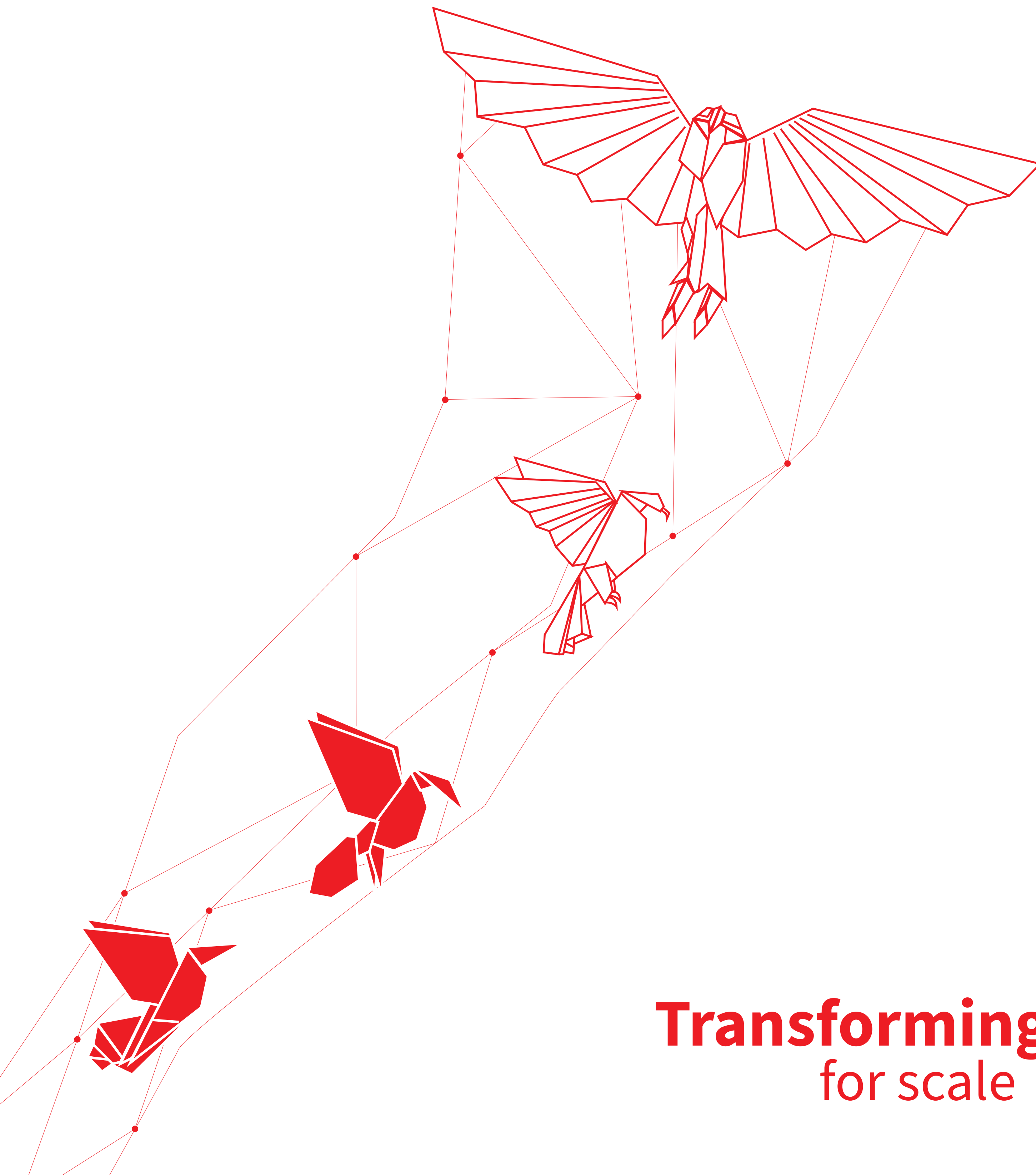
Annual Report 2024-25

Sonata Finance Private Limited



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Contents

Directors' Report

To
The Members
SONATA FINANCE PRIVATE LIMITED

The Board of Directors are pleased to present the Thirtieth (30th) Annual Report of Sonata Finance Private Limited (SFPL/Sonata) along with the Audited Financial Statements for the financial year ended 31st March, 2025.

FINANCIAL HIGHLIGHTS:

(₹ in lakh)

Particulars	FY 2024-25	FY 2023-24*
Revenue from operations	24,728.80	57,994.24
Other Income	2,097.42	2,506.37
Total Income	**26,826.22**	**60,500.61**
Employee benefit expenses	13,609.41	12,511.24
Finance Costs	2,230.05	29,114.93
Depreciation and Amortization Expense	408.76	250.32
Other Expenses	8,980.56	11,811.08
Total Expenses	**25,228.78**	**53,687.57**
Profit / (Loss) before Tax	1,597.44	6,813.04
Total Tax Expenses	372.77	2,150.58
Profit / (Loss) for the Year	**1,224.67**	**4,662.46**
Total Comprehensive income for the year	**1,245.52**	**4,254.15**
Current Assets:		
Cash and cash equivalents	11,196.73	22,886.75
Bank balances other than cash and cash equivalents above	13,029.06	12,856.38
Trade Receivables	9,278.28	585.26
Loans	30.67	40,886.20
Current Investments	-	-
Other Current Financial Assets	0.46	1.38
Current Tax Assets (Net)	3,191.15	1,443.76
Other Current Assets	1,725.53	1,948.25
Non - Current Assets:		
Non-Current Investments	5.75	5.65
Non-Current Financial Assets	5,516.96	9,836.23
Deferred Tax Assets (net)	715.98	1,095.76
Property, Plant and Equipment	647.34	198.09
Other Intangible Assets	86.68	7.39
Other Non-Current Assets	196.08	186.77
Total Assets	**45,620.67**	**91,937.87**
Equity and Liabilities		
Equity Share Capital	2,645.33	2,645.33
Other Equity	37,530.82	36,285.30
Total Equity	**40,176.15**	**38,930.63**
Current Liabilities:		
Lease Liabilities	96.73	62.10
Trade Payables	330.32	1,599.92
Other Current Financial Liabilities	1,239.38	47,291.74
Provisions	1,357.07	915.77
Other Current Liabilities	1,745.97	2,437.40

(₹ in lakh)

Particulars	FY 2024-25	FY 2023-24*
Non-Current Liabilities:		
Lease Liabilities	127.10	146.13
Provisions	547.95	554.18
Total Liabilities	**45,620.67**	**91,937.87**

Note:

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

STATUTORY REPORTS

The operational highlights are summarized below:

Particulars	31st March, 2025	31st March, 2024
Number of Branches	621	563
Number of Regular Employees@	4,233	3,447
Number of Active Borrowers	849,079	939,440
Amount Disbursed as Business correspondent (BC) (₹ in lakh)	212,250.26	245,239.87
Gross Loan Portfolio under management (₹ in lakh)	250,259.31	259,186.82

@ excluding contractual employees

DIVIDEND

No dividend has been declared by SFPL during the financial year.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the period, SFPL does not have any amount due to be credited to the Investor Education and Protection Fund as provided in the provisions of Section 125 of the Companies Act, 2013 (the Act).

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there was no change in the nature of the business of SFPL. Sonata is exclusively providing its services as the Business Correspondent of Kotak Mahindra Bank and is facilitating the extension of microcredit through various financial products as per the requirement of the borrower.

HOLDING/SUBSIDIARIES/JOINT VENTURES/ASSOCIATES

During the FY 2023-24, Kotak Mahindra Bank acquired Sonata Finance Private Limited and accordingly it has become, a wholly-owned subsidiary of Kotak Mahindra Bank Limited.

However, except the above, SFPL does not have any subsidiary/ joint venture/ associate.

PUBLIC DEPOSITS

Sonata has not accepted any public deposits during the period under review. Accordingly, no amount on account of principal or interest on public deposits was outstanding as on the date of this report.

UPDATE ON AMALGAMATION WITH BSS MICROFINANCE LIMITED

During the period under review, Sonata Finance Private Limited filed an application with the Hon'ble National Company Law Tribunal (NCLT), Allahabad Bench, on 6th September, 2024, which pronounced the order on 26th May, 2025 sanctioning the Scheme of Amalgamation of Sonata Finance Private Limited (Transferor Company) with BSS Microfinance Limited (Transferee Company) and their respective shareholders and creditors.

Simultaneously, BSS Microfinance Limited has filed a corresponding application with the Hon'ble NCLT, Bengaluru Bench, for the merger of SFPL, the order on which is awaited till the date of this report. Upon receipt of the final order from NCLT, Bengaluru, the amalgamation of SFPL with BSS Microfinance Limited will be affected in accordance with the approved scheme and in compliance with the terms of Orders of respective NCLT's.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

SFPL has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013, to the extent applicable, with respect to loans granted, investments made and guarantees and securities provided. Further the guarantee given by SFPL has been appropriately disclosed in Note 33 of the financial statements, forming part of this annual report.

CAPITAL STRUCTURE

Particulars	Amount (in ₹)
Authorized Share Capital:	
40,000,000 Equity Shares of ₹ 10.00/- each	400,000,000
10,000,000 Preference Shares of ₹ 10.00/- each	100,000,000
Total Authorized Capital	**500,000,000**
Issued, Subscribed and Paid-up Share Capital:	
26,453,256 Equity Shares of ₹ 10.00/- each	264,532,560
Total Issued, Subscribed and Paid-Up Capital	**264,532,560**

During the financial year under review, there has been no change in the capital structure of Sonata.

THE SHAREHOLDING OF SFPL, AS ON 31ST MARCH, 2025, IS AS UNDER

Sr. No.	Name of the Shareholder	No. of Equity Shares	Paid-up Value (in ₹)	% of Holding
1	M/s Kotak Mahindra Bank Limited	26,453,176	264,531,760	100.00
2	Mr. Devang Chandrakant Gheewalla (jointly with Kotak Mahindra Bank Limited)	10	100	0.00
3	Mr. Prasad Narhari Lanke (jointly with Kotak Mahindra Bank Limited)	10	100	0.00
4	Ms. Avan Kayomars Doomasia (jointly with Kotak Mahindra Bank Limited)	10	100	0.00
5	Mr. Manish Kothari (jointly with Kotak Mahindra Bank Limited)	10	100	0.00
6	Mr. Sanjay Dharmadatt Bhatt (jointly with Kotak Mahindra Bank Limited)	10	100	0.00
7	Mr. Paritosh Kashyap (jointly with Kotak Mahindra Bank Limited)	10	100	0.00
8	Mr. Kaynaan Y Shums (jointly with Kotak Mahindra Bank Limited)	10	100	0.00
9	Mr. Tapobrat Chaudhuri (jointly with Kotak Mahindra Bank Limited)	10	100	0.00
	Total Equity Shareholding	**26,453,256**	**264,532,560**	**100.00**

DETAILS OF TRANSFER OF EQUITY SHARES DURING THE FY 2024-25

Sr. No.	Transferor	Transferee	Number of Shares transferred	Date of Transfer
1	Mr. Sambasiva Kumar Balasubramanian (jointly with Kotak Mahindra Bank Limited)	Mr. Kaynaan Y Shums (jointly with Kotak Mahindra Bank Limited)	10	2nd August, 2024
	Total		**10**	

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

No material changes or commitments affecting the financial position of SFPL had either occurred or made from the end of the financial year till the date of this report.

STATUTORY AUDITORS AND AUDITORS' REPORT

In terms of Section 139, 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the members of SFPL, at the 29th Annual General Meeting held on 15th July, 2024 reappointed M/s BR Maheswari & Co LLP, Chartered accountants (FRN 001035N/N500050) as the Statutory Auditors for the FY 2024-25.

The Audit Report given by M/s BR Maheswari & Co LLP, Chartered accountants on the standalone financial statements of SFPL for the FY 2024-25 forms part of this Annual Report. The Independent Auditors' Report read along with the schedules forming part of the financial statements are self-explanatory and do not call for any further comments. There has been no qualification, reservation or adverse remark or disclaimer in their Report.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of your Company appointed M/s RJSY & Associates, Practicing Company Secretaries, Mumbai, to act as the Secretarial Auditor of the Company for FY 2024-25. The Secretarial Audit Report for the financial year ended 31st March, 2025, is annexed to this report as **"Annexure C"**.

In the above mentioned Report, the Secretarial Auditor has highlighted that the requirement for the appointment of woman director was not met by the Company. The Company was originally incorporated as a private limited company and the provisions of Section 149(1) of the Companies Act, 2013, read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, which mandated the appointment of at least one Woman Director was not applicable to your Company. Subsequently, pursuant to the acquisition of the Company by Kotak Mahindra Bank Limited on 28th March, 2024, the status of the Company changed to that of a deemed public limited company under Section 2(71) of the Companies Act, 2013. Accordingly, the requirement to appoint a Woman Director, became applicable to your Company from that date, based on the criteria of turnover threshold of ₹ 300 crore as per the latest audited financial statements.

However, after the acquisition, the Company's turnover fell below the prescribed threshold of ₹ 300 crore, during the first quarter of FY 2024–25. Further, in accordance with directions received from the Reserve Bank of India the Board of Directors of the Company at their meeting held on 12th August, 2024, approved the Scheme of Amalgamation of the Company with BSS Microfinance Limited (having a women director on their Board). The requisite amalgamation application with National Company Law Tribunal ("NCLT") Allahabad Bench, was filed by the Company on 6th September, 2024 and the order was pronounced on 26th May, 2025 sanctioning the Scheme of Amalgamation of Sonata Finance Private Limited with BSS Microfinance Limited and their respective shareholders and creditors. In light of the aforesaid developments, the appointment of a Woman Director was not done during FY 2024–25. .

Further, based on the audited financials of your Company as on 31st March, 2025, the requirement for the appointment of a Woman Director is not applicable to your Company for FY 2025–26.

INTERNAL AUDITOR

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

In addition to the above M/s Seth & Associates, Chartered Accountants were appointed as the internal auditors for conducting the audits in terms of Section 138 of the Act for the FY 2024-25.

COST AUDITOR

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on the date of this Report, the Board of SFPL comprises four Directors, including three Non-Executive Directors and one Executive Director, who serves as the Managing Director and CEO. There were no changes in the composition of the Board of Directors during the financial year under review.

KEY MANAGERIAL PERSONNEL (KMP)

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. Anup Kumar Singh, Managing Director & CEO and Ms. Anjali M. Siddiqui, Company Secretary are the Key Managerial Personnel of Sonata. Further Mr. Akhilesh Kumar Singh, resigned from the position of Chief Financial Officer w.e.f. 13th February, 2025.

APPOINTMENT AND REMUNERATION OF DIRECTORS AND KMP

The Nomination and Remuneration Committee of the Board evaluates candidates for appointment based on their qualifications, experience, fit and proper status, positive attributes relevant to the role and their independence, wherever applicable. The committee also ensures compliance with all applicable regulatory and statutory requirements. Remuneration payable to the KMP's is reviewed and approved by the committee.

INDEPENDENT DIRECTORS’

Post the acquisition of Sonata Finance Private Limited by Kotak Mahindra Bank Limited, SFPL has become a wholly owned subsidiary of a Public Limited Company. In accordance with Rule 4 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, the requirement to appoint an Independent Director does not apply to an unlisted public company which is a wholly owned subsidiary. Accordingly, there were no Independent Directors on the Board of SFPL during the FY 2024-25.

PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

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

The questionnaire for evaluation of the Board, its committees and individual directors for the reporting financial year was circulated to all the Directors of Sonata for the annual performance evaluation.

Based on the assessment of the responses received to the questionnaire from the Directors on the annual evaluation of the Board, it’s Committees, Chairman and the Individual Directors, the evaluation was placed before the meeting of the Board for consideration. The Directors were satisfied with the results of the performance evaluation of the Board and its Committees, Chairman and Individual Directors.

RETIREMENT BY ROTATION AND BEING ELIGIBLE FOR RE-APPOINTMENT

Mr. Manish Kothari Director (DIN 10546805) is liable to retire by rotation in the ensuing Annual General Meeting of Sonata, in terms of Section 152 if the Companies Act, 2013 and being eligible has offered himself for reappointment as a Director. The Board has approved the said proposal and recommended the same to the members for their approval.

COMPOSITION OF THE BOARD

As on 31st March, 2025, the Board consisted of 4 Directors, of which 3 were Non-Executive Directors while 1 Executive Director, being the Managing Director and CEO. The day-to-day affairs are managed by senior officials including the Managing Director and CEO, Key Managerial Personnel and functional heads, who function under overall supervision and guidance of Board.

