

Sonata Finance Private Limited
Financial Statements as at and for the year ended March 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of Sonata Finance Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Sonata Finance Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, 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

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 accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.



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 Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of 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") 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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;



S.R. BATLIBOI & CO. LLP

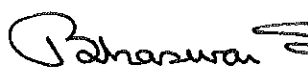
Chartered Accountants

- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E


per **Bhaswar Sarkar**
Partner



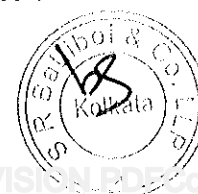
Membership Number: 055596

Place: Kolkata

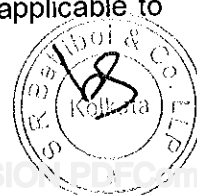
Date: June 30, 2014

Annexure referred to in paragraph 1 under the heading 'Report on other legal and regulatory requirements' of our report of even date
Re: Sonata Finance Private Limited ('the Company')

- (i) (a) The Company is in the process of fully updating and maintaining 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) There was no disposal of a substantial part of fixed assets during the year.
- (ii) The Company did not have any inventory during the year and hence the requirements under paragraph 4(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (iv) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) 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 is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. During the year, the Company has neither purchased nor sold any goods.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (v) (b) of the Order is not applicable to the Company and hence not commented upon.



- (vi) The Company has not accepted any deposits from the public within the purview of section 58A of the Companies Act, 1956 and the rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the services provided by the Company.
- (ix)
 - (a) The Company has *generally* been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax and other material statutory dues applicable to it *though there have been slight delays in few cases*. During the year, the Company did not have any dues towards custom duty, sales tax, excise duty, investor education and protection fund, wealth tax and cess.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax and other material statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable. During the year, the Company did not have any dues towards custom duty, sales tax, excise duty, investor education and protection fund, wealth tax and cess.
 - (c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, service tax and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company and hence not commented upon.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) 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.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, considering that term loans drawn down were gainfully employed by the Company in fixed deposits / money market mutual funds pending their disbursement for the purpose for which the term loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company had issued 332 debentures of Rs. 10,00,000 each, during the year covered by our audit report. The Company has created security or charge in respect of such debentures issued.
- (xx) The Company has not raised any money through public issue.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the year.

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

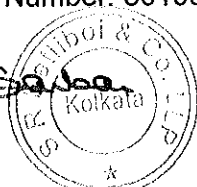
Chartered Accountants

ICAI Firm Registration Number: 301003E


per **Bhaswar Sarkar**

Partner

Membership Number: 055596



Place: Kolkata

Date: June 30, 2014

Sonata Finance Private Limited
Balance Sheet as at March 31, 2014


	Notes	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
I. Equity and liabilities			
Shareholders' funds			
Share capital	3	168,750,780	118,750,780
Reserves and surplus	4	675,937,368	625,534,050
		844,688,148	744,284,830
Non-current liabilities			
Long-term borrowings	5	1,422,810,026	558,505,858
Other long-term liabilities	6	4,424,296	-
Long term provisions	7	7,674,314	3,945,263
		1,434,908,636	562,451,121
Current liabilities			
Short-term borrowings	8	30,000,000	170,000,000
Other current liabilities	9	2,163,009,572	936,554,810
Short-term provisions	7	65,413,474	19,045,455
		2,258,423,045	1,125,600,265
Total		4,538,019,830	2,432,336,216
II. Assets			
Non-current assets			
Fixed assets			
-Tangible assets	10	10,625,268	8,045,253
Non-current investments	11	500,000	500,000
Deferred tax assets (net)	12	1,181,391	1,157,817
Long term loans and advances	13	646,144,499	262,485,808
Other non-current assets	14	329,195,326	155,040,668
		987,646,483	427,229,546
Current assets			
Current investments	11	860,193,821	69,200,330
Cash and Bank Balances	15	761,176,828	666,055,607
Short-term loans and advances	13	1,878,378,281	1,227,173,685
Other current assets	14	50,624,416	42,677,047
		3,550,373,346	2,005,106,670
Total		4,538,019,830	2,432,336,216

Summary of significant accounting policies 2

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
Chartered Accountants

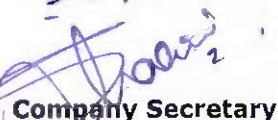

per Bhaswar Sarkar
Partner
Membership No.: 055596



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


Managing Director


Director


Company Secretary

KOLKATA
Place: **30 JUN 2014**
Date:

LUCKNOW
Place: **30 JUN 2014**
Date:

Sonata Finance Private Limited
Statement of Profit and Loss for the year ended March 31, 2014

	Notes	Year ended March 31, 2014 (Rs.)	Year ended March 31, 2013 (Rs.)
I. Income			
Revenue from operations	16	581,071,924	276,009,175
Other income	17	66,462,693	43,685,728
Total Income		647,534,617	319,694,903
II. Expenses			
Employee benefit expenses	18	133,758,504	91,426,117
Finance Costs	19	315,496,869	132,043,180
Depreciation expense	20	3,431,934	1,984,694
Other expenses	21	72,821,602	49,628,750
Total Expenses		525,508,910	275,082,741
Profit before prior period expenses		122,025,708	44,612,162
Less: Prior Period Expenses (net of Income)		1,087,695	-
Profit before Tax		120,938,013	44,612,162
Tax expense			
- Current tax		48,600,000	18,417,106
- Deferred tax charge / (release)		(23,574)	(136,251)
Total Tax Expenses		48,576,426	18,280,855
Profit for the year		72,361,586	26,331,308
Earning per equity share (EPS)	22		
Basic (Rs.)		6.04	2.68
Diluted (Rs.)		5.04	2.23
Nominal value of share (Rs.)		10	10

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
Chartered Accountants

Bhaswar Sarkar
per Bhaswar Sarkar
Partner
Membership No.: 055596



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

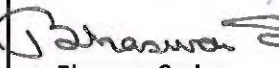
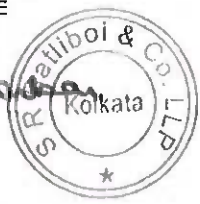
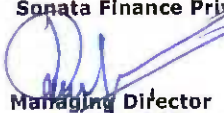
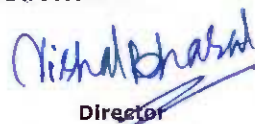
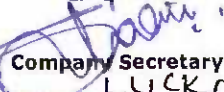
[Signature]
Managing Director

