

Vinay Kumar & Co.

CHARTERED ACCOUNTANTS

Chandra Shekhar Azad Market Complex, 5 Sardar Patel Marg,
Civil Lines, Allahabad - 211 001, India

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AUDITOR'S REPORT

We have audited the attached Balance Sheet of M/S SONATA FINANCE PVT. LTD., as at 31st March 2007 and the Profit and Loss Account of the company for the year ended on that date annexed thereto. These financial statements are the liability of the company's management. Our liability is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors Report) Order 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we enclose in Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Subject to our observation in the Annexure referred to above we further report that:
 - a) We have 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 appears from our examination of the books of account of the company.
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



e) In our opinion and to the best of our information and according to the explanations given to us the said accounts together with the statement of Accounting Policies and Notes on Accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

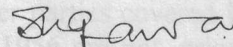
i) in the case of the Balance Sheet of the state of affairs, of the companies as at 31st March 2007, and

ii) In the case of Profit and Loss Account of the **LOSS** for the year ended on that date.

For VINAY KUMAR & CO.
Chartered Accountants

Place: Allahabad

Dated: 16 JUN 2007



(S.K. AGRAWAL)
Partner



ANNEXURE REFERRED TO IN PARAGRAPH 1 OF AUDIT REPORT OF EVEN DATE

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The company is in the process of updating the particulars of additions of fixed assets pertaining to the year under review.

(b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.

(c) The company has not disposed off substantial part of fixed assets during the year so as to affect the going concern status of the company.

2. The company is in the business of financing and hence it does not hold any Finished Goods, Stores, Spare Parts and Raw materials

3. (a) The company has granted no loans to parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. NIL and the year-end balance of loans granted to such parties was Rs. NIL and hence sub clause (b), (c) and (d) were not applicable.

(b) The company has not taken loan from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company; and

4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services.

5. (a) In our opinion and according to the information and explanations given to us there are no contracts and arrangements referred to in section 301 of the Act which need to be entered in the Register required to be maintained under that section.

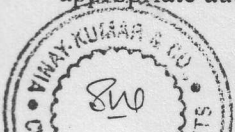
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs with such party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Sections 58A, 58AA, or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.

7. In our opinion, the internal audit system prescribed under clause 4 (vii) of the order is not applicable to the company.

8. According to the information and explanations given to us, maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 is not applicable to the company. Accordingly clause 4 (viii) of the order is not applicable.

9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund,



employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed dues payable in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess were outstanding at 31st March, 2007 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 in respect of sales tax, income tax, customs duty, wealth tax, excise duty, and cess that have not been deposited with the appropriate authorities on account of any dispute.

10. The company has accumulated losses at the end of the financial year is less than 50% of its net worth and has incurred cash losses during the year.

11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank and has not issued any debentures.

12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the order is not applicable.

13. The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4 (xiii) of the order is not applicable.

14. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the order is not applicable.

15. In our opinion, the term loans have been applied for the purpose for which they were obtained.

16. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.

17. The company has not issued any debentures. Accordingly, clause 4 (xix) of the order is not applicable.

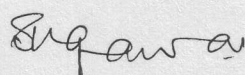
18. The company has not raised any money by public issues during the year. Accordingly, clause 4 (xx) of the order is not applicable.

19. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Place: Allahabad

For VINAY KUMAR & Co.,
Chartered Accountants

Dated: 16 JUN 2007


(S.K. AGRAWAL)
Partner



SONATA FINANCE PRIVATE LIMITED

BALANCE SHEET AS ON 31ST MARCH 2007

PARTICULARS	SCHEDULES	AS ON 31.03.07 Rs.	AS ON 31.03.06 Rs.
I. SOURCE OF FUNDS:			
SHAREHOLDERS FUNDS:			
Share Capital	A	20,000,000.00	7,500,000
Reserve Fund		18,202.00	18,705
LOAN FUNDS:			
Secured Loans	B	50,309,459.08	5,000,000
Unsecured Loans	C	10,093,424.00	2,500,000
TOTAL		80,421,085.08	15,018,705
II. APPLICATION OF FUNDS:			
FIXED ASSETS			
Gross Block	D	1,302,136.00	531,097
Less: Depreciation Block		292,884.00	31,502
NET BLOCK		1,009,252.00	499,595
INVESTMENTS			
CURRENT ASSETS, LOANS & ADVANCES			
A) Cash & Bank Balances	E	20,278,075.22	8,443,624
B) Loans & Advances			
a) Loans to Poor Women in Self Help Groups	F	49,830,590.00	3,154,336
b) Advances and Other Receivables	G	1,631,408.84	97,243
		71,740,074.06	11,695,202
LESS: Current Liabilities & Provisions			
a) Current Liabilities	H	1,184,653.00	406,307
b) Provisions		0.00	-
		1,184,653.00	406,307
NET CURRENT ASSETS		70,555,421.06	11,288,895
DEFERRED TAX ASSET		1,988,624.00	513,930
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	I	968,737.53	1,291,650
Profit & Loss A/c		5,899,050.49	1,424,634
TOTAL		80,421,085.08	15,018,705

