assets (net)	11 B	2,896.04	485.04	489.69
c) Property, plant and equipment	12	235.83	1,966.06	3,007.47
d) Intangible assets	13	31.54	169.13	150.71
e) Other non-financial assets	14	255.88	44.75	78.53
		3,431.41	109.01	47.63
Total assets		1,55,158.03	2,783.50	3,774.03
II LIABILITIES AND EQUITY			1,50,373.18	1,36,650.72
Liabilities				
1 Financial liabilities				
a) Trade payables				
- total outstanding dues of micro enterprises and small enterprises				
- total outstanding dues of creditors other than micro enterprises and small enterprises		150.82	160.98	91.38
b) Debt securities	15	26,314.96	38,116.93	40,299.60
c) Borrowings (other than debt securities)	16	87,144.85	82,970.79	70,048.67
d) Subordinated liabilities	17	8,986.23	8,985.65	8,390.91
e) Other financial liabilities	18	5,634.61	3,109.75	1,476.50
		1,28,231.45	1,31,544.28	1,21,054.97
2 Non-financial liabilities				
a) Provisions	19	1,459.75	629.14	1,101.09
b) Other non-financial liabilities	20	196.00	199.72	283.54
		1,657.75	828.86	1,384.60
Total liabilities		1,27,889.20	1,32,173.14	1,22,399.57
Equity				
a) Equity share capital	21	3,495.58	1,956.09	1,898.63
b) Other equity	22	24,772.33	16,229.95	12,492.52
Total Equity		27,268.91	18,185.04	14,391.15
Total liabilities and equity		1,55,158.03	1,50,358.18	1,36,650.72

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

As per our report of even date

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

per Amit Rabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 26, 2020

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

Amod Kumar Singh
Managing Director
DIN: 00173413

Akhilesh Kumar Singh
Chief Financial Officer

Place: Lucknow
Date: June 26, 2020

Pradip Kumar Saha
Director
DIN: 02947368

Pallavi Srivastava
Company Secretary

Sonata Finance Private Limited
Statement of profit and Loss for the year ended March 31, 2020

(In Rs. Lakhs)

		Particulars	Notes	For year ended March 31, 2020	For year ended March 31, 2019
		Revenue from operations			
	i)	Interest income	23	29,572.30	27,934.51
	ii)	Fees and commission income	24	1,895.45	1,292.26
	iii)	Net gain on derecognition of financial instruments under amortised cost category		1,487.15	668.88
	iv)	Bad loan recovery		1,428.59	1,852.12
I		Total revenue from operations		34,383.49	31,747.77
II		Net gain on derecognition of property, plant and equipment		2.35	-
III		Other income	25	503.53	276.04
IV		Total income (I + II + III)		34,888.37	32,023.81
		Expenses			
	i)	Finance cost	26	15,589.74	13,555.34
	ii)	Impairment of financial instruments	27	8,368.16	3,607.42
	iii)	Employee benefit expenses	28	6,423.06	5,920.13
	iv)	Depreciation, amortization and impairment	29	161.90	133.16
	v)	Other expenses	30	2,351.58	1,896.51
V		Total expenses		32,894.44	27,112.56
VI		Profit before tax (IV-V)		1,993.93	4,911.25
VII		Tax expense:			
		Current tax		1,843.51	570.83
		Less : MAT credit entitlement		-	(570.83)
		Deferred tax charge / (credit)		(1,258.75)	1,612.24
		Income tax expense		584.76	1,612.24
VIII		Profit for the year (V-VI)		1,409.17	3,299.01
IX		Other comprehensive income (OCI)			
		i) Items that will not be reclassified subsequently to profit or loss			
		- Re-measurement gains/(losses) on defined benefit plans		15.45	227.99
		(ii) Income tax relating to the above items		-	(79.67)
		Other Comprehensive Income (i+ ii)		15.45	148.32
X		Total Comprehensive Income for the year (VII+VIII)		1,424.62	3,447.33
XI		Earnings per equity share (face value of Rs.10/-)	31		
		Basic		5.75	15.64
		Diluted		5.42	14.57

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

As per our report of even date

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

per Amit Kabra
Partner
ICAI Firm Registration No.: 101049W/E300004

Place: Gurugram
Date: June 26, 2020

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: 02847368

Akhilesh Kumar Singh
Chief Financial Officer

Paurvi Srivastava
Company Secretary

Place: Lucknow
Date: June 26, 2020

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

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

Summary of significant accounting policies 2.1

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

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

per Sanjay Kumar Agrawal
Partner
Membership No.: 060352

Place: Kolkata
Date: May 30, 2019

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

Managing Director
DIN: 00173413

Director
DIN: 02947368

Chief Financial Officer

Company Secretary

Place: Lucknow
Date: May 30, 2019

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

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

Summary of significant accounting policies 2.1

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

As per our report of even date

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

per Sanjay Kumar Agrawal
Partner
Membership No.: 060352

Place: Kolkata
Date: May 30, 2019

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

Managing Director
DIN: 00173413

Director
DIN: 02947368

Chief Financial Officer

Company Secretary

Place: Lucknow
Date: May 30, 2019

CHAPTER B: AUDITED CASH FLOW STATEMENT FOR THE 3 (THREE) YEARS IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF THIS PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

SONATA Finance Private Limited
2nd Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar,
Lucknow – 226026, Uttar Pradesh
CIN: U65921UP1995PTC035286
Contact No : 0522-4005729
Email: info@sonataindia.com
Website: www.sonataindia.com

Sonata Finance Private Limited
Statement of Cash flow for the quarter and half year ended September 30, 2021

(Rs. in lakhs unless otherwise stated)

Particulars	As at September 30,2021	As at September 30,2020
Cash flow from operating activities		
Profit before tax	720.12	757.85
Interest received	(13,010.51)	(14,153.07)
Interest paid	6,949.95	8,168.01
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	47.76	54.10
Impairment on financial instruments	2,968.73	1,816.31
Unrealised derivative (loss)/gain	(57.32)	143.68
Share based payments to employees	-	25.47
Operational cash flows from interest		
Cash inflow from interest	13,077.74	14,153.07
Cash outflow from interest	(6,945.85)	(8,520.78)
Cash flow from working capital changes		
(Increase)/decrease in Loans	(10,985.79)	29,254.27
Decrease/(increase) in bank balance other than cash and cash equivalents	3,126.78	(2,233.13)
Increase in trade receivables	(239.10)	(75.69)
Decrease in other financial assets	(741.54)	(5,093.36)
(Increase)/decrease in other non-financial assets	(29.29)	21.57
Increase/(decrease) in trade payables	19.72	(134.98)
(Decrease)/increase in other financial liabilities	(1,188.99)	269.27
Decrease in provisions	(6.47)	(206.35)
Increase/(decrease) in other non-financial liabilities	27.36	(38.26)
	(6,266.71)	**24,207.97**
Income tax paid	(231.08)	(141.80)
Net cash flows (used in)/from operating activities	**(6,497.79)**	**24,066.17**
Cash flow from investing activities		
Purchase of property, plant and equipment	(39.89)	(49.85)
Purchase of intangible assets	(10.51)	(2.62)
Sale of investment at amortised cost	-	10.60
Net cash flows used in investing activities	**(50.39)**	**(41.88)**
Cash flow from financing activities		
Debt securities issued	-	1,000.00
Debt securities repaid	(1,950.00)	(4,950.00)
Borrowings other than debt securities issued	19,447.38	20,925
Borrowings other than debt securities (repaid)	(20,284.15)	(17,830)
Subordinated liabilities issued	-	-
Subordinated liabilities (repaid)	(2,549.14)	-
Proceeds from issuance of equity share capital including securities premium	95.21	217.92
Expenses incurred towards issuance of equity shares	-	(6.08)
Net cash flows used in financing activities	**(5,240.71)**	**(643.69)**
Net increase in cash and cash equivalents	(11,788.89)	23,380.60

Regd. Office: II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow - 226026, Uttar Pradesh India

Anup Kumar Singh — Digitally signed by Anup Kumar Singh, Date: 2021.11.13 21:05:21 +05'30'

Akhilesh Kumar Singh — Digitally signed by Akhilesh Kumar Singh, Date: 2021.11.13 21:03:46 +05'30'

SONATA Finance Pvt. Ltd. LKO.

SONATA Finance Private Limited
2nd Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar,
Lucknow – 226026, Uttar Pradesh
CIN: U65921UP1995PTC035286
Contact No : 0522-4005729
Email: info@sonataindia.com
Website: www.sonataindia.com

Cash and cash equivalents at the beginning of the year	21,512.64	7,306.47
Cash and cash equivalents at the end of the year	**9,723.75**	**30,687.07**
Components of cash and cash equivalents		
Cash on hand	336.96	481.73
Balances with banks		
In current accounts	7,386.79	15,039.11
In deposit account	2,000.00	15,166.24
Total cash and cash equivalents	**9,723.75**	**30,687.07**

For and On behalf of M/s Sonata Finance Private Limited

Anup Kumar Singh

Anup Kumar Singh
Managing Director

Akhilesh Kumar Singh

Akhilesh Kumar Singh
Chief Financial Officer

Date: November 13, 2021
Place: New Delhi

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

(in Rs. Lakhs)

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

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

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

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

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

per Amit Kabra
Partner
Membership No.: 094533

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

Anup Kumar Singh
Managing Director
DIN: 00173413

Akhilesh Kumar Singh
Chief Financial Officer

Pradip Kumar Saha
Director
DIN: 02947368

Paurvi Srivastava
Company Secretary
Membership No.: 34110

Place: Gurugram
Date: June 29, 2021

Place: Lucknow
Date: June 29, 2021

Sonata Finance Private Limited
Cash Flow statement for the year ended March 31, 2020

Particulars		(In Rs. Lakhs)
Cash flow from operating activities	2019-20	2018-19
Profit before tax	1,983.93	4,911.25
Interest received	(29,572.30)	(27,934.51)
Interest paid	15,427.40	15,426.91
Adjustments to reconcile profit before tax to net cash flows:	-	-
Depreciation & amortisation	161.90	133.16
Impairment on financial instruments	8,322.91	3,502.43
Unrealised foreign exchange gain/loss	276.16	-
Net gain on financial instrument recognised through FVTPL	(3.03)	(0.47)
Share based payments to employees	135.27	299.94
Profit on sale of property , plant and equipments	(2.35)	-
Operational cash flows from interest		
Cash inflow from interest	29,730.28	27,902.63
Cash outflow from interest	(15,445.31)	(15,527.40)
Cash flow from working capital changes		
(Increase)/decrease in Loans	(20,243.35)	(5,883.94)
(Increase) / decrease in bank balance other than cash and cash equivalents	(1,644.71)	(3,238.03)
(Increase)/decrease in trade receivables	(38.11)	40.18
(Increase)/decreasein other financial assets	(1,288.29)	(287.00)
(Increase) / decrease in other non-financial assets	(176.02)	(147.15)
Increase/(decrease) in trade payables	(10.13)	69.55
Increase / (decrease) in other financial liabilities	712.62	1,422.33
Increase/(decrease) in provisions	(2.10)	65.89
Increase / (decrease) in other non-financial liabilities	(1.71)	36.18
Income tax paid	(11,666.94)	791.25
Net cash flows from/(used in) operating activities	(1,061.82)	(566.18)
	(12,728.76)	225.07
Cash flow from investing activities		
Purchase of property , plant and equipment	(151.89)	(113.05)
Purchase of intangible assets	(5.43)	(4.70)
Proceeds from sale of property and equipment	3.48	-
Net cash flows from/(used in) investing activities	(153.84)	(117.75)
Cash flow from financing activities		
Debt securities issued	3,690.00	2,000.00
Debt securities repaid	(13,120.00)	(6,100.00)
Borrowings other than debt securities issued	77,684.57	62,726.33
Borrowings other than debt securities repaid	(66,891.85)	(57,268.59)
Proceeds from issuance of equity share capital including securities premium	32.93	225.31
Proceeds from issuance of Non-Cumulative 0.01% Compulsorily convertible preference shares (CCPS)including securities premium	-	7,500.00
Expenses incurred towards issuance of equity shares	(9.02)	(30.31)
Net cash flows from financing activities	1,386.63	9,052.74

Sonata Finance Private Limited
Cash Flow statement for the year ended March 31, 2020

Net increase/(decrease) in cash and cash equivalents	(11,495.97)	9,160.06
Cash and cash equivalents at the beginning of the year	18,802.44	9,642.38
Cash and cash equivalents at the end of the year	**7,306.47**	**18,802.44**
Components of cash and cash equivalents		
Cash on hand	253.96	264.63
Balances with banks		
In current accounts	7,052.51	18,163.66
In deposit account	-	374.15
Total cash and cash equivalents	**7,306.47**	**18,802.44**

Summary of significant accounting policies - note number 1

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

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

per Amit Kabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 26, 2020

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

Anup Kumar Singh
Managing Director
DIN: 00173413

Akhilesh Kumar Singh
Chief Financial Officer

Pradip Kumar Saha
Director
DIN: 02947368

Paurvi Srivastava
Company Secretary

Place: Lucknow
Date: June 26, 2020

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

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







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

Summary of significant accounting policies (refer note 2.1)

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

As per our report of even date

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

per Sanjay Kumar Agrawal
Partner
Membership No.: 060352

Place: Kolkata
Date: May 30, 2019

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

Managing Director
DIN: 00173413

Director
DIN: 02947368

Chief Financial Officer

Company Secretary

Place: Lucknow
Date: May 30, 2019

CHAPTER C- RELATED PARTY TRANSACTIONS ENTERED DURING THE LAST 3 (THREE) FINANCIAL YEARS IMMEDIATELY PRECEDING THE YEAR OF ISSUE

i. Term loan amounting to Rs. 7,50,00,000/- (Rupees Seven Crores Fifty Lakhs Only) from M/s Vivriti Capital Private Limited (lender). This loan was availed, in the ordinary course of business on arms length basis, for the purpose of generating portfolio of the company. As per the definition of Related Party as contained in clause 2 (76) of the Companies Act, 2013, the lender was a Related party being common directorship of Mr. Kenneth Dan VendarWeele.

