



Sonata Finance Private Limited

IInd Floor, CP-1, PG Tower, Kursi Road, Vikas Nagar,

Lucknow – 226026, Uttar Pradesh

CIN: U65921UP1995PTC035286

Contact No : 0522-4005729

Email: info@sonataindia.com

Website: www.sonataindia.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of the Members of Sonata Finance Private Limited will be held on **Friday, the 28th day of September, 2018** at the **Registered Office** of the Company at IInd Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow - 226026 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 March 31, 2018 and report of the Board of Directors and of the 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, 2018 and of the Auditors' thereon and the report of the Board of Directors, laid before this meeting, be and are hereby adopted.”

Item No. 2

To re-appoint M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Kolkata registration No. 301003E/E300005, as Statutory Auditor, to hold office, from the conclusion of this meeting until the conclusion of the 28th Annual General Meeting (AGM) i.e AGM for the FY 2022-2023 of the Company and to fix their remuneration as recommended by the Board and in this regard, to pass, with or without modification, 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 the underlying rules viz. Companies (Audit and auditors) Rules, 2014 as may be applicable, the retiring auditors M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Kolkata (Registration No. 301003E/E300005) be and are hereby re-appointed as statutory auditors of the company to hold office from the conclusion of this Meeting until the conclusion of the 28th Annual General Meeting i.e AGM for the FY 2022-2023 of the company on a fee, as may be negotiated/fixed by the Board of Directors of the Company, which shall not exceed Rs. 60,00,000/- for the financial year 2018-19 (inclusive of all audit expenses), plus GST and such other tax(es), as may be applicable, from time to time.”



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SPECIAL BUSINESS:

Item No. 3

To re-appoint Mr. Anup Kumar Singh, Managing Director and in this regard, pass the following resolution, with or without modification, as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 152(2), 196, 117(3) & 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, any other applicable provisions of the said Act, approval of the members, be and is hereby accorded, to re-appoint Mr. Anup Kumar Singh (DIN 00173413) as the Managing Director of the Company, for a period of 5 (Five) consecutive years w.e.f from April 01, 2019 upto March 31, 2024, upon expiry of his present term of office, i.e. on March 31, 2019, on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include Remuneration and Nomination Committee of the Board) to alter and vary, from time to time, the terms and conditions of the said re-appointment and / or remuneration, as it may deem fit and as may be acceptable to Mr. Anup Kumar Singh, as per the provisions of Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to do all acts, deeds or things and take all such steps, as may be necessary, proper or expedient, to give effect to this resolution.”

Item No. 4

To re-appoint Mr. Anal Kumar Jain as an Independent Director and in this regard, pass the following resolution, with or without modification, as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment And Qualification Of Directors) Rules, 2014, any other applicable provisions of the said Act, Mr. Anal Kumar Jain (DIN: 01239653), who was appointed as an Independent Director and who holds office as an Independent Director up to March 31, 2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years, i.e. up to March 31, 2024.”

“RESOLVED FURTHER THAT the Board of Directors, be and are, hereby authorised to do all acts, deeds and things and take all such steps, as may be necessary, proper or expedient to give effect to this resolution.”



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Item No. 5

To re-appoint Ms. Chandni Gupta Ohri as an Independent Director and in this regard, pass the following resolution, with or without modification, as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment And Qualification Of Directors) Rules, 2014, any other applicable provisions of the said Act, Ms. Chandni Gupta Ohri (DIN: 03613229), who was appointed as an Independent Director and who holds office as an Independent Director up to March 31, 2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years, i.e. up to March 31, 2024.”

“RESOLVED FURTHER THAT the Board of Directors, be and are, hereby authorised to do all acts, deeds and things and take all such steps, as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

Date: 21st August 2018

Place: New Delhi

Sd/-

Paurvi Srivastava

Company Secretary

ICSI Membership No. A34110

NOTES:

1. The explanatory statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Meeting is annexed hereto.
2. 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. The 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.
3. Proxy form and the route map of the venue of the Meeting are annexed hereto
4. Corporate Member intending to send its authorised representatives to attend the Meeting in terms of Section 113 of the Companies Act, 2013 is requested to send to the company a certified copy of the Board Resolution authorizing such representative to attend and vote on its behalf at the Meeting.
5. Details of Directors seeking re-appointment at the ensuing Meeting are provided in the “Annexure” to the Notice.
6. During the period beginning 24 hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the company. All documents referred to in the Notice and accompanying explanatory statement are open for inspection at the Registered Office of the company on all working days of the company between 11:00 a.m. and 1:00 p.m. upto the date of the Annual General Meeting and at the venue of the Meeting for the duration of the Meeting.



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7. Any query relating to financial statements must be sent to the company's Registered Office at least seven days before the date of the Meeting.

EXPLANATORY STATEMENTS

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

ITEM NO. 3

The Remuneration and Nomination Committee of the Board of Directors, on the basis of the performance evaluation, has recommended reappointment of Mr. Anup Kumar Singh (DIN: 00173413) as Managing Director of the Company for a period of 5 (five) consecutive years on the Board of the Company.

The members are informed that the term of appointment of Mr. Anup Kumar Singh, as Managing Director is expiring on 31st March 2019. As per the provisions of Section 196 (2) of the Companies Act, 2013 any person can be appointed/ re-appointed as the Managing Director of the company for a term not exceeding 5 years at a time and the re-appointment can be made within 1 year before the date of cessation. Further, the Board of Directors of the Company ("Board"), in their meeting held on August 21, 2018, subject to the approval by members, have approved the re-appointment of Mr. Anup Kumar Singh as Managing Director, for a period of 5 (five) consecutive years w.e.f April 01, 2019 to March 31, 2024 on the terms and conditions including remuneration, as may be approved, from time to time, by the Board of Directors of the Company.

Brief profile covering the details of his qualification, experience and other details as required pursuant to Secretarial Standards on General Meetings, is annexed to this Notice.

Mr. Anup Kumar Singh may be deemed to be interested in the resolutions set out in Item Nos. 3 of the Notice with regard to his re-appointment.

Save and except as above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way concerned or interested in the resolutions set out in the aforesaid item of the notice.

The Board recommends the Ordinary Resolution set out in Item No. 3 of the Notice for approval by the members.

ITEM NO. 4 & 5

The term of office as Independent Director of Mr. Anal Kumar Jain (DIN: 01239653) and Ms. Chandni Gupta Ohri (DIN: 03613229) is expiring on 31st March 2019. Further, being eligible, Mr. Anal Kumar Jain and Ms. Chandni Gupta Ohri, may be re-appointed as the Independent Directors of the Company, to be effective from 1st April 2019 for a period of 5 (five) consecutive years, as per Section 149(10) & (11) and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014."

The Board of Directors, based on recommendation of Remuneration and Nomination Committee of the



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Board of Directors, has recommended re-appointment of Mr. Anal Kumar Jain (DIN: 01239653) and Ms. Chandni Gupta Ohri (DIN: 03613229) as Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the recommendation of the Remuneration and Nomination Committee, considers that, given the background and experience and contributions made by them during their tenure, the continued association of Mr. Anal Kumar Jain and Ms. Chandni Gupta Ohri would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint Mr. Anal Kumar Jain and Ms. Chandni Gupta Ohri as Independent Directors of the Company, not liable to retire by rotation, for a second term of 5 (five) consecutive years from 1st April 2019 on the Board of the Company.

Mr. Anal Kumar Jain and Ms. Chandni Gupta Ohri are not disqualified from being appointed as a Director in terms of Section 164 of the Act and have given their consent to act as a Director.

The Company has also received declaration from Mr. Anal Kumar Jain and Ms. Chandni Gupta Ohri that they meet the criteria of independence as prescribed both under Section 149(6) of the Act.

In the opinion of the Board, Mr. Anal Kumar Jain and Ms. Chandni Gupta Ohri fulfil the conditions for re-appointment as Independent Directors as specified in the Act and are independent of the management.

Details of Mr. Anal Kumar Jain and Ms. Chandni Gupta Ohri, are provided in the “Annexure” to the Notice pursuant to the provisions of the Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India. They shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings.

Copy of draft letter of appointment of Mr. Anal Kumar Jain and Ms. Chandni Gupta Ohri setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Mr. Anal Kumar Jain and Ms. Chandni Gupta Ohri may be deemed to be interested in the resolutions set out respectively at Item No. 4 and 5 of the Notice with regard to their respective re-appointments.

Save and except as above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way concerned or interested in the resolutions set out in the aforesaid item of the notice.

The Board recommends the Special Resolution set out at Item No. 4 & 5 of the Notice for approval by the members.

Date: 21st August, 2018

Place: New Delhi

By Order of the Board of Directors

Sd/-

Paurvi Srivastava
Company Secretary
ICSI Membership No. A34110



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Annexure to the 23rd Annual General Meeting Notice

Details of Directors seeking Re-Appointment at the ensuing Annual General Meeting

Particulars	Mr. Anup Kumar Singh	Mr. Anal Kumar Jain	Ms. Chandni Gupta Ohri
Age	46	73	41
Qualifications	Master's degree in Economics & Sociology, a Postgraduate Diploma in Rural Development and Management, and a MBA in Finance	M.S., USA; B.Tech, IIT Kharagpur	Masters in International Development, Washington University; PGDM, IIM-B
Experience	<p>Mr. Anup Kumar Singh is one of the pioneers in India's microfinance sector with more than 18 years of experience to his credit.</p> <p>Before starting Sonata Finance Private Limited (SONATA), Mr. Anup underwent training with Grameen Bank in Bangladesh. Mr. Singh was associated for more than 8 years with the CASHPOR group of Companies, since its inception. He was serving as an ex-officio Chief Executive and the second most senior executive in the CASHPOR group of companies.</p>	<p>Mr. Anal Kumar Jain has more than 40 years' experience in top management positions in major IT companies including >6 years experience in MFI space.</p> <p>His Key accomplishments are - leading Wipro Infotech's marketing to IT Industry's leading status, building and leading IBM's business after their re-entry into India, and starting and leading Sun Microsystems business</p> <p>He was the Chairman & CEO of Linc Software Systems, CEO of Birlasoft Ltd, Managing Director - South Asia of Network Appliance.</p> <p>He has been an advisor to Sa-Dhan, the National Microfinance Industry Association.</p>	<p>Ms. Chandni Gupta Ohri was the CEO of Grameen Foundation India (GFI).</p> <p>She previously served as Director for Asia programs at Grameen Foundation, advancing their mission in India and Pakistan over the last seven years and providing a mix of financial and technical support to a number of microfinance institutions over that time.</p>
Terms and Conditions of Re-Appointment	As per the resolution at item no. 3 of the Notice convening this Meeting read with explanatory statement thereto, Mr. Anup Kumar Singh is proposed to be re-	As per the resolution at item no. 4 of the Notice convening this Meeting read with explanatory statement thereto, Mr. Anal Kumar Jain is proposed to be re-appointed as an Independent Director	As per the resolution at item no. 5 of the Notice convening this Meeting read with explanatory statement thereto, Ms. Chandni Gupta Ohri is proposed to be re-appointed as an



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	appointed as Managing Director		Independent Director
Remuneration last Drawn (including sitting fees, if any)	84.85 Lacs	Sitting Fees: Rs. 5,00,000/- Remuneration: Nil	Sitting Fees: Rs. 5,00,000/- Remuneration: Nil
Remuneration proposed to be paid	At such remuneration as may be recommended, from time to time, by the Remuneration and Nomination Committee and approved by the Board.	No remuneration apart from sitting fee shall be payable to them.	No remuneration apart from sitting fee shall be payable to them.
Date of first appointment on the Board	Since inception	01/09/2011	01/09/2011
Shareholding in the Company as on March 31, 2018	8,75,462 shares	Nil	Nil
Relationship with other Directors/Key Managerial Personnel	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel
Number of meetings of the Board attended during the Financial year (2017-18)	05	04	05
Directorships of other Boards as on March 31, 2018	1. Shrimayi Social and Allied Services.	1. Inflow Technologies Private Limited. 2. Skill Profiler Analytics Pvt Ltd. 3. Sanghamithra Rural Financial Services. 4. Swadhaar Finserve Private Limited.	1. Enable Life Sciences Private Limited



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		5.Creditaccess Grameen Limited.	
Membership/Chairmanship of Committees of other Boards as on March 31, 2018	NIL	<ol style="list-style-type: none">1. HR Committee in Sanghamithra Rural Financial Services.2. Compensation & Remuneration Committee of Creditaccess Grameen Limited.3. IT Strategy of Creditaccess Grameen Limited.	NIL



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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: U65921UP1995PTC035286

Name of the company: Sonata Finance Private Limited

Registered Office: IInd Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow-226026

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:.....



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as my/our proxy to attend or vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company, to be held on 28th Day of September 2018 at 10:30 a.m at the Registered office of the Company at II 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. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2018 and report of the Board of Directors and of the Auditors' thereon.
2. To re-appoint M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Kolkata (registration No. 301003E/E300005), as Statutory Auditor, to hold office, from the conclusion of this meeting until the conclusion of the 28th Annual General Meeting (AGM)
3. To re-appoint Mr. Anup Kumar Singh as Managing Director of the Company.
4. To re-appoint Mr. Anal Kumar Jain as the Independent Director of the Company.
5. To re-appoint Ms. Chandni Gupta Ohri as the Independent Director of the Company.

Signed thisday of.....2018

Signature of Shareholder

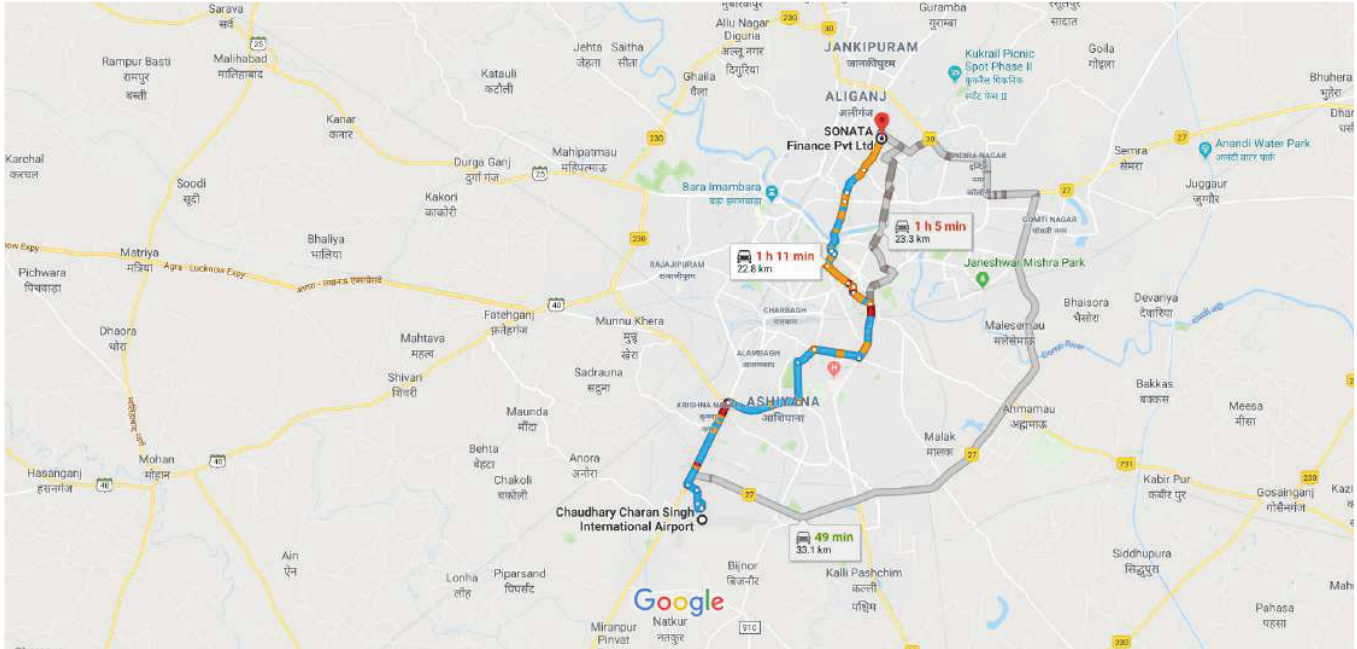
Affix
Revenue
Stamp

Signature of Proxy holder(s)

Chaudhary Charan Singh International Airport to SONATA Finance Pvt Ltd

Drive 22.8 km, 1 h 11 min

Route Map for the 23rd Annual General Meeting



via NH230 and VIP Rd

Heavier traffic than usual

1 h 11 min

22.8 km



SONATA FINANCE PRIVATE LIMITED



BOARD REPORT

Financial Year 2017-18

Registered Office: II Floor, CP-1, P.G
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DIRECTORS' REPORT

TO THE MEMBERS

The Directors are pleased to present the 23rd (Twenty Third) Directors' Report of your Company.