NOTES ON ACCOUNTS

AS PER OUR REPORT OF
EVEN DATE ATTACHED:
For **VINAY KUMAR & CO.,**
CHARTERED ACCOUNTANTS

S.K. Agrawal
S.K. AGRAWAL
PARTNER

PLACE: ALLAHABAD
DATE: 16-06-2007



FOR AND ON BEHALF OF THE BOARD

Anup Kumar Singh
ANUP KUMAR SINGH
MANAGING DIRECTOR

Rakesh Dubey
RAKESH DUBEY
DIRECTOR

SONATA FINANCE PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2007

ARTICULARS	SCHEDULES	FOR THE	FOR THE
		YEAR ENDED 31.03.07 Rs.	YEAR ENDED 31.03.06 Rs.
INCOME:			
Interest Income from Micro Credit Loans	F(a)	5,215,119.50	62,860
Processing Fees		1,309,000.00	69,200
Interest		176,503.23	133,854
Other Income	K	35,613.00	37,842
TOTAL		6,736,235.73	303,756
EXPENDITURE:			
Salaries, benefits to employees	L	6,863,941.00	856,921
Administrative Expenses	M	2,454,320.00	536,934
Finance Charges	N	2,743,825.22	59,651
Depreciation		261,382.00	31,502
Preliminary Exp. written off		32,412.00	32,412
Pre - operative Exp - written off		290,500.00	290,500
TOTAL		12,646,380.22	1,807,920
PROFIT/(LOSS) FOR THE YEAR		(5,910,144.49)	(1,504,164)
PROVISION FOR TAX			
Less: Current Tax		-	0
Less: F B T Tax		38,966.00	32,541
Add: Deferred Tax Asset		1,474,694.00	463,259
		(4,474,416.49)	(1,073,446)
Less: Reserve Fund @ 20%		-	-
PROFIT/(LOSS) TRANSFERRED TO BALANCE SHEET		(4,474,416.49)	(1,073,446)
ADD : PREVIOUS YEAR BALANCE		(1,424,634.00)	(351,188)
TOTAL LOSS CARRIED TO BALANCE SHEET		(5,899,050.49)	(1,424,634)

NOTES ON ACCOUNTS

AS PER OUR REPORT OF
GIVEN DATE ATTACHED:
BY VINAY KUMAR & CO.,
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sugawa
K. AGRAWAL
PARTNER



[Signature]
ANUP KUMAR SINGH
MANAGING DIRECTOR

[Signature]
RAKESH DUBEY
DIRECTOR

PLACE: ALLAHABAD
DATE: 16-06-2007

SONATA FINANCE PRIVATE LIMITED

<u>SCHEDULE - A</u>	<u>AS ON</u> <u>31.03.07</u> Rs.	<u>AS ON</u> <u>31.03.06</u> Rs.
<u>SHARE CAPITAL:</u>		
AUTHORISED		
4,000,000 Equity Shares of Rs.10/- each	40,000,000.00	20,000,000
1,000,000 Preference Shares of Rs.10/- each	10,000,000.00	-
	<u>50,000,000.00</u>	<u>20,000,000</u>
 <u>ISSUED, SUBSCRIBED & PAID UP CAPITAL</u>		
15,00,000 Equity Shares(Previous Year 7,50,000 equity shares) of Rs.10/- each fully paid up	15,000,000.00	7,500,000
5,00,000 Preference Shares(Previous Year Nil preference shares) of Rs.10/- each fully paid up	5,000,000.00	-
TOTAL	<u>20,000,000.00</u>	<u>7,500,000</u>