The brief terms and conditions of the transaction is as under:

Sr. No.	Name of the Related Party	Nature & Duration of the contract or Arrangement	Amount (in Rs.)	Material Terms* of the Contract including price	Any advance paid or received for the contract or arrangement, if any	Other Terms& Conditions of the Contract	Any other relevant information pertaining to the Contract
1.	Vivriti Capital Private Limited	24 months	Rs. 7,50,00,000 /- (Rupees Seven Crores Fifty Lakhs Only)	Term Loan Facility of Rs. 7,50,00,000 /- (Rupees Seven Crores Fifty Lakhs Only)	Nil	-	Interest rate : 13.80% p.a Processing Fees: 1% Security:Exclusive charge by way of hypothecation on receivables of at least 1.1x at all times during the currency of the facility.

ii. Term loan facility amounting to Rs. 25,00,00,000/- (Rupees Twenty-Five Crores Only) from Axis Bank Limited (lender) and in lieu of this M/s Vivriti Capital Private Limited acts as a guarantor on the behalf of the Company. The latter provided the unconditional, irrevocable, payable on demand guarantees, favoring the lender covering minimum of 16% of the initial principal value of the facility amount. This loan was availed, in the ordinary course of business on arms length basis, for the purpose of generating portfolio of the company. As per the definition of Related Party as contained in clause 2 (76) of the Companies Act, 2013, the guarantor is a Related party being common directorship of Mr. Kenneth Dan Vendar Weele.

The brief terms and conditions of the transaction is as under:

Sr. No.	Name of the Related Party	Nature & Duration of the contract or Arrangement	Amount (in Rs.)	Material Terms* of the Contract including price	Any advance paid or received for the contract or arrangement, if any	Other Terms& Conditions of the Contract	Any other relevant information pertaining to the Contract

1.	Vivriti Capital Private Limited	To act as a Guarantor, for the term loan facility of Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) from Axis Bank Limited, to provide unconditional, irrevocable, payable on demand guarantees, that covers minimum of 16% of the initial principal value of the facility amount and the duration is 24 months.	4.5% coupon p.a. of the Guarantee amount under the term loan facility of Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) from Axis Bank Limited	Guarantee Cap: Covering minimum of 16% of the initial principal value of the facility amount.	Nil	-	Mr. Kenneth Dan Vander Weele (being common director on the board of Vivriti Capital Private Limited and Sonata Finance Private Limited)

iii. Term loan amounting to Rs. 15,00,00,000 /-(Rupees Fifteen Crores Only)from M/s Vivriti Capital Private Limited (lender). This loan was availed, in the ordinary course of business on arms length basis, for the purpose of generating portfolio of the company. As per the definition of Related Party as contained in clause 2 (76) of the Companies Act, 2013, the lender was a Related party being common directorship of Mr. Kenneth Dan VendarWeele.

The brief terms and conditions of the transaction is as under:

Sr. No.	Name of the Related Party	Nature & Duration of the contract or Arrangement	Amount (in Rs.)	Material Terms* of the Contract including price	Any advance paid or received for the contract or arrangement, if any	Other Terms& Conditions of the Contract	Any other relevant information pertaining to the Contract
1.	Vivriti Capital Private Limited	24 months	Rs. 15,00,00,000 /- (Rupees Fifteen Crores Only)	Term Loan Facility of Rs. 15,00,00,000 /- (Rupees Fifteen Crores Only)	Nil	-	Interest rate : 14.5% p.a Processing Fees: 1% Security: Exclusive charge by way of hypothecation on receivables of at least 1.1x at all

							times during the currency of the facility.

iv. Term loan amounting to Rs. 13,00,00,000 /- (Rupees Thirteen Crores Only)from M/s Vivriti Capital Private Limited (lender). This loan was availed, in the ordinary course of business on arms length basis, for the purpose of generating portfolio of the company. As per the definition of Related Party as contained in clause 2 (76) of the Companies Act, 2013, the lender was a Related party being common directorship of Mr. Kenneth Dan VendarWeele.

The brief terms and conditions of the transaction is as under:

Sr. No.	Name of the Related Party	Nature & Duration of the contract or Arrangement	Amount (in Rs.)	Material Terms* of the Contract including price	Any advance paid or received for the contract or arrangement, if any	Other Terms& Conditions of the Contract	Any other relevant information pertaining to the Contract
1.	Vivriti Capital Private Limited	24 months	Rs. 13,00,00,000 /- (Rupees Thirteen Crores Only)	Term Loan Facility of Rs. 13,00,00,000 /- (Rupees Thirteen Crores Only)	Nil	-	**Interest rate:** 13.75% p.a **Processing Fees:** 1% **Primary Security:** Exclusive charge by way of hypothecation upto 1.1x on identified receivables from assets created out of the loan amount. **Cash Collateral:** In the form of fixed deposit for an amount equivalent to (i) 5% (five percent) of the aggregate

							loan amount outstanding at the time of occurrence of the Rating Downgrade Event, in case of occurrence of the First Rating Downgrade Event; and (ii) 10% (ten percent) of the aggregate loan amount outstanding at the time of occurrence of the Rating Downgrade Event, in case of occurrence of the Second Rating Downgrade Event with a scheduled commercial bank as acceptable to the lender

SECTION 11: DECLARATION BY THE DIRECTORS

Each of the directors of the Company hereby confirm and declare that:

A. the Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act, 2013 and the rules and regulations made thereunder;

B. the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of non-convertible securities, if applicable, is guaranteed by the Central Government;

C. the monies received under the Issue shall be used only for the purposes and objects indicated in this Placement Memorandum; and

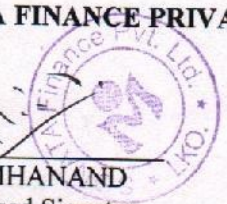
D. whatever is stated in this Placement Memorandum and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

General Risk
Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section 3 of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

I am authorized by the Board of Directors of the Company vide resolution number 21(3) dated November 13, 2021 read along with the resolution of the Financial Advisory and Asset & Liability Management Committee of the Board of Directors of the Company dated December 16, 2021 to sign this Placement Memorandum and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this Placement Memorandum and matters incidental thereto have been complied with.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For **SONATA FINANCE PRIVATE LIMITED**



Name: BRAMHANAND
Title: Authorised Signatory
Date: December 22, 2021

ANNEXURE I: TERM SHEET

As provided in Section 5.36 above.

ANNEXURE II: RATING LETTER, RATING RATIONALE AND DETAILED PRESS RELEASE FROM THE RATING AGENCY

India Ratings & Research
A Fitch Group Company

FitchGroup

Mr. Anup Kumar Singh
Managing Director
Sonata Finance Private Limited
IInd floor, CP-I, PG Tower, Kursi Road, Vikas Nagar,
Lucknow-226022, Uttar Pradesh, India

December 16, 2021

Dear Sir/Madam,

Re: Rating Letter of Sonata Finance Private Limited

India Ratings and Research (Ind-Ra) has taken the following rating actions on Sonata Finance Private Limited (Sonata) debt instruments:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Non-convertible debentures (NCDs)^	-	-	-	INR600	IND BBB+/Stable	Assigned
Non-convertible debentures (NCDs)^	-	-	-	INR550	IND BBB+/Stable	Affirmed
Long-term bank loan				INR2,000	IND BBB+/Stable	Affirmed

^ Yet to be issued

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing

SONATA Finance Pvt. Ltd. LKO.

India Ratings & Research
A Fitch Group Company

FitchGroup

its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings

Prakash Agarwal
Director

Abhishek Bhattacharya
Senior Director

SonataFinancePrivateLimited

16-December-2021

Sonata Finance Pvt. Ltd. LKO.

Login

India Ratings & Research
A Fitch Group Company

India Ratings Assigns Sonata Finance's Additional NCDs 'IND BBB+'/Stable; Affirms Other Ratings

16

DEC 2021

By Asutosh Patro

India Ratings and Research (Ind-Ra) has taken the following rating actions on Sonata Finance Private Limited (Sonata) debt instruments:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Non-convertible debentures (NCDs)^	-	-	-	INR600	IND BBB+/Stable	Assigned
NCDs^	-	-	-	INR550	IND BBB+/Stable	Affirmed
Long-term bank loan				INR2,000	IND BBB+/Stable	Affirmed

^ Yet to be issued

KEY RATING DRIVERS

Long Track Record with Experienced Management: Established in 2006, Sonata has been operational for 15 years in microfinance lending and seen various cycles and multiple credit events. The company is promoted by Anup Kumar Singh (MD and CEO), who has over two decades of experience in microfinance industry. Prior to Sonata, he was with CASHPOR Micro Credit for eight years. Moreover, Sonata has seen limited churn in its senior management and most of them have seen the company navigate through major credit events such as demonetisation and the COVID-19 pandemic. This could be especially useful because of its exposure to the western part of Uttar Pradesh (UP) where credit discipline of borrowers is weaker than the rest of the state. While formally not all the CXO positions are occupied, there are a group of advisors who are senior ex-bankers,

advising Sonata on a range of matters on a full-time basis. The board has three independent directors, one executive director, and six non-executive directors. The chairman of the board is an independent director. The six non-executive directors are nominated by various social and impact investing funds with shareholding in Sonata.

Modest Profitability Despite COVID-19 Related Provisions: Sonata's profitability was impacted in the past few years primarily on account of demonetisation. Therefore, the company created incremental provisions on account of COVID-19 in FY20 from its learnings from demonetisation. The company's provisions amounted to INR983 million at end-1HFY22 and are likely to be over INR1 billion at end-FY22 (FY21: INR669 million, FY20: INR606 million). Sonata holds more than expected provisions, and the need for incremental credit cost is lower in the event of moderate incremental stress. This may not necessarily lead to capital erosion.

The return on assets (1HFY22: 0.6%, FY21: 0.3%, FY20: 1%) has remained moderate on account of higher credit cost from the COVID-19 related provisions (1HFY22:4.4%, FY21: 2.1%, FY20: 6%). The moderation in return on assets for FY21 specifically was on account of lower yield on assets. The company's spreads have moderated by 477bp due to lower interest income in the absence of business during the lockdown in 1QFY21. However, the average yield on asset improved in 1HFY22 (1HFY22: 24.6%, FY21: 20.5%, FY20: 26.3%), in line with the macro-economic recovery. Furthermore, its pre-provisioning operating profit/credit cost buffers (1HFY22: 1.1x, FY21: 1.20x) remain adequate in the prevailing challenging scenario.

Diversified Funding Sources: Sonata borrows from around 35 lenders/investors, with term loans from banks comprising 48% of the borrowings at FYE21; 23% is through NCDs, 6% is through special refinance loans, 14% is through external commercial borrowings and 8% is sub-debt. Even during the pandemic, wherein many mid and small sized players have faced challenges in raising funds, Sonata could raise INR 1.67 billion and INR1.37 billion in FY21 and 1QFY22, respectively, because of its diversity in lenders and vintage of its relationships with them. Furthermore, the company has a funding pipeline of INR13.6 billion in FY22, primarily on account of the government-guaranteed loans. The company also taps off-balance sheet funding through direct assignments and securitisation, which lends further support to liquidity and bolsters funding diversity. The direct assignments and passthrough certificates transactions typically range in 3%-5% of the overall gross loan portfolio.

Liquidity Profile - Adequate: As per Sonata's asset liability statement at 1HFYE22, the cumulative inflow exceeded the cumulative outflows in the up-to-one-year bucket by 34%. As on 13 December 2021, the company had cash bank balances of INR3.3 billion, which is adequate to meet obligations of four months, assuming nil collections and disbursements. As a practice, Sonata maintains on balance sheet liquidity to cover at least three months of debt servicing. Additionally, Sonata's unavailed sanctions, which were in excess of INR3 billion as on 13 December 2021, provide additional comfort to its liquidity position

Improved Capital Buffers due to Lower Business; Expected Infusion to Strengthen Buffers and Promote Growth: Sonata's shareholding is diversified with promotor shareholding at 5.17% at end-1QFY22. The primary investors include global social and impact-investing entities such as Creation Investments Capital Management LLC (1QFY22: 27.95% stake), Promotion et Participation pour la Coopération Économique (15.03%), Triodos Investment Management (15.04%), and Small Industries Development Bank of India (commercial paper rated at 'IND A1+') through Samridhi Fund (12.38%). The company raised equity capital of INR1.01 billion during FY15-FY21; this along with internal accruals led to a tangible net worth of INR2.52 billion at 1HFYE22 (FYE21: INR2.55 billion, FYE20: INR2.43 billion). The leverage ratio decreased to 4.5x at 2QFYE22 (FY21: 4.6x, FY20: 5x) on account of muted growth in the loan book. The growth expectation in this post pandemic period will lead to a moderation in the capital position. As the leverage ratio inches up to 5x, Sonata expects a capital infusion of INR1 billion in FY22 to keep the same in check which will also strengthen the capital position and enable growth. In Ind-Ra's opinion, the equity infusion will be critical for the company to meet its medium-term growth objectives while maintaining adequate capital buffers (Tier 1, FY21:20%; FY20:17%).

Asset Quality Monitorable, Although Adequately Provided for: In line with the microfinance sector, Sonata's asset quality deteriorated in FY21 due to the prolonged impact of COVID-19 on its borrowers' income-generation ability. The company's 90+ dpd increased to 8.9% in 1HFY22 (FYE21: 6.15%. FYE20: 0.98%; FYE19: 2.7%). However, Sonata carried a provision of INR983 million on its books at 1HFYE22, which will enable it to manage its asset quality better, according to Ind-Ra. The company's current collections have been improving post the second covid wave and reaching at 99% in September 2021 (May 2021: 66% and April 2021: 90%). Majority

of borrowers have started paying at least their current EMI, but overdue collections has been low. In September 2021, the company did a one-time restructuring for these select borrowers who had started paying current dues. The restructuring is in the form of an extension of the loan tenor. This restructured book accounted for around 7% of the loan book as on 30 September 2021. The performance of this restructured book is a key rating monitorable. As the borrowers in restructured book have a weaker credit profile than those in the rest of the standard book, there can be incremental slippages from the former book on account of any restrictions on economic activity in the advent of a potential third wave.