Nishal Bharat
Director

[Signature]
Company Secretary

Place: **KOLKATA**
Date: **30 JUN 2014**

Place: **LUCKNOW**
Date: **30 JUN 2014**

Sonata Finance Private Limited		
Cash Flow Statement for the year ended March 31, 2014		
Particulars	31-03-2014 (Rs.)	31-03-2013 (Rs.)
A. Cash flow from Operating Activities :		
Net Profit Before Taxation :	120,938,013	44,612,162
Adjustments for :		
Depreciation and amortization	3,431,934	2,071,945
Provision for standard and non performing assets	11,896,881	9,121,367
Portfolio loans written-off	2,401,222	3,462,310
Loans & advances written-off	4,710,085	-
Provision for doubtful advances	1,551,943	-
Provision for Interest on Income tax	2,850,000	-
Operating Profit Before Working Capital Changes	147,780,078	59,267,784
Movements in working capital:		
(Increase)/Decrease In Other Current Assets	(7,947,368)	(61,198,771)
(Increase)/Decrease In Other Non-Current Assets	(5,764,715)	-
(Increase)/Decrease In Loans & Advances- IGL	-	(913,289,235)
(Increase)/Decrease In Loans & Advances -IL	-	(53,853,335)
(Increase)/Decrease In Loans & Advances-UF	-	(1,919,085)
(Increase)/Decrease In Short Term Loans & Advances	(669,661,999)	-
(Increase)/Decrease In Long Term Loans & Advances	(385,942,234)	-
Increase/(Decrease) In Long term Provisions	(641,182)	(300,000)
Increase/(Decrease) In Short Term Provisions	-	-
Increase/(Decrease) In Other Long term liabilities	4,424,296	15,141,614
Increase/(Decrease) In Other current liabilities	245,903,971	-
Cash generated from operations	(671,849,154)	(956,151,028)
Direct Taxes Paid	18,274,469	20,903,203
Net Cash flow generated from/(used in) Operating Activities (A)	(690,123,622)	(977,054,231)
B. Cash flow from Investing Activities :		
Purchase of Fixed Assets (Including Capital work-in-progress)	(6,011,949)	(2,935,760)
Sale of Fixed Assets	-	-
Encashment of Deposits with Banks	237,455,994	329,142,680
Encashment of Deposit with NBFC	59,761,847	8,178,589
Investment of Deposits with Banks	(500,083,982)	(370,480,164)
Investment of Deposit with NBFC	(41,062,500)	(12,500,000)
Purchase of Investments	(3,258,957,765)	(2,704,265,065)
Proceeds from sale of Investments	2,467,964,274	2,696,616,295
Net Cash flow generated from/(used in) Investing Activities (B)	(1,040,934,081)	(56,243,425)
C. Cash flow from Financing Activities :		
Proceeds from Issuance of Equity Share Capital	-	349,700,007
Proceeds from Issuance of Preference Shares	50,000,000	-
Share/Debt Issue expenses	(22,914,080)	-
Proceeds from Issuance of Debentures	332,000,000	-
Payment of Dividend Including CDT	-	(7,449,076)
Proceeds from Short term Borrowings	30,000,000	170,000,000
Repayment of Short term Borrowings	(170,000,000)	-
Proceeds from Long term Borrowings	2,800,779,453	1,242,275,673
Repayment of Long term Borrowings	(1,287,924,494)	(516,066,977)
Net Cash generated from/(used in) Financing Activities (C)	1,731,940,879	1,238,459,627
Net Increase In Cash And Cash Equivalents (A+B+C)	883,176	205,161,971
Cash And Cash Equivalents At The Beginning of The Period , i.e., April 1, 2013 (April 1, 2012)*	482,133,356	276,971,385
Cash And Cash Equivalents At The End of the period, i.e., March 31,	483,016,532	482,133,356
Components of Cash and Cash Equivalents :		
1 Cash on Hand	388,833	14,022
2 Balances With Banks	482,627,698	397,119,334
3 Deposits with Banks	-	85,000,000
	483,016,531	482,133,356
As per our report of even date		
For S.R.Batlilol & Co. LLP		
Firm Registration No.301003E		
Chartered Accountants		
 per Bhaswar Sarkar Partner Membership No.: 055596 KOLKATA Place: 30 JUN 2014 Date: 30 JUN 2014		
		
For and on behalf of the Board of Directors of Sonata Finance Private Limited		
 Managing Director		
 Director		
 Company Secretary LUCKNOW Place: 30 JUN 2014 Date: 30 JUN 2014		

1. Corporate information

Sonata Finance Private Limited ("the Company") is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

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 to such self help groups 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 banks / other financial institutions. In the initial stages of formation of self help groups, the Company makes efforts towards their mobilisation, training on financial discipline and advice for micro enterprises carried out by the individuals. Subsequently, the Company constantly monitors performance of individual borrowers through weekly meeting, provides financial support services at the doorstep of the borrowers and other mentoring support services to ensure high recoveries.

2. Basis of preparation

The financial statements of the Company have been prepared to comply in all material aspects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the relevant provisions of the Companies Act, 1956 and the provisions of the Reserve Bank of India ('RBI') as applicable to a Non-Banking Financial Company.

The financial statements have been prepared on an accrual basis and under the historical cost convention, except for interest on non-performing loans which is accounted for on cash basis. The accounting policies applied by the Company are consistent with those applied in the previous year, unless specified otherwise.

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(c) Depreciation on tangible fixed assets

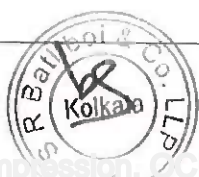
Depreciation on fixed assets is calculated on the written down value method as per the rates prescribed under Schedule XIV to the Companies Act, 1956, which is the useful lives of the underlying assets as estimated by the management.

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

(d) Impairment

The carrying amount 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 recognized 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.



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Notes to the Financial Statements as at and for the year ended March 31, 2014

(e) Investments

Investments that are readily realizable and intended to be held for not more than one year from the date of purchase are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and market 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.

(f) Borrowing Cost

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Interest on borrowings is recognized on time proportion basis taking into account the amount outstanding and the rate applicable on the borrowing.

(g) 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.

- 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.
- The Company enters into arrangements for sale of loans through assignment/securitization. The profit on assignment/securitization is computed and recognized over the period of the assignment/ securitization contract as required by the Revised Guidelines on transfer of assets through securitization and direct assignment of cash flows issued by RBI.
- Interest income on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- Processing fees are recognized as income at the time of collection from members.
- Income from services rendered in connection with loans given on behalf of banks / financial institutions to self help groups organized / monitored by the Company are recognized on accrual basis as and when such services are rendered.
- All other income is recognized on an accrual basis.

(h) Government Grants

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

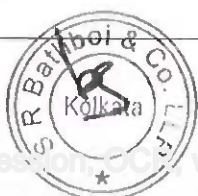
When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate.

(i) 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.

(j) Retirement and other employee benefit and other fund:

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contributions payable to the Regional Provident Fund Commissioner. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.



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Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method at the end of each financial year.

Accumulated leave is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount on the year end that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The derived payable amount is paid on or before year end and no liability is carried forward on this account.

Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

(k) Foreign currency transactions

- All transactions in foreign currency are recognized at the exchange rate prevailing on the date of the transaction.
- Monetary items are money held and assets and liabilities to be received or paid in fixed or determinable amount of money. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.
- Foreign currency monetary items are reported using the exchange rate prevailing at the Balance sheet date.
- Exchange differences arising on the settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which the arise.

(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 recognized 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 realized.

If the Company has carried forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax assets can be realized.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset 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 realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset 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 asset can be realized. 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.



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Notes to the Financial Statements as at and for the year ended March 31, 2014

(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 deposits with an original maturity of three months or less.

(q) Classification of Portfolio loans

All microcredit loans are classified as follows:

S.No.	Particulars	Asset Classification
1	Where installments of principal and interest remain overdue up to 4 week	Standard loans
2	Where installments of principal and interest remain overdue beyond 4 weeks and up to 25 weeks	Substandard loans
3	Where installments of principal and interest remain overdue beyond 25 weeks and up to 50 weeks	Doubtful loans
4	Where installments of principal and interest remain overdue and duration of loans have expired	Loss Assets

(r) Provision for loan losses

Loans are provided for as per the management's estimates, subject to the minimum required as per RBI Master circular for Non-Banking Financial Company- Micro Finance Institutions' (NBFC-MFIs)- Directions vide RBI/2013-14/49 - DNBS.(PD) CC.NO.347/03.10.38/2013-14 dated July 01, 2013.

Provision for loan losses are recognized at 1% of outstanding loan portfolio or as per management's estimates set out below which are higher than the rates of provisions prescribed by the RBI in this regard.

Classification of portfolio		Percentage of provision on outstanding loan
Standard Loan	Where installments of principal and interest remain overdue up to 4 week	10%
Sub-Standard Loan	Where installments of principal and interest remain overdue beyond 4 weeks and up to 25 weeks	50%
Doubtful Loan	Where installments of principal and interest remain overdue beyond 25 weeks and up to 50 weeks	100%
Loss Assets	Where installments of principal and interest remain overdue and duration of loans have expired	100%

(s) Loan write-off policy

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 the Statement of profit and loss account.