1. FINANCIAL RESULTS

The year under review was a challenging year for the Company. The performance of the Company was impacted due to higher NPA's resulting in the negative profitability as compared to the previous years. The loss occurred pursuant to the write off of Non-Performing Assets which the company had to undergo because of demonetization of high value currency by the government of India in November 2016. The write-off was based on analysis of repayment pattern of the borrowers and qualitative assessment of their repayment behaviour based on feedback from operations and internal audit teams of the company. However, your Directors have also taken steps to ensure recovery of such bad / written off loans to the extent possible. Further 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 st March 2018	31 st March 2017
	Amt (In Mn.)	Amt (in Mn.)
Revenue from operations	2164.59	2225.17
Other Income	244.01	203.46
(A) Total Income	2408.60	2428.63
Employee benefit expenses	501.33	449.23
Finance Costs	1380.20	1380.99
Depreciation Expense	8.86	9.55
Other Expenses	1019.35	565.77
(B) Total Expenses	2909.74	2405.54
Profit / (Loss) before Tax	(501.14)	23.09
(C) Total Tax Expenses	(167.16)	9.90
Profit / (Loss) for the Year	(333.98)	13.19
Share Capital	189.86	189.86
Reserve and Surplus	1601.93	1938.82
Long-term borrowings	6152.44	5296.55
Other long- term liabilities	-	-
Long- term provisions	146.33	82.83
Short- term borrowings	975.00	415.00
Other current liabilities	4578.10	5337.87
Short- term provisions	11.43	108.96
Total Liabilities	13655.09	13369.89
Fixed assets	22.93	14.53
Non-current investment	0.5	0.5
Deferred Tax Assets	241.70	74.54
Long term loans and advances	4125.55	1832.13
Other non-current assets	284.24	477.11

Current Investments	1.00	0.11
Cash and Bank Balances	1350.78	4436.22
Short- term loans and advances	7499.11	6341.16
Other current assets	129.28	193.59
Total Assets	13655.09	13369.89

**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 st March	As on 2018	As on 2017
Number on Branches	425	363
Number of Employees	2,761	2,445
Number of Active Borrowers	6,98,188	6,93,606
Amount Disbursed (In Mn)	13641.29	9192.55
Gross Loan Portfolio (In Mn)	13228.11	10,234.76

3. DIVIDEND

Keeping in view of the adverse business conditions and resulting losses thereof, it is proposed not to declare any dividend on the equity shares of the company.

4. TRANSFER TO RESERVES

During the year under review, owing to the absence of profits, the Company did not transfer any amount to the reserves.

5. CAPITAL STRUCTURE / UPDATE ON 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

No fresh issue of Equity Shares or Preference shares was made during the year under review.

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: Nil

During the year under review, the Company has not granted any additional Stock Options.

ii. Options Vested during the year: 1,91,000

iii. the total number of shares arising as a result of exercise of Options: Nil

iv. Options lapsed: 9,000

v. Options Exercised during the year

During the year under review, no share options were exercised by the employees, under any ESOP schemes of the Company.

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The composition of the Board of Directors is governed by the provisions of the Companies Act, 2013. The Board of the company consists of 11(Eleven) Directors of whom four (4) are Independent Directors (including a women Director), Six (6) Nominee Directors and one (1) Managing Director.

During the year under review:

- Mr. Akhilesh Kumar Singh, was appointed as the Chief Financial Officer (CFO) being the Key Managerial Personnel of the Company w.e.f. 03rd April, 2017.
- Mr. Charles James Middleton, representing M/s Triodos SICAV II- Triodos Micro Finance Fund (TMF) & Triodos Custody BV in its capacity as custodian of Triodos Fair Share Fund (TFSF), was appointed as the Nominee Director on the Board w.e.f. 26th May 2017.
- Mr. Emmanuel Haye Christian Alain, representing M/s Societe de Promotion et de Participation Pour la Cooperation Economique (“Proparco”), was appointed as the Nominee Director on the Board w.e.f. 26th May 2017.
- Mr. Pradip Kumar Saha, was appointed as Independent Director on the Board w.e.f. 26th May, 2017.
- Mr. Emmanuel Haye Christian Alain, representing Proparco, resigned from the directorship of the Company on 22nd August, 2017 and Mr. Benoit Marie Luc Monsaingeon, was appointed as Nominee Director in his place w.e.f. 24th October, 2017.

Pursuant to the provisions of Section 203 of the Act, Mr. Anup Kumar Singh, Managing Director, Mr. Akhilesh Kumar Singh, CFO and Ms. Paurvi Srivastava, Company Secretary, were the Key Managerial Personnel of the Company during the year under review.

Performance Evaluation of Board, Committees and Directors

The Board of Directors and Remuneration & Nomination Committee has put in place an evaluation framework for evaluation of the Board as a whole, its Committees and of individual directors, in compliance with the provisions of Companies Act, 2013. A questionnaire for the evaluation of the Board, its Committees and of individual directors covering various aspects were sent across to the Board of Directors. The responses were discussed and reviewed in the meeting of the Remuneration and Nomination Committee on 23rd February, 2018 and the Board of directors on 24th February, 2018. Individual Directors being evaluated did not participate in the discussions pertaining to his evaluation.

A separate exercise was carried out in the meeting of Independent Directors held on 24th February, 2018 to evaluate the performance of Non-Independent Directors, Board as a whole, including the Chairperson of the Board, who were evaluated on parameters such as activeness of participation in the Meetings, adherence to disclosures to be made by Directors, Contribution towards growth of the Company.

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

7. INDEPENDENT DIRECTORS' DECLARATION

The 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**

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 under review.

8. 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 Nomination and Remuneration 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 said act. 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 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.

9. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the period under review, no related party transaction was entered into by the Company and therefore particulars of Contracts or Arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 to be provided in Form AOC-2 is not enclosed to the report.

10. EXTRACT OF ANNUAL RETURN

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

11. 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-II**. Further details of composition of the CSR 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 was INR 2.43 Mn. (the details are covered under **Annexure -II**) as against the budget of INR 4.68 Mn. and INR 2.25 Mn. remained unspent owing to the adverse business atmosphere, created due to the after effects of demonetization. During the year under review, the company continued to put all its energies for re-establishing its business systems and therefore, in spite of making its best efforts, the company could not spend the full CSR fund. The Board of Directors have however decided to utilize the un-spent portion of the CSR budget in the successive financial years.

12. 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, 2018, your Company had 2,761 employees' vis-à-vis 2,445 employees as on March 31, 2017. 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.

13. 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.

14. 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 (referred to as Act) and the rules framed thereunder. Further the company has constituted Internal Complaints Committee as per the requirements of the Act and during year under review, the Company has not received any complaints on sexual harassment.

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 2017-18, 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, 2018, the Board of the Company consisted of 11 (eleven) Directors, of which 4 were Independent Directors, (including a Woman Director); 6 (Six) Directors were Non-Executive while 1 (one) 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 directorships of the Board members, number of Board Meetings held along with the attendance of the Directors thereat during the Financial Year 2017-18 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 (as on date)
1.	Mr. Anup Kumar Singh	Managing Director	1
2.	Ms. Chandni Gupta Orhi	Independent Director	1
3.	Mr. Anal Kumar Jain	Independent Director	5
4.	Mr. Sethuraman Ganesh	Independent Director	-
5.	Mr. Pradip Kumar Saha	Independent Director	1
6.	Mr. Kenneth Dan Vander Weele	Nominee Director	8
7.	Ms. Mona Kachhwaha	Nominee Director	4
8.	Mr. Prakash Kumar	Nominee Director	2
9.	Mr. R.V Dilip Kumar	Nominee Director	5
10.	Mr. Charles James Middleton	Nominee Director	2
11.	Mr. Benoit Marie Luc Monsaingeon	Nominee Director	-

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

The Board met five (5) times in financial year 2017-18. 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.	26 th May, 2017	Hotel The Roseate House, New Delhi Aerocity	Ms. Chandni Gupta Ohri, Chairperson, Mr. Anup Kumar Singh, Mr. Anal Kumar Jain, Mr. Sethuraman Ganesh, Ms. Mona Kachhwaha, Mr. R. V. Dilip Kumar, Mr. Prakash Kumar.
2.	28 th June, 2017	Hotel J W Marriott, New Delhi Aerocity	Ms. Chandni Gupta Ohri, Chairperson, Mr. Anup Kumar Singh, Mr. Pradip Kumar Saha, Mr. Sethuraman Ganesh, Ms. Mona Kachhwaha, Mr. R. V. Dilip Kumar, Mr. Charles James Middleton, Mr. Emmanuel Haye.

3.	22 nd August, 2017	Hotel Vivanta by Taj, Lucknow	Ms. Chandni Gupta Ohri, Chairperson, Mr. Anup Kumar Singh, Mr. Anal Kumar Jain, Mr. Pradip Kumar Saha, Mr. Sethuraman Ganesh, Ms. Mona Kachhwaha, Mr. Kenneth Dan Vander Weele.
4.	13 th November, 2017	Hotel The Roseate House, New Delhi Aerocity	Ms. Chandni Gupta Ohri, Chairperson, Mr. Anup Kumar Singh, Mr. Anal Kumar Jain, Mr. Pradip Kumar Saha, Mr. Sethuraman Ganesh, Mr. Kenneth Dan Vander Weele, Mr. R. V. Dilip Kumar, Ms. Mona Kachhwaha, Mr. Benoit Marie Luc Monsaingeon, Mr. Charles James Middleton.
5.	24 th February, 2018	Hotel Vivanta by Taj, Lucknow	Ms. Chandni Gupta Ohri, Chairperson, Mr. Anup Kumar Singh, Mr. Anal Kumar Jain, Mr. Pradip Kumar Saha, Mr. Sethuraman Ganesh, Mr. Kenneth Dan Vander Weele, Ms. Mona Kachhwaha, Mr. Prakash Kumar, Mr. Benoit Marie Luc Monsaingeon, Mr. Charles James Middleton.

Notes:

- None of the Directors held directorship in more than 10 Public Limited Companies
- 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 financial year 2017-18 the Committee has met five (5) times. The composition of the Audit Committee and the brief terms of reference are shown below:

Sr. No.	Date of Meeting	Place of Meeting	Members attended Meeting
1.	26 th May, 2017	Hotel The Roseate House, New Delhi Aerocity	Mr. Sethuraman Ganesh, Chairman Ms. Chandni Gupta Ohri, Mr. R. V. Dilip Kumar.
2.	28 th June, 2017	Hotel J W Marriott, New Delhi Aerocity	Mr. Sethuraman Ganesh, Chairman Ms. Chandni Gupta Ohri, Mr. R. V. Dilip Kumar.

3.	21 st August, 2017	Hotel Vivanta by Taj, Lucknow	Mr. Sethuraman Ganesh, Chairman Ms. Chandni Gupta Ohri.
4.	13 th November, 2017	Hotel The Roseate House, New Delhi Aerocity	Mr. Sethuraman Ganesh, Chairman Ms. Chandni Gupta Ohri, Mr. R. V. Dilip Kumar.
5.	23 rd February, 2018	Hotel Vivanta by Taj, Lucknow	Mr. Pradip Kumar Saha, Chairman Mr. Anal Kumar Jain, Ms. Chandni Gupta Ohri, Ms. Mona Kachhwaha.

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 and scrutinizing 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 yearly 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 financial year 2017-18 the Committee has met four (4) times. The composition of the Remuneration and Nomination committee and the brief terms of reference are shown below:

Sr. No.	Date of Meeting	Place of Meeting	Members attended Meeting
1.	26 th May, 2017	Hotel The Roseate House, New Delhi Aerocity	Mr. Anal Kumar Jain, Chairman Mr. Anup Kumar Singh, Ms. Chandni Gupta Ohri, Mr. Prakash Kumar.
2.	22 nd August, 2017	Hotel Vivanta by Taj, Lucknow	Mr. Anal Kumar Jain, Chairman Mr. Anup Kumar Singh, Ms. Chandni Gupta Ohri, Mr. Kenneth Dan Vander Weele.
3.	13 th November, 2017	Hotel The Roseate House, New Delhi Aerocity	Mr. Anal Kumar Jain, Chairman Mr. Anup Kumar Singh, Ms. Chandni Gupta Ohri, Mr. Kenneth Dan Vander Weele.
4.	23 rd February, 2018	Hotel Vivanta by Taj, Lucknow	Mr. Anal Kumar Jain, Chairman Mr. Anup Kumar Singh, Ms. Chandni Gupta Ohri, Mr. Pradip Kumar Saha, Mr. Kenneth Dan Vander Weele, Mr. Prakash Kumar.

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 15th November, 2013.

During the financial year 2017-18 the Committee has met two (2) times. The composition of the Corporate Social Responsibility committee and the brief terms of reference are shown below:

Sr. No.	Date of Meeting	Place of Meeting	Members attended Meeting
1.	22 nd August, 2017	Hotel Vivanta by Taj, Lucknow	Ms. Chandni Gupta Ohri, Chairperson Mr. Sethuraman Ganesh.
2.	23 rd February, 2018	Hotel Vivanta by Taj, Lucknow	Ms. Chandni Gupta Ohri, Chairperson Mr. Sethuraman Ganesh, Mr. Prakash Kumar.

Brief Terms of reference of Corporate Social Responsibility Committee:

- a) 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 of the Companies Act 2013.
- b) Recommendation of the amount of expenditure to be incurred on the CSR activities and monitoring the same.
- c) Monitoring the Corporate Social Responsibility Policy of the company from time to time.

(vi) RISK MANAGEMENT COMMITTEE

During the financial year 2017-18 the Committee has met two (2) times. The composition of the Risk Management committee and the brief terms of reference are shown below:

Sr. No.	Date of Meeting	Place of Meeting	Members attended Meeting
1.	20 th September, 2017	Registered Office of the Company	Ms. Mona Kachhwaha, Chairperson Mr. Anup Kumar Singh, Mr. Saif Khan.
2.	23 rd February, 2018	Hotel Vivanta by Taj, Lucknow	Ms. Mona Kachhwaha, Chairperson Mr. Anup Kumar Singh, Mr. Charles Middleton, Mr. Sethuraman Ganesh, Mr. Sneh Deep Agnihotri, Mr. Akhilesh Kumar Singh, Ms. Megha Goel.

Brief Terms of reference of Risk Management Committee:

- a) To assist in setting risk strategy policies in liaison with management.
- b) To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed.
- c) To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level.

- d) To provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risks.
- e) To review the risk bearing capacity of the Company in light of its reserves, insurance coverage, guarantee funds or other such financial structures.

(vii) IT STRATEGY COMMITTEE

The Board of Directors, in compliance with the RBI directions constituted IT strategy Committee in their meeting held on 22nd August, 2017. During the financial year 2017-18 the Committee has met one (1) time. The composition of the IT Strategy Committee and the brief terms of reference are shown below:

Sr. No.	Date of Meeting	Place of Meeting	Members attended Meeting
1.	08 th November, 2017	Registered Office of the Company	Mr. Anal Kumar Jain, Chairperson Mr. Anup Kumar Singh, Mr. Akhilesh Kumar Singh, Ms. Megha Goel, Mr. Shyam Kanhaiya, Mr. Sunjiiv Shukla.

Brief Terms of reference of IT Strategy Committee:

- a) To approve the IT strategy and Policy documents and ensuring that an effective strategic planning process has been put in place.
- b) To ensure that such process and practices have been implemented so that the IT delivers value to the business.
- c) To ensure that the IT investments represent a balance of risks and benefits and that the budgets are acceptable.
- d) To monitor and provide direction for sourcing and use of IT resources.
- e) To ensure a balance between IT investments and exposure towards IT risks and controls.
- f) To oversee the implementation of new software and to monitor the progress of the project and the milestones to be reached according to the project timetable.
- g) To ensure due compliance of RBI Master Direction DNBS.PPD.No.04/66.15.001/2016-17 dated 08th June, 2017.

(viii) 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
2016-17	27 th September, 2017	II Floor, CP-1, PG Tower, Kursi Road, Vikas Nagar, Lucknow – 226026 (Register Office)
2015-16	27 th September, 2016	II Floor, CP-1, PG Tower, Kursi Road, Vikas Nagar, Lucknow – 226026 (Register Office)
2014-15	28 th September, 2015	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
28 th September, 2015	U/s 42	<ul style="list-style-type: none">• Approval of draft Offer Letter (PAS -4) to be issued to SIDBI trustee Company Limited.• To take consent for execution of share Subscription agreement.• To take consent for execution of new shareholders agreement
27 th September, 2016	U/s 42	<ul style="list-style-type: none">• Approval of the draft offer letter (PAS-4) to be issued to Triodos & Proparco.• To take consent for the amendment of the Article of Associations of the Company
27 th September, 2017	U/s 14	<ul style="list-style-type: none">• Alteration & Adoption of Articles of Association on conversion of Optionally Convertible Preference Shares held by SIDBI into Equity Shares of the Company.