Negative Outlook on Microfinance Institutions (MFIs): Ind-Ra has maintained a negative outlook on mid-smaller non-bank MFIs in view of the challenges faced by them in raising funds and capital, and managing credit costs that could emerge post COVID-19. Ind-Ra expects collections of MFIs with large presence in urban regions to take longer to recover, whereas collections of rural-focused MFIs have been faring well post the second covid wave. However, when compared to Sonata's peers in a similar rating category, the company, supported by its vintage, has a wide spread of lenders with development financial institutions, private and public sector banks, small finance banks, along with small and large non-banking finance companies which have helped in it raising funds even during the current challenging times.

RATING SENSITIVITIES

Positive: An improvement and stability in the asset quality and profitability indicators, maintaining adequate capitalisation and liquidity while scaling-up the loan book and reducing geographical concentration materially could lead to a positive rating action.

Negative: Consistent deterioration in the asset quality and profitability, leading to a capital impairment, the leverage ratio exceeding 5x on a sustained basis and deterioration in the liquidity levels, and inability to raise equity funds in commensuration with growth plans could trigger a negative rating action.

COMPANY PROFILE

Sonata was incorporated under the Companies Act, 1956 and registered as non-deposit taking non-bank MFI with the Reserve Bank of India to carry on the microfinance business. Established in January 2006, the company is engaged in financial inclusion and economic empowerment of women and underprivileged sections of the society. Sonata is backed by global social and impact-investing funds. The company provides loans to joint liability groups as well as individuals for a range of income-generating activities. It caters to more than 700,000 clients mostly in rural and semi-urban areas. It operates in Northern part of the country, with operations across 130 districts in nine states, namely Uttar Pradesh, Madhya Pradesh, Jharkhand, Maharashtra, Uttarakhand, Punjab, Haryana, Bihar and Rajasthan.

FINANCIAL SUMMARY

Particulars (INR billion)	FY21	FY20
Total tangible assets	14.93	15.23
Total tangible networth	2.55	2.43
Net profit	0.04	0.14
Return on average assets (%)	0.29	1.01
Tangible equity / Tangible assets (%)	17.05	15.98
Source: Sonata, Ind-Ra adjustments		

RATING HISTORY



Instrument Type	Current Rating/Outlook			Historical Rating/Outlook
	Rating Type	Rated Limits (million)	Rating	15 November 2021
NCDs	Long-term	INR1,150	IND BBB+/Stable	IND BBB+/Stable
Bank loans	Long-term	INR2000	IND BBB+/Stable	IND BBB+/Stable

COMPLEXITY LEVEL OF INSTRUMENTS

Instrument Description	Complexity Indicator
NCDs	Low
Long-term bank loans	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

SOLICITATION DISCLOSURES

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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Applicable Criteria

Financial Institutions Rating Criteria
Non-Bank Finance Companies Criteria

Analyst Names

Primary Analyst
Asutosh Patro
Senior Analyst
9078767833

Secondary Analyst
Jindal Haria
Director
+91 22 40001750

Committee Chairperson
Prakash Agarwal
Director and Head Financial Institutions
+91 22 40001753

Media Relation
Ankur Dahiya
Manager – Corporate Communication
+91 22 40356121

SONATA Finance Pvt. Ltd. LKO.

ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

CATALYST
Believe in yourself... Trust us!

CL/MUM/21-22/DEB/770

09-Dec-2021

Sonata Finance Private Limited
2nd Floor, CP-1, PG Towers, Kursi Road,
Vikas Nagar, Lucknow-226026

Kind Attn:- Ms. Pravri Srivastava, Company Secretary

Dear Sir,

Consent to act as Trustee for Secured, Listed, Rated, Redeemable, Non-Convertible Debentures aggregating upto INR 75 Crores to be issued by your Company.

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited to act as Debenture Trustee for the Secured, Listed, Rated, Redeemable, Non-Convertible Debentures aggregating upto INR 75 Crores to be issued. In this connection, we are agreeable to act as Trustee on the following trusteeship remuneration:

Acceptance Fee: INR 1,00,000/- plus applicable taxes (One Time, Non-Refundable payable on appointment as trustee).

Service Charges: INR 1,50,000/- plus applicable taxes payable annually on 1st April every year from the date of the execution of documents till satisfaction of charges in full. Pro-rata charges would apply for the first year from date of appointment till 31-Mar-2022.

All out of pocket expenses incurred towards legal fees, travelling, inspection charges, etc shall be levied and reimbursed on actual basis.

Yours faithfully,

For Catalyst Trusteeship Limited

Authorised Signatory

For Sonata Finance Private Limited

Authorised Signatory

NOTE: As per GST guidelines, CTL would be required to pay the applicable GST on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.

CATALYST TRUSTEESHIP LIMITED (CIN: U74900MH2000PLC128245)
Regd. Office: GDA House, First Floor, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune - 411 038. Tel: +91 (20) 25280081 Fax: +91 (20) 25280275
Mumbai | Bangalore | Delhi | Chennai

Sonata Finance Pvt. Ltd. LKO.

ANNEXURE IV: APPLICATION FORM

SONATA FINANCE PRIVATE LIMITED
A private limited company incorporated under the Companies Act, 1956
Date of Incorporation: April 06, 1995
Registered Office: II Floor, CP-1, PG Tower, Kursi Road, Vikas Nagar, Lucknow, Uttar Pradesh-226026, India
Telephone No.: 0522-2334900
Website: www.sonataindia.com

DEBENTURE SERIES APPLICATION FORM SERIAL NO.									

Issue of 750 (Seven Hundred and Fifty) secured, rated, listed, redeemable, transferable, non-convertible Debentures of face value of INR 10,00,000/- (Indian Rupees Ten Lakhs only) each, aggregating up to INR 75,00,00,000/- (Indian Rupees Seventy Five Crore) on a private placement basis (the "Issue").

DEBENTURE SERIES APPLIED FOR:

Number of Debentures: ____ In words: _____-only
Amount INR _____/-In words Indian Rupees : _____ Only

DETAILS OF PAYMENT:

Cheque / Demand Draft / RTGS
No. _____ Drawn on _____

Funds transferred to **Sonata Finance Private Limited**
Dated _____

Total Amount Enclosed
(In Figures) INR _/- (In words) _Only

APPLICANT'S NAME IN FULL (CAPITALS) **SPECIMEN SIGNATURE**

APPLICANT'S ADDRESS

ADDRESS																			
STREET																			
CITY																			
PIN						**PHONE**							**FAX**								

APPLICANT'S PAN/GIR NO. _____ IT CIRCLE/WARD/DISTRICT ____

I AM/ WE ARE ( ) COMPANY ( ) OTHERS ( ) SPECIFY _____

We have read and understood the Terms and Conditions of the issue of Debentures including the Risk Factors described in the placement memorandum dated December 22, 2021 ("**Placement Memorandum**") issued by the Issuer and have considered these in making our decision to apply. We bind ourselves to these Terms and Conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Debenture Holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's Signature:

We the undersigned, are agreeable to holding the Debentures of the Company in dematerialised form. Details of my/our Beneficial Owner Account are given below:

DEPOSITORY	**NSDL/CDSL**
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account: (Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms)	

FOR OFFICE USE ONLY

DATE OF RECEIPT _____ DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Placement Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer, and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

We understand that: i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, ii) we must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

Applicant's
Signature

FOR OFFICE USE ONLY	
DATE OF RECEIPT _____	DATE OF CLEARANCE _____

(Note : Cheque and Drafts are subject to realisation)

----------(TEAR HERE)----------

ACKNOWLEDGMENT SLIP

(To be filled in by Applicant) **SERIAL NO.**	1	-	-	-	-	-	-	-	-

Received from _____

Address _____

_____

Cheque/Draft/UTR # _____ Drawn on _____ for INR _____ on account of application of _____ Debenture

_____



INSTRUCTIONS

1. Application form must be completed in full, IN ENGLISH.

2. Signatures must be made in English or in any of the Indian languages. Thumb Impressions must be attested by an authorized official of the Bank or by a Magistrate/Notary Public under his/her official seal.

3. Application form, duly completed in all respects, must be submitted with the respective Collecting Bankers. The payment is required to be made to the following account of ICCL by way of an electronic transfer, in accordance with the terms of the EBP Guidelines:

Beneficiary A/C Name:	INDIAN CLEARING CORPORATION LTD
Bank Account No.	ICCLEB
IFSC CODE:	HDFC0000060
Bank Name	HDFC Bank
Branch Address:	Fort Mumbai Maharashtra 400001

The Company undertakes that the application money deposited in the above-mentioned bank account shall not be utilized for any purpose other than
a) for adjustment against allotment of securities; or
b) for the repayment of monies where the company is unable to allot securities.

4. Receipt of applicants will be acknowledged by the Company in the "Acknowledgement Slip" appearing below the application form. No separate receipt will be issued.

5. All applicants should mention their Permanent Account No. or their GIR No. allotted under Income Tax Act, 1961 and the Income Tax Circle/Ward/District. In case where neither the PAN nor the GIR No. has been allotted, the fact of non-allotment should be mentioned in the application form in the space provided. Income Tax as applicable will be deducted at source at the time of payment of interest including interest payable on application money.

6. The application would be accepted as per the terms of the manner outlined in the transaction documents for the private placement.



ANNEXURE V: LAST AUDITED FINANCIAL STATEMENTS

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
Tel: +91 124 681 6000

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Financial Results of the Company Pursuant to Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
Sonata Finance Private Limited

1. We have reviewed the accompanying statement of unaudited financial results of Sonata Finance Private Limited (the "Company") for the quarter ended September 30, 2021 and year to date from April 01, 2021 to September 30, 2021 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

5. We draw attention to Note 6 of the financial results which describes the impact of economic and social consequences of the COVID-19 pandemic including the limited lock downs imposed by various state Governments across India on the Company's business and financial metrics, particularly the Company's estimates of impairment of loans to customers, which continue to be dependent on uncertain future developments. Our conclusion is not modified in respect of this matter.

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

6. The figures for the net cash inflows for the corresponding period from April 1, 2020 to September 30, 2021, as reported in these unaudited financial results have been approved by the Company's Board of Directors, but have not been subjected to a review.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004
AMIT KABRA Digitally signed by AMIT KABRA Date: 2021.11.13 21:26:05 +05'30'
per Amit Kabra
Partner
Membership No.: 094533

UDIN: 21094533AAAAMW5704

Gurugram
November 13, 2021



SONATA Finance Private Limited
2nd Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar,
Lucknow – 226026, Uttar Pradesh
CIN: U65921UP1995PTC035286
Contact No : 0522-4005729
Email: info@sonataindia.com
Website: www.sonataindia.com

Sonata Finance Private Limited

Statement Of Assets and Liabilities as at September 30, 2021

(Rs. in lakhs unless otherwise stated)

Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021
	Unaudited	Unaudited	Audited
I ASSETS			
1 Financial assets			
a) Cash and cash equivalents	9,723.75	30,687.07	21,512.64
b) Bank balances other than cash and cash equivalents	9,572.95	13,752.11	12,699.73
c) Derivative financial instruments	234.36	128.64	171.27
d) Trade receivables	524.96	280.78	285.83
e) Loans	1,15,985.87	98,028.14	1,07,109.31
f) Investments	8.40	8.40	8.40
g) Other financial assets	6,504.50	8,608.03	6,614.86
	1,42,554.79	1,51,493.17	1,48,402.04
2 Non-financial assets			
a) Current tax assets (net)	490.65	-	490.65
b) Deferred tax assets (net)	3,231.16	3,334.28	2,438.46
c) Property, plant and equipment	195.42	218.14	195.77
d) Other intangible assets	25.98	27.60	20.98
e) Other non-financial assets	246.12	234.30	216.84
	4,187.33	3,864.32	3,362.70
Total assets	1,46,742.12	1,55,357.49	1,51,764.74
II LIABILITIES AND EQUITY			
Liabilities			
1 Financial liabilities			
a) Derivative financial instruments	194.85	208.63	189.09
b) Trade payables			
- total outstanding dues of micro enterprises and small enterprises			
- total outstanding dues of creditors other than micro enterprises and small enterprises	27.96	15.80	8.25
c) Current tax liability (net)	849.26	597.63	-
d) Debt securities	26,470.26	22,201.63	28,460.45
e) Borrowings (other than debt securities)	79,894.68	89,930.02	80,704.77
f) Subordinated liabilities	6,407.74	8,962.05	8,939.28
g) Other financial liabilities	2,278.11	4,017.92	3,467.10
	1,16,122.86	1,25,933.68	1,21,768.94
2 Non-financial liabilities			
a) Provisions	1,950.10	1,253.39	1,893.82
b) Other non-financial liabilities	215.33	204.48	187.98
	2,165.43	1,457.87	2,081.80
Total liabilities	1,18,288.29	1,27,391.55	1,23,850.74
Equity			
a) Equity share capital			
b) Other equity	2,537.02	2,516.39	2,522.82
Total Equity	25,916.81	25,449.55	25,391.18
	28,453.83	27,965.94	27,914.00
Total liabilities and equity	1,46,742.12	1,55,357.49	1,51,764.74

For and On behalf of M/s Sonata Finance Private Limited

Anup Kumar Singh — Digitally signed by Anup Kumar Singh, Date: 2021.11.13 21:04:16 +05'30'

Anup Kumar Singh
Managing Director

Akhilesh Kumar Singh — Digitally signed by Akhilesh Kumar Singh, Date: 2021.11.13 21:05:01 +05'30'

Akhilesh Kumar Singh
Chief Financial Officer

Date: November 13, 2021
Place: New Delhi

Regd. Office: II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow - 226026, Uttar Pradesh India

SONATA Finance Private Limited
2nd Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar,
Lucknow – 226026, Uttar Pradesh
CIN: U65921UP1995PTC035286
Contact No : 0522-4005729
Email: info@sonataindia.com
Website: www.sonataindia.com

Sonata Finance Private Limited

Statement of unaudited financial results for the quarter and half year ended September 30, 2021

(Rs. in lakhs unless otherwise stated)

