



**SONATA  
FINANCE PVT.LTD.**

**AUDITED FINANCIAL STATEMENT**

**Year ended 31<sup>st</sup> March, 2012.**

**Corporate Office:**

125B/6B, Pt. Madan Mohan Malviya Road,  
Geroge Town , Allahabad – 211002  
Phone No. 0532-6540311, 6540326

## Vinay Kumar & Co.

CHARTERED ACCOUNTANTS

ALLAHABAD-KANPUR-NEWDELHI-KOLKATA-LUCKNOW

Chandra Shekhar Azad Market Complex, 5 Sardar Patel Marg,

Civil Lines, Allahabad 211001, U.P., India.

Phones Office: 91-0532-2408602; 2408839 Fax: 91-0532-2408839

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Email: vinaykumarandco@gmail.com agvinay@hotmail.com

### AUDITOR'S REPORT

**To the Members of  
Sonata Finance Private Limited**

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

We have audited the attached Balance Sheet of **M/s SONATA FINANCE PVT. LTD.**, as at **31<sup>st</sup> MARCH, 2012** and the Statement of Profit and Loss of the company and also the Cash Flow Statement of the company for the year ended on that date annexed thereto.

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

Management is responsible for 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 the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

#### **Opinion**

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



- (i) In the case of the Balance Sheet of the state of affairs, of the company as at 31<sup>st</sup> MARCH, 2012 and;
- (ii) In the case of Statement of Profit & Loss of the PROFIT for the year ended on that date;
- (iii) In the case of Cash Flow Statement the 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, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of 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 Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
  - e. on the basis of written representations received from the directors as on 31 March 2012, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for **VINAY KUMAR & CO.**  
Chartered Accountants  
FRNO: 00719C



*(Signature)*  
**(W.K. AGRAWAL)**  
Partner  
M No. 013795

Place: Allahabad  
Date: 15 JUNE 2012

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

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The company is in the process of updating the particulars of additions to fixed assets pertaining to the year under audit.
  - (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
  - (c) As per the records of the company, it has not disposed off any fixed assets during the year
2. The company is in the business of financing and hence it does not hold any Finished Goods, Stores, Spare Parts and Raw materials, the relevant clause is not applicable.
3. As per information and explanation given to us the company has taken unsecured loan of Rs. 2,00,00,000/- from Bellwether Micro Finance Fund Pvt. Ltd. Considering the market trend for such type of transactions, the interest and other terms and conditions for transactions with the parties listed in register maintained in pursuance of section 301 of the Act are reasonable and prima-facie not prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business.
5. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Sections 58A, 58AA, or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
6. In our opinion, the internal audit system of the company is commensurate with its size and the nature of its business.
7. According to the information and explanations given to us, the cost records under section 209 (1) (d) of the Companies Act, 1956 is not applicable to the company. Accordingly clause 4 (viii) of the order is not applicable.
8. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has



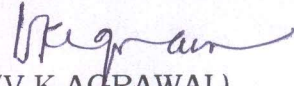
- been regular in depositing statutory dues with appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed dues payable in respect of income-tax, wealth tax and cess were outstanding at 31<sup>st</sup> March, 2012 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues in respect of income tax, wealth tax and cess that have not been deposited with the appropriate authorities on account of any dispute.
9. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding year.
10. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank and has not issued any debentures.
11. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the order is not applicable.
12. The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4 (xiii) of the order is not applicable.
13. The Company has generally kept adequate records of its transactions in securities and other investments and timely entries have been made therein. The investments owned by the company are held in the Company's name.
14. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the order is not applicable.
15. In our opinion, the term loans have been applied for the purpose for which they were obtained.
16. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the funds raised for the relevant purpose has been utilized for the specific purposes.



17. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. The company has not issued any debentures. Accordingly, clause 4 (xix) of the order is not applicable.
19. The company has not raised any money by public issues during the year. Accordingly, clause 4 (xx) of the order is not applicable.
20. During the course of our examination of the books of accounts carried on in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have not come across any major instance of fraud on or by the company.

for **VINAY KUMAR & CO.**  
Chartered Accountants  
FRNO: 00719C



  
(V.K. AGRAWAL)  
Partner  
M No. 013795

Place: Allahabad  
Date: 15 JUNE 2012

# Vinay Kumar & Co.

CHARTERED ACCOUNTANTS

ALLAHABAD-KANPUR-NEWDELHI-KOLKATA-LUCKNOW

Chandra Shekhar Azad Market Complex, 5 Sardar Patel Marg,  
Civil Lines, Allahabad 211001, U.P., India.

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Email: vinaykumarandco@gmail.com agvinay@hotmail.com

## Auditors' Report

Pursuant to the Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998, under sub-section(1) of section 45MA of the Reserve Bank of India Act, 1934, we report the following;

1. On the basis of documents produced before us, we report that the company is registered under Section 45IA of the Reserve Bank Of India Act, 1934, and has obtained a certificate of registration from the Reserve Bank Of India, registration number being B-12.00445 dated: 6<sup>th</sup> October 2008 (earlier no: B-09-00329 dated: 10<sup>th</sup> April 2001)
2. The company has not been accepting / holding public deposit accordingly, clause (B) of the order is not applicable.
3. (a) As per the minutes produced before us, the board of directors had passed a resolution for non acceptance of public deposit in the company.  
(b) As per the records produced and explanations given to us, the company has not accepted any public deposit during the year under audit.  
(c) Upon an overall view and as per the records and documents produced before us, the norms for provisions, income recognition, accounting standard, asset classification have been complied with by the company.
4. The company is holding Certificate of Registration and therefore requirements to clause (D) of the order is not applicable.

for **VINAY KUMAR & CO.**

Chartered Accountants

FRNO: 00719C



*(Signature)*

(K. AGRAWAL)

Partner

M No. 013795

Place: Allahabad  
Date: 15 JUNE 2012

## SONATA FINANCE PRIVATE LIMITED

## BALANCE SHEET

PARTICULARS	Notes	AS ON 31.03.12 Rs.	AS ON 31.03.11 Rs.
<b>I. Equities &amp; Liabilities</b>			
<b>(1) SHAREHOLDERS FUNDS:</b>			
(a) Share Capital	1	83,406,950.00	83,406,950.00
(b) Reserves & Surplus	2	316,845,641.56	279,600,259.53
(c) Money Received Against Share Warrants			
<b>(2) Share Application Money Pending Allotment</b>			
<b>(3) Non Current Liabilities :</b>			
(a) Long Term Borrowings			
Secured Loans	3	707,923,565.00	686,267,969.88
Unsecured Loans		20,000,000.00	-
(b) Deferred Tax Liabilities (Net)			
(c) Other Long Term Liabilities			
(d) Long Term Provisions			
<b>(4) Current Liabilities</b>			
a) Short Term Borrowings			
b) Trade Payables			
c) Other Current Liabilities	9	27,133,798.84	18,868,303.34
d) Short Term Provisions		20,903,203.30	25,427,024.00
<b>TOTAL</b>		<b>1,176,213,158.70</b>	<b>1,093,570,506.75</b>
<b>II. ASSETS</b>			
<b>NON CURRENT ASSETS :</b>			
I. Fixed Assets			
a) Tangible Assets			
Gross Block	5	14,752,877.65	13,757,459.65
Less: Accumulated Depreciation		7,658,691.00	5,556,134.00
<b>NET BLOCK</b>		<b>7,094,186.65</b>	<b>8,201,325.65</b>
b) Intangible Assets		0.00	0.00
c) Capital Work in Progress		0.00	0.00
d) Intangible Assets Under Development		0.00	0.00
II. Non Current Investments	4	62,051,560.18	31,809,152.36
III. Deferred Tax Assets ( Net)		1,021,566.00	1,063,521.00
IV. Long Term Loans and Advances		0.00	0.00
V. Other Non- Current Assets		0.00	0.00
<b>Total</b>		<b>70,167,312.83</b>	<b>41,073,999.01</b>
<b>CURRENT ASSETS</b>			
(a) Current Investments-Micro Loans to Poor Women			
Total Loan Portfolio in SHG		949,418,211.00	800,160,359.00
Less : Managed Portfolio in SHG		585,158,244.00	79,259,937.00
Owned Loan Portfolio in SHG	6	364,259,967.00	720,900,422.00
Individual Loan		59,112,463.20	20,032,035.00
Utility Finance		516,921.00	0.00
		423,889,351.20	740,932,457.00
(b) Inventories			
(c) Trade Receivables			
(d) Cash & Cash Equivalents	7	616,531,279.14	280,995,354.29
(e) Short term Loans and Advances			
(f) Other Current Assets	8	65,625,215.53	30,568,696.45
<b>TOTAL</b>		<b>1,106,045,845.87</b>	<b>1,052,496,507.74</b>
<b>TOTAL</b>		<b>1,176,213,158.70</b>	<b>1,093,570,506.75</b>