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2014

3 Share capital	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Authorized Shares		
15,000,000 (March 31, 2013: 15,000,000) equity shares of Rs. 10/- each	150,000,000	150,000,000
5,000,000 (March 31, 2013: 5,000,000) preference shares of Rs. 10/- each	50,000,000	50,000,000
	200,000,000	200,000,000
Issued, subscribed and fully paid-up shares		
14,330,078 (March 31, 2013: 14,330,078) equity shares of Rs. 10/- each	143,300,780	143,300,780
Less: Amount recoverable from Sonata Employee Welfare Trust (being face value of 2,455,000 equity shares allotted)#	24,550,000	24,550,000
	118,750,780	118,750,780
5,000,000 (March 31, 2013: NIL) Optionally Convertible Preference Shares (OCPS) of Rs. 10/ each	50,000,000	-
Total issued, subscribed and fully paid-up share capital	168,750,780	118,750,780

Represents equity shares issued to the Sonata Employee Welfare Trust on which the employees have not exercised the rights vested in them.

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

Equity Shares	March 31, 2014		March 31, 2013	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year ##	14,330,078	143,300,780	8,340,695	83,406,950
Issued during the year	-	-	4,519,383	45,193,830
Issued during the year (*)	-	-	1,470,000	14,700,000
Shares outstanding at the end of the year ##	14,330,078	143,300,780	14,330,078	143,300,780

(*) Issued to Sonata employee welfare trust under ESOP scheme

Includes shares Issued to Sonata Employee Welfare Trust under the various ESOP Schemes (Refer Note 27)

9% Compulsory Convertible Preference Shares (CCPS)	March 31, 2014		March 31, 2013	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year	-	-	-	-
Issued during the year	-	-	1,500,000	15,000,000
Converted Into equity shares during the year	-	-	1,500,000	15,000,000
Shares outstanding at the end of the year	-	-	-	-

9% Optionally Convertible Preference Shares (OCPS)	March 31, 2014		March 31, 2013	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year	-	-	-	-
Issued during the year	5,000,000	50,000,000	-	-
Converted Into equity shares during the year	-	-	-	-
Shares outstanding at the end of the year	5,000,000	50,000,000	-	-

A. 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.

During the year ended March 31, 2013, the Company had paid an Interim dividend to equity shareholders of Rs. 0.89/- per share including corporate dividend tax.

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.

B. Terms of Conversion/redemption of CCPS and OCPS

- I. On August 30, 2012, the Company had Issued 15,00,000 CCPS of Rs. 10/- each fully paid-up each, carrying a coupon of 9%, convertible into equity shares of Rs. 10/- each at a conversion price of Rs. 55.95/- per equity share after the expiry of 5 (Five) years from the date of issue. The Company in General Meeting of Preference Shareholders, amended the terms of conversion of the CCPS and authorised the conversion to equity shares on September 05, 2012. Accordingly outstanding CCPS were converted into 468,750 equity shares at a price of Rs. 32/- per Equity Share.

CCPS Issued was converted into 468,750 Equity shares of Rs. 10/- each at a conversion price of Rs. 32/- per Equity Share on September 05, 2012 and allotted equally to Mr. Anup Kumar Singh and Mr. Swaminathan Shankar Aiyar.

- II. 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.

In the event of failure to convert the OCPS in full, the OCPS are redeemable at par in the following manner:-

- a. 50 % of outstanding OCPS at the end of 4 years and
- b. Remaining outstanding OCPS at the end of 5 years, commencing from the subscription date viz. December 31, 2013.



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2014
C. Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	March 31, 2014		March 31, 2013	
	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	4,473,364	31.22%	2,179,765	15.21%
Sonata Employee Welfare Trust (under various ESOP schemes - refer note 27)	2,455,000	17.13%	2,455,000	17.13%
India Financial Inclusion Fund	2,000,000	13.96%	2,000,000	13.96%
Creation Investments Social Ventures Fund I	1,491,121	10.41%	1,491,121	10.41%
Michael and Susan Dell Foundation	1,241,285	8.66%	1,241,285	8.66%
Bellwether Micro Finance Trust	1,071,871	7.48%	2,728,357	19.04%
Total	12,732,641	88.85%	12,095,528	84.41%
Optionally Convertible Preference Shares of Rs. 10/- each fully paid				
Small Industries Development Bank of India	5,000,000	100.00%	-	-
Total	5,000,000	100.00%	-	-

As per 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.

D. Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

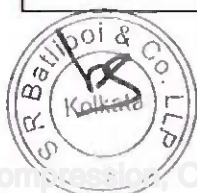
For details of equity shares issued to Sonata Employee Welfare Trust, refer note 27.

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		March 31, 2014	March 31, 2013
		(Rs.)	(Rs.)
A. Securities premium account			
Balance as per last financial statements		496,736,555	206,930,378
Add: Addition during the year		-	289,806,177
Less: Share and debenture issue expenses adjusted during the year (#)		22,914,080	-
Closing Balance		473,822,475	496,736,555
(#): Includes Rs. 1,36,32,162/- pertaining to equity shares issued during the previous year.			
B. Statutory reserve (*)			
Balance as per last financial statements		28,609,848	23,370,836
Add: Amount transferred from surplus balance in the Statement of Profit & Loss during the year		14,472,317	5,239,012
Closing Balance		43,082,165	28,609,848
(*) Statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934			
C. Capital Reserve			
Balance as per last financial statements		-	-
Add: Addition on ESOPs Exercised in FY 2012-13		2,268,400	-
Closing Balance		2,268,400	-
D. Surplus in the Statement of Profit and Loss			
Balance as per last financial statements		100,187,647	86,544,428
Profit for the year		72,361,586	26,331,308
Less: Appropriations			
Transferred to Statutory Reserve		14,472,317	5,239,012
Proposed Preference Dividend (Including Corporate Dividend Tax)		1,312,588	-
Interim equity dividend (Including Corporate Dividend Tax)		-	7,449,076
Total Appropriations		15,784,905	12,688,088
Net surplus in the Statement of profit and loss		156,764,328	100,187,647
Total		675,937,368	625,534,050

5 Long-term borrowings		Non Current Portion		Current Maturities	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
I. Debentures (Privately placed)					
Secured					
332 (March 31, 2013: NIL) 14.79% Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each		332,000,000	-	-	-
II. Term loans					
Secured					
- from banks		856,473,690	480,655,675	1,240,431,089	626,115,623
- from Financial Institutions		-	-	150,000,000	28,570,000
- from Non banking finance companies (NBFC)		193,336,336	77,850,183	484,230,717	239,425,393
Unsecured					
- from Financial Institutions		41,000,000	-	-	-
Total		1,422,810,026	558,505,858	1,874,661,807	894,111,015
Amount disclosed under the head "other current liabilities" (Refer note 9)		-	-	(1,874,661,807)	(894,111,015)
Total		1,422,810,026	558,505,858	-	-



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5 Long-term borrowings (Contd.)
Terms of repayment of long term borrowings as on March 31, 2014

Original maturity of loan	No. of instalments	Due within 1 year Amount (in Rupees)	Due between 1 to 2 years No. of instalments	Due between 1 to 2 years Amount (in Rupees)	Due between 2 to 3 years No. of instalments	Due between 2 to 3 years Amount (in Rupees)	Above 5 Yrs No. of instalments	Above 5 Yrs Amount (in Rupees)	Interest Rate	Total
Secured										
Non-Convertible Debentures *										
Above 5 Yrs.	-	-	-	-	-	-	1	332,000,000	14.79%	332,000,000
Term Loans										
Monthly repayment schedule										
From Banks:										
1-3 Yrs.	147	644,454,467	57	261,447,826	11	49,995,000	-	-	12.30% - 14.00%	955,897,294
From Financial Institutions:										
1-3 Yrs.	11	150,000,000	-	-	-	-	-	-	13.50%	150,000,000
From NBFC:										
1-3 Yrs.	69	269,229,385	3	3,333,334	-	-	-	-	15.35% - 16.00%	272,562,719
Total (a)	227	1,063,683,853	60	264,781,160	11	49,995,000	-	-		1,378,460,013
Quarterly repayment schedule										
From Banks:										
1-3 Yrs.	60	595,976,622	44	449,576,318	12	95,454,545	-	-	12.40% - 14.50%	1,141,007,486
From NBFC:										
1-3 Yrs.	15	195,001,332	8	100,002,002	3	50,001,000	-	-	14.50% - 16.50%	345,004,334
Total (b)	75	790,977,954	52	549,578,320	15	145,455,545	-	-		1,486,011,820
Half-yearly repayment schedule										
From NBFC:										
1-3 Yrs.	2	20,000,000	2	20,000,000	2	20,000,000	-	-	16.00%	60,000,000
Unsecured										
Term Loans										
Monthly repayment schedule										
From Financial Institutions:										
1-3 Yrs.	-	-	3	41,000,000	-	-	-	-	4.00%	41,000,000
Grand Total	304	1,874,661,807	117	875,359,481	28	215,450,545	1	332,000,000		3,297,471,833

Note:

The aforesaid term loans are secured by hypothecation of Portfolio Loans and by lien on fixed deposits and cash collaterals.