	Particulars	Quarter ended		Half year ended		Year ended
		September 30, 2021	June 30, 2021	September 30, 2021	September 30, 2020	March 31, 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Revenue from operations					
i)	Interest income	7,073.40	5,937.10	13,010.51	14,153.06	24,198.02
ii)	Fees and commission income	819.34	597.64	1,416.98	708.68	1,879.25
iii)	Net gain on derecognition of financial instruments under amortised cost category	-	-	-	-	305.87
iv)	Bad loan recovery	105.91	98.58	204.49	191.72	575.86
I	**Total revenue from operations**	**7,998.65**	**6,633.32**	**14,631.98**	**15,053.46**	**26,963.00**
II	Other income	219.02	453.77	405.72	64.84	255.08
III	**Total income (I + II)**	**8,217.67**	**7,085.09**	**15,037.70**	**15,118.50**	**27,218.98**
	Expenses					
i)	Finance costs	3,356.55	3,593.40	6,949.95	8,294.51	15,195.90
ii)	Impairment on financial instruments	2,389.92	748.74	3,138.66	1,979.29	3,127.18
iii)	Employee benefit expenses	1,453.09	1,467.58	2,919.58	2,922.66	5,968.20
iv)	Depreciation and amortization expenses	41.92	34.78	76.70	82.35	173.16
v)	Other expenses	805.84	691.92	1,032.69	1,081.65	2,046.11
IV	**Total expenses**	**8,046.23**	**6,536.42**	**14,317.58**	**14,360.46**	**26,510.55**
V	**Profit before tax (III-IV)**	**171.44**	**548.67**	**720.12**	**757.84**	**708.43**
VI	**Tax expense:**					
	Current tax	682.74	294.72	977.46	707.31	534.63
	Income tax of earlier years / (reversal)	102.87	-	102.87	-	(532.90)
	Deferred tax charge / (credit)	(533.21)	(259.50)	(792.71)	(488.23)	215.52
	MAT credit utilised	-	-	-	-	62.29
	Income tax expense	**252.40**	**33.22**	**287.62**	**219.08**	**269.54**
VII	**(Loss)/Profit for the period/year (V-VI)**	**(80.96)**	**513.45**	**432.50**	**538.76**	**438.89**
VIII	**Other comprehensive income (OCI)**					
	i) Items that will not be reclassified subsequently to profit or loss					
	- Re-measurement gains on defined benefit plans	8.19	8.10	16.26	8.04	43.05
	(ii) Income tax relating to the above items	(2.06)	(2.05)	(4.09)	(2.34)	(12.54)
	Other Comprehensive Income (i)+(ii)	**6.08**	**6.06**	**12.17**	**5.70**	**30.51**
IX	**Total Comprehensive Income for the period /year (VII+VIII)**	**(74.88)**	**519.53**	**444.67**	**544.46**	**469.40**
X	**Earnings per equity share (face value of Rs. 10/- each)***					
	Basic earnings per share (BEPS)(in Rs.)	(0.51)	1.94	1.63	2.04	1.66
	Diluted earnings per share (DEPS)(in Rs.)	(0.28)	1.86	1.57	1.94	1.59

* BEPS and DEPS for the Quarter ended September 30, 2021, June 30, 2021 and Half-year ended September 30, 2021, September 30, 2020 are not annualised

For and On behalf of M/s Sonata Finance Private Limited

Anup Kumar Singh

Anup Kumar Singh
Managing Director

Akhilesh Kumar Singh
Digitally signed by Akhilesh Kumar Singh
Date: 2021.11.13 21:04:13 +05'30'

Akhilesh Kumar Singh
Chief Financial Officer

Date: November 13, 2021
Place: New Delhi

Regd. Office: II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow - 226026, Uttar Pradesh India

SONATA Finance Pvt. Ltd. LKO.

SONATA Finance Private Limited
2nd Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar,
Lucknow – 226026, Uttar Pradesh
CIN: U65921UP1995PTC035286
Contact No : 0522-4005729
Email: info@sonataindia.com
Website: www.sonataindia.com

Sonata Finance Private Limited
Statement of Cash flow for the quarter and half year ended September 30, 2021

(Rs. in lakhs unless otherwise stated)

Particulars	As at September 30,2021	As at September 30,2020
Cash flow from operating activities		
Profit before tax	720.12	757.85
Interest received	(13,010.51)	(14,153.07)
Interest paid	6,949.95	8,168.01
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	47.76	54.10
Impairment on financial instruments	2,968.73	1,816.31
Unrealised derivative (loss)/gain	(57.32)	143.68
Share based payments to employees	-	25.47
Operational cash flows from interest		
Cash inflow from interest	13,077.74	14,153.07
Cash outflow from interest	(6,945.85)	(8,520.78)
Cash flow from working capital changes		
(Increase)/decrease in Loans	(10,985.79)	29,254.27
Decrease/(increase) in bank balance other than cash and cash equivalents	3,126.78	(2,233.13)
Increase in trade receivables	(239.10)	(75.69)
Decrease in other financial assets	(741.54)	(5,093.36)
(Increase)/decrease in other non-financial assets	(29.29)	21.57
Increase/(decrease) in trade payables	19.72	(134.98)
(Decrease)/increase in other financial liabilities	(1,188.99)	269.27
Decrease in provisions	(6.47)	(206.35)
Increase/(decrease) in other non-financial liabilities	27.36	(38.26)
	(6,266.71)	**24,207.97**
Income tax paid	(231.08)	(141.80)
Net cash flows (used in)/from operating activities	**(6,497.79)**	**24,066.17**
Cash flow from investing activities		
Purchase of property, plant and equipment	(39.89)	(49.86)
Purchase of intangible assets	(10.51)	(2.62)
Sale of investment at amortised cost	-	10.60
Net cash flows used in investing activities	**(50.39)**	**(41.88)**
Cash flow from financing activities		
Debt securities issued	-	1,000.00
Debt securities repaid	(1,950.00)	(4,950.00)
Borrowings other than debt securities issued	19,447.38	20,925
Borrowings other than debt securities (repaid)	(20,284.15)	(17,830)
Subordinated liabilities issued	-	-
Subordinated liabilities (repaid)	(2,549.14)	-
Proceeds from issuance of equity share capital including securities premium	95.21	217.92
Expenses incurred towards issuance of equity shares	-	(6.08)
Net cash flows used in financing activities	**(5,240.71)**	**(643.69)**
Net increase in cash and cash equivalents	(11,788.89)	23,380.60

Regd. Office: II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow - 226026, Uttar Pradesh India

Anup Kumar Singh — Digitally signed by Anup Kumar Singh, Date: 2021.11.15 21:06:21 +05'30'

Akhilesh Kumar Singh — Digitally signed by Akhilesh Kumar Singh, Date: 2021.11.15 21:05:48 +05'30'

Finance Pvt. Ltd. LKO.

SONATA Finance Private Limited
2nd Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar,
Lucknow – 226026, Uttar Pradesh
CIN: U65921UP1995PTC035286
Contact No : 0522-4005729
Email: info@sonataindia.com
Website: www.sonataindia.com

Cash and cash equivalents at the beginning of the year	21,512.64	7,306.47
Cash and cash equivalents at the end of the year	**9,723.75**	**30,687.07**
Components of cash and cash equivalents		
Cash on hand	336.96	481.73
Balances with banks		
In current accounts	7,386.79	15,039.11
In deposit account	2,000.00	15,166.24
Total cash and cash equivalents	**9,723.75**	**30,687.07**

For and On behalf of M/s Sonata Finance Private Limited

Anup Kumar Singh

Anup Kumar Singh
Managing Director

Akhilesh Kumar Singh

Akhilesh Kumar Singh
Chief Financial Officer

Date: November 13, 2021
Place: New Delhi

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

(In Rs. Lakhs)

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

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

As per our report of even date

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

per Amit Kabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 29, 2021

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

Anup Kumar Singh
Managing Director
DIN: 00173413

Pradip Kumar Saha
Director
DIN: 02947368

Akhilesh Kumar Singh
Chief Financial Officer

Paurvi Srivastava
Company Secretary
Membership No.: 34110

Place: Lucknow
Date: June 29, 2021

Sonata Finance Private Limited
Statement of profit and loss for the year ended March 31, 2021

(In Rs. Lakhs)

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

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

As per our report of even date

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

per Amit Kabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 29, 2021

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

Anup Kumar Singh
Managing Director
DIN: 00173413

Pradip Kumar Saha
Director
DIN: 02947368

Akhilesh Kumar Singh
Chief Financial Officer

Paurvi Srivastava
Company Secretary
Membership No.: 34110

Place: Lucknow
Date: June 29, 2021

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

(In Rs. Lakhs)

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

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

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

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

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

per Amit Kabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 29, 2021

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

Anup Kumar Singh
Managing Director
DIN: 00173413

Akhilesh Kumar Singh
Chief Financial Officer

Pradip Kumar Saha
Director
DIN: 02947368

Paurvi Srivastava
Company Secretary
Membership No.: 34110

Place: Lucknow
Date: June 29, 2021

Sonata Finance Private Limited
Balance Sheet as at March 31, 2020

(In Rs. Lakhs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
I ASSETS				
1 Financial assets				
a) Cash and Cash equivalents	4	7,306.47	18,882.44	3,642.38
b) Bank Balances other than included in (a) above	5	11,518.99	9,874.27	8,626.24
c) Derivative financial instruments	6	63.69	-	-
d) Trade receivables	7	205.09	166.99	207.16
e) Loans	8	1,28,098.71	1,16,147.21	1,14,059.99
f) Investments	9	19.80	15.97	18.51
g) Other Financial Assets	10	3,514.66	2,582.71	2,415.39
		1,51,726.42	1,47,339.59	1,32,876.65
2 Non-financial assets				
a) Current tax assets (net)	11 A	32.12	485.04	489.69
b) Deferred tax assets (net)	11 B	2,896.04	1,966.06	3,007.47
c) Property, plant and equipment	12	215.83	169.13	150.71
d) Intangible assets	13	31.54	44.75	78.53
e) Other non-financial assets	14	255.88	103.61	47.69
		3,431.41	2,768.59	3,774.07
Total assets		1,55,158.03	1,50,108.18	1,36,650.72
II LIABILITIES AND EQUITY				
Liabilities				
1 Financial liabilities				
a) Trade payables				
- total outstanding dues of micro enterprises and small enterprises		-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		150.80	160.93	91.39
b) Debt securities	15	26,314.96	30,116.93	40,299.69
c) Borrowings (other than debt securities)	16	87,144.65	82,970.79	70,046.67
d) Subordinated liabilities	17	8,986.29	8,989.68	8,980.51
e) Other financial liabilities	18	3,634.81	3,109.75	1,676.50
		1,26,231.45	1,31,344.28	1,21,094.97
2 Non-financial liabilities				
a) Provisions	19	1,459.75	629.14	1,101.06
b) Other non-financial liabilities	20	198.00	193.72	203.54
		1,657.75	823.86	1,304.60
Total liabilities		1,27,889.20	1,32,178.14	1,22,399.57
Equity				
a) Equity share capital	21	2,496.50	1,938.09	1,898.63
b) Other equity	22	24,772.33	16,229.95	12,492.52
Total Equity		27,268.83	18,183.04	14,391.15
Total liabilities and equity		1,55,158.03	1,50,356.18	1,36,750.72

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

As per our report of even date

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

per Amit Kabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 26, 2020

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

Amol Kumar Singh
Managing Director
DIN: 00173413

Pradip Kumar Saha
Director
DIN: 02947568

Akhilesh Kumar Singh
Chief Financial Officer

Paurvi Srivastava
Company Secretary

Place: Lucknow
Date: June 26, 2020

Sonata Finance Private Limited
Balance Sheet as at March 31, 2020

(In Rs. Lakhs)

Particulars		Notes	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
I	**ASSETS**				
	1 Financial assets				
	a) Cash and Cash equivalents	4	7,306.47	18,802.44	9,442.34
	b) Bank Balances other than included in (a) above	5	11,516.98	9,874.27	6,626.24
	c) Derivative financial instruments	6	63.49	-	-
	d) Trade receivables	7	205.09	166.99	207.28
	e) Loans	8	1,29,098.72	1,16,147.21	1,14,059.99
	f) Investments	9	19.00	19.97	15.51
	g) Other Financial Assets	10	3,514.66	7,582.71	2,415.35
	2 Non-financial assets		1,51,726.42	1,47,589.59	1,32,976.65
	a) Current tax assets (net)		-	-	-
	b) Deferred tax assets (net)	11 A	32.12	485.04	469.59
	c) Property, plant and equipment	11 B	2,256.04	1,966.06	3,097.47
	d) Intangible assets	12	215.83	169.13	150.71
	e) Other non-financial assets	13	31.54	44.75	78.57
		14	255.81	103.61	47.69
	Total assets		3,451.41	2,768.58	3,774.03
II	**LIABILITIES AND EQUITY**		1,55,177.83	1,50,358.18	1,36,750.72
	Liabilities				
	1 Financial liabilities				
	a) Trade payables				
	- total outstanding dues of micro enterprises and small enterprises		-	-	-
	- total outstanding dues of creditors other than micro enterprises and small enterprises		150.82	160.93	91.39
	b) Debt securities	15	26,314.96	36,316.93	40,299.60
	c) Borrowings (other than debt securities)	16	87,144.85	82,970.79	70,048.67
	d) Subordinated liabilities	17	8,936.73	8,985.88	8,990.81
	e) Other financial liabilities	18	3,634.61	3,109.75	1,676.50
	2 Non-financial liabilities		1,26,221.45	1,31,344.28	1,21,094.97
	a) Provisions	19	1,458.75	629.14	3,101.06
	b) Other non-financial liabilities	20	198.00	199.72	163.54
	Total liabilities		1,657.75	828.86	1,264.60
			1,27,879.20	1,32,173.14	1,22,359.57
	Equity				
	a) Equity share capital	21	2,496.50	1,956.09	1,956.09
	b) Other equity	22	24,772.33	16,229.95	12,435.06
	Total Equity		27,268.83	18,185.04	14,391.15
	Total liabilities and equity		1,55,158.03	1,50,358.18	1,36,750.72

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

As per our report of even date

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

per Amit Kabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 26, 2020

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

Amit Kumar Singh
Managing Director
DIN: 00172413

Pradip Kumar Saha
Director
DIN: 02947368

Akhilesh Kumar Singh
Chief Financial Officer

Paurvi Srivastava
Company Secretary

Place: Lucknow
Date: June 26, 2020

Sonata Finance Private Limited
Statement of profit and Loss for the year ended March 31, 2020

(In Rs. Lakhs)