The details of the Board of SFPL is comprised of the following members:

Sr. No.	Name of Directors	Category	No. of Directorships in other Organisations (as on date)
1	Mr. Anup Kumar Singh	Managing Director and CEO	0
2	Mr. Devarajan Kannan	Non-Executive Director and Chairman	1
3	Mr. Manish Kothari	Non-Executive Director	1
4	Mr. Tapobrat Chaudhuri	Non-Executive Director	1

NUMBER OF MEETINGS AND ATTENDANCE OF THE BOARD

During the FY 2024-25, the Board met 10 times viz. on 27th April, 2024, 13th May, 2024, 17th July, 2024, 12th August, 2024, 25th September, 2024, 17th October, 2024, 15th January, 2025, 16th January, 2025, 28th January, 2025 and 13th March, 2025. In compliance with the provisions of the Companies Act, 2013 read with the circulars and notifications issued by the Ministry of Corporate Affairs (MCA), from time to time the Board met at least once in every calendar quarter. The requisite quorum was present for all the meetings. The composition and attendance of the Members in the Board meetings held during the FY 2024-25 are as follows:

Sr. No.	Name of Directors	Capacity (i.e. Chairman/ Managing Director/ Executive Director/ Non- Executive Director)	DIN	No. of Board Meetings	
				Held during the tenure	Attended
1.	Mr. Anup Kumar Singh	Managing Director and CEO	00173413	10	9
2.	Mr. Devarajan Kannan	Non-Executive Director and Chairman	00498935	10	9
3.	Mr. Manish Kothari	Non-Executive Director	10546805	10	10
4.	Mr. Tapobrat Chaudhuri	Non-Executive Director	09291548	10	10

Note: *None of the Directors held directorship in more than 10 Public Limited Companies*

BOARD COMMITTEES

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

A. AUDIT COMMITTEE

The Board of SFPL in compliance with the requirements of Section 177 of the Companies Act 2013 has constituted the Audit Committee with the basic objective of reviewing and monitoring the financial reporting process, system of internal financial reporting, accounting compliances, review of audit plans, and financial statements prior to approval of the Board. The audit committee consists of 3 Non – Executive Directors and all the members of the Committee are financially literate and have accounting and financial management expertise. The Company Secretary of SFPL acts as the Secretary to the Committee

During the FY 2024-25, the Audit Committee met 7 times viz. on 27th April, 2024, 16th July, 2024, 17th October, 2024, 15th January, 2025, 16th January, 2025, 28th January, 2025 and 13th March, 2025.The composition and attendance of the members at the Audit Committee meetings are as follows:

Sr. No.	Name of Members	Capacity (i.e. Chairman/Managing Director/ Executive/ Non- Executive)	No. of Meetings	
			Held during the tenure	Attended
1.	Mr. Devarajan Kannan	Non- Executive Director and Chairman	7	6
2.	Mr. Manish Kothari	Non- Executive Director	7	7
3.	Mr. Tapobrat Chaudhuri	Non- Executive Director	7	7

B. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is setup by the Board in compliance with the Section 178(1) of the Companies Act, 2013. During the FY 2024-25, the Nomination and Remuneration Committee met 2 times viz. on 26th April, 2024 and 17th July, 2024.The composition and attendance of the members at the meetings of the Nomination and Remuneration Committee are as follows:

Sr. No.	Name of Members	Capacity (i.e. Chairman/Managing Director/ Executive/ Non-Executive)	No. of Meetings	
			Held during the tenure	Attended
1	Mr. Manish Kothari	Non- Executive Director, Chairman	2	2
2	Mr. Anup Kumar Singh	Managing Director and CEO	2	2
3	Mr. Devarajan Kannan	Non- Executive Director	2	1
4	Mr. Tapobrat Chaudhuri	Non- Executive Director	2	2

C. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In line with the requirements of Section 135 of the Act, a Corporate Social Responsibility Committee was constituted to oversee the CSR activities of the SFPL.

During the FY 2024-25, the Corporate Social Responsibility Committee met 3 times viz. on 26th April, 2024, 17th October, 2024 and 15th January, 2025. The composition and attendance of the members at the meetings of the Corporate Social Responsibility Committee are as follows:

Sr. No.	Name of Members	Capacity (i.e. Chairman/Managing Director/ Executive/ Non- Executive)	No. of Meetings	
			Held during the tenure	Attended
1	Mr. Devarajan Kannan	Non- Executive Director and Chairman	3	3
2	Mr. Anup Kumar Singh	Managing Director and CEO	3	3
3	Mr. Manish Kothari	Non- Executive Director	3	3
4	Mr. Tapobrat Chaudhuri	Non- Executive Director	3	3

D. RISK MANAGEMENT COMMITTEE

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

During the FY 2024-25, the Risk Management Committee met 3 times viz. on 26th April, 2024, 16th July, 2024 and 17th October, 2024.The composition and attendance of the members at the Risk Management Committee meetings is given below:

Sr. No.	Name of Members	Capacity (i.e. Chairman/Managing Director/ Executive/ Non- Executive)	No. of Meetings	
			Held during the tenure	Attended
1	Mr. Devarajan Kannan	Non- Executive Director and Chairman	3	2
2	Mr. Manish Kothari	Non- Executive Director	3	3
3	Mr. Tapobrat Chaudhuri	Non- Executive Director	3	3
4	Mr. Akhilesh Kumar Singh	Chief Financial Officer	3	3
5	Mr. Anup Kumar Singh	Managing Director and CEO	3	3

E. IT STRATEGY COMMITTEE

SFPL has constituted IT Strategy Committee. The objective of the committee is to carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.

During the FY 2024-25, the IT Strategy Committee met 3 times viz. on 26th April, 2024, 16th July, 2024 and 17th October, 2024.The composition and attendance of the members at the IT Strategy Committee meetings are as follows:

Sr. No.	Name of Members	Capacity (i.e. Chairman/Managing Director/ Executive/ Non- Executive)	No. of Meetings	
			Held during the tenure	Attended
1	Mr. Devarajan Kannan	Non- Executive Director and Chairman	3	2
2	Mr. Anup Kumar Singh	Managing Director and CEO	3	3
3	Mr. Manish Kothari	Non- Executive Director	3	3
4	Mr. Tapobrat Chaudhuri	Non- Executive Director	3	3

GENERAL MEETINGS

A. DATE, VENUE AND TIME FOR THE LAST THREE ANNUAL GENERAL MEETINGS

Financial Year	Date and Time of AGM	Venue/ Mode of the AGM
2023-24	15th July, 2024	Via Video Conferencing
2022-23	6th September, 2023	Via Video Conferencing
2021-22	30th September, 2022	Via Video Conferencing

B. DETAILS OF SPECIAL RESOLUTIONS PASSED IN THE PREVIOUS THREE ANNUAL GENERAL MEETINGS

Date of AGM	Applicable Section of Companies Act, 2013	Particulars of Special Resolution
15th July, 2024	Section 186 of the Companies Act, 2013	Approval for providing loans, guarantee, securities or making investments in excess of limits specified under Section 186 of the Companies Act, 2013.
6th September, 2023	N.A.	None
30th September, 2022	N.A.	None

C. DETAILS OF EXTRA-ORDINARY GENERAL MEETINGS HELD DURING THE FINANCIAL YEAR:

Date of EGM	Applicable Section of Companies Act, 2013	Particulars of Special Resolution
27th April, 2024	Section 196, 197 and 203 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013	Approval for remuneration of Mr. Anup Kumar Singh, Managing Director and CEO (DIN: 00173413) in terms of section 196 and the limits of section 197 of the Companies Act, 2013

OTHER DISCLOSURES

a. During the period under review no prosecutions have been initiated against SFPL.

b. During the year, no expenditure has been debited in the books of accounts, which is not for the purposes of business of the SFPL.

c. During the year, no expenses, which are of personal nature, have been incurred for the Board of Directors and top management.

d. During the year, neither any application involving SFPL was made nor any proceeding is pending against Sonata, under the Insolvency and Bankruptcy Code, 2016.

MEANS OF COMMUNICATION

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

GENERAL SHAREHOLDERS INFORMATION

a. As per the notice attached to this Annual Report, the Annual General Meeting shall be held on Friday, 13th June, 2025 at 02:00 P.M. at shorter notice through video conferencing.

b. The financial year of SFPL is from 1st April, to 31st March.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

SFPL has put in place a 'Related Party Transactions Policy' for identification of RPTs, necessary approvals by the Audit Committee/ Board / Shareholders, reporting and disclosure requirements in compliance with the Companies Act, 2013. Policy is available on the website www.sonataindia.com. All related party contracts / arrangements / transactions entered into by SFPL during the financial year were in the ordinary course of business and on an arm's length basis. The particulars of contracts or arrangements pursuant to Section 188 of the Companies Act, 2013 in the prescribed Form AOC- 2 is appended as **"ANNEXURE A"** which forms part of this report.

Further, details of Related Party Transactions, as required to be disclosed, as per Indian Accounting Standard (IND AS-24) 'Related Party Disclosures' specified under section 133 of the Companies Act, 2013 are disclosed in the Note no. 33 to the Financial Statements for the financial year ended 31st March, 2025.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

At Sonata, we remain deeply committed to making a meaningful contribution to society and the environment through our Corporate Social Responsibility (CSR) initiatives. During the year under review, we continued to support and invest in programs aimed at enhancing community well-being, advancing sustainability, and promoting inclusive growth. Our CSR initiatives primarily focus on education, with a particular emphasis on supporting underprivileged communities.

We recognize our responsibility to create a positive impact on society and the environment through our Corporate Social Responsibility (CSR) initiatives. Throughout the year, we have continued to invest in projects and programs that contribute to the well-being of communities, promote sustainability, and drive positive change.

The CSR initiatives are guided and monitored by the Corporate Social Responsibility (CSR) Committee constituted under the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time. SFPL's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Act. The CSR policy is available on the website at www.sonataindia.com.

Sonata during the year under review was statutorily obligated to spend ₹100.16 lakh against which the Board of Directors, in order to meet the requirements of the beneficiary institutions, recommended for the budget of ₹100.50 lakh (including the allowable administrative expense) for the FY 2024-25.

The allocated budget for the year was fully utilized towards the promotion of education, in line with the Annual Action Plan approved by the Board. During the year, SFPL incurred a total CSR expenditure of ₹102.19 lakh, which includes administrative overheads of ₹3.06 lakh. This amount exceeds the allocated budget by ₹1.69 lakh, reflecting Sonata's continued commitment to its CSR objectives.

The details of CSR expenditure and statutory disclosures with respect to the CSR initiatives undertaken by SFPL during the year are presented in the Annual Corporate Social Responsibility Report prepared as per the provisions of Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, which is enclosed as **"Annexure B"** to this report.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return as on 31st March, 2025 is available on the website at https://www.sonataindia.com/AnnualReturns.aspx

DECLARATION IN RESPECT OF BENEFICIAL INTEREST IN EQUITY SHARES

Pursuant to sub- rule 7 of the Rule 9 of the Companies (Management and Administration) Rules, 2014, as amended; the following persons are deemed to be the designated persons, who shall be responsible for furnishing, and extending co-operation for providing, information to the Registrar or any other authorised officer with respect to beneficial interest in shares of SFPL:

(i) Company Secretary, or

(ii) Managing Director & CEO

INTERNAL CONTROL

SFPL maintains a robust system of internal controls to ensure the integrity of operations, the reliability of financial reporting, and compliance with laws and regulations. The internal control framework is designed to identify, assess, and mitigate risks across all levels of the organization.

During the FY 2024-25, we have continued to strengthen our control environment through regular assessments, monitoring, and enhancements to processes and procedures. This includes clear segregation of duties, regular reviews of financial and operational activities, IT security protocols, and stringent adherence to policies and industry best practices.

Our commitment to effective internal controls not only safeguards our assets and data but also enhances the confidence of our stakeholders in the reliability and transparency of our financial reporting and operations.

HUMAN RESOURCE DEVELOPMENT

SFPL believes that its greatest asset is its human resource. Throughout the year, we have remained committed to nurturing talent, fostering a culture of learning, and investing in the development of our employees.

The comprehensive Human Resource Development programs are designed to empower the workforce with the skills, knowledge, and resources they need to excel in their roles and drive our business forward. We have provided continuous training opportunities, leadership development programs, and mentorship initiatives to support career growth and enhance job satisfaction. Our emphasis on employee well-being, diversity, and inclusion reflects our dedication to creating a dynamic and inclusive workplace where every individual can thrive. As we continue to grow, we are proud of the collective achievements of our team and remain committed to unlocking the full potential of our human capital.

As on 31st March, 2025, SFPL had 4,233 employees in its rolls at various level of organizational structure. We believe in recognizing and appreciating employees for their valuable contribution and loyalty. Equal Opportunities are offered to all the employees irrespective of gender to learn and grow in the organization.

RISK MANAGEMENT

The risk management function is overseen by the Risk Management Committee which is responsible for setting the risk appetite, reviewing and assessing the quality, integrity and effectiveness of the risk management systems and ensuring that the risk policies and strategies are effectively managed. The Audit Committee has additional oversight in the area of financial risks and controls. The risk management department headed by the Chief Risk Officer conducts periodic risk assessment against the risk thresholds set by the risk management committee. Comprehensive risk management reports covering key risk indicators are reviewed by the risk management committee. The committee monitors the strategies devised and actions taken by the management to prevent and mitigate these risks.

The Board approved General Risk Management Policy, is available on the website www.sonataindia.com.

VIGIL MECHANISM

We take pride in our commitment to transparency, integrity, and ethical conduct in all aspects of our operations. Our Vigil Mechanism, also known as the Whistle-blower Policy, serves as a cornerstone of our governance framework. It provides a confidential platform for employees, stakeholders, and other concerned parties to report any instances of unethical behaviour, financial irregularity, unusual events, or misconduct without fear of reprisal. Throughout the year, we have encouraged a culture of accountability and openness, ensuring that the whistle blowers are protected against victimization, any adverse action and/ or discrimination as a result of such a reporting.

We are dedicated for upholding the highest standards of Corporate Governance, and our Vigil Mechanism reinforces our commitment to foster a workplace environment built on trust and ethical principles.

We hereby affirm that during the FY 2024-25, no complaints were received under the Vigil mechanism and none of its personnel has been denied access to the Audit Committee. The Vigil Mechanism and whistle blower policy is available at website www.sonataindia.com

DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

SFPL has a zero-tolerance policy towards sexual harassment at the workplace, as mandated by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Our commitment for creating a safe and respectful work environment is unwavering, and we have implemented comprehensive policies and procedures to prevent and address any instances of sexual harassment. Throughout the year, we have conducted awareness programs and training sessions to educate employees about their rights and responsibilities. Our Internal Complaints Committee remains actively engaged in addressing complaints, ensuring confidentiality, conducting impartial investigations, and providing a fair and timely redressal process. We are dedicated to foster a culture of dignity, respect, and equality for all employees, and we reaffirm our commitment for upholding the principles of the Act.

The following is a summary of sexual harassment complaints received and disposed of during the year:

No. of Cases in the beginning of the year	No. of Cases received during the year	No. of Cases disposed off during the year	No. of Cases pending at the end of year and its ageing	No. of workshops or awareness program carried out during the year	Nature of action taken by the Employer
Nil	Nil	Nil	Nil	4	N.A

Further as per the requirements of the POSH Act, the Annual Report for the previous calendar year, has been submitted with the District Officer, Lucknow.

ENVIRONMENTAL AND SOCIAL ASPECTS

We recognize the profound impact our operations can have on the environment and society. Throughout the year, we have remained steadfast in our commitment to sustainable practices and responsible business conduct. By integrating environmental considerations into our decision-making processes, we have reduced our carbon footprint through energy-efficient measures and sustainable sourcing practices. Moreover, our unwavering focus on social responsibility has fostered diverse and inclusive workplaces, prioritized employee health and safety, and supported local communities through impactful CSR initiatives.

As we continue to grow, we remain dedicated for balancing our business goals with the well-being of the planet and all its inhabitants.

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

During the year under review, SFPL did not earn any foreign exchange income (Previous year -Nil), the expenditure in foreign currency was also Nil (Previous year ₹2647.90 lakh).

