

# Annual Report

## FY 2016-17

**SONATA FINANCE PRIVATE LIMITED**

**Registered Office: 2nd Floor, CP-1, PG Towers,  
Kursi Road, Vikas Nagar, Lucknow-226026, Uttar Pradesh**

**CIN: U65921UP1995PTC035286**

**Website: [www.sonataindia.com](http://www.sonataindia.com)**



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## MANAGING DIRECTOR SPEECH



**Dear Shareholders,**

It gives me immense pleasure to welcome you all to the 22<sup>nd</sup> Annual General Meeting of the Company. The notice convening the AGM, Balance Sheet and Directors' Report for the year ended 31<sup>st</sup> March 2017 are already with you and with your permission, I take them as read. I consider it as my privilege to address and share my views on performance of the Company and future scenario.

### **PERFORMANCE OVERVIEW**

During the year under report, Sonata Finance Limited continues to be major player in the Micro Finance Sector. The FY 2016-17 was a tough year for the overall business amidst the challenging macro-economic

environment and demonetization has affected the business on large scale leading to substantial increase in PAR. During the year under review the Gross Loan portfolio of the Company as on 31st March, 2017 was Rs. 1023 Crores as compared to Rs. 1024 Crores as on 31st March, 2016. Further the company during the year has opened 49 branches aggregating to 363 as against 314 branches in the previous year ended 2015-16. The Number of Loan Clients of the Company has increased to 6,93,606 as against 5,68,297 in the year 2015-16.

During the year under review the Company has received approx 64 crores from the foreign investors namely M/s Triodos SICAV II- Triodos Microfinance Fund, M/s Triodos Custody B V acting in its capacity as Cutodian of Triodos Fair Share Fund and M/s Societe de Promotion et de Participation Pour la Cooperation Economique by issue of equity shares and Further, the Optionable Convertible Preference Shares held by SIDBI have been converted into the equity shares of the Company.

Owing to the tight regulatory framework of the RBI for NBFC-MFIs and services provided by Credit Bureaus, client protection in micro finance has improved significantly over the years. There has been a strong growth in the MFI industry over the last 2-3 years, enabling the industry to bridge a part of the unserved demand gap. However, as in any form of lending, more so in an unsecured form of lending like Micro Finance, high growth does lead to concerns about prudent ground level practices of the MFIs. The Associations, MFIN and Sa-dhan have come out with a Joint Code of Conduct for the MFIs to improve various credit and governance aspects of micro finance lending. It is hoped that the MFIs would adhere to such codes in letter and spirit and create an environment where the credit needs of the low income households are met in a sustainable manner.

Even though the performance of the company has been phenomenal however, in order to conserve the resources of the company, it is proposed not to declare any dividend on the equity shares of the company.



## VISION

The vision of SONATA is to help building a society that contains an opportunity to develop the minimal socio-economic conditions needed to live a life of dignity.

## MISSION

SONATA has set itself a mission to “identify and motivate poor women in a cost-effective way and deliver them micro finance services in an honest, timely and efficient manner.” In the meantime, SONATA commits to be professionally managed, operationally sustainable and financially profitable.

## GOALS

- Providing financial resources to enable poor women of rural, semi urban and urban communities to come out of poverty and get connected with formal financial institutions. SONATA’s ambition is to ensure that at least 50% of people who enter the program cross the poverty line within 5 years of participation in the program.
- Developing a scaleable and growing business that covers a significant number of poor households while maintaining portfolio and service quality. In 5 years SONATA intends to serve more than 200,000 families.
- Providing returns to its investors to make it an attractive investment opportunity. Micro Finance Insitutions (MFI’s) replicating the original Grameen approach usually require between 5-10 years to achieve breakeven and sustainability. SONATA has reached breakeven in FY 2010, thanks to its fast track growth model.

## CORPORATE INFORMATION

### Board of Directors



**Chandni Gupta Ohri**  
Chairman of Board-  
Independent Director



**Anal Kumar Jain**  
Independent Director



**Sethuraman Ganesh**  
Independent Director



**Anup Kumar Singh**  
Managing Director



**Kenneth Dan Vander Weele**  
Nominee Director



**Mona Kachhwaha**  
Nominee Director



**R V Dilip Kumar**  
Nominee Director



**Prakash Kumar**  
Nominee Director

### Company Secretary



**Paurvi Srivastava**  
ICSI Membership No.  
ACS 34110



### **Auditors**

M/s. S.R. Batliboi & Co. LLP, Chartered Accountants

Reg. No. 301003E

Kolkata

### **Registrar & Share Transfer Agent**

Skyline Financial Services Private Limited

D-153 A | 1st Floor | Okhla Industrial Area, Phase – I | New Delhi-110 020.

Tel.: +91 11 64732681 - 88 | Fax: +91 11 26812682|

**Web: [www.skylinerta.com](http://www.skylinerta.com)**

### **Debenture Trustee**

Catalyst Trusteeship Limited

Axis Trusteeship Limited

### **Lenders**

SIDBI

HDFC Bank

NABARD

Union Bank of India

Andhra Bank

IDBI Bank

Axis Bank

IndusInd Bank Limited

DCB Bank Limited

Maanaveeya Development & Finance Private Limited

IFMR Capital Finance Private Limited

Reliance Capital Limited

Kotak Mahindra Bank Limited

Yes Bank Limited

TATA Capital Financial Services Limited

Caspian Impact Investments Private Limited

Micro Units Development & Refinance Agency Limited  
(MUDRA)

BNP Paribas

UCO Bank

Vijaya Bank

Standard Chartered Bank

State Bank of Patiala

State Bank of Bikaner & Jaipur

South Indian Bank

SBER Bank

Andhra Bank

Bandhan Bank

United Bank of India

Au Financiers (India) Limited

Capital First Limited

Bank of Baroda

Dena Bank

RBL Bank

### **Registered Office**

11nd Floor, CP-1, PG-Towers,

Kursi Road, Vikas Nagar,

Lucknow-226022, U.P.

Phone No. 0522-2334900



## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 22<sup>nd</sup> Annual General Meeting of the Members of Sonata Finance Private Limited will be held on **Wednesday**, the **27<sup>th</sup>** day of **September, 2017** at the **Registered Office** of the Company at 2<sup>nd</sup> floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow at **10:30 a.m** to transact the following business:

### Ordinary Business

#### Item No. 1

To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2017 and Report of the Board of Directors and Auditors' thereon and in this regard, to pass, with or without modification, the following resolution as **Ordinary Resolution**:

**"RESOLVED THAT** the Audited Financial Statement of the Company for the financial year ended March 31, 2017 and the report of the Board of Directors and Auditors' thereon laid before this meeting be and are hereby adopted."

#### Item No. 2

To confirm the payment of Dividend to the preference shareholder for the financial year ended 31<sup>st</sup> March 2017 and in this regard, pass the following resolution as **Ordinary Resolution**:

**"RESOLVED THAT** dividend at the rate of Rs. 0.90 per preference share of Rs. 10/- (Rupees Ten) each paid as per terms and condition of the issue, be and is hereby confirmed as full & final dividend for the financial year 2016-17.

#### Item No. 3

To Ratify the appointment of Statutory Auditor for the Financial Year 2017-18 and to fix their remuneration as approved by the Board and in this regard, pass the following resolution as **Ordinary resolution**:

**"RESOLVED THAT** pursuant to the provision of section 139 and other applicable provision, if any of the Companies Act, 2013 read with Companies (Audit and auditors) Rules, 2014, the appointment of the existing auditors M/s. S. R. Batliboi & Co. LLP (Reg. No. 301003E) who were appointed as statutory auditors of the company to hold office from the conclusion of Annual General Meeting held on 29<sup>th</sup> September 2014 for the period of 4 years until the conclusion of the Annual General Meeting (AGM) of the company to be held for the financial year 2017-18 on such remuneration, as approved by the Board of Directors to conduct the statutory audit of the company for the financial year ending March 31, 2018 be and is hereby ratified."



## **SPECIAL BUSINESS**

### **Item No. 4**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:

**“RESOLVED THAT** pursuant to: (a) the provisions of the Companies Act, 2013 “Act” and (b) the provisions contained in Supplementary Share Holders Agreement dated 13<sup>th</sup> June, 2017 and (c) the resolution passed by the Board of Directors of the Company (“Board”), at the meeting held on August 22, 2017, the members of the Company hereby confirm that the existing regulations of the Articles of Association of the Company be and are hereby substituted with the draft regulations, a copy of which has been circulated to the members together with the notice of this meeting (the “Restated Articles”), and that the Restated Articles be and are hereby adopted as the Articles of Association of the Company.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the aforementioned resolution, the Board and/or such person(s) as the Board may authorise be and is/are hereby authorized to do all acts, matters, deeds and things and to take all such steps and do all such things and give all such directions as the Board may consider necessary, expedient or desirable in order to give effect to the above resolution and also to settle any questions or difficulties that may arise in such manner as the Board in its absolute discretion may deem fit and take all steps which are incidental and ancillary in this connection.”

**By Order of the Board of Directors**

**Date: 22<sup>nd</sup> August 2017**

**Place: Lucknow**

**sd/-  
Paurvi Srivastava  
(Company Secretary)**

## **NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The enclosed proxy form, if intended to be used should reach the registered office of the Company duly completed, stamped and signed not less than 48 hours before the time fixed for the Meeting.

## EXPLANATORY STATEMENTS

*(Pursuant to Sec. 102 of the Companies Act, 2013)*

### ITEM NO. 4

#### **Alteration & Adoption of Articles of Association**

The Optionally Convertible Preference Shares (OCPS) held by SIDBI were converted into the Equity Shares of the company on 31<sup>st</sup> March 2017. Post conversion of the OCPS into the Equity Shares, SIDBI became the investor of the company and therefore the Share Holder's Agreement executed on 13<sup>th</sup> October 2016 was amended by entering into a Supplemental Share Holders Agreement (Supplemental SHA) on 13<sup>th</sup> June 2017.

Pursuant to the execution of Supplemental SHA entered between the company and the equity holders certain regulations of the existing Articles of Association of the company are required to be amended. Considering the same, your Directors recommend passing of the aforesaid resolution as a "Special Resolution".

**None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the resolutions set out in the aforesaid item of the notice.**

**By Order of the Board of Directors**

**Date: 22nd August, 2017**

**Place: Lucknow**

**sd/-  
Paurvi Srivastava  
(Company Secretary)**



## Form No. MGT-11

### Proxy Form

[Pursuant to Section 105(6) of the Companies Act 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:

Name of the company:

Registered Office:

**Name of the Member:**

**Registered Address:**

**E-Mail Id:**

**Folio No./Client Id:**

**DP Id:**

I/We being the member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

1.Name:

Address:

E-Mail Id:

Signature:.....or failing him

2.Name:

Address:

E-Mail Id:

Signature:.....or failing him

3.Name:

Address:

E-Mail Id:

Signature:.....or failing him

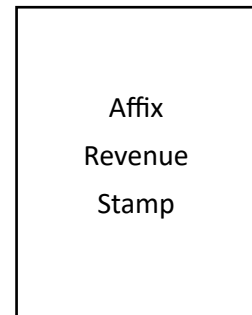
as my/our proxy to attend or vote (on a poll) for me/us and on my/our behalf at the 22<sup>nd</sup> Annual General Meeting of the Company, to be held on Wednesday, the 27<sup>th</sup> Day of September, 2017 at 10:30 a.m. at the Registered office of the Company at 2<sup>nd</sup> Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow-226026 and at any adjournment thereof in respect of such resolution as are indicated below:

Resolutions:

- 1.....
- 2.....
- 3.....
- 4.....

Signed this .....day of.....2017

Signature of Shareholder



Signature of Proxy holder(s)



## ROUTE MAP



## DIRECTORS' REPORT

### To The Members

The Directors are pleased to present the 22<sup>nd</sup> (Twenty Second) Directors' Report of your Company.

### 1. FINANCIAL RESULTS

During the year under review, the Company has earned an income of INR 2428.63 Mn. as against INR 1898.98 Mn. of previous financial year. The profit after Tax for the period under review has been INR 13.20 Mn. as against INR 272.03 Mn. during the previous financial year. Your Directors are continuously looking for avenues for future growth of the Company in the Micro-Finance Industry. Financial Results of your Company for the year under review are summarized as under:

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
	Amt (In Mn.)	Amt (in Mn.)
Revenue from operations	2225.17	1735.75
Other Income	203.46	163.23
<b>(A) Total Income</b>	<b>2428.63</b>	<b>1898.98</b>
Employee benefit expenses	449.23	330.45
Finance Costs	1380.99	1000.36
Depreciation Expense	9.55	7.47
Other Expenses	565.77	143.58
<b>(B) Total Expenses</b>	<b>2405.54</b>	<b>1481.87</b>
Profit before Tax	23.09	417.11
<b>(C) Total Tax Expenses</b>	<b>9.90</b>	<b>145.08</b>
Profit for the Year	13.19	272.03
Share Capital	189.86	193.19
Reserve and Surplus	1938.82	1314.49
Long-term borrowings	5296.55	4589.47
Other long- term liabilities	-	3.47
Long- term provisions	23.95	32.10
Short- term borrowings	415.00	470.00
Other current liabilities	5337.87	4903.82
Short- term provisions	167.85	113.26
<b>Total Liabilities</b>	<b>13369.90</b>	<b>11,619.80</b>
Fixed assets	14.53	10.25
Non-current investment	0.5	0.5
Deferred Tax Assets	74.54	25.85
Long term loans and advances	1832.13	2630.85
Other non-current assets	477.11	511.71
Current Investments	0.11	2.12
Cash and Bank Balances	4436.22	2839.18
Short- term loans and advances	6341.16	5487.30
Other current assets	193.59	112.03
<b>Total Assets</b>	<b>13369.90</b>	<b>11,619.80</b>



*\*Previous year figures have been regrouped/reclassified, where necessary, to conform to this year's classification.*

## 2. REVIEW OF THE BUSINESS OPERATIONS

Year ended 31 <sup>st</sup> March	As on 2017	As on 2016
Number on Branches	363	314
Number of Employees	2,445	2,127
Number of Loan Clients	6,93,606	5,68,297
Amount Disbursed (In Mn)	9192.55	11063.70
Gross Loan Portfolio (In Mn)	10,234.76	10,245.02

## 3. DIVIDEND

In order to conserve the resources of the company, it is proposed not to declare any dividend on the equity shares of the company.

Further an amount of INR 4.5 Mn was paid by your Company as Fixed Dividend on 9% Optionally Convertible Preference Shares ("OCPS") to SIDBI for Financial Year 2016-17.

## 4. TRANSFER TO RESERVES

The Board of Directors of the company recommended to carry 20% of the profit after tax, amounting to INR 2.64Mn. to the Statutory Reserve Fund of the company.

## 5. CAPITAL STRUCTURE / ALTERATION OF SHARE CAPITAL

The capital structure of your company is given as under:-

Authorized Share Capital	Issued, Subscribed and Paid-up Share Capital
3,00,00,000 Equity Shares of INR 10.00 each aggregating to INR 30,00,00,000.00 and 1,00,00,000 Preference Shares of INR 10.00 each aggregating to INR 10,00,00,000.00	2,10,96,119 Equity Shares of INR 10.00 each aggregating to INR 21,09,61,190.00

Further during the year under review, your company witnessed an inflow of foreign investments in the form of equity investments from investors viz. M/s Triodos SICAV II- Triodos Microfinance Fund (TMF), M/s Triodos custody B V acting in its capacity as custodian of Triodos Fair Share Fund (TFSF) (hereinafter collectively referred to as "Triodos") and M/s Societe de Promotion et de Participation Pour la Cooperation Economique (hereinafter referred to as "Proparco"). Both TMF and TFSF are funds under the management of Triodos Investment Management, which is a 100% subsidiary of Triodos Bank. Triodos Bank is a fully licensed independent bank with branches in The Netherlands, Belgium, United Kingdom, Spain and Germany. Established in 1980 in The Netherlands, Triodos Bank enables money to work for positive social, environmental and cultural change.