* 14.79% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each are redeemable at par at the end of 6 years from the date of allotment i.e. December 30, 2013. There is a call/ put option available with the Company / Traders at the end of 3 years from the date of allotment. The debentures are secured against the first ranking floating charge by way of hypothecation over loans receivable / book debts, Present and future, representing amounts due from various borrowers.



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2014

5 Long-term borrowings (Contd.)
Terms of repayment of long term borrowings as on March 31, 2013

Original maturity of loan	No. of instalments	Due within 1 year Amount (in Rupees)	Due between 1 to 2 years No. of instalments	Due between 1 to 2 years Amount (in Rupees)	Due between 2 to 3 years No. of instalments	Due between 2 to 3 years Amount (in Rupees)	Above 5 years No. of instalments	Above 5 years Amount (in Rupees)	Interest Rate	Total
Secured										
Term Loan										
Monthly repayment schedule										
From Banks:										
1-3 Yrs.	69	330,032,666	26	102,189,562	-	-	-	-	13.00% - 14.00%	432,222,228
From Financial Institutions:										
3-5 Yrs.	12	28,570,000	-	-	-	-	-	-	12.00%	28,570,000
From NBFC:										
1-3 Yrs.	26	146,093,393	1	6,182,183	-	-	-	-	15.50%	152,275,575
Total (a)	107	504,696,059	27	108,371,745	-	-	-	-		613,067,804
Quarterly repayment schedule										
From Banks:										
1-3 Yrs.	21	206,449,137	20	212,326,319	9	61,745,852	-	-	12.85% - 14.50%	480,521,307
3-5 Yrs.	15	89,633,820	12	71,212,123	8	33,181,819	-	-	12.75% - 14.50%	194,027,762
From NBFC:										
1-3 Yrs.	11	93,332,000	8	71,668,000	-	-	-	-	13.50% - 16.15%	165,000,000
Total (b)	47	389,414,956	40	355,206,442	17	94,927,671	-	-		839,549,069
Grand Total	154	894,111,015	67	463,578,187	17	94,927,671	-	-		1,452,616,873

Note:

The aforesaid term loans are secured by hypothecation of Portfolio Loans and by lien on fixed deposits and cash collaterals.



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2014

6	Other long-term liabilities	March 31, 2014	March 31, 2013
		(Rs.)	(Rs.)
	Deferred gain on portfolio loan assigned / securitised	4,424,296	-
	Total	4,424,296	-

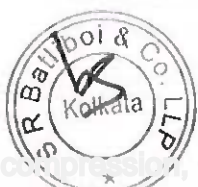
7	Provisions:	Long Term		Short Term	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
A.	Provision for employee benefits Provision for Gratuity	405,824	1,047,006	-	-
		405,824	1,047,006	-	-
B.	Provision for Portfolio loans (Refer Note 23)	7,268,490	2,898,257	19,700,143	12,173,496
		7,268,490	2,898,257	19,700,143	12,173,496
C.	Others Provision for taxation (Net of advance tax Rs. 25,569,102) Provision for Preference Dividend Provision for Dividend Distribution tax	-	-	44,400,742	6,871,959
		-	-	1,121,918	-
		-	-	190,670	-
		-	-	45,713,330	6,871,959
	Total	7,674,314	3,945,263	65,413,474	19,045,455

8	Short-term borrowings	March 31, 2014	March 31, 2013
		(Rs.)	(Rs.)
	Secured		
	Short Term loan from a bank	30,000,000	170,000,000
	Total	30,000,000	170,000,000

The aforesaid term loan is secured by hypothecation of portfolio loans and by lien on fixed deposits and is repayable in 9 equal installments starting from June 28, 2014. The loan carries an interest of 13.75% per annum. The term loan outstanding at the previous year end was secured by hypothecation of portfolio loans and was repayable in 12 equal installments of Rs. 1,41,66,667/- each. The loan carried an interest rate of 14% per annum).

9	Other Current liabilities	Short Term	
		March 31, 2014	March 31, 2013
		(Rs.)	(Rs.)
	Current maturities of long-term borrowings (Refer note 5)	1,874,661,807	894,111,015
	Interest accrued but not due on borrowings	22,277,997	6,742,052
	Advance from a Bank (Pending Disbursement)	3,299,721	-
	Deferred gain on portfolio loan assigned / securitised	56,374,885	17,799,998
	Payable for portfolio loans assigned / securitised	130,162,049	-
	Processing Fees Payable	7,596,830	2,400,313
	Expenses Payable	10,804,867	5,850,551
	Statutory Dues Payable	3,882,581	2,046,782
	Advance received against portfolio loans	32,671,962	6,143,853
	Insurance Premium Payable	18,512,869	415,972
	Payable to Sonata Employee Welfare Trust	544,600	-
	Other payables	2,219,405	1,044,273
	Total	2,163,009,572	936,554,810

10 FIXED ASSETS :					
A. Tangible Assets					
	(Rs.)				
Cost or Valuation	Furniture & Fixtures	Computers	Office Equipments	Vehicles	Total
At April 1, 2012	5,198,027	6,077,218	3,447,909	29,724	14,752,878
Additions	475,094	282,310	694,277	1,484,079	2,935,760
Disposals	-	-	-	-	-
At March 31, 2013	5,673,121	6,359,528	4,142,186	1,513,803	17,688,638
Additions	2,784,247	2,119,657	1,108,045	-	6,011,949
Disposals	-	-	-	-	-
At March 31, 2014	8,457,368	8,479,185	5,250,231	1,513,803	23,700,587
Depreciation					
At April 1, 2012	1,995,569	4,491,353	1,149,919	21,850	7,658,691
Charge For the Year	601,928	688,626	454,195	239,945	1,984,694
Disposals	-	-	-	-	-
At March 31, 2013	2,597,497	5,179,979	1,604,114	261,795	9,643,385
Charge For the Period	1,269,180	1,179,580	659,029	324,145	3,431,934
Disposals	-	-	-	-	-
At March 31, 2014	3,866,677	6,359,559	2,263,143	585,940	13,075,319
Net Block					
At March 31, 2013	3,075,624	1,179,549	2,538,072	1,252,008	8,045,253
At March 31, 2014	4,590,691	2,119,626	2,987,088	927,863	10,625,268