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITOR PURSUANT TO SECTION 143 (12) OF THE COMPANIES ACT, 2013

There were no frauds identified /reported, to the Central Government or the Audit Committee, by the Statutory Auditors in reference to sub-section 12 of Section 143 of the Companies Act, 2013.

CLIENT GRIEVANCE

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

No. of complaints#	31st March, 2025	31st March, 2024
Pending at the beginning of the financial year	15	23
Received during the financial year	789	936
Settled during the financial year	762	944
Pending at the closure of the financial year	42	15

Note:

 # Excluding general enquiries.

COMPLIANCE WITH SECRETARIAL STANDARDS

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

MANAGEMENT DISCUSSION AND ANALYSIS

Detailed analysis of SFPL's performance is covered under the Management Discussion and Analysis, appended as **"Annexure D"** to this Board Report.

DOCUMENTS PLACED ON THE WEBSITE

In compliance with the requirements of Companies Act 2013 the requisite disclosures and documents have been placed on the website www.sonataindia.com.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts for the FY 2024-25, the applicable Indian Accounting Standards have been followed and there were no material departures therefrom;

2. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of Sonata Finance Private Limited at the end of the financial year and of the profit for that period;

3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets and for preventing and detecting fraud and other irregularities;

4. they had prepared the annual accounts on a going concern basis;

5. they have laid down internal financial controls to be followed and that such internal financial controls are adequate and operating properly; and

6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ANNEXURES:

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

Name of the Annexure	Annexure No.
Related Party Transactions (AOC-2)	A
Annual Corporate Social Responsibility Report	B
Secretarial Audit Report	C
Management Discussion and Analysis	D

ACKNOWLEDGEMENTS:

Your directors express their sincere appreciation and extend their gratitude for the co-operation and assistance received from regulatory authorities and other stakeholders during the year under review.

The Directors also place on record their appreciation to all the employees for their commitment, team work, professionalism and the resilience and dedication demonstrated by them during the year under review.

For and on behalf of the Board of Directors

Anup Kumar Singh
Managing Director and CEO
DIN: 00173413

Tapobrat Chaudhuri
Non- Executive Director
DIN: 09291548

Date: 9th June, 2025
Place: Lucknow

ANNEXURE A

Form No. AOC-2

(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This form pertains to the disclosure of particulars of contracts/arrangements entered into by M/s Sonata Finance Private Limited with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS

There were no contracts or arrangements or transactions entered during the year ended 31st March, 2025, which were not at arm's length basis.

DETAIL OF MATERIAL CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS

Name of the Related Party and Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ Transactions	Salient terms of the contracts/ arrangements/ transactions including the value	Date(s) of approval by the Board/ Audit Committee	Amount paid as advances
Kotak Mahindra Bank Limited ***(being the 100% Holding Company of M/s Sonata Finance Private Limited)***	Shared Service Agreement	12 months	Kotak Mahindra Bank levies charges on SFPL for availing services provided by its various verticals, in accordance with the terms and consideration specified in the agreement.	Ratified by the Board at their meeting held on 13th March, 2025	NIL
			Duration: 1st April, 2024 to 31st March, 2025		
Kotak Mahindra Bank Limited ***(being the 100% Holding Company of M/s Sonata Finance Private Limited)***	Shared Service Agreements	12 months	Kotak Mahindra Bank levies charges on SFPL for availing services provided by its various verticals, in accordance with the terms and consideration specified in the agreement	Approved by the Board at their meeting held on 13th March, 2025.	NIL
			Duration: 1st April, 2025 to 31st March, 2026		
Kotak Mahindra Bank Limited ***(being the 100% Holding Company of M/s Sonata Finance Private Limited)***	Modification of terms and conditions under Business Correspondent Arrangement		Discontinuation of Business Quality Commitment	Approved by the Board at their meeting held on 13th March, 2025.	NIL
			(BQC) on the BC arrangement with Kotak Mahindra Bank Limited (KMBL/ Bank) effective from 1st January, 2025 and revision in interest rate/service charges on the loans sourced on behalf of Bank		

For and on behalf of the Board of Directors

Anup Kumar Singh
Managing Director and CEO
DIN: 00173413

Tapobrat Chaudhuri
Non- Executive Director
DIN: 09291548

Date: 9th June, 2025
Place: Lucknow

ANNEXURE B

Annual Report on Corporate Social Responsibility (CSR) Activities for the FY 2024-25

1. A BRIEF OUTLINE OF THE CSR POLICY:

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

2. COMPOSITION OF CSR COMMITTEE:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Devarajan Kannan	Non- Executive Director (Committee Chairman)	3	3
2.	Mr. Anup Kumar Singh	Managing Director and CEO (Member)	3	3
3.	Mr. Manish Kothari	Non- Executive Director (Member)	3	3
4.	Mr. Tapobrat Chaudhuri	Non- Executive Director (Member)	3	3

3. WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF SONATA:

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

4. EXECUTIVE SUMMARY ALONG WITH THE WEB-LINK(S) OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, AS AMENDED FROM TIME TO TIME, IF APPLICABLE:

Not Applicable

5. (a) **Average Net Profit as per Section 135(5):** ₹ 500,801,701.83

   (b) **Two percent of average net profit as per section 135(5):** ₹ 10,016,034.04

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

   (d) **Amount required to be set off for the financial year, if any:** ₹,0

   (e) **Total CSR obligation for the financial year (5a+ 5b- 5c):** ₹ 10,016,034.04 (rounding off to ₹ 10,050,000)

6. (a) **Amount Spent on CSR Projects (both ongoing project and other than ongoing project):** ₹ 9,913,486/-

   (b) **Amount spent in Administrative Overheads:** ₹ 306,250/-

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

   (d) **Total amount spent for the financial year [(6a) +(6b) +(6c)]:** ₹ 102,19,736/-

(e) CSR AMOUNT SPENT OR UNSPENT FOR THE FINANCIAL YEAR:

Total Amount Spent for the financial year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 1,02,19,736/-	NIL	NA	NIL	NA	NA

(f) EXCESS AMOUNT FOR SET OFF, IF ANY:

Sr. No.	Particular	Amount (in ₹)
i.	Two percent of average net profit as per Section 135(5)	10,016,034.04
ii.	Amount to be set-off for the financial year	0.00
iii.	CSR obligation of SFPL	10,016,034.04 (rounding off to 10,050,000.00)
iv.	Total amount spent for the financial year	102,19,736.00
v.	Excess amount spent for the financial year [(iv)-(iii)]	169,736.00
vi.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years,if any	0.00
vii.	Amount available for set off in succeeding financial years [(v)-(vi)]	169,736.00

7. (A) DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS: NIL

8. WHETHER ANY CAPITAL ASSETS HAVE BEEN CREATED OR ACQUIRED THROUGH CORPORATE SOCIAL RESPONSIBILITY AMOUNT SPENT IN FINANCIAL YEAR (YES/NO): YES

If Yes, enter the number of Capital assets created/acquired

During the reporting period, the Company incurred its entire CSR budget towards the promotion of education, specifically for the development of better infrastructure in schools located in remote areas and villages. This was achieved by providing appropriate teaching materials and creating capital assets for their long-term benefit.

The details of the expenditure are as under:

S. No.	CSR Focus Area	Partner NGO/ Direct Implementation	Amount of CSR spent for creation of asset (in ₹)	Date of creation of assets	Details of assets created	Quantity	Project Location	Address of Implementing Agency	Ownership of Asset
1	Promotion of Education	Direct Implementation	420,245	FY 2024-25	Big Almirah	2	Balia	NA	Composite school, Piyarahi, Chilkahar, Bali
					CCTV 8 CH DVR	1			
					Ceiling Fan	5			
					Smart Television	5			
					Solar Plant	1			
					Speaker with mic	1			
					Water cooler	1			
					Water purifier	1			
					White board with stand	5			

S. No.	CSR Focus Area	Partner NGO/ Direct Imple-mentation	Amount of CSR spent for creation of asset (in ₹)	Date of creation of assets	Details of assets created	Quantity	Project Location	Address of Imple-menting Agency	Ownership of Asset
2	Promotion of Education	Direct Implementation	126,759	FY 2024-25	Bench	25	Barabanki	NA	Primary school Sidhhpur-Barabanki
					Water purifier	1			
3	Promotion of Education	Direct Implementation	69,280	FY 2024-25	Air cooler	5	Chandauli	NA	Middle school Dighwat Sakaldeeha
					Wall mount fan	4			
4	Promotion of Education	Direct Implementation	533,260	FY 2024-25	Air cooler	5	Chandauli	NA	Middle School, Paura, Sakaldeeha, Chandauli
					Bench	40			
					Big Almirah	1			
					Book shelf	1			
					Ceiling Fan	4			
					Smart Television	3			
					Solar Plant	1			
					Wooden chair	9			
					Wooden table	6			
5	Promotion of Education	Direct Implementation	114,149	FY 2024-25	Air cooler	3	Chandauli	NA	Primary School, Paura, Sakaldeeha, Chandauli
					CCTV 8CH DVR	1			
					Ceiling Fan	4			
					Speaker with mic	1			
					Water purifier	1			
6	Promotion of Education	Direct Implementation	229,479	FY 2024-25	Big Almirah	1	Chandauli	NA	Primary school Dighawat, Chandauli
					Big Speaker	1			
					Book shelf	2			
					Solar Plant	1			
					WIFI	1			
					Wooden chair	1			
					Wooden table	1			
					White board with stand	6			
7	Promotion of Education	Direct Implementation	692,340	FY 2024-25	Bench	125	Chandauli	NA	Primary school Madaiya, Dhanapur
					Big Almirah	1			
					Book shelf	1			
					Ceiling Fan	5			
					Solar Plant	1			
					Wooden chair	9			
					Wooden table	1			
8	Promotion of Education	Direct Implementation	30,500	FY 2024-25	Water purifier	1	Chandauli	NA	Primary School Pitapur

S. No.	CSR Focus Area	Partner NGO/ Direct Implementation	Amount of CSR spent for creation of asset (in ₹)	Date of creation of assets	Details of assets created	Quantity	Project Location	Address of Implementing Agency	Ownership of Asset
9	Promotion of Education	Direct Implementation	599,555	FY 2024-25	Air cooler	6	Chandauli	NA	Primary School, Vanshipur, Chahaniya
					Bench	30			
					Big Almirah	2			
					Book shelf	2			
					Ceiling Fan	7			
					Smart Television	4			
					Solar Plant	1			
					Water cooler	1			
					Water purifier	1			
					Wooden chair	7			
					White board with stand	5			
10	Promotion of Education	Direct Implementation	120,000	FY 2024-25	Big Almirah	1	Chandauli	NA	Middle school, Naibazar
					Big Speaker	1			
					Book shelf	2			
					Plastic Chair for MDM	100			
					Wooden chair	1			
11	Promotion of Education	Direct Implementation	284,896	FY 2024-25	Air cooler	5	Chandauli	NA	Primary School, Jamdeeh, Sakaldeeha
					Big Almirah	2			
					Book shelf	4			
					Ceiling Fan	8			
					Solar Plant	1			
					Wooden chair	6			
12	Promotion of Education	Direct Implementation	466,572	FY 2024-25	Air cooler	2	Ghazipur	NA	Composite School,Nanora Ghazipur
					Big Almirah	4			
					CCTV 8CH DVR	1			
					Ceiling Fan	4			
					Smart Television	5			
					Solar Plant	1			
					Speaker with mic	1			
					Water cooler	1			
					Wooden table	5			
					White board with stand	6			

S. No.	CSR Focus Area	Partner NGO/ Direct Imple-mentation	Amount of CSR spent for creation of asset (in ₹)	Date of creation of assets	Details of assets created	Quantity	Project Location	Address of Imple-menting Agency	Ownership of Asset
13	Promotion of Education	Direct Implementation	305,098	FY 2024-25	Big Almirah	1	Jaunpur	NA	Primary school, Saidipur, Rampur
					Book shelf	2			
					Ceiling fan	5			
					Round- jhula	1			
					Seesaw - Jhula	1			
					Slider - Jhula	1			
					Smart Television	3			
					Solar Plant	1			
14	Promotion of Education	Direct Implementation	374,589	FY 2024-25	Book shelf	2	Jaunpur	NA	Primary School, Dharampur, Sujanganj
					Smart TV	3			
					Solar Plant	1			
					Swing - Jhula	2			
					Water cooler	1			
					Water purifire	1			
					Wooden chair	5			
					White board with stand	3			
15	Promotion of Education	Direct Implementation	261,397	FY 2024-25	Air cooler	2	Lucknow	NA	Primary school Behta Saboli Tedipulia
					Book shelf	1			
					CCTV 8CH DVR	1			
					Ceiling Fan	6			
					Display board	2			
					Solar Plant	1			
					Speaker with mic	1			
					Wall mount fan	2			
					Wooden chair	1			
					Wooden table	1			
					White board with stand	5			
16	Promotion of Education	Direct Implementation	92,057	FY 2024-25	Air cooler	1	Lucknow	NA	Primary School Shankarpurwa ll Vikasnagar Lucknow
					Big Almirah	1			
					Ceiling Fan	3			
					Display board	2			
					Speaker with mic	1			
					Water cooler	1			
					Wooden table	3			

S. No.	CSR Focus Area	Partner NGO/ Direct Imple-mentation	Amount of CSR spent for creation of asset (in ₹)	Date of creation of assets	Details of assets created	Quantity	Project Location	Address of Imple-menting Agency	Ownership of Asset
17	Promotion of Education	Direct Implementation	248,850	FY 2024-25	Air cooler	5	Lucknow	NA	Primary school, Itaunja, Lucknow
					Desktop hpi3	1			
					Solar Plant	1			
					Speaker with mic	1			
18	Promotion of Education	Direct Implementation	222,332	FY 2024-25	Air cooler	5	Lucknow	NA	Primary school, khurramnagar, Lucknow
					CCTV 8CH DVR	1			
					Display board	2			
					Smart TV	2			
					Speaker with mic	1			
					Wall mount fan	5			
					Water cooler	1			
					Wooden table	3			
19	Promotion of Education	Direct Implementation	312,056	FY 2024-25	Air cooler	3	Lucknow	NA	Primary school, Quila Moham-madipur, Lucknow
					CCTV 8CH DVR	1			
					Ceiling Fan	7			
					Display board	2			
					Smart Television	1			
					Solar Plant	1			
					Water cooler	1			
					Water purifier	1			
20	Promotion of Education	Direct Implementation	242,299	FY 2024-25	Big Speaker	1	Prayagraj	NA	Composite school, Andawa Prayagraj
					Book shelf	3			
					Desktop hpi3	1			
					Solar Plant	1			
					Wooden chair	5			
21	Promotion of Education	Direct Implementation	172,668	FY 2024-25	Bench	30	Prayagraj	NA	Middle school, Hanumanganj Prayagraj
					Big Almirah	2			
					Green board	2			
					Smart TV	1			
					Speaker with mic	1			

S. No.	CSR Focus Area	Partner NGO/ Direct Imple-mentation	Amount of CSR spent for creation of asset (in ₹)	Date of creation of assets	Details of assets created	Quantity	Project Location	Address of Imple-menting Agency	Ownership of Asset
22	Promotion of Education	Direct Implementation	380,198	FY 2024-25	Air cooler	5	Prayagraj	NA	Middle school, Mungari, Karchana Prayagraj
					Big Almirah	2			
					Book shelf	1			
					CCTV 4CH DVR	1			
					Ceiling fan	5			
					Smart Television	5			
					Solar Plant	1			
23	Promotion of Education	Direct Implementation	123,292	FY 2024-25	Air cooler	6			
					Big Almirah	1			
					Book shelf	2			
					Pedestal fan	2			
					Plastic chair	12			
					Seesaw - Jhula	1			
24	Promotion of Education	Direct Implementation	289,628	FY 2024-25	Air cooler	5	Pratapgarh	NA	Primary School, Rajgarh
					CCTV 8CH DVR	1			
					Display board	1			
					Small Almirah	5			
					Smart Television	5			
					Speaker with mic	2			
					Wooden table	2			
25	Promotion of Education	Direct Implementation	710,765	FY 2024-25	Air cooler	2	Unnao	NA	Middle School, Gosaikheda, Asoha, Unnao
					Bench	40			
					Book shelf	2			
					CCTV 8CH DVR	1			
					Display board	2			
					Green board	5			
					Slider - Jhula	2			
					Small chair	50			
					Smart Television	5			
					Solar Plant	1			
					Swing - Jhula	2			
					Water cooler	1			
					Water purifier	1			
					Wooden chair	1			
					Wooden table	3			
26	Promotion of Education	Direct Implementation	96,259	FY 2024-25	Bench	25	Varanasi	NA	Composite school, Chakkharawan, Badagao

S. No.	CSR Focus Area	Partner NGO/ Direct Imple-mentation	Amount of CSR spent for creation of asset (in ₹)	Date of creation of assets	Details of assets created	Quantity	Project Location	Address of Imple-menting Agency	Ownership of Asset
27	Promotion of Education	Direct Implementation	414,460	FY 2024-25	Bench	12	Varanasi	NA	Composite school, Pidarai, Pindara, Varanasi
					Big Almirah	2			
					Big Speaker	1			
					Book shelf	2			
					Display board	2			
					Smart Television	2			
					Solar Plant	1			
					Water Cooler	1			
					Water Purifier	1			
					Wooden chair	6			
					Wooden table	5			
28	Promotion of Education	Direct Implementation	122,098	FY 2024-25	Air cooler	6	Varanasi	NA	Primary school Undi
					Big Almirah	1			
					CCTV 4CH DVR	1			
					CCTV Box	1			
					Ceiling Fan	5			
					Wooden chair	2			
29	Promotion of Education	Direct Implementation	412,896	FY 2024-25	Air cooler	6	Varanasi	NA	Primary School Vasudevpur, Harahua
					CCTV 8CH DVR	1			
					Ceiling Fan	10			
					Slider - Jhula	1			
					Small Almirah	5			
					Smart Television	2			
					Solar Plant	1			
					Wooden chair	8			
30	Promotion of Education	Direct Implementation	298,199	FY 2024-25	Big Speaker	1	Varanasi	NA	Primary School, Jamunipur, Harahua
					CCTV 8CH DVR	1			
					Ceiling Fan	4			
					Smart Television	4			
					Solar Plant	1			

9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5): N.A

RESPONSIBILITY STATEMENT

Pursuant to the provisions of Companies Act, 2013 and Companies Rules (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time, Mr. Anup Kumar Singh, Managing Director and CEO and Mr. Devarajan Kannan, Chairman of CSR Committee, do confirm that the implementation and monitoring of CSR objective, is in compliance with the CSR policy.