"Proparco" is a subsidiary of the *Agence Française de Développement* (AFD) whose role is to stimulate investments and markets by providing banking aid aiming to be financially profitable and beneficial to development. It has a wide range of financial instruments to meet the specific needs of private investors in developing countries.

Apart from the allotment of fresh Equity Shares through Primary issue, "Triodos" and "Proparco" have also acquired the equity of the company through secondary sale transactions from the existing investors of the company.



**Details of Fresh Equity Shares Allotted during F.Y. 2016-17**

Sl. No.	Name of the Allottee	No. of Equity Shares Allotted	Value per Share including Premium (FV INR 10/-)	Aggregate Value (in INR)
1.	Triodos SICAV II- Triodos Microfinance Fund	9,63,900	167	16,09,71,300
2.	Triodos custody B.V in its capacity as custodian Triodos Fair Share Fund	9,63,900	167	16,09,71,300
3.	Societe de Promotion et de Participation Pour la Cooperation Economique	19,27,801	167	32,19,42,767

**Details of Transfer of Equity Shares during FY 2016-17**

Transferor	Transferee	No. of Equity Shares	Consideration Per Equity Share	Aggregate Value (in INR)
MSDF	Proparco	1,61,170	167	26,915,390
	TF SF	80,585	167	13,457,695
	TMF	80,585	167	13,457,695
IFIF	Proparco	259,683	167	43,367,061
	TF SF	129,842	167	21,683,614
	TMF	129,841	167	21,683,447
<b>Total</b>		<b>8,41,706</b>		<b>140,564,902</b>

Further, during the Financial Year, SIDBI has converted its 50,00,000 Optionally Convertible Preference Shares (OCPS) held by it, into the Equity Shares of the company. The detail of conversion of OCPS made during the financial year under review is as under:

Sl. No.	Name of the Investor	Number of OCPS Converted	Number of Equity Shares Allotted
1.	SIDBI	50,00,000	7,07,214

**a. Buy back of Securities**

The company has not bought back any of its securities during the year under review.

**b. Sweat Equity**

The company has not issued any sweat equity shares during the period under review

**c. Bonus Shares**

No issue of bonus shares was made during the year under review.

**d. Employee Stock Option Plans**

**i. Options Granted during the year**

During the year under review, the Company had granted 2,00,000 additional Stock Options each at a price of INR 67/- under the Employees Stock Option Plan 2013. The terms and conditions of the grant are regulated by the ESOP Scheme 2013, approved by the Shareholders of the Company on 20<sup>th</sup> March 2014.



## ii. Options Exercised during the year

During the year under review, the company has provided ESOPs to its employees under its ESOP Schemes. Total 128,900 share options have been exercised by the Employees till the date of this report and out of that 104300 equity shares have been transferred from Sonata Employees Welfare Trust (SEWT) to the employees

## 6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 31<sup>st</sup> March 2017, your Company had 8 (eight) Directors consisting of Three (3) Independent Directors, Four (4) Nominee Directors and one (1) Managing Director. Further the total strength of the Board was increased to 11 (eleven) directors as representative of “Triodos” and “Proparco” alongwith an Independent Director were appointed to the Board in its meeting held on 26<sup>th</sup> May 2017.

Mr. Vishal Bharat (representing Caspian) resigned from the directorship of the Company on 15<sup>th</sup> November, 2016 and Ms. Mona Kachhwaha has been appointed as Nominee Director in his place w.e.f 10<sup>th</sup> February, 2017.

Pursuant to the provisions of Section 203 of the Act, Mr. Anup Kumar Singh, Managing Director, and Ms. Paurvi Srivastava, Company Secretary, were the Key Managerial Personnel of the Company during the year under review. Further Mr. Akhilesh Kumar Singh, was appointed as the Chief Financial Officer (CFO) of the company in the Board Meeting held on 10<sup>th</sup> February, 2017, who joined his office as CFO w.e.f. 3<sup>rd</sup> April 2017,

### *Performance Evaluation of Board, Committees and Directors*

The Board of Directors and Remuneration and Nomination Committee has put in place an evaluation framework for evaluation of the Board, its Committees and of individual directors, in compliance with the provisions of Companies Act, 2013. A structured questionnaire was prepared covering various aspects of the Board’s functioning.

A separate exercise was carried out in the meeting of Independent Directors to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as activeness of participation in the Meetings, adherence to disclosure to be made by Directors, Contribution towards growth of the Company.

The directors have expressed their satisfaction on the evaluation of the Chairperson, Managing Director, Independent and Non-Independent Directors.

## 7. DISCLOSURE OF REMUNERATION & NOMINATION CRITERIA

The Board has, on the recommendations of the Remuneration & Nomination Committee and in compliance of the Companies Act, 2013, has framed a Remuneration and Nomination criteria for selection, evaluation, appointment of Directors, Key Managerial Personnel, other employees, fixing their remuneration including criteria for determining qualifications, positive attributes, independence of a director and related matters as provided under the aforesaid section. The Remuneration and Nomination Committee forms critical part of the Corporate Governance Policy of the Company and the aforesaid policy is available on the website of the Company.

Further details of composition of the Remuneration & Nomination Committee and other details are also provided in the Para pertaining to Corporate Governance which forms part of this report.

## 8. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the period under review the company entered into an agreement with M/s Grameen Foundation for development of its management team. The agreement was placed before the Board of Directors in their meeting held on 12<sup>th</sup> August, 2016 in compliance with the requirements of Section 188 of the Companies Act, 2013.

Ms. Chandni Gupta Ohri, Chairman of the company, being interested in M/s Grameen Foundation as its CEO, did not participate in the item of agenda.

Further apart from the above transaction there were no materially significant related party transactions entered by the Company with Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company.

Further, particulars of Contracts or Arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 is given in Form AOC-2 as **Annexure-I**.

### 9. EXTRACT OF ANNUAL RETURN

In terms of requirement made under Section 92 and Section 134(3)(a) of the Companies Act, 2013 read with applicable Rules of the Companies (Accounts) Rules, 2014, extract of annual return forms part of this Director's Report and annexed as **Annexure-II**.

### 10. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time, the Company has established Corporate Social Responsibility (CSR) Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this Report as **Annexure-III**. Further details of composition of the Corporate Social Responsibility Committee and other details are also provided in the para pertaining to Corporate Governance which forms part of this report.

During the period under review the total spending by the company towards the Corporate Social Responsibility activities were INR 0.54 Mn. (the details are covered under **Annexure -III**) as against the budget of INR 5.33 Mn. and INR 4.79 Mn. remained unspent owing to adverse business atmosphere due to the liquidity crunch on account of Demonetization of high currency notes by the Government of India. The company had to put all its energies for re-establishing its business systems and bringing the faith back amongst its customers and lenders. Thus, inspite of making its best efforts, the company could not spend the full CSR fund.. The company shall during the current financial year, put in its best efforts to make the CSR spending according to the requirements.

### 11. HUMAN RESOURCES DEVELOPMENT

The Company has continuously adopted structures that help attract best external talent and promote internal talent to higher roles and responsibilities. The Company's people centric focus providing an open work environment, fostering continuous improvement and development helped several employees realize their career aspirations during the year.

During the year under review, your Company had witnessed a higher absorption rate and as on March 31, 2017, your Company had 2,445 employees' vis-à-vis 2,127 employees as on March 31, 2016. In order to augment more experienced staff, your Company has recruited officers across various verticals of the Company.

The disclosures required to be made under the provisions of section 197(12) of the Companies Act, 2013 read with Rule 5(1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have been annexed herewith as Annexure – VI to the Directors' Report.

### 12. PUBLIC DEPOSIT

During the year under review, you company has not accepted any deposits as per the provisions of Companies Act, 2013 and as such no amount of principal or interest was outstanding as of Balance Sheet date.



### **13. DISCLOSURE AS PER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the financial year 2016-17, the Company has not received any complaints on sexual harassment.

### **14. INDEPENDENT DIRECTORS' DECLARATION**

Our definition of 'Independence' of Directors is derived from Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms of Section 149(6) of the Companies Act, 2013:

- a) Ms. Chandni Gupta Ohri
- b) Mr. Anal Kumar Jain
- c) Mr. Sethuraman Ganesh
- d) Mr. Pradip Kumar Saha (joined the Board on 26<sup>th</sup> May, 2017)

In compliance with the provisions of Section 149(7) of the Companies Act, 2013, the Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013. Further, there has been no change in the circumstances which may affect their status as independent director during the year.

### **15. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013 and based on the representations received from the management, the directors hereby confirm:

- i That in the preparation of the annual accounts for the financial year 2016-17, the applicable accounting standards have been followed and there are no material departures;
- ii That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- iii That the Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act and confirms that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv That the Directors have prepared the annual accounts on a going concern basis;
- v That the Directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and
- vi That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **16. CORPORATE GOVERNANCE**

Your Company is committed to achieve the good standards of Corporate Governance and adheres to the Corporate Governance requirements set by the Regulators/applicable laws. Accordingly, your Board functions as trustees of the shareholders for ensuring the long term economic value for its shareholders while balancing the interest of all the stakeholders.

**(i) Company's philosophy on corporate governance**

The Company's philosophy on Corporate Governance envisages attainment of better transparency and accountability in all facets of operations and in all its interactions with its stakeholders including shareholders, employees, bankers and the auditors. The Company constantly endeavors to achieve standards of Corporate Governance in order to enhance the long term stakeholders' value and maintain good Corporate Governance. The Company has well established, transparent and fair administrative set up to provide for professionalism and accountability.

**(ii) Board of directors**

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The notice of Board meeting is duly given to all the Directors. The Agenda for the Board and Committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

**a) Composition, Category of the Board of Directors**

As on March 31, 2017, the Board of the Company consisted of 8 (eight) Directors, out of whom 3 were Independent Directors (including 1 Woman Director); 4 (Four) Directors were Non-Executive while 1 (one) is Executive Director being the Managing Director.

The composition of the Board is in conformity with the Companies Act, 2013. The composition of the Board, other directorship of the Board members, number of Board Meetings held along with the attendance of the Directors thereat during the Financial Year 2016-17 along with the details of Committees of the Board, its membership and Terms of reference (ToR) are contained hereunder:

Sr. No.	Name of Director	Category	No. of Directorships in Other Companies
1.	Mr. Anup Kumar Singh	Managing Director	1
2.	Ms. Chandni Gupta Orhi	Independent Director	3
3.	Mr. Anal Kumar Jain	Independent Director	6
4.	Mr. Sethuraman Ganesh	Independent Director	1
5.	Mr. Kenneth Dan Vander Weele	Nominee Director	7
6.	Ms. Mona Kachhwaha	Nominee Director	3
7.	Mr. Prakash Kumar	Nominee Director	2
8.	MR. R.V Dilip Kumar	Nominee Director	4

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

The Board met five (5) times in financial year 2016-17. The maximum interval between any two meetings did not exceed 120 days.

Sr. No.	Date of Board Meeting	Place of Meeting	Members attended Board Meeting
1.	06 <sup>th</sup> May 2016	Hotel Hacienda da Goa, Goa	Ms. Chandni Gupta Ohri, Chairman, Mr. Anup Kumar Singh, Mr. Anal Kumar Jain, Mr. Kenneth Dan Vander Weele, Mr. Sethuraman Ganesh Mr. R. V. Dilip Kumar Mr. Bhanu Prakash Verma Mr. Vishal Bharat



2.	14 <sup>th</sup> July 2016	Hotel Radisson Blu Plaza, New Delhi	Ms. Chandni Gupta Ohri, Chairman, Mr. Anup Kumar Singh Mr. Sethuraman Ganesh Mr. R V Dilip Kumar Mr. Bhanu Prakash Verma
3.	12 <sup>th</sup> August 2016	Hotel J W Marriott, New Delhi	Ms. Chandni Gupta Ohri, Chairman, Mr. Anup Kumar Singh, Ms. Anal Kumar Jain, Mr. Sethuraman Ganesh, Mr. Kenneth Dan Vander Weele, Mr. Vishal Bharat Mr. R V Dilip Kumar
4.	15 <sup>th</sup> November 2016	Hotel Fairfield Marriott, Lucknow	Ms. Chandni Gupta Ohri, Chairman, Mr. Anup Kumar Singh, Ms. Anal Kumar Jain, Mr. Sethuraman Ganesh, Mr. Kenneth Dan Vander Weele, Mr. Vishal Bharat Mr. Prakash Kumar
5.	10 <sup>th</sup> February, 2017	Hotel JW Marriott, New Delhi	Ms. Chandni Gupta Ohri, Chairman, Mr. Anup Kumar Singh, Ms. Anal Kumar Jain, Mr. Sethuraman Ganesh, Mr. Kenneth Dan Vander Weele Mr. R V Dilip Kumar Mr. Prakash Kumar

**Notes:**

- a. None of the Directors held directorship in more than 10 Public Limited Companies
- b. None of the Directors were related to any Director or were a member of an extended family.

**(iii) Audit Committee**

The Chairman of the Committee is an Independent Director. During the FY 2016-17 the Committee has met 5 times. The composition of the Audit Committee and the brief terms of reference are shown below:

Name/ category	Position in the Committee	Number of Meetings attended
Mr. Sethuraman Ganesh	Chairman	5
Mr. R V Dilip Kumar	Member (wef. 12 <sup>th</sup> August, 2016 )	1
Ms. Chandni Gupta Ohri	Member	5
Mr. Kenneth Dan Vander Weele	Ceased to be the Member wef. 12 <sup>th</sup> August, 2016	2

**Brief Terms of Reference of Audit Committee:**

- a) To review the Financial Reporting & to ensure the correctness & suitability of Financial Statements.
- b) Recommendation of Internal and External Auditors, scope of their Audits and Audit reports to the Board.
- c) To review the functioning of the whistle-blower mechanism.
- d) Reviewing with management the periodic financial statements/results before submission to the Board, focusing primarily on:
  - matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;
  - any changes in accounting policies and practices;
  - any related party transaction
  - the adequacy of internal audit function
- e) Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- f) To ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.
- g) To carry out any other function as is mentioned in the terms of reference of the Audit Committee.

**(iv) Remuneration & Nomination Committee**

The Chairman of the Committee is an Independent Director. During the FY 2016-17 the Committee has met 2 times. The composition of the Remuneration and Nomination committee and the brief terms of reference are shown below:

Name of Director	Position in the Committee	Number of Meetings attended
Mr. Anal Kumar Jain	Chairman	2
Ms. Chandni Gupta Ohri	Member	2
Mr. Anup Kumar Singh	Member	2
Mr. Prakash Kumar	Member	1
Mr. Kenneth Dan Vander Weele	Member	2

**Brief Terms of reference of Remuneration and Nomination Committee**

- a) To identify the persons who are qualified to become the directors or appointed as Senior Management Personnel and to ensure fit and proper credentials of proposed/ existing Directors.
- b) To evaluate the Board of Directors and committees thereof as per the requirements of Companies Act, 2013.
- c) To recommend the sitting fee payable to the Independent directors and to decide the remuneration for the Whole Time Director / Managing Director.
- d) To review the administration of ESOP Schemes of the Company, determining the eligibility criteria, vesting conditions, grant of options, performance evaluation and recommending the same to the board.