As per our report of even date  
for VINAY KUMAR & CO.,  
Chartered Accountants

for SONATA FINANCE PRIVATE LIMITED

Allahabad  
Date:

15 JUN 2012

(V. K. AGRAWAL)  
Partner

Membership No. 13795

(ANUP KUMAR SINGH)  
Managing Director

(VISHAL BHARAT)  
Director

SHALINI BAGHEL  
(COMPANY SECRETARY)





**SONATA FINANCE PRIVATE LIMITED**  
**Statement of PROFIT AND LOSS**

PARTICULARS	NOTES	FOR THE	FOR THE
		PERIOD ENDED	YEAR ENDED
		<b>31.03.12</b>	31.03.11
		Rs.	Rs.
<b>I) REVENUE FROM OPERATIONS</b>			
Interest from Micro Credit Loans	6(a)	22,93,42,601.72	23,57,14,593.60
Processing Fees		1,40,82,267.08	1,37,20,740.10
Income from Portfolio Sale		71,24,125.00	47,08,082.00
<b>II )Other Income</b>	10	1,55,68,234.28	1,08,20,798.90
<b>TOTAL REVENUE</b>		<b>26,61,17,228.08</b>	<b>26,49,64,214.60</b>
<b>2) EXPENSES:</b>			
Salaries, benefits to personnel	11	8,24,39,293.00	7,97,48,700.00
Administrative Expenses	12	3,29,49,663.42	2,30,08,830.35
Finance Charges	13	8,29,91,044.53	8,25,70,694.85
Provision for Doubtful Debts	6	25,41,510.80	6,11,562.00
Bad Loan written off	6	46,40,861.00	34,96,692.00
Business Infrastructure Acquisition Exp - written off	8(b)	2,61,758.00	2,61,758.00
Depreciation		21,02,557.00	22,26,949.00
<b>TOTAL EXPENSES</b>		<b>20,79,26,687.75</b>	<b>19,19,25,186.20</b>
<b>PROFIT BEFORE EXCEPTIONAL &amp; EXTRAORDINARY ITEMS AND TAX</b>		5,81,90,540.33	7,30,39,028.40
Less : Exceptional Items		0.00	0.00
<b>PROFIT BEFORE EXTRAORDINARY ITEMS &amp; TAX</b>		5,81,90,540.33	7,30,39,028.40
Less : Extraordinary Items		0.00	0.00
<b>PROFIT BEFORE TAX</b>		5,81,90,540.33	7,30,39,028.40
Tax Expense			
Less: PROVISION FOR TAXATION - Current		2,09,03,203.30	2,54,27,024.00
Less: F B T Tax		-	0.00
Less: DEFERRED TAX LIABILITY\ASSETS		41,955.00	2,25,954.00
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>3,72,45,382.03</b>	<b>4,73,86,050.40</b>
<b>PROFIT/(LOSS) FROM DISCONTINUING OPERATIONS</b>		0.00	0.00
Tax Expense of Discontinuing Operations			
<b>PROFIT/(LOSS) FROM DISCONTINUING OPERATIONS (After Tax )</b>		0.00	0.00
Less: Reserve Fund @ 20%		74,57,467.00	95,22,401.00
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>2,97,87,915.03</b>	<b>3,78,63,649.40</b>
ADD : PREVIOUS YEAR PROFIT/( LOSS) BALANCE BROUGHT FORWARD		5,67,56,512.53	1,88,92,863.13
<b>TOTAL PROFIT/(LOSS) CARRIED TO BALANCE SHEET</b>		<b>8,65,44,427.56</b>	<b>5,67,56,512.53</b>
<b>No of Shares Outstanding</b>		<b>83,40,695.00</b>	<b>83,40,695.00</b>
<b>EPS Basic</b>		4.47	5.68
<b>EPS Diluted</b>		5.00	5.68

As per our report of even date  
for VINAY KUMAR & CO.,  
Chartered Accountants

for SONATA FINANCE PRIVATE LIMITED

Allahabad  
Date:

15 JUN 2012

  
(V. K. AGRAWAL)  
Partner

Membership No. 13795

  
(ANUP KUMAR SINGH)  
Managing Director

  
(VISHAL BHARAT)  
Director

  
SHALINI BAGHEL  
(COMPANY SECRETARY)



**SONATA FINANCE PRIVATE LIMITED**

**Note 1**

**SHARE CAPITAL:**

AUTHORISED  
10,000,000 Equity Shares of Rs. 10/- each  
  
5,000,000 Preference Shares of Rs.10/- each

<b>AS ON 31.03.12 Rs.</b>	<b>AS ON 31.03.11 Rs.</b>
10,00,00,000.00	10,00,00,000.00
5,00,00,000.00	5,00,00,000.00
<b>15,00,00,000.00</b>	<b>15,00,00,000.00</b>

**ISSUED, SUBSCRIBED & PAID UP CAPITAL**

8,340,695 Equity Shares of Rs 10/- each fully paid up  
(Of the above shares, 1,250,000 shares are held by Sonata Employee Welfare Trust . )

Nil Preference Shares

**TOTAL**

8,34,06,950.00	8,34,06,950.00
0.00	0.00
<b>8,34,06,950.00</b>	<b>8,34,06,950.00</b>

**Note 2**

**RESERVE & SURPLUS**

Reserve Fund:  
Opening Balance  
Add : Transfer during the year  
Securities Premium  
Profit and Loss Account

1,59,13,369  
74,57,467

**TOTAL**

2,33,70,836.00	1,59,13,369.00
20,69,30,378.00	20,69,30,378.00
8,65,44,427.56	5,67,56,512.53
<b>31,68,45,641.56</b>	<b>27,96,00,259.53</b>

As per our report of even date  
for **VINAY KUMAR & CO.,**  
Chartered Accountants

for **SONATA FINANCE PRIVATE LIMITED**

Allahabad  
Date:

**15 JUN 2012**

*(Signature)*  
**(V. K. AGRAWAL)**  
Partner  
Membership No. 13795

*(Signature)*  
**(ANUP KUMAR SINGH)**  
Managing Director

*(Signature)*  
**(VISHAL BHARAT)**  
Director

*(Signature)*  
**(SHALINI BAGHEL)**  
Company Secretary



**SONATA FINANCE PRIVATE LIMITED**

**Note 3**

**Secured Loans**

HDFC Bank  
(Secured against hpothecation of Book Debts & Pledge of FDR)

Axis Bank  
(Secured against hpothecation of Book Debts & Pledge of FDR)

Ananya Finance  
(Secured against hpothecation of Book Debts)

A B N AMRO  
(Secured against hpothecation of Book Debts)

SIDBI  
(Secured against hpothecation of Book Debts & Pledge of FDR)

Yes Bank  
(Secured against hpothecation of Book Debts)

Central Bank of India  
(Secured against hpothecation of Book Debts & Pledge of FDR)

Manveeva Holding  
(Secured against hpothecation of Book Debts)

IndusInd Bank  
(Secured against hpothecation of Book Debts & Pledge of FDR)

Reliance Capital  
(Secured against hpothecation of Book Debts)

Corporation Bank  
(Secured against hpothecation of Book Debts)

Mas Financial Services Ltd.  
(Secured against hpothecation of Book Debts & Pledge of FDR)

Micro Venture  
(Secured against hpothecation of Book Debts & Pledge of FDR)

Union Bank of India  
(Secured against hpothecation of Book Debts & Pledge of FDR)

IFMR  
(Secured against hpothecation of Book Debts & Pledge of FDR)

Andhra Bank  
(Secured against hpothecation of Book Debts & Pledge of FDR)

IDBI Bank  
(Secured against hpothecation of Book Debts & Pledge of FDR)

	AS ON 31.03.12 Rs.	AS ON 31.03.11 Rs.	Date Of Completion
	-	18,633,333.36	-
	-	28,571,426.00	-
	6,111,108.00	61,944,429.00	31.03.2012
	-	2,500,000.00	-
	64,278,000.00	107,138,000.00	30.04.2012
	-	8,333,333.36	-
	50,519,677.00	83,114,005.00	31.06.2013
	115,000,000.00	100,000,000.00	31.03.2012
	-	40,000,000.01	-
	-	48,527,988.15	-
	20,920,166.00	37,400,000.00	30.04.2012
	94,444,444.00	50,000,000.00	30.09.2013
	60,000,000.00	55,000,000.00	30.09.2012
	27,852,910.00	45,105,455.00	31.07.2013
	68,797,260.00	-	20.03.2014
	100,000,000.00	-	23.03.2015
	100,000,000.00	-	28.03.2015
	<b>707,923,565.00</b>	<b>686,267,969.88</b>	

**Unsecured Loan**

Bellwether Microfinance Fund Pvt. Ltd.