For and on behalf of the Board of Directors

Anup Kumar Singh	**Devarajan Kannan**
Managing Director and CEO	Non- Executive Director
DIN: 00173413	DIN: 00498935

Date: 9th June, 2025
Place: Lucknow

ANNEXURE C

FORM NO. MR.3-SECRETARIAL AUDIT REPORT

RJSY & ASSOCIATES.
COMPANY SECRETARIES
207, 2nd Floor, Regent Chambers, 208, Jamnalal Bajaj Road, Nariman Point, Mumbai- 400 021. Tel.: 022 4344 0103

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2025

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
SONATA FINANCE PRIVATE LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sonata Finance Private Limited** (hereinafter called the **"Company"**).

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31st March, 2025 ("Audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended 31st March, 2025 according to the provisions of:

(1) The Companies Act, 2013 (the **"Act"**) and the rules made thereunder;

(2) The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the rules made thereunder;

(3) The Depositories Act, 1996 and the Regulations and Bye - Laws framed thereunder;

(4) Foreign Exchange Management Act, 1999 (**"FEMA"**) and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable to the Company during the audit period)**;

(5) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company during the Audit Period: -

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the audit period)**;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the audit period)**;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **(Not applicable to the Company during the audit period)**;

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company during the audit period)**;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable to the Company during the audit period)**;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the audit period)**;

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; **(To the extent applicable as the Company was delisted w.e.f 12th August, 2024)**

(j) The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 **(Not applicable to the Company during the audit period)**; and

(k) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations,2003 **(Not applicable to the Company during the audit period)**;

(6) Laws specifically applicable to the industry to which the Company belongs as identified by the management, that is to say:

a. RBI Act, 1934 and Rules, Directions & Guidelines including MFI regulations made there under.

b. Master Direction – Reserve Bank of India (Non- Banking Financial Company – Scale Based Regulation) Directions, 2023.

c. All the Rules, Regulations, Directions, Guidelines and Circulars applicable to Non-Banking Financial Companies under the RBI Act, 1934

(However, the Company had surrendered its Certificate of Registration with Reserve Bank of India with effect from 8th October, 2024)

(7) Other Laws to the extent applicable to the Company as per the representation made by the Company;

We have also examined compliances with the applicable clauses of the following:

(i) Secretarial Standards pursuant to section 118(10) of the Act, issued by The Institute of Company Secretaries of India;

(ii) Listing Agreements were entered into by the Company with BSE Limited for its debt instruments

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above except:

The Company, upon acquisition on 28th March, 2024, became a deemed public limited company and the requirement for appointment of a women director became applicable in accordance with the provisions of Section 149 of Companies Act, 2013 and Rule 3 of Companies (Appointment and Qualification of Directors) Rules based on the turnover criteria, which was not met. However, basis the audited financials as at 31st March, 2025, the requirement of a woman director is no longer applicable to the Company. Further, the Board of Directors of the Company at their meeting held on 12th August, 2024, approved the Scheme of Amalgamation of the Company with BSS Microfinance Limited.

We further report that

The Board of Directors of the Company is duly constituted (except for the non-appointment of Woman Director as mentioned above). The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate Notice is given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except in certain cases where the consent of directors were recorded in the minutes, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit period:

1. The Company has re-appointed Mr. Devarajan Kannan (DIN: 00498935) Director liable to retire by rotation at the 29th Annual General Meeting of the Company held on 15th July, 2024.

2. Mr. Akhilesh Kumar Singh resigned as a Chief Financial Officer of the Company with effect from 13th February, 2025.

3. The Company has redeemed all its Non-Convertible Debentures during the period under review, and delisted with BSE Limited with effect from 12th August, 2024.

4. The Board of Directors of the Company in their meeting held on 12th August, 2024 have approved the scheme of Amalgamation under section 230 to 232 of the Companies Act, 2013 between Sonata Finance Private Limited (Transferor Company) with and into BSS Microfinance Limited (Transferee Company) and filed an application with the Hon'ble National Company Law Tribunal Allahabad Bench, Prayagraj. The approval in this respect is awaited.

For **RJSY & ASSOCIATES**
Company Secretaries
Firm Registration No.: P2016MH057200

Harshini Binoy Parikh
Membership No.: A24652
Certificate of Practice No.: 27301
ICSI UDIN: A024652G000334555
Peer Review Number: 5889/2024

Place: Mumbai
Date: 13th May, 2025

*This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report*

'Annexure A'

To,
The Members,
SONATA FINANCE PRIVATE LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. The audit practices and processes as followed by us were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, followed by us provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For RJSY & ASSOCIATES
Company Secretaries
Firm Registration No.: P2016MH057200

Harshini Binoy Parikh
Membership No.: A24652
Certificate of Practice No.: 27301
ICSI UDIN: A024652G000334555
Peer Review Number: 5889/2024

Place: Mumbai
Date: 13th May, 2025

ANNEXURE D

Management Discussion and Analysis

INTRODUCTION

Sonata Finance Private Limited, operates as a wholly owned subsidiary of Kotak Mahindra Bank Limited, functioning as a Business Correspondent (BC) for the Bank, its a prominent facilitator for microcredit services, continues its commitment to empowering underserved communities, particularly in rural and semi-urban areas. As a business correspondent (BC) for Kotak Mahindra Bank, SFPL has been playing a pivotal role in bridging the gap between formal financial institutions and the unbanked population. The operations of Sonata are focused on extending the affordable and accessible financial services being offered by KMBL.

This Management Discussion and Analysis report provides insights into the financial performance, strategic initiatives, risks, and outlook of SFPL for the FY 2024-25.

BUSINESS REVIEW

Functioning as a Business Correspondent (BC) for the Bank, Sonata is primarily focused on extending microcredit loans to low-income households thereby leading towards financial inclusion and economic empowerment of women and underprivileged sections of the society.

SFPL aims to empower individuals and small businesses by facilitating them with access to timely and affordable credit, which is often crucial for their growth and sustenance. SFPL is committed to maintaining high standards of transparency, ethical practices, and customer service. It often implements innovative technologies and digital solutions to enhance its operational efficiency and reach a wider customer base.

Presently SFPL is operating through a network of 621 branches across 162 districts in rural and semi-urban areas of 10 states, viz., Uttar Pradesh, Madhya Pradesh, Jharkhand, Maharashtra, Uttarakhand, Punjab, Haryana, Bihar, Rajasthan and Chhattisgarh. This strategic expansion not only enhances our market reach but also strengthens our relationships with local communities and businesses.

BUSINESS MODEL AND STRATEGY

Sonata's business model leverages the extensive distribution network of Kotak Mahindra Bank, enabling us to reach previously underserved populations. SFPL is ensuring that it aligns with the bank's objectives of financial inclusion and responsible lending.

The strategy of SFPL revolves around:

- **Expanding Outreach:** Increasing our network of business correspondents and touchpoints in rural and semi-urban locations to provide easy access to financial services
- **Digitization:** Implementing digital platforms and mobile banking solutions to enhance the efficiency of service delivery and reduce the operational costs associated with traditional banking
- **Customer-Centric Approach:** Customizing financial products to meet the specific needs of low-income households, ensuring financial inclusion for all sections of society.

FINANCIAL PERFORMANCE AND HIGHLIGHTS

As on the closing of FY 2024-25, the Gross Loan portfolio managed on behalf of Kotak Mahindra Bank is ₹ 250,259.31 lakh.

Further during the period under review, Sonata achieved a total income of ₹ 26,826.22 lakh as compared to ₹ 60,500.61 lakh in the previous year and earned a net profit of ₹1,224.67 lakh during the FY 2024-25 as against the net profit of ₹ 4,662.46 lakh during the previous financial year.

RISK MANAGEMENT

Risk management is a cornerstone of our operations, integral to its goal of ensuring sustainable growth and maintaining the trust of its stakeholders. Sonata recognizes the importance of identifying, assessing, and mitigating various risks that could impact its business.

SFPL implements a comprehensive risk management framework that covers a spectrum of risks, and we have developed a team of experienced professionals dedicated to monitoring, evaluating, and managing these risks effectively.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

SFPL is currently in the process of merging with BSS Microfinance Limited, with necessary applications filed before the respective NCLT benches. Post-merger, the management is of the view that the combined entity will benefit from an expanded market presence, improved geographic reach, and enhanced operational synergies. This strategic consolidation is expected to strengthen the overall business model, increase financial resilience, and enable the unified entity to serve a broader customer base more effectively, thereby driving sustainable growth in the microfinance sector.

THREATS

As Sonata Finance Private Limited progresses with its merger with BSS Microfinance Limited, it acknowledges several transitional and industry-related challenges that require proactive management. One of the primary concerns is integration, where aligning two distinct organizational cultures, systems, and processes may result in temporary disruptions, potentially impacting service continuity and employee morale. Further the regulatory changes also pose a significant risk, as evolving policies particularly around lending norms and interest rate regulations could influence operational dynamics and profitability.

In a highly competitive landscape, where both established and new players aggressively vie for market share, Business Correspondents (BCs) must continuously innovate to retain existing customers and attract new ones. Moreover, the growing dependence on digital platforms exposes to cybersecurity threats, including the risk of data breaches, fraud, and cyberattacks. To mitigate these risks, SFPL is committed to investing in robust cybersecurity infrastructure and enhancing employee awareness through targeted training programs.

By actively addressing these challenges and capitalizing on emerging opportunities, Sonata aims to navigate the dynamic financial services environment effectively, sustain its growth trajectory, and continue delivering long-term value to its stakeholders.

HUMAN RESOURCE

Sonata Finance Private Limited places a strong emphasis on its human resources, recognizing that its employees are key drivers of success and growth. Our human resource management strategies are designed to attract, develop, and retain top talent while fostering a culture of innovation, integrity, and customer focus.

Talent Acquisition and Development: We apply rigorous recruitment processes to ensure it hires individuals with the right skills, experience, and cultural fit. Continuously seeking for professionals with a passion for financial inclusion and a commitment to making a positive impact in the communities it serves. Through continuous learning and development programs, employees are equipped with the necessary tools and knowledge to excel in their roles.

Transparent Communication: We understand the importance of employee engagement in driving productivity and job satisfaction. SFPL adopts an inclusive and supportive work environment where employees feel valued, respected, and heard. Initiatives such as employee recognition programs, team- building activities, and regular feedback mechanisms promote a sense of belonging and teamwork.

Performance Management and Career Growth: Clear performance goals and regular performance reviews are integral to our performance management framework. Employees are provided with constructive feedback, goal-setting opportunities, and avenues for skill enhancement. We encourage career growth and mobility through internal promotion opportunities, cross-functional training, and mentorship programs.

Diversity and Inclusion: We value diversity and inclusion as drivers of creativity, innovation, and resilience. We promote a diverse workforce by developing an environment free from discrimination and bias. It actively seeks to hire employees from various backgrounds, cultures, and experiences, recognizing the strength that diversity brings to its teams.

Training and capacity building: Upholding the highest ethical standards is a core principle at Sonata. We ensure that all employees are well versed in ethical guidelines, compliance requirements, and regulatory frameworks relevant to the financial industry. This commitment to ethical conduct builds trust among customers, investors, and stakeholders.

The total number of regular employees as on 31st March, 2025 was 4,233.

By investing in its employees' professional development, well-being, and job satisfaction, we cultivate a talented and motivated workforce capable of driving our mission of financial inclusion and sustainable growth. Through its human resource management practices, we aim to create a workplace where employees thrive, innovate, and contribute meaningfully to success.

The management would like to express gratitude to the team, clients, and stakeholders for their continued support and trust in SFPL's mission.

For and on behalf of the Board of Directors

Anup Kumar Singh	**Tapobrat Chaudhuri**
Managing Director and CEO	Non- Executive Director
DIN: 00173413	DIN: 09291548

Date: 9th June, 2025
Place: Lucknow

Independent Auditor's Report

To the Members of
Sonata Finance Private Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. We have audited the accompanying financial statements of **Sonata Finance Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2025, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2025, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

BASIS FOR OPINION

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

OTHER INFORMATION

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the financial statements and our auditor's report thereon.

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

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

12. As required by Section 143(3) of the Act, we report that:

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31st March, 2025, taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2025 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements;

ii. The Company did not have any long-term contracts including any derivative contracts for which there were any material foreseeable losses.

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

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 44 to the financial statements);

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 44 to the financial statements); and

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The Company has not declared and not paid any dividend during the year and not proposed final dividend for the year. Therefore, reporting in this regard is not applicable to the Company.

vi. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further during the course of our audit, we did not come across any instance of audit trail feature being tampered with and the audit trail data has been preserved by the Company.

13. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **B R Maheswari & Co LLP**
Chartered Accountants
Firm Registration Number: 001035N/N500050

Akshay Maheshwari
Partner
Membership Number:504704
UDIN: 25504704BMIBEZ2904

Place Lisbon, Portugal
Date: 26th April, 2025

Annexure A to Independent Auditor's Report

Referred to in paragraph 13(f) of the Independent Auditor's Report of even date to the members of Sonata Finance Private Limited on the financial statements for the year ended March 31, 2025

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. We have audited the internal financial controls with reference to financial statements of Sonata Finance Private Limited ("the Company") as of March 31, 2025 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

OPINION

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2025, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI .

For B R Maheswari & Co LLP
Chartered Accountants
Firm Registration Number: 001035N/N500050

Akshay Maheshwari
Partner
Membership Number: 504704
UDIN: 25504704BMIBEZ2904

Place: Lisbon, Portugal
Date: April 26, 2025

Annexure B to Independent Auditor's Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Sonata Finance Private Limited on the financial statements as of and for the year ended March 31, 2025

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B) The Company is maintaining proper records showing full particulars of Intangible Assets.

(b) The Property, Plant and Equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The Company does not have any immovable property. Therefore, the provisions of clause 3(i) (c) of the Order are not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise. [Refer Note 2]

ii. (a) The Company is in the business of rendering services and, consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.

iii. The Company has not made any investments in, provided security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) (c), (d), (e) and (f) are not applicable.

(a) The Company has stood guarantee during the year, the details of which are given below :.