(ix) 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 www.sonataindia.com, the website of the company.

(x) DISCLOSURES

- a. There has been no non-compliance by the Company nor any penalties imposed on the Company by any authorities.
- b. 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 www.sonataindia.com, the website of the Company. Further, it is affirmed that no personnel have been denied access to the Audit Committee.
- c. During the year, no expenditure has been debited in the books of accounts which are not for the purposes of business of the company.
- d. During the year, no expenses which are of personal nature have been incurred for the Board of Directors and top management.

(xi) MEANS OF COMMUNICATION

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

(xii) 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.

(xiii) GENERAL SHAREHOLDERS INFORMATION

- a) As per the notice attached to this Annual Report, the Annual General Meeting of the Company will be held on 28th September 2018.
- b) The Financial Year of the Company is from April 1st to March 31st.

17. PARTICULARS OF GUARANTEES AND INVESTMENTS

The Company is a Non-Banking Financial Company – Micro Finance Institution and is providing micro loans to marginal / financially weak clients and is therefore exempt from the provisions of section 186 of the Companies Act, 2013. Therefore, no disclosure of loans given, or any guarantee provided has been made in the Financial Statement, as required therein.

18. INTERNAL CONTROL

Your Company has 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 S. R. Batliboi & Co. LLP, Chartered Accountants, Kolkata 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 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. INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITOR PURSUANT TO SECTION 143 (12) OF THE COMPANIES ACT 2013

During the year under review, the Statutory Auditors and the Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

21. VIGIL MECHANISM

As per Section 177 (9) and (10), read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 of the Act 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 29th September 2014 for the period of 4 years. The term of the Statutory Auditors is expiring in the ensuing Annual General Meeting of the company, however they are eligible for reappointment for a further term of 5 years as per the provisions of Section 139 of the Companies Act, 2013. The company has received a certificate from M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Kolkata for re-appointment, in this regard.

There are no qualifications or adverse observations or other remarks made by the Statutory Auditors in their report.

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 2017-18 and the same has been duly conducted. The Secretarial Auditor observed that the Company has made compliance as per SEBI (Listing obligations & Disclosure Requirements) Regulations, 2015 except for the delay in filing of financials for the Half Year Ended 30th September 2017. The members are informed that the delay in filing of the Limited Reviewed Half Yearly Financial Statements was due to the deferment of adoption of the Financial Statements on account of migration of the loan portfolio data to the newly installed Nelito software. During the said period the Company was carrying out a major reconciliation exercise to ensure that no mismatch occurs on account of migration. The requisite filings were made on 19th January 2018. The members are further informed that apart from this no other qualifications or observations or remarks has been made by the Secretarial Auditors in their report, which requires clarification. The Secretarial Audit Report for the FY 2017-18 has been appended as **Annexure-III**

25. MANAGEMENT DISCUSSION AND ANALYSIS

As required by the listing agreement, a report on Management Discussion and Analysis is appended as **Annexure-IV** 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 during the year under review and the details of foreign exchange outflow is as under:

Foreign Exchange transaction	As at March 31, 2018 (In Mn.)	As at March 31, 2017 (In Mn.)
Travelling Expenses	0.97	0.64
Total	0.97	0.64

27. CLIENT GRIEVANCE

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

Particulars	March 31, 2018	March 31, 2017
No. of complaints pending at the beginning of the year	21	15
No. of complaints received during the year	666	731
No. of complaints redressed during the year	590	725
No. of complaints pending at the end of the year	97	21

28. APPLICABILITY FOR MAINTENANCE OF COST RECORDS

The company is engaged into the Micro Finance activities and therefore is not required to maintain Cost records under section 148 (1) of the Companies Act, 2013.

29. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India.

30. 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)
- Information Technology (IT) Policy
- IS Audit Policy
- Business Continuity Policy
- Change Management Policy
- Cyber Security Policy
- Information Security Policy
- Social Media Policy
- IT Outsourcing Policy
- 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.
- Code of Conduct for Employees.

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: New Delhi

Date: 21-08-2018

FORM MGT-9

Extract of Annual Return as on the financial year ended on 31 March, 2018

[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:

<u>Sl. No</u>	<u>Particulars</u>	<u>Details</u>
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	<p>II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow-226026</p> <p>Email: cs@sonataindia.com</p> <p>Ph:91-522-2334900</p>
6.	Whether listed company Yes / No	Yes (Debentures of the Company are listed in BSE)
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	<p>Skyline Financial Services Private Limited (For Shares) 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</p> <p>NSDL Database Management Limited (For Debentures) 4th 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.nsdl.co.in</p>

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: -

Sl. 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

S.No	Name and address of the company	CIN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable Section
1.					

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	
A. Promoters									
(1) Indian									
a) Individual/HUF	6,59,112	2,16,350	8,75,462	4.15%	6,59,112	2,16,350	8,75,462	4.15%	-
b) Central Govt.	-	-	-	-	-	-	-	-	-

c)State Govt.	-	-	-	-	-	-	-	-	-
d)Bodies Corporate	-	-	-	-	-	-	-	-	-
e)Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other.	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	6,59,112	2,16,350	8,75,462	4.15%	6,59,112	2,16,350	8,75,462	4.15%	-
(2)Foreign									
a)NRIs- Individuals	-	-	-	-	-	-	-	-	-
b)Other Individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corporate	-	-	-	-	-	-	-	-	-
d)Banks/FI	-	-	-	-	-	-	-	-	-
e)Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	6,59,112	2,16,350	8,75,462	4.15%	6,59,112	2,16,350	8,75,462	4.15%	-
B.PUBLIC SHAREHOLDING									
(1)Institutions	-	-	-	-	-	-	-	-	-
a)Mutual Funds	-	-	-	-	-	-	-	-	-
b)Banks/FI	4,20,853	2,635,015	3,055,868	14.50%	4,20,853	2,635,015	3,055,868	14.50%	
c)Central Govt.	-	-	-	-	-	-	-	-	-
d)State Govt.	-	-	-	-	-	-	-	-	-
e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)Insurance Companies	-	-	-	-	-	-	-	-	-
g)FIs (Private)	3,890,700	-	3,890,700	18.44%	3,890,700	-	3,890,700	18.44%	-

Equity)									
h)Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)Others (Partnership & Proprietorship Firm)	4,473,364	-	4,473,364	21.20%	4,473,364	-	4,473,364	21.20%	-
SUB TOTAL (B) (1):	8,784,917	2,635,015	11,419,932	54.14%	8,784,917	2,635,015	11,419,932	54.14%	-
(2)Non Institutions									
a)Bodies Corporate									
i)Indian	15,38,721	2,203,226	37,41,947	17.74 %	15,38,721	2,203,226	37,41,947	17.74%	-
ii)Overseas	4,20,853	1,927,800	2,348,653	11.13%	4,20,853	1,927,800	2,348,653	11.13%	-
b)Individuals									
i)Individual shareholders holding nominal share capital upto 1 Lakh	-	1,28,900	1,28,900	0.61%	-	1,28,900	1,28,900	0.61%	-
ii) Individual shareholders holding nominal share capital in excess of ` 1 Lakh	4,71,375	-	4,71,375	2.23%	4,71,375	-	471,375	2.23%	-
c)Others	-	-	-	-	-	-	-	-	-
Trust	-	2,109,850	2,109,850	10.00 %	-	2,109,850	2,109,850	10.00%	-
SUB TOTAL (B) (2):	2,430,949	6,369,776	8,800,725	41.71%	2,430,949	6,369,776	8,800,725	41.71%	-
Total Public Shareholdin g (B)=(B)(1)+(B) (2)	11,215,866	9,004,791	20,220,657	95.85%	11,215,866	9,004,791	20,220,657	95.85%	-
C. Shares held by Custodian for GDRs &	-	-	-	-	-	-	-	-	-

ADRs									
Grand Total (A+B+C)	11,874,978	9,221,141	21,096,119	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			
		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	% change in shareholding during the year
1.	Mr. Anup Kumar Singh	8,75,462	4.15%	-	8,75,462	4.15%	-	-
	Total	8,75,462	4.15%	-	8,75,462	4.15%	-	-

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	4.15%	8,75,462	4.15%
	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)	-	-	-	-
	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 01.04.2017		Change in shareholding during the year		Shareholding at the end of the year as on 31.3.2018	
		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	21.20%	-	-	4,473,364	21.20%
2.	Societe de Promotion et de Participation pour la Cooperation Economique	23,48,654	11.13%	-	-	23,48,654	11.13%
3.	SIDBI Trustee Company Limited (A/c Samridhi Fund)	2,203,226	10.44%	-	-	2,203,226	10.44%
4.	Sonata Employee Welfare Trust	21,09,850	10.00%	-	-	21,09,850	10.00%
5.	Creation Investments Social Ventures Fund I	14,91,121	7.07%	-	-	14,91,121	7.07%
6.	Indian Financial Inclusion Fund	14,80,634	7.02%	-	-	14,80,634	7.02%
7.	Triodos Custody B.V as a custodian of Triodos Fair Share Fund	11,74,327	5.57%	-	-	11,74,327	5.57%
8.	Triodos SICAV II- Triodos Microfinance Fund	11,74,326	5.57%	-	-	11,74,326	5.57%
9.	Caspian Impact Investment Adviser Private Limited ("CIAPL"), Trustee of Bellwether Microfinance Trust	10,71,871	5.08%	-	-	10,71,871	5.08%
10	Michael & Susan Dell Foundation	9,18,945	4.36%	-	-	9,18,945	4.36%

v. Shareholding of Directors and Key Managerial Personnel:

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
	For Each of the Directors & KMP*				
	At the beginning of the year	8,75,462	4.15%	8,75,462	4.15%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for Increase/Decrease (e.g. allotment/transfer/bonus/swe at equity etc)	-	-	-	-
	At the end of the year	8,75,462	4.15%	8,75,462	4.15%

V. 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
Indebtedness at the beginning of the financial year (01.04.2017)				
i) Principal Amount	9695.95	1096.77	-	10792.73
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	136.23	5.79	-	142.02
TOTAL (i+ii+iii)	9832.18	1102.56	-	10934.75
Change in Indebtedness during the financial Year				
Addition	4638.74	712.30	-	5351.03
(Reduction)	(4587.73)	(185.66)	-	(4773.39)
Exchange Difference	-	-	-	-
Net Change	51.01	526.64	-	577.64
Indebtedness at the end of the financial year (31.03.2018)				
i) Principal Amount	9753.01	1621.11	-	11374.12
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	130.18	8.09	-	138.27

due				
TOTAL (i+ii+iii)	9883.19	1629.20	-	11512.39

VI. Remuneration of Directors and Key Managerial Personnel

i. 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	4.05
	1(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.08
	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 (Special Bonus)		2.41
5	Others : Travelling expenses reimbursed		1.96
	Total		8.50

ii. Sitting Fee and Professional Fee paid to Directors:

				INR in Mn.
S No.	Name of the Directors	Fee for attending board/ committee meetings	Others, please specify (Professional Fee)	Total
1.	Mr. Sethuraman Ganesh	0.29	0.21	0.50
2.	Ms. Chandni Gupta Ohri	0.29	0.21	0.50
3.	Mr. Anal Kumar Jain	0.28	0.21	0.49
4.	Mr. Pradip Kumar Saha	0.25	-	0.25

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

				INR In Mn.	
Sr. No	Particulars of Remuneration		Key Managerial Personnel		
			Chief Financial Officer	Company Secretary	
1.	Gross Salary				
	1(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4.09	0.52	
	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	-	-
5		Others	-	-
		Total	4.09	0.52

VII. 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)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

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

Sd/-

Sd/-

**Anup Kumar Singh
Managing Director
DIN: 00173413**

**Pradip Kumar Saha
Director
DIN: 02947368**

**Place: New Delhi
Date: 21-08-2018**

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:

- i. Ms. Chandni Gupta Ohri (Chairperson)
- ii. Mr. Sethuraman Ganesh
- iii. Mr. Prakash Kumar

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	234.05
Prescribed CSR expenditure	4.68

Details of CSR spent during the financial year 2017-18.

Particulars	INR in Mn.
Total amount spent for the year:	2.43
Amount unspent	2.25

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.	Promotion of education	Conservation and renovation of school buildings and classrooms: <ul style="list-style-type: none"> Arrangement of Lighting 	Three Primary Schools were aided located within: -Varanasi, -Allahabad and -Pratapgarh districts, Uttar Pradesh	47,100	47,100	47,100	Direct
2.	Promotion of education	Provide learning infrastructure and teaching material: <ul style="list-style-type: none"> Teaching material, Green boards 	10 Primary Schools were aided located within: -Allahabad -Varanasi -Sultanpur -Lucknow	6,92,400	48,600	6,92,400	Direct

		<ul style="list-style-type: none"> Ensure proper sitting arrangement, Almirah and boxes 	-Pratapgarh Districts, Uttar Pradesh		5,01,800		Direct
		<ul style="list-style-type: none"> Setting-up library 			48,000		Direct
		<ul style="list-style-type: none"> Computer education 			94,000		Direct
3.	Promotion of education	<p>Games, Health and Sanitation of Students:</p> <ul style="list-style-type: none"> Arrangement of indoor and outdoor game 	8 Primary Schools were aided with the game items and located within: <ul style="list-style-type: none"> Allahabad Varanasi Sultanpur Lucknow Pratapgarh, Districts Uttar Pradesh. 	14,9120	14,9120	14,9120	Direct
4.	Promotion of education	<p>Electronic equipment's to support better learning environment:</p> <ul style="list-style-type: none"> Arrangement of ceiling fans 	Primary Schools of Moradabad District, Uttar Pradesh.	43,750	43,750	43,750	Direct
5.	Promotion of education	<p>Supporting institutions working for differently abled person:</p> <ul style="list-style-type: none"> Setting of advance computer lab to help in learning and connect with outer world. 	Rehabilitation Society of the Visually Impaired (RSVI), Lucknow, Uttar Pradesh.	1,95,806	1,95,806	1,95,806	Direct
6.	Promotion of education	<p>Provide learning infrastructure and teaching material:</p> <ul style="list-style-type: none"> Ensure proper 	10 Primary Schools were aided located within: <ul style="list-style-type: none"> Allahabad 	11,28,280	11,28,280	11,28,280	Direct

		sitting arrangement, Almirah and boxes	-Sultanpur -Lucknow -Pratapgarh Districts, Uttar Pradesh				
7.	Promotion of education	Installation of CCTV cameras in schools	10 Primary Schools were aided located within: -Allahabad -Varanasi -Pratapgarh Districts, Uttar Pradesh	1,23,364	1,23,364	1,23,364	Direct
8.	Promotion of education	Electronic equipment's to support better learning environment: • Arrangement of ceiling fans	Primary Schools of Allahabad and Pratapgarh District, Uttar Pradesh.	10,438	10,438	10,438	Direct
9.	Administrative expense	Administrative expense	-	41,014	41,014	41,014	Direct
Total					24,31,272		

RESPONSIBILITY STATEMENT

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, Chairperson 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
Place: New Delhi
Date: 21-08-2018

Sd/-

Chandni Gupta Ohri
Chairperson - CSR Committee
DIN: 03613229



AMIT GUPTA & ASSOCIATES
Practicing Company Secretaries
B-12 Basement, Murli Bhawan, 10-A, Ashok Marg, Lucknow – 226 001
Phone : 0522 – 4024033, Mobile : 94150 05108
E-mail: amitguptacs@gmail.com

FORM NO. MR.3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
SONATA FINANCE PRIVATE LIMITED,
(CIN - U65921UP1995PTC035286)
II FLOOR, CP. 1, PG. TOWERS, KURSI ROAD,
VIKAS NAGAR LUCKNOW UP 226026 INDIA

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s SONATA FINANCE PRIVATE LIMITED (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit,

We hereby report that in our opinion

- i.* The Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also
- ii.* That the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- i.* The Companies Act, 2013 (the Act) and the rules made there under;
- ii.* The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- iii.* The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv.* Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External

- Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not applicable as the Company has not made any public offer of securities during the period under review;**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992- **Not applicable as the Company has not made any public offer of securities during the period under review;**
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- **Not applicable as the Company has not made any public offer of securities during the period under review;**
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014) - **Not applicable as the equity shares of the company are not listed;**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable as the Company has not delisted/propose to delist its equity shares from any stock exchange during the financial year under review;**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back/propose to buyback any of its securities during the financial year under review.**
 - vi. The following other laws as may be applicable specifically to the Company:
 - a. RBI Act, 1934 and Rules, Directions & Guidelines including MFI regulations made there under,
 - b. Master Circular –Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
- (ii) Listing Agreements entered into by the Company with BSE Limited for its debt instruments.