**(v) Corporate Social Responsibility Committee**

The Board of Directors, in compliance of the Companies Act, 2013 and rules made thereunder, constituted Corporate Social Responsibility (CSR) Committee at their meeting held on 15<sup>th</sup> November, 2013.

During the FY 2016-17 the Committee has met 2 times. The composition of the Corporate Social Responsibility committee and the brief terms of reference are shown below:

Name of Director	Position in the Committee	Number of Meetings attended
Ms. Chandni Gupta Ohri	Chairman	2
Mr. Prakash Kumar	Member	1
Mr. Sethuraman Ganesh	Member	2

- Formulation and recommendation to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the company as specified in Schedule VII.
- Recommendation of the amount of expenditure to be incurred on the activities referred to above and monitoring the same..
- Monitoring the Corporate Social Responsibility Policy of the company from time to time.

**(vi) General Body Meeting**

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

AGM for the FY	Date & time of AGM	Venue of the AGM
2015-16	27.09.2016	II Floor, CP-1, PG Tower, Kursi Road, Vikas Nagar, Lucknow – 226026 (Register Office)
2014-15	28.09.2015	II Floor, CP-1, PG Tower, Kursi Road, Vikas Nagar, Lucknow – 226026 (Register Office)
2013-14	29.09.2014	II Floor, CP-1, PG Tower, Kursi Road, Vikas Nagar, Lucknow – 226026 (Register Office)

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

AGM Date	As per Companies Act, 2013	Particulars of Special Resolutions
29/09/2014	U/s 61	<ul style="list-style-type: none"> <li>Increase in Authorized Share Capital</li> <li>Adoption of new set of Articles of Association</li> </ul>
28/09/2015	U/s 42	<ul style="list-style-type: none"> <li>Approval of draft Offer Letter (PAS -4) to be issued to SIDBI trustee Company Limited.</li> <li>To take consent for execution of share Subscription agreement.</li> <li>To take consent for execution of new shareholders agreement</li> </ul>
27/09/2016	U/s 42	<ul style="list-style-type: none"> <li>Approval of the draft offer letter (PAS-4) to be issued to Triodos &amp; Proparco</li> <li>To take consent for the amendment of the Article of Associations of the Company</li> </ul>



### **(vii) Code Of Conduct**

The board has laid down a “Code of Conduct” for all the board members and the senior management and other employees of the company and the Code of Conduct has been posted on the website of the company.

Further, during the year under review, ICRA conducted Code of Conduct Assessment (COCA) of the Company and the grading assigned was M2+C3 (M2+ is the Microfinance Capacity Assessment Grade and C3 is the Code of Conduct Assessment Grade).

### **(viii) Disclosures**

- a.) The Company has entered into an agreement with M/s Grameen Foundation (India) duly approved by the Board of Directors of the Company in its meeting held on August 12, 2016 for entering into one year management development program. Ms. Chandni Gupta Ohri, Chairman of the Board is the related party in the aforesaid transaction. A brief detail about the transaction is attached in AOC-2.
- b.) However, considering the size of business of the Company, the transaction may not be deemed to be material that may potentially conflict with the interests of the Company.
- c.) There has been no non-compliance by Sonata Finance Private Limited nor any penalties imposed on the Company by any authorities.
- d.) The Company has a Whistle Blower Policy duly approved by the Board, which has been circulated to all the employees of the Company and also placed on the website [www.sonataindia.com](http://www.sonataindia.com) of the Company. Further, it is affirmed that no personnel has been denied access to the Audit Committee.
- e.) During the year, no expenditure has been debited in the books of accounts which are not for the purposes of business.
- f.) During the year, no expenses which are of personal nature have been incurred for the Board of Directors and top management.

### **(ix) Means Of Communication**

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

### **(x) Training Of Board Of Directors**

The Company keeps the directors informed regarding the important developments in reference to the performance of the Company, industry scenario & regulatory changes.

### **(v) GENERAL SHAREHOLDERS INFORMATION**

- a.) As per the notice attached to this Annual Report, the Annual General Meeting of the Company will be held on 27<sup>th</sup> September 2017.
- b.) The Financial Year of Sonata Finance Private Limited is from April 1<sup>st</sup> to March 31<sup>st</sup>.

## **17. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

There have been no loans, guarantees and investments under Section 186 of the Act during the financial year 2016-17 except pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given or securities provided or securities acquired in the ordinary course of business, which are exempted from disclosure in the Annual Report.



## 18. INTERNAL CONTROL

Your Company had laid down set of standards, processes and structure which enables it to implement internal financial control across the organization and ensure that the same are adequate and operating effectively. Further the company's financial system and procedures were duly audited by M/s E&Y, Mumbai who have reported that the financial systems are as per the requirements.

## 19. RISK MANAGEMENT

Your Company has Board approved Risk Management Policy wherein all material risks faced by the Company are identified and assessed. Further, the Risk Management is overseen by the Risk Management Committee/Audit Committee of the Company on a continuous basis.

The Company has undergone Risk Control Self Assessment exercise and adopted following measures concerning the development and implementation of a Risk Management Policy of the Company after identifying the priority areas of risks which in the opinion of the Board may threaten the very existence of the Company itself.

The Company has an efficacious risk management structure. It works simultaneously to review policies and procedures, Identify risk, understand existing risk mitigation/controlling strategies and identify gaps in the existing controlling strategies and to improve upon the same.

## 20. MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

### **Demonetization**

The Government of India demonetized the currency (i.e 500 and 1000 rupees notes) with effect from 8<sup>th</sup> November, 2016. This created the problem of liquidity in general. The major impact of shortage of currency notes was felt in the rural areas of the country. Since your company has 70% of its operations in the rural areas, your company has been facing problems in collections / recoveries due to the liquidity issues in the region of Western Uttar Pradesh and part of Madhya Pradesh & Maharashtra. The impact was also aggravated due to various rumours in certain areas that the microfinance loans shall be waived off by the Government. This has led the borrowers to default on loans/defer their repayments schedules and which has in turn led to a significant rise in Non-Performing Assets.

The Company has since then, through various measures undertaken, has started improving its performance. Further, the company is now gradually opting for cashless business. Your Company has already started making disbursements through electronic mode and is moving ahead to collect funds through e-channels.

### **Major Impact of Demonetization**

During the period under review, the Net profit after tax of the Company has decreased from INR 272.03 Mn. in the FY 2015-16 to INR 13.20 Mn. in the FY 2016-17.

The Provisions and write offs increased from INR 40.99 Mn. in the FY 2015-16 to INR 425.66 Mn. in the FY 2016-17.

The company has been making all efforts to counter the problems from demonetization. The company is taking internal measures to increase the efficiency and also working on external measures to overcome the situation

## 21. VIGIL MECHANISM

The Company has established a vigil mechanism for Directors and employees to report their genuine concerns. Your Company has established a mechanism called 'Vigil Mechanism' for directors and employees to report to the appropriate authorities of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguards against victimization of employees who avail the mechanism. During the year under review, no employee was denied access to the Audit Committee.

Further, the Vigil Mechanism Policy and other details are also provided on the website of the Company.

## 22. SUBSIDIARIES/ JOINT VENTURE/ ASSOCIATE

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

## 23. STATUTORY AUDITORS & AUDITORS' REPORT

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Kolkata, were appointed as statutory auditors of the Company by the members at Annual General Meeting of the company held on 29<sup>th</sup> September 2014 for the period of 4 years. There were no qualification(s) or observation(s) or other remarks made by the Statutory Auditors in the Independent Auditor's Report of your Company for the Financial Year 2016-17. There are no major observations in the Report of the Statutory Auditors' that requires clarification on behalf of the Board of Directors.

## 24. SECRETARIAL AUDIT REPORT

The Board of Directors of the Company had appointed M/s Amit Gupta & Associates, Practicing Company Secretary, Lucknow to conduct the Secretarial Audit of the Company for Financial Year 2016-17 and the Audit has been duly conducted and there are no major observations in the Secretarial Audit Report that requires clarification on behalf of the Board of Directors. The Secretarial Audit Report for the FY 2016-17 has been appended as Annexure-IV

## 25. MANAGEMENT DISCUSSION AND ANALYSIS

As required by the listing agreement, a report on Management Discussion and Analysis is appended as Annexure-V to this Report.

## 26. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The company being a Non-Banking Financial Company, the particulars of conservation of energy, technology absorption are not applicable on the company. The only use of energy is the consumption of electricity at the offices of the company.

Further there was no foreign exchange inflow or outflow during the year under review.

## 27. CLIENT GRIEVANCE

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

S.No.	Particulars	Opening	Received during the year	Redressed during the year	Status on 31 <sup>st</sup> March, 2017
1.	Service related Complaints	9	369	367	11
2.	Insurance related issues	6	173	169	10
3.	Behavioral issues	0	132	132	0
4.	Enquiries	0	57	57	0



## 28. DOCUMENTS PLACED ON THE WEBSITE

The following documents have been placed on the website in compliance with the Act:

- Loan Policy
- Recovery Policy
- Fraud Prevention Policy
- Corporate Governance Policy
- Corporate Social Responsibility Policy as per section 135(4)(a)
- Financial statements of the Company along with relevant documents as per third proviso to section 136(1).
- Details of vigil mechanism for directors and employees to report genuine concerns as per proviso to section 177(10).
- The terms and conditions of appointment of independent directors as per schedule IV to the Act.
- Related Party Transactions Policy as per guidelines issued by the Reserve Bank of India (RBI).
- Sexual Harassment of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013

## ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to business associates for their support and contribution during the year. The Directors would also like to thank the employees, shareholders, customers, suppliers, alliance partners and bankers for the continued support given by them to the Company and their confidence reposed in the management.

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

**Sd/-  
Anup Kumar Singh  
Managing Director  
DIN: 00173413**

**sd/-  
Pradip Kumar Saha  
Director  
DIN: 02947368**

**Place: Lucknow  
Date: August 22, 2017**

## 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)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

### 1. Details of contracts or arrangements or transactions not at arm's length basis: N/A

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions:
- (c) Duration of the contracts / arrangements/transactions:
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) Date(s) of approval by the Board:
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:

### 2. Details of material contracts or arrangement or transactions at arm's length basis:

- (a) Name(s) of the related party and nature of relationship: Ms. Chandni Gupta Ohri
- (b) Nature of contracts/arrangements/transactions: In the Ordinary Course of business
- (c) Duration of the contracts / arrangements/transactions: 1 year
- (d) Salient terms of the contracts or arrangements or transactions including the value:

*The training program is for the development of behavioral, leadership and management skills to be called as "Transition to Excellence"*

*The said program was in two series. Series one did focus on the core behavioral skills and the second one focus on Leadership and Management skills.*

*The contract was for the period of One Year and the total consideration payable to Grameen Foundation being INR 15 lacs (plus taxes). The price for the contract has been on fair market value as per the industry standard prevalent in similar companies.*

- (e) Date(s) of approval by the Board: August 12, 2016
- (f) Amount paid as advances: None

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

Sd/-  
Anup Kumar Singh  
Managing Director  
DIN: 00173413

sd/-  
Pradip Kumar Saha  
Director  
DIN: 02947368

Place: Lucknow  
Date: August 22, 2017



## FORM MGT-9

Extract of Annual Return as on the financial year ended on 31 March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I REGISTRATION AND OTHER DETAILS

Sl. No	Particulars	Details
1.	CIN	U65921UP1995PTC035286
2.	Registration Date	06-04-1995
3.	Name of the Company	Sonata Finance Private Limited
4.	Category / Sub-Category of the Company	Company Limited by Shares / Indian Non-Government Company
5.	Address of the Registered office and contact details	IIInd Floor, CP-1,PG Towers, Kursi Road, Vikas Nagar, Lucknow-226026 Email: info@sonataindia.com Ph:91-522-2334900
6.	Whether listed company Yes / No	Yes (Debentures of the Company are listed)
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>Skyline Financial Services Private Limited (For Shares)</b> D-153 A   Ist Floor   Okhla Industrial Area, Phase - I   New Delhi-110 020. Tel.: +91 11 64732681 - 88   Fax: +91 11 26812682   Web:www.skylinerta.com  <b>NSDL Database Management Limited (For Debentures)</b> 4 <sup>th</sup> Floor, Trade World, A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel.: 91-22-2499 4200 Fax: 91-22-2497 6351 Web: www.nsd.co.in

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company are as stated hereunder:-

SI. No	Name and description of main products / services	NIC code of the product/ service	% to total turnover of the Company
1.	Micro Finance Lending	64990	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

#### i Category-wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.Promoters</b>									
<b>(1)Indian</b>									
a)Individual /HUF	6,59,112	2,16,350	8,75,462	5.30%	6,59,112	2,16,350	8,75,462	4.15%	(1.15%)
b)Central Govt.	-	-	-	-	-	-	-	-	-
c)State Govt.	-	-	-	-	-	-	-	-	-
d)Bodies Corporate	-	-	-	-	-	-	-	-	-
e)Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other.	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL: (A) (1)</b>	<b>6,59,112</b>	<b>2,16,350</b>	<b>8,75,462</b>	<b>5.30%</b>	<b>6,59,112</b>	<b>2,16,350</b>	<b>8,75,462</b>	<b>4.15%</b>	<b>(1.15%)</b>
<b>(2)Foreign</b>									
a)NRIs- Individuals	-	-	-	-	-	-	-	-	-
b)Other Individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corporate	-	-	-	-	-	-	-	-	-
d)Banks/FI	-	-	-	-	-	-	-	-	-
e)Any other	-	-	-	-	-	-	-	-	-



<b>SUB TOTAL: (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)= (A)(1) +(A)(2)</b>	<b>6,59,112</b>	<b>2,16,350</b>	<b>8,75,462</b>	<b>5.30%</b>	<b>6,59,112</b>	<b>2,16,350</b>	<b>8,75,462</b>	<b>4.15%</b>	<b>(1.15%)</b>
<b>B.PUBLIC SHAREHOLDING</b>									
(1)Institutions	-	-	-	-	-	-	-	-	-
a)Mutual Funds	-	-	-	-	-	-	-	-	-
b)Banks/FI	-	-	-	-	-	7,07,214	7,07,214	3.35%	3.35%
c)Central Govt.	-	-	-	-	-	-	-	-	-
d)State Govt.	-	-	-	-	-	-	-	-	-
e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)Insurance Companies	-	-	-	-	-	-	-	-	-
g)FIs	3,241,285	-	3,241,285	19.60%	3,241,285	3,855,601	7,096,886	33.64%	14.04%
h)Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)Others	59,64,485	-	59,64,485	36.08%	59,64,485	-	59,64,485	28.27%	(7.81%)
<b>SUB TOTAL (B) (1):</b>	<b>9,205,770</b>	<b>-</b>	<b>9,205,770</b>	<b>55.68%</b>	<b>9,205,770</b>	<b>4,562,815</b>	<b>13,768,585</b>	<b>65.26%</b>	<b>9.58%</b>
<b>(2)Non Institutions</b>									
a)Bodies Corporate									
i)Indian	15,38,721	2,203,226	37,41,947	22.63%	15,38,721	2,203,226	37,41,947	17.74%	(4.89%)
ii)Overseas	-	-	-	-	-	-	-	-	-
b)Individuals									
i)Individual shareholders holding nominal share capital upto 1 Lakh	-	24,600	24,600	0.15%	-	1,28,900	1,28,900	0.61%	0.46%
ii) Individual shareholders holding nominal share capital in excess of ` 1 Lakh	4,71,375	-	4,71,375	2.85%	4,71,375	-	471,375	2.23%	(0.62%)
c)Others	-	-	-	-	-	-	-	-	-
Trust	-	2,214,150	2,214,150	13.39%	-	2,109,850	2,109,850	10.00%	(3.39%)
<b>SUB TOTAL (B) (2):</b>	<b>2,010,096</b>	<b>4,441,976</b>	<b>6,452,072</b>	<b>39.02%</b>	<b>2,010,096</b>	<b>4,441,976</b>	<b>6,452,072</b>	<b>30.58%</b>	<b>(8.45%)</b>