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11	Investment	Non-current investment		Current investment	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Trade Investment (Unquoted)				
	Investments in Equity Shares (valued at cost) 50,000 (March 31, 2013: 50,000) fully paid up shares of Alpha Micro Finance Consultants Private Limited at face value of Rs. 10 (March 31, 2013 : Rs. 10) per share	500,000	500,000	-	-
	Non-trade Investment (Unquoted)				
	Unquoted Mutual Funds (valued at lower of cost and fair value)				
	448778.261 units (March 31, 2013 : 39207.917 units) of Rellance Liquidity fund- Growth plan growth option at face value of Rs. 1,000 (March 31, 2013 : Rs. 1,000) per unit	-	-	860,193,821	69,200,330
	[Net Asset Value : Rs. 86,70,82,144.43 (March 31, 2013 : Rs. 6,92,67,729.10)]				
	Total	500,000	500,000	860,193,821	69,200,330
12	Deferred Tax Asset			March 31, 2014	March 31, 2013
				(Rs.)	(Rs.)
	Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting			515,946	1,157,817
	Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis			665,445	-
	Total			1,181,391	1,157,817
13	Loans and advances (Unsecured, considered good unless stated otherwise)	Long-term		Short-term	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
A.	Portfolio loans				
	Own portfolio				
	Considered good	641,749,563	245,891,360	1,833,724,026	1,144,476,803
	Considered doubtful	3,792,673	3,033,927	2,368,319	2,036,992
	Purchased portfolio				
	Considered good	-	-	-	23,958,977
		645,542,236	248,925,287	1,836,092,345	1,170,472,772
B.	Security Deposits				
	Considered good	297,948	259,253	-	-
		297,948	259,253	-	-
C.	Advances recoverable in cash or kind				
	Considered good	-	2,771,917	4,961,815	2,218,263
	Considered doubtful	1,551,943	-	-	-
	Less: Provision for doubtful advances	(1,551,943)	-	-	-
		-	2,771,917	4,961,815	2,218,263
D.	Others				
	Considered good				
	Prepaid expenses	-	-	222,393	143,038
	Loan to staff	304,315	342,351	570,415	600,706
	Loan to Sonata employee welfare trust	-	7,187,000	-	-
	Cenvat Credit receivable	-	-	237,355	1,745,600
	Margin money with Non-banking financial companies (*)	-	3,000,000	36,293,958	51,993,306
		304,315	10,529,351	37,324,121	54,482,650
	(*) marked as lien towards term loan availed from them				
	Total	646,144,499	262,485,808	1,878,378,281	1,227,173,685



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2014

14 Other assets (Unsecured, considered good unless stated otherwise)	Non-Current Portion		Current Portion	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Non current bank balances (Refer note 15)	313,976,459	145,586,516	-	-
	313,976,459	145,586,516	-	-
Unamortised Expenditure				
Ancillary Cost of arranging the borrowings	5,680,925	3,843,709	23,220,639	19,631,277
	5,680,925	3,843,709	23,220,639	19,631,277
Others				
Interest accrued but not due on portfolio loans	-	-	9,471,721	3,168,795
Interest accrued but not due on purchased portfolio	-	-	-	1,584,768
Interest accrued but not due on deposits placed with banks and financial institutions	9,537,942	5,610,443	17,883,596	15,716,063
Other Assets & recoverable	-	-	48,460	2,576,144
	9,537,942	5,610,443	27,403,777	23,045,770
Total	329,195,326	155,040,668	50,624,416	42,677,047

15 Cash and Bank Balances	Non-Current Portion		Current Portion	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Cash and cash equivalents				
Balances with banks				
-on current accounts	-	-	482,627,698	397,119,334
-deposit with original maturity of less than three months (*)	-	-	-	85,000,000
Cash on hand	-	-	388,833	14,022
	-	-	483,016,531	482,133,356
Other Bank Balances :				
Deposit with original maturity for more than 3 months but not more than 12 months (*)	47,383,026	-	70,615,297	120,068,235
Deposit with original maturity for more than 12 months (*)	266,593,433	145,586,516	207,545,000	63,854,016
	313,976,459	145,586,516	278,160,297	183,922,251
Amount disclosed under non-current assets (Refer note 14)	(313,976,459)	(145,586,516)	-	-
Total	-	-	761,176,828	666,055,607

(*) Includes deposit certificates of Rs. 50,63,51,779 (March 31, 2013: Rs. 32,95,08,767) marked as lien towards term loans availed from banks and financial institutions and towards cash collateral provided under term of assignment contracts.

16 Revenue from operations	Year ended March 31, 2014	Year ended March 31, 2013
	(Rs.)	(Rs.)
Interest income on portfolio loans	478,448,420	239,611,201
Processing fee on portfolio loans	39,776,151	21,026,868
Income from assignment/securitization	62,847,353	15,171,106
Processing fee on securitization	-	200,000
Total	581,071,924	276,009,175

17 Other income	Year ended March 31, 2014	Year ended March 31, 2013
	(Rs.)	(Rs.)
Interest Income on		
- Fixed deposits with banks and financial institutions	42,068,933	23,191,978
- Others	231,112	197,250
Agency commission from insurance policies	6,100,764	3,260,765
Net gain on sale of current investments	11,984,751	13,182,643
Income from insurance product promotion	2,536,318	3,775,905
Grant receipts	613,248	-
Commission income on money transfer	34,959	77,187
Service fees	1,027,392	-
Miscellaneous Income	1,865,216	-
Total	66,462,693	43,685,728

18 Employee benefit expenses	Year ended March 31, 2014	Year ended March 31, 2013
	(Rs.)	(Rs.)
Salaries and bonus	125,406,335	85,859,066
Contributions to provident fund	7,735,576	5,342,254
Contribution to employees' state Insurance	210,769	224,797
Gratuity (Refer Note 26)	405,824	-
Total	133,758,504	91,426,117



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2014

19 Finance Costs	Year ended March 31, 2014	Year ended March 31, 2013
	(Rs.)	(Rs.)
Interest expense	277,871,481	119,443,361
Loan processing fee on borrowings (amortised)	19,609,293	7,645,213
Other finance costs	15,166,095	4,954,605
Interest on Income Tax	2,850,000	-
Total	315,496,869	132,043,180

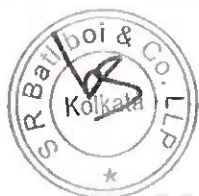
20 Depreciation expense	Year ended March 31, 2014	Year ended March 31, 2013
	(Rs.)	(Rs.)
Depreciation of tangible assets	3,431,934	1,984,694
Total	3,431,934	1,984,694

21 Other expenses	Year ended March 31, 2014	Year ended March 31, 2013
	(Rs.)	(Rs.)
Provision for standard and non performing assets	11,896,881	9,121,367
Rent	10,511,539	7,011,195
Rates and taxes	4,021,296	2,609,711
Repairs & maintenance		
- Office maintenance	3,638,223	2,365,510
- Others	753,294	809,729
Travelling and conveyance	5,866,296	4,149,607
Communication expenses	3,211,338	1,689,348
Printing & stationery	5,478,610	2,992,894
Legal and professional fees	4,601,578	5,001,857
Payment to auditor (refer details below)	2,000,000	346,114
IT Support charges	2,605,039	2,019,082
Portfolio loans written-off	2,401,222	3,462,310
Loans & advances written off	4,710,085	-
Provision for doubtful advances	1,551,943	-
Bank charges	1,534,361	2,165,763
Electricity charges	1,236,089	729,711
Membership fees	1,353,021	589,790
Miscellaneous Expenses	5,434,583	4,554,194
Exchange loss on foreign remittance	16,204	10,568
Total	72,821,602	49,628,750

Payment to auditor:

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
	(Rs.)	(Rs.)
As auditor:		
Audit fee (excluding service tax)	2,000,000	346,114
Total	2,000,000	346,114

22 Earnings per share (EPS)	Year ended March 31, 2014	Year ended March 31, 2013
	(Rs.)	(Rs.)
Profit for the year	72,361,586	26,331,308
Add: Prior period item (net of tax)	687,695	-
Less:		
Dividend on 9% OCPS	1,312,588	-
Net profit / (loss) for calculation of basic EPS	71,736,693	26,331,308
Net Profit as above	71,736,693	26,331,308
Add: dividends on convertible preference shares & tax thereon	1,312,588	-
Net profit / (loss) for calculation of diluted EPS	73,049,281	26,331,308
Weighted average number of equity shares in calculating basic EPS	11,875,078	9,826,637
Effect of dilution:		
Convertible Preference Shares	175,250	-
Stock options granted under ESOP	2,455,000	1,957,219
Weighted average number of equity shares in calculating diluted EPS	14,505,328	11,783,856
EPS	6.04	2.68
DEPS - Dilutive	5.04	2.23