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

- (i) The Company has made compliances as per SEBI (Listing obligations & Disclosure Requirements) Regulations, 2015. However the company delayed the filing of the financials for the Half Year ended 30th September 2017 due to deferment of approval of Limited Reviewed Financial Statements, which were filed on 19.01.2018.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. However, in few cases we have noted delay in sharing of the Audited Financial Statements with the Audit Committee and the Board Members which in our view is essential to ensure meaningful participation by all the Directors.
- Majority decisions are carried through, while the dissenting members' views, if any, are captured and recorded as part of the minutes. However, during the period under review all the decisions were unanimously taken by the Board.
- *During the period under review Mr. Akhilesh Kumar Singh was appointed as the Chief Financial Officer of the Company wef 03/04/2017.*

We further report that the MIS reporting system and Information Technology setup in the Company requires further strengthening and improvements, to ensure timely reporting of the Financial Statements to the Audit Committee and Board of the Company to enable better monitoring and ensuring of timely compliance with applicable laws, rules, regulations and guidelines.

**For Amit Gupta & Associates
Company Secretaries**



**Amit Gupta
Proprietor**

Membership No. : F5478

C.P. No. 4682

Date: 31.07.2018

Place: Lucknow

Note: This report should be read with the letter of even date by the Secretarial Auditors.

To,
The Members,
SONATA FINANCE PRIVATE LIMITED,
II FLOOR, CP. 1, PG. TOWERS, KURSI ROAD,
VIKAS NAGAR LUCKNOW U.P. 226026 INDIA

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Amit Gupta & Associates
Company Secretaries**




Amit Gupta
Proprietor
Membership No. : F5478
C.P. No. 4682

Date: 16.07.2018
Place: Lucknow

Management Discussion & Analysis

OVERVIEW

Sonata Finance Private Limited ('Company') is 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 loans to low income households. The Company focuses its operations in 8 states in India, through 425 Branches and 2,761 Employees, as on March 31, 2018. The core business of the Company is to provide 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 such as mobile phones, solar lamps, sewing machines and bicycles, etc. which help its borrowers to enhance their productivity.

For FY 2017-18, the Company's total revenue and profit/loss after tax was INR 2408.60 Mn. and INR (333.98) Mn., respectively. As on March 2018, the Company had 1.15 Mn. Members including .69 Mn. active borrowers with a Gross Loan Portfolio of INR 13228.11 Mn. and 425 branches.

INDUSTRY SCENARIO

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. The financial inclusion schemes introduced by the government complement the existing

MFI outreach. The accounts opened through Pradhan Mantri Jan Dhan Yojna (PMJDY) can help the MFI industry to implement cashless disbursements directly to customer bank accounts and help MFIs reduce the related operating cost.

BUSINESS REVIEW

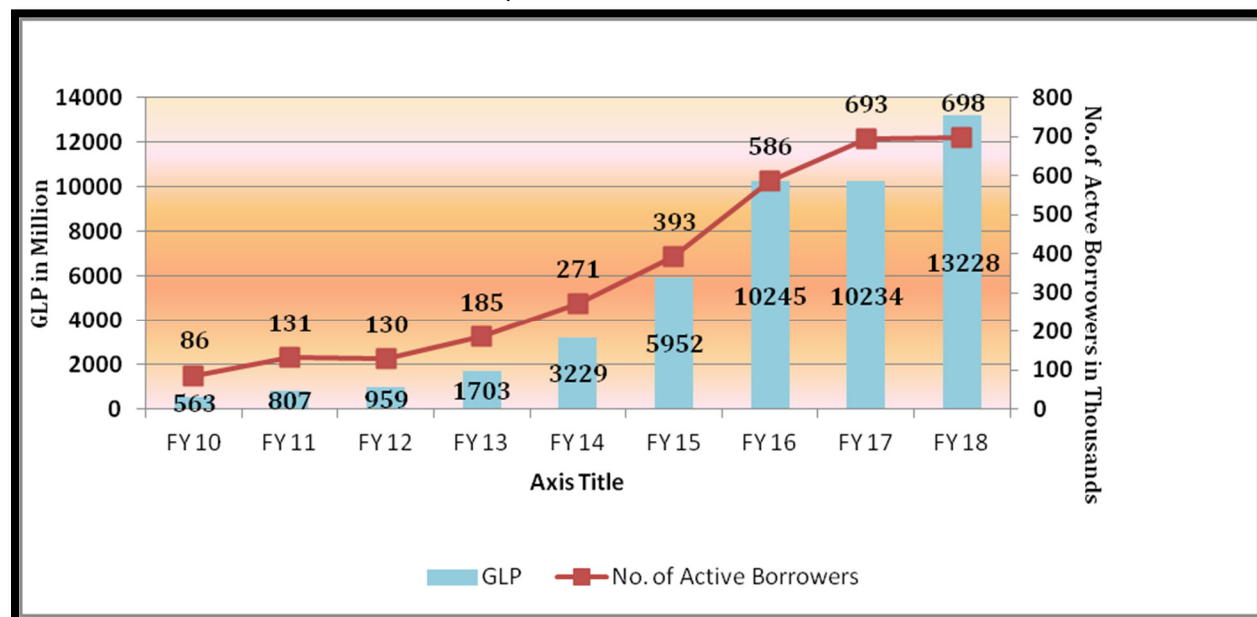
Financial year under review was a challenging year for the Company. The repayments were impacted due to cash shortage resulting in higher NPA and lower profitability. The strong field force of the Company supported by other team members are working hard to bring Company back on growth path. The disbursement and collection has started improving. In order to achieve its' growth target, the Company has improved its technology, enhanced cashless disbursement, focused on training of manpower and improved system and processes during the year.

Over years of operation, your Company has developed partnerships with over large number of public sector banks, private sector banks, foreign banks and other domestic and overseas financial institutions. During the year under review, the Company has availed various credit facilities from Banks, domestic and international lenders and from institutions for its microfinance operation which is the main activity of the Company.

The rating agency, ICRA ratings assigned grading of M2+ (M two plus) to the Company. The Company has an experienced and stable management team and Board of Directors. The Company is hopeful of performing well during the current year.

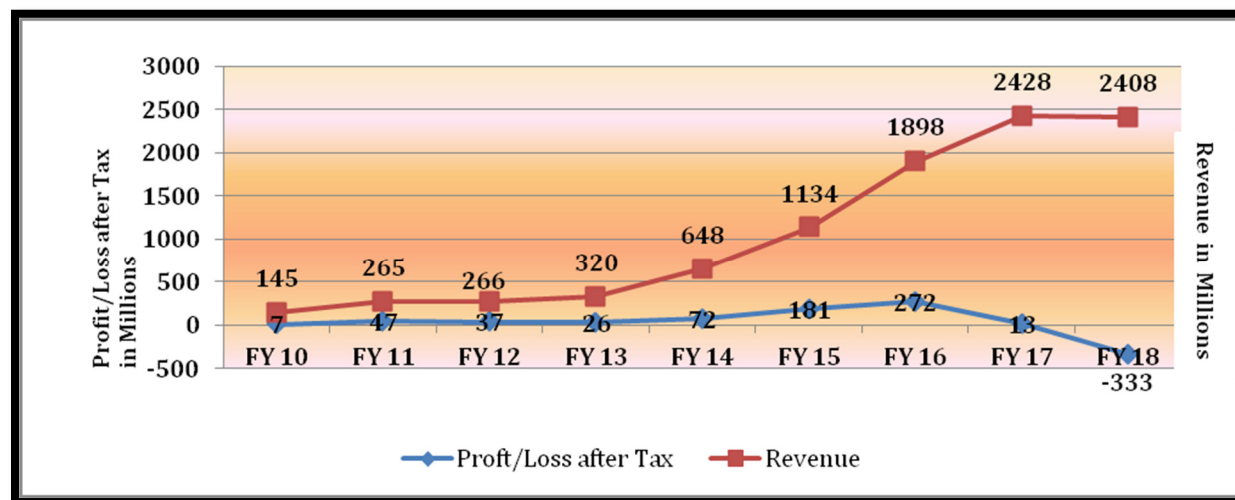
DISCUSSION ON FINANCIAL PERFORMANCE VIS A VIS OPERATIONAL PERFORMANCE

The company has shown a robust increase in the Gross Loan portfolio during the year under review as compared to the previous financial years. During the FY 2017-18, the Gross Loan Portfolio increased to INR 13228.11 Mn. from INR 10,234.76 Mn. The number of active borrowers also increased to .698 Mn. in FY 2017-18 as compared to .693 Mn. in FY 2016-17. The year on year position of the Gross Loan Portfolio and number of active borrowers/ is as under:



FINANCIAL PERFORMANCE

During the period under review the revenues of the company slightly decreased from INR 2428.63 Mn in 2016-17 to INR 2408.60 Mn. in FY 2017-18. Further due to increase in the provisioning and the write-off made during the FY 2017-18 the Company incurred of loss of INR (333.98) Mn. against a profit of INR 13.19 Mn. in the previous FY 2016-17.



OPPORTUNITIES

Microfinance industry has already proved its viability as a business model, as well as, its ability to reach out to a significant section of the population which needs mainstreaming. It will continue to remain a relevant and important conduit for providing financial services to a vast segment of the population, acting in complementarily to banks. However, given the inherent vulnerability of the customer base, it is important to plan for current and future risks that can impact repayments and slow down the access to regulate credit lines for the underserved. Technology has penetrated into rural India through the surge in usage of Smartphone's. Internet kiosk based channels are expected to become the bridge that connects rural India to the financial services sector. Currently, Company can see lot of potentials for growth in various regions which are still untapped and where there is substantial need, demand and opportunity for microfinance. We intend to expand our reach and operations in the states where we are currently present and new states by establishing new offices, both by increasing business transacted through existing branches, and by establishing new branches.

We will continue to evaluate opportunities for alliances, collaborations and partnerships, that meet our strategic and financial return criteria, and to strengthen our portfolio.

CHALLENGES

There are several challenges for microfinance sector in India that are limiting the growth of MFIs in terms of reach and disbursement. Further, as industry is looking for more partners in coming time, talent acquisition and retention is also one of the major challenges for MFIs industry as this industry has to compete with Banks & other NBFCs also. While the target customers of MFIs are predominantly woman, hiring woman has been a challenge due to travelling requirements of the Job. MFIs incur high operational costs, especially for searching and collecting information during loan origination and during monitoring and collections, which limits their ability to maximize the outreach. The small loan sizes and

short tenure further intensify the challenge. Further, post demonetization delinquency rate have also increased due to cash- shortage. Further, to compete with Banks MFIs facing challenge to raise capital and manage credit risks.

OUTLOOK

The overall outlook for the Microfinance Industry has been improving, cost of funds seems declining that leads to positive outlook towards Microfinance Industry. With various schemes launched by Government for financial inclusion there is a greater opportunity in microfinance sectors in the years to come. The focus of government on digital transaction will help in bringing down the operating and administrative cost and in long run, digitalization in transaction will bring transparency and good governance in financial system.

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. Your Company is focusing on 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.

RISK & CONCERNS

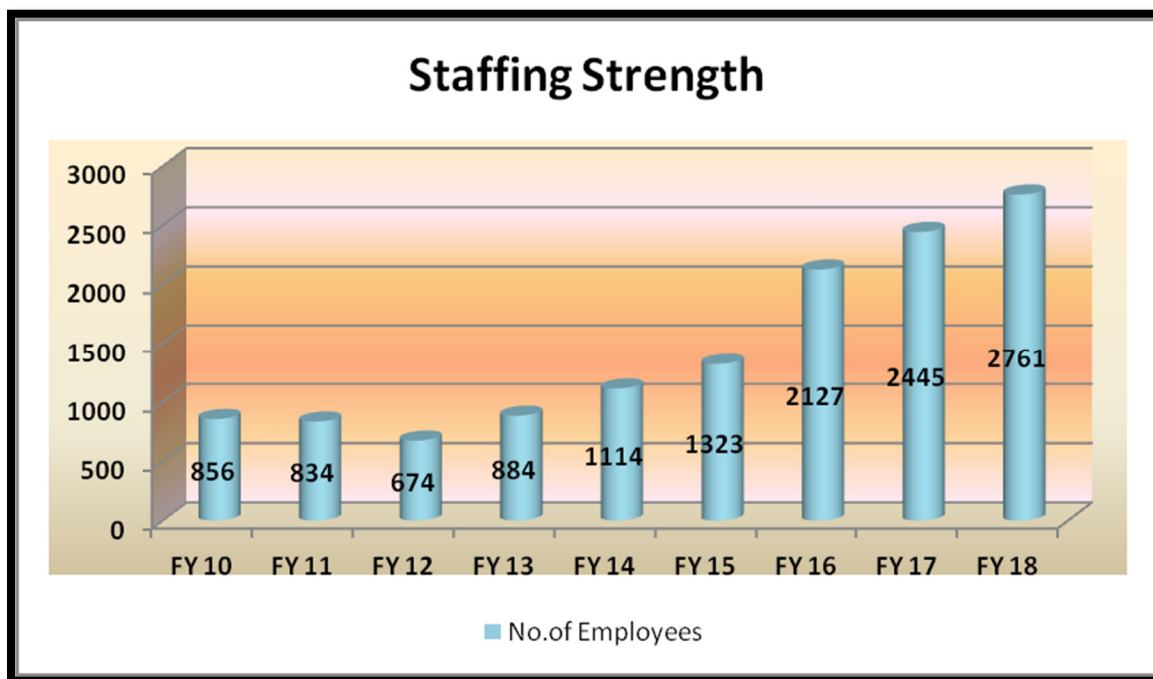
As an NBFC, your Company is exposed to credit, liquidity and interest rate risk. It has continued to invest in talent, processes and emerging technologies for building advanced risk and underwriting capabilities. Sustained efforts to strengthen the risk framework and portfolio quality have yielded consistently better outcomes for the Company. Furthermore, our Company has exposed to various types of risks relating to failure to comply with financial and other covenants under our loan agreements may materially and adversely affect our financial condition, results of operations, cash flows and business prospects. Similarly, financial performance is exposed to interest rate risk, and an inability to manage our interest rate expenses may have a material adverse effect on our business prospects and result of operations.

Operations involve handling cash in high volumes through a dispersed network of branches which makes us susceptible to operational risks. The sector in which we operate is highly regulated. Regulations governing us may in future become more stringent and onerous and the changes introduced may adversely affect our business prospects and financial performance.

To prepare for these risks, Company maintains reserves and provisions in its financials for meeting expected or unexpected future contingencies. The Company follows a conservative financial approach by following prudent business and risk management practices. Further, Company has sufficient caution in the system/ process to mitigate the adverse effect of the risk.

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 2,761.



INTERNAL CONTROL SYSTEMS AND THEIR ADEQUENCY

The Company has proper and adequate internal control systems to ensure that all activities are monitored and controlled against any unauthorised use or disposition of assets, misappropriation of funds and to ensure that all the transactions are authorised, recorded, reported and monitored correctly. Also 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, the Internal Auditors of the Company conduct audit of various departments covering key area of operations and reviews and evaluates the adequacy and effectiveness of internal controls, ensuring adherence to operating guidelines and systems and recommending improvements for strengthening them.

The Audit Committee of the Board of Directors, comprising of independent directors, periodically reviews the internal audit reports, covering findings, adequacy of internal controls, compliances applicable on the Company. The Audit Committee also meet the Company's Statutory Auditors to ascertain their views on the financial statements, including the financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of the internal control and systems followed by the Company. The Management acted upon the observations and suggestions of the Audit Committee. Further the company has got the financial system and procedures duly audited by M/s S. R.