For VINAY KUMAR & CO.,
CHARTERED ACCOUNTANTS

Sugawa

S.K. AGRAWAL
PARTNER

PLACE: ALLAHABAD
DATE: 16-06-2007

Anup

ANUP KUMAR SINGH
MANAGING DIRECTOR

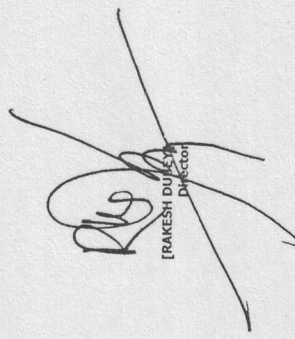
Rakesh

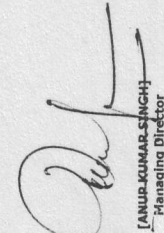
RAKESH DUBEY
DIRECTOR



SCHEDULE B: SECURED LOANS

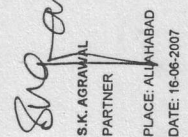
Sr. No.	Name of bank/Financial Institution	Date availed	Amount Sanctioned	Balance outstanding as on		Interest Due as on March 31, 2007	Total Secured Loan as on March 31, 2007	Over due	Payment during the period	Due for payment by March 31, 2008	Interest rate	Repayment period including moratorium Payable in	Type of security / Nature	
				March 31, 2006	March 31, 2007									
1	Friends of Women World Banking	June, 2006	2,500,000	-	1,249,999.00	-	1,249,999.00	-	1,250,001	1,249,999	10.50%	Monthly from July 31, 2006 within 2 years.	Hypothecation of Book debts	
		July, 2006	2,500,000	-	1,388,888.00	-	1,388,888.00	-	1,111,112	1,388,888	10.50%	Monthly from Aug 31, 2006 within 2 years	Hypothecation of Book debts	
		Oct, 2006	5,000,000	-	3,611,110.00	-	3,611,110.00	-	1,388,890	3,333,333	10.50%	Monthly from Nov 30, 2006 within 2 years	Hypothecation of Book debts	
		Jan, 2007	5,000,000	-	4,444,444.00	-	4,444,444.00	-	555,556	3,333,333	10.50%	Monthly from Dec 31, 2006 within 2 years	Hypothecation of Book debts	
		Sub-Total			15,000,000	-	10,694,441.00	-	10,694,441.00	-	4,305,559	9,305,553		
2	ABN Amro NV	June, 2006	2,400,000	-	1,800,000.00	-	1,800,000.00	-	600,000	1,200,000	9.75%	Quarterly from December 01, 2006 within 2.5 years.	Hypothecation of Book debts	
		Aug, 2004	2,500,000	-	2,150,000.00	-	2,150,000.00	-	350,000	1,250,000	9.75%	Quarterly from February 16, 2007 within 2.5 years.	Hypothecation of Book debts	
		Oct, 2006	3,000,000	-	3,000,000.00	-	3,000,000.00	-	-	1,600,000	9.75%	Quarterly from April 18, 2007 within 2.5 years	Hypothecation of Book debts	
		Nov, 2006	2,100,000	-	2,100,000.00	-	2,100,000.00	-	-	1,200,000	9.75%	Quarterly from May 29, 2007 within 2.5 years	Hypothecation of Book debts	
		Sub-Total			10,000,000	-	9,050,000.00	-	9,050,000	-	5,250,000			
3	HDFC Bank Ltd	Mar, 2006	5,000,000	5,000,000.00	3,571,428.58	-	3,571,428.58	-	1,428,571.42	2,857,142.84	9.75%	Quarterly from Jan 1, 2007 within 2.5 years with 9 month moratorium	110% Hypothecation of Book debts plus 10% FDR of the Loan Amount	
		Dec, 2006	5,000,000	-	4,375,000.00	-	4,375,000.00	-	625,000.00	2,500,000.00	9.75%	Quarterly from Mar 1, 2007 within 27 months including 3 month moratorium	110% Hypothecation of Book debts plus 10% FDR of the Loan Amount	
		Mar, 2007	2,500,000	-	2,500,000.00	-	2,500,000.00	-	-	1,250,000.00	9.75%	Quarterly from Jul 1, 2007 within 27 months including 3 month moratorium	110% Hypothecation of Book debts plus 5% FDR of the Loan Amount	
						73,363.50	73,363.50	73,363.50						
		Sub-Total			12,500,000	5,000,000.00	10,446,428.58	10,519,792.08	-	2,053,571.42	6,607,142.84			