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23 Classification of Loan Portfolio and Loan loss Provision:

A. Quality of Portfolio on age basis					(Rs.)	
Sl. No.	Particulars	Arrear Period	As on March 31, 2014 Principal Outstanding	Share	As on March 31, 2013 Principal Outstanding	Share
A. Self Help Group						
I	Current	-	2,247,318,402	90.56%	1,271,000,266	91.08%
II	Upto 4 weeks		2,107,230	0.08%	2,259,716	0.20%
III	5 to 25 weeks		3,171,454	0.13%	2,050,248	0.15%
IV	26 to 50 weeks		839,858	0.03%	1,395,482	0.10%
V	Overdue and duration of loans have expired		2,149,680	0.09%	1,625,189	0.12%
	Total (A)		2,255,586,624		3,278,830,901	
B. Individual Lending						
I	Current	-	220,638,350	8.89%	114,172,175	8.18%
	Total (B)		220,638,350		114,172,175	
C. Utility Finance						
I	Current	-	5,409,607	0.22%	2,436,006	0.17%
	Total (C)		5,409,607		2,436,006	
	Total (A+B+C)		2,481,634,581	100.00%	1,395,439,082	100.00%

B. Provision for Portfolio loan : as on March 31, 2014										(Rs.)	
Sl. No.	Particulars	Loan Outstanding		Provision as per Company Accounting Policy (refer Note 2)			Provision as per RBI Norms			Final Provision (higher of the two)	
		Non-Current	Current	Rate of Provision	Non-Current	Current	Rate of Provision	Non-Current	Current	Non-Current	Current
A. Self Help Group											
		560,100,517	1,687,217,885	0%	-	-	1%	5,601,005	16,872,179	22,473,184	
	Upto 4 weeks	331,423	1,275,807	10%	33,142	177,581	1%	3,314	17,758	21,072	
	5 to 25 weeks	1,149,461	2,021,993	50%	574,731	1,010,997	1%	11,495	20,220	31,715	
	26 to 50 weeks	493,532	346,326	100%	493,532	346,326	1%	4,935	3,463	8,399	
	Overdue and duration of loans have expired	2,149,680	-	100%	2,149,680	-	1%	21,497	-	21,497	
	Sub Total	564,234,613	1,691,362,011		3,251,085	1,534,903		5,642,246	16,913,620	22,555,866	16,913,620
	B. Individual Lending	81,212,183	139,326,167	2%	1,626,244	2,786,523	1%	813,122	1,393,262	2,206,384	2,786,523
	C. Utility Finance	5,440	5,404,167	0%	-	-	0%	-	-	-	-
	Total	645,542,236	1,836,092,345		4,877,328	4,321,427		6,455,368	18,306,882	24,767,250	19,700,143

B. Provision for Portfolio loan : as on March 31, 2013										(Rs.)	
Sl. No.	Particulars	Loan Outstanding		Provision as per Company Accounting Policy (refer Note 2)			Provision as per RBI Norms			Final Provision (higher of the two)	
		Non-Current	Current	Rate of Provision	Non-Current	Current	Rate of Provision	Non-Current	Current	Non-Current	Current
A. Self Help Group											
		204,863,020	1,066,137,246	0%	-	-	1%	2,048,630	10,661,372	12,710,003	
	Upto 4 weeks	127,956	2,631,760	10%	12,796	263,176	1%	1,280	26,318	27,597	
	5 to 25 weeks	13,256	2,036,992	50%	6,628	1,018,496	1%	133	20,370	20,502	
	26 to 50 weeks	1,395,482	-	100%	1,395,482	-	1%	13,955	-	13,955	
	Overdue and duration of loans have expired	1,625,189	-	100%	1,625,189	-	1%	16,252	-	16,252	
	Sub Total	208,024,903	1,070,805,998		3,040,095	1,281,472		2,080,249	10,708,060	12,788,309	10,708,060
	B. Individual Lending	40,900,384	73,271,291	2%	818,008	1,465,436	1%	409,004	732,718	1,141,722	1,465,436
	C. Utility Finance	-	2,436,006	0%	-	-	0%	-	-	-	-
	Total	248,925,287	1,146,513,795		3,858,103	2,747,108		2,489,253	11,440,778	13,930,031	12,173,496



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24 a Details of Assigned / Securitised Portfolio and income arising out of the same :

During the year, the Company has sold loans aggregating Rs. 1,26,82,63,391 (March 31, 2013: Rs. 1,03,13,80,083) through assignment/ securitisation contracts. The portfolio loan assigned / securitised and outstanding as on March 31, 2014 is Rs. 89,50,43,399 (March 31, 2013: Rs. 42,10,32,670) out of the total loan portfolio of Rs. 3,46,50,68,318 (March 31, 2013 Rs. 1,81,64,71,752). The information regarding the assignment / securitisation activity as an originator is shown below.

Particulars	March 31, 2014	March 31, 2103
	INR	INR
Total book value of the loan asset assigned / securitised	1,268,263,391	1,031,380,083
Sale consideration received for the loan asset assigned / securitised	1,373,899,546	1,002,414,395
Income from asset assignment / securitisation recognised in the statement of profit and	62,847,353	15,171,106
Portfolio loan assigned / securitised and outstanding	895,043,399	421,032,670
Credit enhancements provided and outstanding:		
Cash collateral	112,522,693	142,982,533
Under the agreement for the assignment / securitisation of loans the Company has transferred all the rights and obligations relating to the loan asset assigned / securitised as shown above to various banks / non banking financial companies.		

24 b Details of Direct Sale Agreement (DSA) executed with Indusind Bank under "Ganaseva Project" :

During the year, the Company has entered into a DSA with the bank under the following terms of the agreement:

- amounts received from the bank are disbursed as loan to self-help groups organised / monitored by the Company and such self help groups are considered as banks borrowers
- the Company provides services in connection with recovery and monitoring of such loans
- the Company has provided collaterals in the form of Fixed Deposits which may be adjusted by the bank in case aggregate default by borrowers exceeds certain thresholds.

Particulars	March 31, 2014	March 31, 2103
	(Rs.)	(Rs.)
Amount received for the Disbursement of loan through DSA	97,271,616	-
Total book value of the loan disbursed through DSA	93,971,895	-
Amount repaid/returned by Service Provider through DSA	5,581,557	-
Service Fee Income Recognised by the Service Provider in the books for DSA based on	1,027,392	-
Outstanding Balance of Loan Disbursed through DSA as on March 31, 2014	88,390,338	-
Credit enhancements provided and outstanding:		
Cash collateral	34,134,248	-
Under the agreement for DSA executed with Indusind Bank Limited, the Company has transferred all the rights and obligations relating to the loan asset created out of amount received as service provider as shown above to Indusind Bank Limited.		

25 Segment Reporting:

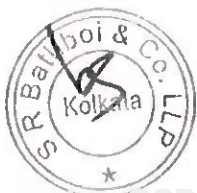
The Company operates in a single reportable segment i.e. giving loans and other related activities, which have similar risks and returns for the purpose of Accounting Standard-17 on 'Segment Reporting' notified under the Companies (Accounting Standard) Rules, 2006 (as amended) and relevant applicable provisions of Companies Act, 2013. The Company operates in a single geographical segment i.e. domestic. Hence, no additional disclosures are required under Accounting Standard-17.

26 Employee Benefits:**Gratuity**

The Company has a defined employee benefit plan in the form of gratuity on retirement / cessation. The Company has entrusted the administration of the gratuity plan to the Life Insurance Corporation of India (LIC) and contributions are made based on demands raised by the LIC.