		Particulars	Notes	For year ended March 31, 2020	For year ended March 31, 2019
		Revenue from operations			
	i)	Interest income	23	29,572.80	27,934.51
	ii)	Fees and commission income	24	1,895.45	1,292.26
	iii)	Net gain on derecognition of financial instruments under amortised cost category		1,487.15	668.88
	iv)	Bad loan recovery		1,428.59	1,852.12
I		**Total revenue from operations**		34,383.49	31,747.77
II		Net gain on derecognition of property, plant and equipment		2.35	-
III		Other income	25	502.53	276.04
IV		**Total income (I + II + III)**		34,888.37	32,023.81
		Expenses			
	i)	Finance cost	26	15,589.74	15,555.34
	ii)	Impairment of financial instruments	27	8,368.36	3,607.42
	iii)	Employee benefit expenses	28	6,423.06	5,920.13
	iv)	Depreciation, amortization and impairment	29	161.00	133.16
	v)	Other expenses	30	2,351.58	1,896.51
V		**Total expenses**		32,894.44	27,112.56
VI		**Profit before tax (IV-V)**		1,993.93	4,911.25
VII		**Tax expense:**			
		Current tax		1,843.51	570.83
		Less : MAT credit entitlement		-	(570.83)
		Deferred tax charge / (credit)		(1,258.75)	1,612.24
		Income tax expense		584.76	1,612.24
VIII		**Profit for the year (V-VI)**		1,409.17	3,299.01
IX		**Other comprehensive income (OCI)**			
		(i) Items that will not be reclassified subsequently to profit or loss			
		- Re-measurement gains/(losses) on defined benefit plans		15.45	227.89
		(ii) Income tax relating to the above items		-	(79.57)
		Other Comprehensive Income (i+ ii)		15.45	148.32
X		**Total Comprehensive Income for the year (VII+VIII)**		1,424.62	3,447.33
XI		**Earnings per equity share (face value of Rs.10/-)**	31		
		Basic		5.75	15.84
		Diluted		5.42	14.57

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

As per our report of even date

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

per Amit Kabra
Partner
ICAI Firm Registration No.: 101049W/E300004

Place: Gurugram
Date: June 26, 2020

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

Anup Kumar Singh
Managing Director
DIN: 00173412

Akhilesh Kumar Singh
Chief Financial Officer

Place: Lucknow
Date: June 26, 2020

Pradip Kumar Saha
Director
DIN: 02947368

Paurvi Srivastava
Company Secretary

Sonata Finance Private Limited
Cash Flow statement for the year ended March 31, 2020

(In Rs. Lakhs)

Particulars	2019-20	2018-19
Cash flow from operating activities		
Profit before tax	1,983.93	4,911.25
Interest received	(29,572.30)	(27,934.51)
Interest paid	15,427.40	15,426.91
Adjustments to reconcile profit before tax to net cash flows:	-	
Depreciation & amortisation	161.90	133.16
Impairment on financial instruments	8,322.91	3,502.43
Unrealised foreign exchange gain/loss	276.16	-
Net gain on financial instrument recognised through FVTPL	(3.03)	(0.47)
Share based payments to employees	135.27	299.94
Profit on sale of property , plant and equipments	(2.35)	-
Operational cash flows from interest		
Cash inflow from interest	29,730.28	27,902.63
Cash outflow from interest	(15,445.31)	(15,527.40)
Cash flow from working capital changes		
(Increase)/decrease in Loans	(20,243.35)	(5,883.94)
(Increase) / decrease in bank balance other then cash and cash equivalents	(1,644.71)	(3,238.03)
(Increase)/decrease in trade receivables	(38.11)	40.18
(Increase)/decreasein other financial assets	(1,288.29)	(287.00)
(Increase) / decrease in other non-financial assets	(176.02)	(147.15)
Increase/(decrease) in trade payables	(10.13)	69.55
Increase / (decrease) in other financial liabilities	712.52	1,422.53
Increase/(decrease) in provisions	(2.10)	65.89
Increase / (decrease) in other non-financial liabilities	(1.71)	36.18
Income tax paid	(11,666.94)	791.25
Net cash flows from/(used in) operating activities	(1,061.82)	(566.18)
	(22,728.76)	225.07
Cash flow from investing activities		
Purchase of property , plant and equipment	(151.89)	(113.05)
Purchase of intangible assets	(5.43)	(4.70)
Proceeds from sale of property and equipment	3.48	-
Net cash flows from/(used in) investing activities	(153.84)	(117.75)
Cash flow from financing activities		
Debt securities issued	3,690.00	2,000.00
Debt securities repaid	(13,120.00)	(6,100.00)
Borrowings other than debt securities issued	77,684.57	62,726.33
Borrowings other than debt securities repaid	(66,891.85)	(57,268.59)
Proceeds from issuance of equity share capital including securities premium	32.93	225.31
Proceeds from issuance of Non-Cumulative 0.01% Compulsorily convertible preference shares (CCPS)including securities premium	-	7,500.00
Expenses incurred towards issuance of equity shares	(9.02)	(30.31)
Net cash flows from financing activities	1,386.63	9,052.74







Sonata Finance Private Limited
Cash Flow statement for the year ended March 31, 2020

Net increase/(decrease) in cash and cash equivalents	(11,495.97)	9,160.06
Cash and cash equivalents at the beginning of the year	18,802.44	9,642.38
Cash and cash equivalents at the end of the year	**7,306.47**	**18,802.44**
Components of cash and cash equivalents		
Cash on hand	253.96	264.63
Balances with banks		
In current accounts	7,052.51	18,163.66
In deposit account	-	374.15
Total cash and cash equivalents	**7,306.47**	**18,802.44**

Summary of significant accounting policies - note number 1

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

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

per Amit Kabra
Partner
Membership No.: 094533

Place: Gurugram
Date: June 26, 2020

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

Anup Kumar Singh
Managing Director
DIN: 00173413

Akhilesh Kumar Singh
Chief Financial Officer

Place: Lucknow
Date: June 25, 2020

Pradip Kumar Saha
Director
DIN: 02847368

Paurvi Srivastava
Company Secretary

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

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

Summary of significant accounting policies 2.1

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

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

per Sanjay Kumar Agrawal
Partner
Membership No.: 060352

Place: Kolkata
Date: May 30, 2019

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

Managing Director
DIN: 00173413

Director
DIN: 02947368

Chief Financial Officer

Company Secretary

Place: Lucknow
Date: May 30, 2019

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

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

Summary of significant accounting policies 2.1

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

As per our report of even date

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

per Sanjay Kumar Agrawal
Partner
Membership No.: 060352

Place: Kolkata
Date: May 30, 2019

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

Managing Director
DIN: 00173413

Director
DIN: 02947368

Chief Financial Officer

Company Secretary

Place: Lucknow
Date: May 30, 2019

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

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

SONATA Finance Pvt. Ltd. Lucknow

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

Summary of significant accounting policies (refer note 2.1)

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

As per our report of even date

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

per Sanjay Kumar Agrawal
Partner
Membership No.: 060352

Place: Kolkata
Date: May 30, 2019

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

Managing Director
DIN: 00173413

Director
DIN: 02947368

Chief Financial Officer

Company Secretary

Place: Lucknow
Date: May 30, 2019

ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

Illustration of Bond Cash Flows	
Company	Sonata Finance Private Limited
Face Value (per security)	Rs. 10,00,000/- (Rupees Ten Lakh)
Issue Date / Date of Allotment	Issue Opening Date: December 22, 2021 Deemed Date of Allotment: December 23, 2021
Redemption Date / Maturity Date	Redemption Date / Maturity Date: 36 (thirty six) months from the Deemed Date of Allotment, i.e, December 23, 2024 (subject to Business Day Convention)
Coupon Rate	12.30% (twelve decimal three zero percent) per annum, net of subject to withholding tax.
Frequency of the Coupon Payment with specified dates	Coupon payable quarterly. First Coupon on March 23 and subsequently on and June 21, September 19, December 23 and March 23 of every calendar year until Maturity Date (subject to Business Day Convention).
Day Count Convention	Actual/Actual

Cash Flows	Coupon Accrual / Coupon Payment Date	No. of days in Coupon Period	Coupon Amount (in Rupees)	Principal Payment Date	Principal Amount (in Rupees)
1st Coupon	Wednesday, March 23, 2022	90	22,746,575		
2nd Coupon	Tuesday, June 21, 2022	90	22,746,575		
3rd Coupon	Monday, September 19, 2022	90	22,746,575		
4th Coupon	Friday, December 23, 2022	95	24,010,274		
5th Coupon	Thursday, March 23, 2023	90	22,746,575		
6th Coupon	Wednesday, June 21, 2023	90	22,746,575		
7th Coupon	Tuesday, September 19, 2023	90	22,746,575		
8th Coupon	Friday, December 22, 2023	94	23,757,534		
9th Coupon	Friday, March 22, 2024	91	22,936,475		
10th Coupon	Friday, June 21, 2024	91	22,936,475		
11th Coupon	Thursday, September 19, 2024	90	22,684,426		
12th Coupon	Monday, December 23, 2024	95	23,944,672		
Principal	December 23, 2024			December 23, 2024	75,00,00,000
TOTAL			**276,749,309**		**75,00,00,000**

ANNEXURE VII: DUE DILIGENCE CERTIFICATES

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CTL/21-22/4132

(Annexure A)

DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE AT THE TIME OF FILING THE DRAFT OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM
(Applicable for Secured and Unsecured Issuances)

To,

The Manager,
BSE Limited,
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai – 400 001

Dear Sir / Madam,

SUB.: ISSUE OF SECURED, RATED, LISTED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF THE FACE VALUE OF INR 10,00,000/- (RUPEES TEN LAKH ONLY) EACH, AGGREGATING UPTO RS. 75,00,00,000/- (RUPEES SEVENTY-FIVE CRORES ONLY) BY SONATA FINANCE PRIVATE LIMITED.

We, the debenture trustee(s) to the above-mentioned forthcoming issue state as follows:

1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.
2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications:

We confirm that:

a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.

b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).

c) The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities.

d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.

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e) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.

f) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/ information memorandum and given an undertaking that debenture trust deed would be executed before filing of listing application.

g) All disclosures made in the draft offer document or private placement memorandum/ information memorandum with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities.

Place: Mumbai
Date: December 16, 2021

For Catalyst Trusteeship Limited

For CATALYST TRUSTEESHIP LIMITED
Authorised Signatory

Authorised Signatory

SONA Finance Pvt. Ltd. LKO.

ANNEXURE VIII: TERMS AND CONDITIONS OF DEBENTURE TRUSTEE AGREEMENT

Attached separately.

ANNEXURE IX: IN-PRINCIPLE APPROVAL RECEIVED FROM BSE

BSE Limited Registered Office: Floor 25, P J Towers, Dalal Street, Mumbai – 400 001, India
T : +91 22 2272 8045 / 8055 F : +91 22 2272 3457 www.bseindia.com
Corporate Identity Number: L67120MH2005PLC155188

DCS/COMP/MK/IP-PPDI/402/21-22

December 17, 2021

SONATA FINANCE PRIVATE LIMITED
II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow, Uttar Pradesh- 226026 India

Dear Sir,

Re: Private Placement Of Issue of Issue of 750 Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of face value of Rs. 10/- Lakh each, aggregating up to Rs. 75/- Cr.

We acknowledge receipt of your application on the online portal on December 16, 2021 seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing of captioned security subject to fulfilling the following conditions at the time of seeking listing:

1. Filing of listing application.

2. Payment of fees as may be prescribed from time to time.

3. Compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder and also Compliance with provisions of Companies Act 2013.

4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.

5. Compliance with change in the guidelines, regulations, directions, circulars of the Exchange, SEBI or any other statutory authorities, documentary requirements from time to time

6. Compliance with below mentioned circular dated June 10, 2020 issued by BSE before opening of the issue to the investors.:

https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20200610-31

7. Issuers, for whom use of EBP is not mandatory, specific attention is drawn towards compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and BSE Circular No 20210519-29 dated May 19, 2021. Accordingly, Issuers of privately placed debt securities in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 or ILDM Regulations for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of such issuance. The details can be uploaded using the following links Electronic Issuance - Bombay Stock Exchange Limited (bseindia.com)

8. It is advised that Face Value of NCDs issue through private placement basis should be kept as per Chapter V of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

9. ***Issuers are hereby advised to comply with signing of agreements with both the depositories as per Regulation 7 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.***

BSE : CONFIDENTIAL

Sonata Finance Pvt. Ltd. LKO.

BSE Limited Registered Office: Floor 25, P J Towers, Dalal Street, Mumbai – 400 001, India
T : +91 22 2272 8045 / 8055 F : +91 22 2272 3457 www.bseindia.com
Corporate Identity Number: L67120MH2005PLC155188

This In-Principle Approval is valid for a period of 1 year from the date of issue of this letter or period of 1 year from the date of opening of the first offer of debt securities under the shelf placement memorandum, which ever applicable. The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/ incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter.

Yours faithfully,

For BSE Limited

Sd/-
Rupal Khandelwal
Assistant General Manager

Sd/-
Raghavendra Bhat
Deputy Manager

ANNEXURE X: LENDING POLICY

Business Model:

a) *Joint Liability Group Loan Lending:* The Company follows the Grameen Model with some modifications. A center becomes functional with a minimum of ten members and gradually increases to a maximum of 20 members. It designates the group the ultimate guarantor of each of its members. If one member does not repay, no individual in the group is eligible to receive another loan. A center leader is selected for each scheduled center meeting on rotation basis, thereby ensuring the more transparency in established center.

b) *Individual Loan Lending*: The Company also provides individual loan to its upgraded JLG members and non-members. Existing JLG members who avail the individual loan are required to exit from the group. One existing member of JLG loan takes the guarantee of prospective individual borrower. The Client need to have an existing business and bank account to avail individual loans. Appraisal of individual loans is done by a separate team and loan is finally considered and approved by loan committee centralized in the Head Office. Loan appraisal is done by an Assistant Branch Manager (ABM), who submits his report to the Branch Manager for recommendation to the Loan Committee. Branch Manager performs the detailed Cash Flow analysis of the Client before recommending the loan.