Batliboi & Co. LLP, Chartered Accountants, Kolkata, 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 17.41% 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: New Delhi
Date: 21-08-2018**

- ❖ **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. Anup Kumar Singh (MD): 53.32 : 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. Anup Kumar Singh (MD): - Mr. Akhilesh Kumar Singh (CFO): Appointed as the CFO w.e.f 04 th April, 2017 Ms. Paurvi Srivastava (CS): No change
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 (1.14%)
iv.	The number of permanent employees on the rolls of the Company.	2,761
v.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year is: 13% Percentile increase in the managerial remuneration are: Mr. Anup Kumar Singh (MD): Mr. Akhilesh Kumar Singh (CFO): Appointed as the CFO w.e.f 04 th April, 2017 Ms. Paurvi Srivastava (CS): No change

- ❖ **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.**

Names of the top ten employees in terms of remuneration drawn and the name of every employee, who-

- i. If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lacs and fifty thousand rupees per month; - None
- ii. If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by

himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company. - None

- iii. If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; - None

List of Top Ten Employees of the Company:

S.No	Employee Name & Designation	Previous Organization	Qualification and Experience	Date of Joining	Age	Remuneration received (annually)	Percentage of equity shares held by the employee	Relative of any director of the company
1.	Akhilesh Kumar Singh Permanent Employee (Chief Financial Officer)	Microsave & Casphor Micro Credit	Certified Expert in SME Finance, Frankfurt School of Finance and Management, Germany, 2016, Graduate In mathematics, Economics & Statistic and 20 years of experience	03-04-17	46	3,600,000	-	None
2.	Megha Goel Permanent Employee (Planning and Monitoring Head)	Indusind Bank, Essel Finance Business Loan Ltd., Bajaj Finance Ltd. & HSBC	PGDM(IIM Lucknow),B Tech (NIT Allahabad) and 16 years of experience	01-06-17	39	3,000,000	-	None
3.	Davendra Singh, Permanent Employee (Chief Compliance Officer)	Sahara India Medical Institute Ltd	Fellow Company Secretary and 32 years of experience	09-06-16	56	1,809,048	0	None
4.	Bramhanand, Permanent Employee (Finance Head)	Casphor Micro Credit	CA (Inter),M.com and 19 years of experience	26-12-05	40	1,599,048	0.005%	None

5.	Tarandeep Singh, Permanent Employee (Product Head)	HDFC, Citi Financial	Bachelor of Commerce and experience of 18 years	03-05-16	40	1,368,480	-	None
6.	Ashish Singh, Permanent Employee (IL Head)	Casphor Micro Credit	Masters of Business Administratio n and 16 years of experience	19-08-06	36	1,299,048	0.044%	None
7.	Vinay Pratap Singh, Permanent Employee (Operations Head)	Casphor Micro Credit	Masters of Business Administratio n and 19 years of experience	31-08-09	43	1,299,048	0.036%	None
8.	Tarun Kumar Srivastava, Permanent Employee (Audit Head)	Casphor Micro Credit	Bachelor of Laws and 16 years of experience	01-02-07	47	1,239,048	0.044%	None
9.	Shyam Kanhaiya, Permanent Employee (IT Head)	NA	Master of Computer Applications and experience of 12 years	04-08-06	37	1,239,048	0.026%	None
10.	Richa Sharma, Permanent Employee (Accounts Head)	Hindustan Glass Works Ltd	Chartered Accountant and experience of 9 years	15-05-13	35	1,239,048	-	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: New Delhi
Date: 21-08-2018**

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, 2018, 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 Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. 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 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, 2018, its loss, 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 Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements 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.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan

Partner

Membership Number: 102102

Place of Signature: Mumbai

Date: May 30, 2018



Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of Sonata Finance Private Limited as at and for the year ended March 31, 2018

- (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, goods and service tax, cess 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, goods and service tax, cess 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, goods and 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 which were not required for immediate utilisation have been gainfully invested in fixed deposits/ liquid assets.

(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

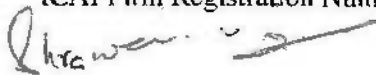
Chartered Accountants

- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (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



per Shrawan Jalan

Partner

Membership Number: 102102



Place of Signature: Mumbai

Date: May 30, 2018

ANNEXURE 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, 2018, 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". 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 with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 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 with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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



Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2018:

The Company had implemented a new IT System for recording the transactions done at its branches. As per the internal control designed, a periodic reconciliation of inter-branch control accounts and loans control accounts are required to be performed and any reconciling items noted have to be recorded in a timely manner. However, during the year reconciliation items noted were not cleared on a timely basis, resulting into accumulation of such items. The Company has undertaken a special exercise to resolve these reconciliation differences and recorded appropriate accounting entries in the financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting with reference to these financial statements as of March 31, 2018, 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, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting with reference to these financial statements were operating effectively as of March 31, 2018.

Explanatory paragraph

We also have audited, 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, the financial statements of Sonata Finance Private Limited, which comprise the Balance Sheet as at March 31, 2018, and the related 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. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 financial statements of Sonata Finance Private Limited and this report does not affect our report dated May 30, 2018, which expressed an unqualified opinion on those financial statements.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan

Partner

Membership Number: 102102

Place of Signature: Mumbai

Date: May 30, 2018



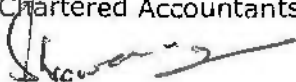
Sonata Finance Private Limited
Balance Sheet as at March 31, 2018

	Notes	As at	As at
		March 31, 2018	March 31, 2017
		(Rs.)	(Rs.)
I. Equity and liabilities			
Shareholders' funds			
Share capital	3	18,98,62,690	18,98,62,690
Reserves and surplus	4	1,60,19,32,852	1,93,88,17,579
		1,79,17,95,542	2,12,86,80,259
Non-current liabilities			
Long-term borrowings	5	6,15,24,42,014	5,29,65,54,129
Long term provisions	6	14,63,32,193	8,28,29,412
		6,29,87,74,207	5,37,93,83,541
Current liabilities			
Short-term borrowings	7	97,50,00,000	41,50,00,000
Other current liabilities	8	4,57,80,94,610	5,33,78,71,062
Short-term provisions	6	1,14,33,222	10,89,62,604
		5,56,45,27,832	5,86,18,33,666
Total		13,65,50,97,581	13,36,98,97,476
II. Assets			
Non-current assets			
Fixed assets			
- Tangible Asset	9A	1,50,70,528	1,45,27,279
- Intangible Asset	9B	78,56,795	-
Non-current investments	10	5,00,000	5,00,000
Deferred tax assets	11	24,17,02,050	7,45,40,798
Long term loans and advances	12	4,12,55,53,511	1,83,21,30,812
Other non-current assets	13	28,42,41,917	47,71,15,528
		4,67,49,24,801	2,39,88,14,417
Current assets			
Current investments	10	10,00,000	1,08,936
Cash and bank balances	14	1,35,07,82,872	4,43,62,20,762
Short-term loans and advances	12	7,49,91,10,165	6,34,11,65,176
Other current assets	13	12,92,79,743	19,35,88,185
		8,98,01,72,780	10,97,10,83,059
Total		13,65,50,97,581	13,36,98,97,476

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.
As per our report of even date

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



per **Shrawan Jalan**
Partner
Membership No.: 102102



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


Managing Director


Company Secretary


Director


CFO



Place: Mumbai
Date: May 30th, 2018

Place: Mumbai
Date: May 30th, 2018

Sonata Finance Private Limited
Statement of Profit and Loss for the year ended March 31, 2018

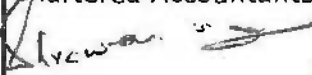
	Notes	Year ended March 31, 2018	Year ended March 31, 2017
		(Rs.)	(Rs.)
I. Income			
Revenue from operations	15	2,16,45,85,485	2,22,51,70,669
Other income	16	24,40,14,192	20,34,59,633
Total income		2,40,85,99,677	2,42,86,30,302
II. Expenses			
Employee benefit expenses	17	50,13,25,509	44,92,29,961
Finance costs	18	1,38,01,98,757	1,38,09,87,621
Depreciation expense	19	88,60,140	95,51,674
Other expenses	20	17,69,83,700	14,01,11,057
Provisions and write offs	21	84,23,71,152	42,56,58,781
Total expenses		2,90,97,39,258	2,40,55,39,094
Profit / (loss) before tax		(50,11,39,581)	2,30,91,208
Tax expense			
- Current tax			5,85,87,972
- Deferred tax credit		(16,71,61,251)	(4,86,87,219)
Total tax expenses/ (credit)		(16,71,61,251)	99,00,753
Profit/ (loss) for the year		(33,39,78,330)	1,31,90,455
Earning per share (EPS)			
Basic	22	(17.59)	0.49
Diluted		(17.59)	0.43
Nominal value of share		10	10

Summary of significant accounting policies 2.1

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

As per our report of even date

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


per Shrawan Jalan
 Partner
 Membership No.: 102102



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


Managing Director

Company Secretary


Director

CFO



Place: Mumbai
 Date: May 30th, 2018

Place: Mumbai
 Date: May 30th, 2018

Sonata Finance Private Limited
Cash Flow Statement for the Year ended March 31, 2018

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	(Rs.)	(Rs.)
A. Cash flow from operating activities :		
Net profit before taxation	(50,11,39,581)	2,30,91,208
Adjustments for :		
Depreciation	88,60,140	95,51,674
Provision for standard and non performing assets	1,42,23,355	2,85,61,483
Provision for portfolio loan securitised / managed portfolio	(3,39,35,938)	5,56,45,325
Portfolio loans written-off	68,05,82,920	32,90,95,866
Provision for interest on income tax	3,103	-
Provision for other receivables	20,11,063	1,23,56,107
Operating profit before working capital changes	17,06,05,062	45,83,01,663
Movements in working capital:		
(Increase)/Decrease in other current assets	6,43,08,442	(8,15,54,782)
Decrease in other non-current assets	1,00,62,532	1,10,57,419
Increase in short term loans & advances	(1,13,76,51,648)	(86,26,68,918)
(Increase)/Decrease in long term loans & advances	(2,97,96,05,841)	49,57,65,463
Decrease in long term provisions	(28,860)	(37,91,988)
Increase/(Decrease) in short term provisions	(1,33,69,065)	53,42,490
Decrease in other long term liabilities	-	(34,66,790)
Increase/(Decrease) in other current liabilities	7,47,11,720	(6,84,58,885)
Cash used in operations	(3,81,09,67,658)	(4,94,74,328)
Direct taxes paid	(2,11,58,996)	(11,76,05,416)
Net cash flow used in operating activities (A)	(3,83,21,26,654)	(16,70,79,744)
B. Cash flow from investing activities :		
Purchase of fixed assets	(1,30,24,926)	(1,59,40,422)
Increase in fixed deposits (net)	27,57,73,552	(2,50,81,168)
Sale of current investments (net)	(8,91,064)	20,11,097
Net cash flow from/ (used in) investing activities (B)	26,18,57,562	(3,90,10,493)
C. Cash flow from financing activities :		
Proceeds from issuance of share capital		64,84,59,197
Proceeds from issuance of debentures (net)	54,00,00,000	1,38,10,33,745
Payment of share/debenture issue expenses	(29,06,397)	(3,88,48,347)
Proceeds/(repayment) from long-term borrowings (net)	(51,86,03,390)	(17,14,42,745)
Proceeds/(repayment) from short-term borrowings (net)	56,00,00,000	(5,50,00,000)
Payment of dividend including dividend tax	(9,16,093)	(99,16,116)
Net Cash flow from financing activities (C)	57,75,74,120	1,75,42,85,734
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(2,99,26,94,972)	1,54,81,95,497
Cash and cash equivalents at the beginning of the year	3,95,59,95,341	2,40,77,99,844
Cash and cash equivalents at the end of the year	96,33,00,369	3,95,59,95,341
Components of cash and cash equivalents:		
Cash on hand	1,54,53,014	60,34,866
With banks- on current account	94,78,47,355	1,16,49,18,397
- on deposit account	-	2,78,50,42,078
Total cash and cash equivalents (Refer Note 14)	96,33,00,369	3,95,59,95,341

Summary of significant accounting policies (refer note 2.1)

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

As per our report of even date

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

per Shrawan Jalan
 Partner
 Membership No.: 102102



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

Managing Director

Company Secretary

Director

CFO



Place: Mumbai
 Date: May 30th, 2018

Place: Mumbai
 Date: May 30th, 2018

Sonata Finance Private Limited

Notes to the Financial Statements as at and for the year ended March 31, 2018

1. Corporate information

Sonata Finance Private Limited ("the Company") is a private company incorporated in India. The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and has got classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from December 3, 2013.

The Company is engaged in providing financial services to women in the rural areas of India who are organized as Joint Liability Groups.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read with the Companies (Accounts) Rules, 2014 and the provisions of the RBI as applicable to a NBFC-MFI and Systemically Important NBFC-ND.

The financial statements have been prepared under the historical cost convention on an accrual basis except interest on Non-Performing Loans which is accounted for on realisation basis. The accounting policies applied by the Company are consistent with those applied in the previous year.

2.1 Summary of significant accounting policies

(a) Use of estimates

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

(b) Tangible fixed assets

All tangible fixed assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

(c) Depreciation on tangible fixed assets

Depreciation on tangible fixed assets is calculated on the written down value method as per the useful life prescribed under Schedule II to the Companies Act, 2013, which is the useful lives of the underlying assets as estimated by the management.

Fixed assets costing upto Rs. 5,000 individually are fully depreciated over a period of one year.

(d) Amortization of intangible fixed assets

Intangible assets are amortized on straight line basis over a period of five years.

(e) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.



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(f) Borrowing Cost

Borrowing costs includes interests which are recognised on time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings.

Processing fees and ancillary fees incurred for arrangement of borrowings from banks and financial institutions are charged off up-front to the statement of profit and loss

(g) Impairment of fixed assets

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(h) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statement at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of investment, the difference between the carrying amount and net disposal proceeds are charged or credited to the statement of profit and loss.

(i) Revenue recognition

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

- i) Interest income on portfolio loans is recognized in the Statement of profit and loss on time proportion basis taking into account the amount outstanding and the rates applicable, except in the case of non-performing assets ("NPA's"), where it is recognized, upon realization, as per prudential norms of RBI. Any such income recognised before the assets become non-performing and remaining unrealised are reversed.
- ii) The profit / premium arising at the time of securitization of loan portfolio is recognised over the life of the underlying loan portfolio, in accordance with Guidelines on transfer of assets through securitization issued by Reserve Bank of India
- iii) Interest income on deposits with banks is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- iv) Processing fees are recognized as income upfront when it becomes due.
- v) Income from services rendered in connection with loans given on behalf of banks to joint liability groups organized / monitored by the Company are recognized on accrual basis as and when such services are rendered.

All other income is recognised on an accrual basis.



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(j) Foreign currency transactions

All transactions in foreign currency are recognized at the exchange rate prevailing on the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year. Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(k) Retirement and other employee benefits

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

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each year. Actuarial gains and losses for defined benefit plan are recognized in full in the year in which they occur in the statement of profit and loss.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Short term compensated absences are provided for based on estimates.

(l) Income taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carried forward unabsorbed depreciation or tax losses, all deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax assets can be realised. At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax assets to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realised.



Sonata Finance Private Limited

Notes to the Financial Statements as at and for the year ended March 31, 2018

realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available.

(m) Earnings Per Share

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

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

(n) Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(p) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(q) Classification of Portfolio loans

Loans are classified as follows:

Asset Classification	Period
Standard Assets	Current Loan and overdue upto 90 days
Non-Performing Assets	Overdue from 91 days and more

"Overdue" refers to interest and / or installment remaining unpaid from the day it became receivable.

The above classification is in compliance with Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) Directions, December 02, 2011, as amended from time to time.



(r) Provision for loan portfolio

Provisions on portfolio loans under microfinance loans are made as per minimum provision required as per Non-Banking Financial Company Micro Finance Institutions (Reserve Bank) Directions, 2011 as amended from time to time. The Management treats a loan overdue as soon as a scheduled installment is failed.

As per the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011, the aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

Provision for losses arising under securitized portfolio is on the basis of incurred losses (shortfall in collection), subject to the maximum guarantee given in respect of securitisation arrangements.

Provision for losses arising under managed portfolio is on the basis of provisioning policy on Company's own portfolio, subject to any payment made towards shortfall in collections, which are fully provided for.

Non-performing loans are written off when the prospect of recovery is considered remote as per the management estimates.

In line with the Clarification on Contingent Provisions against Standard Assets for NBFC-MFIs issued by Microfinance Institutions Network (MFIN), the Company has not provided the additional provisioning of 0.40% in the current year on the qualifying assets. As a result of such change, provision on standard assets is lower by Rs. 4.30 crore, and the profit before tax is higher by the same amount.

Provision on portfolio loans other than qualifying assets are provided as per the minimum provisioning norms applicable to all NBFCs specified in Master Direction - Non-Banking Financial Company - Systemically Important Non-deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

(s) Corporate Social Responsibility (CSR) expenditure

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



3 Share capital	As at March 31, 2018	As at March 31, 2017
	(Rs.)	(Rs.)
Authorized shares		
3,00,00,000 (March 31, 2017: 3,00,00,000) equity shares of Rs. 10/- each	30,00,00,000	30,00,00,000
1,00,00,000 (March 31, 2017: 1,00,00,000) preference shares of Rs. 10/- each	10,00,00,000	10,00,00,000
	40,00,00,000	40,00,00,000
Issued, subscribed and fully paid-up shares		
2,10,96,119 (March 31, 2017: 2,10,96,119) equity shares of Rs. 10/- each	21,09,61,190	21,09,61,190
Less: amount recoverable from Sonata Employee Welfare Trust #	2,10,98,500	2,10,98,500
Total issued, subscribed and fully paid-up share capital	18,98,62,690	18,98,62,690

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, 2018		As at March 31, 2017	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year #	1,89,86,269	18,98,62,690	1,43,19,154	14,31,91,540
Issued during the year	-	-	46,67,115	4,66,71,150
Shares outstanding at the end of the year #	1,89,86,269	18,98,62,690	1,89,86,269	18,98,62,690

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

9% Optionally Convertible Preference Shares (OCPS)	As at March 31, 2018		As at March 31, 2017	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year	-	-	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
Shares outstanding at the end of the year	-	-	-	-

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 in the previous year.