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

Particulars	March 31, 2014	March 31, 2013
	(Rs.)	(Rs.)
i) Assumptions:		
Discount Rate	8.25%	8.00%
Salary Escalation	7.00%	7.00%
Withdrawal Rate	Varying between 8% per annum to 1% per annum depending on duration and age of employees	
Expected rate of return on assets	9.00%	(*)
Expected average remaining working life of employees	30.76 years	(*)
ii) Table Showing changes in present value of Defined Benefit obligation:		
Present value of defined benefit obligations as at beginning of the year	5,384,421	(*)
Interest cost	518,776	(*)
Past Service Cost		(*)
Current service cost	1,837,124	(*)
Benefit Paid		(*)
Actuarial (gain)/ loss on obligations	(1,596,390)	(*)
Present value of defined benefit obligations as at end of the year	6,143,931	5,384,421



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Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2014

iii) Table showing fair value of plan assets:		
Fair value of plan assets at beginning of the year	4,840,192	(*)
Expected return on plan assets	476,023	(*)
Contributions	544,229	(*)
Benefits Paid		(*)
Actuarial (gain)/ loss on plan assets	122,337	(*)
Fair value of plan assets at end of the year	5,738,107	4,840,192
iv) Actuarial (Gain)/Loss recognised:		
Actuarial (gain)/loss on obligations	(1,596,390)	(*)
Actuarial (gain)/ loss on plan assets	122,337	(*)
Actuarial (gain)/loss recognised in the year	(1,474,053)	(*)
v) The amounts to be recognised in the		
Present value of obligations at the end of the year	6,143,931	(*)
Fair value of plan assets at the end of the year	5,738,107	(*)
Net liability recognised in balance sheet	(405,824)	6,143,931
vi) Expenses Recognised in statement of Profit and Loss:		
Current Service Cost	1,837,124	(*)
Interest Cost	518,776	(*)
Expected return on Plan assets	(476,023)	(*)
Net Actuarial (gain)/loss recognised in the year	(1,474,053)	(*)
Expenses recognised in statement of profit and loss	405,824	(*)
Actual return on plan assets	353,686	(*)

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

Particulars	As on 31st March, 2014	As on 31st March, 2013	As on 31st March, 2012	As on 31st March, 2011	As on 31st March, 2010
Defined Benefit Obligations	6,143,931	5,384,421	(**)	(**)	(**)
Plan Assets	5,738,107	4,840,192	(**)	(**)	(**)
Surplus/(Deficit) #	(405,824)	(544,229)	(**)	(**)	(**)
Experience adjustments on plan liabilities [(Gain)/Loss]	(1,596,390)	(**)	(**)	(**)	(**)
Experience adjustments on plan assets [Gain/(Loss)]	122,337	(**)	(**)	(**)	(**)
Actuarial (gain)/ loss due to change on assumptions	(1,474,053)	(**)	(**)	(**)	(**)

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

LIC Fund 100% 100%

ix) Amount incurred as expense for defined contribution to Provident Fund is Rs. 77,35,576/- (Previous Year:

x) 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.

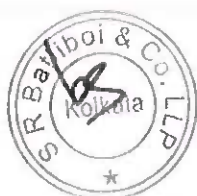
xi) The company expects to contribute Rs. 14,00,000/- [March 31, 2013: (*)] to gratuity fund in 2014-15.

xii) 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.

The Company has started recording gratuity liability based on actuarial valuation from the financial year 2013-14 onwards. The Company was carrying an excess liability at March 31, 2013 and year-to-date balance of liability has been adjusted as on March 31, 2014.

(*) The Company has started recording gratuity liability based on actuarial valuation from the financial year 2013-14 onwards and previous year data is not available with the Company.

(**) The experience adjustments on plan assets and plan liabilities are not readily available for the year financial years 2009-10, 2010-11, 2011-12 and 2012-13 and hence not disclosed.





Sonata Finance Private Limited
Notes to the Financial Statements as at and for the year ended March 31, 2014

27 Employee Stock option plans (ESOP)

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 during the Financial Year 2009-10. During the previous the Company had issued 14,70,000 equity shares to the Sonata Employee Welfare Trust. Out of the above mentioned shares issued to Sonata Employee welfare trust, 3,96,300 Equity Shares of INR 10 each were issued to Mr Anup Kumar Singh (Managing Director) through the Trust route during the Financial Year 2009-10. and 2,65,000 shares had been exercised by Managing Director through the Trust route during the financial year 2012-13. 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.

Particulars	Plan 1(a)	Plan 1(b)	Plan 1(c)(i)	Plan 1(c)(ii)	Plan 1(c)(iii)	Plan 1(d)
Date of Grant	06-May-10	06-May-10	06-May-10	06-May-10	06-May-10	12-Jun-12
Date of Board Approval	06-May-10	06-May-10	06-May-10	06-May-10	06-May-10	12-Jun-12
Date of Shareholder's Approval	08-Feb-10	08-Feb-10	08-Feb-10	08-Feb-10	08-Feb-10	28-Aug-12
Date of Modification of the scheme, if any	N.A.	N.A.	N.A.	N.A.	12-Jun-12	N.A.
Number of Options granted	100,000	206,250	62,500	182,500	73,750	75,000
Exercise Price	Rs.18.56	Rs.18.56	Rs.18.56	Rs.18.56	Rs.18.56	Rs.18.56
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity
Vesting Period	31-Mar-11	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-13	31-Mar-13
Exercise Period	31-Mar-16	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-18
Vesting Conditions	Linked to continued association with Company and performance milestones as set out in SHA 20th November, 2009	Linked to continued association with Company and performance milestones as set out in SHA 20th November, 2009	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 performance milestones stipulated by Compensation committee
Name of the Plan	Promoter ESOP Plan	Promoter ESOP Plan	Promoter ESOP Plan	Promoter ESOP Plan	Promoter ESOP Plan	Promoter ESOP Plan

Particulars	Plan 2(a)	Plan 2(b)(i)	Plan 2(b)(ii)	Plan 2(b)(iii)	Plan 2(c)(i)	Plan 2(c)(ii)	Plan 2(c)(iii)	Plan 2(d)(i)	Plan 2(d)(ii)	Plan 2(d)(iii)
Date of Grant	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10
Date of Board Approval	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10	09-Jul-10
Date of Shareholder's Approval	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10	17-Sep-10
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.
Number of Options granted	8,000	34,800	34,800	46,400	37,200	37,200	49,600	30,000	30,000	40,000
Exercise Price	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26	Rs. 26
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting Period	31-Mar-11	31-Mar-14	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-18
Exercise Period	31-Mar-16	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-23
Vesting Conditions	Linked to continued association with Company and performance subject to annual appraisal	Linked to continued association with Company and performance subject to annual appraisal	Linked to continued association with Company and performance subject to annual appraisal	Linked to continued association with Company and performance subject to annual appraisal	Linked to continued association with Company and performance subject to annual appraisal	Linked to continued association with Company and performance subject to annual appraisal	Linked to continued association with Company and performance subject to annual appraisal	Linked to continued association with Company and performance subject to annual appraisal	Linked to continued association with Company and performance subject to annual appraisal	Linked to continued association with Company and performance subject to annual appraisal
Name of the Plan	Loyalty Options	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011	ESOP Plan 2011

Particulars	Plan 3	Plan 4
Date of Grant	01-Oct-13	01-Oct-13
Date of Board Approval	06-Feb-14	06-Feb-14
Date of Shareholder's Approval	20-Mar-14	20-Mar-14
Number of Options granted	200,000	800,000
Exercise Price	Rs. 54	Rs. 67
Method of Settlement	Equity	Equity
Vesting Period	1/4 of total Grant to vest each year on 01st Oct 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	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	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 Scheme 2013	ESOP Scheme 2013

Plan 1(a)

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	-	-	100,000	18.56
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	100,000	18.56
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 1(b)

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	41,250	18.56	206,250	18.56
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	165,000	18.56
Expired during the year	-	-	-	-
Outstanding at the end of the year	41,250	18.56	41,250	18.56
Exercisable at the end of the year	41,250	18.56	41,250	18.56
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 1 (c)(i)

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	62,500	18.56	62,500	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	62,500	18.56	62,500	18.56
Exercisable at the end of the year	62,500	18.56	62,500	18.56
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 1 (c)(ii)

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	182,500	18.56	182,500	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	182,500	18.56	182,500	18.56
Exercisable at the end of the year	182,500	18.56	182,500	18.56
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 1 (c)(iii)