	20,000,000.00	-
	<b>20,000,000.00</b>	<b>-</b>

**Note 4**

**Investments**

**- In Shares (Unquoted)**

(50000 fully paid up Equity Shares of Alpha Micro Finance Consultants Pvt Ltd)

**- In Quoted Mutual Funds (Debt Fund)**


	AS ON 31.03.12 Rs.	AS ON 31.03.11 Rs.
	500,000.00	500,000.00
	61,551,560.18	31,309,152.36
	<b>62,051,560.18</b>	<b>31,809,152.36</b>

As per our report of even date  
for VINAY KUMAR & CO.,  
Chartered Accountants

for SONATA FINANCE PRIVATE LIMITED

Allahabad  
Date:

15 JUN 2012

  
**(V. K. AGRAWAL)**  
Partner  
Membership No. 13795

  
**(ANUP KUMAR SINGH)**  
Managing Director

  
**(VISHAL BHARAT)**  
Director

  
**(SHALINI BAGHEL)**  
Company Secretary



**NOTE TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31ST, 2012**

**Note 5 : FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			WRITTEN DOWN VALUE				
	As on	Additions during the period	Sales/Transfer during the period	As on 31.03.2012	As on 1.4.2011	Rate of Depreciation	For the Period	Total			
	01.04.2011			31.03.2012	1.4.2011		Additions during Period	Disposals			
Furniture and Fixtures	47,65,417	4,32,610	-	51,98,027	13,53,491	18.10%	6,42,078	-	19,95,569	32,02,458	34,11,926
Electrical Fittings	15,63,399	4,25,908	-	19,89,307	4,68,694	18.10%	2,33,006	-	7,01,700	12,87,607	10,94,705
Computers	38,33,920	18,350	-	38,52,270	23,46,216	40.00%	5,99,905	-	29,46,121	9,06,149	14,87,704
Generator	8,68,284	-	-	8,68,284	1,61,195	13.91%	98,626	-	2,59,821	6,08,463	7,07,089
Office Equipment	4,81,768	64,050	-	5,45,818	1,14,489	18.10%	72,376	-	1,86,865	3,58,953	3,67,279
Vehicle	29,724	-	-	29,724	19,089	25.89%	2,761	-	21,850	7,874	10,635
Computer Software	22,14,948	10,000	-	22,24,948	10,92,960	40.00%	4,52,272	-	15,45,232	6,79,716	11,21,988
Mobile	-	44,500	-	44,500	-	15.33%	1,533	-	1,533	42,967	-
<b>Total</b>	<b>1,37,57,460</b>	<b>9,95,418</b>	<b>-</b>	<b>1,47,52,878</b>	<b>55,56,134</b>		<b>21,02,557</b>	<b>-</b>	<b>76,58,691</b>	<b>70,94,187</b>	<b>82,01,326</b>

RS.

Allahabad  
Date

15 JUN 2012



for VINAY KUMAR & CO.,  
Chartered Accountants

*Vinay Kumar*  
(V.K. AGRAWAL)  
Partner  
Membership No. 13795

for SONATA FINANCE PRIVATE LIMITED

*Nishal Bhaat*  
(VISHAL BHARAT)  
Director

*Shalini Baghel*  
(SHALINI BAGHEL)  
Company Secretary

Note 6 : LOANS TO POOR WOMEN UNDER SELF HELP GROUPS/ INDIVIDUAL LENDING

Age and category of Loan outstanding (Owned)	Standard loans		Non-Performing Loans		Total	Provision as per RBI Guidelines Dt 02/12/11	* Higher of amount as per RBI and as taken for creating provision for 31-Mar-12	Total	
	No Overdues	Overdue upto 4 weeks	Sub-Standard 5 to 25 weeks	Doubtful 26 to 50 weeks					Lost Where duration of loan period has expired
Encumbered / Unsecured Regular	36,05,61,630.00	28,09,614.00	23,39,369.00	7,01,018.00	72,33,206.00	37,36,44,837.00	-	72,78,05,989	
Re-scheduled	-	-	-	-	-	-	-	-	
Gross Book Value of the Portfolio of Loan Asset under Self Help Groups	36,05,61,630.00	28,09,614.00	23,39,369.00	7,01,018.00	72,33,206.00	37,36,44,837.00	-	72,78,05,989	
Less: Losses/Bad Debts Written Off (SHG)	-	-	-	-	-	-	-	-	
Less: Provisions for standard/doubtful loans (SHG)	-	2,80,961.00	11,69,685.00	7,01,018.00	25,92,345.00	46,40,861.00	-	34,96,692	
Net book value of the Portfolio of Loan Assets as on 31-03-2012 under Self Help Groups	36,05,61,630.00	25,28,653.00	11,69,684.00	-	-	36,42,59,967	36,53,13,936.24	72,09,00,422	
Book Value of the Portfolio of Loan Asset under Individual Lending	6,03,18,840.00	-	-	-	-	6,03,18,840	-	2,00,32,035	
Less: Provisions for standard/doubtful loans on Individual Lending	-	-	-	-	-	12,06,377	-	-	
Net book value of the Portfolio of Loan Assets as on 31-03-2012 under Individual Lending	-	-	-	-	-	5,91,12,463	-	-	

Note 6 (a) : INTEREST ON LOANS TO POOR WOMEN UNDER SELF HELP GROUPS/ INDIVIDUAL LENDING

Age and category of Loan outstanding	Standard loans		Non-Performing Loans		Total		
	No Overdues	Overdue up to 4 weeks	Sub-Standard 5 to 50 weeks	Doubtful 26 to 50 weeks		Lost Where duration of loan period has expired	
							31-Mar-12
Interest Received During the period	27,88,92,447.00	-	-	-	-	27,88,92,447.00	24,13,88,847.00
Less: Intt. Due but not collected (Previous F.Y.)	19,24,532.00	-	-	-	-	19,24,532.00	17,11,213.00
Less: Intt. Accrued (Previous F.Y.)	27,69,67,925.00	-	-	-	-	27,69,67,925.00	23,96,77,634.00
Add: Interest Due But Not Received	8,98,934.00	-	-	-	-	8,98,934.00	19,24,522.00
Interest Accrued	-	-	-	-	-	27,78,66,859.00	24,16,02,156.00
Less: Interest on Buy out Portfolio	4,85,24,257.28	-	-	-	-	4,85,24,257.28	58,87,562.40
Total	22,93,42,601.72	-	-	-	-	22,93,42,601.72	23,57,14,593.60

for VINAY KUMAR & CO.,  
Chartered Accountants

*Vinay Kumar*  
(V. K. AGRAWAL)  
Partner  
Membership No. 13795

15 JUN 2012

*Nishal Bhavani*  
(NISHAL BHAVANI)  
Director

*Shalini Baghel*  
SHALINI BAGHEL  
(COMPANY SECRETARY)



Allahabad  
Date:

**SONATA FINANCE PRIVATE LIMITED**

**Note 7**


	<b>AS ON 31.03.12 Rs.</b>	<b>AS ON 31.03.11 Rs.</b>
<b>CASH AND BANK BALANCES</b>		
Cash in hand	3,099.00	1,09,857.00
Cheque/DD in Transit	9,65,000.00	3,67,394.00
<b>Sub Total (A)</b>	<b>9,68,099.00</b>	<b>4,77,251.00</b>
<b>Balance in Fixed Deposit</b>		
<b>- Pledged to</b>		
SIDBI	1,50,00,000.00	
AXIS BANK	1,61,59,368.00	
DCB	2,25,45,296.00	
MAS FINANCIALS	4,83,88,611.00	
Union Bank	2,25,00,000.00	
Central Bank of India	50,00,000.00	
Micro Venture	30,00,000.00	
IFMR	4,27,67,401.00	
IDBI	1,00,00,000.00	
Andhra Bank	1,00,00,000.00	
IndusInd Bank	2,59,25,000.00	
	22,12,85,676.00	8,24,06,699.56
<b>- UnPledged Fixed Deposit</b>		
DCB	5,58,00,000.00	
Union Bank	1,00,00,000.00	
Andhra Bank	5,00,00,000.00	
Dhanlaxmi Bank	24,74,218.00	
	11,82,74,218.00	4,50,00,000.00
<b>Sub Total (B)</b>	<b>33,95,59,894.00</b>	<b>12,74,06,699.56</b>
<b>Balances with Scheduled Bank in Current Accounts</b>		
<b>At Head Office</b>	22,09,50,095.59	7,00,62,674.51
<b>At Branches in U. P. :</b>		
Allahabad & Rewa Region	2,03,63,869.50	2,20,09,471.52
Rai Bareli & Lucknow Region	40,32,644.02	85,07,299.45
Kanpur Region	20,90,686.98	60,48,013.88
Bareli Region	7,30,118.20	35,52,258.84
Moradabad Region	21,82,229.75	30,05,758.00
Saharanpur Region	44,60,647.35	26,35,241.58
Hathras Region	9,49,886.00	26,33,496.00
Sultanpur Region	83,74,813.55	59,41,087.78
Individual Lending	12,48,131.21	16,80,819.07
<b>At Branches in M. P. :</b>		
Jabalpur Region	1,06,20,163.99	2,70,35,283.10
<b>Sub Total (C)</b>	<b>27,60,03,286.14</b>	<b>15,31,11,403.73</b>
<b>Grand Total(A+B+C)</b>	<b>61,65,31,279.14</b>	<b>28,09,95,354.29</b>

As per our report of even date  
for **VINAY KUMAR & CO.,**  
Chartered Accountants

for **SONATA FINANCE PRIVATE LIMITED**


Allahabad  
Date:

**15 JUN 2012**

  
**(V. K. AGRAWAL)**  
Partner  
Membership No. 13795

  
**(ANUP KUMAR SINGH)**  
Managing Director

  
**(VISHAL BHARAT)**  
Director

  
**(SHALINI BAGHEL)**  
Company Secretary



**SONATA FINANCE PRIVATE LIMITED**

**Note 8**

**a) ADVANCES AND OTHER CURRENT ASSETS:**

Amount Recoverable from Sonata Employee Welfare Trust  
 Advance to Personnel  
 Personal Advance  
 Accrued Interest on Micro credit lendings  
 Others Advances & Recoverables  
 Interest Accrued on Fixed Deposit with Banks  
 Other Current Asset(Client Insurance Prem)  
 Advance Tax  
 Advance Tax Refundable  
 Prepaid Rent  
 Printing & Stationery Stock

**AS ON  
31.03.12  
Rs.**

**AS ON  
31.03.11  
Rs.**

1,30,37,000.00	1,30,37,000.00
11,49,383.00	2,20,575.00
2,57,654.00	4,50,181.50
8,98,934.00	19,24,522.00
2,15,52,363.31	57,55,331.27
78,49,742.00	36,08,901.25
7,25,497.70	10,26,653.70
2,00,00,000.00	30,00,000.00
-	11,67,595.00
50,000.00	-
17,390.69	28,927.90
<b>6,55,37,964.70</b>	<b>3,02,19,687.62</b>

**b) MISCELLANEOUS EXPENDITURE:**

Business Infrastructure Acquisition Exp  
 LESS : 1/5th p.a Written Off

3,49,008.83	6,10,766.83
2,61,758.00	2,61,758.00
<b>87,250.83</b>	<b>3,49,008.83</b>

**Total**

<b>6,56,25,215.53</b>	<b>3,05,68,696.45</b>
-----------------------	-----------------------

**Note 9**

**CURRENT LIABILITIES:**

Other Liabilities  
 Statutory Dues payable  
 Audit fees payable  
 Advance Collection from Center

1,86,08,588.50	1,24,80,030.08
20,67,455.34	16,55,554.26
89,343.00	89,343.00
63,68,412.00	46,43,376.00
<b>2,71,33,798.84</b>	<b>1,88,68,303.34</b>

As per our report of even date  
 for **VINAY KUMAR & CO.,**  
 Chartered Accountants

for **SONATA FINANCE PRIVATE LIMITED**

Allahabad  
 Date:

**15 JUN 2012**

*(Signature)*  
**(V. K. AGRAWAL)**  
 Partner  
 Membership No. 13795

*(Signature)*  
**(ANUP KUMAR SINGH)**  
 Managing Director

*(Signature)*  
**(VISHAL BHARAT)**  
 Director

*(Signature)*  
**(SHALINI BAGHEL)**  
 Company Secretary



**SONATA FINANCE PRIVATE LIMITED**

**Note 10**

**OTHER INCOME:**

Interest income from staff loan  
Insurance Income  
Gain on sale of Mutual Funds  
Administrative Service Income  
Commission on Money Transfer  
Other Income  
Interest on Fixed Deposits

TOTAL

**FOR THE  
PERIOD ENDED  
31.03.12  
Rs.**

**FOR THE  
YEAR ENDED  
31.03.11  
Rs.**

2,35,112.00  
29,57,490.13  
36,37,494.98  
4,43,880.20  
1,08,526.06  
3,31,656.00  
78,54,074.91

3,02,033.00  
33,75,363.91  
21,68,382.65  
9,10,057.41  
27,992.60  
2,13,028.23  
38,23,941.10

**1,55,68,234.28**      **1,08,20,798.90**

**Note 11**

**SALARIES & BENEFITS TO PERSONNEL**

Director's Remuneration  
Director's Travelling Expenses  
Salaries  
Allowances  
Bonus and Incentives

TOTAL

47,42,000.00  
20,68,813.00  
2,88,40,306.00  
3,39,67,086.00  
1,28,21,088.00

52,85,000.00  
12,34,576.00  
3,44,85,252.00  
2,65,13,571.00  
1,22,30,301.00

**8,24,39,293.00**      **7,97,48,700.00**

**Note 12**

**OTHER ADMINISTRATIVE EXPENDITURE:**

Rent  
Rates  
Printing & Stationary  
Travelling & Conveyance  
Entertainment Exp.  
Postage & Telegrams  
Electricity Charges  
Telephone Charges  
Repair & Maintenance  
Auditor's Fee  
Professional Charges  
Consultancy Fees  
Miscellaneous Expenses  
Legal & Filing Fee  
Board Meeting Expenses  
Statutory Expenses  
Training and Recruitment Expenses  
Additional Interest  
Income tax  
Technical Knowhow Expenses  
Old Expenses writtenoff

TOTAL

64,62,201.00  
-  
28,69,111.71  
34,66,606.00  
7,50,899.00  
1,28,014.00  
6,34,973.00  
12,23,070.85  
23,39,574.00  
1,61,770.00  
59,95,088.99  
3,80,084.00  
42,32,405.81  
9,52,821.00  
66,923.00  
10,90,608.00  
5,21,772.00  
1,934.41  
4,37,132.00  
12,34,436.00  
238.65

56,80,950.00  
184.00  
26,25,625.85  
34,30,529.00  
5,26,205.00  
91,078.50  
5,28,962.00  
7,61,634.00  
18,84,874.50  
1,65,450.00  
2,24,852.00  
5,49,230.00  
31,10,293.50  
4,78,767.00  
56,327.00  
13,37,522.00  
2,81,264.00  
-  
1,49,534.00  
11,25,548.00  
-