Particulars	Guarantees (Rs. in lakhs)
A. Aggregate amount of guarantee provided during the year to Holding Company	107.74
B. Balance outstanding as at Balance sheet date in respect of above cases to Holding Company	0.00

(b) The guarantees provided during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of Provident Fund, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including employee' state insurance, income tax, value added tax, cess, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities. The extent of the arrears of undisputed statutory dues outstanding as at March 31, 2025, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of Payment	Remarks, if any
Employees' Provident Fund Organization	Provident fund dues	0.50 Lakhs	April 2022 to March 2023	May 2022 to April 2023	Not yet paid	Due to non-linking of Aadhar number with employee's PF account as required by notification dated June 15th, 2021, issued by Provident Fund authorities

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of goods and service tax and cess which have not been deposited on account of any dispute. The particulars of other statutory dues referred to in sub-clause (a) as at March 31, 2025 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in Lakh)	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
Income Tax Act, 1961	Income tax	12.8	2017-18 Assessment Year	Commissioner (Appeals) of Income Tax	NIL
Income Tax Act, 1961	Income tax	125.07	2013-14 Assessment Year	Commissioner (Appeals) of Income Tax	NIL
Goods and	Goods and Service Tax	45.06	2015-16to 2017-18 (Up to June)	Directorate General of GST Intelligence	NIL
Service Tax				Lucknow Zonal Unit	
Income Tax Act, 1961	'Income Tax	1.45	2023-24 Assessment Year	National Company Law Tribunal	NIL

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that are required to be recorded in the books of account.

ix. (a) Except stated below, according to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year. hence, reporting under clause (ix) (c) of the Order is not applicable.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanation given to us and overall examination of financial statement of the company does not have any subsidiary, associates, join venture, hence clause 3 (ix)(' e) not applicable to the company.

(f) According to the information and explanation given to us and procedure performed by us the company does not have any subsidiary, associates, join venture, hence clause 3 (ix)(f) not applicable to the company.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) Based upon the audit procedure performed and the information and explanation given by the management, the company has not allotted preference shares (Section 62) or raised money by way of private placement (Section 42) or convertible debenture/fully, partially or optionally convertible during the year

xi (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud by the company or on the company has been noted and reported, except for the these four instances of fraud and Financial irregularities aggregating to Rs.124.45 Lakh in the year under audit

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. According to the information and explanations given to us, no report under 143(12) of the Act has been filed by the predecessor auditor or secretarial auditor of the Company during the year. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year.

As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditor for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi) (a), (b) and (c) of the Order is not applicable.

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

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) According to the information and explanations given to us and on the basis of the financial ratios (refer Note 41 to the financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.

(b) In respect of ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section135(5) of the Act. Accordingly, reporting under clause 3(xx)(b) clause is not applicable.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For B R Maheswari & Co LLP
Chartered Accountants
Firm Registration Number: 001035N/N500050

Akshay Maheshwari
Partner
Membership Number: 504704
UDIN: 25504704BMIBEZ2904

Place: Lisbon, Portugal
Date: April 26, 2025

Balance Sheet

as at 31st March, 2025

(Currency: ₹ in lakh)

Particulars	Note	As at 31st March, 2025	As at 31st March, 2024
I ASSETS			
1 Non -Current Assets			
Property, Plant and Equipment	3	647.34	198.09
Other Intangible Assets	4	86.68	7.39
Financial Assets			
Non- Current Investments	5	5.75	5.65
Other Non - Current Financial Assets	6	5,516.96	9,836.23
Deffered Tax Assets (Net)	7	715.98	1,095.76
Other Non Current Assets	8	196.08	186.77
Total Non- Current Assets		**7,168.79**	**11,329.90**
2 Current Assets			
Financial Assets			
Current Investments	9	-	-
Trade Receivables	10	9,278.28	585.26
Cash and Cash Equivalents	11	11,196.73	22,886.75
Bank balance other than cash and cash equivalents above	12	13,029.06	12,856.38
Loans	13	30.67	40,886.20
Other Current Financial Assets	14	0.46	1.38
Current Tax Assets (Net)	7	3,191.15	1,443.76
Other Current Assets	15	1,725.53	1,948.25
Total Current Assets		**38,451.88**	**80,607.97**
Total Assets		**45,620.67**	**91,937.87**
II EQUITY AND LIABILITIES			
1 Equity		2,645.33	2,645.33
Equity Share Capital Other Equity	16	37,530.82	36,285.30
Total Equity	17	**40,176.15**	**38,930.63**
2 Liabilities			
Non- Current Liabilities			
Financial Liabilities			
Lease Liabilities	18	127.10	146.13
Provisions	18	547.95	554.18
Total Non - Current Liabilities	19	**675.05**	**700.31**
Current Liabilities			
Financial Liabilities			
Lease Liabilities	18	96.73	62.10
Trade Payables	20		
- total outstanding dues of micro enterprises and small enterprises (MSME)		5.40	24.30
- total outstanding dues of creditors other than MSME		324.92	1,575.62
Other Current Financial Liabilities	21	1,239.38	47,291.74
Provisions	22	1,357.07	915.77
Other Current Liabilities	23	1,745.97	2,437.40
Total Current Liabilities		**4,769.47**	**52,306.93**
Total Liabilities		**45,620.67**	**91,937.87**
Summary of material accounting policies	1 - 2		
The accompanying notes are an integral part of the financial statements	3 -53		

As per our report of even date
B R Maheswari & Co LLP
Chartered Accountants
Firm's Registration No.: 001035N / N500050

CA Akshay Maheshwari
Partner
Membership No: 504704

Lisbon, Portugal
26th April, 2025

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

Anup Kumar Singh
Managing Director & CEO
DIN: 00173413

Tapobrat Chaudhuri
Director
DIN: 09291548

Anjali Manwani Siddiqui
Company Secretary
FCS No-12612

Lucknow
26th April, 2025

Statement of Profit and Loss

for the period ended 31st March, 2025

(Currency: ₹ in lakh)

	Particulars	Note	For the year ended 31st March, 2025	For the year ended 31st March, 2024
I.	Revenue from operations	24	24,728.80	57,994.24
II	Other Income	25	2,097.42	2,506.37
III	**Total Income (I+II)**		**26,826.22**	**60,500.61**
IV	**Expenses**			
	Employee Benefit Expenses	26	13,609.41	12,511.24
	Finance Cost	27	2,230.05	29,114.93
	Depreciation and Amortization Expense	28	408.76	250.32
	Other Expenses	29	8,980.56	11,811.08
	Total Expenses		**25,228.78**	**53,687.57**
V	**Profit Before Tax (III- IV)**		**1,597.44**	**6,813.04**
VI	**Tax Expense :**			
	i) Current Tax	30 (A)	-	1,205.44
	ii) Deffered Tax	30 (B)	372.77	945.14
	Tax expense:		**372.77**	**2,150.58**
VII	**Profit for the Period(V- VI)**		**1,224.67**	**4,662.47**
VIII	**Other comprehensive income (OCI)**			
	Items that will not be reclassified subsequently to statement of profit or loss			
	- Re-measurement losses of defined benefit plans (i)		27.86	(545.65)
	- Income tax relating to the above items (ii)		(7.01)	137.33
	Other Comprehensive Income (i+ii)		**20.85**	**(408.32)**
IX	**Total Comprehensive Income for the year (VI+VII)**		**1,245.52**	**4,254.15**
X	**Earning Per Share**	31	4.63	17.82
	Summary of material accounting policies	1 - 2		
	The accompanying notes are an integral part of the financial statements	3 -53		

As per our report of even date
B R Maheswari & Co LLP
Chartered Accountants
Firm's Registration No.: 001035N / N500050

CA Akshay Maheshwari
Partner
Membership No: 504704

Lisbon, Portugal
26th April, 2025

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

Anup Kumar Singh
Managing Director & CEO
DIN: 00173413

Tapobrat Chaudhuri
Director
DIN: 09291548

Anjali Manwani Siddiqui
Company Secretary
FCS No-12612

Lucknow
26th April, 2025

Statement of Cash Flow

for the year ended 31st March, 2025

(Currency: ₹ in lakh)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Cash flow from operating activities		
Profit before tax	1,597.44	6,813.04
Interest income	(2,404.78)	(53,528.87)
Interest expense	2,081.66	28,958.75
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	408.76	250.32
Interest on lease liability	31.21	28.65
Impairment on financial instruments	6,319.62	7,163.12
Provision no longer required	(2,404.16)	(142.39)
Unrealised (gain) on derivative	-	150.25
Realised gain on investment	(926.46)	(767.17)
Unrealised gain on investment	(0.10)	-
Dividend	(12.50)	-
Net gain on derecognition of financial instruments under amortised cost category	-	690.61
Interest on Income Tax Refund	(43.13)	(85.65)
Profit on sale of property , plant and equipment	(0.40)	(0.40)
Operational cash flows from Interest		
Cash inflow from interest income	2,200.87	53,528.87
Cash outflow for interest expense	(2,025.05)	(28,309.85)
Cash flow from working capital changes		
(Increase)/decrease in Loans	34,733.22	140,093.66
(Increase) / decrease in bank balance other than cash and cash equivalents	(172.68)	(10,791.62)
(Increase)/decrease in trade receivables	(8,693.02)	(190.62)
(Increase) / decrease in other current financial assets	0.92	-
(Increase)/decrease in other current assets	222.72	113.31
(Increase)/decrease in other non- current financial assets	4,319.27	(1,616.63)
(Increase)/decrease in other non current assets	(9.31)	133.83
Increase/(decrease) in trade payables	(1,269.59)	1,279.86
Increase / (decrease) in non- current financial liabilities	15.60	(116.25)
Increase/(decrease) in Provisions	3,524.79	(119.76)
Increase / (decrease) in other current financial liabilities	999.63	(23.53)
Increase / (decrease) in other current liabilities	(691.43)	896.71
Cash generated from / (used in) operations	**37,803.10**	**144,408.24**
Income tax paid	(2,389.84)	(1,689.60)
Net cash flows from/(used in) operating activities	**35,413.27**	**142,718.64**
Cash flow from investing activities		
Purchase of property , plant and equipment	(827.32)	(168.57)
Sale of property , plant and equipment	0.54	0.99
Purchase of intangible assets	-	-
Dividend	12.50	-
(Increase)/decrease in Non current investment	(0.10)	-
Proceeds on sale of investment in mutual fund	79,545.51	175,320.13
Purchase of investment in mutual fund	(78,619.05)	(174,552.96)
Net cash flows from/(used in) investing activities	**112.08**	**599.59**

Statement of Cash Flow

for the year ended 31st March, 2025

(Currency: ₹ in lakh)

Particulars		As at 31st March, 2025	As at 31st March, 2024
Cash flow from financing activities			
Debt securities issued		-	-
Debt securities repaid		(34,921.18)	(2,250.00)
Borrowings other than debt securities issued		-	122,712.50
Borrowings other than debt securities repaid		(12,159.55)	(275,317.88)
Repayment of Lease liabilities		(134.64)	(90.61)
Subordinated liabilities repaid		-	(2,000.00)
Proceeds from issuance of equity share capital including securities premium		-	518.27
Net cash flows from financing activities		**(47,215.37)**	**(156,427.71)**
Net increase in cash and cash equivalents		(11,690.02)	(13,109.48)
Cash and cash equivalents at the beginning of the year		22,886.75	35,996.23
Cash and cash equivalents at the end of the year		**11,196.73**	**22,886.75**
Components of cash and cash equivalents			
Cash on hand		254.30	69.34
Fund in transit		592.20	281.25
Balances with banks			
In current accounts		10,350.23	22,536.16
In deposit account		-	-
Total cash and cash equivalents		**11,196.73**	**22,886.75**
Summary of material accounting policies	1 - 2		
The accompanying notes are an integral part of the financial statements	3 -53		

As per our report of even date

B R Maheswari & Co LLP
Chartered Accountants
Firm's Registration No.: 001035N / N500050

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

CA Akshay Maheshwari
Partner
Membership No: 504704

Anup Kumar Singh
Managing Director & CEO
DIN: 00173413

Tapobrat Chaudhuri
Director
DIN: 09291548

Anjali Manwani Siddiqui
Company Secretary
FCS No-12612

Lisbon, Portugal
26th April, 2025

Lucknow
26th April, 2025

Statement of Changes In Equity

for the period ended 31st March, 2025

(Currency: ₹ in lakh)

EQUITY SHARE CAPITAL

Equity shares of ₹ 10 each issued, subscribed and fully paid.

Particulars	Amount
Balance at the beginning of the year	**2,596.25**
Changes in equity share capital during the year	20.52
As at 31st March, 2023	**2,616.77**
Changes in equity share capital during the year	28.56
As at 31st March, 2024	**2,645.33**
Changes in equity share capital during the year	-
As at 31st March, 2025	**2,645.33**
During the FY 23-24:	
2,85,630,equity shares from SEWT were transferred to Kotak Mahindra Bank Limited.	

OTHER EQUITY (REFER NOTE 17)

Particulars	Reserves and surplus					Other comprehensive income	Total other Equity
	Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Capital reserve	Securities premium	Stock option outstanding	Retained earnings		
As at 1st April, 2023	3,211.87	22.68	21,011.73	-	7,263.78	31.38	31,541.44
Profit for the year	-	-	-	-	4,662.46	-	4,662.46
Remeasurement of net defined benefit obligation						(408.32)	(408.32)
Premium on exercise of Stock options			489.72				489.72
Transferred from retained earnings to statutory reserve	932.49	-	-	-	(932.49)		-
Transferred from /to securities premium	-	-	-	-	-	-	-
As at 31st March, 2024	**4,144.36**	**22.68**	**21,501.45**	**-**	**10,993.75**	**(376.94)**	**36,285.30**
Profit for the year	-	-	-	-	1,224.67	-	1,224.67
Remeasurement of net defined benefit obligation	-	-	-	-		20.85	20.85
Premium on exercise of Stock options	-	-	-	-	-	-	-
Transferred to retained earnings from statutory reserve	(4,144.36)	-	-	-	4,144.36	-	-
Transferred from /to securities premium	-	-			-	-	-
As at 31st March, 2025	**-**	**22.68**	**21,501.45**	**-**	**16,362.78**	**(356.09)**	**37,530.82**

Summary of material accounting policies 1 - 2

The accompanying notes are an integral part of the financial statements. 3 -53

As per our report of even date

B R Maheswari & Co LLP
Chartered Accountants
Firm's Registration No.: 001035N / N500050

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

CA Akshay Maheshwari
Partner
Membership No: 504704

Anup Kumar Singh
Managing Director & CEO
DIN: 00173413

Tapobrat Chaudhuri
Director
DIN: 09291548

Anjali Manwani Siddiqui
Company Secretary
FCS No-12612

Lisbon, Portugal
26th April, 2025

Lucknow
26th April, 2025

Notes to the Financial Statements

for the year ended 31st March, 2025

1. CORPORATE INFORMATION

Sonata Finance Private Limited ("the Company") is a private company, incorporated in India having registered office at Lucknow, Uttar Pradesh, India and is functioning as a wholly owned subsidiary of Kotak Mahindra Bank Limited (KMBL). The Company is carrying the status of deemed public company pursuant to proviso of section 2 (71) of the Companies Act, 2013.

The Company was registered with the Reserve Bank of India ('RBI') with classification as Non- Banking Financial Company — Micro Finance Institution ((NBFC-MFI'). On 18th July, 2024, the Company applied to the RBI for voluntary cancellation of its certificate of registration (CoR), issued under registration number B-12.00445 dated 3rd December, 2013, to exit the Non-Banking Financial Institution (NBFI) business. The RBI reviewed and cancelled the CoR effective 8th October, 2024. Consequently, the Company will no longer conduct any NBFI activities as defined under clause (a) of Section 45-I of the RBI Act, 1934.

The Company is acting as the Business Correspondent (BC) to KMBL and thereby facilitates micro lending and assists in financial inclusion and economic empowerment of women and underprivileged sections of the society..

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

i. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act, guidelines issued by the RBI as applicable and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by regulators are implemented as and when they are issued / applicable, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

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

The financial statement for the year ended 31st March, 2025 were approved by Board of Directors on 26th April, 2025.

Functional and presentation currency:

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

ii. Presentation of financial statements

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

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

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

iii. Basis of measurement

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

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

Notes to the Financial Statements

for the year ended 31st March, 2025

iv. Measurement of fair values:

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

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value for measurement and/or disclosure purposes for certain items in these financial statements is determined considering the following measurement methods:

Items	Measurement basis
Certain financial assets and liabilities (including Fair value derivatives instruments)	Fair value through profit & loss (FVPL)
Net defined benefit (asset) / liability	Fair value through other comprehensive income (FVOCI).
Property plant and equipment	At Historical cost

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

The levels are described as follows:

a) Level I: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date

b) Level 2: inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

c) Level 3: inputs are unobservable inputs for the valuation of assets or liabilities that the Company can access at the measurement date.