Branch Structure:

a) Each Branch is staffed with Business Executive (Loan Officer), a Branch Manager (Branch Incharge). Business Executives are involved in Business Development, Client Relationship Management, Group Formation and recovery of loans. They report to Branch Incharge who is involved in setting up of Branch, conducting Group Recognition Test (GRT), Loan Approval, Disbursement of loans, supervision of business executives and carrying out other day-to-day activities.

b) Branch Manger reports to the Hub Manager who shares responsibilities with the former for loan sanction and disbursement. Hub Manager is also responsible for mobilizing financial and human resources, and overall achievement of the branch targets.

Village Selection:

a) The company selects those areas/villages which have good concentration of poor households and no other MFIs operating in the limits.

b) The Company targets villages that have a sufficient number of poor households to make possible the establishment of a full Center that is twenty poor women. At least 40 poor households are selected as it is expected that only half of these would eventually be associated with Sonata.

c) The village is evaluated based on certain parameters like BPL Population, Political and religious influence, presence of competitors, previous repayment history of the borrowers in the area, accessibility and approach to the village, cash flows of the households and other vulnerability.

Client Selection: The Company uses improvised CASHPOR Housing Index (CHI), Grameen Foundation PPI tool & KiScore to identify the poor clients.

a) **Cashpor Housing Index (CHI):** The number of poor households in a village is determined by use of the Cashpor House Index (CHI). The CHI has two indicators, viz. the materials used for the wall and material used to construct roof. Based on this index the households are identified as non-poor, moderate poor and very poor. The Company targets the women members of

moderately poor and very poor households. The Field staff interview the occupants of these households for asset verification and accordingly determine their poverty status.

b) **The Progress out of Poverty Index™ (PPI™)**: The Company uses PPI tool for prospective borrower selection and measuring impact against parameters as part of their social performance. It is user friendly tool, developed by Grameen Foundation USA, thatestimates the likelihood that clients falls below the national poverty line, the $1.25/Day/PPP and $2.50/Day/PPP international benchmarks. The PPI uses 10 simple indicators that field workers can quickly collect and verify. Scores can be computed by hand on paper in real time. The PPI help programs target services, track changes in poverty over time, and report on poverty rates.

c) **KiScore**: The Company uses the KiScore of Kaleidopfin (www.kaleidofin.com) for underwriting the customers, predicting portfolio behavior, building risk models and designing customer centric products. The KiScrore is credit analysis tool with Artificial Intelligence (AI) and Big data technology.

Credit Appraisal System:

Once the JGLs Center of 10 ~ 20 women members is recognized, each member has been evaluated. The loan application form alongwith KYC documents, self-declaration of Borrower's Household annual income are collected and the execution of Joint Liability Agreement among members takes place in the first center meeting. The loan officer evaluates the loan application form, ensures that Borrower's Household Annual income is not exceeded Rs. 125,000 (Previously Rs. 100,000) in rural areas and Rs. 200,000 (Previously Rs. 160,000) in non-rural areas, and cross check the overall indebtedness of the borrower from their neighbours, and then recommends the loan amount as per their Business Purpose and submits it to Branch Manager of the delegated area for final approval. The Branch Manager before final approval, further checks the overall indebtedness of each borrower with Credit Bureau - High Mark Credit Information Services and EQUIFAX Credit & Information Services Private Limited and finally approves only those Borrower's loan application whose total indebtedness does not exceed Rs. 125,000/- (Previously Rs. 100,000) and not funded by more than one MFI/Banker.

The keys to this approach include:

- *Social Collateral.* The poorest do not have physical assets that can be used as security. Instead, borrowers organize themselves into groups that take collective responsibility for repayment of individual group members.
- *Doorstep Banking.* Providing financial services in villages enables the rural poor to earn wages for the day and avoid the costs of travel to mainstream banks. The illiterate poor are also unable to complete loan applications, which often require several trips.
- *Customized Products.* SONATA designs loans with small, weekly, fortnightly or monthly repayments corresponding to wage structures, consumption and income generating loans to prevent emergency "distress sales," and small first loans to inculcate credit discipline and collective responsibility.
- *Focus on Women.* SONATA works exclusively with women because they are the most marginalized among the poor and because they tend to invest the majority of their income into the household and for their children.

Process of Loan Disbursal and Collection:

Cashless Disbursement: The Company disburses loans centrally from its Head Office, Lucknow into the Customers' Bank account directly on the same day on which loan is approved by the Branch / Loan Committee.

Collection: The collections are made by Borrowers digitally using the "Sakhee App" in which payment gateway of IndusInd Bank, Payumoney and Ingenico are integrated which enables UPI payment, Debit Card Payment and Net Banking or at a Branch Office or at scheduled Bank Account. Loan Officers are not permitted to collect repayment. Typically, the payments come in one day prior to the group meeting date by representatives of a group on behalf of the entire group on rotation basis. The borrowers may also deposit the cash directly in a nearby bank account (typically, this happens only in a very small proportion of the groups). On the scheduled day of the centre meeting, the Loan Officer attends the group meeting and collects evidence of having deposited the cash, which is either a receipt from "Sakhee App", Sonata's branch or the bank deposit slip. Foreclosure is allowed without any penalty charges. Foreclosure is allowed only in branches. Borrower has to carry her passbook to foreclose the loan.

Loan Utilization Check:

Once the loan is disbursed, Business Executive (Loan Officer) checks the 100% loan utilization of all loans disbursed by checking each client loan utilization and fills up the Loan Utilization form and enters the records in Loan Utilization register maintained at Branch. Further, 60% of the loan utilization is checked by Branch Incharge on surprise basis. Hub Incharge is also responsible to check 40% of the loan utilization. This is further cross checked by Internal Audit Team.

ANNEXURE XI: ALM STATEMENTS

Statement of Structural Liquidity

Rs. Lakhs

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days (One month)	Over one month and upto 2	Over two months and upto 3	Over 3 months and upto 6	Over 6 months and upto	Over 1 year and upto 3	Over 3 years and upto	Over 5 years	Total
	X010	X020	X030	X040	X050	X060	X070	X080	X090	X100	X110
A. OUTFLOWS											
1.Capital (i+ii+iii+iv)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
(i) Equity Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,580.82	2,580.82
(ii) Perpetual / Non Redeemable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,580.82	2,580.82
(iii)) Non-Perpetual / Redeemable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.Reserves & Surplus (i+ii+iii+iv+v+vi+vii+viii+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Share Premium	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,410.94	25,410.94
(ii) General Reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,278.84	20,278.84
(iii) Statutory/Special Reserve (Section 45-IC reserve to be	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Reserves under	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(v) Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,114.56	2,114.56
(vi) Debenture	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(vii) Other Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(viii) Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.68	22.68
(ix) Investment Fluctuation Reserves/	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(x) Revaluation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(a) Revl. Reserves -	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Revl. Reserves -	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(xi) Share Application Money Pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(xii) Others (Please	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(xiii) Balance of profit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	74.39	74.39
3.Gifts, Grants,	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,920.47	2,920.47
4.Bonds & Notes	0.00	0.00	0.00	0.00	0.00	0.00	25.76	0.00	0.00	0.00	25.76
(i) Plain Vanilla Bonds (As per residual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Bonds with embedded call / put options including zero coupon / deep discount bonds (As	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Fixed Rate Notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.Deposits (i+ii)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Term Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.Borrowings (i+ii+iii+iv+v+vi+vii+viii+	463.36	313.97	9,023.26	2,422.07	3,200.81	23,474.12	34,397.09	37,771.04	2,359.48	0.87	111,426.1
(i) Bank Borrowings	257.61	0.00	675.25	1,024.84	1,658.85	12,810.87	16,778.8	18,901.1	9.48	0.87	52,117.74
a) Bank Borrowings in the nature of Term Money	257.61	0.00	675.25	1,024.84	1,658.85	12,810.87	8,614.50	11,338.17	9.48	0.87	36,390.44
b) Bank Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Bank Borrowings in the nature of	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Bank Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Other bank	0.00	0.00	0.00	0.00	0.00	0.00	8,164.32	7,562.98	0.00	0.00	15,727.30

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(ii) Inter Corporate Deposits (Other than Related Parties) (These being institutional /	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Loans from Related Parties	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Corporate Debts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(v) Borrowings from Central Government /	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(vi) Borrowings from	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(vii) Borrowings from Public Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(viii) Borrowings from Others (Please	205.75	313.92	1,648.11	1,397.23	1,541.96	5,663.25	8,718.27	7,079.89	350.00	0.00	26,918.38
(ix) Commercial	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of which; (a) To Mutual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) To Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) To NBFCs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) To	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) To	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) To	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(x) Non - Convertible Debentures (NCDs)	0.00	0.00	6,700.00	0.00	0.00	1,000.00	8,900.00	10,890.0 0	0.00	0.00	27,490.00
A. Secured	0.00	0.00	6,700.00	0.00	0.00	1,000.00	7,400.00	10,890.0	0.00	0.00	25,990.00
Of which; (a) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g)	0.00	0.00	6,700.00	0.00	0.00	1,000.00	7,400.00	10,890.0	0.00	0.00	25,990.00
B. Un-Secured	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00	0.00	0.00	0.00	1,500.00
Of which; (a) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g)	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00	0.00	0.00	0.00	1,500.00
(xi) Convertible Debentures (A+B) (Debentures with embedded call / put options	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A. Secured	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of which; (a) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



(g)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Un-Secured	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of which; (a) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Subscribed by	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(xii) Subordinate Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(xiii) Perpetual Debt	0.00	0.00	0.00	0.00	0.00	2,000.00	0.00	900.00	2,000.00	0.00	4,900.00
(xiv) Security Finance Transactions(enforced	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
a) Repo (As per residual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Reverse Repo (As per residual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) CBLO (As per residual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Others (Please	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7.Current Liabilities & Provisions	935.58	935.98	133.94	15.34	18.14	102.75	707.47	1,727.73	8,842.59	0.00	0.00
a) Sundry creditors	871.51	871.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,419.58
b) Expenses	61.57	61.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,743.02
(c) Advance income received from	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	123.14
(d) Interest payable on deposits	2.50	2.91	133.94	15.34	18.14	102.75	501.14	510.37	6.43	0.00	0.00
(e) Provisions for	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,293.52
(f) Provisions for Non Performing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g) Provisions for Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(h) Other Provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8.Statutory Dues	193.70	0.00	0.00	0.00	0.00	0.00	206.33	1,217.36	8,836.16	0.00	10,259.85
9.Unclaimed Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	193.70
(i) Pending for less	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Pending for	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10.Any Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12.Other Outflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13.Outflows On Account of Off Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80.83	0.00	80.83
(i)Loan commitments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)Lines of credit committed to other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii)Total letter of	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv)Total Guarantees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(v) Bills	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(vi)Total Derivative Exposures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(a) Forward Forex	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Futures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) Options	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Forward Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) Swaps -	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Swaps -	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g) Credit Default	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(h) Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(vii)Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

A. TOTAL OUTFLOWS (A)	1,592.64	1,249.91	9,157.30	2,437.41	3,218.99	21,576.87	35,130.32	39,458.77	11,282.90		153,137.7
A1. Cumulative	1,592.64	2,842.55	11,999.85	14,437.26	17,656.25	39,233.08	74,363.4	113,862.	125,145	27,992.63	0
B. INFLOWS										153,137.7	153,137.7
1. Cash (in 1 to 30/31	351.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	351.63
2. Remittance in Transit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Balances With Banks	9,941.31	0.00	38.00	367.71	295.51	2,640.95	2,691.90	3,018.84	0.00	0.00	18,994.22
a) Current Account (The stipulated minimum balance be shown in 6 months to 1 year bucket. The	7,263.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,263.02
b) Deposit Accounts /Short-Term Deposits	2,678.29	0.00	38.00	367.71	295.51	2,640.95	2,691.90	3,018.84	0.00	0.00	11,731.20
4.Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.40	8.40
(i)Statutory Investments (only	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Listed	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(a) Current	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Non-current	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Unlisted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(a) Current	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Non-current	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Venture Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(v) Others (Please	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.Advances	2,218.95	1,613.61	4,116.50	8,239.47	8,362.60	21,439.67	35,871.1	43,575.3	0.00	8.40	8.40
(i) Bills of Exchange and Promissory Notes discounted & rediscounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	125,437.2
(ii) Term Loans (The cash inflows on account of the interest and principal of the loan may be slotted in respective time	2,218.95	1,613.61	4,116.50	8,239.47	8,362.60	21,439.67	35,871.1	43,575.3			125,437.2
(a) Through	2,218.95	1,613.61	4,116.50	8,239.47	8,362.60	21,439.67	35,871.1	43,575.3	0.00	0.00	4
(b) Through	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	125,437.2
(iii) Interest to be serviced through	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Interest to be serviced to be in	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.Gross Non-Performing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Substandard	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(a) All over dues and instalments of principal falling due during	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Entire principal amount due beyond the	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Doubtful and loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(a) All instalments of principal falling due during the	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Entire principal amount due beyond the	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7. Inflows From Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8. Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9. Other Assets :	2,078.51	2,002.25	1.09	10.53	6.45	75.60	388.24	3,477.22	67.21	51.97	8,161.48

SONATA Finance Pvt. Ltd. LKO.

ANNEXURE XII: BOARD RESOLUTION

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

CERTIFIED TRUE COPY OF RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF SONATA FINANCE PRIVATE LIMITED (THE "COMPANY") IN THEIR MEETING HELD ON 13th DAY OF NOVEMBER, 2021 AT HOTEL ALOFT, AEROCITY, NEW DELHI. THE MEETING WAS COMMENCED AT 02:00 P.M. (IST) AND CONCLUDED AT 09:45 P.M. (IST)

Approval for the modification of the terms and conditions with respect to non-convertible debentures to be issued to DWM Income Funds S.C.A. SICAV SIF – The Trill Impact-DWM SDGs Credit Fund and Northern Arc Capital Limited

The board of directors of the Company **("Board")** were informed that in the previous meeting of the Board held on September 28, 2021 the Board approved the issuance of non-convertible debentures not exceeding USD 5,000,000 (five million) equivalent in INR ("NCDs") on a private placement basis to eligible funds administered by DWM Asset Management, LLC ("DWM").

The Board was further informed that due to the unavailability of limits in respect of the Voluntary Retention Route ("VRR") for investment by Foreign Portfolio Investors, the Company has received a revised proposal from **Northern Arc Capital Limited** and **DWM Income Funds S.C.A. SICAV SIF – The Trill Impact-DWM SDGs Credit Fund** shall mutually subscribe the issue in equal proportion upto an amount not exceeding INR 75,00,00,000 (Indian Rupees Seventy Five Crore Only).