Ravi

Singh



D. Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of shares held	% of Holding in the class	No. of shares held	% of Holding in the class
Equity Shares of Rs. 10/- each fully paid				
Creation Investments Social Ventures Fund II LP	44,73,364	21.20%	44,73,364	21.20%
Societe De Promotion Et De Participation Pour La Cooperation Economique	23,48,654	11.13%	23,48,654	11.13%
SIDBI Trustee Company Limited [A/c Samridhi Fund]	22,03,226	10.44%	22,03,226	10.44%
Sonata Employee Welfare Trust (under various ESOP schemes - refer note 27)	21,09,850	10.00%	21,09,850	10.00%
India Financial Inclusion Fund, LLC	14,80,634	7.02%	14,80,634	7.02%
Creation Investments Social Ventures Fund	14,91,121	7.07%	14,91,121	7.07%
Caspian Impact Investments Advisors Private Limited	10,71,871	5.08%	10,71,871	5.08%
Triodos Custody B.V. As A Custodian of Triodos Fair Share Fund	11,74,327	5.57%	11,74,327	5.57%
Triodos SICAV II- Triodos Microfinance Fund	11,74,326	5.57%	11,74,326	5.57%

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

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 27.

4	Reserves and surplus	As at March 31, 2018	As at March 31, 2017
		(Rs.)	(Rs.)
A. Securities premium account			
Balance as per last financial statements		1,28,67,43,214	67,01,89,116
Add: Addition during the Year		-	65,17,88,047
Less: Share / debenture issue expenses incurred during the year (net of tax adjustment)		29,06,397	3,52,33,949
Closing balance		1,28,38,36,817	1,28,67,43,214
B. Statutory reserve			
Balance as per last financial statements		13,63,23,720	13,36,85,629
Add: Amount transferred from surplus balance in the statement of profit and loss during the year		-	26,38,091
Closing balance		13,63,23,720	13,63,23,720
C. Capital reserve		22,68,400	22,68,400
D. Surplus in the statement of profit and loss			
Balance as per last financial statements		51,34,82,244	50,83,45,975
(Loss)/Profit for the year		(33,39,78,330)	1,31,90,455
Less: Appropriations			
Transferred to statutory reserve		-	26,38,091
Preference dividend (including corporate dividend tax)		-	54,16,094
Total appropriations		-	80,54,185
Net surplus in the statement of profit and loss		17,95,03,914	51,34,82,244
Total		1,60,19,32,852	1,93,88,17,579

5	Long Term Borrowings	Non Current Portion		Current Maturities	
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
A. Debentures					
Secured					
Redeemable non-convertible debentures		3,01,20,00,000	2,05,00,00,000	91,00,00,000	1,33,20,00,000
Unsecured*					
Redeemable non-convertible debentures		15,00,00,000	15,00,00,000	-	-
B. Term loans					
Secured					
- from banks		71,42,32,278	1,15,49,48,480	1,44,45,03,834	2,20,12,24,571
- from financial institutions		12,50,00,000	70,16,66,673	57,66,66,674	64,33,46,662
- from non banking finance companies:		98,67,15,819	42,49,88,008	1,00,88,90,752	77,27,79,369
Unsecured*					
- from financial institutions		24,00,00,000	24,00,00,000	-	-
- from non banking finance companies		92,44,93,917	57,49,50,968	30,66,20,575	13,18,22,508
Total		6,15,24,42,014	5,29,65,54,129	4,24,66,81,835	5,08,11,73,110
The above amount includes					
Secured borrowings		4,83,79,48,097	4,33,16,03,161	3,94,00,61,260	4,94,93,50,602
Unsecured borrowings		1,31,44,93,917	96,49,50,968	30,66,20,575	13,18,22,508
Amount disclosed under the head "other current liabilities" (Refer Note 8)		-	-	(4,24,66,81,835)	(5,08,11,73,110)
Total		6,15,24,42,014	5,29,65,54,129	-	-

* Includes subordinated debt of Rs. 89,00,00,000 (March 31, 2017 : Rs. 69,00,00,000)



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2018.

5A Long-term borrowings
Terms of repayment of long term borrowings as on 31 March 2018

Original maturity of loan	Due within 1 year		Due between 1 to 2 years		Due between 2 to 3 years		Due between 3 to 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)		
Debentures												
Secured												
1-3 Yrs.	-	-	1	30,00,00,000	-	-	-	-	-	-	12.17%	30,00,00,000
3-5 Yrs.	3	91,00,00,000	-	-	-	-	2	1,45,00,00,000	-	-	12.77% - 14.75%	2,36,00,00,000
Above 5 Yrs.	-	-	2	33,20,00,000	1	15,00,00,000	2	78,00,00,000	-	-	14.00% - 14.91%	1,26,20,00,000
	3	91,00,00,000	3	63,20,00,000	1	15,00,00,000	4	2,23,00,00,000	-	-		3,92,20,00,000
Unsecured												
Above 5 Yrs.	-	-	-	-	-	-	1	15,00,00,000	-	-	16.25%	15,00,00,000
Term Loans												
Secured												
Monthly repayment schedule												
From Banks:												
1-3 Yrs.	67	61,85,60,886	24	23,71,00,000							11.00% - 13.00%	85,57,60,886
3-5 Yrs.	12	2,28,60,000	12	2,28,60,000	6	1,14,19,056					12.50%	5,71,39,056
From Financial Institutions:												
1-3 Yrs.	12	16,00,00,006									12.50%	16,00,00,006
From NBFC:												
1-3 Yrs.	108	74,83,89,124			34	33,48,20,489					10.98% - 13.90%	1,67,24,26,089
Total (a)	199	1,54,99,10,016	113	84,91,76,476	40	34,62,39,545						2,74,53,26,037
Quarterly repayment schedule												
From Banks:												
1-3 Yrs.	32	77,78,04,095	10	15,76,07,075	3	1,04,25,000					11.70% - 13.65%	94,58,36,170
3-5 Yrs.	3	2,49,99,999	4	3,33,33,332	4	3,33,33,332	1	83,33,337			13.25%	10,00,00,000
From NBFC:												
1-3 Yrs.	17	24,40,13,814	4	6,25,00,000							13.50% - 14.50%	30,65,13,814
Total (b)	52	1,04,68,17,908	18	25,34,40,407	7	4,37,58,332	1	83,33,337				1,35,23,49,984
Half-yearly repayment schedule												
From NBFC:												
1-3 Yrs.	2	1,66,66,668									14.75%	1,66,66,668
From Financial Institutions:												
1-3 Years	2	26,66,66,668									11.50%	26,66,66,668
3-5 Years	2	15,00,00,000	2	8,75,00,000	2	2,50,00,000	1	1,25,00,000			11.50%	27,50,00,000
One-time repayment schedule												
From Banks:												
1-3 Yrs.			1	20,00,00,000							11.75%	20,00,00,000
From NBFC:												
More than 5 Years												-



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2018

Original maturity of loan	Due within 1 year		Due between 1 to 2 years		Due between 2 to 3 Years		Due between 3 to 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)		
Unsecured												
From NBFC:												
1-3 Years	60	30,66,20,575	52	30,14,61,453	25	12,30,32,464	-	-	-	-	13.70% - 13.95%	73,11,14,492
One-time repayment schedule												
From NBFC:												
More than 5 Years	-	-	-	-	-	-	2	30,00,00,000	1	20,00,00,000	14.25% - 17.00%	50,00,00,000
From Financial Institutions:												
More than 5 Years	-	-	-	-	2	5,00,00,000	5	19,00,00,000	-	-	15.50% - 15.70%	24,00,00,000
Grand Total	320	4,24,66,81,835	189	2,32,35,78,336	77	73,80,30,341	14	2,89,08,33,337	1	20,00,00,000		10,39,91,23,849

Note:

A. Debentures

- The debentures are secured by way of exclusive charge on all receivable from underlying portfolio loans.
- Debentures amounting to Rs. 30,00,00,000 (2016-2017: 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)*.
- Debentures amounting to Rs. 15,00,00,000 (2016-2017: Rs 15,00,00,000) has a call / put option available with the Company / Debenture holder at the end of 24 months from the date of allotment (July 17, 2015).
- Debentures amounting to Rs. 68,00,00,000 (2016-2017: Rs 68,00,00,000) has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (June 22, 2016).
- Debentures amounting to Rs. 67,00,00,000 (2016-2017: Rs Nil) has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (October 26, 2016).
- Debentures amounting to Rs. 78,00,00,000 (2016-2017: Rs Nil) has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (July 31, 2017).

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

B. Term Loans

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



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2018

5 B 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)		
Debentures												
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%	1,59,00,00,000
Above 5 Yrs.	3	48,20,00,000	-	-	-	-	-	-	2	78,00,00,000	14.00% - 14.91%	1,26,20,00,000
Total	8	1,33,20,00,000	-	-	1	30,00,00,000	2	97,00,00,000	2	78,00,00,000		3,38,20,00,000
Unsecured												
Above 5 Yrs.	-	-	-	-	-	-	-	-	1	15,00,00,000	16.25%	15,00,00,000
Total	-	-	-	-	-	-	-	-	1	15,00,00,000		15,00,00,000
Term Loans												
Secured												
Monthly repayment schedule												
From Banks:												
1-3 Yrs.	140	1,04,52,16,429	43	38,07,60,863	12	2,28,60,000	6	1,14,20,000	-	-	11.00% - 14.00%	1,42,59,77,292
3-5 Yrs.	12	2,28,60,000	12	2,28,60,000	-	-	-	-	-	-	12.50%	8,00,00,000
From Financial Institutions:												
1-3 Yrs.	23	22,66,79,996	12	16,00,00,006	-	-	-	-	-	-	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
Total	280	1,79,66,22,034	91	77,80,64,714	13	3,52,23,682	6	1,14,20,000	-	-		2,62,13,30,430
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
Total	66	1,38,73,95,236	32	82,98,34,155	3	6,87,27,275	-	-	-	-		2,28,59,56,666
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
Total	6	43,33,33,332	6	43,33,33,336	2	8,75,00,000	3	3,75,00,000	-	-		99,16,66,668
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
Total	24	13,18,22,508	24	15,12,99,800	16	12,36,51,167	-	-	-	-		40,67,73,475
One-time repayment schedule												
From NBFC:												
Above 5 Yrs.	-	-	-	-	-	-	-	-	2	30,00,00,000	15.60% - 17.00%	30,00,00,000
From Financial Institutions:												
Above 5 Yrs.	-	-	-	-	-	-	-	-	6	15,00,00,000	15.50% - 15.75%	15,00,00,000
Total	-	-	-	-	-	-	-	-	8	45,00,00,000		54,00,00,000



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2018

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)		
Quarterly repayment schedule												
From NBFC:												
1-3 Years	-	-	-	-	-	-	-	-	-	-	-	-
Total	364	5,08,11,73,110	153	2,19,25,32,005	35	61,51,02,124	19	1,46,89,20,000	4	1,02,00,00,000		10,37,77,27,239

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. 33,20,00,000 (2015-2016: 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)*.

c) Debentures amounting to Rs. 24,00,00,000 (2015-2016: 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. 37,00,00,000 (2015-2016: 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)*.

e) Debentures amounting to Rs. 24,00,00,000 (2015-2016: 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)*.

f) Debentures amounting to Rs. 30,00,00,000 (2015-2016: 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).

g) Debentures amounting to Rs. 15,00,00,000 (2015-2016: Rs 15,00,00,000) has a call / put option available with the Company / Debenture holder at the end of 24 months from the date of allotment (July 17, 2015)*.

h) Debentures amounting to Rs. 68,00,00,000 (2015-2016: Rs Nil) has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (June 22, 2016).

i) Debentures amounting to Rs. 67,00,00,000 (2015-2016: Rs Nil) has a call / put option available with the Company / Debenture holder at the end of 36 months from the date of allotment (October 26, 2016).

* 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.



6 Provisions:	Non - Current Portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
A. Provision for employee benefits				
Provision for gratuity	-	28,860	16,56,961	1,60,88,079
Provision for leave	-	-	81,26,900	70,64,847
	-	28,860	97,83,861	2,31,52,926
B. Provision for portfolio loans				
On standard assets	10,66,513	1,49,53,884	16,49,361	8,48,93,585
On non performing assets	12,03,18,168	89,63,218	-	-
	12,13,84,681	2,39,17,102	16,49,361	8,48,93,585
C. Others				
Provision for dividend distribution tax	-	-	-	9,16,093
Provision for securitised/managed portfolio loans	2,49,47,512	5,88,83,450	-	-
	2,49,47,512	5,88,83,450	-	9,16,093
Total	14,63,32,193	8,28,29,412	1,14,33,222	10,89,62,604

7 Short-term borrowings	As at March 31, 2018	As at March 31, 2017
	(Rs.)	(Rs.)
Secured		
Short Term loan from a bank	97,50,00,000	41,50,00,000
Total	97,50,00,000	41,50,00,000

Short term loans are secured by hypothecation of underlying portfolio loans and margin money deposits, where applicable, in accordance with the respective loan agreements. The loans carry an interest rate ranging from 10.75% to 11.05% per annum.

8 Other current liabilities	As at March 31, 2018	As at March 31, 2017
	(Rs.)	(Rs.)
Current maturities of long-term borrowings (Refer Note 5)	4,24,66,81,835	5,08,11,73,110
Interest accrued but not due on borrowings	13,82,70,660	14,20,20,562
Deferred gain on portfolio loans securitised	-	29,47,460
Payable for portfolio loans securitised	4,72,41,457	1,86,13,036
Payable to bank against direct sale agreement (DSA)	4,40,78,007	1,99,80,060
Statutory dues payable	1,63,53,792	1,09,38,480
Temporary book overdraft	4,51,795	4,34,069
Other payables	8,50,17,064	6,17,64,285
Total	4,57,80,94,610	5,33,78,71,062

9 Fixed Assets					(Rs.)
A Tangible Assets					
Cost	Furniture & Fixtures	Computers	Office equipments	Vehicles	Total
At April 1, 2016	1,46,58,195	1,30,94,601	85,59,122	15,13,803	3,78,25,721
Additions	72,08,697	30,33,975	35,87,612	-	1,38,30,284
Disposals	-	-	-	-	-
At March 31, 2017	2,18,66,892	1,61,28,576	1,21,46,734	15,13,803	5,16,56,005
Additions	42,09,259	24,74,836	24,85,961	-	91,70,056
Disposals	-	-	-	-	-
At March 31, 2018	2,60,76,151	1,86,03,412	1,46,32,695	15,13,803	6,08,26,061
Depreciation					
At April 1, 2016	93,05,765	1,06,36,899	65,57,436	10,76,952	2,75,77,052
Charge for the year	46,58,188	26,81,561	20,77,546	1,34,379	95,51,674
Disposals	-	-	-	-	-
At March 31, 2017	1,39,63,953	1,33,18,460	86,34,982	12,11,331	3,71,28,726
Charge for the year	39,29,118	22,10,581	23,94,035	93,073	86,26,807
Disposals	-	-	-	-	-
At March 31, 2018	1,78,93,071	1,55,29,041	1,10,29,016	13,04,403	4,57,55,532
Net Block					
At March 31, 2017	79,02,939	28,10,116	35,11,752	3,02,472	1,45,27,279
At March 31, 2018	81,83,080	30,74,371	36,03,679	2,09,400	1,50,70,528



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B Intangible Assets	Licence Fees	Software	Total
At March 31, 2017	-	-	-
Additions	20,00,000	60,90,128	80,90,128
Disposals	-	-	-
At March 31, 2018	20,00,000	60,90,128	80,90,128
Amortization			
At March 31, 2017	-	-	-
Charge for the year	2,30,059	3,274	2,33,333
Disposals	-	-	-
At March 31, 2018	2,30,059	3,274	2,33,333
Net Block			
At March 31, 2017	-	-	-
At March 31, 2018	17,69,941	60,86,854	78,56,795

10 Investments	Non-current investment		Current investment	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Trade investment				
Investments in equity shares (unquoted) (valued at cost)	5,00,000	5,00,000	-	-
50,000 (March 31, 2017: 50,000) fully paid up shares of Alpha Micro Finance Consultants Private Limited at face value of Rs. 10 (March 31, 2017 : Rs. 10) per share	-	-	-	-
Non-trade investment (unquoted)				
Unquoted Mutual Funds (valued at lower of cost or fair value)				
1,00,000 units (March 31, 2017 : Nil) of SBI Dual Advantage - Series XXII - Regular Growth	-	-	10,00,000	-
Nil (March 31, 2017 : 0.003 units) of Reliance liquidity fund- Growth plan growth option	-	-	-	7
Nil (March 31, 2017 : 454.445 units) of ICICI Prudential Liquid Plan - Growth	-	-	-	1,08,929
Total	5,00,000	5,00,000	10,00,000	1,08,936