 [RAKESH DUTT]
 Director


 [ANUR KUMAR SINGH]
 Managing Director



AUDITORS
 For VINAY KUMAR & CO.,
 CHARTERED ACCOUNTANTS


 S.K. AGRAWAL
 PARTNER
 PLACE: ALI AHABAD
 DATE: 16-06-2007

SCHEDULE B: SECURED LOANS

Sr. No.	Name of bank/financial Institution	Date availed	Amount Sanctioned	Balance outstanding as on		Interest Due as on March 31, 2007	Total Secured Loan as on March 31, 2007	Over due	Payment during the period	Due for payment by March 31, 2008	Interest rate	Repayment period including moratorium Payable in	Type of security / Nature
				March 31, 2006	March 31, 2007								
4	SIDBI												
		Loan I	7,500,000	7,500,000.00		7,500,000.00			2,720,000	9.50%	Quarterly from June 1, 2007 within 3 years including 3 month moratorium	2.5% FDR of the Loan Amount	
		Loan II	2,500,000	2,500,000.00		2,500,000.00			900,000	10.25%	Quarterly from June 1, 2007 within 3 years including 3 month moratorium	2.5% FDR of the Loan Amount	
		Sub-Total	10,000,000	10,000,000.00		10,000,000.00			3,620,000				
5	UTI Bank												
		Loan I	5,000,000	5,000,000.00		5,000,000.00			3,750,000	11%	Bi-monthly from May 31, 2007 within 1.5 years including 3 months moratorium	Hypothecation of Book debts plus 5% FDR of the Loan Amount	
		Loan II	5,000,000	5,000,000.00		5,000,000.00			3,750,000	11%	Bi-monthly from May 31, 2007 within 1.5 years including 3 months moratorium	Hypothecation of Book debts plus 5% FDR of the Loan Amount	
		Sub-Total	10,000,000	10,000,000.00		10,000,000.00			7,500,000				
SECURED LOANS				5,000,000.00	50,190,869.58	118,589.50	50,309,459.08		7,309,130.42	32,282,695.84			

AUDITORS
For VINAY KUMAR & CO.,
CHARTERED ACCOUNTANTS



S.K. AGRAWAL
PARTNER
PLACE: ALHABAD
DATE: 16-06-2007

Rakesh Dohia
RAKESH DOHIA
DIRECTOR

SCHEDULE C : UNSECURED LOANS

Sr. No.	Name of bank/Financial Institution	Date availed	Amount Sanctioned	Balance outstanding as on		Interest Due as on March 31, 2007	Total Unsecured Loan as on March 31, 2007	Over due	Payment during the period	Due for payment by March 31, 2008	Interest rate	Repayment period including moratorium Payable in	Type of security / Nature
				March 31, 2006	March 31, 2007								
1	ICICI Fund												
	Loan I	Jan, 2007	5,000,000	-	5,000,000.00		5,000,000.00	-	-	1,333,333	11.00%	36 Month including a moratorium of 6 months	Unsecured
	Loan II	Feb, 2007	5,000,000	-	5,000,000.00		5,000,000.00	-	-	1,333,333	11.00%	36 Month including a moratorium of 6 months	Unsecured
	Sub-Total		10,000,000	-	10,000,000.00	93,424.00	93,424.00	-	-	2,666,666			
2	Bellwether Microfinance Fund Pvt. Ltd.												
	Loan I	Mar, 2006	2,500,000	2,500,000.00					2,500,000				
	Sub-Total		2,500,000	2,500,000.00	-	-	-	-	2,500,000	-	6.50%	Convertible Loan	Unsecured
	UNSECURED LOANS	TOTAL	12,500,000	2,500,000.00	10,000,000.00	93,424.00	10,093,424.00	-	2,500,000	2,666,666			

AUDITORS
For VINAY KUMAR & CO.,
CHARTERED ACCOUNTANTS

Sugawa
S.K. AGRAWAL
PARTNER

PLACE: ALAHABAD
DATE: 16-06-2007



Anup Kumar Singh
ANUP KUMAR SINGH
MANAGING DIRECTOR

Rakesh Dubey
RAKESH DUBEY
DIRECTOR

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2007

SCHEDULE D: FIXED ASSETS

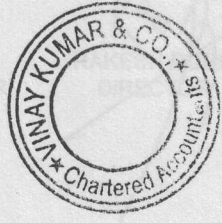
Rs.

PARTICULARS	GROSS BLOCK			DEPRECIATION				WRITTEN DOWN VALUE	
	As on	Additions during the period	Deletion during the period	As on	Rate of Depreciation	For the Period	Total	As on	As on
	01.04.2006			1.4.2006		Additions during Period	As on 31.03.2007	31.03.2007	31.3.2006
A: TANGIBLE ASSETS									
Furniture and Fixtures	235,232	160,784	-	10,457	18.10%	52,492	62,949	333,067	224,775
Electrical Fittings	20,400	128,310	-	880	18.10%	14,535	15,415	133,295	19,520
Computers	275,465	451,445	-	20,165	40.00%	189,001	209,166	517,744	255,300
Generator	-	30,500	-	-	18.10%	5,354	5,354	25,146	-
Total	531,097	771,039	-	31,502		261,382	292,884	1,009,252	499,595
Previous Year 31.03.06	18,734	512,363	-	-		31,502	31,502	499,595	18,734