Total Public Shareholding	11,215,866	4,441,976	15,657,842	94.70%	11,215,866	9,004,791	20,220,657	95.84%	1.14%
(B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	11,874,978	4,658,326	16,533,304	100%	11,874,978	9,221,141	21,096,119	100%	-

ii Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mr. Anup Kumar Singh	8,75,462	5.30%	-	8,75,462	4.15%	-	(1.15%)
	Total	8,75,462	5.30%	-	8,75,462	4.15%	-	(1.15%)

iii Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	8,75,462	5.30%	8,75,462	5.30%
	Date wise Increase/Decrease In Promoters Share Holding during the year specifying the reasons for increase / decrease (e.g. allotment/ Transfer/bonus/sweat equity etc)	-	(1.15%) Decrease in shareholding due to allotment of shares to Triodos & Proparco and exercise of ESOP right vested with employees	-	(1.15%) Decrease in shareholding due to allotment of shares to Triodos & Proparco and exercise of ESOP right vested with employees
	At the end of the year	8,75,462	4.15%	8,75,462	4.15%



**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S No.	Name of Shareholders	Shareholding at the beginning of the year as on 01.04.2016		Change in shareholding during the year		Shareholding at the end of the year as on 31.3.2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Creation Investments Social Ventures Fund II, L.P.	4,473,364	27.06%	-	(5.86%)	4,473,364	21.20%
2.	Societe de Promotion et de Participation pour la Cooperation Economique	-	-	-	-	23,48,654	11.13%
3.	SIDBI Trustee Company Limited	2,203,226	13.33%	-	(2.89%)	2,203,226	10.44%
4.	Sonata Employee Welfare Trust	2,214,150	13.39%	(1,04,300)	(3.39%)	21,09,850	10.00%
5.	Creation Investments Social Ventures Fund I	14,91,121	9.02%	-	(1.95%)	14,91,121	7.07%
6.	Indian Financial Inclusion Fund	2,000,000	12.10%	(5,19,366)	(5.08%)	14,80,634	7.02%
7.	Triodos Custody B.V as a custodian of Triodos Fair Share Fund	-	-	-	-	11,74,327	5.57%
8.	Triodos SICAV II- Triodos Microfinance Fund	-	-	-	-	11,74,326	5.57%
9.	Caspian Impact Investment Adviser Private Limited ("CIAPL"), Trustee of Bellwether Microfinance Trust	10,71,871	6.48%	-	(1.4%)	10,71,871	5.08%
10	Michael & Susan Dell Foundation	12,41,285	7.51%	(3,22,340)	(3.15%)	9,18,945	4.36%

**v. Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors & KMP*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	8,75,462	5.30%	8,75,462	5.30%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for Increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-		-	(1.15%) Decrease in shareholding due to allotment of shares to Triodos & Proparco and exercise of ESOP right vested with employees
	At the end of the year	8,75,462	4.15%	8,75,462	4.15%

**vi. Indebtedness**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(INR in Mn.)

	Secured Loans excluding deposits (including NCDs)	Unsecured Loans (including NCDs)	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2016)</b>				
i) Principal Amount	8948.1	690.00	-	9638.1
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	71.2	2.5	-	73.7
<b>TOTAL (i+ii+iii)</b>	<b>9019.3</b>	<b>692.5</b>	<b>-</b>	<b>9711.8</b>
<b>Change in Indebtedness during the financial Year</b>				
Addition	812.8	410.1		1222.9
(Reduction)	-	-	-	-
Exchange Difference	-	-	-	-
<b>Net Change</b>	<b>812.8</b>	<b>410.1</b>		<b>1222.9</b>
<b>Indebtedness at the end of the financial year (31.03.2017)</b>				
i) Principal Amount	9695.9	1096.8	-	10792.7
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	136.2	5.8	-	142
<b>TOTAL (i+ii+iii)</b>	<b>9832.1</b>	<b>1102.6</b>	<b>-</b>	<b>10934.7</b>



## vii. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Name of Managing Director : Mr. Anup Kumar Singh		
Sr. No	Particulars of Remuneration	INR in Mn.
1.	Gross Salary	
	1(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3.465
	1(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.075
	1(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	
	-as a % of profit	4.125
	-others (specify)	
5	Others, please specify : Travelling expenses reimbursed	1.815
	<b>Total</b>	<b>9.480</b>

### B. Remuneration to other directors:

S No.	Name of the Directors	Fee for attending board/ committee meetings	Others, please specify (Professional Fee)	Total
1.	Mr. Sethuraman Ganesh	0.10	0.40	0.50
2.	Ms. Chandni Gupta Ohri	0.10	0.40	0.50
3.	Mr. Anal Kumar Jain	0.08	0.42	0.50

### C. Remuneration to key managerial personnel other than MD/Manager/WTD

INR In Mn.

Sr. No	Particulars of Remuneration	Key Managerial Personnel
		Company Secretary
1.	Gross Salary	
	1(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.48
	1(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	1(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	-as a % of profit	-
	-others (specify)	-
5	Others, please specify : Retirement Benefits	-
	<b>Total</b>	<b>0.48</b>

**viii. Penalties/ Punishment/ Compounding Of Offences Under Companies Act' 2013:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

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

Sd/-  
**Anup Kumar Singh**  
Managing Director  
DIN: 00173413

Sd/-  
**Pradip Kumar Saha**  
Director  
DIN: 02947368

**Place: Lucknow  
Date: August 22, 2017**



## CORPORATE SOCIAL RESPONSIBILITY

### CORPORATE SOCIAL RESPONSIBILITY POLICY - OVERVIEW

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website.

In line with the CSR policy and in accordance of Schedule VII of the Companies Act, 2013, the Company shall undertake the Corporate Social Responsibility activities as defined under the Schedule VII to the Act.

The main objectives of CSR Policy are:

- i. To directly or indirectly take up programs that benefit the communities in and around its workplace and results, over a period of time, in enhancing the quality of life and economic well-being of the local populace.
  - ii. To generate through its CSR initiatives, a community goodwill for the company and help reinforce a positive & socially responsible image of Sonata Finance Private Limited as a corporate entity and as a good Corporate Citizen.
  - iii. Ensure commitment at all levels in the organization, to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interest of all its stakeholders
- The terms of reference of the CSR Committee is as under:
    - i. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of Companies Act, 2013;
    - ii. To recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above;
    - iii. To monitor the Corporate Social Responsibility Policy of the company from time to time.

### Composition of CSR Committee

Members of the committee are:

1. Mrs. Chandni Gupta Ohri (Chairperson)
2. Mr. Prakash Kumar
3. Mr. Sethuraman Ganesh

### Average net profits and prescribed CSR expenditure:

The average net profits and prescribed CSR expenditure for the period under consideration is as detailed below:

Particulars	INR in Mn
Average net profits for last three financial years	266.67
Prescribed CSR expenditure	5.33

**Details of CSR spent during the financial year 2016-17.**

Particulars	INR in Mn.
Total amount spent for the year:	0.537
Amount unspent	4.793

**Manner in which the amount spent during the financial year:**

S. No	CSR project or activity identified	Sector in which the Project is covered	Projects/ Programmes  1. Local area/ others  2. Specify the state and district where project/ Programme was undertaken	Amount outlay (budget) project or Programme wise	Amount spent on the project/ programme  1.Direct expenditure on project or programmes  2.Overheads (in Actual)	Cumulative expenditure upto to the reporting period (in Actuals)	Amount spent: Direct/ through implementing agency*
1.	Employment enhancing vocational skills	Livelihood generation by providing swing machine to women	Uttar Pradesh, Raibareli district	533340.82	1,65,000  9,475  1,74,475	1,74,475	Direct
2.	Promotion of education	Facilitate infrastructural support to government run primary schools	Primary School UndiHarhua Varanasi, Uttar Pradesh,	4266726.58	1,67,635.50  5,40.00  1,68,175.50	1,68,175.50	Direct
		Facilitate infrastructural support to government run primary schools	Primary School Basudevpur Harhua, Varanasi, Uttar Pradesh,		1,67,635.50  5,40.00  1,68,175.50		
		Facilitate infrastructural support to government run primary schools	Andawa, Allahabad, Uttar-Pradesh		6,100	6,100	Direct
		Facilitate infrastructural support to government run primary schools	Sarojani Nagar, Lucknow, Uttar-Pradesh		15,900	15,900	Direct
		Installation of CCTV in Kasturba Gandhi BalikaVidyalaya a government run girl boarding school	MohanlalGanj, Lucknow, Uttar Pradesh		4,600.00	4,600.00	Direct
		<b>Total</b>					<b>5,37,426</b>



During the period under review the total spending by the company towards the Corporate Social Responsibility activities were INR 0.537 Mn. as against the budget of INR 5.33 Mn. and INR 4.793 remained upspent due to the effect of demonetization of specified bank notes by the Government of India in November 2016 which has created the problem of liquidity in general. The Shortage of currency notes prompted the borrowers to make defaults resulting in a quantum jump in Non-Performing Assets of the Company. Due to this the company had to focus all its all energies for re-establishing its business systems and bringing the faith back amongst its customers and lenders. The Company, even after putting in its best efforts, could not spend the entire CSR budget. However, the company shall during the current financial year, put in its best efforts to make the CSR spending according to the requirements.

Further, Pursuant to the provisions of Companies Act, 2013 and Companies Rules (Corporate Social Responsibility Policy) Rules, 2014, Mr. Anup Kumar Singh, Managing Director and Ms. Chandni Gupta Ohri, Chairman of CSR Committee, do confirm that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the Company.

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

**Sd/-  
Anup Kumar Singh  
Managing Director  
DIN: 00173413**

**Sd/-  
Chandni Gupta Ohri  
Chairperson - CSR Committee  
DIN: 03613229**

**Place: Lucknow  
Date: August 22, 2017**



## Management Discussion & Analysis

### OVERVIEW

Sonata Finance Private Limited ('Company') is an incorporated company duly registered with the Reserve Bank of India as Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI) vide Registration No. B-12.00445. The Company is primarily engaged in providing microfinance to low income households. The Company focuses its operations in 8 states in India, through 363 Branches and 2,445 Employees, as on March 31, 2017. The core business of the Company is providing small value loans and certain other basic financial services to its clients. These borrowers often have no, or very limited, access to loans from institutional sources of financing. The Company aims to provide financial services at the doorstep of its clients. The borrowers of the company are predominantly located in rural/ semi urban areas, and the Company extends loans to them mainly for use in small businesses or for other income-generating activities.

The Company follows a village-centric, group-lending model to provide unsecured loans to its Members. This model relies on a form of 'social collateral', and ensures credit discipline through peer support within the group. The Company believes this model makes its Members prudent in conducting their financial affairs and prompt in repaying their loans. Failure by an individual Borrower to make timely loan repayments will prevent other Members in the group from being able to borrow from any MFI in future. Therefore, the group will use peer support to encourage the delinquent Borrower to make timely repayments or will often make a repayment on behalf of a defaulting Borrower, effectively providing an informal joint guarantee on the Borrower's loan.

In addition to its core business of providing micro-credit, the Company uses its distribution channel to provide certain other financial products and services that its Members may need. The Company offers loans for the purchase of products which help its borrowers to enhance their productivity such as mobile phones, solar lamps, sewing machines and bicycles, among other products.

### INDUSTRY STRUCTURE AND DEVELOPMENT OVERVIEW

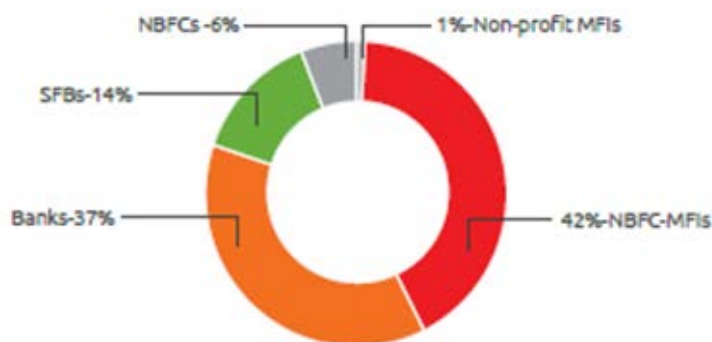
The country's growth has led to a rise in financing needs. Non-Banking Finance Companies (NBFCs) are an integral part of the country's financial system because of their complementary as well as competitive role. They act as a critical link in the overall financial system catering to a large market of niche customers. In spite of strong competition faced by the NBFCs, the inner strength of NBFCs viz local knowledge, credit appraisal skill, well trained collection machinery, close monitoring of borrowers and personalized attention to each client, are catering to the needs of small and medium enterprises in the rural and semi urban area, enabling the Government and Regulators to further the mission of financial inclusion. The sheer size of the market in terms of financially excluded households presents large opportunities for a business model that offers sustainable credit to the unbanked or under-banked areas. However, as a result of consolidation and restructuring in the financial sector and liberalisation and globalisation of markets only few strong NBFCs now remain in business.

### THE MICROFINANCE INDUSTRY

According to MFIN report, the microfinance industry ("MFI") had a total loan portfolio of INR 1,06,916 Crore, as on March 31, 2017. NBFC-MFIs contributed 42% of the overall portfolio, while Banks (including BC Portfolio) had a 37% share.



### Share of various lenders in loan amount outstanding (FY17)



Source: MFIN Micrometer March 2017

### NBFC – MFI INDUSTRY

NBFC-MFI industry saw a modest growth in FY 2016-17 after two years of robust growth. During FY 2016-17, the industry disbursed loans worth INR 50,266 Crore, representing a 13% increase over the previous year. This resulted in a 25% growth in Gross Loan Portfolio (“GLP”) to INR 46,847 Crore. During the same period, the number of clients increased by 30% to 2.75 Crore, while the number of people employed by the industry grew by 49% to 86,440 and the number of branches rose by 31%. The average loan amount disbursed per account was INR 17,779.