Valuation model and framework used for fair value measurement and disclosure of financial instrument: **(Refer notes 42)**

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

(v) Use of estimates, assumptions and judgements

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

1. Business model assessment (refer note 3 0)
2. Effective Interest rate (refer note 3 a)
3. Impairment of financial assets (refer note 3p)
4. Provisions (Contingent liabilities and assets (refer note 3 i)
5. Income tax (refer note 3 l)

Notes to the Financial Statements

for the year ended 31st March, 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Revenue recognition

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

i) Interest Income:

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

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

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

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit

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

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

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

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

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

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

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

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

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

The Company recognises revenue from contracts with customers from Business Correspondent based on a five step model as set out in Ind AS 115:

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

Notes to the Financial Statements

for the year ended 31st March, 2025

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

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

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

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

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

iv) Other income and expenses

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

(b) Finance cost

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

While computing the capitalisation rate for funds borrowed generally, the Company should exclude borrowing costs applicable to borrowings made specifically for obtaining a qualifying asset, only until the asset is ready related qualifying asset is ready for intended use or for sale would subsequently be considered as general borrowing costs of the Company.

(c) Cash and Cash equivalents

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

(d) Property, plant equipment (PPE)

All PPE are stated at historical cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use), net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred. For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of PPE measured as per IGAAP less accumulated amortisation and cumulative impairment on the transition date of 1st April, 2018.

(e) Intangible assets

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

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

Notes to the Financial Statements

for the year ended 31st March, 2025

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

(f) Depreciation on property, plant and equipment

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

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

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

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

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

(g) Amortization of Intangible assets

Intangible assets are amortized on a written down value (WDV) basis over the estimated useful economic life. The management has determined its estimate of useful economic life as three years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

(h) Impairment losses on non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors.

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets' net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the statement of profit or loss.

Notes to the Financial Statements

for the year ended 31st March, 2025

De-recognition of property, plant and equipment and Intangible Asset

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

(i) Provisions, contingent liabilities and contingent assets

Provision:

Provisions are recognised only when:

i. The Company has a present obligation (legal or constructive) as a result of a past event;

ii. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

iii. a reliable estimate can be made of the amount of the obligation

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

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

Contingent liabilities:

Contingent liability is disclosed in case of:

i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

ii. a present obligation arising from past events, when no reliable estimate is possible.

Contingent Assets:

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

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

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

(j) Commitments:

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

i. estimated amount of contracts remaining to be executed on capital account and not provided for; ii. uncalled liability on shares and other investments partly paid;

iii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

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

Notes to the Financial Statements

for the year ended 31st March, 2025

(k) Retirement and other employee benefits Defined Contribution Plan:

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

Defined Benefit Plan:

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

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

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

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

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

Other long-term employee benefits:

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

(l) Taxation:

Income taxes

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

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

Notes to the Financial Statements

for the year ended 31st March, 2025

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Goods and Services Input Tax Credit

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

(m) Earnings Per Share

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

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

(n) Share based payments

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

(O) Financial instruments

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

Financial Assets

Initial recognition and measurement

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

Notes to the Financial Statements

for the year ended 31st March, 2025

Classification and Subsequent measurement

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

Modification and De-recognition of financial assets Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as stage 3 immediately upon such modification in the terms of the contract.

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. amount allocated to the portion of the asset derecognised) and the sum of:

(i) the consideration received (including any new asset obtained less any new liability assumed), an

(ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

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

Loans at amortized costs

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

Business Model Assessment:

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice.

Notes to the Financial Statements

for the year ended 31st March, 2025

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

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

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

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

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

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

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

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

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and loss including any interest or dividend income, are recognised in the statement profit or loss. The transaction costs and fees are also recorded related to the instruments in the statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by Impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on de-recognition is recognised in the statement of profit or loss.

Notes to the Financial Statements

for the year ended 31st March, 2025

Financial assets (other than Equity Investments) at FVTO'	Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual Cash flow that are solely payments of principal and interest, are subsequently measured by fair value through other comprehensive income. Fair value movements recognized in the other comprehensive income (OCI). Interest income measured: using method and impairment losses, if any are recognised in statement of Profit and Loss. On derecognition, cumulative gain or previously recognised in OCI is reclassified from the equity to other income the statement of Profit and Loss.
EIR Equity investments at FVTOC	These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains or losses are recognised in OCI and are not reclassified to profit or loss.

Reclassifications within classes of financial assets

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

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

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

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

Financial liability and Equity

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

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

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

Financial liabilities

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

Classification

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

De-recognition of financial liabilities

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

Notes to the Financial Statements

for the year ended 31st March, 2025

Equity

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

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

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

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

Borrowings

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

(p) Impairment of financial assets (also refer note 45)

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

Accordingly, the Company groups its loans into Stage 1, Stage 2, Stage 3, as described below:

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

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

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

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

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

(q) Foreign currency

(i) All transactions in foreign currency are recognized at the exchange rate prevailing on the date of the transaction.

(ii) Foreign currency monetary items are reported using the exchange rate prevailing at the close of the period.

(iii) Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expenses in the period in which they arise.

(r) Leases (where the Company is the lessee)

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

Notes to the Financial Statements

for the year ended 31st March, 2025

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

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

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

Asset taken on lease:

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

As a lessee, the Company previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership.

Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for certain type of its leases.

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

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

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

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

For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

Notes to the Financial Statements

for the year ended 31st March, 2025

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

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

(s) Investments

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

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

(t) Corporate Social Responsibility (CSR) expenditure

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

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

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

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

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

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

Notes to the Financial Statements

for the year ended 31st March, 2025
(Currency: ₹ in Lakh)

3. PROPERTY PLANT AND EQUIPMENT

Particular	Office equipment	Furniture & fixures	Vehicles	Computers	Total
Gross Block					
At 1st April, 2023	298.18	438.70	35.49	372.77	1,145.14
Additions	60.22	72.20	-	36.14	168.56
Disposals	(1.37)		-	(8.05)	(9.41)
31st March, 2024	**357.03**	**510.90**	**35.49**	**400.86**	**1,304.28**
Additions	307.08	111.89	-	321.85	740.82
Disposals	1.60				1.60
As at 31st March, 2025	**662.50**	**622.79**	**35.49**	**722.71**	**2,043.50**
Accumulated Depreciation :-					
At 1st April, 2023	246.97	350.17	24.82	318.58	940.54
Depreciation charge for the year	49.78	86.78	3.34	34.57	174.47
Disposals	(1.21)	-	-	(7.61)	(8.82)
31st March, 2024	**295.53**	**436.95**	**28.16**	**345.54**	**1,106.19**
Depreciation charge for the year	178.20	67.73	2.29	43.22	291.43
Disposals	1.46				1.46
As at 31st March, 2025	**472.27**	**504.68**	**30.45**	**388.76**	**1,396.16**
Net block value:					
At 1st April, 2023	**51.22**	**88.53**	**10.67**	**54.19**	**204.60**
31st March, 2024	**61.50**	**73.94**	**7.33**	**55.32**	**198.09**
As at 31st March, 2025	**190.23**	**118.11**	**5.04**	**333.95**	**647.34**

Impairment loss and reversal of impairment loss

There is no impairment loss recognised for Property, Plant and Equipment

Benami properties

No proceedings have been initiated or pending against Company for holding any Benami Property under Prohibitions of Benami Transactions (Prohibitions) Act, 1988 (as amended in 2016) and rules made thereunder

4. OTHER INTANGIBLE ASSETS

Particulars	Computer software
Gross Block	
At 1st April, 2023	84.42
Additions	-
Disposals	-
As at 31st March, 2024	**84.42**
Additions	86.49
Disposals	-
As at 31st March, 2025	**170.91**
Accumulative amortisation:	
At 1st April, 2023	72.25
Disposals	-
Amortisation for the year	4.78
As at 31st March, 2024	**77.03**
Disposals	
Amortisation for the year	7.20
As at 31st March, 2025	**84.23**
Net block value:	
At 1st April, 2023	**12.17**
As at 31st March, 2024	**7.39**
As at 31st March, 2025	**86.68**

Notes to the Financial Statements

for the year ended 31st March, 2025

(Currency: ₹ in Lakh)

Impairment loss and reversal of impairment loss

There is no impairment loss recognised for intangible assets.

5. NON CURRENT INVESTMENTS

Particulars	As at 31st March, 2025	As at 31st March, 2024
Investments Equity instruments		
50,000 (31st March, 2024: 50,000) fully paid up shares of Alpha Micro Finance Consultants Private Limited at face value of ₹ 10 (31st March, 2024 : ₹ 10) per share	5.75	5.65
	5.75	**5.65**

6. OTHER NON - CURRENT FINANCIAL ASSETS

Particulars	As at 31st March, 2025	As at 31st March, 2024
Bank deposits lien Marked	1,820.55	7,677.59
Interest Accrued on above	14.69	243.60
Less: Impairment Loss allowance	-	-
Bank deposits with more than 12 months maturity (free of lien)	3,655.73	1,809.29
Interest Accrued on above	15.61	83.82
Less: Impairment Loss allowance	-	-
Security deposits	10.38	21.93
	5,516.96	**9,836.23**

7. DEFFERRED TAX ASSETS (NET)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Current tax assets / (current tax liability) (Net of provision)	3,191.15	1,443.76
Total	**3,191.15**	**1,443.76**
Deferred tax asset relating to origination and reversal of temporary differences (Net of liabilities)	715.98	1,095.76
Total	**715.98**	**1,095.76**

8. OTHER NON CURRENT ASSETS

Particulars	As at 31st March, 2025	As at 31st March, 2024
Right to use asset	196.08	186.77
Total	**196.08**	**186.77**

Notes to the Financial Statements

for the year ended 31st March, 2025

(Currency: ₹ in Lakh)

9. CURRENT INVESTMENTS

Particulars	As at 31st March, 2025	As at 31st March, 2024
Investments	-	-
Total	**-**	**-**
Investments in India	-	-
Investments outside India	-	-
Total	**-**	**-**
Aggregate Amount of Quoted Investments	-	-
Market Value of Quoted Investments	-	-
Aggregate value of unquoted investments at cost	-	-

10. TRADE RECEIVABLES

Particulars	As at 31st March, 2025	As at 31st March, 2024
Trade receivables	9,278.28	585.26
Less: Impairment loss allowance -Trade Receivables (B/s)	-	-
Total	**9,278.28**	**585.26**

Trade receivables (Unsecured) (at amortized cost)

Particulars	As at 31st March, 2025					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	8,281.51	996.77	-	-	-	9,278.28
Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables – considered doubtful	-	-	-	-	-	-
	8,281.51	**996.77**	**-**	**-**	**-**	**9,278.28**

Particulars	As at 31st March, 2024					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	585.26	-	-	-	-	585.26
Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables – considered doubtful	-	-	-	-	-	-
	585.26	**-**	**-**	**-**	**-**	**585.26**

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

Notes to the Financial Statements

for the year ended 31st March, 2025

(Currency: ₹ in Lakh)

11. CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2025	As at 31st March, 2024
Cash on hand	254.30	69.34
Balances with banks in current accounts	10,350.23	22,536.16
Fund in transit	592.20	281.25
Total	**11,196.73**	**22,886.75**

12. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS ABOVE

Particulars	As at 31st March, 2025	As at 31st March, 2024
Bank deposit - Free of lien	12,943.48	12,847.75
Interest Accrued on above	85.58	8.63
Less: Impairment Loss allowance	-	-
Total	**13,029.06**	**12,856.38**

13. LOANS

Particulars		As at 31st March, 2025	As at 31st March, 2024
1 (a)	Term loans	(-)	42,695.87
1 (b)	Interest accrued on above	-	452.64
	Total (1(a) + 1(b))	(-)	**43,148.51**
1 (c)	Less: Impairment loss allowance	-	2,311.03
1 (d)	**Net (1(a) + 1(b) - 1(c))**	(-)	**40,837.48**
1 (e)	Employee loans	30.67	48.72
	Gross (1(d) + 1(e))	**30.67**	**40,886.20**
i)	Secured	-	-
ii)	Unsecured	30.67	43,197.23
	Gross	**30.67**	**43,197.23**
	Less: Impairment loss allowance	-	2,311.03
	Net	**30.67**	**40,886.20**

Notes

(i) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes to the Financial Statements

for the year ended 31st March, 2025
(Currency: ₹ in Lakh)

14. OTHER CURRENT FINANCIAL ASSETS

Particulars	As at 31st March, 2025	As at 31st March, 2024
Security Deposits	0.46	1.38
Total	**0.46**	**1.38**

15. OTHER CURRENT ASSETS

Particulars	As at 31st March, 2025	As at 31st March, 2024
Excess interest spread receivable on direct assignment (unsecured, considered good)	-	103.48
Less: Provisioning on direct assignment portfolio and moratorium interest accrued	-	(93.13)
Insurance Claim Recoverable	-	3.67
Less: Provision on insurance claim recoverable	-	-
Recoverable from business correspondent customers	-	168.28
Less: Provision on recoverable from business correspondent customers	-	(168.28)
Others (unsecured)*	526.62	206.64
Margin money**	69.30	717.36
FLDG with DCB bank	837.68	837.68
Prepaid expenses (unsecured, considered good)	276.41	151.63
Advances to parties (unsecured, considered doubtful)	113.32	29.65
Less: Provision for doubtful advances	(113.32)	(29.65)
Advance to parties (unsecured, considered good)*	15.52	20.91
Total	**1,725.53**	**1,948.25**

** Comprises of recoverable from employees and vendors of the Company.*

*** Includes interest accrued on margin money.*

16. EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2025	As at 31st March, 2024
Authorised Share Capital		
4,00,00,000 (31st March, 2024 : 4,00,00,000) equity shares of face value ₹10/- each	4,000	4,000
1,00,00,000 (31st March, 2024 : 1,00,00,000) preference shares of face value ₹10/-each	1,000	1,000
Total	**5,000**	**5,000**
Issued ,Subscribed , Called and paid up Share Capital		
2,64,53,256 (31st March, 2024 :2,64,53,256) equity shares of face value ₹10/- each	2,645.33	2,645.33
Total	**2,645.33**	**2,645.33**

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

Equity shares	As at 31st March, 2025		As at 31st March, 2024	
	Number	In ₹ lakh	Number	In ₹ lakh
At the beginning of the year	26,453,256	2,645.33	26,167,626	2,616.76
Issued during the year on account of fresh capital infusion	-	-	-	-
Issued during the year under employees stock option scheme	-	-	285,630	28.56
Outstanding at the end of the year	**26,453,256**	**2,645.33**	**26,453,256**	**2,645.33**

Notes to the Financial Statements

for the year ended 31st March, 2025
(Currency: ₹ in Lakh)

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10/- per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of share holding of promoter

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	Number	% of Holding	Number	% of Holding
Kotak Mahindra Bank Limited	26,453,256	100%	26,453,256	100%

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

Name of shareholder	As at 31st March, 2025		As at 31st March, 2024	
Equity Shares of ₹ 10/- each fully paid	No. of shares held	% of Holding in the class	No. of shares held	% of Holding in the class
Kotak Mahindra Bank Limited*	26,453,256	100%	26,453,256	100%

**In order to ensure minimum shareholding requirement as per the Companies Act 2013, for a deemed public limited company being a wholly owned subsidiary of Kotak Mahindra Bank Limited(Bank), 10 shares each have been transferred to 8 nominees of the bank holding shares jointly with Kotak Mahindra Bank Limited*

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

(e) The Company has not declared dividend at the end of reporting period 31st March, 2025. No dividend has been declared during the year (31st March, 2024- Nil).

(f) Information regarding issue of shares in the last five years:

i. The Company has not issued any shares without payment being received in cash.

ii. The Company has not issued any bonus shares.

iii. The Company has not undertaken any buyback of shares.

17. OTHER EQUITY

Particulars	As at 31st March, 2025	As at 31st March, 2024
Statutory Reserve pursuant to Section 45-IC of the Reserve Bank of India Act, 1934	-	4,144.36
Capital reserve	22.68	22.68
Securities premium	21,501.45	21,501.45
Retained earnings	16,362.78	10,993.75
Other comprehensive income / (loss)	(356.09)	(376.94)
Total	**37,530.82**	**36,285.30**

1. Nature and purpose of reserves Securities Premium

Premium collected on issue of securities are accumulated as part of securities premium. Utilisation of such reserve is restricted by the Companies Act, 2013.