AUDITORS
For VINAY KUMAR & CO.,
CHARTERED ACCOUNTANTS

S.K. Agrawal
S.K. AGRAWAL
PARTNER

PLACE: ALLAHABAD
DATE: 16-06-2007



Anup Kumar Singh
ANUP KUMAR SINGH
MANAGING DIRECTOR

Rakesh Dubey
RAKESH DUBEY
DIRECTOR

SONATA FINANCE PRIVATE LIMITED

SCHEDULE - E

CASH AND BANK BALANCES

Cash in hand	44,158.00	-
Balances with Scheduled Bank		
- In Current Account		
HDFC Bank C/A NO. 1325	968,283.71	1,811,207
HDFC Bank C/A NO. 0081	572,457.76	5,000,000
HDFC Bank C/A NO. 1568	1,331,920.37	-
ICICI Bank C/A NO. 1554	117,010.99	-
Kotak Mahindra Bank C/A No.014	336,257.50	-
UTI Bank C/A NO. 2325	125,312.08	-
ABN Amro Bank C/A No.6545726	121,293.94	-
Allahabad Bank, Katra C/A No. 1004737	618,743.00	-
Bank of Baroda, Katra C/A No.10166	768,438.00	-
Bank Of Maharastra	74,993.32	219,535
United Bank of India, Mauaima C/A - 6426	30,554.55	174,735
Allahabad District Coopratve Bank, Karchana C/ANO.309	598,542.00	226,652
Allahabad District Coopratve Bank, Karchana C/A/ NO.88	780,684.00	-
Allahabad District Coopratve Bank, Karchana C/A/ NO.299	328,091.00	-
Allahabad Kshetriya Grameen Bank, Puramufti, CA NO. - 10075	68,384.00	85,086
Allahabad Kshetriya Grameen Bank, Sahson C/A NO. - 41	488,847.00	141,855
Vijaya Bank, Phoolpur C/A NO. 798	363,917.00	284,554
Allahabd District Coopratve Bank, Bharwari C/A NO.234	365,140.00	-
Allahabad Bank, Lalgopalganj C/A NO. 466	22,892.00	-
Bank of Baroda, Bahariaya, Phoolpur C/A NO. 100252	102,395.00	-
State Bank Of India, Handia C/A NO. 60020	11,572.00	-
Bank of Baroda, Barut, Handia C/A NO. 100136	325,753.00	-
Allahabad Bank, Handia C/A NO. 12	718,938.00	-
Allahabad District Coopratve Bank, Handia C/A/ NO.259	20,000.00	-
Allahabad District Coopratve Bank, Mauiama C/A/ NO. 208	357,021.00	-
Bank of Baroda, Katra, City C/A NO. 10178	167,482.00	-
Allahabad Bank, Unchahar C/A NO. 70	447,927.00	-
Bank of Baroda, Unchahar C/A NO. 4036	251,067.00	-
- In Fixed Deposit		
- Pledged		
SIDBI Bank	250,000	-
UTI Bank	500,000	-
HDFC Bank	1,000,000	1,750,000.00
- UnPledged		
UTI Bank	5,000,000	500,000
Kotak Mahindra Bank	3,000,000	-
TOTAL	20,278,075.22	8,443,624

For VINAY KUMAR & CO.,
CHARTERED ACCOUNTANTS

S.K. Agrawal
S.K. AGRAWAL
PARTNER

PLACE: ALLAHABAD
DATE: 16-06-2007



Anup Kumar Singh
ANUP KUMAR SINGH
MANAGING DIRECTOR

Rakesh Dubeey
RAKESH DUBEY
DIRECTOR

SCHEDULES TO ACCOUNTS AS AT MARCH 31, 2007

SCHEDULE F: LOANS TO POOR WOMEN IN SELF HELP GROUPS

Age and category of Loan outstandings (Owned)	Standard loans			Non-Performing Loans		Total	Total
	No Overdues	Overdue upto 4 weeks	Sub-Standard	Doubtful	Where duration of loan period has expired		
			5 to 50 weeks				
Encumbered / Unsecured Regular	49,830,590.00	-	-	-	-	49,830,590.00	3,154,336
Gross Book Value of the Portfolio of Loan Outstanding	49,830,590.00	-	-	-	-	49,830,590.00	3,154,336
Less: Provisions for doubtful loans	-	-	-	-	-	-	-
Net book value of the Portfolio of Loan Assets as on 31-03-2007	49,830,590.00	-	-	-	-	49,830,590.00	3,154,336

SCHEDULE F(a): INTEREST ON LOANS TO POOR WOMEN IN SELF HELP GROUPS

Age and category of Loan outstanding	Standard loans		Non-Performing Loans		Total	Total
	No Overdues	Overdue up to 4 weeks	Sub-Standard	Doubtful		
			5 to 50 weeks			
Interest Received During the period	5,044,462.00	-	-	-	-	5,044,462.00
Less: Intt. Due but not collected (Previous F.Y.)	-	-	-	-	-	-
Less :Intt. Accrued (Previous F.Y.)	1,360.50	-	-	-	-	1,360.50
Add:	5,043,101.50	-	-	-	-	5,043,101.50
Interest Due But Not Received	172,018.00	-	-	-	-	172,018.00
Interest Accrued	-	-	-	-	-	-
Less:	-	-	-	-	-	-
Interest Derecognized	-	-	-	-	-	-
Total	5,215,119.50	-	-	-	-	5,215,119.50