**3,29,49,663.42**      **2,30,08,830.35**

**Note 13**

**FINANCE CHARGES**

Interest on Borrowings  
Loan Processing Fees & Bank Charges

TOTAL

7,79,01,374.48  
50,89,670.05

7,47,57,158.35  
78,13,536.50

**8,29,91,044.53**      **8,25,70,694.85**

As per our report of even date  
for VINAY KUMAR & CO.,  
Chartered Accountants

for SONATA FINANCE PRIVATE LIMITED

Allahabad  
Date:

**15 JUN 2012**

*(Signature)*  
**(V. K. AGRAWAL)**  
Partner  
Membership No. 13795

*(Signature)*  
**(ANUP KUMAR SINGH)**  
Managing Director

*(Signature)*  
**(VISHAL BHARAT)**  
Director

*(Signature)*  
**(SHALINI BAGHEL)**  
Company Secretary





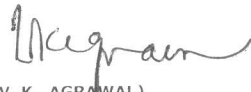
## SONATA FINANCE PRIVATE LIMITED

## Cash Flow Statement for the year ended March 31, 2012

	31.03.2012 Rs.	31.03.2011 Rs.
<b>(A) OPENING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>		
Cash in-Hand	4,77,251.00	43,045.00
Balance with Scheduled Banks:		
- In Current Account	15,31,11,403.73	8,39,86,392.71
- In Fixed Deposits	12,74,06,699.56	4,39,25,608.56
<b>TOTAL</b>	<b>28,09,95,354.29</b>	<b>12,79,55,046.27</b>
<b>(B) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before Tax	5,81,90,540.33	7,31,88,562.40
<b>Add: Adjustment for Non Cash Expenditure</b>		
Depreciation & Amortisation	23,64,315.00	24,88,707.00
Premium Amount on shares issued under ESOP		
Bad Debts Written Off	46,40,861.00	34,96,692.00
Provision for Doubtful Debts	25,41,510.80	6,11,562.00
<b>Operating Profit Before Working Capital Changes</b>	<b>6,77,37,227.13</b>	<b>7,97,85,523.40</b>
<b>Adjustments for:</b>		
<b>(Increase)/Decrease in Operating Assets</b>		
Decrease/(Increase) in Loans to Womens in Self Help Groups (Own)	35,06,64,460.00	(22,77,21,084.60)
Increase in Individual Loans	(4,02,86,805.00)	(1,83,23,393.00)
Increase in Utility Finance	(5,16,921.00)	
Other Advances and Current Assets	(3,53,18,277.08)	(26,86,480.47)
Increase/(Decrease) in Current Liabilities	82,65,495.50	84,09,330.63
<b>CASH GENERATED FROM OPERATIONS</b>	<b>35,05,45,179.55</b>	<b>(16,05,36,104.04)</b>
Less: Income Tax and FBT	2,54,27,024.00	43,32,405.00
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (B)</b>	<b>32,51,18,155.55</b>	<b>(16,48,68,509.04)</b>
<b>(C) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(9,95,418.00)	(42,68,774.25)
Disposal of Fixed Assets		
Investment in Mutual Fund	(3,02,42,407.82)	7,66,23,786.31
Investment in Shares of Alpha		
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES (C)</b>	<b>(3,12,37,825.82)</b>	<b>7,23,55,012.06</b>
<b>(D) CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>[ a ] Cash Flow From Change in Capital Base</b>		
- Proceeds from Issue of Equity Shares		-
- Premium on Issue of Equity Shares		-
<b>Net Cash Inflow/(Outflow) from Change in Capital Base (a)</b>		
<b>[ b ] Cash Flow From Change in Debt Fund</b>		
Increase/(Decrease) in Secured Loan	4,16,55,595.12	24,55,53,805.00
<b>Net Cash Inflow/(Outflow) from Change in Debt Fund (b)</b>	<b>4,16,55,595.12</b>	<b>24,55,53,805.00</b>
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES (D) (a+b)</b>	<b>4,16,55,595.12</b>	<b>24,55,53,805.00</b>
<b>(E) Net Increase/(Decrease) in Cash &amp; Cash Equivalents (B+C+D)</b>	<b>33,55,35,924.85</b>	<b>15,30,40,308.02</b>
<b>(F) CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS (A+E)</b>	<b>61,65,31,279.14</b>	<b>28,09,95,354.29</b>
<b>CLOSING BALANCE</b>		
Cash in-Hand	3,099.00	1,09,857.00
DD in-Hand	9,65,000.00	3,67,394.00
Balance with Scheduled Banks:		
In Current Account	27,60,03,286.14	15,31,11,403.73
In Fixed Deposits	33,95,59,894.00	12,74,06,699.56
<b>TOTAL</b>	<b>61,65,31,279.14</b>	<b>28,09,95,354.29</b>

As per our report of even date  
for VINAY KUMAR & CO.,  
Chartered Accountants

Allahabad  
Date:

  
(V. K. AGRAWAL)  
Partner  
Membership No. 13795

for SONATA FINANCE PRIVATE LIMITED

  
(ANUP KUMAR SINGH)  
Managing Director

  
(VISHAL BHARAT)  
Director

  
SHALINI BAGHEL  
(COMPANY SECRETARY)



15 JUN 2012

**Additional Disclosure:**

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	2011-12		2010-11	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	83,40,695.00	8,34,06,950.00	83,40,695.00	8,34,06,950.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	83,40,695.00	8,34,06,950.00	83,40,695.00	8,34,06,950.00

**1250000 Equity Shares (Previous year) are held by Sonata Employees Welfare Trust.**

**Shares in the company held by each shareholder holding more than 5 percent shares**

Name of Shareholder	2011-12		2010-11	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Promoters and Directors	6,38,950	7.66	9,92,650	11.9
Bellwether Micro Finance Trust	27,28,257	32.71	27,28,257	32.71
Bellwether Micro Finance Fund Pvt Ltd	4,66,850	5.59	1,13,150	1.35
India Financial Inclusion Fund	20,00,000	23.98	20,00,000	23.98
Michael And Susan Dell Foundation	8,61,538	10.33	8,61,538	10.33
Sonata Employee Welfare Trust	12,50,000	14.99	12,50,000	14.99
<b>Total</b>	<b>79,45,595</b>	<b>95.26</b>	<b>79,45,595</b>	<b>95.26</b>

As per our report of even date  
for **VINAY KUMAR & CO.,**  
Chartered Accountants

Allahabad

Date:

15 JUN 2012

*Vinay Agrawal*

(V. K. AGRAWAL)

Partner

Membership No. 13795



for **SONATA FINANCE PRIVATE LIMITED**

*Vishal Bhargava*

(ANUP KUMAR SINGH) (VISHAL BHARAT)

Director

(SHALINI BAGHEL)

Company Secretary

## GROUPINGS TO ACCOUNTS FOR THE Period ENDED ON MARCH 31ST, 2012

No.	PARTICULARS	March 31,2012	March 31,2011
GA1	<b>Others Advances &amp; Recoverables</b>		
	Loan for Motorcycle	2,65,876.00	2,86,854.00
	Personal Loan	5,45,718.00	5,95,309.00
	Mobile Loan	4,750.00	10,250.00
	Laptop Loan	95,689.00	2,27,190.00
	Security and Other Deposits	2,19,473.00	2,46,125.00
	Office Rent Advance	1,43,835.00	1,58,230.00
	Advance Against Salary	50,998.00	27,067.00
	TDS on FD and Others	16,56,455.73	12,57,562.09
	Recoverable from Staff	-	2,25,000.00
	Claim Recoverable from BOB	-	5,03,200.00
	Receivable from ICICI Pru	-	16,98,919.00
	Receivable from IFMR	98,49,996.00	-
	Recoverable from MAS Financials	1,10,300.00	55,170.00
	Recoverable from Reliance Capital	2,12,202.00	1,77,964
	Recoverable from WU	-	1,61,868
	Recoverable from Trident	61,386.00	-
	Recoverable from Insurance	12,53,959.00	-
	Recoverable from DCB	1,43,390.00	-
	Recoverable from Andhra	1,10,300.00	-
	Recoverable from Indusind bank	1,54,420.00	-
	Advance to Others	1,08,647.00	1,24,623.00
	Recoverable from Grameen Foundation	1,00,985.00	-
	Death client Recoverable	43,000.00	-
	Service Tax Recoverable	9,13,495.00	-
	Processing fee advance paid	55,07,488.58	-
	<b>Total</b>	<b>2,15,52,363.31</b>	<b>57,55,331.27</b>
GL1	<b>Other Liabilities</b>		
	Salary Payable	1,96,675.00	16,32,247.00
	Expenses Payable	21,65,783.90	4,30,851.90
	Gratuity Payable	13,47,006.00	11,12,164.00
	Bonus Payable	4,42,765.00	7,49,744.00
	Insurance Claim Payable	4,11,534.00	3,92,966.00
	Interest on Loan payable	44,13,819.60	43,76,092.18
	Director Remuneration/Bonus Payable	19,78,000.00	33,40,000.00
	Surplus Collections	4,05,296.00	4,45,965.00
	Income Received in Advance (Manage Loan)	60,47,709.00	-
	Profitability Bonus Payable	12,00,000.00	-
	<b>Total</b>	<b>1,86,08,588.50</b>	<b>1,24,80,030.08</b>
GL2	<b>Statutory Dues Payable</b>		
	P. F. Payable	6,75,237.00	7,97,936.00
	Service Tax Payable	7,466.16	42,439.26
	T.D.S. Payable	13,84,752.18	8,15,179.00
	<b>Total</b>	<b>20,67,455.34</b>	<b>16,55,554.26</b>