Particulars	FY17	FY16	% increase
Disbursements (INR in Crore)	50,266	44,324	13%
Gross Loan Portfolio (INR in Crore)	46,847	37,469	25%
No. of Clients (No. in Crore)	2.75	2.12	30%
No. of Employees	86,440	58,038	49%
No. of Branches	9,012	6,867	31%

NBFC-MFIs now cover 32 states/union territories of India. The coverage of these microfinance institutions is now geographically well dispersed with GLP in South at 31%, North at 27%, West at 24% and East at 18%. Karnataka has the largest NBFC-MFI exposure at 15% of GLP. In terms of geographic spread, 57% of the NBFC-MFI industry portfolio is “Urban focused” **(Source: MFIN Micrometer March 2017)**

### UPDATE ON DEMONETISATION

On November 8, 2016, the Government of India announced the withdrawal of legal tender status of INR 500 and INR1000 denominations. Consequently, the currency in circulation declined significantly from INR 17.88 lakh Crore as on November 11, 2016 to INR 8.98 lakh Crore, as on January 6, 2017. Since then, the currency in circulation has increased to 13.35 lakh Crore, as on March 31, 2017. **(Source: RBI)**

According to Micrometer, during the quarter ending December 31, 2016, the NBFC-MFI industry saw a 35% decline in disbursements and a 2% decline in GLP, as compared to the quarter ending September 30, 2016. **(Source: MFIN Micrometer December 2016)**

### ASSET QUALITY OF NBFC-MFI's

Portfolio at Risk figure (PAR 30 days) for the NBFC-MFI industry increased to 14.15% as on March 31, 2017, from 0.40% as on March 31, 2016, while PAR figure (PAR 90 days) increased to 8.18% as on March 31, 2017 from 0.20% as on March 31, 2016. PAR figure (180 days) remained under 0.22% as on March 31, 2017. *(Source: MFIN Micrometer March 2017)*

### DEBT FUNDING TO NBFC-MFIs

During FY 2016-17, NBFC-MFIs received a total of INR 24,896 Crore in debt funding from banks and other financial institutions. Debt funding through securitisation of MFIs portfolio was at INR 4,041 Crore. *(Source: MFIN Micrometer March 2017)*

### OVERVIEW OF THE REGULATORY FRAMEWORK AND RECENT REGULATORY DEVELOPMENTS

The Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) – Directions, 2011 (“NBFC-MFI Directions”) were issued in December 2011 by the Reserve Bank of India (RBI) pursuant to the Reserve Bank of India Act, 1934 (“RBI Act”). The NBFC-MFI directions applied to all Non-Deposit taking Non-Banking Financial Companies (“NBFCs”) The Reserve Bank of India issued the ‘Non-Banking Financial Company Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, on 1<sup>st</sup>September,2016 which repealed and replaced the erstwhile NBFC-MFI directions and accordingly all the circulars and directions issued to NBFC-MFI’s have been consolidated under the ‘Non-Banking Financial Company Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

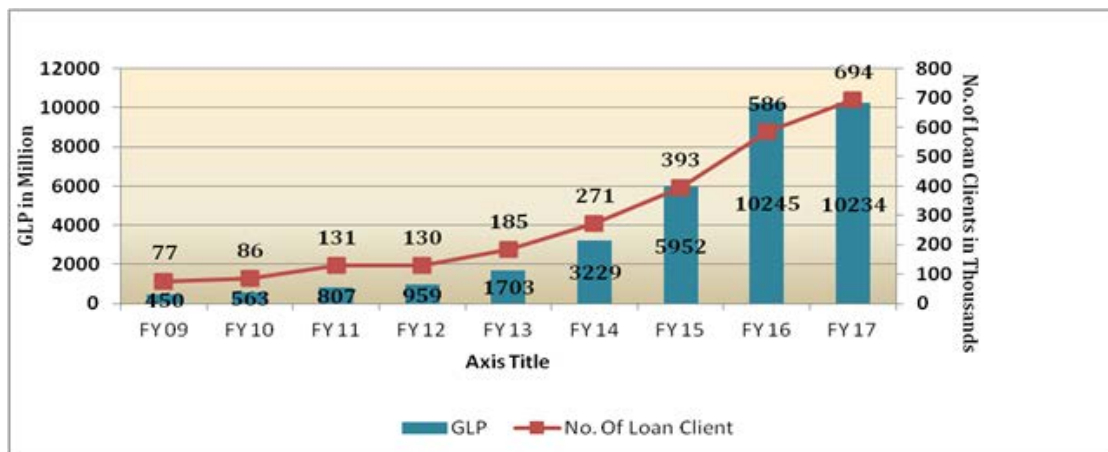
### CREDIT BUREAU REPORTING

As per the Microfinance India Social Performance Report 2014 (an ACCESS publication), CRIF High Mark Credit Information Services Private Limited and Equifax Credit Information Services Private Limited collect and collate data from MFIs and banks’ lending directly to the client segment of MFIs. MFIs use credit bureau data for checking regulatory compliances.

In February 2015, the RBI mandated all NBFCs to become members of all credit bureaus, viz Credit Information Bureau (India) Limited (CIBIL), Equifax Credit Information Services Private Limited, Experian Credit Information Company of India Private Limited and CRIF High Mark Credit Information Services Private Limited. The company has got itself registered with all the aforesaid agencies and is therefore compliant of the same.

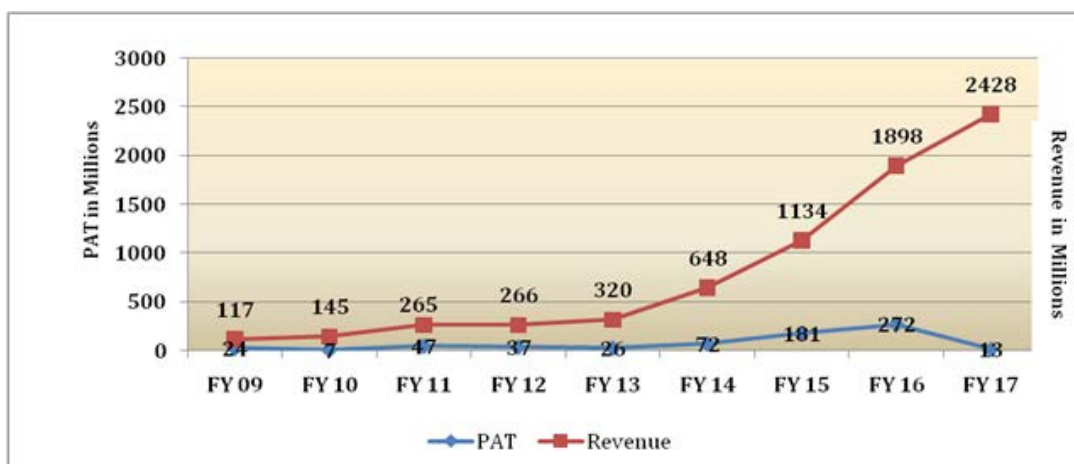
### DISCUSSION ON FINANCIAL PERFORMANCE VIS A VIS OPERATIONAL PERFORMANCE

The company was showing a robust increase in the Gross Loan portfolio during the previous financial years and was approximately doubling its portfolio year on year. However during the FY 2016-17, the Gross Loan Portfolio did take a hit and showed a marginal decrease as compared to FY 2015-16. This was mainly due to the fact that the company wanted to eye only on the disbursement of quality loans so as to reduce the risk over its portfolio. The company though managed to increase the number of loan clients to 694 Mn. in FY 2016-17 as compared to 586 Mn. in FY 2015-16. The year on year position of the Gross Loan Portfolio and number of loan clients is as under:



## FINANCIAL PERFORMANCE

During the period under review the revenues of the company grew from INR 1898.98 Mn. in FY 2015-16 to INR 2428.63 Mn in 2016-17. However due to increase in the provisioning and the write-off made during the FY 2016-17 the Profit after tax (PAT) of the company decreased to INR 13.20 Mn. in FY 2016-17 ( INR 272.03 Mn. in FY 2015-16)



## OPPORTUNITIES AND THREATS

Financial sector development provides small enterprises and households with market access leading to their inclusion in the regional and ultimately the global economy. Given the huge gap in demand and supply in micro credit in India and that a large part of this gap is serviced by informal sources, including moneylenders, this represents an attractive business opportunity for NBFC-MFI's. The Company believes that, with its operating strength in the existing areas of operation and focus on new areas, it will be able to capture an increased share of the demand for micro credit in India.

According to Micrometer, the MFI industry growth remained skewed towards Urban. Urban share of the total portfolio rose from 33% as on March 31, 2013 to 57%, as on March 31, 2017. The company, however, has remained rural focused in its approach since the time of start of its business operations. The Company intends to continue its rural centric approach with emphasis over the customer acquisition. With the emphasis on going paperless, the Company adopted Aadhaar-based bio-metric identification (e-KYC) of clients. This enabled instant credit bureau verification and reduced turnaround time for loan disbursements.

The Company has further moved towards e-sign and instant disbursement. The Company believes e-KYC helps in mitigating the risk of fake borrowers, in addition to immediate member authentication.

### CHALLENGES

In financial services business, effective risk management has become very crucial. As an NBFC, the Company is exposed to Credit, Liquidity and Interest Rate risks. Further even though the regulatory environment has improved the stakeholder’s confidence still continue to be exposed to inherent risks in business model. Given that the microfinance borrowers belong to low income segment, customers are more prone to default. Moreover, with MFI operations concentrated in specific geographies, geographic concentration risks persist, these risks include natural disasters, social unrests, or political upheavals.

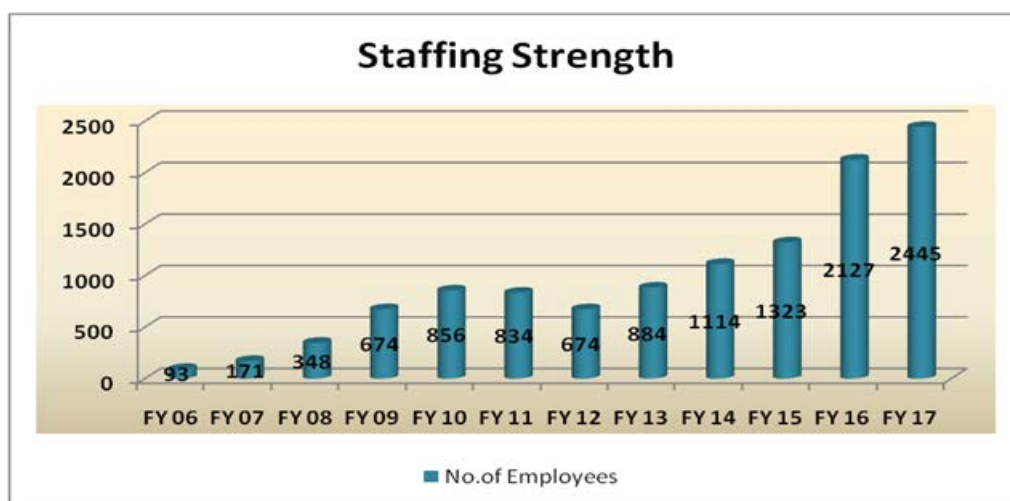
To overcome these challenges the Company has in place suitable mechanisms to effectively reduce such risks. To overcome the geographic concentration risks the company is eyeing on new areas of operations where the penetration of other Micro Finance institutions is low. All these risks are continuously analysed and reviewed at various levels of management through an effective information system. Further the company has a strong and experienced Board having multiple personalities having experience in different areas. The Company’s senior management team has expertise in their respective field and the Company has geographical advantage, lime tested systems and processes, effective internal audit and risk department, association with a large number of lenders and clean repayment track record, good credit rating in the sector which helped the Company to achieve the performance better than its competitors.

### OUTLOOK AND FUTURE PROSPECTS

Competition continues to be intense, as the Indian and foreign banks have entered the retail lending business in a big way, thereby exerting pressure on margins. The erstwhile providers of funds have now become competitors. NBFCs can sustain in this competitive environment only through optimization of funding costs, identification of potential business areas, widening geographical reach, and use of technology, cost efficiencies, strict credit monitoring and raising the level of customer service.

### HUMAN RESOURCES

The Company’s relations with the employees continued to be cordial. The Company has provided a wide range of benefits to its employees including health insurance for all employees and their dependents. The Company also provides stock option benefits to all employees by which the employees get opportunity to acquire shares in the company. The number of employees as at the end of the year was 2,445.





## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has an effective system of accounting and administrative controls supported by an internal audit system with proper and adequate system of internal check and controls to ensure safety and proper recording of all assets of the Company and their proper and authorised utilization. As part of the effort to evaluate the effectiveness of the internal control systems, your Company's internal audit department reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The Audit Committee regularly reviews the audit findings as well as Information Security Assurance Service is also provided by independent external professionals. Based on their recommendations, the Company has implemented a number of control measures both in operational and accounting related areas, apart from security related measures. Further the company has got the financial system and procedures duly audited by M/s E&Y, Mumbai who have reported that the financial systems are as per the requirements.

## **CAPITAL ADEQUACY**

As at the end of the year, the Capital to Risk Adjusted Assets Ratio [CRAR] stood comfortably at 29.15% as against the RBI requirement of 15%.

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

**Sd/-  
Anup Kumar Singh  
Managing Director  
DIN: 00173413**

**Sd/-  
Pradip Kumar Saha  
Director  
DIN: 02947368**

**Place: Lucknow  
Date: August 22, 2017**

ANNEXURE-VI

- **The ratio of the remuneration of each Director to the median employee's remuneration and such other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

S.No	Requirements	Disclosure
i.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	Mr. Anal Kumar Jain : 3.18:1 Ms. Chandni Gupta Ohri :3.18:1 Mr. Sethuraman Ganesh :3.18:1 Mr. Anup Kumar Singh : 60.32:1
ii.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	Mr. Anal Kumar Jain (ID): 150 % Ms. Chandni Gupta Ohri (ID): 150% Mr. Sethuraman Ganesh (ID): 150% Mr. Anup Kumar Singh (MD): - Ms. Paurvi Srivastava (CS)*: 2.81%
iii.	The percentage increase in the median remuneration of employees in the financial year.	The percentage increase in the median remuneration of employees in the financial year is around (0.2%)
iv.	The number of permanent employees on the rolls of the Company.	2,445

\* During the Financial year 2015-16 Ms. Pauravi Srivastava, Company Secretary was engaged for part of the year. The percentage increase in the remuneration has been calculated by annualizing the salary of FY 2015-16.

- **Statement in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5 (2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

S. No.	Employee Name & Designation	Previous Organization	Qualification and Experience	Date of Joining	Age	Remuneration received	Percentage of equity shares held by the employee	Relative of any director of the company
1	Bramhanand, Permanent Employee (Finance Head)	Casphor Micro Credit	CA (Inter),M.com and 18 years of experience	26-01-05	39	1,599,048	0.005%	No
2	Davendra Singh, Permanent Employee (Chief Compliance Officer)	Sahara India Medical Institute Ltd	Fellow Company Secretary and 31 years of experience	09-06-16	55	1,500,000	0	No



3	Ashish Singh, Permanent Employee (IL Head)	Casphor Micro Credit	Masters of Business Administration and 15 years of experience	19-08-06	35	1,299,048	0.044%	No
4	Vinay Pratap Singh, Permanent Employee (Operations Head)	Casphor Micro Credit	Masters of Business Administration and 18 years of experience	31-08-09	42	1,299,048	0.036%	No
5	Tarun Kumar Srivastava, Permanent Employee (Audit Head)	Casphor Micro Credit	Bachelor of Laws and 15 years of experience	01-02-07	46	1,239,048	0.044%	No
6	Mohd Saif Khan, Permanent Employee (Risk and BD Head)	Trust Microfinance Network 2 Year, Casphor (4 year)	Masters of Business Administration and 17 years of experience	26-08-09	39	1,239,048	0.032%	No
7	Shyam Kanhaiya, Permanent Employee (IT Head)	Sonata is first Company	Master of Computer Applications and experience of 11 years	04-08-06	36	1,239,048	0.026%	No
8	Richa Sharma, Permanent Employee (Accounts Head)	Hindustan Glass Works Ltd	Chartered Accountant and experience of 8 years	15-05-13	34	1,239,048	-	No
9	Tarandeep Singh, Permanent Employee (Product Head)	HDFC,Citi Financial	Bachelor of Commerce and experience of 17 years	03-05-16	39	1,212,000	-	No
10	Prabhakar Singh, Permanent Employee (VP)	Sahara Group	Chartered Accountant and experience of 22 years	01-04-16	45	1,119,048	-	No



\*\* During the year under review no employee has drawn remuneration in excess of the limits set out in the Rule 5 (2) of Section 197 (12) of the Companies Act, 2013.