11 Deferred tax assets / (liabilities) (net)	As at March 31, 2018	As at March 31, 2017
	(Rs.)	(Rs.)
Deferred tax assets		
Impact of difference between tax depreciation and depreciation charged for the financial reporting	75,94,481	45,87,728
Impact of provision on portfolio, managed loans and other receivables	4,65,67,851	6,19,30,319
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	33,85,999	80,22,751
Impact of taxable losses carried forward	18,41,53,719	-
Net deferred tax assets	24,17,02,050	7,45,40,798



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12 Loans and advances (Unsecured, considered good unless stated otherwise)	Non Current Portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
A. Portfolio loans				
Considered good	3,57,41,17,969	1,75,37,10,759	7,37,50,43,920	6,28,84,13,655
Considered doubtful	49,59,59,404	1,79,26,435	-	-
	4,07,00,77,373	1,77,16,37,194	7,37,50,43,920	6,28,84,13,655
B. Security deposits				
Considered good	12,50,000	12,50,000	4,23,235	4,15,235
	12,50,000	12,50,000	4,23,235	4,15,235
C. Capital advance				
Considered good	-	42,35,258	-	-
	-	42,35,258	-	-
D. Advances recoverable in cash or kind				
Considered good	-	-	7,01,54,820	2,12,39,352
Considered doubtful	45,24,643	50,24,643	-	-
Less: Provision for doubtful advances	(45,24,643)	(50,24,643)	-	-
	-	-	7,01,54,820	2,12,39,352
E. Others				
Considered good				
Prepaid expenses	-	-	46,13,422	30,45,405
Loan to staff	12,57,062	6,74,320	63,97,191	46,20,664
Cenvat credit receivable	-	-	1,50,498	4,46,550
Advance Income tax (net of provision for taxation Rs.5,41,00,000) (March 31,2017 : Rs. 5,41,00,000)	4,89,69,076	2,78,10,080	-	-
Other receivables (net of provision of Rs. 1,60,48,655/-) (March 31, 2017 : Rs. 1,40,37,592/-)*	-	-	1,42,79,381	1,72,81,021
Margin money with non-banking financial companies and financial institutions (marked as lien towards term loan availed)	40,00,000	2,65,23,960	2,80,47,698	57,43,294
	5,42,26,138	5,50,08,360	5,34,88,190	3,10,96,934
Total	4,12,55,53,511	1,83,21,30,812	7,49,91,10,165	6,34,11,65,176

*represents amount receivable in respect of dues of deceased borrowers / nominees of the borrowers

13 Other assets (Unsecured, considered good unless stated otherwise)	Non-Current Portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Non current bank balances (Refer Note 14)	27,70,78,266	45,98,89,344	-	-
	27,70,78,266	45,98,89,344	-	-
Others				
Interest accrued but not due on portfolio loans	-	-	8,22,48,172	12,88,41,008
Interest accrued but not due on deposits placed with banks and financial institutions	71,63,651	1,72,26,184	2,63,14,614	3,93,14,776
Service fees receivable (Refer Note 24B)	-	-	2,07,16,957	2,54,32,401
	71,63,651	1,72,26,184	12,92,79,743	19,35,88,185
Total	28,42,41,917	47,71,15,528	12,92,79,743	19,35,88,185

14 Cash and bank balances	Non-Current Portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Cash and cash equivalents				
Balances with banks				
-on current accounts	-	-	94,78,47,355	1,16,49,18,397
-deposit with original maturity of less than three months	-	-	-	2,78,50,42,078
Cash on hand	-	-	1,54,53,014	60,34,866
	-	-	96,33,00,369	3,95,59,95,341
Other bank balances :				
-deposit with original maturity of less than three months (*)	-	-	9,37,500	-
Deposit with original maturity for more than 3 months but not more than 12 months (*)	-	1,77,39,704	14,18,88,674	14,04,64,617
Deposit with original maturity of not less than 12 months (*)	27,70,78,266	44,21,49,640	24,46,56,329	33,97,60,804
	27,70,78,266	45,98,89,344	38,74,82,503	48,02,25,421
Amount disclosed under non-current assets (Refer Note 13)	(27,70,78,266)	(45,98,89,344)	-	-
Total	-	-	1,35,07,82,872	4,43,62,20,762



(*) Includes deposit certificates of Rs.66,45,60,770/- (March 31, 2017: Rs. 84,14,79,996/-) marked as lien towards term loans availed from banks, towards cash collateral placed in connection with portfolio loan securitisation and business correspondent activities entered with bank.

15 Revenue from operations	Year ended March 31, 2018	Year ended March 31, 2017
	(Rs.)	(Rs.)
Interest income on portfolio loans	1,86,80,45,455	1,92,17,90,738
Processing fee on portfolio loans	12,20,12,073	5,86,89,438
Service fees (Refer Note 24B)	14,92,94,528	17,13,81,406
Income from securitisation of portfolio loans	2,52,33,429	7,33,09,087
Total	2,16,45,85,485	2,22,51,70,669

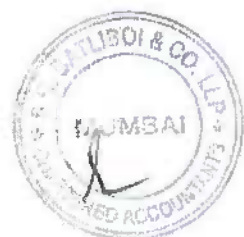
16 Other income	Year ended March 31, 2018	Year ended March 31, 2017
	(Rs.)	(Rs.)
Interest income on fixed deposits with banks and financial institutions	5,94,38,698	7,96,49,153
Net gain on sale of current investments	10,32,57,530	11,33,11,063
Miscellaneous income*	8,13,17,964	1,04,99,417
Total	24,40,14,192	20,34,59,633

*Includes bad debt recovery Rs 7,92,67,326 (Previous Year Rs: 1,40,689)

17 Employee benefit expenses	Year ended March 31, 2018	Year ended March 31, 2017
	(Rs.)	(Rs.)
Salaries and bonus	45,63,47,420	39,65,73,646
Contributions to provident fund	3,58,95,993	3,29,91,231
Contribution to employees' state insurance	45,25,966	36,04,026
Gratuity expenses (Refer Note 26)	45,56,130	1,60,61,058
Total	50,13,25,509	44,92,29,961

18 Finance costs	Year ended March 31, 2018	Year ended March 31, 2017
	(Rs.)	(Rs.)
Interest expense	1,34,84,61,844	1,30,00,18,099
Other borrowing costs	3,17,36,913	8,09,69,522
Total	1,38,01,98,757	1,38,09,87,621

19 Depreciation and amortization expense	Year ended March 31, 2018	Year ended March 31, 2017
	(Rs.)	(Rs.)
Depreciation of fixed assets	86,26,807	95,51,674
Amortization of Intangible Asset	2,33,333	-
Total	88,60,140	95,51,674



20 Other expenses	Year ended March	Year ended March
	31, 2018	31, 2017
	(Rs.)	(Rs.)
Rent	3,89,84,474	3,14,01,433
Rates and taxes	15,26,653	12,19,244
Repairs & maintenance		
- Office maintenance	1,62,19,486	1,14,64,479
- Others	15,67,787	6,79,649
Travelling and conveyance	1,77,45,531	1,55,26,538
Communication expenses	1,07,65,365	96,86,543
Printing & stationery	1,06,77,154	1,11,69,683
Legal and professional fees	1,27,11,259	1,39,21,745
Payment to auditors (refer details below)	50,86,144	42,86,584
IT support charges	1,13,39,251	23,80,146
Bank charges	1,25,50,729	40,93,778
Electricity charges	53,28,492	41,72,689
Membership fees	41,57,205	84,32,825
CSR expenditure	24,31,272	5,37,426
Miscellaneous expenses	2,58,92,898	2,11,38,295
Total	17,69,83,700	14,01,11,057

Payment to auditors:

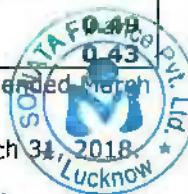
Particulars	Year ended March	Year ended March
	31, 2018	31, 2017
	(Rs.)	(Rs.)
As auditors:		
Audit fee (excluding taxes)	31,50,000	23,00,000
Other services (certification, etc.)	6,00,000	13,84,750
Reimbursement of expenses	13,36,144	6,01,834
Total	50,86,144	42,86,584

21 Provisions and write offs	Year ended March	Year ended March
	31, 2018	31, 2017
	(Rs.)	(Rs.)
Provision for standard and non performing assets	1,42,23,355	2,85,61,483
Provision for portfolio loan securitised / managed portfolio	(3,39,35,938)	5,56,45,325
Portfolio loans written off	68,05,82,920	32,90,95,866
Loss on securitised/managed portfolio	17,94,89,752	-
Provision for other receivables	20,11,063	1,23,56,107
Total	84,23,71,152	42,56,58,781

22 Earnings per share (EPS)	Year ended March	Year ended March
	31, 2018	31, 2017
	(Rs.)	(Rs.)
Profit/(loss) for the year	(33,39,78,330)	1,31,90,455
Less:		
Dividend on 9% optionally convertible preference shares (converted into 7,05,276/- equity shares on March 31, 2017)	-	54,16,094
Net profit/(loss) for calculation of basic EPS	(33,39,78,330)	77,74,361
Net Profit/(loss) as above	(33,39,78,330)	77,74,361
Add: dividends on convertible preference shares & tax thereon*	-	-
Net profit/(loss) for calculation of diluted EPS	(33,39,78,330)	77,74,361
Weighted average number of equity shares in calculating basic EPS	1,89,86,269	1,58,16,926
Effect of dilution:		
Equity shares attributable to convertible preference shares*	-	-
Stock options granted under ESOP**	-	21,09,850
Weighted average number of equity shares in calculating diluted EPS	1,89,86,269	1,79,26,776
Basic EPS	(17.59)	
Diluted EPS	(17.59)	

* Preference shares are anti-dilutive, hence not considered for computation of Dilutive EPS for the year ended March 31, 2017.

** ESOP are anti-dilutive, hence not considered for computation of Dilutive EPS for the year ended March 31, 2018.



Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2018

23 Loan portfolio and provision for standard and non-performing assets as at March 31, 2018:

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017	Provision made during the year	Provision utilized for write-off	As at March 31, 2018	As at March 31, 2017	
Standard assets	10,94,91,61,890	8,04,21,24,414	9,98,47,469	27,15,874	9,98,47,469	27,15,874	7,94,22,76,945	
Non-Performing assets	49,59,59,404	1,79,26,435	89,63,218	11,29,46,142	15,91,192	12,03,18,167	89,63,217	
Total	11,44,51,21,293	8,06,00,50,849	10,88,10,687	11,56,62,016	10,14,38,662	12,30,34,041	7,95,12,40,162	

Loan portfolio and provision for standard and non-performing assets as at March 31, 2017:

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2016	Provision made during the year	Provision utilized for write-off	As at March 31, 2017	As at March 31, 2016	
Standard assets	8,04,21,24,414	7,99,04,09,494	5,19,73,282	4,78,74,187	-	9,98,47,469	7,93,84,36,212	
Non-Performing assets	1,79,26,435	3,45,10,850	2,82,75,922	10,51,91,655	12,45,04,359	89,63,218	62,34,928	
Total	8,06,00,50,849	8,02,49,20,344	8,02,49,204	15,30,65,842	12,45,04,359	10,88,10,687	7,94,46,71,140	



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24 A Details of Securitised Portfolio and income arising out of the same :

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

Particulars	As at March 31, 2018 (Rs.)	As at March 31, 2017 (Rs.)
Total book value of the loan asset securitised during the year	56,06,31,432	-
Sale consideration received for the loan asset securitised during the year	56,06,31,432	-
Portfolio loan securitised and outstanding as at the year end	45,13,47,338	19,12,30,009
Income from securitisation recognised in the statement of profit and loss	2,52,33,429	7,33,09,087
Credit enhancements provided and outstanding:		
Principal subordination	5,20,06,537	38,92,608
Cash collateral	4,33,39,166	3,33,71,340
The Company has transferred all the rights and obligations relating to above securitised loan assets to the buyers.		

24 B Details of Direct Sale Agreement (DSA) executed with banks:

The Company has entered into DSAs with banks under the following terms:

Particulars	As at March 31, 2018 (Rs.)	As at March 31, 2017 (Rs.)
Total book value of the loan disbursed through DSA during the year	1,14,55,77,260	1,95,18,02,330
Outstanding Balance of Loan Disbursed through DSA as at year end	1,33,16,43,195	1,98,34,79,415
Amount disbursed on behalf of business correspondence partners and shown as receivable as at year end	2,47,02,084	80,93,960
Amount yet to be disbursed during the year	4,40,78,007	1,99,80,060
Service fee income recognised during the year	14,92,94,528	17,13,81,406
Credit enhancements provided and outstanding:		
Corporate guarantee	7,04,96,914	13,93,57,388
Cash collateral	8,36,99,285	8,36,99,285

25 Segment reporting:

The Company operates in a single reportable segment i.e. giving loans and other related activities, which have similar risks and returns for the purpose of Accounting Standard-17 on 'Segment Reporting'. The Company operates in a single geographical segment i.e. domestic. Hence, no additional disclosures are required under Accounting Standard-17.

26 (a) Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on departure and it is computed at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss, the funded status and amounts recognised in the balance sheet for the gratuity plans.

Particulars	As at March 31, 2018	As at March 31, 2017
i) Assumptions:		
Discount rate	7.75%	7.50%
Salary escalation	7.50%	7.50%
Withdrawal rate	18.00%	18.00%
Expected rate of return on assets	7.75%	7.50%
Expected average remaining working life of employees	30.05 years	30.43 years



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Particulars	As at March 31, 2018	As at March 31, 2017
	(Rs.)	(Rs.)
ii) Table Showing changes in present value of Defined Benefit obligation:		
Present value of defined benefit obligations as at beginning of the year	3,50,17,765	2,00,18,693
Interest cost	26,31,196	20,63,867
Current service cost	1,03,94,801	1,09,90,655
Benefit paid	(21,33,685)	(18,63,042)
Actuarial loss/(gain) on obligations	(56,51,089)	38,07,592
Present value of defined benefit obligations as at end of the year	4,02,58,988	3,50,17,765
iii) Table showing fair value of plan assets:		
Fair value of plan assets at beginning of the year	1,89,00,826	77,25,996
Expected return on plan assets	14,64,814	9,98,506
Contributions	1,90,16,066	1,22,00,273
Benefits paid	(21,33,685)	(18,63,042)
Actuarial gain/ (loss) on plan assets	13,54,006	(1,60,907)
Fair value of plan assets at end of the year	3,86,02,027	1,89,00,826
iv) Actuarial (gain)/loss recognised:		
Actuarial (gain)/loss on obligations	(56,51,089)	38,07,592
Actuarial (gain)/ loss on plan assets	(13,54,006)	1,60,907
Actuarial (gain)/loss recognised in the year	(70,05,095)	39,68,499
v) The amounts to be recognised in the balance sheet and statement of profit and loss:		
Present value of obligations at the end of the year	4,02,58,988	3,50,17,765
Fair value of plan assets at the end of the year	3,86,02,027	1,89,00,826
Net liability recognised in balance sheet	(16,56,961)	(1,61,16,939)
vi) Expenses Recognised in statement of profit and loss:		
Current service cost	1,03,94,801	1,09,90,655
Interest cost	26,31,196	20,63,867
Expected return on plan assets	(14,64,814)	(9,98,506)
Net Actuarial (gain)/loss recognised in the year	(70,05,095)	39,68,499
Expenses recognised in statement of profit and loss	45,56,130	1,60,24,515
Actual return on plan assets	28,18,820	8,37,599

vii) Amounts for the current and previous four years are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Defined benefit obligations	4,02,58,988	3,50,17,765	2,00,18,693	1,22,89,136	61,43,931
Plan assets	3,86,02,027	1,89,00,826	77,25,996	77,61,706	57,38,107
Surplus/(deficit)	(16,56,961)	(1,61,16,939)	(1,22,92,697)	(45,27,430)	(4,05,824)
Experience adjustments on plan liabilities [(gain)/loss]	(56,51,089)	38,07,592	6,13,207	17,81,125	(15,96,390)
Experience adjustments on plan assets [(gain)/loss]	(13,54,006)	1,60,907	23,086	(4,496)	1,22,337
Actuarial (gain)/ loss due to change on assumptions	(70,05,095)	39,68,499	6,36,293	17,76,629	(14,74,053)

viii) The Major categories of Plan Assets as a percentage of the fair value of Total Plan Asset are as follows:

	As at March 31, 2018	As at March 31, 2017
LIC Fund	100%	100%

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

x) The company expects to contribute Rs. 16,56,961/- [March 31, 2017: Rs.1,60,88,079/-] to gratuity fund in 2018-19.

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

(b) Amount Incurred as expense for defined contribution to Provident Fund is Rs. 3,58,95,993 /- (March 31, 2017: Rs. 3,29,91,231/-)



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Sonata Finance Private Limited

Notes to the Financial Statements as at and for the year ended March 31, 2018

27 The Company had issued 16,46,300 equity shares of INR 10 each to Sonata Employee Welfare Trust for the purpose of issuing shares under ESOPs to the employee of the company in the Financial Year 2009-10. Subsequently in the Financial Year 2012-13, 14,70,000 equity shares had been issued to the Sonata Employee Welfare Trust.