AUDITORS

For VINAY KUMAR & CO.,
CHARTERED ACCOUNTANTS



S.K. Agrawal
S.K. AGRAWAL
PARTNER

PLACE: ALLAHABAD

DATE: 16-06-2007

Anup Kumar Singh
ANUP KUMAR SINGH
MANAGING DIRECTOR

Rakesh Dubey
RAKESH DUBEY
DIRECTOR

SONATA FINANCE PRIVATE LIMITED

SCHEDULE - G

ADVANCES AND OTHER RECEIVABLES:

Advance to Personnel	41,316.00	-
Personal Advance for Loan Disbursement	900,119.00	-
Accrued Interest on Micro credit lendings	172,018.00	1,361
Others Advances & Recoverables	417,995.93	85,567
Income Tax	-	503
Tax on Interest	-	9,812
Interest Accrued on Fixed Deposit with Banks	99,959.91	-
TOTAL	1,631,408.84	97,243

SCHEDULE - H

CURRENT LIABILITIES:

Interest Payable to Financial Institutions/Banks	-	12,466
Other Liabilities	754,730.00	216,540
Statutory Dues payable	303,172.00	132,741
Audit fees payable	16,836.00	30,060
Monitoring Expenses Payable	-	14,500
Advance Collection from Center	109,915.00	-
TOTAL	1,184,653.00	406,307

SCHEDULE - I

MISCELLANEOUS EXPENDITURE:

(to the extent not written off or adjusted)

Preliminary Expenses	129,649.53	162,062
LESS : 1/5th Written Off	32,412.00	32,412
Total (A)	97,237.53	129,650
Pre-Operative Expenses	1,162,000.00	1,452,500
LESS : 1/5th Written Off	290,500.00	290,500
Total(B)	871,500.00	1,162,000
TOTAL (A + B)	968,737.53	1,291,650

For VINAY KUMAR & CO.,
CHARTERED ACCOUNTANTS

S.K. AGRAWAL
PARTNER

PLACE: ALLAHABAD
DATE: 16-06-2007



ANUP KUMAR SINGH
MANAGING DIRECTOR

RAKESH DUBEY
DIRECTOR

SONATA FINANCE PRIVATE LIMITED

SCHEDULE - K	FOR THE YEAR ENDED 31.03.07 Rs.	FOR THE YEAR ENDED 31.03.06 Rs.
OTHER INCOME:		
Interest income from staff	16,078.00	39
Profit on sale of Shares	-	37,803
Other Income	19,535.00	-
TOTAL	35,613.00	37,842

SCHEDULE - L		
SALARIES & BENEFITS TO EMPLOYEES		
Director's Remuneration	1,715,342.00	268,927
Salaries	1,712,637.00	114,845
Allowances	1,859,718.00	314,936
Incentives	1,576,244.00	158,213
TOTAL	6,863,941.00	856,921

SCHEDULE - M		
OTHER ADMINISTRATIVE EXPENDITURE:		
Rent	372,300.00	97,900
Printing & Stationary	209,163.50	39,207
Travelling & Conveyance	454,089.00	186,034
Staff Welfare Exp	37,831.50	5,586
Postage & Telegrams	13,274.00	212
Electricity Charges	15,828.00	3,043
Telephone Charges	65,120.00	42,629
Repair & Maintenance	23,932.00	4,635
Auditor's Fee	33,672.00	30,060
Professional Charges	184,807.00	22,000
Miscellaneous Expenditure	223,686.00	45,011
Monitoring Expenses	19,882.00	14,500
Legal & Filing Fee	112,760.00	12,563
Board Meeting Expenses	6,212.00	1,684
Statutory Expenses	337,835.00	10,948
Training and Recruitment Expenses	343,928.00	20,922
TOTAL	2,454,320.00	536,934

SCHEDULE - N		
FINANCE CHARGES		
Interest on Borrowings	2,389,865.65	12,466
Bank Charges	353,959.57	47,185
TOTAL	2,743,825.22	59,651