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

**Sd/-  
Anup Kumar Singh  
Managing Director  
DIN: 00173413**

**Sd/-  
Pradip Kumar Saha  
Director  
DIN: 02947368**

**Place: Lucknow  
Date: August 22, 2017**



**S.R. BATLIBOI & CO. LLP**  
Chartered Accountants

22, Camac Street  
3rd Floor, Block 'C'  
Kolkata-700 016, India  
Tel : +91 33 6615 3400  
Fax : +91 33 6615 3750

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Sonata Finance Private Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Sonata Finance Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial



**S.R. BATLIBOI & CO. LLP**

Chartered Accountants

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit, and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
  - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;



## **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (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, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including 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.
  - iv. The Company has provided requisite disclosures in Note 34 to these financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 9, 2016 to December 30, 2016. Based on audit procedures and relying on management representations, except for the segregation between SBNs and other denominations as more fully described in Note 34 to these financial statements, on which we are unable to comment in the absence of sufficient appropriate audit evidence, we report that the amounts disclosed in the said note are in accordance with the books of account maintained by the Company and produced before us for verification.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**sd/-**

per **Sanjay Kumar Agarwal**

Partner

Membership Number: 060352

Place of Signature: Kolkata

Date: June 28, 2017



**Annexure 1 to the Auditor's Report**

**Referred to in our report of even date to the members of Sonata Finance Private Limited as at and for the year ended March 31, 2017**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.





## **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, service tax and cess which have not been deposited on account of any dispute.

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

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer. Hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

Further, money raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/ surplus funds were gainfully invested in fixed deposits/ liquid assets, pending for the purpose for they were raised.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

***S.R. BATLIBOI & Co. LLP***

Chartered Accountants

- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**sd/-**

per **Sanjay Kumar Agarwal**

Partner

Membership Number: 060352

Place of Signature: Kolkata

Date: June 28, 2017





## **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

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

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

We have audited the internal financial controls over financial reporting of Sonata Finance Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.



**S.R. BATLIBOI & CO. LLP**

Chartered Accountants

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting 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 control over financial reporting 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 Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

sd/-

per **Sanjay Kumar Agarwal**

Partner

Membership Number: 060352

Place of Signature: Kolkata

Date: June 28, 2017





<b>Sonata Finance Private Limited</b>			
<b>Balance Sheet as at March 31, 2017</b>			
	Notes	As at March 31, 2017 (Rs.)	As at March 31, 2016 (Rs.)
<b>I. Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	18,98,62,690	19,31,91,540
Reserves and surplus	4	1,93,88,17,579	1,31,44,89,120
		<b>2,12,86,80,269</b>	<b>1,50,76,80,660</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	5,29,65,54,129	4,58,94,70,062
Other long-term liabilities	6	-	34,66,790
Long term provisions	7	2,39,45,962	3,20,96,770
		<b>5,32,05,00,091</b>	<b>4,62,50,33,622</b>
<b>Current liabilities</b>			
Short-term borrowings	8	41,50,00,000	47,00,00,000
Other current liabilities	9	5,33,78,71,062	4,90,38,23,014
Short-term provisions	7	16,78,46,054	11,32,59,720
		<b>5,92,07,17,116</b>	<b>5,48,70,82,734</b>
<b>Total</b>		<b>13,36,98,97,476</b>	<b>11,61,97,97,016</b>
<b>II. Assets</b>			
<b>Non-current assets</b>			
Fixed assets	10	1,45,27,279	1,02,48,669
Non-current investments	11	5,00,000	5,00,000
Deferred tax assets	12	7,45,40,798	2,58,53,580
Long term loans and advances	13	1,83,21,30,812	2,63,08,45,048
Other non-current assets	14	47,71,15,528	51,17,14,507
		<b>2,39,88,14,417</b>	<b>3,17,91,61,804</b>
<b>Current assets</b>			
Current investments	11	1,08,936	21,20,033
Cash and bank balances	15	4,43,62,20,762	2,83,91,76,839
Short-term loans and advances	13	6,34,11,65,176	5,48,73,04,937
Other current assets	14	19,35,88,185	11,20,33,403
		<b>10,97,10,83,059</b>	<b>8,44,06,35,212</b>
<b>Total</b>		<b>13,36,98,97,476</b>	<b>11,61,97,97,016</b>
Summary of significant accounting policies 2.1			
The accompanying notes are an integral part of the financial statements.			
As per our report of even date			
<b>For S.R.Batliboi &amp; Co. LLP</b>		<b>For and on behalf of the Board of Directors of</b>	
Firm Registration No.301003E/E300005		<b>Sonata Finance Private Limited</b>	
Chartered Accountants			
<b>Sa/-</b>	<b>Sa/-</b>	<b>Sa/-</b>	
<b>per Sanjay Kumar Agarwal</b>	<b>Managing Director</b>	<b>Director</b>	
Partner			
Membership No.: 060352			
	<b>Sd/-</b>	<b>Sd/-</b>	
	<b>Company Secretary</b>	<b>CFO</b>	
Place: Kolkata	Place: New Delhi		
Date: June 28, 2017	Date: June 28, 2017		

## Sonata Finance Private Limited

<b>Sonata Finance Private Limited</b>			
<b>Statement of Profit and Loss for the year ended March 31, 2017</b>			
	Notes	Year ended March 31, 2017	Year ended March 31, 2016
		(Rs.)	(Rs.)
<b>I. Income</b>			
Revenue from operations	16	2,22,51,70,669	1,73,57,51,130
Other income	17	20,34,59,633	16,32,32,275
<b>Total income</b>		<b>2,42,86,30,302</b>	<b>1,89,89,83,405</b>
<b>II. Expenses</b>			
Employee benefit expenses	18	44,92,29,961	33,04,52,853
Finance costs	19	1,38,09,87,621	1,00,03,62,631
Depreciation expense	20	95,51,674	74,69,936
Other expenses	21	14,01,11,057	10,25,91,052
Provisions and write offs	22	42,56,58,781	4,09,94,287
<b>Total expenses</b>		<b>2,40,55,39,094</b>	<b>1,48,18,70,759</b>
<b>Profit before tax</b>		<b>2,30,91,208</b>	<b>41,71,12,646</b>
<b>Tax expense</b>			
- Current tax		5,85,87,972	14,64,72,614
- Deferred tax credit		(4,86,87,219)	(13,89,103)
<b>Total tax expenses</b>		<b>99,00,753</b>	<b>14,50,83,511</b>
<b>Profit for the year</b>		<b>1,31,90,455</b>	<b>27,20,29,135</b>
<b>Earning per share (EPS)</b>	23		
Basic		0.49	21.36
Diluted		0.43	17.85
Nominal value of share		10	10
Summary of significant accounting policie 2.1			
The accompanying notes are an integral part of the financial statements.			
As per our report of even date			
<b>For S.R.Batliboi &amp; Co. LLP</b>		<b>For and on behalf of the Board of Directors of</b>	
Firm Registration No.301003E/E300005		<b>Sonata Finance Private Limited</b>	
Chartered Accountants			
<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>	
<b>per Sanjay Kumar Agarwal</b>	<b>Managing Director</b>	<b>Director</b>	
Partner			
Membership No.: 060352	<b>Sd/-</b>	<b>Sd/-</b>	
	<b>Company Secretary</b>	<b>CFO</b>	
Place: Kolkata	Place: New Delhi		
Date: June 28, 2017	Date: June 28, 2017		



<b>Sonata Finance Private Limited</b>		
<b>Cash Flow Statement for the year ended March 31, 2017</b>		
<b>Particulars</b>	<b>Year ended March</b>	<b>Year ended March</b>
	<b>31, 2017</b>	<b>31, 2016</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
<b>A. Cash flow from operating activities :</b>		
Net profit before taxation	2,30,91,208	41,71,12,646
<b>Adjustments for :</b>		
Depreciation	95,51,674	74,69,936
Provision for standard and non performing assets	2,85,61,483	3,42,75,066
Provision for portfolio loan securitised / managed portfolio	5,56,45,325	(44,81,302)
Portfolio loans written-off	32,90,95,866	60,19,038
Provision for other receivables	1,23,56,107	51,41,845
<b>Operating profit before working capital changes</b>	<b>45,83,01,663</b>	<b>46,55,37,229</b>
<b>Movements in working capital:</b>		
Increase in other current assets	(8,15,54,782)	(1,65,06,806)
(Increase)/ decrease in other non-current assets	1,10,57,419	(1,00,03,146)
Increase in short term loans & advances	(86,26,68,918)	(2,44,43,87,233)
(Increase)/ decrease in long term loans & advances	49,57,65,463	(1,40,31,95,817)
Increase/ (decrease) in long term provisions	(37,91,988)	74,82,448
Increase in short term provisions	53,42,490	51,40,104
Decrease in other long term liabilities	(34,66,790)	(2,97,60,348)
Decrease in other current liabilities	(6,84,58,885)	(3,68,34,805)
<b>Cash used in operations</b>	<b>(4,94,74,328)</b>	<b>(3,46,25,28,374)</b>
Direct taxes paid	(11,76,05,416)	(15,49,67,014)
<b>Net cash flow used in operating activities (A)</b>	<b>(16,70,79,744)</b>	<b>(3,61,74,95,388)</b>
<b>B. Cash flow from investing activities :</b>		
Purchase of fixed assets	(1,59,40,422)	(1,13,11,225)
Increase in fixed deposits (net)	(2,50,81,168)	(14,92,56,855)
Sale of current investments (net)	20,11,097	1,14,70,90,822
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(3,90,10,493)</b>	<b>98,65,22,742</b>
<b>C. Cash flow from financing activities :</b>		
Proceeds from issuance of share capital	64,84,59,197	25,49,20,200
Proceeds from issuance of debentures (net)	1,38,10,33,745	-
Payment of share/debenture issue expenses	(3,88,48,347)	(1,75,93,951)
Proceeds/(repayment) from long-term borrowings (net)	(17,14,42,745)	3,14,52,87,097
Proceeds/(repayment) from short-term borrowings (net)	(5,50,00,000)	9,38,22,564
Payment of dividend including dividend tax	(99,16,116)	(54,16,094)
<b>Net Cash flow from financing activities (C)</b>	<b>1,75,42,85,734</b>	<b>3,47,10,19,816</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>1,54,81,95,497</b>	<b>84,00,47,170</b>
Cash and cash equivalents at the beginning of the year	2,40,77,99,844	1,56,77,52,674
<b>Cash and cash equivalents at the end of the year</b>	<b>3,95,59,95,341</b>	<b>2,40,77,99,844</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	60,34,866	6,05,723
With banks- on current account	1,16,49,18,397	86,74,94,121
- on deposit account	2,78,50,42,078	1,53,97,00,000
<b>Total cash and cash equivalents (Refer Note 15)</b>	<b>3,95,59,95,341</b>	<b>2,40,77,99,844</b>
Summary of significant accounting policies (refer note 2.1)		
The accompanying notes are an integral part of the financial statements.		
As per our report of even date		
<b>For S.R.Batliboi &amp; Co. LLP</b>	<b>For and on behalf of the Board of Directors of</b>	
Firm Registration No.301003E/E300005	<b>Sonata Finance Private Limited</b>	
Chartered Accountants		
<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>
<b>per Sanjay Kumar Agarwal</b>	<b>Managing Director</b>	<b>Director</b>
Partner		
Membership No.: 060352	<b>Sd/-</b>	<b>Sd/-</b>
	<b>Company Secretary</b>	<b>CFO</b>
Place: Kolkata	Place: New Delhi	
Date: June 28, 2017	Date: June 28, 2017	

## Sonata Finance Private Limited

3 Share capital	As at March 31, 2017 (Rs.)	As at March 31, 2016 (Rs.)
<b>Authorized shares</b>		
3,00,00,000 (March 31, 2016: 3,00,00,000) equity shares of Rs. 10/- each	30,00,00,000	30,00,00,000
1,00,00,000 (March 31, 2016: 1,00,00,000) preference shares of Rs. 10/- each	10,00,00,000	10,00,00,000
	<b>40,00,00,000</b>	<b>40,00,00,000</b>
<b>Issued, subscribed and fully paid-up shares</b>		
2,10,96,119 (March 31, 2016: 1,65,33,304) equity shares of Rs. 10/- each	21,09,61,190	16,53,33,040
Less: amount recoverable from Sonata Employee Welfare Trust #	2,10,98,500	2,21,41,500
	<b>18,98,62,690</b>	<b>14,31,91,540</b>
NIL (March 31, 2016: 50,00,000) 9% optionally convertible preference shares (OCPS) of Rs. 10/- each	-	5,00,00,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>18,98,62,690</b>	<b>19,31,91,540</b>

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

### A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at March 31, 2017		As at March 31, 2016	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year #	1,43,19,154	14,31,91,540	1,18,75,078	11,87,50,780
Issued during the year	46,67,115	4,66,71,150	24,44,076	2,44,40,760
<b>Shares outstanding at the end of the year #</b>	<b>1,89,86,269</b>	<b>18,98,62,690</b>	<b>1,43,19,154</b>	<b>14,31,91,540</b>

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

9% Optionally Convertible Preference Shares (OCPS)	As at March 31, 2017		As at March 31, 2016	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year	50,00,000	5,00,00,000	50,00,000	5,00,00,000
Issued during the year	-	-	-	-
Less: converted into equity shares during the year	50,00,000	5,00,00,000	-	-
<b>Shares outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>50,00,000</b>	<b>5,00,00,000</b>

### B. Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share for matters other than "Investor Reserved Matters".

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

### C. Terms of conversion/redemption of OCPS

On February 06, 2014, the Company had issued 50,00,000 OCPS of Rs. 10/- each fully paid-up to Small Industries Development Bank of India (SIDBI) carrying a coupon of 9%, convertible into Equity Shares of Rs. 10/- each, at the option of the holder, at a price equal to the break up value (book value) of the Company's equity shares, based on the latest audited financial statements. The OCPS were converted into 7,07,214 number of equity shares at a premium of Rs. 60.70 per share.



**Sonata Finance Private Limited**  
**Notes to the Financial Statements as at and for the year ended March 31, 2017**  
**D. Details of shareholders holding more than 5% shares in the Company**

Name of shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of shares held	% of Holding in the class	No. of shares held	% of Holding in the class
<b>Equity Shares of Rs. 10/- each fully paid</b>				
Creation Investments Social Ventures Fund II LP	44,73,364	23.56%	44,73,364	31.24%
Societe De Promotion Et De Participation Pour La Cooperation Economique	23,48,654	12.37%	-	-
SIDBI Trustee Company Limited [A/c Samridhi Fund]	22,03,226	11.60%	22,03,226	15.39%
Sonata Employee Welfare Trust (under various ESOP schemes - refer note 28)	21,09,850	11.11%	22,14,150	15.46%
India Financial Inclusion Fund, LLC	14,80,634	7.80%	20,00,000	13.97%
Creation Investments Social Ventures Fund	14,91,121	7.85%	14,91,121	10.41%
Caspian Impact Investments Advisors Private Limited	10,71,871	5.65%	10,71,871	7.49%
Triodos Custody B.V. As A Custodian of Triodos Fair Share Fund	11,74,327	6.19%	-	-
Triodos SICAV II- Triodos Microfinance Fund	11,74,326	6.19%	-	-
Michael and Susan Dell Foundation	9,18,945	4.84%	12,41,285	8.67%
Anup Kumar Singh	8,75,462	4.61%	8,75,462	6.11%
<b>Optionally Convertible Preference Shares of Rs. 10/- each fully paid</b>				
Small Industries Development Bank of India	-	0.00%	50,00,000	100.00%

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. Shares reserved for issue under options**

i) For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 28.