Particulars	As as March 31, 2014		As as March 31, 2013	
	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	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-



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Plan 1(d)

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	75,000	18.56	-	-
Granted during the year	-	-	75,000	18.56
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
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 2(a)

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	8,000	26.00	8,000	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	8,000	26.00	8,000	26.00
Exercisable at the end of the year	8,000	26.00	8,000	26.00
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 2(b)(I)

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	34,800	26.00	34,800	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	34,800	26.00	34,800	26.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 2(b)(II)

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	34,800	26.00	34,800	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	34,800	26.00	34,800	26.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 2(b)(III)

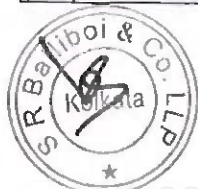
Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	46,400	26.00	46,400	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	46,400	26.00	46,400	26.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 2(c)(I)

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	37,200	26.00	37,200	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	37,200	26.00	37,200	26.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 2(c)(II)

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	37,200	26.00	37,200	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	37,200	26.00	37,200	26.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-



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Plan 2(c)(iii)

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	49,600	26.00	49,600	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	49,600	26.00	49,600	26.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 2(d)(i)

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	30,000	26.00	30,000	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	30,000	26.00	30,000	26.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 2(d)(ii)

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	30,000	26.00	30,000	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	30,000	26.00	30,000	26.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 2(d)(iii)

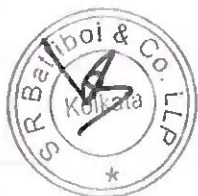
Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	40,000	26.00	40,000	26.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	40,000	26.00	40,000	26.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 3

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	200,000	10,800,000	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	200,000	10,800,000	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

Plan 4

Particulars	As as March 31, 2014		As as March 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	800,000	53,600,000	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	800,000	53,600,000	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-



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28 Related party disclosures

As per Accounting Standard (AS 18) on related party disclosure notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and and relevant applicable provisions of Companies Act, 2013. related parties of the company are as follows:

A. Names of related parties and nature of relationship

Particulars	Nature of relationship
Key Management Personnel	
Mr. Anup Kumar Singh	Managing Director

B. Nature of transactions

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Key Management Personnel		
Salary, Bonus and other allowances*	5,289,184	3,908,236
Contribution to provident fund	81,660	81,660
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 Managing Director is separately not ascertainable, and therefore not included above.

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, 2014 (Rs.)	March 31, 2013 (Rs.)
Operating lease payments recognised during the year	10,511,539	7,011,195

30 Details of dues to micro and small enterprises as defined under the MSME Act, 2006

Based on the information / documents available with the Company, no delayed payments has been made during the year and no delayed payments were outstanding as on the Balance Sheet date to any suppliers being covered under Micro, Small and Medium Enterprises Development Act, 2006. As a result no disclosures as required under section 22 of the aforesaid Act has been made in these accounts.

31 Additional disclosures pursuant to the Reserve Bank Directions vide circular no. RBI/2010-11/18, DNBS

A. Capital to Risk-Assets ratio (CRAR)

Particulars	March 31, 2014	March 31, 2013
CRAR (%)	20.86	38.35
CRAR - Tier I capital (%)	20.45	38.35
CRAR - Tier II capital (%)	0.41	0

B. Exposure to real estate sector

The Company has no direct or indirect exposures to Real Estate Sector.

C. Asset liability management

figures (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	Total
Liabilities									
Borrowings with Bank	652.10	1,086.58	1,627.06	6,758.32	3,780.59	9,274.40	-	-	23,179.04
Market Borrowings	-	-	-	-	-	-	-	-	-
Assets									
Investments #	9,459.79	341.34	109.38	373.11	1,462.86	3,139.76	-	5.00	14,891.24
Advances (On Balance Sheet)	2,005.73	1,959.84	1,782.48	4,582.06	8,030.81	6,455.42	-	-	24,816.34
Advances (Off Balance Sheet)	772.86	1,388.08	700.30	2,079.87	3,207.98	1,685.24	-	-	9,834.34

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

Investments includes deposit certificate and cash collateral held with banks and financial institution and shown under Cash and bank balances under Note 15 and other assets under Note 13

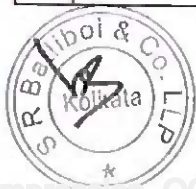


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32	Particulars	Amount Outstanding	Amount Overdue
	Liabilities Side :		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	3320.00	0.00
	: Unsecured (other than falling within the meaning	0.00	0.00
	(b) Deferred Credits	0.00	0.00
	(c) Term Loans	29954.72	0.00
	(d) Inter-corporate loans and borrowing	0.00	0.00
	(e) Commercial Paper	0.00	0.00
	(f) Other Loan	0.00	0.00
	* Please see Note 1 below		
	Assets Side :	(Rs. in lakhs)	
		Amount Outstanding	
2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] : Net of NPAs		
	(a) Secured	0.00	
	(b) Unsecured	25245.23	
	(Including Advance Income Tax /TDS)		
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors		
	(a) Financial lease	0.00	
	(b) Operating lease	0.00	
	(ii) Stock on hire including hire charges under sundry debtors		
	(a) Assets on hire	0.00	
	(b) Repossessed Assets	0.00	
	AFC activities		
	been repossessed	0.00	
	(b) Loans other than (a) above	0.00	
4	Break-up of Investments :		
	Current Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	0.00	
	(b) Preference	0.00	
	(ii) Debentures and Bonds	0.00	
	(iii) Units of mutual funds	8601.94	
	(iv) Government Securities	0.00	
	(v) Others (please specify)	0.00	
	2. Unquoted :		
	(i) Shares : (a) Equity	0.00	
	(b) Preference	0.00	
	(ii) Debentures and Bonds	0.00	
	(iii) Units of mutual funds	0.00	
	(iv) Government Securities	0.00	
	(v) Others (please specify)	0.00	
	Long Term investments :		
	Net of NPAs		
	1. Quoted :		
	(i) Shares : (a) Equity	0.00	
	(b) Preference	0.00	
	(ii) Debentures and Bonds	0.00	
	(iii) Units of mutual funds	0.00	
	(iv) Government Securities	0.00	
	(v) Others (please specify)	0.00	



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2. Unquoted :		
(i) Shares : (a) Equity	5.00	
(b) Preference	0.00	
(ii) Debentures and Bonds	0.00	
(iii) Units of mutual funds	0.00	
(iv) Government Securities	0.00	
(v) Others (please specify)	0.00	
Total	33852.17	

5 **Borrower group-wise classification of assets financed as in (2) and (3) above :**
Please see Note 2 below

Category	Secured	Unsecured	Total
(Amount net of provisions)			
1. Related Parties			
(a) Subsidiaries	0.00	0.00	0.00
(b) Companies in the same group	0.00	0.00	0.00
(c) Other related parties	0.00	0.00	0.00
2. Other than related parties	0.00	25245.23	25245.23
Total		25,245.23	25,245.23

6 **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**
Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	0.00	0.00
(b) Companies in the same group	5.00	5.00
(c) Other related parties	0.00	0.00
2. Other than related parties	8606.94	0.00
Total	8611.94	5.00

7 **Other information**

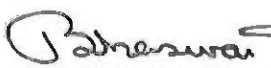

Particulars	Amount
(i) Gross Non-Performing Assets	0.00
(a) Related parties	0.00
(b) Other than related parties	61.61
(ii) Net Non-Performing Assets	0.00
(a) Related parties	0.00
(b) Other than related parties	60.99
(iii) Assets acquired in satisfaction of debt	0.00

33 Previous year figures

The figures of previous year were audited by firm of Chartered Accountants other than S.R. Batliboi & Co. LLP. 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
Chartered Accountants


per Bhaswar Sarkar
Partner
Membership No.: 

Place: **KOLKATA**
Date:

30 JUN 2014

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


Managing Director


Director


Company Secretary

Place: **LUCKNOW**
Date:

30 JUN 2014