Notes to the Financial Statements

for the year ended 31st March, 2025
(Currency: ₹ in Lakh)

Statutory Reserve

Before the Company surrendered its license of an Non Banking Finance Company, it was required to appropriate 20% of its profits as per Section 45 IC of the Reserve Bank of India Act, 1934.

Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

18. LEASE LIABILITIES (NON CURRENT)

Particulars	Non Current		Current	
	As at 31st March, 2025	As at 31st March, 2024	As at 31st March, 2025	As at 31st March, 2024
Lease Liabilities (Refer note -34)	127.10	146.13	96.73	62.10
Total	**127.10**	**146.13**	**96.73**	**62.10**

19. PROVISIONS (NON CURRENT

Particulars	As at 31st March, 2025	As at 31st March, 2024
Provision for employee benefits (Refer Note-36)	466.15	403.26
Other provisions	81.80	150.92
Total	**547.95**	**554.18**

20. TRADE PAYABLES

Particulars	As at 31st March, 2025	As at 31st March, 2024
(i) Total outstanding dues to micro enterprises and small enterprises	5.40	24.30
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	324.92	1,575.62
Total	**330.32**	**1,599.92**

Trade Payables (Unsecured) (at amortized cost)

Particulars	As at 31st March, 2025					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Payables – considered good	321.19	4.55	4.58	-	-	330.32
Undisputed Trade Payables – considered doubtful	-	-	-	-	-	-
Disputed Trade Payables – considered good	-	-	-	-	-	-
Disputed Trade Payables – considered doubtful	-	-	-	-	-	-
Total	**321.19**	**4.55**	**4.58**	**-**	**-**	**330.32**

Notes to the Financial Statements

for the year ended 31st March, 2025

(Currency: ₹ in Lakh)

Particulars	As at 31st March, 2024					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Payables – considered good	1,593.21	6.69	0.02	-	-	1,599.92
Undisputed Trade Payables – considered doubtful	-	-	-	-	-	-
Disputed Trade Payables – considered good	-	-	-	-	-	-
Disputed Trade Payables – considered doubtful	-	-	-	-	-	-
Total	**1,593.21**	**7**	**0**	**-**	**-**	**1,599.92**

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

Particulars	As at 31st March, 2025	As at 31st March, 2024
Principal amount remaining unpaid at the end of the period - -	-	-
Interest due thereon remaining unpaid at the end of the period - -		
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
Interest accrued and remaining unpaid at the end of the period -		
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

21. OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at 31st March, 2025	As at 31st March, 2024
Advance received from Kotak Mahindra bank Limited	163.18	-
Salary Payable	1,076.20	267.61
Debt securities	-	34,921.18
Borrowings (other than debt securities)	-	12,102.95
Total	**1,239.38**	**47,291.74**

Notes to the Financial Statements

for the year ended 31st March, 2025
(Currency: ₹ in Lakh)

22. PROVISIONS (CURRENT)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Provision for employee benfits(Refer note-36)	273.71	168.30
Provision for direct BC portfolio	1,083.36	747.48
Total	**1,357.07**	**915.77**

23. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2025	As at 31st March, 2024
Payable for portfolio loan securitised/ assigned	510.00	300.37
Payable to bank against BC	695.02	26.88
Statutory dues payable	337.83	1,271.24
Grant	-	0.89
Others*	203.12	838.02
Total	**1,745.97**	**2,437.40**

24. REVENUE FROM OPERATIONS

Particulars	As at 31st March, 2025	As at 31st March, 2024
Portfolio loans	1,332.14	52,619.95
Business Correspondent Service Fees	23,366.72	3,374.86
Processing fees	-	161.65
Servicer fee on portfolio loans securitized and assigned	-	2.00
Bad Loan recovery	29.94	1,835.78
Total	**24,728.80**	**57,994.24**

25. OTHER INCOME

Particulars	As at 31st March, 2025	As at 31st March, 2024
Interest income on fixed deposits	1,066.51	901.78
Interest income on loan to employees	6.12	7.14
Interest income on income tax refund	43.13	85.65
Realised gain on investment	926.46	767.17
Unrealised gain on investment	0.10	-
Net gain on derecognigition of financial instruments under amortised cost	-	690.61
Profit on sale of property, plant and equipment	0.40	0.40
Miscellaneous income	42.20	53.62
Dividend Income	12.50	-
Total	**2,097.42**	**2,506.37**

Notes to the Financial Statements

for the year ended 31st March, 2025

(Currency: ₹ in Lakh)

26. EMPLOYEE BENEFIT EXPENSES

Particulars	As at 31st March, 2025	As at 31st March, 2024
Salaries and bonus	12,214.26	11,568.72
Contributions to provident fund	787.73	627.18
Contribution to employees' state insurance	127.75	96.24
Gratuity expenses	184.29	160.98
Staff welfare expenses	295.38	58.12
Total	**13,609.41**	**12,511.24**

27. FINANCE COST

Particulars	As at 31st March, 2025	As at 31st March, 2024
Interest on financial liabilites measured at amortised cost		
- Debt securities	698.12	4,860.45
- Borrowing other than debt securities	329.49	22,306.30
- Subordinated liabilities	-	275.39
- Lease liability	31.21	28.65
- Other borrowings costs	1,054.05	1,487.96
Others		
- Bank charges	69.14	128.40
- Other borrowing cost	48.04	27.78
Total	**2,230.05**	**29,114.93**

28. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Particulars	As at 31st March, 2025	As at 31st March, 2024
Depreciation of property, plant and equipment	291.43	174.47
Amortisation charge on rights of use assets	110.13	71.07
Amortization of intangible asset	7.20	4.78
Total	**408.76**	**250.32**

29. OTHER EXPENSES

Particulars	As at 31st March, 2025	As at 31st March, 2024
Rent	916.25	746.85
Rates and taxes	40.43	51.08
Repairs & maintenance		
- Office maintenance	210.10	353.25
- Others	17.64	11.68
Travelling and conveyance	396.09	294.43
Communication expenses	393.34	216.93
Printing and stationery	189.81	216.31
Director's fees and expenses	-	58.76

Notes to the Financial Statements

for the year ended 31st March, 2025
(Currency: ₹ in Lakh)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Payment to auditors (Refer Note -29 A)	26.49	72.68
Legal and professional fees	1,284.78	1,309.43
Impairment loss on financial assets and other provision (Note-29B)	3,915.46	7,020.73
IT support charges	957.23	645.20
Electricity charges	118.20	105.07
Membership fees	20.95	65.11
CSR expenditure (Refer Note-32)	102.20	50.01
Miscellaneous expenses	391.59	382.06
	8,980.56	**11,599.58**
Foreign exchange fluctuation expenses	-	61.25
Loss on derivatives	-	150.25
	-	**211.50**
Total	**8,980.56**	**11,811.08**

29(A). PAYMENT TO AUDITORS

Particulars	As at 31st March, 2025	As at 31st March, 2024
a) Audit fees	18.00	64.00
b) Other services	5.36	1.00
c) For Reimbursement of expenses	0.97	3.90
	24.33	**68.90**
Goods and service tax	2.16	3.77
Total	**26.49**	**72.67**

29(B). IMPAIRMENT LOSS ON FINANCIAL ASSETS AND OTHER PROVISION

Particulars	As at 31st March, 2025	As at 31st March, 2024
Loss assets written off	96.78	2,717.67
Sundry balances written off	104.63	276.50
Provision no longer required	(2,404.16)	(142.39)
Loss on off balance sheet portfolio	2,620.37	1,329.35
Loss on Sale of Portfolio	3,164.77	5,605.57
Impairment provision		
- portfolio loans/ managed / securitised loans	167.60	(2,805.32)
- others	165.47	39.35
Total	**3,915.46**	**7,020.73**

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for the year ended 31st March, 2025

(Currency: ₹ in Lakh)

30 (A). INCOME TAX EXPENSE

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

Particulars	As at 31st March, 2025	As at 31st March, 2024
Income tax assets	-	7,148.90
Income tax liabilities	-	5,705.14
Current tax (net of provision)	**-**	**1,443.76**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31st March, 2025 and 31st March, 2024 is as follows:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Accounting profit before tax	1,597.44	6,813.04
At India's statutory income tax rate of 25.168% (31st March, 2023 : 25.168%)	402.04	1,714.71
Tax impact on account of addition to Income	(62.93)	1,000.18
Tax impact on account of deduction to Income	(506.45)	(1,522.03)
Non-deductibe expenses		
Expendiuture on CSR	25.72	12.59
Others	-	945.14
Income tax expense reported in the statement of profit or loss	**-**	**2,150.58**
Income tax adjustment in respect of current income tax of prior years	-	-
Total income tax expense reported in the statement of profit or loss	**-**	**2,150.58**

30(B). Movement in balances of deferred tax for the year ended 31st March, 2025

Particulars	Net balance as on 1st April, 2024	Charge in Profit and Loss account	Recognised in OCI	Net balance as on 31st March, 2025	Deferred tax assets	Deferred tax liability
Deferred tax assets/ (liabilities)						
Impact of difference between tax depreciation / amortisation	96.96	26.97	-	123.93	123.93	-
Impairment allowance for loans	835.56	(513.79)	-	321.77	321.77	-
Impact of retirement benefit	181.83	(46.15)	(7.01)	128.67	128.67	-
Impactof other items	(18.59)	160.20	-	141.61	141.61	-
Net Deferred tax assets / (liabilities)	**1,095.76**	**(372.77)**	**(7.01)**	**715.98**	**715.98**	**-**

Notes to the Financial Statements

for the year ended 31st March, 2025
(Currency: ₹ in Lakh)

Movement in balances of deferred tax for the year ended 31st March, 2024

Particulars	Net balance as on 1st April, 2023	Charge in Profit and Loss account	Recognised in OCI	Net balance as on 31st March, 2024	Deferred tax assets	Deferred tax liability
Deferred tax assets/ (liabilities)						
Impact of difference between tax depreciation/ amortisation	78.45	18.51	-	96.96	96.96	-
Impairment allowance for loans	1,541.60	(706.40)	-	835.56	835.56	-
Impactof retirement benefit and other items	61.91	257.25	(137.31)	181.83	181.83	-
Impact of other items	221.62	(240.21)	-	(18.59)	(18.59)	-
Net Deferred tax assets / (liabilities)	**1,903.58**	**(670.85)**	**(137.31)**	**1,095.76**	**1,095.76**	**-**

31. EARNING PER SHARE

Particulars	As at 31st March, 2025	As at 31st March, 2024
A) Profit attributable to equity holders of the Company	1224.67	4662.47
B) Weighted average number of ordinary shares	265	262
C) Face value per share	10.00	10.00
D) Basic and diluted earnings per share (₹)	4.63	17.82

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

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

32. CORPORATE SOCIAL RESPONSIBILITY(CSR)

As per the provisions of the Section 135 of the Companies Act, 2013, the Company was required to spend ₹ 100.50 lakh (Previous year: ₹ 50 lakh) during the year on CSR activities and ₹ 102.20 lakh (Previous year: ₹ 50.01 lakh) has been spent towards activities as mentioned below. Unspent amount for financial year 2024-25 is Nil.

Particulars	As at 31st March, 2025	As at 31st March, 2024
Corporate Social Responsibility expenses for the period	100.50	50.00
Various Head of expenses included in above:	102.20	50.01
Gross amount required to be spent by the Company during the year		
Amount brought forward from previous year	-	-
Amount spent during the year on:		
Health Care	-	20.99
Education and Livelihood	99.14	28.37
CSR Administrative Expenses	3.06	0.66
Details of related party transactions	-	-
	102.20	50.01
Provision for CSR expenses	NA	NA

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for the year ended 31st March, 2025

(Currency: ₹ in Lakh)

33. RELATED PARTY DISCLOSURES

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

Particulars	Country of Incorporation	Proportion of ownership interest
a) Holding Company		
Kotak Mahindra Bank Limited	India	100%
Mr. Uday S. Kotak, Promoter along with the persons / entities forming part of the Promoter Group, holds 25.90% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31st March, 2025.		
b) Fellow Subsidiaries/ Associates with whom transactions have taken place during the year Zurich Kotak General Insurance company(India) Limited		
c) Key Management Personnel/Directors		
Mr. Anup Kumar Singh		Managing Director
Mr. Devarajan Kannan		Non-Executive Director
Mr. Manish Kothari		Non-Executive Director
Mr. Tapobrat Chaudhuri		Non-Executive Director
Mr. S. Ganesh (upto 28th March, 2024)		Independent Director
Mr. Anal Jain (upto 28th March, 2024)		Independent Director
Mr. P.K. Saha (upto 28th March, 2024)		Independent Director

B. Nature of transactions

(i) Key Managerial Personnel- Compensation

	Particulars	As at 31st March, 2025	As at 31st March, 2024
	Key Managerial Personnel		
a	**Mr. Anup Kumar Singh**		
	Salary, incentive and perquisites (Refer Note (ii) below)	225.00	2,462.60
	Total	**225.00**	**2,462.60**
	Payable	100.00	18.12
b	**With non executive directors**		
	Sitting fees		
	Mr. S. Ganesh	-	10.90
	Mr. Anal Jain	-	10.68
	Mr. P.K. Saha	-	10.90
	Total	**-**	**32.48**

(ii) Transactions with other related parties The following table provides the total amount of transactions that have been entered into with related parties for the relevant reporting period (Previous 28th March, 2024 to 31st March, 2024)

Nature of Transaction	31st March, 2025	28th March, 2024 to 31st March, 2024	Holding Company March 2025	Fellow - subsidiaries March 2025	Holding Company March 2024	Fellow - subsidiaries March 2024
Interest	890.57	10.07	890.57	-	10.07	-
Service fee income	22,815.63	242.35	22,815.63	-	242.35	-
Bank charges	22.22	-	22.22	-		
Business Quality Commitment(Expense)	1,863.24	-	1863.24	-	-	-
Professional Charges	24.39	-	24.39	-	-	-

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for the year ended 31st March, 2025

(Currency: ₹ in Lakh)

Nature of Transaction	31st March, 2025	28th March, 2024 to 31st March, 2024	Holding Company March 2025	Fellow - subsidiaries March 2025	Holding Company March 2024	Fellow - subsidiaries March 2024
Assignment of portfolio	348.88	-	348.88	-		
Insurance premium paid	181.00	-	-	181.00	-	-
Balance Outstanding						
Balance in current account	8,942.13	11,013.09	8,942.13	-	11,013.09	-
Fixed deposits	16,381.33	14,379.79	16,381.33	-	14,379.79	-
Other Payables	1,363.90	261.61	1,363.90	-	261.61	-
Other Receivables	9,263.36	363.80	9,263.36	-	363.80	-
Business Quality Commitment (Contingent Liability)	-	1,770.21		-	1,770.21	

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

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

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

iv) The remuneration of Mr. Anup Kumar Singh is determined by the Nomination and Remuneration Committee and was approved by the members in general meeting.