For VINAY KUMAR & CO.,
CHARTERED ACCOUNTANTS

S.K. Agrawal
S.K. AGRAWAL
PARTNER

PLACE: ALLAHABAD
DATE: 16-06-2007



Anup Kumar Singh
ANUP KUMAR SINGH
MANAGING DIRECTOR

Rakesh Dubeey
RAKESH DUBEY
DIRECTOR

SONATA FINANCE PRIVATE LIMITED

GROUPINGS TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2007

No.	PARTICULARS	March 31, 2007	March 31,2006
GA1	Others Advances & Recoverables		
	Bicycle Advance	1,499.00	300
	Loan for Motorcycle	191,039.00	34,842
	Personal Loan	9,000.00	-
	Mobile Loan	104,500.00	-
	Recoverable from Center Leader	39,000.00	-
	Professional Training Loan	-	2,625
	PF Recoverable	261.00	10,000
	Security and Other Deposits	15,000.00	15,000
	Office Rent Advance	13,250.00	22,800
	Advance Against Salary	1,500.00	-
	Service Tax Recoverable	6,885.00	-
	TDS on Sweeping FDR	27,857.93	-
	Recoverable from ICICI	8,000.00	-
	Others	204.00	-
	Total	417,995.93	85,567
GL1	Other Liabilities		
	Unpaid Salary	114,431.00	34,916
	Expenses Payable	3,599.00	50,811
	Bonus Payable	269,888.00	104,512
	Director Bonus Payable	162,231.00	-
	Director Remuneration Payable	103,150.00	6,770
	Creditor for Exp.	-	19,531
	Loan Processing Fees Payable	56,100.00	-
	Payable to Clients	45,331.00	-
	Total	754,730.00	216,540
GL2	Statutory Dues Payable		
	P. F. Payable	81,140.00	-
	Service Tax Payable	24,468.00	-
	FBT Payable	-	32,541
	ROC Fees Payable	150,000.00	100,200
	T.D.S. Payable	2,564.00	-
	Legal & Filing Expenses Payable	45,000.00	-
	Total	303,172.00	132,741
GL3	Statutory Dues Payable		
	Interest on Loan Payable to HDFC Bank Ltd.	-	1,336
	Interest on Loan Payable to Bell wether	-	11,130
	Total	-	12,466

For VINAY KUMAR & CO.,
CHARTERED ACCOUNTANTS

S.K. Agrawal

S.K. AGRAWAL
PARTNER

Anup Kumar Singh

ANUP KUMAR SINGH
MANAGING DIRECTOR

Rakesh Dubey

RAKESH DUBEY
DIRECTOR

PLACE: ALLAHABAD
DATE: 16-06-2007



SONATA FINANCE PRIVATE LIMITED

GROUPINGS TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2007

No.	PARTICULARS	March 31, 2007	March 31, 2006
GI1	Other Income		
	Income from loans to staff	16,078.00	39
	Total	16,078.00	39
GE1	Interest on Borrowings from Financial Institutions		
	Interest Exp. on Bell Wether Loan	139,773.00	11,130
	Interest Exp. on HDFC Loan	624,209.86	1,336
	Interest Exp. on ABN-AMRO Loan	527,248.02	-
	Interest Exp. on FWWB Loan	663,510.00	-
	Interest Exp. on ICICI Loan	176,300.77	-
	Interest Exp. on UTI Loan	49,336.00	-
	Interest Exp. on SIDBI Loan	209,488.00	-
	Total	2,389,865.65	12,466
GE2	Computer Consumable, Printing and Stationary		
	Printing & Stationery	153,666.00	24,902
	Photocopy	17,277.50	4,358
	Office Stationery	32,043.00	3,286
	Computer Stationery	6,177.00	4,222
	Total	209,163.50	36,768
GE3	Statutory Expenses		
	Service Tax	154,650.00	10,948
	P.F. Admin. Exp.	33,185.00	-
	ROC Fees	150,000.00	-
	Total	337,835.00	10,948
GE4	Repairs & Maintenance		
	Computer Hardware Repair	15,165.00	10,948
	Furniture & Fittings Repair	450.00	-
	Electric Equipment Repair	6,947.00	-
	Generator Maintenance Exp.	1,370.00	-
	Total	23,932.00	10,948
GE5	Legal Expenses		
	Legal & Filing Expenses	108,270.00	12,563
	ROC Late Fees Charges	1,930.00	-
	Interest Exp on FBT	2,552.00	-
	Interest on late payment of TDS	8.00	-
	Total	112,760.00	12,563
GE6	Miscellaneous Expenses		
	News Paper & Periodicals	4,339.00	559
	Fuel Expenses	33,049.00	-
	Generator Hiring & Running Expenses	14,758.00	-
	Other Expenses	125,695.00	27,892
	Books & Journal Expenses	1,715.00	2,095
	Fooding & Lodging Expenses	15,242.00	-
	Photograph & Film	710.00	385
	Freight and Transportation Cost	2,890.00	2,080
	Micro Credit Rating Expenses	-	10,000
	Membership Fees	2,000.00	2,000
	Meeting Expenses	5,418.00	-
	Annual Function Expenses	17,870.00	-
	Total	223,686.00	45,011