4	Reserves and surplus	As at March 31, 2017	As at March 31, 2016
		(Rs.)	(Rs.)
A.	<b>Securities premium account</b>		
	Balance as per last financial statements	67,01,89,116	45,73,03,627
	Add: Addition during the year	65,17,88,047	23,04,79,440
	Less: Share / debenture issue expenses incurred during the year [net of tax adjustment of Rs. 36,14,398/- (Previous Year: Rs. 18,55,475/-)]	3,52,33,949	1,75,93,951
	<b>Closing balance</b>	<b>1,28,67,43,214</b>	<b>67,01,89,116</b>
B.	<b>Statutory reserve</b>		
	Balance as per last financial statements	13,36,85,629	7,92,79,802
	Add: Amount transferred from surplus balance in the statement of profit and loss during the year	26,38,091	5,44,05,827
	<b>Closing balance</b>	<b>13,63,23,720</b>	<b>13,36,85,629</b>
C.	<b>Capital reserve</b>	<b>22,68,400</b>	<b>22,68,400</b>
D.	<b>Surplus in the statement of profit and loss</b>		
	Balance as per last financial statements	50,83,45,975	29,61,38,783
	Profit for the year	1,31,90,455	27,20,29,135
	Less: Appropriations		
	Transferred to statutory reserve	26,38,091	5,44,05,827
	Preference dividend (including corporate dividend tax)	54,16,094	54,16,116
	Total appropriations	<b>80,54,185</b>	<b>5,98,21,943</b>
	<b>Net surplus in the statement of profit and loss</b>	<b>51,34,82,245</b>	<b>50,83,45,975</b>
	<b>Total</b>	<b>1,93,88,17,579</b>	<b>1,31,44,89,120</b>

5		Non Current Portion		Current Maturities	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
A.	<b>Debentures</b>				
	<b>Secured</b>				
	Redeemable non-convertible debentures	2,05,00,00,000	92,00,00,000	1,33,20,00,000	1,08,09,66,255
	<b>Unsecured*</b>				
	Redeemable non-convertible debentures	15,00,00,000	15,00,00,000	-	-
B.	<b>Term loans</b>				
	<b>Secured</b>				
	- from banks	1,15,49,48,480	2,02,68,36,642	2,20,12,24,571	2,64,01,11,923
	- from financial institutions	70,16,66,673	48,85,20,002	64,33,46,662	25,45,79,998
	- from non banking finance companies	42,49,88,008	50,41,13,418	77,27,79,369	56,30,08,001
	<b>Unsecured*</b>				
	- from financial institutions	24,00,00,000	24,00,00,000	-	-
	- from non banking finance companies	57,49,50,968	26,00,00,000	13,18,22,508	4,00,00,000
	<b>Total</b>	<b>5,29,65,54,129</b>	<b>4,58,94,70,062</b>	<b>5,08,11,73,110</b>	<b>4,57,86,66,177</b>
	<b>The above amount includes</b>				
	Secured borrowings	4,33,16,03,161	3,93,94,70,062	4,94,93,50,602	4,53,86,66,177
	Amount disclosed under the head "other current liabilities" (Refer Note 9)	-	-	(5,08,11,73,110)	(4,57,86,66,177)
	<b>Total</b>	<b>5,29,65,54,129</b>	<b>4,58,94,70,062</b>	<b>-</b>	<b>-</b>

\* Includes subordinated debt of Rs. 69,00,00,000 (March 31, 2016 : Rs. 69,00,00,000)

Sonata Finance Private Limited  
Notes to the Financial Statements as at and for the year ended March 31, 2017

5A Long term borrowings (Contd.)  
Terms of repayment of long term borrowings as on March 31, 2017

Original maturity of loan	Due within 1 year		Due between 1 and 2 years		Due between 2 and 3 years		Due between 3 and 5 years		Above 5 Yrs		Interest Rate	Total
	No. of instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)		
<b>Debentures</b>												
Secured												
1-3 Yrs.	1	24,00,00,000	-	-	1	30,00,00,000	-	-	-	-	11.84% - 14.70%	54,00,00,000
3-5 Yrs.	4	61,00,00,000	-	-	-	-	2	97,00,00,000	-	-	13.50% - 14.75%	1,58,00,00,000
Above 5 Yrs.	3	48,20,00,000	-	-	-	-	-	-	2	78,00,00,000	14.00% - 14.91%	1,26,20,00,000
<b>Total</b>	<b>8</b>	<b>1,33,20,00,000</b>	-	-	<b>1</b>	<b>30,00,00,000</b>	<b>2</b>	<b>97,00,00,000</b>	<b>2</b>	<b>78,00,00,000</b>		<b>3,38,20,00,000</b>
Unsecured												
Above 5 Yrs.	-	-	-	-	-	-	-	-	1	15,00,00,000	16.25%	15,00,00,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>15,00,00,000</b>		<b>15,00,00,000</b>
<b>Term Loans</b>												
Secured												
Monthly repayment schedule												
From banks:												
1-3 Yrs.	140	1,04,52,15,429	43	38,07,60,863								
3-5 Yrs.	12	2,28,60,000	12	2,28,60,000	12	2,28,60,000	6	1,14,20,000	-	-	11.00% - 14.00%	1,42,59,77,292
<b>Total</b>	<b>152</b>	<b>1,06,80,75,429</b>	<b>55</b>	<b>40,36,20,863</b>	<b>12</b>	<b>2,28,60,000</b>	<b>6</b>	<b>1,14,20,000</b>	<b>-</b>	<b>-</b>	12.50%	<b>8,00,00,000</b>
From Financial Institutions:												
1-3 Yrs.	23	22,66,79,996	12	16,00,00,000	-	-	-	-	-	-	12.50% - 13.50%	38,66,80,002
From NBFC:												
1-3 Yrs.	85	50,18,65,609	24	21,44,43,845	1	1,23,63,682	-	-	-	-	10.25% - 16%	72,86,73,136
<b>Total</b>	<b>260</b>	<b>1,79,66,22,034</b>	<b>91</b>	<b>77,80,64,714</b>	<b>13</b>	<b>3,52,23,682</b>	<b>6</b>	<b>1,14,20,000</b>	<b>-</b>	<b>-</b>		<b>2,62,713,30,430</b>
Quarterly repayment schedule												
From banks:												
1-3 Yrs.	48	1,13,31,48,143	20	64,83,20,341	3	6,87,27,275	-	-	-	-	11.50% - 14.05%	1,85,01,95,759
From NBFC:												
1-3 Yrs.	18	25,42,47,093	12	18,15,13,814	-	-	-	-	-	-	13.50% - 15.00%	43,57,60,907
<b>Total</b>	<b>66</b>	<b>1,38,73,95,236</b>	<b>32</b>	<b>82,98,34,155</b>	<b>3</b>	<b>6,87,27,275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>2,28,59,56,666</b>
Half-yearly repayment schedule												
From NBFC:												
1-3 Yrs.	2	1,66,66,666	2	1,66,66,668	-	-	-	-	-	-	14.75%	3,33,33,334
From Financial Institutions:												
1-3 Years	2	26,66,66,666	2	26,66,66,668	-	-	-	-	-	-	11.50%	53,33,33,334
3-5 Years	2	15,00,00,000	2	15,00,00,000	2	8,75,00,000	3	3,75,00,000	-	-	11.50%	42,50,00,000
<b>Total</b>	<b>6</b>	<b>43,33,33,332</b>	<b>6</b>	<b>43,33,33,336</b>	<b>2</b>	<b>8,75,00,000</b>	<b>3</b>	<b>3,75,00,000</b>	<b>-</b>	<b>-</b>		<b>99,16,66,668</b>
Unsecured												
Monthly repayment schedule												
From Financial Institutions:												
Above 5 Yrs.	-	-	-	-	-	-	-	-	-	-	-	-
From NBFC:												
1-3 Years	24	13,18,22,508	24	15,12,99,800	16	12,36,51,167	-	-	-	-	13.95%	40,67,73,475
<b>Total</b>	<b>24</b>	<b>13,18,22,508</b>	<b>24</b>	<b>15,12,99,800</b>	<b>16</b>	<b>12,36,51,167</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>40,67,73,475</b>
One-time repayment schedule												
From NBFC:												
More than 5 Years	-	-	-	-	-	-	2	30,00,00,000	-	-	15.60% - 17.00%	30,00,00,000
From Financial Institutions:												
More than 5 Years	-	-	-	-	-	-	6	15,00,00,000	1	9,00,00,000	15.50% - 15.70%	24,00,00,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>45,00,00,000</b>	<b>1</b>	<b>9,00,00,000</b>		<b>54,00,00,000</b>





Sonata Finance Private Limited  
Notes to the Financial Statements as at and for the year ended March 31, 2017

5B Long-term borrowings (Contd.)  
Terms of repayment of long term borrowings as on March 31, 2016

Description	Due within 1 year		Due between 1 to 2 years		Due between 2 to 3		Due between 3 to 5		Above 5 Yrs		Interest Rate	Total
	No. of instalment	Amount (in Rupees)	No. of instalment	Amount (in Rupees)	No. of instalment	Amount (in Rupees)	No. of instalment	Amount (in Rupees)	No. of instalment	Amount (in Rupees)		
<b>Debentures:</b>												
Secured:												
1-3 Yrs.	45	1,08,09,66,255	-	-	-	-	-	-	-	-	11.84% - 14.79%	1,08,09,66,255
3-5 Yrs.	-	-	3	37,00,00,000	-	-	1	30,00,00,000	-	-	14.00% - 14.75%	67,00,00,000
Above 5 Yrs.	-	-	-	-	-	-	1	15,00,00,000	1	10,00,00,000	14.00% - 14.75%	25,00,00,000
<b>Total</b>	<b>45</b>	<b>1,08,09,66,255</b>	<b>3</b>	<b>37,00,00,000</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>45,00,00,000</b>	<b>1</b>	<b>10,00,00,000</b>		<b>2,00,09,66,255</b>
Unsecured:												
Above 5 Yrs.	-	-	-	-	-	-	-	-	1	15,00,00,000	16.25%	15,00,00,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>15,00,00,000</b>		<b>15,00,00,000</b>
<b>Term Loans:</b>												
Secured:												
Monthly repayment schedule												
From Banks:												
1-3 Yrs.	182	1,31,57,44,321	65	57,43,92,764	4	60,36,000	-	-	-	-	11.80% - 14.00%	1,89,61,73,085
From Financial Institutions:												
1-3 Yrs.	30	25,45,79,998	23	26,18,39,996	23	22,66,80,006	-	-	-	-	11.50% - 13.50%	74,31,00,000
From NBFCs:												
1-3 Yrs.	68	35,20,97,540	27	9,50,31,559	-	-	-	-	-	-	14.00% - 16.00%	44,71,29,099
<b>Total</b>	<b>280</b>	<b>1,92,24,21,859</b>	<b>135</b>	<b>93,12,64,319</b>	<b>27</b>	<b>#####</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>3,08,64,02,184</b>
Quarterly repayment schedule												
From Banks:												
1-3 Yrs.	68	1,05,77,00,936	43	72,21,65,453	4	9,09,09,091	-	-	-	-	11.50% - 14.50%	1,87,07,75,480
From NBFCs:												
1-3 Yrs.	15	17,42,43,795	16	10,75,79,093	6	6,81,59,432	-	-	-	-	14.00% - 15.00%	34,99,92,320
<b>Total</b>	<b>83</b>	<b>1,23,19,44,731</b>	<b>59</b>	<b>82,97,44,546</b>	<b>10</b>	<b>#####</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>2,22,07,67,800</b>
Half-yearly repayment schedule												
From NBFCs:												
1-3 Yrs.	4	3,66,66,666	4	1,66,66,666	2	1,66,66,668	-	-	-	-	14.75% - 16.00%	7,00,00,000
From Banks:												
1-3 Years	2	26,66,66,666	4	36,66,66,666	2	26,66,66,668	-	-	-	-	11.50% - 13.00%	90,00,00,000
<b>Total</b>	<b>6</b>	<b>30,33,33,332</b>	<b>8</b>	<b>38,33,33,332</b>	<b>4</b>	<b>#####</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>97,00,00,000</b>
One-time repayment schedule												
From NBFCs:												
More than 5 Years	-	-	-	-	-	-	-	-	1	20,00,00,000	15.60%	20,00,00,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>20,00,00,000</b>		<b>20,00,00,000</b>
Unsecured:												
Monthly repayment schedule												
From Financial Institutions:												
Above 5 Yrs.	-	-	-	-	-	-	2	5,00,00,000	5	19,00,00,000	15.50% - 15.70%	24,00,00,000
One-time repayment schedule												
From NBFCs:												
More than 5 Years	-	-	-	-	-	-	-	-	1	10,00,00,000	17.00%	10,00,00,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>5,00,00,000</b>	<b>6</b>	<b>29,00,00,000</b>		<b>34,00,00,000</b>
Quarterly repayment schedule												
From NBFC:												
1-3 Years	2	4,00,00,000	8	16,00,00,000	-	-	-	-	-	-	13.50%	20,00,00,000
<b>Total</b>	<b>2</b>	<b>4,00,00,000</b>	<b>8</b>	<b>16,00,00,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>20,00,00,000</b>
<b>Grand Total</b>	<b>416</b>	<b>4,57,86,66,177</b>	<b>213</b>	<b>2,67,43,42,197</b>	<b>41</b>	<b>#####</b>	<b>4</b>	<b>50,00,00,000</b>	<b>9</b>	<b>74,00,00,000</b>		<b>9,16,81,36,239</b>



**Sonata Finance Private Limited  
Notes to the Financial Statements as at and for the year ended March 31, 2017**

**Note:**

**A. Debentures**

- a) The debentures are secured by way of exclusive charge on all receivable from underlying portfolio loans.
- b) Debentures amounting to Rs. 26,89,66,255 ( 2014-2015: Rs 47,41,66,255 ) are also proportionately guaranteed by third parties against a fixed guarantee fees.
- c) Debentures amounting to Rs. 24,00,00,000 ( 2014-2015: Rs 24,00,00,000 ) has a call / put option available with the Company / Debenture holder at the end of 18 months from the date of allotment (June 24, 2014)\*.
- d) Debentures amounting to Rs. 24,00,00,000 ( 2014-2015: Rs 24,00,00,000 ) has a call / put option available with the Company / Debenture holder at the end of 24 months from the date of allotment (May 24, 2014)\*.
- e) Debentures amounting to Rs. 33,20,00,000 ( 2014-2015: Rs 33,20,00,000 ) has a call / put option available with the Company / Debenture holder at the end of 3 years from the date of allotment (January 30, 2014)\*.
- f) Debentures amounting to Rs. 37,00,00,000 ( 2014-2015: Rs 37,00,00,000 ) has a call / put option available with the Company / Debenture holder at the end of 30 months from the date of allotment (March 31, 2015).
- g) Debentures amounting to Rs. 30,00,00,000 ( 2014-2015: Rs 30,00,00,000 ) has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (June 30, 2015).