  
**SHALINI BAGHEL**  
 Company Secretary  
 SONATA FINANCE PVT. LTD.

## GROUPINGS TO ACCOUNTS FOR THE Period ENDED ON MARCH 31ST, 2012

No.	PARTICULARS	March 31,2012	March 31,2011
GE1	<b>Interest on Borrowings from Financial Institutions</b>		
	Interest Exp. on Bell Wether Loan	15,80,273.75	-
	Interest Exp. on HDFC Loan	5,99,136.58	67,85,317.41
	Interest Exp. on ABN-AMRO Loan	28,917.66	30,44,106.16
	Interest Exp. on FWWB Loan	46,42,191.00	78,44,796.00
	Interest Exp. on AXIS Loan	19,01,909.00	48,14,547.00
	Interest Exp. on SIDBI Loan	1,14,77,714.00	1,24,20,012.00
	Interest Exp. on Central Bank Loan	96,39,511.00	69,72,429.00
	Interest Exp. on Yes Bank Loan	5,24,429.23	24,07,765.83
	Interest Exp. on Corporation Bank Loan	46,85,964.00	57,73,001.00
	Interest Exp. on Reliance Capital Loan	26,80,645.95	97,93,321.39
	Interest Exp. on MAS Financials Loan	63,26,570.00	1,64,383.00
	Interest Exp. on IndusInd Loan	27,21,301.38	34,44,520.56
	Interest Exp. on IFMR Loan	13,69,071.00	-
	Interest Exp. on Maanveeya Loan	1,44,44,371.00	77,30,137.00
	Interest Exp. on Micro Venture	98,73,363.93	16,25,759.00
	Interest Exp. on Union Bank	50,29,293.00	19,37,063.00
	Interest Exp. on Andhra Bank	3,76,712.00	-
	<b>Total</b>	<b>7,79,01,374.48</b>	<b>7,47,57,158.35</b>
GE2	<b>Computer Consumable, Printing and Stationary</b>		
	Printing & Stationery	13,54,882.03	12,12,802.20
	Photocopy	2,21,151.50	2,02,703.00
	Office Stationery	8,50,839.18	8,85,695.90
	Computer Stationery	4,42,239.00	3,24,424.75
	<b>Total</b>	<b>28,69,111.71</b>	<b>26,25,625.85</b>
GE3	<b>Statutory Expenses</b>		
	Service Tax	4,37,629.00	7,51,714.00
	P.F. Admin. Exp.	6,02,259.00	5,65,058.00
	ROC Fees	50,720.00	20,750.00
	<b>Total</b>	<b>10,90,608.00</b>	<b>13,37,522.00</b>
GE4	<b>Repairs &amp; Maintenance</b>		
	Computer Hardware Repair	2,65,916.00	1,29,719.00
	Furniture & Fittings Repair	32,496.00	5,168.00
	Electric Equipment Repair	71,157.00	54,816.00
	Generator Maintenance Exp.	46,559.00	2,41,458.00
	Office Maintenance Exp.	19,23,446.00	14,53,713.50
	<b>Total</b>	<b>23,39,574.00</b>	<b>18,84,874.50</b>
GE5	<b>Legal Expenses</b>		
	Legal & Filing Expenses	7,18,085.00	1,74,306.00
	Shop Registration Exp	50,000.00	2,96,750.00
	Interest on TDS	1,84,736.00	7,711.00
	<b>Total</b>	<b>9,52,821.00</b>	<b>4,78,767.00</b>
GE6	<b>Miscellaneous Expenses</b>		
	News Paper & Periodicals	1,11,757.50	87,161.50
	Fuel Expenses	3,52,150.00	3,79,978.00
	Generator Hiring & Running Expenses	1,81,800.00	1,23,748.00
	Other Expenses	4,48,813.81	7,90,658.00
	Books & Journal Expenses	-	3,658.00
	Fooding & Lodging Expenses	5,70,893.00	6,20,744.00
	Photograph & Film	30,315.00	-
	Freight and Transportation Cost	85,480.00	1,23,390.00
	Micro Credit Rating Expenses	6,58,475.00	-
	Membership Fees	3,13,036.00	4,38,893.00
	Annual Function Expenses	13,816.00	-
	Other Assets Insurance	1,57,129.00	3,68,266.00
	Meeting Expense	33,803.00	46,562.00
	Website Expenses	2,12,683.00	39,850.00
	Internet Expenses	2,37,847.00	49,870.00
	Loss and Theft	-	4,362.00
	Conference Expenses	4,102.00	33,153.00
	Demat exp.	30,000.00	-
	Data Extraction	4,32,841.50	-
	Vpn Charges	3,57,464.00	-
	<b>Total</b>	<b>42,32,405.81</b>	<b>31,10,293.50</b>



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## GROUPINGS TO ACCOUNTS FOR THE Period ENDED ON MARCH 31ST, 2012

No.	PARTICULARS	March 31,2012	March 31,2011
GE7	<b>Personnel Expenses</b>		
	<b>Salary</b>		
	Confirmed Officer Salary	39,46,448.00	35,38,328.00
	Confirmed Staff Salary	1,48,84,731.00	1,17,74,030.00
	Probationary Staff Salary	88,62,131.00	1,76,55,734.00
	Probationary Officer Salary	11,46,996.00	15,17,160.00
	<b>Total</b>	<b>2,88,40,306.00</b>	<b>3,44,85,252.00</b>
	<b>Allowances</b>		
	Retainership Allowance	11,69,985.00	49,14,709.00
	Personal Pay Allowance	72,30,506.00	51,60,248.00
	Mobile Allowance	2,56,923.00	9,26,366.00
	PF Contribution	44,79,575.00	42,11,471.00
	Travel Allowance	80,68,446.00	72,40,720.00
	Food Allowance	1,33,679.00	1,82,520.00
	Vehicle Maintenance Allowance	1,72,473.00	8,80,935.00
	Earn Leave Encashment	6,44,353.00	6,17,813.00
	Laptop & Data Card Allowance	3,05,728.00	1,80,499.00
	Additional Allowance	83,51,824.00	8,48,736.00
	Staff Welfare	2,500.00	-
	Staff Insurance	13,89,070.00	13,49,554.00
	Employee Compensation	17,62,024.00	-
	<b>Total</b>	<b>3,39,67,086.00</b>	<b>2,65,13,571.00</b>
GE8	<b>Bonus &amp; Gratuity</b>		
	Performance Linked Bonus	5,41,136.00	13,56,247.00
	Active Loan Client Bonus	67,31,496.00	71,23,234.00
	Average Bonus	10,70,050.00	12,88,656.00
	Staff Gratuity	13,47,006.00	24,62,164.00
	Profitability Bonus	31,31,400.00	-
	<b>Total</b>	<b>1,28,21,088.00</b>	<b>1,22,30,301.00</b>
GE9	<b>Travelling Expenditure</b>		
	Travelling Exp	34,65,422.00	34,26,693.00
	Auditors Travel & Other	1,184.00	3,836.00
	<b>Total</b>	<b>34,66,606.00</b>	<b>34,30,529.00</b>
GE10	<b>Director Remuneration</b>		
	Director Remuneration	19,00,000.00	16,00,000.00
	Director HRA	1,20,000.00	1,20,000.00
	Director Bonus	7,00,000.00	23,65,000.00
	Director Incentive	18,62,000.00	12,00,000.00
	Director Sitting Fees	1,60,000.00	-
	<b>Total</b>	<b>47,42,000.00</b>	<b>52,85,000.00</b>
GE11	<b>Director Travelling Expense</b>		
	Director DSA & Travelling	15,52,102.00	10,62,477.00
	Director Fooding & Lodging	5,16,711.00	1,72,099.00
	<b>Total</b>	<b>20,68,813.00</b>	<b>12,34,576.00</b>