For VINAY KUMAR & CO.,
CHARTERED ACCOUNTANTS

S.K. Agrawal

S.K. AGRAWAL
PARTNER

PLACE: ALLAHABAD
DATE: 16-06-2007



Anup Kumar Singh

ANUP KUMAR SINGH
MANAGING DIRECTOR

Rakesh Dubey

RAKESH DUBEY
DIRECTOR

SONATA FINANCE PRIVATE LIMITED

GROUPINGS TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2007

No.	PARTICULARS	March 31, 2007	March 31,2006
GE6	Personal Expenses		
	Salary		
	Confirmed Officer Salary	161,634.00	-
	Confirmed Staff Salary	885,525.00	114,845
	Probationary Staff Salary	657,478.00	-
	Probationary Officer Salary	8,000.00	-
	Total	1,712,637.00	114,845
	Allowances		
	Retainership Allowance	748,380.00	314,936
	Mobile Allowance	29,600.00	-
	PF Contribution	247,108.00	-
	Travel Allowance	562,349.00	-
	Acting Allowances	12,440.00	-
	Food Allowance	7,896.00	-
	Vehicle Maintenance Allowance	46,221.00	-
	Earn Leave Encashment	38,202.00	-
	Training Allowance	5,000.00	-
	Additional Allowance	6,400.00	-
	Medical Allowance	156,122.00	-
	Total	1,859,718.00	314,936
GE7	Bonus		
	Performance Linked Bonus	14,526.00	-
	Active Loan Client Bonus	1,356,480.00	34,595
	Average Bonus	205,238.00	123,618
	Total	1,576,244.00	158,213
GE8	Travelling Expenditure		
	Travelling Exp	425,283.00	142,479
	Auditors Travel & Other	28,806.00	43,555
	Total	454,089.00	186,034
GE9	Director Remuneration		
	Director Remuneration	732,000.00	239,000
	Director DSA	13,725.00	2,477
	Directors Travel	205,988.00	-
	Director EL Encashment	36,600.00	9,150
	Director HRA	73,200.00	18,300
	Director Fooding & Lodging Expenses	82,597.00	-
	Director Bonus	561,341.00	-
	Director Sitting Fees	9,891.00	-
	Total	1,715,342.00	268,927

For VINAY KUMAR & CO.,
CHARTERED ACCOUNTANTS

S.K. Agrawal
S.K. AGRAWAL
PARTNER

Anup Kumar Singh
ANUP KUMAR SINGH
MANAGING DIRECTOR

Rakesh Dubey
RAKESH DUBEY
DIRECTOR

PLACE: ALLAHABAD
DATE: 16-06-2007



SONATA FINANCE PRIVATE LIMITED

Rs.

Cash Flow Statement for the Year Ending,**March 31, 2007****(A) Opening Balances**

Cash in Hand

Cash at Bank Accounts

-In Current Accounts

-In Fixed Deposits

7,943,623.59

500,000.00

8,443,623.59

Total (A)**8,443,623.59****SOURCES OF FUNDS****(B) Cash Flow From Change in Capital Base**

Share Capital Increased

12,500,000.00

Reserve Fund Increased/(Decreased)

(503.00)

Debt Fund

-New Debt Fund received during the year

62,500,000.00

-Interest Due on Debt Fund

212,013.50

62,712,013.50

Less

-Repayment of Debt Liabilities during the year

9,809,130.42

52,902,883.08

(B) Net cash Inflow/(outflow) form change in capital Base**65,402,380.08****(C) Cash inflow/(outflow) from Micro-lending activities**

Income Generating Loan

-New loans Disbursed

83,225,000.00

Less

-Repayment of loan received

36,548,746.00

(C) Net cash Inflow/(outflow) from Micro Loan Disbursement**(46,676,254.00)****(D) Cash flow from Operating Activities**

Profit/(Loss) as per Profit and Loss Account

(4,474,416.49)

Less: Deferred Tax Assets

(1,474,694.00)

(5,949,110.49)

Add/(Less): Non- cash expenses(Non-cash incomes)

-Depreciation

261,382.00

-Amortisation of Preliminary & Pre-operative Exp.

322,913.00

(5,364,815.49)

Increase/(decrease) in current liabilities

778,346.38

(Increase)/decrease in current assets

(1,534,166.34)

(D) Cash From Operation**(6,120,635.45)****(E) SOURCES OF FUND (A+B+C+D)****21,049,114.22****APPLICATION OF FUND****Adjustments for change in current assets/liabilities****(F) Cash Flow from Investment Activities**

-(Increase)/decrease in fixed assets

(771,039.00)

(F) Net cash inflow/(outflow) form investment activities**(771,039.00)****(G) CLOSING BALANCE (E-F)****20,278,075.22****CLOSING BALANCE**

Cash in Hand

44,158.00

Cash in Bank accounts

-Current Accounts

10,483,917.22

-In Fixed Deposits

9,750,000.00

20,278,075.22For VINAY KUMAR & CO.,
CHARTERED ACCOUNTANTSS.K. AGRAWAL
PARTNERPLACE: ALLAHABAD
DATE: 16-06-2007ANUP KUMAR SINGH
MANAGING DIRECTORRAKESH DUBEY
DIRECTOR