\* considered due within one year as the holder have the right to exercise the redemption option within next one year.

**B. Term Loans**

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

## Sonata Finance Private Limited

Sonata Finance Private Limited

Notes to the Financial Statements as at and for the year ended March 31, 2017

### Plan 1(b)

Particulars	As on March 31, 2017		As on March 31, 2016	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	-	-	41,250	18.56
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	41,250	18.56
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	0.00
Exercisable at the end of the year	-	-	-	0.00

### Plan 1( c)(i)

Particulars	As on March 31, 2017		As on March 31, 2016	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	-	-	62,500	18.56
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	62,500	18.56
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

### Plan 1( c)(ii)

Particulars	As on March 31, 2017		As on March 31, 2016	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	70,000	18.56	1,82,500	18.56
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	1,12,500	18.56
Expired during the year	-	-	-	-
Outstanding at the end of the year	70,000	18.56	70,000	18.56
Exercisable at the end of the year	70,000	18.56	70,000	18.56

### Plan 1( c)(iii)

Particulars	As on March 31, 2017		As on March 31, 2016	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	73,750	18.56	73,750	18.56
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	73,750	18.56	73,750	18.56
Exercisable at the end of the year	73,750	18.56	73,750	18.56

### Plan 1( d)

Particulars	As on March 31, 2017		As on March 31, 2016	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	75,000	18.56	75,000	18.56
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	75,000	18.56	75,000	18.56
Exercisable at the end of the year	75,000	18.56	75,000	18.56

### Plan 2(a)

Particulars	As on March 31, 2017		As on March 31, 2016	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	-	-	8,000	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	6,000	26.00
Expired during the year	-	-	2,000	26.00
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-



Sonata Finance Private Limited  
Notes to the Financial Statements as at and for the year ended March 31, 2017

Plan 2(d)(i)

Particulars	As on March 31, 2017		As on March 31, 2016	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	12,000	26.00	30,000	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	26.00	18,000	26.00
Outstanding at the end of the year	12,000	26.00	12,000	26.00
Exercisable at the end of the year	12,000	26.00	12,000	26.00

Plan 2(d)(ii)

Particulars	As on March 31, 2017		As on March 31, 2016	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	30,000	26.00	30,000	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	19,200	-	-	-
Outstanding at the end of the year	10,800	26.00	30,000	26.00
Exercisable at the end of the year	10,800	26.00	-	-

Plan 2(d)(iii)

Particulars	As on March 31, 2017		As on March 31, 2016	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	40,000	26.00	40,000	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	40,000	26.00	40,000	26.00
Exercisable at the end of the year	-	-	-	-

Plan 3

Particulars	As on March 31, 2017		As on March 31, 2016	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	1,91,500	54.00	1,99,500	54.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	41,750	-	6,000	-
Expired during the year	5,000	-	2,000	-
Outstanding at the end of the year	1,44,750	54.00	1,91,500	54.00
Exercisable at the end of the year	94,750	54.00	91,500	54.00

Plan 3 (i)

Particulars	As on March 31, 2017		As on March 31, 2016	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	1,95,500	59.00	2,00,000	59.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	21,000	-	3,000	-
Expired during the year	2,000	-	1,500	-
Outstanding at the end of the year	1,72,500	59.00	1,95,500	59.00
Exercisable at the end of the year	72,500	59.00	45,500	59.00

Plan 3 (ii)

Particulars	As on March 31, 2017		As on March 31, 2016	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	2,00,000	67.00	2,00,000	67.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,00,000	67.00	2,00,000	67.00
Exercisable at the end of the year	50,000	67.00	-	-

Plan 4

Particulars	As on March 31, 2017		As on March 31, 2016	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	8,00,000	67.00	8,00,000	67.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	8,00,000	67.00	8,00,000	67.00
Exercisable at the end of the year	4,00,000	67.00	2,66,667	67.00

## Sonata Finance Private Limited

Notes to the Financial Statements as at and for the year ended March 31, 2017

### 29 Related party disclosures

#### A. Names of related parties and related party relationship

Key Management Personnel (KMP)	
Name	Designation
Mr. Anup Kumar Singh	Managing Director
Ms. Paurvi Srivastava (w.e.f. October 24, 2015)	Company Secretary
Ms. Shalini Baghel (till October 24, 2015)	Company Secretary

#### B. Nature of transactions

Particulars	March 31, 2017	March 31, 2016
	(Rs.)	(Rs.)
<b>Key Management Personnel</b>		
Salary, Bonus and other allowances**	97,32,925	98,47,753
Contribution to provident fund	1,51,857	1,02,146
Perquisites	75,000	75,000

\*\*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.

Shares issued under ESOP to KMP as on March 31, 2017 is 3,81,250 (P.Y.: 2,16,250). Refer note 28 for ESOP disclosure.

### 30 Leases

#### Operating lease: Company as lessee

Certain office premises are obtained on operating lease. The lease term is for one to three years and renewable for further periods either mutually or at the option of the Company. There are no restrictions imposed by lease agreements. There are no subleases and the leases are cancellable.

Description	March 31, 2017	March 31, 2016
	(Rs.)	(Rs.)
Operating lease payments recognised during the year	3,14,01,433	2,06,95,632

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

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. For the year ended March 31, 2017 and March 31, 2016, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

### 32 Capital commitments

Description	March 31, 2017	March 31, 2016
	(Rs.)	(Rs.)
Commitment for acquisition of intangible asset	-	36,71,304

### 33 Additional disclosures required by the Reserve Bank of India

#### A. Capital to Risk-Assets ratio (CRAR)

Particulars	March 31, 2017	March 31, 2016
CRAR (%)	29.15	24.67
CRAR - Tier I capital (%)	21.89	15.90
CRAR - Tier II capital (%)	7.26	8.77
Amount of subordinate debt raised as Tier II Capital (Rs.)	69,00,00,000	69,00,00,000
Amount raised by issue of Perpetual Debt Instrument (Rs.)	-	-



**Sonata Finance Private Limited**  
**Notes to the Financial Statements as at and for the year ended March 31, 2017**

**B. Exposures:**

The Company has no exposures to Real Estate Sector, gold loan and capital market directly or indirectly in the current and previous year.

**C. Asset liability management**

Maturity pattern of certain assets and liabilities as on March 31, 2017:

**Amount (Rs. in Lacs)**

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Advances	4,954	6,091	5,754	18,389	27,696	17,716	-	-	80,600
Investments *	28,000	386	405	795	4,161	3,748	80	5	37,580
Borrowings	3,020	2,572	3,481	14,545	31,343	28,077	14,689	10,200	1,07,927

Maturity pattern of certain assets and liabilities as on March 31, 2016:

**Amount (Rs. in Lacs)**

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Advances	5,102	4,805	4,875	13,878	25,633	25,956	-	-	80,249
Investments *	15,553	109	-	642	3,451	4,983	100	59	24,897
Borrowings	2,595	2,759	4,373	12,604	28,155	33,495	5,000	7,400	96,381

The above asset liability management has been prepared on the basis of certain assumptions and estimates by the management and relied upon by the auditors.

\* Investments includes deposit certificate and cash collateral held with banks and financial institution and shown under cash and bank balances under note 15, other assets under note 14 and other loans and advances under note 13

**D. Investments**

Particulars	Amount Rs.(in crores)	
	March 31, 2017	March 31, 2016
1 Value of investments		
Gross Value of investments		
In India	0.06	0.26
Outside India	-	-
Provision for depreciation		
In India	-	-
Outside India	-	-

**Sonata Finance Private Limited**

**Notes to the Financial Statements as at and for the year ended March 31, 2017**

Net Value of investments		
In India	0.06	0.26
Outside India	-	-
2 Movement of provision held towards depreciation on investments		
Opening balance	-	-
Add: Provision made during the year	-	-
Less: Write off / write back of excess provision during the year	-	-
Closing balance	-	-

**E. Derivatives**

The Company has no transaction / exposure in derivatives in the current and previous year

The Company has no unhedged foreign currency exposure as at the current and previous year end.

**Sonata Finance Private Limited**

**Notes to the Financial Statements as at and for the period ended March 31, 2017**

**F. Disclosures relating to securitisation**

**Amount Rs.(in crores)**

<b>Particulars</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
1 No of SPVs sponsored by the NBFC for securitisation transactions during the year	-	3
2 Total amount of securitised assets as per books of the SPVs sponsored as on the date of balance sheet	19.12	85.64
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
a) Off-balance sheet exposures		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
First loss	3.73	13.74
Others	-	-
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitizations		
First loss	-	-
Others	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitizations		
First loss	-	-
Others	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-

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

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

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

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

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

The disclosure is not applicable as the Company does not have any holding / parent Company.

**J. Unsecured advances - Refer Note 13**

**K. Draw down from reserves**

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

**L. Information on Net Interest Margin**

<b>Particulars</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Average interest (a)	22.39%	23.94%
Average effective cost of borrowing (b)	13.19%	14.62%
Net Interest Margin (a-b)	9.19%	9.32%



#### M. Customer Complaints \*

Particulars	March 31, 2017	March 31, 2016
1 No. of complaints pending at the beginning of the year	15	2
2 No. of complaints received during the year	731	864
3 No. of complaints redressed during the year	725	851
4 No. of complaints pending at the end of the year	21	15

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

#### N. Provisions & contingencies

Amount Rs.(in crores)

Particulars	March 31, 2017	March 31, 2016
Break up of 'Provisions and Contingencies' shown under the head expenditure in profit and loss account:		
1 Provision made towards income tax	5.86	14.64
2 Other Provision and contingencies	-	-
a Provision for gratuity	1.61	0.78
b Provision for leave benefit	0.58	0.98
3 Provision for death claims receivable	1.24	0.52
4 Provision for standard and non performing assets	2.86	3.41

#### O. Sector wise NPAs

Sector	Percentage of NPA to Total Advances in that Sector as on 31 March 2017	Percentage of NPA to Total Advances in that Sector as on 31 March 2016
1 Agriculture & allied activities	0.23%	0.57%
2 MSME	0.23%	0.50%
3 Corporate borrowers	-	-
4 Services	0.14%	-
5 Unsecured personal loans	0.00%	-
6 Other personal loans	-	-

#### P. Movement of NPA

Amount Rs.(in crores)

Particulars	March 31, 2017	March 31, 2016
i) Net NPAs to net advances (%)	0.11%	0.08%
ii) <b>Movement of NPAs (Gross)</b>		
Opening balance	3.45	1.64
Additions during the year	11.10	2.41
Reductions during the year	12.76	0.60
Closing balance	1.79	3.45
iii) <b>Movement of Net NPAs</b>		
Opening balance	0.62	0.23
Additions during the year	0.58	0.40
Reductions during the year	0.31	-
Closing balance	0.89	0.62
iv) <b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
Opening balance	2.83	1.41
Provisions made during the year	10.52	2.01
Write-off / write-back of excess provisions	12.45	0.60
Closing balance	0.90	2.83



**Q. Details of Registration with Financial Regulators**

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

**R. Ratings assigned by Credit Rating Agencies**

Particulars	As at 31 March 2017	As at 31 March 2016
1 Long term bank facilities	ICRA BBB	ICRA BBB
2 Long term non convertible debentures		
Triodos 2020	ICRA BBB-	ICRA BBB-
Microfinance enhancement facility	ICRA BBB-	ICRA BBB-
IFMR CBO II	-	ICRA BBB+ (SO)
IFMR CBO IV	-	ICRA A- (SO)
IFMR CBO VI	-	ICRA A- (SO)
IFMR CBO VII	-	ICRS BBB+ (SO)
IFMR CBO - IX	-	ICRA A (SO)
Blue orchard micro finance fund	ICRA BBB	ICRA BBB
IFMR FIMPACT Investment	ICRA BBB	ICRA BBB
IFMR FIMPACT TIER II (Secured)	ICRA BBB	ICRA BBB
IFMR FIMPACT TIER II (Unsecured)	ICRA BBB- (SO)	ICRA BBB- (SO)
Responsibility	ICRA BBB	-
IFMR_HLF	ICRA BBB	-
3 MFI grading	ICRA M2+	ICRA M2+
4 Securitisation/assignment :		
IFMR MOSEC CAVITINA 2015 PTC Series A1	ICRA AA-(SO)	ICRA AA-(SO)
IFMR MOSEC MITHRAS 2015 PTC Series A1	ICRA A+(SO)	ICRA AA-(SO)
PTC Series A2	ICRA A-(SO)	ICRA A+(SO)
PTC Series A3	ICRA BB+(SO)	ICRA A- (SO)
IFMR MOSEC CIMBER 2016 PTC Series A1	ICRA A-(SO)	ICRA A-(SO)
PTC Series A2	ICRA BBB(SO)	ICRA BBB(SO)

**S. Concentration of advances, exposures and NPA's**

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Concentration of advances</b>		
Total advances to twenty largest borrowers	19,88,000	4,40,991
(%) of advances to twenty largest borrowers to total advances	2.47%	0.55%
<b>Concentration of Exposures</b>		
Total exposures to twenty largest borrowers	19,88,000	4,40,991
(%) of exposure to twenty largest borrowers to total exposure	2.47%	0.55%
<b>Concentration of NPAs</b>		
Total Exposure to top four NPA accounts	2,98,661	1,93,916

**T. Disclosure of penalties imposed by RBI and other regulator:**

No penalties were imposed by RBI and other regulators during current and previous year.



**34 Details of Specified Bank Notes (SBNs) held and transacted by the Company during the period November 08, 2016 to December 30, 2016**

<b>Particulars</b>	<b>SBN (in Rs)</b>	<b>Other denomination notes (in Rs.)</b>	<b>Total (in Rs)</b>
Closing cash in hand as on November 08, 2016	62,97,500	29,09,407	92,06,907
(+) Permitted receipts	3,26,000	1,39,75,77,420	1,39,79,03,420
(-) Permitted payments	-	68,83,48,188	68,83,48,188
(-) Amount deposited in Banks	66,23,500	70,23,80,354	70,90,03,854
Closing cash in hand as on December 30, 2016	-	97,58,285	97,58,285

The Company, in its usual course of business maintains the details of denomination for cash receipts and payments at branches. The day end cash balances including denominations thereof are also physically verified by the management at branches. Accordingly, the above disclosure is in accordance with books and records maintained by the Company.

**35 Previous year figures**

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

**For S.R.Batlboi & Co. LLP**  
Firm Registration No.301003E/E300005  
Chartered Accountants

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

**Sd/-**  
**per Sanjay Kumar Agarwal**  
Partner  
Membership No.: 060352

**Sd/-**  
**Managing Director**

**Sd/-**  
**Director**

**Sd/-**  
**Company Secretary**

**Sd/-**  
**CFO**

Place: Kolkata  
Date: June 28, 2017

Place: New Delhi  
Date: June 28, 2017





# SONATA FINANCE PRIVATE LIMITED

**Registered Office:** 2<sup>nd</sup> Floor, CP-1, PG Towers,  
Kursi Road, Vikas Nagar, Lucknow – 226026, Uttar Pradesh

**CIN:** U65921UP1995PTC035286

**Contact No:** 0522-4005729

**Email:** [info@sonataindia.com](mailto:info@sonataindia.com)

**Website:** [www.sonataindia.com](http://www.sonataindia.com)