34. LEASES

Operating Lease

Short term leases for a period of less than 12 months , and low value lease rentals , and mutually cancellable are classified as operating lease and accordingly not covered under Ind AS 116. Lease payment during the year are charged to statement of Profit and loss. Further minimum rentals payable under non cancelable operating leases are as follows:

Right of Use Asset- Building

i)

Particulars	31st March, 2025	31st March, 2024
Opening Balance	186.77	183.16
Add: Addition during the year	132.29	74.68
Less: Disposal during the year	12.86	-
Less: Depreciation charge for the year	110.12	71.07
Closing Balance	196.08	186.77

i)

Particulars	31st March, 2025	31st March, 2024
Minimum Lease obligations	916.25	746.85
Not later than one year	916.25	746.85
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-

Notes to the Financial Statements

for the year ended 31st March, 2025

(Currency: ₹ in Lakh)

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

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

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

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

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

Maturity of lease liability	As at 31st March, 2025	As at 31st March, 2024
Current	96.73	62.10
Non current	127.10	146.14
Total	**223.83**	**208.23**

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

Particulars	For year ended 31st March, 2025	For year ended 31st March, 2024
Amortisation charge on rights of use assets	110.13	71.07
Interest on lease liabilities	31.21	28.65
Total recognised in the income statement	**141.33**	**99.72**

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

Maturity analysis	Mar-25	Mar-24
Less than 1 year	118.18	83.54
Between 1 and 2 years	185.43	67.07
Between 2 and 5 years	77.36	108.90
More than 5 years	-	-
Total	**380.96**	**259.51**

(vi) The following is the movement in lease liabilities during the year ended 31st March, 2025

Maturity analysis	Mar-25	Mar-24
Opening balances	208.23	195.51
Addition during the period	133.46	74.68
Finance cost incurred during the period	31.21	28.65
Less: Disposal during the year	14.43	-
Less: Payment of lease liabilties	134.64	90.61
Closing balances	**223.83**	**208.23**

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for the year ended 31st March, 2025
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35. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

	Particulars	Mar-25	Mar-24
1	The principal amount remaining unpaid to supplier as at the end of accounting year	5.40	24.30
2	The interest due thereon remaining unpaid to supplier as at the end of accounting year	-	-
3	The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year 2020-21	-	-
4	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-
5	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	-	-
	Total	**5.40**	**24.30**

36. EMPLOYEE BENEFIT EXPENSES

a) Gratuity

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

Characteristics of the defined benefit plan -

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

Plan features -

Type of plan - Post employment benefit

Benefits offered -15/ 26 × last drawn salary × number of completed service year Salary definition - Basic salary including dearness allowance (if any)

Benefit ceiling - Benefit ceiling of ₹ 20 lakh was applied

Vesting conditions - 5 years of continuous service (not applicable in case of death/disability)

Benefit eligibility - Upon death or resignation / withdrawal or retirement

Retirement age - 58 years

Risks associated with defined benefit plan -

i. **Actuarial risk:**

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

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

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

Notes to the Financial Statements

for the year ended 31st March, 2025

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

ii. **Investment risk:**

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

iii. **Liquidity risk:**

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

iv. **Market risk:**

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

v. **Legislative risk:**

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

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

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

Particulars	31st March, 2025	31st March, 2024
Reconciliation of present value of defined benefit obligation		
Obligation at the beginning of the year	1,448.80	884.95
Current service cost	192.60	175.69
Interest cost	100.57	64.60
Past service cost	-	-
Benefits settled	(64.46)	(84.15)
Actuarial (gains)/ losses recognised in other comprehensive income		
- Changes in experience adjustments	(37.15)	375.99
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	30.58	31.71
Obligation at the end of the year	**1,670.94**	**1,448.80**
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	1,297.88	935.54
Interest income on plan assets	108.88	79.31
Re-measurement- actuarial gain	21.30	(18.85)
Contributions	535.95	386.03
Benefits settled	(64.46)	(84.15)
Plan assets at the end of the year, at fair value	**1,899.55**	**1,297.88**
Net defined benefit liability/ (asset)	**(228.61)**	**150.92**

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Expense recognised in profit or loss

Particulars	31st March, 2025	31st March, 2024
Current service cost	192.60	175.69
Interest cost	100.57	64.60
Remeasurement in OCI	(0)	-
Interest income	(108.88)	(79.31)
Net gratuity cost	**184.29**	**160.98**

Re-measurement recognised in other comprehensive income

Particulars	31st March, 2025	31st March, 2024
Re-measurement of the net defined benefit liability		
- Changes in experience adjustments	(37.15)	375.99
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	30.58	31.71
Re-measurement of the net defined benefit asset		
Return on plan assets (greater)/Less than discount rate	(21.30)	18.85
Total Actuarial (gain)/ loss included in OCI	**(27.87)**	**426.55**

Sensitivity analysis

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

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1,638.19	1,706.20	1,412.59	1,488.13
Future salary growth (1% movement)	1,705.03	1,638.69	1,487.07	1,412.91
Attrition rate (1% movement)	1,666.13	1,676.80	1,445.21	1,453.41

Expected payment for future years (defined benefit obligations)

Particulars	31st March, 2025	31st March, 2024
Within the next 12 months (next annual reporting period)	556.40	401.67
Between 2 and 5 years	985.65	6.30
Between 5 and 10 years	115.67	53.27
Beyond 10 years	-	11.93
Total expected payments	**1,657.72**	**473.18**

Particulars	31st March, 2025	31st March, 2024
Assumptions:		
Discount rate	6.37%	7.10%
Salary escalation	8.00%	8.00%
Withdrawal rate	40.00%	31.84%
Mortality rate	1ALM(2012-14) Table Ultimate	1ALM(2012-14) Table Ultimate
Expected rate of return on assets	7.10%	7.10%
Expected average remaining working life of employees	30.69 years	30.02 years

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

	As at 31st March, 2025	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2021
LIC Fund	100%	100%	100%	100%	100%

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

c) The Company expects to contribute ₹ 195.63 lakh (31st March, 2024: ₹ 167.37 lakh) to gratuity fund in 2024-25.

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

Compensated Absence - Earned Leave

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The details of actuarial valuation as provided by the Independent Actuary are as follows.

Particulars	31st March, 2025	31st March, 2024
Discount rate	6.37%	7.10%
Salary escalation	8%	8%
Mortality rate	1ALM(2012-14) Table Ultimate	1ALM(2012-14) Table Ultimate
Attrition/	40%	31.84%
Retirement age	58	58

Particulars	31st March, 2025	31st March, 2024
Expenses Recognized in the Statement of Profit and Loss	221.25	311.78
Closing Net	739.86	571.56
Current Liability	273.71	168.30
Non Current	466.15	403.26

e) The Company makes provident fund and employee state insurance scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 726.24 lakh (previous year ₹ 627.18 lakh) for provident fund contributions and ₹ 127.75 lakh (previous year ₹ 96.24 lakh) for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

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

Notes to the Financial Statements

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37. RISK MANAGEMENT

1 Introduction and risk profile

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

1.1 Risk management structure

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

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

1.2 Risk mitigation and risk culture

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

1.3 Risk measurement and reporting systems

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

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

Notes to the Financial Statements

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1.4 Risk Management Strategies

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have Political Risk mitigation measures Concentration Risk mitigation measures Operational & HR Risk mitigation measures Liquidity Risk mitigation measures Expansion Risk mitigation measures

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

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

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

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

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

Stage 1 includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date) Stage 2 includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk)

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

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

Stage 1: 0 to 30 DPD

Stage 2: 31 to 90 DPD

Stage 3: above 91 DPD (Default)

2.2 Probability of Default (PD)

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

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

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

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

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

Notes to the Financial Statements

for the year ended 31st March, 2025
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2.3 Exposure at default

Exposure at default (EAD) is the sum of outstanding principle and the interest amount accrued but not received on each loan as at reporting date.

EAD includes on Balance Sheet portfolio, Securitized portfolio and over collateral portion (i.e. Company's own risk) pertaining to the Assigned Portfolio.

2.4 Loss given default

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

2.5 Grouping financial assets measured on a collective basis

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

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

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

3 Liquidity risk and funding management

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

4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market ,risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company does not have any exposure to currency.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates would adversely affect the Company's financial conditions. The same typically involves looking at Gap or mismatch over different time intervals as at a given date.

Exposure to interest rate risk

Company's interest rate risk arises from Investments and Fixed Deposits. The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows.

Particulars	31st March, 2025	31st March, 2024
Fixed-rate instruments	-	-
Financial Assets (net of impairment loss allowance)	-	-
Investment in Non Convertible Debentures	-	-
Fixed Deposits	18,485.85	22,996.71
Total Net	**18,485.85**	**22,996.71**

Notes to the Financial Statements

for the year ended 31st March, 2025

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Fair value sensitivity analysis for fixed-rate instruments.

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Variable-rate instruments

There are no financial instruments with variable rate.

38. CAPITAL DISCLOSURE

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment. The Company is sufficiently capitalised and no changes were made in objectives, policies or processes for managing capital during the year ended 31st March, 2025 and 31st March, 2024.

The Company funds its operations through internal accruals and aims at maintaining a strong capital base to support the future growth of its businesses

39. SEGMENT INFORMATION

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. The Company is organised into one business unit and has single segment which is acting as a business correspondent to KMBL.

The Board of Directors are the Chief Operating Decision Maker ("CODM") of the Company and evaluates the Company's performance. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statement.

The Company caters only to the domestic market where there are no differing risks and returns and hence, there are no reportable geographical segments.

40. REVENUE FROM CONTRACTS WITH CUSTOMERS

A) The Company has recognised following amounts relating revenue in the Statement of Profit and Loss :

Particulars	31st March, 2025	31st March, 2024
Revenue from contracts with customers	23,366.72	3,374.87
Revenue from other sources	3,459.50	57,125.74
Total Income	26,826.22	60,500.61
Impairment loss on receivables / (Reversal of impairment Loss)	-	-

B) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical market, major service lines

Particulars	31st March, 2025	31st March, 2024
Primary Geographical Market		
India	23,366.72	3,374.87
Major services		
Business Correspondent	23,366.72	3,374.87
Insurance commission		
Total	**23,366.72**	**3,374.87**
Timing of revenue recognition		
Over a period of time	23,366.72	3,374.87
At a point in time		
Total	**23,366.72**	**3,374.87**

Notes to the Financial Statements

for the year ended 31st March, 2025
(Currency: ₹ in Lakh)

C) Contract Balance

Particulars	31st March, 2025	31st March, 2024
Trade Receivables (net of Impairment loss allowance)	9,278.28	585.26

41. DISCLOSURE OF RATIOS

	Particulars	Numerator	Denominator	31st March, 2025	31st March, 2024
1	Current Ratio (in times)	Current assets	Current liabilities	0.84	1.00
2	Debt Equity Ratio (in times)	Total Debts	Shareholder's Fund	-	1.21
3	Debt service coverage ratio (in times)	Earning before depreciation, interest, tax and amortization	Interest and principal paid	Not Applicable	Not Applicable
4	Return on equity ratio (in %)	Profit after tax	Average shareholder's	Not Applicable	Not Applicable
5	Trade receivables turnover ratio (in times)	Gross Sales	Trade receivable	Not Applicable	Not Applicable
6	Trade payables turnover ratio (in times)	Trade payables	Total sales	Not Applicable	Not Applicable
7	Inventory turnover ratio (in times)	Cost of good sold/sales	Average inventory	Not Applicable	Not Applicable
8	Net profit ratio (in %)	Profit & loss after Tax	Total revenue from operations	4.95%	7.82%
9	Return on equity (in %)	Profit & loss after Tax	Equity share Capital	46.30%	176.25%
10	Return on capital employed (in %)	Profit & loss after Tax	Total Shareholder's	3.05%	11.98%
11	Return on investment (in %)	Profit & loss after Tax	Fund Total assets	2.68%	5.07%

42. CATEGORIES OF FINANCIAL INSTRUMENTS AND THEIR FAIR VALUES:

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

As at 31st March, 2025	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	11,196.73	11,196.73
Bank balance other than cash and cash equivalents	-	-	13,029.06	13,029.06
Trade receivables	-	-	9,278.28	9,278.28
Loans	-	-	30.67	30.67
Investments	5.75	-		5.75
Other financial assets	-	-	8,708.57	8,708.57
Total	**5.75**	**-**	**42,243.30**	**42,249.05**
Financial liabilities				
Trade Payables	-	-	-	
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	5.40	5.40
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	324.92	324.92
Debt securities	-	-	-	-
Borrowings (other than debt securities)	-	-	-	-
Subordinated liabilities	-	-	-	-
Other financial liabilities	-	-	2,011.16	2,011.16
Total	**-**	**-**	**2,341.49**	**2,341.49**

Notes to the Financial Statements

for the year ended 31st March, 2025

(Currency: ₹ in Lakh)

As at 31st March, 2024	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	22,886.75	22,886.75
Bank balance other than cash and cash equivalents	-	-	22,670.68	22,670.68
Trade receivables	-	-	585.26	585.26
Loans	-	-	40,886.20	40,886.20
Investments	5.65	-	-	5.65
Other financial assets	-	-	1,799.02	1,799.02
Total	**5.65**	**-**	**88,827.91**	**88,833.56**
Financial liabilities				
Trade Payables	-	-	-	-
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	24.30	24.30
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	1,575.62	1,575.62
Debt securities	-	-	34,921.18	34,921.18
Borrowings (other than debt securities)	-	-	12,102.95	12,102.95
Subordinated liabilities	-	-	-	-
Other financial liabilities	-	-	1,432.89	1,432.89
Total	**-**	**-**	**50,056.93**	**50,056.93**

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

Valuation techniques and significant unobservable inputs:

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

The Company measures financial instruments, such as investments at fair value.

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

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Fair value hierarchy

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

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

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

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). There have been no transfers between Level 1 and Level 2 during the year .

Notes to the Financial Statements

for the year ended 31st March, 2025
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As at 31st March, 2025

Financial assets (measured at fair value)	Carrying amount	Fair value		
	FVTPL	Level 1	Level 2	Level 3
Investments	5.75	-	-	5.75
Total	**5.75**	**-**	**-**	**5.75**

As at 31st March, 2024

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

Fair value of financial instruments not measured at fair value

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

Particulars	31st March, 2025			31st March, 2024		
	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy
Financial assets at amortised cost						
Loans	30.67	30.67	Level 3	43,148.51	43,148.51	Level 3
Total financial	**30.67**	**30.67**		**43,148.51**	**43,148.51**	

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

43. INFORMATION ON INSTANCES OF FRAUDS/FINANCIAL IRREGULARITY:

Information on instances of fraud during the year ended 31st March, 2025

Nature of fraud	No.of cases	Amount of fraud involved	Amount Recovered	Considered as Recoverable	Amount Provided for
Misappropiation and criminal breach of trust and Cash embezzlement	4	124.45	11.70	-	112.75

Information on instances of fraud during the year ended 31st March, 2024

Nature of fraud	No.of cases	Amount of fraud involved	Amount Recovered	Considered as Recoverable	Amount Provided for
Misappropiation and criminal breach of trust and Cash embezzlement	3	28.49	2.34	-	26.15

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

Notes to the Financial Statements

for the year ended 31st March, 2025
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45. The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or other kind of funds) to or in any other person or entity, including foreign entity ("intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries:

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

46. Pursuant to the directions of the Reserve Bank of India, as communicated via its letter dated 19th October, 2023 to Kotak Mahindra Bank Limited, the sole shareholder of the Company, a petition was been filed before the Hon'ble National Company Law Tribunal (NCLT), Allahabad, seeking approval for the proposed merger of the Company with BSS Microfinance Limited, in accordance with the Scheme of Amalgamation submitted to the NCLT. The merger proceedings are currently underway. Upon receiving the requisite approval, the Company will be merged into BSS Microfinance Limited, which is also a wholly-owned subsidiary of Kotak Mahindra Bank Limited.

47. As per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014 the Company has used accounting software for maintaining its books of account that have a feature of recording audit trail (edit log) facility and the audit trail feature has operated throughout the year for all relevant transactions recorded in the software. Further the audit trail has been preserved by the Company for all the accounting softwares used for maintaining its books of accounts as per the statutory requirements for record retention.

48. CONTINGENT LIABILITY

Maturity of lease liability	As at 31st March, 2025	As at 31st March, 2024
Performance security provided by the Company pursuant to service provider agreement in relation to direct sale agreement	430.59	3,244.11
Disputed tax liability	184.41	137.90
Claims not acknowledgement as debts	15.44	-

49. INCOME/EXPENDITURE IN FOREIGN CURRENCY

During the year , the Company had foreign exchange income of ₹ Nil(Previous year -Nil).while the expenditure in foreign currency is Nil (Previous year ₹ 2647.90 lakh).

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

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

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

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

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

Notes to the Financial Statements

for the year ended 31st March, 2025
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e) The Company does not have any relationship with Struck off Companies.

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

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

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

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

53. The figures appearing in the financial statement for the financial year ending 31st March, 2025 and 31st March, 2024 have been rounded off to nearest lakh.

As per our report of even date
B R Maheswari & Co LLP
Chartered Accountants
Firm's Registration No.: 001035N / N500050

CA Akshay Maheshwari
Partner
Membership No: 504704

Lisbon, Portugal
26th April, 2025

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

Anup Kumar Singh
Managing Director & CEO
DIN: 00173413

Tapobrat Chaudhuri
Director
DIN: 09291548

Anjali Manwani Siddiqui
Company Secretary
FCS No-12612

Lucknow
26th April, 2025

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Kotak Mahindra Bank Website: www.kotak.com

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CIN: U65921UP1995PTC035286