Out of the above mentioned shares issued to Sonata Employee Welfare Trust 3,96,300, 1,65,000 and 2,16,250 Equity Shares of INR 10 each were transferred to Mr Anup Kumar Singh (Managing Director) through the Trust route during the Financial Year 2009-10, 2012-13 and 2015-16 respectively under ESOP Plan 1 (c) (d) & 4.

Further, the company has provided Employee Stock Option Scheme to its employee under Plan 2 (b) (c) (d) & 3. In the FY 2015-16 few eligible employees had exercised their right and 128900 shares had been transferred from Trust to the respective employees. The Plan wise detail of ESOP schemes are as given below:

Particulars	Plan 1 (c) (ii)	Plan 1 (c) (iii)	Plan 1 (d)	Plan 2 (b) (i)	Plan 2 (b) (ii)	Plan 2 (b) (iii)
Date of Grant	6-May-10	6-May-10	12-Jun-12	9-Jul-10	9-Jul-10	9-Jul-10
Date of Board Approval	6-May-10	6-May-10	12-Jun-12	9-Jul-10	9-Jul-10	9-Jul-10
Date of Shareholder's Approval	8-Feb-10	8-Feb-10	28-Aug-12	17-Sep-10	17-Sep-10	17-Sep-10
Date of Modification of the scheme, if any	N.A.	12-Jun-12	N.A.	N.A.	N.A.	N.A.
Number of Options granted	1,82,500	73,750	75,000	34,800	34,800	46,400
Number of Options vested	1,82,500	73,750	75,000	27,600	34,050	44,000
Exercise Price	Rs.18.56	Rs.18.56	Rs.18.56	Rs. 26	Rs. 26	Rs. 26
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity
Vesting Period	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16
Exercise Period	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21
Vesting Conditions	Linked to continued association with Company and performance milestones stipulated by Compensation committee	Linked to continued association with Company and performance milestones stipulated by Compensation committee	Linked to continued association with Company and performance milestones stipulated by Compensation committee	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal
Name of the Plan	ESOP Plan 2009	ESOP Plan 2009	ESOP Plan 2009	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2018

Particulars	Plan 2 (c)(i)	Plan 2 (c)(ii)	Plan 2 (c)(iii)	Plan 2(d)(i)	Plan 2(d)(ii)	Plan 2(d)(iii)	Plan 3	Plan 3 (i)	Plan 3 (ii)	Plan 3 (iii)	Plan 4
Date of Grant	9-Jul-10	9-Jul-10	9-Jul-10	9-Jul-10	9-Jul-10	9-Jul-10	1-Oct-13	1-Oct-14	1-Oct-15	1-Oct-16	1-Oct-13
Date of Board Approval	9-Jul-10	9-Jul-10	9-Jul-10	9-Jul-10	9-Jul-10	9-Jul-10	6-Feb-14	6-Feb-14	6-Feb-14	6-Feb-14	6-Feb-14
Date of Shareholder's Approval	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	20-Mar-14	20-Mar-14	20-Mar-14	20-Mar-14	20-Mar-14
Date of Modification of the scheme, if any	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Number of Options granted	37,200	37,200	49,600	30,000	30,000	40,000	2,00,000	2,00,000	2,00,000	2,00,000	8,00,000
Number of Options vested	32,400	27,600	28,000	12,000	10,800	11,200	1,87,000	1,43,000	1,00,000	50,000	5,33,333
Exercise Price	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 54	Rs. 59	Rs. 67	Rs. 67	Rs. 67
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting Period	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-18	1/4 of total Grant to vest each year on 30th Sep over four years from the date of grant	1/4 of total Grant to vest each year on 30th Sep over four years from the date of grant	1/4 of total Grant to vest each year on 30th Sep over four years from the date of grant	1/4 of total Grant to vest each year on 30th Sep over four years from the date of grant	The Options will vest in equal amounts over 6 years from the date of grant
Exercise Period	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-23	Five years from the date of each vesting	Five years from the date of each vesting	Five years from the date of each vesting	Five years from the date of each vesting	Five years from the date of each vesting
Vesting Conditions	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Linked to continued association with Company and subject to annual performance appraisal	Subject to the Terms of Share Holders' Agreement of the Company entered on September 05th 2012 and performance milestones as may be stipulated by Compensation committee or the Board and also linked to continued association with Company
Name of the Plan	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Scheme 2013	ESOP Scheme 2013	ESOP Scheme 2013	ESOP Scheme 2013	ESOP Scheme 2013

Plan 1 (c)(ii)

Particulars	As on March 31, 2018		As on March 31, 2017	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	70,000	18.56	70,000	18.56
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
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



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2018
Plan 1(c)(iii)

Particulars	As on March 31, 2018		As on March 31, 2017	
	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, 2018		As on March 31, 2017	
	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(b)(i)

Particulars	As on March 31, 2018		As on March 31, 2017	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	12,000	26.00	24,000	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	12,000	26.00
Expired during the year	-	-	-	-
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(b)(ii)

Particulars	As on March 31, 2018		As on March 31, 2017	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	13,650	26.00	28,050	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	14,400	26.00
Expired during the year	-	-	-	-
Outstanding at the end of the year	13,650	26.00	13,650	26.00
Exercisable at the end of the year	13,650	26.00	13,650	26.00



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2018
Plan 2(b)(iii)

Particulars	As on March 31, 2018		As on March 31, 2017	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	44,000	26.00	44,000	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	44,000	26.00	44,000	26.00
Exercisable at the end of the year	44,000	26.00	44,000	26.00

Plan 2(c)(i)

Particulars	As on March 31, 2018		As on March 31, 2017	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	17,250	26.00	32,400	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	15,150	26.00
Expired during the year	-	-	-	-
Outstanding at the end of the year	17,250	26.00	17,250	26.00
Exercisable at the end of the year	17,250	26.00	17,250	26.00

Plan 2(c)(ii)

Particulars	As on March 31, 2018		As on March 31, 2017	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	27,600	26.00	27,600	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	27,600	26.00	27,600	26.00
Exercisable at the end of the year	27,600	26.00	27,600	26.00

Plan 2(c)(iii)

Particulars	As on March 31, 2018		As on March 31, 2017	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	28,000	26.00	49,600	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	21,600	-
Outstanding at the end of the year	28,000	26.00	28,000	26.00
Exercisable at the end of the year	28,000	26.00	28,000	26.00



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Sonata Finance Private Limited

Notes to the Financial Statements as at and for the year ended March 31, 2018

Plan 2(d)(i)

Particulars	As on March 31, 2018		As on March 31, 2017	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	12,000	26.00	12,000	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	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, 2018		As on March 31, 2017	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	10,800	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	10,800	26.00
Exercisable at the end of the year	10,800	26.00	10,800	26.00

Plan 2(d)(iii)

Particulars	As on March 31, 2018		As on March 31, 2017	
	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	28,800	-	-	-
Outstanding at the end of the year	11,200	26.00	40,000	26.00
Exercisable at the end of the year	11,200	26.00	-	-

Plan 3

Particulars	As on March 31, 2018		As on March 31, 2017	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	1,44,750	54.00	1,91,500	54.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	41,750	-
Expired during the year	5,500	54.00	5,000	-
Outstanding at the end of the year	1,39,250	54.00	1,44,750	54.00
Exercisable at the end of the year	1,26,250	54.00	94,750	54.00



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Sonata Finance Private Limited

Notes to the Financial Statements as at and for the year ended March 31, 2018

Plan 3 (i)

Particulars	As on March 31, 2018		As on March 31, 2017	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	1,72,500	59.00	1,95,500	59.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	21,000	-
Expired during the year	3,500	-	2,000	-
Outstanding at the end of the year	1,69,000	59.00	1,72,500	59.00
Exercisable at the end of the year	1,12,000	59.00	72,500	59.00

Plan 3 (ii)

Particulars	As on March 31, 2018		As on March 31, 2017	
	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	1,00,000	67.00	50,000	67.00

Plan 3 (iii)

Particulars	As on March 31, 2018		As on March 31, 2017	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	2,00,000	67.00	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,00,000	67.00	-	-
Exercisable at the end of the year	50,000	67.00	-	-

Plan 4

Particulars	As on March 31, 2018		As on March 31, 2017	
	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	5,33,333	67.00	4,00,000	67.00



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28 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	Company Secretary
Mr. Akhilesh Kumar Singh	Chief Financial Officer (wef April 3, 2017)

B. Nature of transactions

Particulars	March 31, 2018	March 31, 2017
	(Rs.)	(Rs.)
Key Management Personnel		
Salary, Bonus and other allowances**	1,28,42,802	97,32,925
Contribution to provident fund	1,76,802	1,51,857
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, 2018 is 3,81,250 (P.Y.: 3,81,250). Refer note 27 for ESOP disclosure.

29 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, 2018	March 31, 2017
	(Rs.)	(Rs.)
Operating lease payments recognised during the year	3,89,84,474	3,14,01,433

30 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, 2018 and March 31, 2017, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

31 Corporate Social Responsibility

A. Gross amount required to be spent by the Company during the year ended 31st March, 2018 is Rs. 46,81,096/- (Previous year ended 31st March, 2017 : Rs. 53,33,408/-)

B. The following table sets forth, for the periods indicated, the amount spent by the Company on CSR related activities;

Particulars	(Rs.)					
	Year ended 31st March 2018			Year ended 31st March 2017		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
i Construction / acquisition of any new asset	24,31,272	-	24,31,272	5,37,426	-	5,37,426
ii On purpose other than (i) above	-	-	-	-	-	-



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Sonata Finance Private Limited

Notes to the Financial Statements as at and for the year ended March 31, 2018

32 Additional disclosures required by the Reserve Bank of India

A. Capital to Risk-Assets ratio (CRAR)

Particulars	March 31, 2018	March 31, 2017
CRAR (%)	17.41	29.74
CRAR - Tier I capital (%)	12.26	21.89
CRAR - Tier II capital (%)	5.14	7.26
Amount of subordinate debt raised as Tier II Capital (Rs.)	89,00,00,000	69,00,00,000
Amount raised by issue of Perpetual Debt Instrument (Rs.)	-	-

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 except for investment in 50,000 (March 31, 2017: 50,000) fully paid up equity shares of Alpha Micro Finance Consultants Private Limited at face value of Rs. 10 (March 31, 2017 : Rs. 10) per share, as disclosed in Note 10.

C. Asset liability management

Maturity pattern of certain assets and liabilities as on March 31, 2018:

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	6,883	7,671	6,898	23,795	28,503	40,701	-	-	1,14,451
Investments*	160	167	32	442	3,364	2,761	50	5	6,981
Borrowings	2,972	2,045	3,797	17,093	23,308	33,118	29,408	2,000	1,13,741

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

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 14, other assets under note 13 and other loans and advances under note 12

D. Investments

Particulars	Amount Rs.(in crores)	
	March 31, 2018	March 31, 2017
1 Value of investments		
Gross Value of investments		
In India	0.15	0.06
Outside India	-	-
Provision for depreciation		
In India	-	-
Outside India	-	-
Net Value of investments		
In India	0.15	0.06
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.



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F. Disclosures relating to securitisation

Amount Rs.(in crores)

Particulars	March 31, 2018	March 31, 2017
1 No of SPVs sponsored by the NBFC for securitisation transactions during the year	2.00	-
2 Total amount of securitised assets as per books of the SPVs sponsored as on the date of balance sheet	45.13	19.12
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	9.53	3.73
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 parent company.

J. Unsecured advances - Refer Note 12

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

Particulars	March 31, 2018	March 31, 2017
Average interest (a)*	19.73%	22.39%
Average effective cost of borrowing (b)	12.91%	13.19%
Net Interest Margin (a-b)	6.82%	9.19%

* The average interest charged is computed on the monthly average of the on-book loan portfolio (including non performing assets)



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the period ended March 31, 2018
M. Customer Complaints *

Particulars	March 31, 2018	March 31, 2017
1 No. of complaints pending at the beginning of the year	21	15
2 No. of complaints received during the year	666	731
3 Provision for portfolio loan securitised / managed portfolio	590	725
4 No. of complaints pending at the end of the year	97	21

* 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, 2018	March 31, 2017
Break up of 'Provisions and Contingencies' shown under the head expenditure in profit and loss account:		
Provision made towards income tax	-	5.86
Provision for gratuity	0.46	1.61
Provision for leave benefit	0.64	0.58
Provision for death claims receivable	0.20	1.24
Provision for standard and non performing assets	1.42	2.86
Provision for portfolio loan securitised / managed	(3.39)	5.56

O. Sector wise NPAs

Sector	Percentage of NPA to Total Advances in that Sector as on 31 March 2018	Percentage of NPA to Total Advances in that Sector as on 31 March 2017
Agriculture & allied activities	8.29%	0.23%
MSME	7.66%	0.23%
Corporate borrowers	-	-
Services	5.05%	0.14%
Unsecured personal loans	3.67%	0.00%
Other personal loans	-	-

P. Movement of NPA
Amount Rs.(in crores)

Particulars	March 31, 2018	March 31, 2017
Net NPAs to net advances (%)	3.43%	0.11%
Movement of NPAs (Gross)		
Opening balance	1.79	3.45
Additions during the year	47.96	11.10
Reductions during the year	0.16	12.76
Closing balance	49.60	1.79
Movement of Net NPAs		
Opening balance	0.90	0.62
Additions during the year	36.67	0.58
Reductions during the year	-	0.31
Closing balance	37.56	0.89
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	0.90	2.83
Provisions made during the year	11.30	10.52
Write-off / write-back of excess provisions	0.16	12.45
Closing balance	12.03	0.90




Sonata Finance Private Limited

Notes to the Financial Statements as at and for the period ended March 31, 2018

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 2018	As at 31 March 2017
Long term bank facilities	ICRA BBB-	ICRA BBB
Long term non convertible debentures		
Triodos 2020	ICRA BBB-	ICRA BBB-
Microfinance enhancement facility	ICRA BBB-	ICRA BBB-
Microvest Short Duration Fund, L.P	ICRA BBB-	-
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-	ICRA BBB- (SO)
Responsibility	ICRA BBB-	ICRA BBB
IFMR_HLF	ICRA BBB-	ICRA BBB
Blue orchard micro finance fund	ICRA BBB-	-
MFI grading	ICRA M2+	ICRA M2+
Securitisation/assignment :		
IFMR MOSEC CAVITINA 2015 PTC Series A1	-	ICRA AA-(SO)
IFMR MOSEC MITHRAS 2015 PTC Series A1	-	ICRA A+(SO)
PTC Series A2	-	ICRA A-(SO)
PTC Series A3	-	ICRA BB+(SO)
IFMR MOSEC CIMBER 2016 PTC Series A1	-	ICRA A-(SO)
PTC Series A2	-	ICRA BBB(SO)
ARUVI IFMR Capital 2017 PTC Series A1	ICRA A (SO)	-
PTC Series A2	ICRA BBB(SO)	-
Ellaria Northern Arc 2018 PTC Series A1	ICRA A (SO)	-
PTC Series A2	ICRA BBB- (SO)	-
IFMR Mahindra PLI	ICRA A-(SO)	-
IFMR HLF PLI	ICRA A-(SO)	-

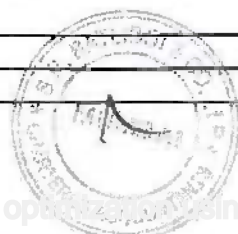
S. Concentration of advances, exposures and NPA's

Particulars	As at 31 March 2018	As at 31 March 2017
Concentration of advances		
Total advances to twenty largest borrowers	34,15,187	19,88,000
(%) of advances to twenty largest borrowers to total advances	0.03%	0.02%
Concentration of Exposures		
Total exposures to twenty largest borrowers	34,15,187	19,88,000
(%) of exposure to twenty largest borrowers to total exposure	0.03%	0.02%
Concentration of NPAs		
Total Exposure to top four NPA accounts	7,80,128	2,98,661

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

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

33 Expenditure in foreign currency	Year ended	Year ended
	March 31, 2018	March 31, 2017
Description	(Rs.)	(Rs.)
Travelling Expenses	9,68,602	6,41,618
Total	9,68,602	6,41,618

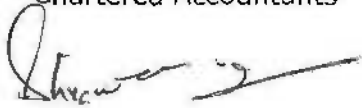


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Previous year figures

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

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



per Shrawan Jalan
Partner
Membership No.: 102102

Place: Mumbai
Date: May 30th, 2018



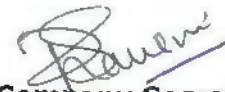
**For and on behalf of the Board of Directors of
Sonata Finance Private Limited**



Managing Director



Director



Company Secretary



CFO

Place: Mumbai
Date: May 30th, 2018