  
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## SCHEDULES TO ACCOUNTS For The Year Ended March 31, 2012

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### **SCHEDULE: SIGNIFICANT ACCOUNTING POLICES AND NOTES ON ACCOUNTS:**

#### **1) NOTE ON BUSINESS ACTIVITIES:**

- a) The company is engaged in providing financial services to women in the rural areas of India who are organized as self help groups. It provides small value collateral free loans and other loans to women in groups and most of the financial transactions are conducted in the group meetings organized near the habitats of these women directly and on behalf of other financial institutions. The operations, in the initial stages of group formation, also involves efforts, for their mobilization, on development training on financial discipline, advice on the micro enterprises carried by the individual members, and later constant monitoring thorough weekly meetings and providing financial and support services at the doorsteps of the borrowers and other mentoring support services to ensure high rates of recovery.
- b) The company has obtained license from the Reserve Bank of India dated April 10, 2001 under section 45 IA of the Reserve Bank of India for carrying such financial services.

#### **2) SIGNIFICANT ACCOUNTING POLICIES:**

##### **a) Basis of preparation of financial statements**

The financial statements are prepared under historical cost convention on accrual basis of accounting and in accordance with the provisions of Companies Act, 1956 and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable, except otherwise stated and stipulated in the directions issued by Reserve Bank of India (RBI) for Non Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, issued from time to time.

##### **b) Revenue Recognition:**

- (a) Interest on micro finance loans is recognized on accrual basis, as per the contract with the borrowers, following RBI Prudential norms for income recognition.
- (b) Income on **Non-performing assets, sub-standard** and **loss assets**, owned by the Company -
- (1) is recognized only when realized and any interest already recognized but not received is de-recognized totally by reversing the interest income already recognized .
  - (2) Interest accruing on such assets is derecognized in the same manner in which provision for doubtful debt is made as per the norms specified by RBI Prudential Norms.
  - (3) Profit/Premium arising on securitization/sale of loan portfolio is recognized as revenue in proportion to realization of loan installments as per guidelines of Reserve Bank of India.

##### **c) Fixed assets:**

- (a) All fixed assets have been valued at cost inclusive of direct and incidental expenses related to acquisition.
- (b) Software purchased along with data processing equipment or software that are integral part for operating data processing equipments are capitalized, whereas other

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miscellaneous software acquired are charged to Profit & Loss account for the year during which they are acquired.

- (c) Software is amortized at the same rate at which data processing equipments are depreciated.
- (d) Depreciation is provided on the assets based on Written Down Value method at the rate specified in the Schedule XIV to the Companies Act, 1956.
- (e) In respect of additions the depreciation is provided on proportionate basis for the period during which the assets are put to use.

**d) Classification of loan portfolio**

Loans and Advances are classified as performing asset and non-performing asset based on following guidelines:

- (a) All micro credit loans where installments of principal and interest remain overdue up to 4 weeks are classified as **Standard loans**,
- (b) All micro credit loans where installments of principal and interest remain overdue beyond 4 weeks and up to 25 weeks are classified as **Sub Standard Loans**,
- (c) All micro credit loans where installments of principal and interest remain overdue beyond 25 weeks and up to 50 weeks are classified as **Doubtful loans**.
- (d) All micro credit loans where installments of principal and interest remain overdue and duration of loans have expired, are classified as **Loss Assets**.

**e) Provision for Loan losses:**

- (a) Provision for doubtful debts and advances is being provided as stated below

On all the portfolio, owned by the company, at risk, when the first default happens and when the default continues:

Classification of portfolio		% of provision on loan outstanding
Standard Loan	(Overdue between 1-4 Installments)	10
Sub-Standard Loan		50
Doubtful Loan		100
Loss Assets		100

**f) Write off of loans**

All micro credit loans where installments of principal and interest remain overdue for 25 weeks (6 months) from the date of expiry of loan period and/or where possibility of recovery is remote in the assessment of the management are written off in profit and loss account.

**f) Employee Benefits:**

- (a) Gratuity benefit to employees is covered by the Group Gratuity Scheme taken from LIC of India.
- (b) Contribution to Provident Fund is accounted on actual liability basis and paid.

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**g) Infrastructure acquisition expense:** This represents fees for acquisition of infrastructure paid to Jeevika Lively Hood Which is being amortized on straight-line basis over 5 years.

**h) Preliminary and pre-operative expenditure:**

(a) Preliminary and pre-operative expenditure: The same is being amortized over a period of five year beginning from the financial year in which they are being incurred.

**i) Deferred Tax**

(a) In accordance with the Accounting Standard-22, Accounting for Taxes on Income, the company has provided for deferred tax assets/liability for all temporary differences that arise in one accounting year and are capable of reversal in subsequent accounting year.

(b) As a prudent policy, any deferred tax asset/liability as considered above is accounted for in the books.

**3) NOTES TO BALANCE SHEET, PROFIT AND LOSS ACCOUNT**

**a) Shareholders' Details**

The shareholding pattern of the Company is as given below:

<b>Shareholders</b>	<b>% Ownership as On March 31, 2012</b>	<b>% Ownership as On 31<sup>st</sup> March, 2011</b>
Promoters & Directors	7.66%	11.90%
Individual ( Shri Swaminathan Aiyar)	4.74%	4.74%
Bellwether Micro Finance Trust	32.71%	32.71%
Bellwether Micro Finance Fund Pvt. Ltd.	5.59%	1.35%
India Financial Inclusion Fund	23.98%	23.98%
Michael and Susan Dell Foundation	10.33%	10.33%
Sonata Employee Welfare Trust	14.99%	14.99%
<b>Total</b>	<b>100%</b>	<b>100%</b>


**b) Preference Share Capital**

During the year ended 31<sup>st</sup> March 2012, no Preference Shares were issued.

**c) Reserve and Surplus:**

**Statutory Reserve Fund:** This represent **20% of the profit after tax** as on date of balance sheet set apart in compliance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934.



  
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**d) Deferred Tax Assets**

Particulars	Rs. In lacs	
	March 31, 2012	Mar 31, 2011
Opening Balance Deferred Tax Asset	10,63,521	12,89,475
(i) Deferred Tax Assets	-	-
(ii) Deferred Tax Liability	41,955	2,25,954
Closing Balance of Deferred Tax Assets	10,21,566	10,63,521

**e) Micro Loans and Provision thereon**

**1. Analysis of Portfolio:**

Business Pattern:				Rs. In lacs	
S.No.	Particulars	March 31, 2012	March 31, 2011	Growth %	
1	Advances Outstanding (Owned) *	4248.34	7420.51	(42.75)%	
2	Advances outstanding (managed on behalf of other financial institutions)*	5851.58	792.60	638.28%	
	Total Business*	10099.92	8213.11	22.97 %	
3	Security Deposits against loans	N.A	N.A.	N.A.	

\*Lending has not been made to sensitive sectors like, Capital Market, Investment in Shares and Real Estate.