The members discussed and thereafter passed following resolution:

"RESOLVED THAT in supersession to the earlier resolution passed in the meeting of the Board held on September 28, 2021 and pursuant to Sections 42, 71, 179(3)(c), 180(1)(c)and other applicable provisions, if any, of the Companies Act, 2013 and in accordance with Rule 14(2) and other applicable provisions of Companies (Prospectus and Allotment of Securities) Rules 2014, Companies (Share Capital and Debenture) Rules 2014, including any statutory modifications or re-enactments thereof for the time being in force (the **"Act"**) and in accordance with the memorandum and articles of association of the Company and subject to such consents, approvals, permissions and sanctions as may be required from any appropriate statutory and regulatory authorities, if any and to the extent necessary, the consent of the Board be and is hereby given for (a) the offer and issue of non-convertible debentures upto an amount not exceeding INR 75,00,00,000 (Indian Rupees Seventy Five Crore Only) for the period of 36 months and interest rate not exceeding 12.30% (twelve decimal three zero percent) per annum, gross of applicable taxes on a private placement basis to the Investors, being Northern Arc Capital Limited and DWM Income Funds S.C.A. SICAV SIF – The Trill Impact-DWM SDGs Credit Fund, **each termed as "Investors" / "identified persons" for the purpose of Section 42 of the Act**, for raising debt to meet funding requirements for expanding the loan portfolio of the Company and for such other purposes as may be agreed with the investors (b) securing the amounts to be raised pursuant to the issue of Debentures together with all interest and other charges thereon (up to such limits and security cover as may be agreed and with such timelines as may be agreed by one or more of the following (i) hypothecation of certain identified loans/book debts (and/or other assets) of the Company, and/or (ii) such other security or contractual comfort as may be required in terms of the issuance of the Debentures (the **"Security"**).

For Sonata Finance Private Limited

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

SONATA Finance Pvt. Ltd. LKO.

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C.I. No.: U65921UP1995PTC035286
NBFC MFI Regn. No.: B-12.00445

"**RESOLVED FURTHER THAT** the Financial Advisory Asset & Liability management committee of the of the Company be and is hereby authorised to approve the terms and conditions for the said issue and allotment of debentures including the approval of final rate of interest payable, listing, tenor, repayment schedule.

"**RESOLVED FURTHER THAT** Mr. Anup Kumar Singh, Managing Director and Mr. Bramhanand, Finance Head (collectively, the "**Authorised Persons**") be and are hereby severally authorised to do such acts, deeds and things as they deem necessary or desirable in connection with the issue, offer and allotment of the Debentures, including, without limitation the following:

(a) seeking, if required, any approval, consent or waiver from any/all concerned governmental and regulatory authorities, and/or any other approvals, consent or waivers that may be required in connection with the issue, offer and allotment of the Debentures;

(b) executing the term sheet in relation to the Debentures;

(c) executing the debt disclosure document/placement memorandum and the private placement offer cum application letters (including amending, varying or modifying the same, as may be considered desirable or expedient), in accordance with all applicable laws, rules, regulations and guidelines;

(d) finalising the terms and conditions of the appointment of an arranger, a debenture trustee, a registrar and transfer agent, a credit rating agency, valuation agency, legal counsel, a depository and such other intermediaries as may be required including their successors and their agents;

(e) entering into arrangements with the depository in connection with issue of Debentures in dematerialised form;

(f) creating and perfecting the Security as required in accordance with the terms of the Transaction Documents (as defined below) in relation to the issue, offer and allotment of the Debentures;

(g) finalising the date of allocation and the deemed date of allotment of the Debentures;

(h) negotiating, executing, filing and delivering any documents, instruments, deeds, amendments, papers, applications, notices or letters as may be required in connection with the issue, offer and allotment of the Debentures and dealing with regulatory authorities in connection with the issue, offer and allotment of the Debentures including but not limited to the RBI, SEBI (if so required), any Stock Exchange, the relevant registrar of companies, the Central Registry of Securitisation Asset Reconstruction and Security Interest, the Ministry of Corporate Affairs, or any depository, and such other authorities as may be required;

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(i) executing the documents with, file forms with and submit applications to any Stock Exchange (if so required), the relevant registrar of companies, the Ministry of Corporate Affairs, the Central Registry of Securitisation Asset Reconstruction and Security Interest or any depository;

(j) executing and submitting all documents and notices on behalf of the Company under or in connection with the Transaction Documents;

(k) taking all steps and issuing such directions as may be required, necessary, expedient or desirable for giving effect to the Transaction Documents, the transactions contemplated therein and the resolutions mentioned herein, including without limitation, to approve, negotiate, finalise, sign, execute, ratify, amend, supplement and/or issue the following, including any amendments, modifications, supplements, restatements or novation thereto (now or in the future):

(i) the debt disclosure document/placement memorandum and the private placement offer cum application letters for the issue, offer and allotment of the Debentures (collectively, the "**Disclosure Documents**");

(ii) debenture certificate for the Debentures;

(iii) debenture trust deed, debenture trustee agreement, deed of hypothecation, and any other documents required for the creation of security interest over the Company's movable properties and assets, or the issue, offer and allotment of the Debentures (including any powers of attorney in connection thereto), and any other document in relation thereto (collectively, the "**Transaction Documents**");

(iv) any other documents required for the purposes of the issue, offer and allotment of the Debentures and the transactions contemplated thereby, including but not limited to letters of undertaking, declarations, agreements, reports; and

(v) any other document designated as a Transaction Document by the debenture trustee/holders of the Debentures;

(l) taking all the steps as are necessary for the issue, offer and allotment of the Debentures in accordance with the terms set out in the Disclosure Documents and the Transaction Documents; and

(m) to generally do any other act or deed, to negotiate and execute any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates in relation to (a) to (l) above, and to give such directions as it deems fit or as may be necessary or desirable with regard to the issue, offer and allotment of the Debentures."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to take all necessary steps relating to the creation, perfection and registration of charges and also to sign and submit the necessary forms with the relevant registrar of companies, the Central Registry of

For Sonata Finance Private Limited

Company Secretary
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Securitisation Asset Reconstruction and Security Interest, the Ministry of Corporate Affairs, any depository, information utilities and/or any other relevant governmental authorities."

"**RESOLVED FURTHER THAT** the Board hereby approves and ratifies all such acts, deeds and actions taken by the Company till date for the purpose of the issue, offer and allotment of the Debentures."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to record the name of the holders of the Debentures in the register of debenture holders and to undertake such other acts, deeds and things as may be required to give effect to the issuance and allotment of the Debentures."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to pay all stamp duty required to be paid for the issue, offer and allotment of the Debentures in accordance with the laws of India and procure the stamped documents from the relevant governmental authorities."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to approve and finalise, sign, execute and deliver the Transaction Documents and such other agreements, deeds, undertakings, indemnity and documents as may be required, or any of them in connection with the Debentures to be issued by the Company."

"**RESOLVED FURTHER THAT** the Authorised Persons be and hereby severally authorised to register or lodge for registration upon execution documents, letter(s) of undertakings, declarations, and agreements and other papers or documents as may be required in relation to any of the above with any registering authority or any governmental authority competent in that behalf."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to delegate the powers to any other employee/representative/agent as may be deemed necessary to do such acts and execute such documents as may be required in connection with any of the matters relating to the issue of the Debentures."

"**RESOLVED FURTHER THAT** the common seal of the Company be affixed to the stamped engrossments of such documents as may be required to be executed under the common seal of the Company in the presence of any director(s) of the Company and/or any Authorised Person and/or the Company Secretary of the Company who shall sign/ countersign the same in token thereof in accordance with the articles of association of the Company."

"**RESOLVED FURTHER THAT** copies of the foregoing resolutions certified to be true copies by Managing Director or the Company Secretary of the Company be furnished to such persons as may be deemed necessary."

CERTIFIED TO BE TRUE

For Sonata Finance Private Limited

Company Secretary
ICSI Membership No. A34110
20/1/305, Madhwapur, Allahabad-211003

Finance Pvt. Ltd. SONATA LKO.

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CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE MEETING OF THE FINANCIAL ADVISORY AND ASSET & LIABILITY MANAGEMENT COMMITTEE ("COMMITTEE") OF BOARD OF DIRECTORS OF SONATA FINANCE PVT. LTD. ("COMPANY") HELD ON THE 16th DAY OF DECEMBER , 2021 AT 09:30 A.M. AT THE REGISTERED OFFICE AT II FLOOR, CP-1, PG TOWER, KURSI ROAD, VIKAS NAGAR, LUCKNOW – 226 022, UTTAR PRADESH

Approval for the modified terms for issuance of Rated Listed Unsubordinated Secured Transferable Redeemable Non Convertible Debentures not exceeding INR 75,00,00,000 (Indian Rupees Seventy-five Crore Only) to Northern Arc Capital Limited and DWM Income Funds S.C.A. SICAV SIF – The Trill Impact-DWM SDGs Credit Fund

"RESOLVED THAT, in furtherance to the resolution passed by the board of directors of the Company (**"Board"**), in the meeting held on November 13, 2021 for the issuance of non-convertible debentures aggregating to a face value up to INR 75,00,00,000/- (Indian Rupees Seventy Five Crore) on a private placement basis to DWM Income Funds S.C.A. SICAV SIF – The Trill Impact-DWM SDGs Credit Fund and Northern Arc Capital Limited and further delegating the powers to the Committee to further negotiate the terms and conditions in respect of the abovementioned non-convertible debentures, the consent of the members of the Committee be and is hereby accorded for acceptance of the terms of issuance of the abovementioned non-convertible debentures as negotiated and covered in the term sheet dated December 07, 2021."

"RESOLVED FURTHER THAT pursuant to Sections 42, 71, 179(3)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, including any statutory modifications or re-enactments thereof for the time being in force (the **"Act"**), the Foreign Exchange Management Act, 1999 (as amended from time to time), rules, regulations, guidelines, notifications, clarifications and circulars, if any, prescribed by the Government of India, all applicable regulations, directions, guidelines, circulars and notifications of the Reserve Bank of India (**"RBI"**), the Securities and Exchange Board of India (**"SEBI"**), including the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, or any other regulatory authority, whether in India or abroad, and in accordance with the memorandum and articles of association of the Company and the listing agreements entered into with the stock exchanges (the **"Stock Exchanges"**) where the securities of the Company may be listed, and subject to such consents, approvals, permissions and sanctions as may be required from any appropriate statutory and regulatory authorities, the consent of the Committee be and is hereby given for 750 (seven hundred and fifty) Rated Listed Unsubordinated Secured Transferable Redeemable, non-convertible debentures denominated in Indian Rupees (**"INR"**) each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and aggregating to a face value up to INR 75,00,00,000 (Indian Rupees Seventy Five Crore) or such other number of Debentures, face value and amount as may be determined (**"Debentures"**), at an interest rate not exceeding 12.30% (twelve decimal three zero percent) per annum, gross of applicable taxes, or such other interest rate as may be agreed, payable quarterly or at such other interest periods as may be agreed for a period of 36(thirty six) months from the deemed date of allotment or such other maturity period (subject to applicable law) as may be agreed, on a private placement basis to the Investors (as defined below) for raising debt to meet funding requirements for expanding the loan portfolio of the Company and for such other purposes as may be agreed with the investors, and (b) securing the amounts to be raised pursuant to the issue of Debentures together with all interest and other charges thereon (up to such limits and security cover as may be agreed and with such timelines as may be agreed by one or more of the following (i) hypothecation of certain identified

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Parul Srivastava
ICSI Membership No. A34110
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loans/book debts (and/or other assets) of the Company, and/or (ii) such other security or contractual comfort as may be required in terms of the issuance of the Debentures (the "**Security**").

"**RESOLVED FURTHER THAT** the Board under the resolution dated November 13, 2021 identified Northern Arc Capital Limited and DWM Income Funds S.C.A. SICAV SIF – The Trill Impact-DWM SDGs Credit Fund, as the identified persons for the purposes of Section 42 of the Act ("**Investors**")."

"**RESOLVED FURTHER THAT** Mr. Anup Kumar Singh, Managing Director and Mr. Bramhanand, Finance Head (collectively, the "**Authorised Persons**") be and are hereby severally authorised to do such acts, deeds and things as they deem necessary or desirable in connection with the issue, offer and allotment of the Debentures, including, without limitation the following:

(a) seeking, if required, any approval, consent or waiver from any/all concerned governmental and regulatory authorities, and/or any other approvals, consent or waivers that may be required in connection with the issue, offer and allotment of the Debentures;

(b) executing the term sheet in relation to the Debentures;

(c) seeking the listing of the Debentures on any Stock Exchange, submitting the listing application and taking all actions that may be necessary in connection with obtaining such listing including obtaining the in-principle approval from the stock exchange;

(d) (if so required) issuing the Debentures through the electronic book mechanism process pursuant to the guidelines and circulars issued by the SEBI in this respect, and taking all such action and steps as may be required for the purposes of complying with relevant guidelines, including making all relevant disclosures to the "electronic book provider";

(e) creating and maintaining a recovery expense fund with the relevant Stock Exchanges in accordance with the requirements of the circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 on "*Contribution by Issuers of listed or proposed to be listed debt securities towards creation of "Recovery Expense Fund"*" issued by SEBI;

(f) providing such information or documents to the debenture trustee in accordance with the requirements of the circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020 on "*Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)*" issued by SEBI;

(g) providing such information/disclosures in accordance with the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and the requirements of the circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 on "*Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper*" issued by SEBI;

(h) executing the debt disclosure document/placement memorandum and the private placement offer cum application letter (including amending, varying or modifying the same, as may be considered desirable or expedient), in accordance with all applicable laws, rules, regulations and guidelines;

For Sonata Finance Private Limited

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

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(i) finalising the terms and conditions of the appointment of an arranger, a debenture trustee, a registrar and transfer agent, a credit rating agency, valuation agency, legal counsel, a depository and such other intermediaries as may be required including their successors and their agents;

(j) entering into arrangements with the depository in connection with issue of Debentures in dematerialised form;

(k) creating and perfecting the Security as required in accordance with the terms of the Transaction Documents (as defined below) in relation to the issue, offer and allotment of the Debentures;

(l) finalising the date of allocation and the deemed date of allotment of the Debentures;

(m) negotiating, executing, filing and delivering any documents, instruments, deeds, amendments, papers, applications, notices or letters as may be required in connection with the issue, offer and allotment of the Debentures and dealing with regulatory authorities in connection with the issue, offer and allotment of the Debentures including but not limited to the RBI, SEBI (if so required), any Stock Exchange, the relevant registrar of companies, the Central Registry of Securitisation Asset Reconstruction and Security Interest, the Ministry of Corporate Affairs, or any depository, and such other authorities as may be required;

(n) executing the documents with, file forms with and submit applications to any Stock Exchange (if so required), the relevant registrar of companies, the Ministry of Corporate Affairs, the Central Registry of Securitisation Asset Reconstruction and Security Interest or any depository;

(o) executing and submitting all documents and notices on behalf of the Company under or in connection with the Transaction Documents;

(p) taking all steps and issuing such directions as may be required, necessary, expedient or desirable for giving effect to the Transaction Documents, the transactions contemplated therein and the resolutions mentioned herein, including without limitation, to approve, negotiate, finalise, sign, execute, ratify, amend, supplement and/or issue the following, including any amendments, modifications, supplements, restatements or novation thereto (now or in the future):

(i) the debt disclosure document/placement memorandum and the private placement offer cum application letter for the issue, offer and allotment of the Debentures (collectively, the "**Disclosure Documents**");

(ii) debenture certificate for the Debentures;

(iii) debenture trust deed, debenture trustee agreement, deed of hypothecation, and any other documents required for the creation of security interest over the Company's movable properties and assets, or the issue, offer and allotment of the Debentures (including any powers of attorney in connection thereto), and any other document in relation thereto (collectively, the "**Transaction Documents**");

(iv) any other documents required for the purposes of the issue, offer and allotment of the Debentures and the transactions contemplated thereby, including but not limited to letters of undertaking, declarations, agreements, reports; and

For Sonata Finance Private Limited

Paurvi Srivastava
Company Secretary
ICSI Membership No. A34118

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(v) any other document designated as a Transaction Document by the debenture trustee/holders of the Debentures;

(q) taking all the steps as are necessary for the issue, offer and allotment of the Debentures in accordance with the terms set out in the Disclosure Documents and the Transaction Documents; and

(r) to generally do any other act or deed, to negotiate and execute any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates in relation to (a) to (n) above, and to give such directions as it deems fit or as may be necessary or desirable with regard to the issue, offer and allotment of the Debentures."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to take all necessary steps relating to the creation, perfection and registration of charges and also to sign and submit the necessary forms with the relevant registrar of companies, the Central Registry of Securitisation Asset Reconstruction and Security Interest, the Ministry of Corporate Affairs, any depository, information utility and/or any other relevant governmental authorities."

"**RESOLVED FURTHER THAT** the Committee hereby approves and ratifies all such acts, deeds and actions taken by the Company till date for the purpose of the issue, offer and allotment of the Debentures."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to record the name of the holders of the Debentures in the register of debenture holders and to undertake such other acts, deeds and things as may be required to give effect to the issuance and allotment of the Debentures."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to pay all stamp duty required to be paid for the issue, offer and allotment of the Debentures in accordance with the laws of India and procure the stamped documents from the relevant governmental authorities."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to approve and finalise, sign, execute and deliver the Transaction Documents and such other agreements, deeds, undertakings, indemnity and documents as may be required, or any of them in connection with the Debentures to be issued by the Company."

"**RESOLVED FURTHER THAT** the Authorised Persons be and hereby severally authorised to register or lodge for registration upon execution documents, letter(s) of undertakings, declarations, and agreements and other papers or documents as may be required in relation to any of the above with any registering authority or any governmental authority competent in that behalf."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to delegate the powers to any other employee/representative/agent as may be deemed necessary to do such acts and execute such documents as may be required in connection with any of the matters relating to the issue of the Debentures."

"**RESOLVED FURTHER THAT** the common seal of the Company be affixed to the stamped engrossments of such documents as may be required to be executed under the common seal of the Company in the presence

For Sonata Finance Pvt. Ltd.

Paurvi Srivastava
Company Secretary
ICSI Membership No. A34110

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of any director(s) of the Company and/or any Authorised Person and/or the Company Secretary of the Company who shall sign/ countersign the same in token thereof in accordance with the articles of association of the Company."

"**RESOLVED FURTHER THAT** copies of the foregoing resolutions certified to be true copies by Managing Director or the Company Secretary of the Company be furnished to such persons as may be deemed necessary."

CERTIFIED TO BE TRUE

For Sonata Finance Private Limited

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

SONATA Finance Pvt. Ltd. LKO.

ANNEXURE XIII: SHAREHOLDERS RESOLUTION

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NBFC MFI Regn. No.: B-12.00445

CERTIFIED TRUE COPY OF SPECIAL RESOLUTION PASSED IN THE EXTRA ORDINARY GENERAL MEETING OF SONATA FINANCE PRIVATE LIMITED HELD ON TUESDAY, THE 29TH DAY OF JUNE, 2021 THROUGH VIDEO CONFERENCE (VC) COMMENCED AT 10:45 P.M. CONCLUDED AT 11:00 P.M.

Approval for issue of Non-Convertible Debentures on private placement basis

"RESOLVED THAT in supersession of the previous resolution passed on 26th June, 2020, pursuant to the provisions of Section 42, 71 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company, for making offer(s) or invitation(s) to subscribe to secured/unsecured/subordinated, rated/unrated, listed/unlisted non-convertible debentures ("NCDs") on a private placement basis, in one or more tranches, for a period of 1 (one) year from the date hereof, on such terms and conditions including the price, coupon, premium/ discount, tenor etc., as may be determined by the Board of Directors (including any committee authorized by the Board of Directors thereof), based on the prevailing market condition."

"RESOLVED FURTHER THAT the aggregate amount to be raised through the issuance of NCDs pursuant to the authority under this Resolution shall not exceed the overall limit of Rs. 500 Crores (Rupees Five Hundred Crores only), which shall be within the overall borrowing limit of Rs. 2100 Crores (Rupees Two Thousand One Hundred Crores Only) approved under section 180(1)(c)."

"RESOLVED FURTHER THAT the Board of Directors or such person/s or such committee (by whatever name called), as may be authorized by the Board in this regards, be and are hereby authorized to arrange or settle the terms and conditions with regard to issue of the NCD including but not limited to interest payable, repayment, security or otherwise, howsoever as it may think fit and to do all other acts, deeds, matters and things as may be deemed necessary and incidental for giving effect to the above, including execution of the transaction documents for availing the NCD as per the aforesaid authorisation and affixing of the Common Seal of the company or all such documents, instruments and writings, as may be required."

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Pursuant to Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended from time to time, the Company is required to obtain the approval of its members by way of a special resolution, before making any offer or invitation for issuance of NCDs on a private placement basis. The said approval shall be the basis for the Board to determine the terms and conditions of any issuance of NCDs by the Company for a period of 1(One) year from the date on which the members have provided the approval by way of the special resolution.

The disclosures required pursuant to Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are set out herein below:

a) Particulars of the offer including date of passing of board resolution: This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of NCDs, from time to time, for the period of 1 (one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer

For Sonata Finance Private Limited

Paurvi Singhania
Company Secretary
ICSI Membership No. A34110
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shall be determined by the Board of Directors (including any committee duly authorized by the Board of Directors thereof), from time to time;

b) Kinds of securities offered and price at which security is being offered: This special resolution is restricted to the private placement issuance of non-convertible debentures by the Company which may be secured/unsecured/subordinated, rated/unrated, listed/unlisted with the terms of each issuance being determined by the Board of Directors (including any committee duly authorized by the Board of Directors thereof), from time to time, for each issuance;

c) Basis or justification for the price (including premium, if any) at which offer or invitation is being made: Not applicable in case of issuance of NCDs;

d) Name and address of valuer who performed valuation: Not applicable in case of issuance of NCDs;

e) Amount which the company intends to raise by way of issuance of Non-Convertible Debentures : As may be determined by the Board of Directors from time to time but subject to the limits approved by the members of the Company under Section 42 of the Companies Act, 2013 of upto Rs. 500 Crores (Rupees Five Hundred Crores only);

f) Material terms of raising such securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities: This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of NCDs, from time to time, for the period of 1 (one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer shall be determined by the Board of Directors (including any committee duly authorized by the Board of Directors thereof), from time to time.

The Board of Directors recommend passing of the aforesaid resolution

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this Resolution.

For Sonata Finance Private Limited

Paurvi Srivastava
Company Secretary
ICSI Membership No. A34110
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CERTIFIED TRUE COPY OF SPECIAL RESOLUTION PASSED IN THE EXTRA ORDINARY GENERAL MEETING OF SONATA FINANCE PRIVATE LIMITED HELD ON TUESDAY, THE 29TH DAY OF JUNE, 2021 THROUGH VIDEO CONFERENCE (VC) COMMENCED AT 10:45 P.M. CONCLUDED AT 11:00 P.M.

Approval of the power to create charge on the assets of the company pursuant to section 180(1)(a) of the Companies Act, 2013

"RESOLVED THAT in supersession of the previous resolution passed on 26th June, 2020, and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Company the consent of the members of the Company, be and is hereby accorded to the Board of Directors of the Company for creation of such mortgages, charges and hypothecations as may be necessary, in addition to the existing charges, mortgages and hypothecation created by the Company and to transfer, sell or dispose of all or any part of the movable or immovable properties of the Company, wherever situated, both present and future, in such manner as the Board may deem fit, in favour of financial institutions, investment institutions, banks, trusts, other bodies corporate and Trustees for the holders of debentures/bonds and/or other instruments to secure borrowings of the Company availed / to be availed by way of rupee term loans/foreign currency loans, debentures, bonds and other instruments provided that the total amount of such loans/borrowings shall not exceed Rs. 2310 Crores (Rupees Two Thousand Three Hundred and Ten Only) at any time."

"RESOLVED FURTHER THAT the Board of Directors or such person/s or such committee (by whatever name called), as may be authorized by the Board in this regards, be and are hereby authorized to execute such documents including the transaction documents for availing the secured borrowing and affixing of the Common Seal of the company or deeds/ writings/ papers/ agreements as may be required and to do all other acts, deeds, matters and things as may be deemed necessary and incidental for giving effect to the above, including creation, modification and registration of charge with Registrar of Companies as may be required."

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

In order to facilitate the security for the borrowings made by the Company, it would be necessary to create charge on the assets of the company.

The members of the company in the Extra Ordinary General Meeting held on 26th June, 2020 had approved for the limits to an extent of Rs 2,530 Crores. However keeping in view of the impact of COVID-19 on to the disbursements of the company, the Board decided to reduce the total borrowing limits from Rs 2,530 Crores to Rs 2,310 Crores. Accordingly, the limits of creating the charge on the assets of the company is being proposed to be reduced from the existing limits. Since as per the requirements of Section 180 (1) (a) of the Companies Act, 2013 the approval of the members by way of Special Resolution is required for creating a charge on the assets of the company, therefore the aforesaid resolution is being placed for the approval of the members.

The Board of Directors recommend passing of the aforesaid resolution

None of the Directors or Key Managerial Personnel may be deemed to be interested in the aforesaid item of business.

For Sonata Finance Private Limited

Paurvi Srivastava
Company Secretary
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CERTIFIED TRUE COPY OF SPECIAL RESOLUTION PASSED IN THE EXTRA ORDINARY GENERAL MEETING OF SONATA FINANCE PRIVATE LIMITED HELD ON TUESDAY, THE 29TH DAY OF JUNE, 2021 THROUGH VIDEO CONFERENCE (VC) COMMENCED AT 10:45 P.M. CONCLUDED AT 11:00 P.M.

Approval of the power to borrow funds pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013

"RESOLVED THAT in supersession of the previous resolution passed on 26th June, 2020 and pursuant to the provisions of section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof, for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the consent of the members, be and is hereby accorded, to the Board of Directors of the company to raise or borrow, from time to time, such sum or sums as they may deem appropriate for the purposes of the company which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) and the monies to be borrowed exceeds the aggregate of paid-up share capital of the Company, its free reserves and Securities Premium, however the total amount so borrowed by the Board or the Committee authorized by Board at any time shall not exceed Rs. 2100 Crores (Rupees Two Thousand One Hundred Crores only)."

"RESOLVED FURTHER THAT the Board of Directors or such person/s or such committee (by whatever name called), as may be authorized by the Board in this regards, be and are hereby authorized to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise, howsoever as it may think fit and to do all other acts, deeds, matters and things as may be deemed necessary and incidental for giving effect to the above, including execution of the transaction documents for availing the borrowing as per the aforesaid authorisation and affixing of the Common Seal of the company or all such documents, instruments and writings, as may be required."

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

For the purpose of onward Lending to micro borrowers, the company needs to raise funds from banks, financial institutions and other lenders, from time to time, to meet its funds requirement for its Micro Financing business. The money to be borrowed along with money already borrowed by the Company from Banks/Financial Institutions or from any third party shall exceed its paid up capital free reserves and securities premium.

The members of the company in the Extra Ordinary General Meeting held on 26th June, 2020 had approved for the borrowing limits to an extent of Rs 2,300 Crores. However keeping in view of the Impact of COVID-19 on to the disbursements of the company, the Board decided to reduce the total borrowing limits from Rs 2,300 Crores to Rs 2,100 Crores. Since Section 180 (1) (c) of the Companies Act, 2013 provides for approval of the members of the Company, by way of a special resolution, authorizing the Board of Directors to borrow any sum or sums of money, from time to time, exceeding the aggregate of its paid up capital free reserves and securities premium

For Sonata Finance Private Limited

Company Secretary
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therefore the approval of the members is sought pursuant to Section 180(1)(c) of the Companies Act, 2013 and rules made thereunder.

The Board of Directors recommend passing of the aforesaid resolution

None of the Directors or Key Managerial Personnel may be deemed to be interested in the aforesaid item of business.

For Sonata Finance Private Limited

Paurvi Srivastava
Company Secretary
ICSI Membership No. A24110
2D/I/305, Madhwapur, Allahabad-211003

Sonata Finance Pvt. Ltd. LKO.