2. Sector wise Classification of Advances (only owned Loans):			Rs Lacs	
Product	March 31, 2012		Mar 31, 2011	
		%		%
<b>Priority Sector:</b>				
Self-Help Groups – General Purpose	3642.93	85.75%	7209.00	97.15%
Micro-entrepreneur Loans (Individual Loans)	591.12	13.91%	200.32	2.70%
Cycle Loan	0.33	0.007%	Nil	0 %
Chulha Loan	3.98	0.094%	Nil	0 %
Sewing Machine Loan	0.86	0.020%	Nil	0 %
<b>Total (a)</b>	<b>4239.22</b>	<b>99.78%</b>	<b>7409.32</b>	<b>99.85%</b>
<b>Non-Priority Sector:</b>				
Vehicle Loan (Staff)	2.66	0.062%	2.87	0.04%
Personal Loans to staff	5.50	0.129%	6.05	0.08%
Laptop Loan to staff	0.96	0.022%	2.27	0.03%
<b>Total (b)</b>	<b>9.12</b>	<b>0.22%</b>	<b>11.19</b>	<b>0.15%</b>
<b>Total (a+b)</b>	<b>4248.34</b>	<b>100%</b>	<b>7420.51</b>	<b>100%</b>

The above classification is based on the norms prescribed by the Reserve Bank of India through Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.



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**f) Investment**

The Investment in Mutual Fund has been shown at cost in the Financial Statement. Their cost and market value based on NAV as on 31/03/2012 is as follows

Name of Fund	No. of Units	Cost of Investment Rs	Market Value on 31 <sup>st</sup> March 2012 Rs
Reliance Money Manager-Growth Plan	6,496.974	94,99,900.00	95,13,441.06
Reliance Liquidity Fund-Growth Option	32,25,729.418	5,20,51,660.18	5,21,26,819.68
TOTAL	32,32,226.392	6,15,51,560.18	6,16,40,260.74

**g) Bad Debts Written Off:**

During the financial year bad debts amounting to Rs 46,40,861.00 have been written off.

**h) Non Performing Assets:**

Status of Movement of Non Performing Loans which are overdue **for more than 4 weeks**

Particulars	March 31,2012 (Rs)	March 31,2011 (Rs)
Gross NPAs \	56,32,732	48,07,384
Provision on NPAs	44,63,048	31,37,292
Net NPAs	11,69,684	16,70,092

Further, in view of the latest RBI notification dated 2<sup>nd</sup> December, 2011 which provides that aggregate Loan Provision should not be less than HIGHER of : a) 1% of Total Outstanding Loan Portfolio OR b) (i) 50% of aggregate loan installments due for more than 90 days but up to 180 days and (ii) 100 % for overdue for more than 180 days; the total provision had been made for Rs 59,50,386.00 based on asset classification as per company's policy, which is higher than amount of provision amounting to Rs 42,93,227.76 as per RBI notification.

- i) In the opinion of the Board of Directors, other assets/advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Financial Statements.
- j) The Company makes followings disclosures as per Guidelines of Systematically Important Non-Deposit Taking Non-Banking Financial Companies pertaining to Capital Adequacy, Liquidity and disclosures norms issued by Reserve Bank of India on August 1<sup>st</sup> 2008.

**ja) Capital Adequacy Ratio**

(Rs. in Lacs)

Particulars	Current Year (as on 31 <sup>st</sup> March 2012)	Previous Year (as on 31 <sup>st</sup> March 2011)
Tier I Capital	3991.43	3615.94

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Tier II Capital	0.00	0.00
Total Capital	3991.43	3615.94
Total Weighted Assets	11762.12	10932.19
Total Risk Weighted Assets	11239.27	8873.65
<b>Capital Ratios</b>		
Tier I Capital as a percentage of Total Risk Weighted Assets (%)	35.51	40.75
Tier II Capital as a percentage of Total Risk Weighted Assets (%)	0.00	0.00
Total Capital (%)	35.51	40.75

**b) Exposure to Real Estate Sector, both Direct and Indirect**

The Company does not have any direct or indirect exposure to real estate sector during the year ended 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2011.

**c) Asset Liability Management**

**Maturity pattern of certain items of Assets and Liabilities**

	(Rs. in Lacs)							
	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 yr	Over 1 yr to 3 yrs	Over 3 yr to 5 yrs	Over 5 yrs
<b>Liabilities</b>								
Borrowings from Banks	284.55	106.36	431.79	1056.45	1827.12	3572.96	0.00	0.00
Market Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Assets</b>								
Advances	26.29	108.45	39.83	494.09	1880.31	1689.91	0.00	0.00
Investments	658.45	520.00	229.25	690.52	319.74	1593.15	0.00	5.00



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**k) Employee Stock Option Plan**

Company had issued 16,46,300 equity shares of Rs 10 each to Sonata Employee Welfare Trust for the purpose of issuing shares under ESOPs to the employee of the company during the Financial Year 2009-10.

Out of the above mentioned shares issued to Sonata Employee welfare trust, 3,96,300 Equity Shares of Rs 10 each were issued to Mr Anup Kumar Singh (M.D.) through the Trust route during the Financial Year 2009-10.

Further, the company has provided Employee Stock Option Scheme to its director under **Plan 1** and to its employee under **Plan 2(a), (b), (c) and (d)**. The detail of these schemes are as given below

**PLAN 1 : For Director of 625,000 shares**

Particulars	Plan 1(a)	Plan 1(b)	Plan 1(c)		
Date of Grant/ Board approval	May 6, 2010	May 6, 2010	May 6, 2010		
Number of Options granted	100,000	206,250	318,750		
			62500	182500	73750
Method of settlement	Equity	Equity	Equity	Equity	Equity
Vesting Option	March 31, 2011	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014
Exercise Period	Within 60 months from the date of vesting	Within 60 months from the date of vesting	Within 60 months from the date of vesting	Within 60 months from the date of vesting	Within 60 months from the date of vesting
Exercise Price	Rs 18.56	Rs 18.56	Rs 18.56	Rs 18.56	Rs 18.56
No. of Option Exercised	NIL	NIL	NIL	Options not vested	Options not vested

**PLAN 2 (a) : For Other Employees of 8000 shares**

Particulars	Plan 2(a)
Date of Grant/Board approval	July 9,2010
Date of shareholder's approval	Sep17, 2010
Number of Options granted	8,000
Method of settlement	Equity
Vesting Option	March 31, 2011
Exercise Period	Within 60 months from the date of vesting
Exercise Price	Rs 26
No. of Options Exercised	NIL

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**PLAN 2 (b) : For Other Employees becoming eligible in March 2011 of 116,000 shares**

Particulars	Plan 2(b)(i)	Plan 2(b)(ii)	Plan 2(b)(iii)
Date of Grant/Board approval	July 9,2010	July 9,2010	July 9,2010
Date of shareholder's approval	Sep17, 2010	Sep17, 2010	Sep17, 2010
Number of Options granted	34,800	34,800	46,400
Method of settlement	Equity	Equity	Equity
Vesting Option	Mar 31, 2014	Mar 31,2015	Mar 31, 2016
Exercise Period	Within 60 months from the date of vesting	Within 60 months from the date of vesting	Within 60 months from the date of vesting
Exercise Price	Rs 26	Rs 26	Rs 26

**PLAN 2 (c) : For Other Employees becoming eligible in March 2012 of 124,000 shares**

Particulars	Plan 2(c)(i)	Plan 2(c)(ii)	Plan 2(c)(iii)
Date of Grant/Board approval	July 9,2010	July 9,2010	July 9,2010
Date of shareholder's approval	Sep17, 2010	Sep17, 2010	Sep17, 2010
Number of Options granted	37,200	37,200	49,600
Method of settlement	Equity	Equity	Equity
Vesting Option	Mar 31, 2015	Mar 31,2016	Mar 31, 2017
Exercise Period	Within 60 months from the date of vesting	Within 60 months from the date of vesting	Within 60 months from the date of vesting
Exercise Price	Rs 26	Rs 26	Rs 26

**PLAN 2 (d) : For Other Employees becoming eligible in March 2013 of 100,000 shares**

Particulars	Plan 2(b)	Plan 2(c)	Plan 2(d)
Date of Grant/Board approval	July 9,2010	July 9,2010	July 9,2010
Date of shareholder's approval	Sep17, 2010	Sep17, 2010	Sep17, 2010
Number of Options granted	30,000	30,000	40,000
Method of settlement	Equity	Equity	Equity
Vesting Option	Mar 31, 2016	Mar 31,2017	Mar 31, 2018
Exercise Period	Within 60 months from the date of vesting	Within 60 months from the date of vesting	Within 60 months from the date of vesting
Exercise Price	Rs 26	Rs 26	Rs 26

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